

Norton ■ Hammersley

Norton, Hammersley, Lopez & Skokos, P.A.

ERISA/PUBLIC EMPLOYEES

2013 AUG 12 PM 3:33

John M. Compton
Also licensed in Alabama
Philip N. Hammersley
Certified Circuit
Court Mediator
Erik M. Hanson
Eric R. Hoonhout
Michael P. Infanti
Darren R. Inverso
E. John Lopez
Board-Certified Wills,
Trusts & Estates
Board-Certified Taxation
J. Derrick Maginness
Sam D. Norton
Board-Certified
Real Estate
Peter Z. Skokos

August 7, 2013

Top Hat Plan Exemption
Pension and Welfare Benefits Administration
Room N-5644
U.S. Department of Labor
200 Constitution Ave. NW
Washington, DC 20210



Re: Reporting and Disclosure Requirements – Part 1 of Title I of ERISA 1974
for pensions plans maintained for a select group of management or highly
compensated employees, as outlined in Ref. Sec. 2520.104-23

Name of Employer: Paradigm Investment Group, LLC.
Address of Employer: c/o Christopher N. Wollan
4350 LaJolla Village Dr., #130
San Diego, CA 92122

Employer Identification Number: 91-1971562

Declaration: The employer maintains one (1) Plan (a copy of which is **enclosed**)
primarily for the purpose of providing deferred compensation for a select group of
management or highly compensated employees.

Number of Employees
Included in the Plan

Name of Plan: 1
Paradigm Investment Group, LLC.
Deferred Compensation Plan

Please confirm receipt of this declaration by returning a copy in the enclosed self-
addressed envelope.

Very truly yours,

E. John Lopez

Enclosure

cc: Christopher N. Wollan

DEFERRED COMPENSATION AGREEMENT

THIS AGREEMENT made and entered into on _____, 2013, by and between PARADIGM INVESTMENT GROUP, LLC, a California limited liability company (hereinafter referred to as the "Employer") and DEAN FOX (hereinafter referred to as the "Employee").

WHEREAS the Employee is a key employee of the Employer; and

WHEREAS the Employer desires to retain the valuable services of the Employee and to induce the Employee to remain in such capacity with the Employer; and

WHEREAS the Employee is a highly compensated employee and a member of a select management group of the Employer;

NOW, THEREFORE, the parties agree as follows:

1. CONDITIONS. The Employer agrees to pay the Employee at a rate that is mutually agreed upon from time to time while the Employee is actively employed by the Employer. The rate of compensation payable to the Employee under this section shall be net of amounts the Employee has agreed to defer as part of the deferred compensation benefit provided hereunder.

In the event the Employee shall not have designated a Beneficiary at the time of the Employee's death, the payments due hereunder shall be made to the Employee's surviving spouse, if any. If no such spouse shall survive the Employee, then such payments shall be made to the executor or personal representative of the Employee's estate.

2. PAYMENT TERMS. Subject to the other terms of this Agreement, upon the Employee's termination of employment, retirement, resignation, death or disability (hereinafter referred to as the "Termination Date"), the Employer shall commence monthly payments provided in Schedule "A" attached hereto and made a part hereof. Additionally, if the Employer sells substantially all of its assets or if the members of the Employer sell substantially all of their membership interests, the amount provided on Schedule "A" shall be paid in full within 30 days of the closing. The Employer shall withhold all taxes and other amounts which it is legally required to withhold from such payment.

Such payments shall be made by the Employer to the Employee, or in the event of the Employee's death, to the beneficiary(ies) designated by the Employee (hereinafter called "Beneficiary,"

whether singular or plural) in the attached Schedule "B" attached hereto and made a part hereof. The Employee shall have the right to change the Beneficiary by presenting a written and signed amendment of Schedule "B" to the Employer.

3. POST RETIREMENT DEATH BENEFIT. If the Employee dies after the Termination Date but before receiving all payments due under Schedule "A," the unpaid balance due under Schedule "A" shall be made to the Beneficiary designated in Schedule "B." Payment shall continue as set out in Schedule "A" and not be altered in terms of timing, amount or duration.

4. DEFERRED COMPENSATION. During the term of this Agreement, the Employer shall set aside on an annual basis \$5,000.00 per year, increased by 3% each year, for the benefit of the Employee. For example, on or before the 1st anniversary of the term of this Agreement, the Employer shall set aside \$5,000.00. On or before the 2nd anniversary of the term of this Agreement, the Employer shall set aside \$5,150.00. On or before the 3rd anniversary of the term of this Agreement, the Employer shall set aside \$5,304.50, etc.

5. INVESTMENTS. The Employer shall have the discretion to invest or not to invest, all or any portion of the deferred compensation established pursuant to this instrument, and nothing herein shall be construed as requiring such investment. If the Employer elects to invest all or any portion of such amount, it may invest and reinvest the fund at any time and in any way the Employer shall see fit. Any investment earnings or gain inure solely to the benefit of the Employer.

6. VESTING. The amount of the deferred compensation described under paragraph 4 is subject to the following vesting schedule:

If the Termination Date occurs on or after:	The Employee is vested in the following percentage of his deferred compensation
1 st anniversary of the term of this Agreement	20%
2 nd anniversary of the term of this Agreement	40%
3 rd anniversary of the term of this Agreement	60%
4 th anniversary of the term of this Agreement	80%
5 th anniversary of the term of this Agreement	100%

7. EMPLOYEE RIGHTS. This Agreement is not a contract of employment between the Employer and the Employee and it creates no right in the Employee to continue in the Employer's employ. This Agreement creates no rights in the Employee and no obligations on the part of the Employer except as are specifically set forth in this Agreement. This Agreement does not restrict the right of the

Employer to terminate the employment of the Employee, and does not restrict the right of the Employee to terminate his employment.

8. NATURE OF EMPLOYER'S OBLIGATIONS. The Employer's obligations under this Agreement shall be unfunded and unsecured. The Employer shall not be obligated under any circumstances to fund its financial obligations under this Agreement. Any assets which the Employer may acquire to help cover its financial liabilities are, and shall remain, general assets of the Employer, subject to the claims of its creditors. The Employer does not grant, nor does the plan created by this Agreement grant, nor does the Employee receive, a beneficial ownership interest in any asset of the Employer. All rights of ownership in any such assets are and remain in the Employer.

9. NATURE OF THE EMPLOYEE'S RIGHTS. The rights of the Employee, and his Beneficiary, or any person claiming through the Employee under this Agreement, shall be solely those of an unsecured general creditor of the Employer. The Employee, the Beneficiary of the Employee, or any other person claiming through the Employee, shall have the right to receive benefits specified under this Agreement only from the general assets of the Employer, and shall have no right to look to any specific or special property separate from the Employer to satisfy a claim for payments hereunder.

The Employee agrees that neither he, his Beneficiary nor any person claiming through the Employee shall have any right or beneficial ownership interest in any asset which the Employer may acquire or use to help support its financial obligations under this Agreement. Any such asset used or acquired by the Employer in connection with any liabilities it has assumed under this Agreement shall not be deemed to be held under any trust for the benefit of the Employee or his Beneficiary. Nor shall any such asset be considered security for the performance of the obligations of the Employer. Any such asset shall remain a general, unpledged, and unrestricted asset of the Employer.

The Employee also understands and agrees that his participation in the acquisition of any such asset for the Employer shall not constitute a representation to the Employee, his Beneficiary, or any person claiming through the Employee that any of them has a special or beneficial interest in such asset.

10. INDEPENDENCE OF BENEFITS. The benefits payable under this Agreement shall be independent of, and in addition to, any other benefits or compensation, whether by salary, bonus or otherwise, payable under any other arrangements which now exist or may hereafter exist between the Employer and the Employee.

11. CLAIMS PROCEDURE. The following procedures shall govern benefit claims by the Employee or his or her beneficiary. For purposes of this section entitled "CLAIMS PROCEDURE," the Plan Administrator shall be the Employer. The Plan Administrator designated in this section entitled "CLAIMS PROCEDURE" may be different from the Plan Administrator designated in the section of this agreement entitled, "PLAN MANAGEMENT."

The Employee or his beneficiary shall make a claim for benefits by giving written notice of such claim to the Plan Administrator.

For purposes of this section entitled "CLAIMS PROCEDURE," the term "Claimant" shall include a duly authorized legal representative of a claimant.

In the event that a claimant makes a benefit request that fails to comply with the requirements of the plan's claim procedures, the Plan Administrator shall notify the claimant of such failure, and of the plan's procedures governing such claims. Such notification shall be provided within a reasonable time after receipt by the plan of such benefit request, taking into account any pertinent medical emergencies, but not to exceed five (5) days. The benefit request shall be deemed to have been received by the plan when the claimant makes a communication reasonably calculated to bring the request to the attention of parties responsible for making benefit claims decisions, including, but not limited to, the following:

1. In the case of a single Employer plan, either the organizational unit customarily in charge of employee benefits matters for the Employer, or any officer of the Employer;
2. In the case of a plan to which more than one employer contributes, or which is established or maintained by an employee organization, the joint board, association, committee or similar group (or any member of such organization) responsible for establishing or maintaining the plan or the person or the organizational unit customarily in charge of employee benefit matters;
3. In the case of a plan, the benefits of which are provided or administered by an insurance company, insurance service, third-party contract administrator or similar entity, the person or organizational unit with the authority to pre-approve, approve or deny benefits under the plan, or any officer of the insurance company, insurance

service, third party contract administrator, or similar entity.

A communication shall be deemed to have been brought to the attention of an organizational unit if it is received by any person employed in such unit.

The Plan Administrator shall notify a claimant of the plan's benefit determination within a reasonable period of time after receipt of the claim, but not later than ninety (90) days after receipt of the claim by the plan, unless the claimant has failed to submit sufficient information to determine whether or to what extent benefits are payable. In the event of such failure, the Plan Administrator shall notify the claimant as soon as possible, but not later than forty-five (45) days after receipt of the claim by the plan, or the specific information necessary to complete the claim. The claimant shall then have not less than one hundred eighty (180) days after receipt of such notice to furnish the specified information. The Plan Administrator shall notify the claimant of the plan's benefit determination within a reasonable time, but not later than forty-five (45) days after the earlier of the plan's receipt of the specified additional information. If special circumstances require an additional extension of time for processing the claim, the Plan Administrator shall provide the claimant with notice of the extension prior to the termination of the initial ninety (90) day period. In no event shall such extension exceed a period of ninety (90) days from the end of such initial period. The extension notice shall indicate the special circumstances requiring an extension of time, and the date by which the plan expects to make the benefit determination.

The Plan Administrator shall provide the claimant with written or (provided necessary measures are taken to ensure actual receipt, understandability, and access to paper copy), electronic notification of the plan's benefit determination. In the event of a denial, reduction, termination, or a failure to provide payment, in whole or in part, of a benefit, notice shall be set forth in a manner calculated to be understood by the claimant, providing the following information:

1. The specific reasons for the adverse determination;
2. Reference to specific plan provisions (including any internal rules, guidelines, protocols or other criteria) on which the determination is based;
3. A description of any additional material or information necessary for the claimant to complete the claim, and an explanation of why such material or information is necessary; and

4. A description of the plan's review procedures and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under Section 502 of ERISA following an adverse benefit determination on review.

In the event of an adverse benefit determination, the claimant shall have a reasonable opportunity to obtain a full and fair review conducted by an appropriate named fiduciary of the plan who is neither the party who made the adverse benefit determination that is the subject of the appeal, nor a subordinate of such party. The Named Fiduciary for such purposes shall be the Employer. The Named Fiduciary designated in this section entitled "CLAIMS PROCEDURE" may be different from the Named Fiduciary designated in the section of this agreement entitled, "PLAN MANAGEMENT."

A request for review must be made in writing by the claimant within sixty (60) days after receipt by the claimant of written notification of the adverse benefit determination. Provided, however, that in the case of a plan providing disability benefits, a request for review must be made in writing by the claimant within one hundred-eighty (180) days after receipt by the claimant of written notification of the adverse benefit determination.

The claimant shall have the opportunity to submit written comments, documents, records, and other information relating to the claim, and shall, upon request, be given reasonable access to, and copies of, all documents, records, and other information relevant to the claim, without regard to whether such items were considered or relied upon in making the adverse benefit determination.

Review of the claim shall afford no deference to the initial adverse benefit determination, and shall take into account all comments, documents, records and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

The Plan Administrator shall notify a claimant of the plan's benefit determination on review within a reasonable time, but not later than sixty (60) days after the plan's receipt of the claimant's request for review, unless special circumstances (such as the need to hold a hearing) require an extension of time for processing, in which case the claimant shall be notified of the plan's benefit determination on review as soon as possible, but not later than one hundred-twenty (120) days after receipt of the request for review.

Provided, however, that in the case of a plan with a committee or board of trustees designated as the appropriate Named Fiduciary, and that holds regularly scheduled meetings at least quarterly, the appropriate Named Fiduciary shall make a benefit determination no later than the date of the meeting of the committee or board that immediately follows the plan's receipt of a request for review, unless the request for review is filed within thirty (30) days preceding the date of such meeting. In such case, a benefit determination may be made by no later than the date of the second meeting following the plan's receipt of the request for review. If special circumstances (such as the need to hold a hearing, if the plan procedure provides for a hearing) require a further extension of time for processing a benefit determination shall be rendered not later than the third meeting of the committee or board following the plan's receipt of the request for review. If such an extension is required because of special circumstances, the Plan Administrator shall provide the claimant with written notice of the extension. Describing the special circumstances and the date as of which the benefit determination will be made, prior to the commencement of the extension. The Plan Administrator shall provide the claimant with notification of the benefit determination as soon as possible, but not later than five (5) days after the benefit determination is made.

The Plan Administrator shall provide the claimant with written or (provided necessary measures are taken to ensure actual receipt, understandability, and access to paper copy), electronic notification of the plan's benefit determination. In the event of a denial, reduction, termination, or a failure to provide payment, in whole or in part, of a benefit, notice shall be set forth in a manner calculated to be understood by the claimant, providing the following information:

1. The specific reasons for the adverse determination;
2. Reference to specific plan provisions (including any internal rules, guidelines, protocols or other criteria) on which the determination is based;
3. A statement that the claimant is entitled to receive, upon request, reasonable access to, and copies of, all documents and records relevant to the claim, without regard to whether such items were considered or relied upon in making the adverse benefit determination on review, including any reports, and the identities of any experts whose advice is obtained; and

4. A statement of the claimant's right to bring a civil action under Section 502 of ERISA following an adverse benefit determination on review.

12. PLAN MANAGEMENT. For purposes of the Employee Retirement Income Security Act of 1974 (ERISA), the Employer will be the Named Fiduciary and Plan Administrator of the salary continuation plan for which this agreement is hereby designated the written plan Instrument. The Employer may authorize a person or group of persons to fulfill the responsibilities of the Employer as Plan Administrator.

The Named Fiduciary and/or the Plan Administrator may employ others to render advice with regard to its responsibilities under this plan.

The Named Fiduciary may allocate fiduciary responsibilities to others and may exercise any other powers necessary for the discharge of its duties to the extent that the exercise of such powers does not conflict with the Employee Retirement Income Security Act of 1974 (ERISA).

13. DEFERENCE TO DETERMINATIONS OF PLAN ADMINISTRATOR. The Plan Administrator shall have reasonable discretion in interpreting the terms of this Agreement, as well as other documents relating to the deferred compensation arrangement established hereunder. In the event of a dispute as to any right, benefit, duty or responsibility in connection with this Agreement, the Plan Administrator's interpretation of this Agreement or of any related document shall be accorded substantial weight. Such interpretation shall not be modified nor overturned by any court, board of arbitration, or other dispute resolution authority unless it shall be convincingly established that such interpretation shall have been arbitrary and capricious, or an abuse of the Plan Administrator's discretion.

14. OFFSET OF EMPLOYEE OBLIGATIONS. If, at such time as the Employee or Beneficiary shall become entitled to benefit payments under this instrument, the Employee (or the Employee's estate) shall have outstanding debt to the Employer, such debt shall reduce and offset the amount of benefits otherwise payable hereunder. If such benefits are to be paid on a periodic basis, modification of such benefits shall be computed by calculating the present value of such benefits (using the interest rate then applicable under Internal Revenue Code Section 7520(2), or the corresponding provision of any subsequent Federal tax law); reducing such present value by such debt; and then recomputing the amount of periodic benefits in accordance with the reduced present value (using the same Section 7520(2) interest rate).

15. ARBITRATION.

PARTIES NOTE:

- ARBITRATION IS FINAL AND BINDING ON THE PARTIES.
- THE PARTIES ARE WAIVING THEIR RIGHTS TO SEEK REMEDIES IN COURT, INCLUDING THE RIGHT TO JURY TRIAL.
- PRE-ARBITRATION DISCOVERY IS GENERALLY MORE LIMITED THAN DISCOVERY IN REGULAR COURT PROCEEDINGS.
- THE ARBITRATOR'S AWARD IS NOT REQUIRED TO INCLUDE FACTUAL FINDINGS OR LEGAL REASONING, AND A PARTY'S RIGHT TO APPEAL OR SEEK MODIFICATION IS STRICTLY LIMITED.

Any party to this Agreement may demand in writing arbitration of all claims, disputes or questions arising out of or relating hereto, which claims, disputes or questions shall be finally settled by binding arbitration conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect from time to time, and decision rendered by the arbitrators may be entered in any court having jurisdiction thereof. The location for arbitration shall be San Diego County, California. Request for arbitration shall be made no later than 120 days prior to the date on which legal proceedings would be barred with respect to said subject matter, or any part thereof, by applicable statute of limitations.

16. ASSIGNABILITY. Neither the Employee, his Beneficiary, nor any person claiming through the Employee, shall have any Power or right to transfer, assign, anticipate, hypothecate, mortgage, commute, modify, or otherwise encumber in advance any of the benefits payable hereunder, nor shall such benefits be subject to seizure for the payment of debts, judgment, alimony or separate maintenance owed by the Employee, his Beneficiary, or any person claiming through Employee, or be transferable by operation of law in the event of bankruptcy, insolvency, or otherwise. Any attempted assignment, anticipation, hypothecation, transfer, or disposal of the benefits hereunder shall be void.

17. VENUE. Venue for any action under this Agreement shall be in Circuit Court in San Diego County, California.

18. LITIGATION COSTS. If there is any breach of this Agreement, the party responsible for the breach shall pay all costs, including all costs and attorney's fees for negotiation, arbitration, trial or for appellate proceedings, incurred by the non-breaching party as a result of such breach.

19. STATUTORY PROVISIONS. Any statutory or regulatory reference herein shall be deemed to include a reference to all statutory or regulatory provisions and amendments thereto.

20. ENTIRE AGREEMENT. This agreement and related documents signed by the Employer and the Employee contain the entire agreement between and among the parties hereto concerning the subject matter contained herein. There are no representations, agreements, arrangements, or understandings, oral or otherwise, between or among the parties hereto, relating to the subject matter of this agreement, which have not been fully expressed herein.

21. GOVERNING LAW. This agreement has been executed in and shall be governed by the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

WITNESSES:

PARADIGM INVESTMENT GROUP, LLC,
a California limited liability company

By: _____
DONALD WOLLAN, Managing Member

as to Employer

"Employer"

DEAN FOX

as to Employee

"Employee"

SCHEDULE A

SCHEDULE OF PAYMENTS

The Employer shall make sixty (60) equal monthly payments of 1/60th of the value of the accrued deferred compensation account at the Termination Date to the Employee, or in the event of his death, to the Beneficiary (as specified in Schedule B). The Employer may prepay any or all of the monthly payments hereunder.

SCHEDULE B

DESIGNATION OF BENEFICIARY

I, DEAN FOX, hereby direct the Employer to reflect in its records that _____ is the Beneficiary of any benefits payable after my death under this Deferred Compensation Agreement and that it make payment to such Beneficiary as provided under the terms of such Agreement. The above is to remain the Beneficiary until such time as the Employer receives a new "Designation of Beneficiary" form, properly completed and executed.

DEAN FOX

DATED: _____, 2013