

COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
ADMINISTRATIVE ACTION NO. 2017-AH-00014



DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

v

AGREED ORDER

ENCOMPASS WEALTH MANAGEMENT, LLC

RESPONDENT

STATEMENT OF FACTS

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. Encompass Wealth Management, LLC ("Respondent"), CRD# 153268, is a private limited liability company, registered in Kentucky as an investment adviser. Respondent maintains its principal office at 110 West Washington Street, Princeton, KY 42445. Hearne Bradley Harralson is the Managing Member and investment adviser representative of the company.

3. The DFI conducted a routine examination of Respondent on October 11-12, 2016.

4. The following major deficiencies were noted:

a. Respondent failed to file a Form ADV Annual Amendment within 90 days of its fiscal years ending 2013, 2014, and 2015, as required by KRS 292.336 and failed to deliver Form ADV Part 2 to clients within 120 days of its fiscal year end as required by 808 KAR 10:030 Section 5. These violations are repeat deficiencies that were previously addressed in the DFI April 30, 2015 Statement of Findings letter and Respondent previously reported corrective action.

b. Respondent failed to maintain true, accurate, and current books and records which include general and auxiliary ledgers reflecting assets, liabilities, reserves, capital, income and expense accounts in accordance with 808 KAR 10:110. The financial statements have not been prepared in accordance with generally accepted accounting principles (GAAP) as required by KRS 292.500(5). This is a repeat deficiency that was previously addressed in the DFI April 30, 2015 Statement of Findings letter and Respondent previously reported corrective action.

5. Based upon the facts set forth in paragraphs two (2) through four (4), the DFI has alleged that Respondent violated the Act.

STATUTORY AUTHORITY

6. Pursuant to KRS 292.336(2)(a),

Every registered broker-dealer, investment adviser, and firm employing issuer agents shall file such reports as required by administrative regulation or order under this chapter.

7. Pursuant to 808 KAR 10:030 Section 5 (1)(b) an investment adviser shall,

Deliver to each client annually, within 120 days after the end of the investment adviser's fiscal year and without charge:

1. A current brochure; or

2. The summary of material changes to the brochure as required by Item 2 of Form ADV, Part 2A that offers to provide the current brochure without charge, accompanied by the Web site address (if available) and an e-mail address (if available) and telephone number by which a client may obtain the current brochure, and the Web site address for obtaining information about the investment adviser through the Investment Adviser Public Disclosure (IAPD) system;

8. Pursuant to KRS 292.550(5),

The commissioner may by administrative regulation or order prescribe the form and content of financial statements required under this chapter and the circumstances under which consolidated financial statements shall be certified by certified public accountants. All financial

statements shall be prepared in accordance with generally accepted accounting standards.

9. Pursuant to 808 KAR 10:110,

Section 1. (1) Pursuant to KRS 292.336(1)(a), an investment adviser who maintains his principal place of business in Kentucky shall:

(a) Meet the recordkeeping requirements established in 15 U.S.C. 80b-3; and

(b) Maintain his books and records in accordance with the applicable federal regulations, including 17 C.F.R. 275.204-2.

(2) The requirements established in subsection (1) of this section shall apply to an investment adviser subject to the provisions of KRS Chapter 292.

10. The Commissioner possesses a range of administrative authority in addressing violations of the Act, including the imposition of fines up to twenty thousand dollars (\$20,000.00) for each violation of the Act. See KRS 292.470 and KRS 292.500.

11. The Commissioner finds that this Agreed Order is in the public interest.

CONCLUSIONS OF LAW

12. The Respondent violated KRS 292.336.

13. The Respondent violated KRS 292.500.

14. The Respondent violated 808 KAR 10:030.

15. The Respondent violated 808 KAR 10:110.

AGREEMENT AND ORDER

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

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

a. Respondent shall pay a fine in the amount of seven thousand dollars (\$7,000.00) in five equal consecutive monthly payments of \$1,400.00. The first payment is due at the time this Agreed Order is tendered to DFI. All subsequent payments shall be due on or before the 15th calendar day of every subsequent month until paid in full. Failure to make timely payments shall be considered a violation of this agreement.

b. Payments 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, Securities Division – Order, 1025 Capital Center Drive, Suite 200, Frankfort, KY 40601.

c. Respondent shall cease and desist from any further violations of the Securities Act of Kentucky.

18. Respondent waives its right to demand a hearing at which it would be entitled to legal representation, to confront and cross-examine witnesses, and to present evidence on its own behalf, or to otherwise appeal or set aside this Agreed Order.

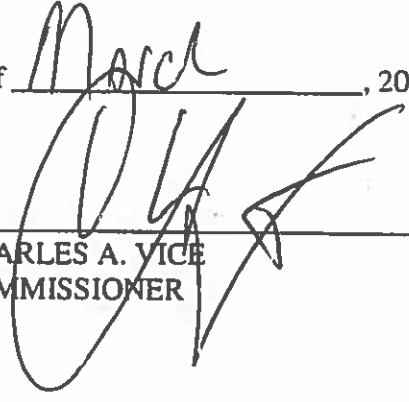
19. Respondent consents to and acknowledges the jurisdiction of the DFI over this matter and that this Order is a matter of public record and may be disseminated as such.

20. In consideration of execution of this Agreed Order, Respondent, for itself and for its successors and assigns, hereby releases and forever discharges 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 Respondent, 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 Agreed Order.

21. 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 24th day of March, 2017.



CHARLES A. VICE
COMMISSIONER

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Consented to:

This 21 day of MARCH, 2017.

Shonita B
Shonita Bossier, Director
Division of Securities
Department of Financial Institutions

AND

This 15 day of March, 2017.

Bohl
Hearne Bradley Harralson, Authorized Representative for
Encompass Wealth Management, LLC, CRD# 153268

ACKNOWLEDGEMENT

COMMONWEALTH OF KENTUCKY)
COUNTY OF CALDWELL)

On this 15TH day of MARCH, 2017, before me FRED FOLTZ,
Notary Public, the undersigned, **Hearne Bradley Harralson**, did personally appear and
acknowledged himself to be the authorized representative of Encompass Wealth Management,
LLC, and that he, entered into and executed the foregoing instrument for the purposes therein
contained.

My Commission Expires: 6-22-18

Fred Foltz
Notary Public

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this Agreed Order was served by certified mail, return receipt request, on:

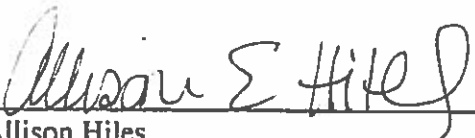
Mr. Hearne Harralson, Managing Member
Encompass Wealth Management, LLC -- CRD# 153268
110 West Washington Street
Princeton, KY 42445

AND

By hand-delivery to:

Hon. Gary W. Adkins
Kentucky Department of Financial Institutions
1025 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601

On this 24 day of March, 2017.



Allison Hiles
Office of the Commissioner
Kentucky Department of Financial Institutions
1025 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601