

Paulson Investment Company, Inc. (“Paulson”) prides itself on being a customer-oriented firm, providing our clients with quality professional services. I would like to take this opportunity to explain to you how we will service your account.

Paulson is a member of the Financial Industry Regulatory Authority (“FINRA”). Pursuant to Rule 2280 of the FINRA Rules, Paulson Investment Company, Inc., would like to direct you to an important brochure offered by FINRA regarding investing and its associated risks. You may request the FINRA Investor Brochure by calling the FINRA hotline at (800) 289-9999 or visiting their website at [www.finra.org](http://www.finra.org). Information regarding the process of verifying registration and disclosure information related to registered representatives and broker/dealer entities is also available through these sources.

Paulson uses RBC Correspondent Services (“RBC CS”), a division of RBC Capital Markets Corporation (“RBCCM”), as its “clearing firm” and RBC CS “carries” your account on behalf of Paulson.

*Paulson’s Account Clearing Information with RBC Correspondent Services, a division of RBC Capital Markets Corporation.* RBC CS is a fully disclosed, full-service clearing and execution firm for various FINRA registered security broker-dealers and their Financial Consultants. RBC CS is a division of RBCCM, one of the nation’s largest full service brokerage firms. In addition to Paulson, RBC CS conducts clearing operations for well over 100 other correspondents across the country.

As our clearing firm, RBC CS will perform certain centralized cashiering, bookkeeping, and execution functions for your cash and margin accounts. In addition, RBC CS will handle the delivery and receipt of securities purchased or sold by clients, receive and distribute dividends and other distributions, process exchange offers, rights offerings, warrant exercises, tender offers, and redemptions. RBCCM also extends credit for the purchase or sale of securities in margin accounts in accordance with the margin agreement between you and RBCCM.

**Accordingly, all checks remitted for deposit to your account must be made payable to “RBC Correspondent Services” and should reference your Paulson account number.**

Customers who maintain a Cash Account may be charged separate interest charges for securities purchased when payment is received past settlement date.

Please note that when you deliver securities or funds to Paulson, we assume responsibility for their receipt. Your account assets will be protected by the Securities Investors Protection Corporation (“SIPC”), and an additional policy purchased from Lloyd’s of London. The policy provides an additional \$99.5 million per client of coverage for securities above that provided by SIPC, subject to a \$400 million aggregate limit. This includes protection for cash of up to \$900,000 over the \$100,000 provided by SIPC. Neither SIPC protection, nor the protection in excess of that provided by SIPC, covers a decline in the value of a customer’s assets due to market loss. You can obtain information about SIPC, including the SIPC brochure, by visiting the organizations website: [www.sipc.org](http://www.sipc.org) or by contacting them at (202) 371-8300.

Although RBC CS serves as our clearing firm, Paulson’s registered principals and registered representatives personally work with each client to provide those investment services essential for meeting the client’s investment needs. These services include furnishing investment information, making investment recommendations, and taking and executing client orders.

Orders we execute for our clients are routed to exchanges and market makers. Please take note that we do transmit some client orders to exchanges through RBC CS, our clearing firm. As our customer, your transactions are executed by professional, experienced stock traders who are committed to providing you with the “Best Execution” available. Best Execution is defined as executing an order that minimizes the customer’s total order processing costs, given current market conditions. While price has historically been the predominant factor in determining this; size, speed, and cost of execution are also considerations. Additional information on Paulson’s order execution practices is available upon written request.

We at Paulson believe that these arrangements provide the best possible service for our customers. Please direct questions concerning these arrangements, our services, or your account to your registered representative. Should you require additional assistance, please do not hesitate to contact Paulson directly by sending your written correspondence to the address noted below or by e-mail at [paulson@paulsoninvestment.com](mailto:paulson@paulsoninvestment.com).

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open

an account, we will ask for your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

*The Privacy Policy of Paulson Investment Company, Inc.*

Paulson takes your privacy seriously. Paulson will not share the nonpublic personal information of current or former clients or consumers with affiliated or non-affiliated third parties except in cases permitted by law and with parties that assist Paulson in promoting our own products and services. Paulson collects information about customers and former customers including: information provided on applications; information about transactions; information gathered from consumer reporting agencies; information from industry databases, researchers, and marketing data providers; and information from government agencies. Paulson maintains policies and practices that protect the security and confidentiality of our customer's information. Our policies restrict access to customer records to employees who Paulson determine needs the information in order to perform their job duties. We maintain and protect information through security-enhancing software; physical security at our buildings; password protection on databases for both employees and customers, compliance audits, employee training, backup and recovery services. Any written correspondence about Paulson's Privacy Policy should be directed to the address below.

*Paulson Investment Company, Inc. Business Continuity Plan*

Paulson Investment Company, Inc. has developed a Business Continuity Plan on how we will respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions is unpredictable, we will have to be flexible in responding to actual events as they occur. With that in mind, we are providing you with this information on our business continuity plan.

Contacting Us – If after a significant business disruption you cannot contact us as you usually do at 503-243-6000, you should go to our web site at <http://www.paulsoninvestment.com>. If you cannot access us through either of those means, you should contact our clearing firm, RBC Correspondent Services at (612) 607-8903 or on the web at <http://www.rbcdaincs.com>.

Our Business Continuity Plan – We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the firm's books and records, and allowing our customers to transact business. In short, our business continuity plan is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

Our business continuity plan addresses: data back up and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees, and regulators; alternate physical location of employees; critical supplier, contractor, bank and counter-party impact; regulatory reporting; and assuring our customers prompt access to their funds and securities if we are unable to continue our business.

Varying Disruptions – Significant business disruptions can vary in their scope, such as only our firm, a single building housing our firm, the business district where our firm is located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only our firm or a building housing our firm, we will transfer our operations to a local site when needed and expect to recover and resume business within one hour. In a disruption affecting our business district, city, or region, we will transfer our operations to a site outside of the affected area, and recover and resume business within 4 hours. In either situation, we plan to continue in business, transfer operations to our clearing firm if necessary, and notify you through our web site <http://www.paulsoninvestment.com> or our customer emergency number, 503-243-6000 how to contact us. If the significant business disruption is so severe that it prevents us from remaining in business, we will assure our customer's prompt access to their funds and securities.

Any questions about our business continuity plan or a request for more information should be directed to the address below, or by e-mail at [www.paulsoninvestment.com](http://www.paulsoninvestment.com)

We look forward to serving your investment needs for many years to come.

Very truly yours,



Trent D. Davis  
President & CEO