



**COMMONWEALTH OF KENTUCKY  
PUBLIC PROTECTION CABINET  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
AGENCY CASE NO. 2018-AH-00033**

**DEPARTMENT OF FINANCIAL INSTITUTIONS**

**COMPLAINANT**

**vs.**

**AGREED ORDER**

**THOMAS HATTON  
PRIVATE ASSET MANAGEMENT, LLC**

**RESPONDENTS**

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**FACTUAL BACKGROUND**

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

2. Thomas E. Hatton, CRD# 1008093, (hereafter “Hatton”) is the managing member of Private Asset Management, LLC, IA – 247, Firm CRD# 170369, (hereafter “PAM”) with a business address of 1411 Arroyo Drive, Frankfort, KY 40601. Hatton is a Managing Member and investment adviser representative of PAM.

3. DFI conducted a closing examination of PAM on November 28, 2017. During the examination, DFI discovered PAM had deficiencies that needed to be addressed.

4. The November 28, 2017 closing examination by DFI identified the following deficiencies that resulted in violations of Kentucky Securities Regulations:

- a. At the time of the closing audit, PAM had incomplete and inaccurate financial statements in accordance with 808 Kentucky Administrative Regulation (“KAR”) 10:110,



b. During the month of April 2017, an insufficient reserve was maintained to account for future accrued fees as required by 808 KAR 10:200 Section 3(4),

c. PAM failed to notify the commissioner of the net worth deficiency pursuant to 808 KAR 10:200 Section 3(7),

d. PAM failed to promptly file a correcting amendment to the Form ADV and the Form U4 for Hatton to reflect a change of address for his business and residence as required under KRS 292.336(3). In addition, PAM failed to file the annual amendment to Form ADV after the Firm's previous fiscal year end of December 31, 2016.

5. Based upon the facts as set forth in paragraphs three (3) and four (4), the DFI alleged that PAM and Hatton violated the provisions as stated above.

6. The DFI possesses a range of administrative authority in addressing compliance with the Act, including the ability to enter into Agreed Orders. (See KRS 292.500)

7. To resolve this matter without litigation or adversary proceedings, the DFI, Hatton and PAM agree to compromise and settle all claims arising from the above-referenced factual background in accordance with the terms set forth herein.

#### **ACTIONS FOR COMPLIANCE AND SETTLEMENT**

The DFI and Respondents, in the interest of economically and efficiently resolving this matter, agree as follows.

8. Respondents shall comply with the Act.

9. Respondents waive their 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.

10. Respondents consent to and acknowledge the jurisdiction of the DFI over this matter. This Order is a matter of public record and may be disseminated as such.

11. In consideration of the execution of this Agreed Order, Respondents for themselves, and for their successors and assigns, hereby release and forever discharge the Commonwealth of Kentucky, the DFI, 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 settlement.

12. Respondents agree to pay a fine in the amount of One Thousand dollars (\$1,000.00) as full settlement of this matter.

13. Respondents agree to pay the fine no later than the effective date of the Agreed Order, which shall be in the form of a certified check or money order made payable to the "Kentucky State Treasurer" and mailed to the Department of Financial Institutions, Attn: Securities Division, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601. Failure to do so shall render the agreement void.

14. 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. This Agreed Order shall constitute the final resolution of this matter.

AGREED on this the 5 day of Sept, 2018.

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke, positioned above a horizontal line.

CHARLES A. VICE *for*  
COMMISSIONER

**Consented to:**

This 5<sup>th</sup> day of September 2018.

Marni R. Gibson

Marni R. Gibson, Director  
Division of Securities  
Department of Financial Institutions

**AND**

This 21 day of Aug., 2018

Thomas E. Hatton

Mr. Thomas E. Hatton  
Authorized Representative  
Private Asset Management, LLC

**ACKNOWLEDGEMENT**

STATE OF Kentucky )  
 )  
COUNTY OF Franklin )

On this the 31<sup>st</sup> day of August, 2018, before me Thomas E. Hatton, the undersigned, T. Alexander Fitzgerald, did personally appear and acknowledge himself/herself to be the authorized representative of Private Asset Management, LLC and that being authorized to do so did enter into and execute the foregoing instrument for the purposes therein contained.

In witness whereof I hereunto set my hand.

My Commission Expires: Feb. 7, 2022

T. Alexander Fitzgerald  
Notary Public ID# 593097





Certificate of Service

I, Allison Evans, hereby certify that a copy of the foregoing **Agreed Order** was sent on this the 5 day of Sept, 2018, by first class mail to:

Mr. Thomas E. Hatton  
Managing Member  
Private Asset Management, LLC  
1411 Arroyo Drive  
Frankfort, KY 40601

hand delivered to:

Catherine Falconer, Attorney  
Kentucky Department of Financial Institutions  
1025 Capitol Center Drive, Suite 200  
Frankfort, KY 40601

Allison Evans  
KY Department of Financial Institutions  
Name: Allison Evans  
Title: Executive Staff Advisor