



## **Falcon Capital Management, LLC**

### **Form ADV Part 2A – Disclosure Brochure**

**Effective: March 17, 2016**

This Form ADV2A ("Disclosure Brochure") provides information about the qualifications and business practices of Falcon Capital Management, LLC ("Falcon" or the "Advisor"). If you have any questions about the contents of this Disclosure Brochure, please contact us at (312) 724-9267 or by email at [info@falconcm.com](mailto:info@falconcm.com).

Falcon is a Registered Investment Advisor located in the State of Illinois. The information in this Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission ("SEC") or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information through Falcon to assist you in determining whether to retain the Advisor.

Additional information about Falcon and its advisory persons are available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching for our firm or by our CRD# **175071**.

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## **Item 2 – Material Changes**

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Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. The Brochure Supplement provides information about advisory personnel of Falcon.

Falcon believes that communication and transparency are the foundation of its relationship with Clients and will continually strive to provide its Clients with complete and accurate information at all times. Falcon encourages all current and prospective Clients to read this Disclosure Brochure and discuss any questions you may have with us. And of course, we always welcome your feedback.

### Material Changes

There have been no material changes to our Disclosure Brochure since the last time we delivered the brochure to Clients. The Disclosure Brochure has been redrafted to streamline disclosures.

### Future Changes

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of Falcon.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching for our firm or by our CRD# **175071**. You may also request a copy of this Disclosure Brochure at any time, by contacting us at (312) 724-9267.

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## **Item 4 – Advisory Services**

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### **A. Firm Information**

Falcon Capital Management, LLC (“Falcon” or the “Advisor”) is a Registered Investment Advisor located in the State of Illinois, which is organized as a Limited Liability Company (LLC) under the laws of Illinois. Falcon was founded in 2015, and is owned by its CEO and CIO Kevin E. Silverman and investor Kendrick Packer, and operated by Mr. Silverman. This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by Falcon.

### **B. Advisory Services Offered**

Falcon offers investment advisory services to individuals, high net worth individuals, trusts, estates, and corporate pension funds in State of Illinois and other states (each referred to as a “Client”).

#### Investment Management Services

Falcon provides customized investment advisory solutions for its Clients, focusing on small and mid-capitalization value securities. This is achieved through continuous personal Client contact and interaction while providing discretionary investment management services and sub-advisory services for other investment advisors to access its strategies. Falcon works with each Client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to identify an appropriate a portfolio strategy.

Falcon concentrates its investment strategy on two portfolios of predominantly small-capitalization companies. One portfolio is a diversified style of investment, typically holding various equity positions and a small cash position. The other portfolio is a non-diversified, conviction style of investment, typically holding fewer equity positions and a slightly larger cash position.

Falcon’s investment strategy is primarily long-term focused, but the Advisor may buy, sell or re-allocate positions that have been held less than one year to meet the objectives of the Client or due to market conditions. Falcon will select the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client.

Falcon evaluates and selects investments for inclusion in portfolio strategies only after applying its internal due diligence process to develop recommendations to implement in its strategies. Falcon may recommend, on occasion, redistributing investment allocations to diversify the portfolio strategy. Falcon may recommend specific positions to increase sector or asset class weightings. The Advisor may recommend employing cash positions as a possible hedge against market movement, which may adversely affect the portfolio. Falcon may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of the strategy, generating cash to meet strategy needs, or any risk deemed unacceptable for the Client’s risk tolerance.

Falcon will provide investment advisory services and portfolio management services and will not provide securities custodial or other administrative services. At no time will Falcon accept or maintain custody of a Client’s funds or securities, except for authorized deduction of the Advisor’s fees. All Client assets will be managed within their designated brokerage account or pension account, pursuant to the Client Investment Advisory Agreement.

### **C. Client Account Management**

Prior to engaging Falcon to provide investment advisory services, each Client is required to enter into an agreement with the Advisor that defines the terms, conditions, authority and responsibilities of the Advisor and the Client. These services may include:

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- Asset Allocation – Falcon has developed strategic asset allocations that are targeted to meet specific investment objectives, time horizon, financial situation and tolerance that are considered for each Client.
- Portfolio Strategy – Falcon will select a portfolio strategy for the Client that is intended to meet the stated goals and objectives of the Client. Falcon will make adjustments to a Client's investment into these strategies based on a Client's investment policy statement.
- Investment Management and Supervision – Falcon will provide investment management and ongoing oversight of the Client's portfolio strategy and overall account.

#### **D. Wrap Fee Programs**

Falcon does not manage or place Client assets into a wrap fee program. Investment management services are provided directly by Falcon.

#### **E. Assets Under Management**

As of December 31, 2015, Falcon manages the following assets:

Assets Under Management	Assets
Discretionary Assets	\$1,199,394
Non-Discretionary Assets	\$0
<b>Total</b>	<b>\$1,199,394</b>

Clients may request more current information at any time by contacting the Advisor.

### **Item 5 – Fees and Compensation**

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The following paragraphs detail the fee structure and compensation methodology for services provided by the Advisor. Each Client shall sign an Investment Advisory Agreement that details the responsibilities of Falcon and the Client.

#### **A. Fees for Advisory Services**

##### Investment Management Services

Investment advisory fees are paid quarterly in advance of each calendar quarter, pursuant to the terms of the agreement. Investment advisory fees are based on the market value of assets under management at the end of the prior calendar quarter. Clients generally pay Falcon a management fee of 1.00% annually depending on the size and complexity of the Client relationship.

The investment advisory fee in the first quarter of service is prorated from the inception date of the account[s] to the end of the first quarter. Fees may be negotiable at the sole discretion of the Advisor. The Client's fees will take into consideration the aggregate assets under management with Advisor. All securities held in accounts managed by Falcon will be independently valued by the designated Custodian. Falcon will not have the authority or responsibility to value portfolio securities.

#### **B. Fee Billing**

##### Investment Management Services

Investment advisory fees will be calculated by the Advisor and automatically deducted from the Client account[s] at the Custodian. The Advisor shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client account[s] at the respective quarter-end date. The amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the total assets under management with Falcon at the end of the prior quarter. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the

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investment advisory fee. In addition, the Advisor will provide the Client a report itemizing the fee, including the calculation period covered by the fee, the account value and the methodology used to calculate the fee. It is the responsibility of the Client to verify the accuracy of these fees as listed on the custodian's brokerage statement as the Custodian does not assume this responsibility. Clients provide written authorization permitting Falcon to be paid directly from their accounts held by the Custodian as part of the agreement and separate account forms provided by the Custodian.

### **C. Other Fees and Expenses**

Clients may incur certain fees or charges imposed by third parties, other than Falcon, in connection with investments made on behalf of the Client's account[s]. The Client is responsible for all custodial and securities execution fees charged by the custodian and executing broker-dealer. The investment advisory fee charged by Falcon is separate and distinct from these custodian and execution fees.

In addition, all fees paid to Falcon for investment advisory services are separate and distinct from the expenses charged by mutual funds and exchange-traded funds to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client could invest in these products directly, without the services of Falcon, but would not receive the services provided by Falcon which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by Falcon to fully understand the total fees to be paid.

### **D. Advance Payment of Fees and Termination**

#### Investment Management Services

Falcon is compensated for its services in advance of the quarter in which investment advisory services are rendered. Either party may request to terminate the investment advisory agreement with Falcon, in whole or in part, by providing advance written notice to the other party. The Client shall be responsible for investment advisory fees up to and including the effective date of termination. Upon termination, the Advisor will refund any unearned, prepaid investment advisory fees from the effective date of termination to the end of the quarter. The Client's agreement with the Advisor is non-transferable without the Client's written approval.

### **E. Compensation for Sales of Securities**

Falcon does not buy or sell securities and does not receive any compensation for securities transactions in any Client account, other than the Investment Advisory Fees noted above.

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## **Item 6 – Performance-Based Fees and Side-By-Side Management**

Falcon does not charge performance-based fees for its investment advisory services. The fees charged by Falcon are as described in "Item 5 – Fees and Compensation" above and are not based upon the capital appreciation of the funds or securities held by any Client.

Falcon does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

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## **Item 7 – Types of Clients**

Falcon provides investment advisory services to individuals, personal trusts and estates, pension and profit sharing plans, and investment advisors.

The relative percentage of each type of Client is available on Falcon's Form ADV Part 1. These percentages will change over time. Falcon generally does not impose a minimum account size for establishing a relationship other than its sub-advisory services, which generally require a minimum relationship size of \$1,000,000.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

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### **A. Methods of Analysis**

Falcon primarily employs fundamental analysis methods in developing investment strategies for its Clients. Research and analysis from Falcon is derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others.

As noted above, Falcon generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. Falcon will typically hold all or a portion of a security for more than a year, but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, Falcon may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector or asset class.

Falcon primarily targets companies with a market capitalization less than \$5 billion at purchase. Falcon will sell stocks in such companies that have appreciated to a market capitalization exceeding \$10 billion, unless return expectations remain greater than 20%. Falcon does not have targeted industry exposures but limits exposure in any single sector to no more than three times the exposure in the corresponding index benchmark. Falcon limits any single position to no more than 10% of the total assets. The typical time horizon for investments is three to four years and the portfolio's annual expected turnover is 30-40%.

Falcon looks for small and mid-capitalization companies with a secure capital structure, high returns on capital, a defensible niche, an effective leadership team and leverage to an opportunistic theme. Falcon seeks to maximize total return by investing in companies with stock prices trading at a minimum 40% discount to their estimate of the company's per share business worth and having annualized expected return of least 20%. Falcon invests where share prices are at a substantial discount to their estimate of a business's per share worth, with a long-term focus waiting for the gap between price and value to close.

### **B. Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. Falcon will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

Fundamental analysis utilizes economic and business indicators as investment selection criteria. These criteria are generally ratios and trends that may indicate the overall strength and financial viability of the entity being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a value discounted by the market. While this type of analysis helps the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in the fundamental analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in "Item 13 – Review of Accounts".

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the

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analysis of a Client's account. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process.

#### Small Capitalization

Falcon invests primarily in securities issued by small capitalization companies. Companies with small capitalization have the potential to be more volatile than an investment that focuses on securities issued by larger capitalization companies. The earnings and prospects of these companies can be more volatile than larger companies. Small sized companies may experience higher failure rates than do larger companies. The trading volume of securities of small sized companies is normally less than that of larger capitalization companies and, therefore, may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies. Small capitalization companies may have limited markets, product lines or financial resources and may lack management experience. Small capitalization companies may have less experienced management, narrower product lines, more limited financial resources, and less publicly available information than larger companies. In addition, smaller companies are typically more sensitive to changes in overall economic conditions and their securities may be difficult to trade.

#### Value Investing

Value investing attempts to identify companies selling at a discount to their intrinsic value. Value investing is subject to the risk that a company's intrinsic value may never be fully realized by the market or that a company judged by Falcon to be undervalued may actually be appropriately priced.

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor.**

### **Item 9 – Disciplinary Information**

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**There are no legal, regulatory or disciplinary events involving Falcon or any of its employees.** Falcon and its advisory personnel value the trust you place in us. As we advise all Clients, we encourage you to perform the requisite due diligence on any advisor or service provider with whom you partner. Our backgrounds are on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching by our firm name or by our firm CRD# **175071**. You may also research the background of Kevin E. Silverman by searching for his name or his CRD# **1132363**.

### **Item 10 – Other Financial Industry Activities and Affiliations**

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The sole business of Falcon and Mr. Silverman is to provide investment advisory services to its Clients. Neither Falcon nor its advisory personnel are involved in other business endeavors. Falcon does not maintain any affiliations with other firms, other than contracted service providers to assist with the servicing of its Client's accounts.

Occasionally, Falcon may receive training, information, promotional materials, meals, gifts or prize drawings from vendors and others with whom it may do business or to whom it may make referrals. At no time will Falcon accept any benefits, gifts or other compensation that are based upon directing Client transactions to a specific service provider or vendor.

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## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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### **A. Code of Ethics**

Falcon has implemented a Code of Ethics that defines our fiduciary commitment to each Client. This Code of Ethics applies to all persons subject to Falcon's compliance program (our "Supervised Persons"). The Code of Ethics was developed to provide general ethical guidelines and specific instructions regarding our duties to you, our Client. Falcon and its personnel owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of Falcon's Supervised Persons to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code of Ethics covers a range of topics that address employee ethics and conflicts of interest. To request a copy of our Code of Ethics, please contact us at (312) 724-9267.

### **B. Personal Trading with Material Interest**

Falcon allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Falcon does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund, or advise an investment company. Falcon does not have a material interest in any securities traded in Client accounts.

### **C. Personal Trading in Same Securities as Clients**

Falcon allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities we recommend (purchase or sell) to you presents a potential conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. As noted above, we have adopted, consistent with Section 204A of the Investment Advisers Act of 1940, a Code of Ethics, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. When trading for personal accounts, Supervised Persons with access to Client information (our "Access Persons") of Falcon may have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can potentially be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by Falcon requiring reporting of personal securities trades by its Access Persons for review by the employee's supervisor or the CCO. We have also adopted written policies and procedures to detect the misuse of material, non-public information.

In addition, the Code of Ethics governs Gifts and Entertainment given by and provided to the Advisor, outside employment activities of employees, Employee reporting, sanctions for violations of the Code of Ethics, and records retention requirements for various aspects of the Code of Ethics.

### **D. Personal Trading at Same Time as Client**

While Falcon allows our Access Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, such trades are typically aggregated with Client orders or traded afterwards.

**At no time will Falcon, or any Supervised Person of Falcon, transact in any security to the detriment of any Client.**

## **Item 12 – Brokerage Practices**

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### **A. Recommendation of Custodian[s]**

Falcon does not have discretionary authority to select the broker-dealer/custodian for custodial and execution services or the administrator for defined contribution accounts, other than for certain investment fund relationships such as the Falcon SCV Focus Fund. The Client will select the broker-dealer or custodian (herein the "custodian") to safeguard Client assets and authorize Falcon to direct trades to this custodian as agreed in

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the investment advisory agreement. Further, Falcon does not have the discretionary authority to negotiate commissions on behalf of our Clients on a trade-by-trade basis.

Where Falcon does not exercise discretion over the selection of the custodian, it may recommend the custodian[s] to Clients for execution and/or custodial services. Clients are not obligated to use the recommended custodian and will not incur any extra fee or cost associated with using a broker not recommended by Falcon.

Falcon may recommend or select a custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, and location of the custodian's offices. Falcon does not receive research services, other products, or compensation as a result of recommending a particular broker that may result in the Client paying higher commissions than those obtainable through other brokers.

Falcon participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services, which include custody of securities, trade execution, clearance and settlement of transactions. The Advisor receives some benefits from TD Ameritrade through its participation in the Program.

As disclosed above, Falcon participates in TD Ameritrade's institutional customer program and the Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between the Advisor's participation in the program and the investment advice it gives to its Clients, although the Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving the Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to the Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by the Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit the Advisor but may not benefit its Client accounts. These products or services may assist the Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help the Advisor manage and further develop its business enterprise. The benefits received by the Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Falcon endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Falcon or its related persons in and of itself creates a conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

Falcon may only implement its investment recommendations after the Client has arranged for and furnished the Advisor with all information and authorization[s] regarding account[s] with their financial institutions.

Clients are not obligated to use the recommended Custodian and will not incur any extra fee or cost associated with using a broker not recommended by Falcon. Falcon may recommend a Custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, and location of the custodian's offices. In addition, Falcon reviews the Custodians that the recommend at least annually to confirm the appropriateness of its recommendations.

Following are additional details regarding the brokerage practices of the Advisor:

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**1. Soft Dollars** - Soft dollars are revenue programs offered by broker-dealers whereby an advisor enters into an agreement to place security trades with the broker in exchange for research and other services. **Falcon does not participate in soft dollar programs sponsored or offered by any broker-dealer.**

**2. Brokerage Referrals** - Falcon does not receive any compensation from any third party in connection with the recommendation for establishing a brokerage account.

**3. Directed Brokerage** - All Clients are serviced on a “directed brokerage basis”, where Falcon will place trades within the established account[s] at the custodian designated by the Client. Further, all Client accounts are traded within their respective brokerage account[s]. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor’s own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client’s account[s]). In selecting the custodian, Falcon will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the designated custodian.

## **B. Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker. Falcon will execute its transactions through an unaffiliated broker-dealer selected by the Client. Falcon may aggregate orders in a block trade or trades when securities are purchased or sold through the same broker-dealer for multiple (discretionary) accounts. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage particular Client accounts.

## **Item 13 – Review of Accounts**

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### **A. Frequency of Reviews**

Accounts are monitored on a regular and continuous basis by Mr. Silverman, CEO, CIO, and CCO of Falcon. Formal reviews are generally conducted at least annually or more or less frequently depending on the needs of the Client.

### **B. Causes for Reviews**

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more or less frequently at the Client’s request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client’s financial situation, and/or large deposits or withdrawals in the Client’s account. The Client is encouraged to notify Falcon if changes occur in the Client’s personal financial situation that might adversely affect the Client’s investment plan. Additional reviews may be triggered by material market, economic or political events.

### **C. Review Reports**

The Client will receive brokerage statements no less than quarterly from the trustee or custodian. These brokerage statements are sent directly from the custodian to the Client. The Client may also establish electronic access to the custodian’s website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client’s account[s]. The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

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## **Item 14 - Client Referrals and Other Compensation**

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### **A. Compensation Received by Falcon**

Falcon is a fee-only advisory firm, who, in all circumstances, is compensated solely by the Client. Falcon does not receive commissions or other compensation from product sponsors, broker-dealers or any un-related third party. Falcon may refer Clients to various third parties to provide certain financial services necessary to meet the goals of its Clients. Likewise, Falcon may receive referrals of new Clients from a third-party.

### **B. Client Referrals from Solicitors**

Falcon does not engage paid solicitors for Client referrals.

## **Item 15 – Custody**

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Falcon does not accept or maintain custody of any Client accounts, except for the authorized deduction of the Advisor's fee. All Clients must place their assets with a qualified custodian. Clients are required to select their own custodian to retain their funds and securities and direct Falcon to utilize that custodian for the Client's security transactions. Falcon encourages Clients to review statements provided by the account custodian. For more information about custodians and brokerage practices, see "Item 12 - Brokerage Practices".

## **Item 16 – Investment Discretion**

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Falcon generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by Falcon. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by Falcon will be in accordance with each Client's investment objectives and goals.

## **Item 17 – Voting Client Securities**

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Falcon does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. The Advisor will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

## **Item 18 – Financial Information**

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Neither Falcon, nor its management, have any adverse financial situations that would reasonably impair the ability of Falcon to meet all obligations to its Clients. Neither Falcon, nor any of its advisory persons, has been subject to a bankruptcy or financial compromise. Falcon is not required to deliver a balance sheet along with this Disclosure Brochure as the Advisor does not collect fees of \$1,200 or more for services to be performed six months or more in advance.



**Form ADV Part 2B – Brochure Supplement**  
**for**

**Kevin E. Silverman, CFA**  
**CEO, CIO, CCO**

**Effective: March 17, 2016**

This Form ADV2B ("Brochure Supplement") provides information about the background and qualifications of Kevin E. Silverman (CRD# **1132363**) in addition to the information contained in the Falcon Capital Management, LLC ("Falcon" or the "Advisor") (CRD # 175071) Disclosure Brochure. If you have not received a copy of the Disclosure Brochure or if you have any questions about the contents of the Falcon Disclosure Brochure or this Brochure Supplement, please contact us at (312) 724-9267 or by email at [info@falconcm.com](mailto:info@falconcm.com).

Additional information about Mr. Silverman is available on the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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**Falcon Capital Management, LLC**

220 N Green St \* Chicago, IL 60607

Phone: (312) 724-9267

[WWW.FALCONCAPITALMANAGEMENT.COM](http://WWW.FALCONCAPITALMANAGEMENT.COM)

## Item 2 – Educational Background and Business Experience

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Kevin Silverman, born in 1956, is dedicated to advising Clients of Falcon in his role as the CEO, CIO and CCO, of Falcon.

Mr. Silverman received a bachelor's degree in Finance and Marketing, with a concentration in mathematics, as well as a Master's Degree in Finance from the University of Wisconsin – Madison.

Additional information regarding Mr. Silverman's employment history is included below.

### Employment History:

CEO, CIO, CCO, Falcon Capital Management, LLC	02/2015 to Present
Co-Founder, Clarity Holdings, LLC	09/2010 to 02/2015
Co-Founder, Third River Capital Management	07/2007 to 09/2010
Co-Founder, Two Rivers Capital Management, LLC	03/2004 to 07/2007

### Professional Designation: Chartered Financial Analyst ("CFA")

The Chartered Financial Analyst ("CFA") charter is a professional designation established in 1962 and awarded by CFA Institute. To earn the CFA charter, candidates must pass three sequential, six-hour examinations over two to four years. The three levels of the CFA Program test a wide range of investment topics, including ethical and professional standards, fixed-income analysis, alternative and derivative investments, and portfolio management and wealth planning. In addition, CFA charterholders must have at least four years of acceptable professional experience in the investment decision-making process and must commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

## Item 3 – Disciplinary Information

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***There are no legal, civil or disciplinary events to disclose regarding Mr. Silverman.*** Mr. Silverman has never been involved in any regulatory, civil or criminal action. There have been no client complaints, lawsuits, arbitration claims or administrative proceedings against Mr. Silverman.

Securities laws require an advisor to disclose any instances where the advisor or its advisory persons have been found liable in a legal, regulatory, civil or arbitration matter that alleges violation of securities and other statutes; fraud; false statements or omissions; theft, embezzlement or wrongful taking of property; bribery, forgery, counterfeiting, or extortion; and/or dishonest, unfair or unethical practices. ***As previously noted, there are no legal, civil or disciplinary events to disclose regarding Mr. Silverman.***

However, we do encourage you to independently view the background of Mr. Silverman on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching by his name or his CRD# **1132363**.

## Item 4 – Other Business Activities

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Mr. Silverman is dedicated to the investment advisory activities of Falcon's Clients. Mr. Silverman does not have any other business activities.

## Item 5 – Additional Compensation

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Mr. Silverman is dedicated to the investment advisory activities of Falcon's Clients. Mr. Silverman does not receive any additional forms of compensation.

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## **Item 6 – Supervision**

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Mr. Silverman serves as the CEO, CIO and Chief Compliance Officer of Falcon. Mr. Silverman can be reached at (312) 724-9267.

Falcon has implemented a Code of Ethics and internal compliance that guide each employee in meeting their fiduciary obligations to Clients of Falcon. Further, Falcon is subject to regulatory oversight by various agencies. These agencies require registration by Falcon and its employees. As a registered entity, Falcon is subject to examinations by regulators, which may be announced or unannounced. Falcon is required to periodically update the information provided to these agencies and to provide various reports regarding the business activities and assets of the Advisor.

# Privacy Policy

Effective date: March 17, 2016

## Our Commitment to You

Falcon Capital Management, LLC ("Falcon" or the "Advisor") is committed to safeguarding the use of personal information of our Client's (also referred to as "you" and "your") that we obtain as your Investment Advisor, as described here in our Privacy Policy ("Policy").

Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we will do everything that we can to maintain that trust. Falcon (also referred to as "we", "our" and "us") protects the security and confidentiality of the personal information we have and implements controls to ensure that such information is used for proper business purposes in connection with the management or servicing of our relationship with you.

Falcon does not sell your non-public personal information to anyone. Nor do we provide such information to others except for discrete and reasonable business purposes in connection with the servicing and management of our relationship with you, as discussed below.

Details of our approach to privacy and how your personal non-public information is collected and used are set forth in this Policy.

## Why you need to know?

Registered Investment Advisors ("RIAs") must share some of your personal information in the course of servicing your account. Federal and State laws give you the right to limit some of this sharing and require RIAs to disclose how we collect, share, and protect your personal information.

## What information do we collect from you?

Social security or taxpayer identification number	Assets and liabilities
Name, address and phone number(s)	Income and expenses
E-mail address(es)	Investment activity
Account information (including other institutions)	Investment experience and goals

## What Information do we collect from other sources?

Custody, brokerage and advisory agreements	Account applications and forms
Other advisory agreements and legal documents	Investment questionnaires and suitability documents
Transactional information with us or others	Other information needed to service account

## How do we protect your information?

To safeguard your personal information from unauthorized access and use we maintain physical, procedural and electronic security measures. These include such safeguards as secure passwords, encrypted file storage and a secure office environment. Our technology vendors provide security and access control over personal information and have policies over the transmission of data. Our associates are trained on their responsibilities to protect Client's personal information.

We require third parties that assist in providing our services to you to protect the personal information they receive from us.

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### How do we share your information?

An RIA shares Client personal information to effectively implement its services. In the section below, we list some reasons we may share your personal information.

Basis For Sharing	Do we share?	Can you limit?
<b>Servicing our Clients</b> We may share non-public personal information with non-affiliated third parties (such as administrators, brokers, custodians, regulators, credit agencies, other financial institutions) as necessary for us to provide agreed upon services to you, consistent with applicable law, including but not limited to: processing transactions; general account maintenance; responding to regulators or legal investigations; and credit reporting.	Yes	No
<b>Marketing Purposes</b> Falcon does not disclose, and does not intend to disclose, personal information with non-affiliated third parties to offer you services. Certain laws may give us the right to share your personal information with financial institutions where you are a customer and where Falcon or the client has a formal agreement with the financial institution. <b>We will only share information for purposes of servicing your accounts, not for marketing purposes.</b>	No	Not Shared
<b>Authorized Users</b> Your non-public personal information may be disclosed to you and persons that we believe to be your authorized agent(s) or representative(s).	Yes	Yes
<b>Information About Former Clients</b> Falcon does not disclose and does not intend to disclose, non-public personal information to non-affiliated third parties with respect to persons who are no longer our Clients.	No	Not Shared

### Changes to our Privacy Policy

We will send you a copy of this Policy annually for as long as you maintain an ongoing relationship with us.

Periodically we may revise this Policy, and will provide you with a revised policy if the changes materially alter the previous Privacy Policy. We will not, however, revise our Privacy Policy to permit the sharing of non-public personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing.

### Any Questions?

You may ask questions or voice any concerns, as well as obtain a copy of our current Privacy Policy by contacting us at (312) 724-9267 or via email at [info@falconcm.com](mailto:info@falconcm.com).