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JUL 13 2021
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COMMISSIONERS OFFICE

**COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2021-AH-0015**

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

v.

AGREED ORDER

BLACKSUMMIT FINANCIAL GROUP, INC.
and JOHN EVRIVIADIA CHARALAMBAKIS

RESPONDENTS

STATEMENT OF FACTS

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. BlackSummit Financial Group, Inc. (CRD# 153886) is a corporation incorporated in Mississippi, with a principal address at 395 Chandamere Way, Nicholasville, KY 40356 and a certificate of authority to transact business in Kentucky.

3. John Evriviadia Charalambakis (CRD# 5880490) is managing director, owner, and a registered investment adviser representative on behalf of BlackSummit Financial Group, Inc.

4. On September 25 — 26, 2019, the Department performed a routine compliance examination of Respondents and discovered Respondents' failure to disclose a conflict of interest, detailed below.

5. Mr. Charalambakis acquired 3,500 membership interests in Fundamental Analytics Services, LLC through a company he owns, Carpe Diem Holdings International, LLC.

6. Mr. Charalambakis and Carpe Diem Holdings International, LLC are also part owners in Fundamental Analytics, LLC, a company that provides online, subscription-based

services for information on commodities research, which engaged BlackSummit Financial Group, Inc. to oversee its management.

7. Respondents did not provide the Department documentation of any capital contribution made by Carpe Diem Holdings International, LLC and claimed during the Department's onsite interview that Carpe Diem Holdings International, LLC was an inactive entity with no business being conducted.

8. Mr. Charalambakis failed to disclose his outside business activities and ownership interests in Fundamental Analytics Services, LLC and Fundamental Analytics, LLC prior to recommending and selling private placement equity interests in Fundamental Analytics Services, LLC to advisory clients from October 2017 through November 2017.

STATUTORY AUTHORITY

9. KRS 292.336(3) states,

If the information contained in any document filed is or becomes inaccurate or incomplete in any material respect, then the broker-dealer, investment adviser, or firm employing issuer agents, as applicable, shall promptly file a correcting amendment. In the case of a covered adviser, the adviser shall file only copies of those documents required to be filed with the Securities and Exchange Commission.

10. KRS 292.440 states,

It is unlawful for any person to make or cause to be made, in any document filed with the commissioner or the commissioner's designee or in any proceeding under this chapter, any statement which is, at the time and in the light of the circumstances under which it is made, false or misleading in any material respect.

11. 808 KAR 10:450, Section 2 states, in pertinent part,

A person who is an investment adviser or an investment adviser representative shall be a fiduciary and shall have a duty to act primarily for the benefit of its clients. An investment adviser or investment adviser representative shall not engage, either directly or indirectly, in unethical or dishonest practices. The following acts and practices shall be considered either a breach of fiduciary duty or a dishonest and unethical practice. Violations may result in a fine, suspension, or revocation in proportion to the seriousness of the offense:

...

(11) Failing to disclose to clients in writing before any advice is rendered any material conflict of interest relating to the adviser, or any of its employees including:

(a) Compensation arrangements connected with advisory services to clients which are in addition to compensation from these clients for advisory services; and

(b) The amount of any commissions to be received for executing transactions pursuant to advice given

12. 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:

...

(3) 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).

VIOLATIONS

13. Respondents failed to promptly disclose their outside business activities and ownership in Fundamental Analytics Services, LLC and Fundamental Analytics, LLC, which presented a conflict of interest when Respondents recommended and sold private placement equity interests in Fundamental Analytics Services, LLC to advisory clients from October 2017 through November 2017.

14. Respondents' disclosure should have occurred on the Form ADV Part 2A Firm Brochure, Form ADV Part 2B Brochure Supplement, Mr. Charalambakis' Form U4, and to clients when soliciting their purchase of equity ownership in Fundamental Analytics Services, LLC.

15. Respondents' failures to disclose are in violation of KRS 292.336(3), KRS 292.440, and 808 KAR 10:450(11).

AGREEMENT AND ORDER

16. 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.

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

i. Respondent BlackSummit Financial Group, Inc. agrees to 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. Respondent John Evriviadia Charalambakis agrees to 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;

iii. 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, 2021-AH-0015, 500 Mero Street, Frankfort, Kentucky 40601;

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

v. 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;

vi. 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;

vii. 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;

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

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

SO ORDERED on this the 12th day of July, 2021.



CHARLES A. VICE Justin M. Burse
COMMISSIONER Deputy Commissioner

Consented to:
On behalf of the Department of Financial Institutions.

This 8th day of July, 2021.

Mauri P. Gibson
Director, Division of Securities
Department of Financial Institutions

AND
On behalf of himself and BlackSummit Financial Group, Inc.,

This 7 day of July, 2021.

John Evriviadia Charalambakis
BlackSummit Financial Group, Inc.

ACKNOWLEDGEMENT

STATE OF Kentucky)
)
COUNTY OF Jessamine)

On this the 7 day of July, 2021, **John Evriviadia Charalambakis**, in my presence, acknowledged himself to be the authorized representative of himself and **BlackSummit Financial Group, Inc.** and, being authorized to do so, did enter into and execute the foregoing instrument, on behalf of himself and **BlackSummit Financial Group, Inc.**, for the purposes therein contained, acknowledging the same.

My Commission Expires: 8 November 17, 2024

Stephanie Prather
Notary Public
ID : KYNP 17623

CERTIFICATE OF SERVICE

13th I certify that a true and correct copy of the foregoing Agreed Order was sent on this the
day of July, 2021 by certified mail, return receipt requested to:

John Evriviadia Charalambakis
BLACKSUMMIT FINANCIAL GROUP, INC.
395 Chandamere Way
Nicholasville, KY 40356
Representative on behalf of BlackSummit Financial Group, Inc.

and by messenger mail or electronic delivery to:

Brandon Adcock, Staff Attorney III
DEPARTMENT OF FINANCIAL INSTITUTIONS
500 Mero Street
Frankfort, KY 40601

Counsel for Department of Financial Institutions

Kentucky Department of Financial Institutions

Name: Aaron Reed

Title: Executive Staff Advisor