

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 WAYNE STRUMPFER
Deputy Commissioner
3 ALAN WEINGER
Lead Corporations Counsel
4 KIRK E. WALLACE (SBN 129953)
Corporations Counsel
5 71 Stevenson Street, Suite 2100
6 San Francisco, CA 94105
7 Telephone: (415) 972-8546

8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

10	In the Matter of)	CASE NO.
)	
11	THE CALIFORNIA CORPORATIONS)	FILE NO. 925-0749
	COMMISSIONER,)	IARD NO 138394
12)	
13	Complainant,)	ORDER SUMMARILY REVOKING
14	v.)	INVESTMENT ADVISER CERTIFICATE
)	PURSUANT TO CORPORATIONS CODE
15	CHARLES ANTHONY FRACCHIA dba)	SECTION 25242
	FRACCHIA CAPITAL MANAGEMENT)	
16	COMPANY.,)	
)	
17	Respondent.)	
18)	

19
20 Preston DuFauchard, the California Corporations Commissioner ("Commissioner") of the
21 Department of Corporations ("Department") finds:

22 Charles Anthony Fracchia dba Fracchia Capital Management ("Fracchia") has violated
23 Corporations Code section 25241 by failing to maintain the books and records required by that
24 section and failing to file reports required by that section within 10 days after notice by the
25 commissioner that the reports were due. This included Fracchia's repeated violations, since 1993, of
26 California Code of Regulations (CCR), title 10, sections 260.241.2, subdivision (a), and 260.241.3,
27 by failing to maintain a general ledger, records of securities purchased or sold for each client and
28 trial balance ledgers showing the computation of net capital and indebtedness every month and

1 section 260.241.3 (a)(9) for failing to maintain written discretionary authority before transacting
2 trades or transferring money from customers accounts. Fracchia also repeatedly failed to file
3 amended ADV forms within 90 days of the occurrence of any change in information, and at the end
4 of the investment advisers fiscal or calendar year as required by CCR sections 260.241.2 and .4 and
5 also did not correct such failure within 10 days of notice by the Commissioner.
6

7 The above referenced violations of record keeping and report filing regulations were noted in
8 examinations performed by the Department of Corporations of Fracchia's books and records in years
9 1993 and 2000. Letters were sent to Fracchia in 1993 and 2000 notifying him of the violations and
10 of his obligation to correct them. The same violations were found in an examination of Fracchia's
11 books and records conducted in March of 2007. Fracchia indicated at that time that he had never
12 implemented a record keeping system to comply with the record keeping requirements noted in the
13 first two examinations in 1993 and 2000. The examination also revealed Fracchia's only form ADV
14 filings for the past 10 years were done in 2000 and 2006.
15

16
17 NOW, BASED UPON THE FOREGOING, AND GOOD CAUSE APPEARING, it is hereby
18 ORDERED under the provisions of Corporations Code section 25242 (c) that Charles Anthony
19 Fracchia dba Fracchia Capital Management's investment adviser certificate be summarily revoked
20 for repeatedly failing to maintain books and records and file reports required by Corporations Code
21 section 25241 and CCR title 10, sections 260.241.2 (a), 260.241.3, 260.241.3 (a)(9), 260.241.2 and
22 260.241.4. This revocation precludes Fracchia from engaging in normal investment adviser
23 activities that solicits or facilitates new business, including for existing clients, effective
24 immediately. This revocation does not preclude Fracchia from engaging in activities necessary to
25 the winding down of the business such as liquidating transactions, transferring accounts, forwarding
26 any checks received to the clearing firm, responding to regulatory inquiries, filing U-5s for
27
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

registered representatives, and otherwise fielding client/customer phone calls for account servicing or document requests, for a period of sixty days from the date of this order. After that time, the winding down of the investment adviser business must be completed and Fracchia is not permitted to engage in any further investment advisor activities.

Dated: April 4, 2008

PRESTON DuFAUCHARD
California Corporations Commissioner

By: _____
ALAN S. WEINGER
Lead Corporations Counsel