

COMMONWEALTH OF KENTUCKY  
PUBLIC PROTECTION CABINET  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
ADMINISTRATIVE ACTION NO. 2023-AH-0004



DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

v.

SEVEN HILLS CAPITAL ADVISORS, LLC  
and  
JOSEPH DANIEL FONDACARO, JR.

RESPONDENTS

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AGREED ORDER

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PARTIES

1. The Kentucky Department of Financial Institutions (hereinafter, the “Department”) is responsible for administering the provisions of Kentucky Revised Statutes (KRS) Chapter 292, the Securities Act of Kentucky, as well as any applicable rules, regulations, and orders enacted pursuant to the Code.

2. Seven Hills Capital Advisors, LLC (CRD# 175280) is a limited liability company organized in Ohio, with a principal address at 9380 Main Street #4, Cincinnati, OH 45242.

3. Joseph Daniel Fondacaro, Jr. (CRD# 2407635) is the president and financial advisor for Seven Hills Capital Advisors, LLC with a principal address of 6728 Miami Woods Drive, Loveland, OH 45140.

4. Seven Hills Capital Advisors, LLC and Joseph Daniel Fondacaro, Jr. are referenced in this Order collectively as “Respondents.”

STATEMENT OF FACTS

5. On August 5, 2021, the Department received a Form ADV initiating the Kentucky investment adviser registration of Seven Hills Capital Advisors, LLC.

6. On November 8, 2021, the Department discovered information indicating that Seven Hills Capital Advisors, LLC, provided securities investment advisement and investment account management for eight clients domiciled in Kentucky during the twelve months prior to that date through Joseph Daniel Fondacaro, Jr, the company's financial advisor. Respondents stated that the eight clients were three married couples sharing a household and two single households.

7. Seven Hills Capital Advisors, LLC nor Mr. Fondacaro have factual circumstances that indicate an applicable exemption from registration.

### STATUTORY AUTHORITY

8. KRS 292.310(11) states,

“Investment adviser” means any person who, for compensation, directly or indirectly, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities...

9. KRS 292.330(8) states,

It is unlawful for any person to transact business in this state as an investment adviser unless the person is registered under this chapter as an investment adviser or is exempt from registration under subsection (9) of this section.

10. KRS 292.330(9)(b) states,

The following investment advisers are exempt from the registration requirement of subsection (8) of this section:

- (a) An investment adviser who has no place of business in this state if his only clients in this state are other investment advisers, covered advisers, broker-dealers, banks, savings institutions, trust companies, insurance companies, pension or profit-sharing trusts, or other financial institutions or institutional buyers, whether acting for themselves or as trustees;
- (b) An investment adviser who has no place of business in this state if, during any period of twelve (12) consecutive months, he or she does not have more than five (5) clients other than those specified in paragraph (a) of this subsection;
- (c) An investment adviser who is approved, and remains approved, by the Kentucky Economic Development Finance Authority as an investment fund manager pursuant to KRS 154.20-256; and

(d) Any other investment adviser exempted from registration by administrative regulation or order under this chapter.

11. KRS 292.310(12) states,

“Investment adviser representative” means an individual employed by or associated with an investment adviser or covered adviser and who makes any recommendations or otherwise gives investment advice regarding securities, manages accounts or portfolios of clients, determines which recommendations or advice regarding securities should be given, provides investment advice or holds himself or herself out as providing investment advice, receives compensation to solicit, offer, or negotiate for the sale of or for selling investment advice, or supervises employees who perform any of the foregoing...

12. KRS 292.330(11) states,

It is unlawful for an individual to transact business in this state as an investment adviser representative unless the individual is registered under this chapter as an investment adviser representative or is exempt from registration under subsection (12) of this section.

13. KRS 292.330(12) states,

The following investment adviser representatives are exempt from the registration requirement of subsection (11) of this section:

- (a) An investment adviser representative who is employed by or associated with an investment adviser that is exempt from registration under this chapter or a federal covered adviser that is excluded from the notice filing requirements under this chapter; and
- (b) Any other investment adviser representative exempted from registration by rule or order under this chapter.

14. KRS 292.470 states, in pertinent part,

Whenever it appears to the commissioner that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of this chapter or any rule or order under this chapter, the commissioner may in his or her discretion bring any or all of the following remedies:

...

Issue a final order, after notice and an opportunity for a hearing, containing findings of fact and conclusions of law, directing any person or persons found to have engaged in, or about to be engaged in, activity that constitutes a violation of this chapter or any rule or order under this chapter:

- (a) To cease and desist from the activity;

- (b) To perform any other reasonable mandates directed by the commissioner pursuant to an appropriate remedy fashioned by the commissioner and reasonably calculated to carry out the provisions of this chapter; or
- (c) To pay fines assessed under KRS 292.500(14) and costs assessed under KRS 292.500(15).

15. KRS 292.500(14) states,

The commissioner may impose civil fines against any person who violates any provision of this chapter or any rule or order or voluntary agreement entered into under this chapter. The fine shall not exceed twenty thousand dollars (\$20,000) per violation...

### **VIOLATIONS**

16. In contravention of KRS 292.330(9)(b), the three married couples sharing a household and two single households comprised a total of eight (8) individual clients, which is more than the maximum of five (5) clients allowed by the statute's exception to registration.

17. Pursuant to the aforementioned statutory requirements, Seven Hills Capital Advisors, LLC was not appropriately registered with the Department as an investment adviser and Mr. Fondacaro was not appropriately registered with the Department as an investment adviser representative when Mr. Fondacaro served eight (8) Kentucky clients from November 8 2020 – November 8, 2021 on behalf of Seven Hills Capital Advisors, LLC.

### **AGREEMENT AND ORDER**

18. To resolve this matter without litigation or other adversarial proceedings, the Department and Respondents agree to compromise and settle all claims arising from the above-referenced factual background in accordance with the terms set forth herein.

19. In the interest of economically and efficiently resolving the violations described herein, it is hereby **AGREED** and **ORDERED**:

- i. Seven Hills Capital Advisor, LLC and Mr. Fondacaro agree to jointly pay a civil fine in the amount of **one thousand five hundred dollars (\$1,500.00)** for the violations

described herein, which shall be due and payable within thirty (30) days of the entry of this Order;

ii. All payments under this Order shall be in the form of an ACH payment made via secure website, pursuant to instructions provided to Respondents, or by a certified check or money order made payable to "Kentucky State Treasurer" and mailed to the Department of Financial Institutions, Securities Division, 2023-AH-0004, 500 Mero Street, Frankfort, Kentucky 40601;

iii. Respondents shall cease and desist from any future violations of the Securities Act of Kentucky;

iv. Respondents waive the right to demand a hearing at which they would be entitled to legal representation, to confront and cross-examine witnesses, and to present evidence on their behalf, or to otherwise appeal or set aside this Agreed Order;

v. Respondents consent to and acknowledge the jurisdiction of the Department over this matter and that this Agreed Order is a matter of public record and may be disseminated as such;

vi. In consideration of execution of this Agreed Order, Respondents for themselves, and for their successors and assigns, hereby release and forever discharge the Commonwealth of Kentucky, the Department, Office of Legal Services, and each of their members, agents, and employees in their individual capacities, from any and all manner of actions, causes of action, suits, debts, judgments, executions, claims and demands whatsoever, known and unknown, in law or equity, that Respondents ever had, now have, may have or claim to have against any or all of the persons or entities named in this paragraph arising out of or by reason of this investigation, this disciplinary action, this settlement or its administration;

vii. By signing below, the parties acknowledge they have read the foregoing Agreed Order, fully understand its contents, and that they are authorized to enter into and execute this Agreed Order and legally bind their respective parties; and

viii. This Agreed Order shall constitute the Final Order in this matter.

**SO ORDERED** on this the 8th day of February, 2023.

*Marni Rock Gibson*

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JUSTIN M. BURSE  
COMMISSIONER

**Consented to:**

*On behalf of the Department of Financial Institutions,*

This 6th day of February, 2023.

*Chad Harlan*

\_\_\_\_\_  
Director, Division of Securities  
Department of Financial Institutions

**and**

*On behalf of Seven Hills Capital Advisors, LLC,*

This 31 day of JANUARY, 2023.

*Joseph Daniel Fondacaro, Jr.*

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Joseph Daniel Fondacaro, Jr.  
Seven Hills Capital Advisors, LLC

**ACKNOWLEDGEMENT**

STATE OF OHIO )

COUNTY OF HAMILTON )

On this the 31st day of JANUARY, 2023, **Joseph Daniel Fondacaro, Jr.**, in my presence, acknowledged **himself** to be the authorized representative of **Seven Hills Capital Advisors, LLC** and, being authorized to do so, did enter into and execute the foregoing instrument,

on behalf of **Seven Hills Capital Advisors, LLC** and **himself**, for the purposes therein contained, acknowledging the same.

My Commission Expires: 2/8/25



KATHLEEN R WALSH  
Notary Public  
State of Ohio  
My Comm. Expires  
February 8, 2025

Kathleen R. Walsh  
Notary Public

### CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing Agreed Order was sent on this the 8<sup>th</sup> day of February, 2023 by the method(s) described below to the follow:

*Via certified mail, return receipt requested and electronic delivery:*

Joseph Daniel Fondacaro, Jr.  
SEVEN HILLS CAPITAL ADVISORS, LLC  
9380 Main Street, #4  
Cincinnati, OH 45242  
[joe@7hca.com](mailto:joe@7hca.com)  
*For himself and as President on behalf of  
Seven Hills Capital Advisors, LLC*

*Via electronic delivery:*

Brandon Adcock, Staff Attorney III  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
500 Mero Street  
Frankfort, KY 40601  
[brandon.adcock@ky.gov](mailto:brandon.adcock@ky.gov)  
*Counsel for Department of Financial Institutions*

Kentucky Department of Financial Institutions

Name: Quinn Reed

Title: Executive Staff Advisor