

Uniform Application for Investment Adviser Registration

Name of Investment Adviser: Falmouth Investment Company, Inc.				
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code Telephone Number
20820 Chagrin Blvd., Suite 300	Shaker Heights	OH	44122	(216) 491-3990

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.
The information has not been approved or verified by any governmental authority.**

Table of Contents

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Advisory Services and Fees	2
2	Types of Clients	2
3	Types of Investments	3
4	Methods of Analysis, Sources of Information and Investment Strategies	3
5	Education and Business Standards	4
6	Education and Business Background	4
7	Other Business Activities	4
8	Other Financial Industry Activities or Affiliations	4
9	Participation or Interest in Client Transactions	5
10	Conditions for Managing Accounts	5
11	Review of Accounts	5
12	Investment or Brokerage Discretion	6
13	Additional Compensation	6
14	Balance Sheet	6
	Continuation Sheet	Schedule F
	Balance Sheet, if required	Schedule G

(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)
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Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

1. A. Advisory Services and Fees. (check the applicable boxes) For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

Applicant:

<input checked="" type="checkbox"/>	(1)	Provides investment supervisory services	90	%
<input type="checkbox"/>	(2)	Manages investment advisory accounts not involving investment supervisory services	_____	%
<input type="checkbox"/>	(3)	Furnishes investment advice through consultations not included in either service described above	_____	%
<input type="checkbox"/>	(4)	Issues periodicals about securities by subscription	_____	%
<input type="checkbox"/>	(5)	Issues special reports about securities not included in any service described above	_____	%
<input type="checkbox"/>	(6)	Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities	_____	%
<input checked="" type="checkbox"/>	(7)	On more than an occasional basis, furnishes advice to clients on matters not involving securities	10	%
<input type="checkbox"/>	(8)	Provides a timing service	_____	%
<input type="checkbox"/>	(9)	Furnishes advice about securities in any manner not described above	_____	%

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term? Yes No

C. Applicant offers investment advisory services for: (check all that apply)

<input checked="" type="checkbox"/>	(1)	A percentage of assets under management	<input type="checkbox"/>	(4)	Subscription fees
<input type="checkbox"/>	(2)	Hourly charges	<input type="checkbox"/>	(5)	Commissions
<input checked="" type="checkbox"/>	(3)	Fixed fees (not including subscription fees)	<input checked="" type="checkbox"/>	(6)	Other

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. Types of Clients — Applicant generally provides investment advice to: (check those that apply)

<input type="checkbox"/>	A.	Individuals	<input type="checkbox"/>	E.	Trusts, estates, or charitable organizations
<input type="checkbox"/>	B.	Banks or thrift institutions	<input checked="" type="checkbox"/>	F.	Corporations or business entities other than those listed above
<input type="checkbox"/>	C.	Investment companies	<input type="checkbox"/>	G.	Other (describe on Schedule F)
<input type="checkbox"/>	D.	Pension and profit sharing plans			

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

3. Types of Investments. Applicant offers advice on the following: (check those that apply)

<input checked="" type="checkbox"/> A. Equity securities	<input checked="" type="checkbox"/> H. United States government securities
<input checked="" type="checkbox"/> (1) exchange-listed securities	
<input checked="" type="checkbox"/> (2) securities traded over-the-counter	<input type="checkbox"/> I. Options contracts on:
<input checked="" type="checkbox"/> (3) foreign issuers	<input checked="" type="checkbox"/> (1) securities
	<input checked="" type="checkbox"/> (2) commodities
<input checked="" type="checkbox"/> B. Warrants	
<input checked="" type="checkbox"/> C. Corporate debt securities (other than commercial paper)	<input type="checkbox"/> J. Futures contracts on:
<input checked="" type="checkbox"/> D. Commercial paper	<input type="checkbox"/> (1) tangibles
<input checked="" type="checkbox"/> E. Certificates of deposit	<input checked="" type="checkbox"/> (2) intangibles
<input checked="" type="checkbox"/> F. Municipal securities	
<input type="checkbox"/> G. Investment company securities:	<input type="checkbox"/> K. Interests in partnerships investing in:
<input type="checkbox"/> (1) variable life insurance	<input checked="" type="checkbox"/> (1) real estate
<input type="checkbox"/> (2) variable annuities	<input checked="" type="checkbox"/> (2) oil and gas interests
<input checked="" type="checkbox"/> (3) mutual fund shares	<input type="checkbox"/> (3) other (explain on Schedule F)
	<input checked="" type="checkbox"/> L. Other (explain on Schedule F)

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

(1) <input type="checkbox"/> Charting	(4) <input type="checkbox"/> Cyclical
(2) <input type="checkbox"/> Fundamental	(5) <input checked="" type="checkbox"/> Other (explain on Schedule F)
(3) <input type="checkbox"/> Technical	

B. The main sources of information applicant uses include: (check those that apply)

(1) <input checked="" type="checkbox"/> Financial newspapers and magazines	(5) <input type="checkbox"/> Timing services
(2) <input type="checkbox"/> Inspections of corporate activities	(6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission
(3) <input checked="" type="checkbox"/> Research materials prepared by others	(7) <input checked="" type="checkbox"/> Company press releases
(4) <input type="checkbox"/> Corporate rating services	(8) <input checked="" type="checkbox"/> Other (explain on Schedule F)

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

(1) <input checked="" type="checkbox"/> Long term purchases (securities held at least a year)	(5) <input checked="" type="checkbox"/> Margin transactions
(2) <input checked="" type="checkbox"/> Short term purchases (securities sold within a year)	(6) <input type="checkbox"/> Option writing, including covered options, uncovered options, or spreading strategies
(3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days)	(7) <input type="checkbox"/> Other (explain on Schedule F)
(4) <input checked="" type="checkbox"/> Short sales	

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? Yes No

(If yes, describe these standards on Schedule F.)

6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

● name	● formal education after high school
● year of birth	● business background for the preceding five years

7. Other Business Activities. (check those that apply)

A. Applicant is actively engaged in a business other than giving investment advice.

B. Applicant sells products or services other than investment advice to clients.

C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

A. Applicant is registered (or has an application pending) as a securities broker-dealer.

B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.

C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:

<input type="checkbox"/> (1) broker-dealer	<input checked="" type="checkbox"/> (7) accounting firm
<input type="checkbox"/> (2) investment company	<input type="checkbox"/> (8) law firm
<input checked="" type="checkbox"/> (3) other investment adviser	<input type="checkbox"/> (9) insurance company or agency
<input checked="" type="checkbox"/> (4) financial planning firm	<input type="checkbox"/> (10) pension consultant
<input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant	<input type="checkbox"/> (11) real estate broker or dealer
<input type="checkbox"/> (6) banking or thrift institution	<input type="checkbox"/> (12) entity that creates or packages limited partnerships

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? Yes No

(If yes, describe on Schedule F the partnerships and what they invest in.)

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- A. As principal, buys securities for itself from or sells securities it owns to any client.
- B. As broker or agent effects securities transactions for compensation for any client.
- C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account? Yes No
-

(If yes, describe on Schedule F.)

11. Review of Accounts. If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

Falmouth reviews the financial matters of the pools it manages at least quarterly. In some instances, the review is done monthly. The review process includes monthly bank account reconciliation, review of check registers, review of cash balances, review of correspondence from the managers with whom pooled funds are invested, and review of financial statements for each pool.

Each pool is reviewed by several personnel responsible for monitoring and managing the pools. Mr. Sullivan (a CPA) is very involved in the ongoing monitoring of each pool. In addition, Paragon provides the services of a CPA, an investment professional and one or more administrative staff who spend the majority of their time providing accounting and administrative service to the investment pools managed by Falmouth.

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

Generally, Falmouth sends reports on all of the pools it manages on a quarterly basis, as a matter of course. In some circumstances, where information from the underlying managers has not been received in a timely fashion, the reports are provided less frequently. In addition, each investor is provided with tax reporting annually as well as an audited annual report for each investment pool.

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

12. Investment or Brokerage Discretion.

- A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:
- | | | |
|--|-------------------------------------|--------------------------|
| (1) securities to be bought or sold? | Yes | No |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? | Yes | No |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used? | Yes | No |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid? | Yes | No |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

- B. Does applicant or a related person suggest brokers to clients? Yes No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? Yes No
- B. directly or indirectly compensates any person for client referrals? Yes No

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
 - requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- Has applicant provided a Schedule G balance sheet? Yes No

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Falmouth Investment Company, Inc.	IRS Empl. Ident. No.: 31-1499477
Item of Form (identify)	Answer
Item 1.A.	<p>Falmouth acts as managing member and provides investment advisory services to investment pools primarily offered to families who are clients of a related entity, Paragon Advisors, Inc. Falmouth invests each investment pool's assets with other investment managers (Underlying Investment Funds). In all cases, Falmouth charges fees to each pool for providing the investment advisory services. Such services include formation and organization of the pool, drafting offering and subscription documents, performing due diligence on investment managers to be utilized by each pool, ongoing monitoring and performance evaluation of the managers and annual accounting for each pool. Falmouth generally charges a fee for the organization of each pool, and then an annual asset management fee, paid quarterly in advance, for the ongoing services provided to each fund. The annual administrative fee typically ranges from 0.4% to 1% of the net asset value of the individual investment pool. In some instances, the administrative fee is calculated as a percent of capital committed to the pool by its investors. In addition to the management compensation payable to Falmouth, the managers of the Underlying Investment Funds will charge advisory and/or incentive fees to the funds in which the Company's capital is invested. Thus, investors will pay two levels of advisory fees for the management of their assets, one directly to Falmouth and one indirectly to the Underlying Investment Funds. Any fees received in advance would be prorated and refunded in the event Falmouth no longer provides investment advisory services to the investment pools. For certain investment pools, Falmouth charges an additional distribution fee of a percentage of cash distributions in excess of capital commitments. In some cases, Falmouth may defer fees until the entity has a profit in any year. The fee for each pool is based on the amount of anticipated involvement that Falmouth may have in the investment. Paragon Advisors, Inc. ("Paragon"), an affiliate of Falmouth, also receives fees for the preparation of the tax returns for each entity and receives reimbursement for the out-of-pocket expenses incurred that are directly related to each investment pool's activities. Paragon receives its compensation for tax preparation and expense reimbursement after the services are performed or expenses incurred.</p>
Item 3.	<p>Falmouth provides advice on a wide range of investments and investment vehicles. Falmouth evaluates, from time to time, and provides advice on:</p> <ul style="list-style-type: none"> - Real estate investments - All types of debt instruments (mortgage, corporate and non-corporate debt, performing and non-performing loans, secured and unsecured loans and notes) - Specialized investment strategies, which include limited partnership or other equity interests in hedge funds, private equity investments, arbitrage funds, or commodity funds.
Item 4.A,B,C.	<p>Falmouth does not employ one method of evaluating investments. Its evaluation techniques depend on the investment being evaluated. The following are techniques that may be used to evaluate individual opportunities:</p> <ul style="list-style-type: none"> - Research reports from investment banking firms - Research reports from brokerage firms - General investment publications - Meetings with money managers - Meetings with General Partners, sponsors, or developers - Meetings and phone calls with references for the sponsors of an investment (lawyers, accountants, bankers, etc.) - Site and office visits - Review of and research regarding prior performance - Discussions with contacts (developed over twenty five years in the financial advisory business) to evaluate the timelines and viability of an investment

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:
Falmouth Investment Company, Inc.

IRS Empl. Ident. No.:
31-1499477

Item of Form (identify)	Answer
	- Continuing Education required to maintain CPA status
Item 5.	Falmouth has no employees and utilizes employees of Paragon. Falmouth is related to Paragon through the common ownership of both entities by Mr. Sullivan, Ms. Jemison, & Mr. Swain. Paragon requires its employees providing investment advice to have at least a college degree in accounting, finance, or similar business discipline or graduate degrees in business, law, or other areas suited to providing high quality investment and financial advisory services.
Item 6.	<p>Specific investments recommended by Falmouth for its pools are reviewed and approved by Mr. Sullivan. The following is information on the education, business background, and personal history of each investment professional and each executive officer.</p> <p>Name: Sullivan, Terence Conway Birthdate: 08/31/55 Education: B.S.B.A. (Accounting); John Carroll University M.B.A. (Finance); University of Pittsburgh</p> <p>10/07 - Present Ass't Treasurer, Paragon Advisors, Inc. 08/09 - Present Ass't Secretary, Paragon Advisors, Inc. 10/07 - Present Ass't Treasurer, Falmouth Investment Company, Inc. 08/09 - Present Ass't Secretary, Falmouth Investment Company, Inc. 10/96 - Present President, Paragon Advisors, Inc. 01/97 - Present President, Falmouth Investment Company, Inc. 01/96 - 10/96 Senior Vice President, Sterling Ltd. Co. 10/83 - 12/95 Vice President, Sterling Ltd. Co. 09/82 - 10/83 Founder, Independent Planning Group 08/81 - 09/82 Senior Tax Consultant, Price Waterhouse 08/80 - 08/81 Full-time Financial Consultant, Condron Associates 08/79 - 08/80 Full-time Student, University of Pittsburgh, M.B.A. 09/77 - 08/79 Staff Accountant, Price Waterhouse</p> <p>Examinations: Certified Public Accountant- Ohio Series 3, National Commodities Futures Exam</p> <p>Other Activities: Advisory Board, Linsalata Capital Partners Advisory Board, John Carroll University Department of Accounting Board of Directors, Stanton Carpet Holding Company Board of Directors, John Carroll University</p> <p>Name: Jemison, Christine L. Birthdate: 06/05/70 Education: B.S.B.A. (Accounting); Bowling Green State University MT (Masters Taxation); Akron University</p> <p>10/07 - Present Vice President & Treasurer, Paragon Advisors, Inc. 10/07 - Present Sr. Vice President & Secretary, Falmouth Investment Company, Inc. 10/99 - Present Paragon Advisors, Inc. 08/88-10/99 Deloitte & Touche</p>

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Falmouth Investment Company, Inc.	IRS Empl. Ident. No.: 31-1499477
Item of Form (identify)	Answer
Item 8.C.	<p>Examinations: Certified Public Accountant – Ohio</p> <p>Name: Swain, Scott J. Birthdate: 05/25/70 Education: B.S.B.A. (Accounting); Miami University MT (Masters Taxation); Akron University</p> <p>10/07 - Present Vice President & Secretary, Paragon Advisors, Inc. 10/07 - Present Sr. Vice President & Treasurer, Falmouth Investment Company, Inc. 08/03- Present Paragon Advisors, Inc. 08/99-08/03 Charles Schwab & Co. 09/92-08/99 Ernst & Young</p> <p>Examinations: Certified Public Accountant - Ohio</p> <p>Name: Christopher J. Clair Birthdate: 6/18/73 Education: B.S.B.A. (Accounting); John Carroll University</p> <p>1/09 - Present Chief Compliance Officer, Paragon Advisors, Inc. 3/06 - Present Paragon Advisors, Inc. 10/02-3/06 Sustin, Bartell, Waldman & Fergus 8/00-10/02 Smythe Cramer 10/95-8/00 Pease & Associate(Lytkowski & Pease)</p> <p>Examinations: Certified Public Accountant - Ohio</p> <p>Falmouth has a material relationship with Paragon Advisors, Inc., a Registered Investment Advisor. Falmouth and Paragon are both owned by Mr. Sullivan, Ms. Jemison and Mr. Swain. In addition, Falmouth utilizes certain professional and administrative staff of Paragon for its investment advisory services. Falmouth reimburses Paragon for some of those employee expenses and directly-related out of pocket expenses incurred by Paragon on Falmouth's behalf.</p>
Item 9.A.	<p>Mr. Sullivan, Mrs. Jemison, Mr. Swain, Paragon, Falmouth, and employees of Paragon may invest in the pools to which Falmouth provides investment advisory services. These investments are made by these parties to provide an identity of interest with the investors in the pools. In other words, Mr. Sullivan, Mrs. Jemison, Mr. Swain, Paragon, Falmouth, or employees of Paragon have invested their own money along with other investors of each pool on the same economic terms.</p>

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Falmouth Investment Company, Inc.	IRS Empl. Ident. No.: 31-1499477
Item of Form (identify)	Answer
Item 9.D.	<p>As described above, the investment pools for which Falmouth offers investment advisory services are primarily offered to families who are clients of Paragon, a related entity. In addition, Falmouth, Paragon and its employees may invest in the investment pools for which Falmouth acts as general partner or managing member. For the services provided to such investment pools, Falmouth will be compensated and will enjoy appreciation of its investment to the same extent as Paragon, its employees and clients. As a general rule, Falmouth, Paragon and its employees are prohibited from taking commissions or other compensation from the sponsors of the investments in the pools. However, Paragon will make an effort to have the sponsors reimburse Paragon or the pool for out of pocket and other expenses incurred in the due diligence process of evaluating the investment. Further, Paragon or Falmouth may negotiate fee reductions from the sponsors which accrue to the benefit of the pool or the respective client (if applicable). The reimbursement amount does not include payment for time unless such amount for time offsets fees otherwise charged by Paragon to the investment pool. Paragon will fully disclose to its clients such reimbursement arrangements.</p> <p>Furthermore, from time to time, Mr. Sullivan may serve on the Board of Directors of certain privately-held companies owned by entities in which Falmouth's investment pools are invested. Mr. Sullivan does receive compensation for his position on such boards. Currently, he serves on the Board of Directors of Stanton Carpet Holding Company, a privately-held company owned by Linsalata Capital Partners Fund V, L.P., a private equity entity owned by one of Falmouth's investment pools.</p>
Item 9.E.	<p>Mr. Sullivan, Ms. Jemison, Mr. Swain and Falmouth may invest personally in the same funds recommended by Falmouth to its advisory clients. In addition, Paragon or its employees may from time to time recommend to its clients, securities or investments that Paragon's employees may own in their own accounts. Such transactions are effectuated in accordance with Paragon's Insider Trading Policy and Code of Ethics, with which all employees are required to comply. Paragon's code is based on the principle that all employees of the Company have a fiduciary duty to place the interest of clients ahead of their own and the Company's. The code contains provisions dealing with, among other things, client confidentiality, prohibited transactions and insider trading. In addition, the Company's Chief Compliance Officer is responsible for monitoring the personal securities transactions of its employees to assist in detecting and preventing breaches of the Company's fiduciary duties to its clients and to avoid potential conflicts of interest with its clients. A complete copy of Paragon's Code of Ethics is available upon request.</p>
Item 12. A,B.	<p>Falmouth has the discretionary authority to invest each pool's assets in managers which it deems appropriate to achieve the objective of each pool. In most cases, Falmouth discloses in advance what managers it expects to utilize in achieving the particular pool's objectives. However, the final determination of the managers utilized is made by Falmouth. In addition to selecting the managers, Falmouth determines how much of each pool's capital is allocated to the respective managers. Finally, in certain circumstances, Falmouth may select brokers and negotiate commission rates for transactions made within each pool based on competitive commission rates Falmouth experiences with other brokers. Falmouth will select brokers best suited to the advisory client's needs based on the size of account, services provided and competitiveness of commissions.</p> <p>In limited cases, Paragon has the latitude to select brokers and negotiate commissions on behalf of its clients without specific client consent. Brokers used in such transactions are generally the brokers with whom the accounts are custodied. Paragon will negotiate fees with individual brokers based on competitive commission rates which Paragon experiences with other brokers.</p>

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Falmouth Investment Company, Inc.	IRS Empl. Ident. No.: 31-1499477
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Item of Form (identify)	Answer
	<p>Paragon does not select brokers based on research or products provided to Paragon. In most situations, however, Paragon does not have the authority to determine the broker used for client transactions. Typically, Paragon's clients have pre-established broker relationships and/or specifically direct the broker to be used. With such an arrangement, the client's direction to use a particular broker may limit Paragon's ability to achieve best execution and negotiate commissions with other brokers on the client's behalf. Paragon does recommend brokers to clients where appropriate. Paragon will recommend a broker best suited to the client's needs based on size of account, services provided and competitiveness of commissions.</p> <p>One such broker that Falmouth and Paragon often recommends to clients is the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, and member SIPC. Falmouth and Paragon are independently owned and operated and not affiliated with Schwab. Schwab provides Falmouth and Paragon with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets is maintained in accounts at Schwab Institutional. Schwab's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.</p> <p>For Falmouth's and Paragon's client accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.</p> <p>Schwab also makes available to Falmouth and Paragon other products and services that benefit Falmouth and Paragon but may not benefit its clients' accounts. Some of these other products and services assist Falmouth and Paragon in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution; provide research, pricing information and other market data; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of Falmouth's and Paragon's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to Falmouth and Paragon other services intended to help manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services rendered to Falmouth and Paragon by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Falmouth and Paragon. While as a fiduciary, Falmouth and Paragon endeavor to act in its clients' best interests, and Falmouth's and Paragon's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to Falmouth and Paragon of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest. However, Falmouth and Paragon do evaluate Schwab's overall services in comparison to other brokers from time to time, and have been pleased by the level of Schwab's brokerage services, as well as with their competitive rate structure. Furthermore, the convenience of the ability to access all client accounts custodied at Schwab through Schwab's website is a substantial benefit that allows Falmouth and Paragon to act on behalf of clients in a more efficient and effective manner.</p>

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Falmouth Investment Company, Inc.	IRS Empl. Ident. No.: 31-1499477
Item of Form (identify)	Answer
13.A.	<p>As described in Item 12 above, Falmouth and Paragon do receive some benefit from certain products and services provided by Schwab in connection with the custody of client assets with Schwab.</p>
Complete amended pages in full, circle amended items and file with execution page (page 1).	
PAGE 6	