

**MINUTES OF A SPECIAL MEETING OF THE
BOARD OF DIRECTORS OF
PARAGON STEAKHOUSE RESTAURANTS, INC.**

On May 13, 2008, a meeting of the Board of Directors of Paragon Steakhouse Restaurants, Inc. (the "Corporation") was held pursuant to appropriate and timely notice. Joseph Wulkowicz called the meeting to order and presided over the meeting; Susan Schulze-Claasen acted as Secretary of the meeting and recorded the minutes. After review, the minutes of the prior meeting were unanimously approved.

After this discussion, upon motion duly made and seconded and carried, the following resolutions were adopted:

WHEREAS, the Corporation and its subsidiaries are experiencing a severe cash flow shortage and are unable to meet its financial obligations;

WHEREAS, it appears to the Board of Directors that it is in the best interest of the Corporation and its subsidiary, Paragon of Michigan, Inc., its shareholders and creditors, to commence a case under Chapter 11 of Title 11, United States Code ("the Bankruptcy Code");

NOW, THEREFORE, be it hereby resolved that this Board of Directors finds and determines that it is in the best interest of the Corporation and its subsidiary, its shareholders and its creditors for it to commence a case under Chapter 11 of the Bankruptcy Code;

BE IT FURTHER RESOLVED that the officers and agents of the Corporation be, and each of them hereby is, empowered and directed without further action by this Board of Directors to prepare, sign, or cause to be prepared, signed and filed and prosecuted, a petition for relief under Chapter 11 of the Bankruptcy Code, and all agreements, instruments and documents necessary to effect (i) a sale of all or a portion of the Corporation's assets and (ii) a Chapter 11 Plan, if necessary, and all instruments useful and necessary to the confirmation and implementation of such Plan.

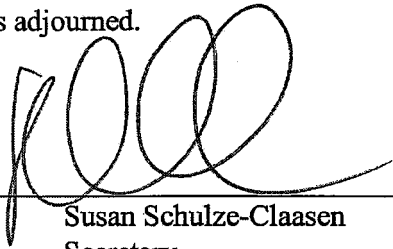
BE IT FURTHER RESOLVED that Joseph Wulkowicz, Chief Financial Officer, is designated and authorized to act as the "Responsible Person" for the Corporation as may be required by the Local Bankruptcy Rules for the Southern District of California; and

BE IT FURTHER RESOLVED that the officers and agents of the Corporation are authorized, empowered and directed to retain the Law Firm of Liner Yankelevitz Sunshine & Regenstreif LLP, to commence and prosecute the aforementioned Chapter 11 case, and to do all

things, and to prepare, sign and file all papers and documents necessary or proper to the prosecution of the Chapter 11 case; and Liner Yankelevitz Sunshine & Regenstreif LLP is authorized to take such actions in the bankruptcy case which they, in their discretion, conclude are necessary to their and/or the Corporation's fulfillment of its fiduciary obligations in the bankruptcy case.

BE IT FURTHER RESOLVED, that, as sole shareholder of Paragon of Michigan, Inc. ("Michigan"), the Corporation's hereby affirms that it is in the best interest of the Michigan to commence a case under Chapter 11 of Title 11, United States Code ("the Bankruptcy Code"); and that the officers and agents of the Corporation be, and each of them hereby is, empowered and directed without further action by this Board of Directors to prepare, sign, or cause to be prepared, signed and filed and prosecuted, a petition for relief under Chapter 11 of the Bankruptcy Code, and all agreements, instruments and documents necessary to effect (i) a sale of all or a portion of the Corporation's assets and (ii) a Chapter 11 Plan, if necessary, and all instruments useful and necessary to the confirmation and implementation of such Plan.

There being no other business, the Meeting was adjourned.



Susan Schulze-Claasen
Secretary