

ENTERED
AUG 13 2021
ABR GJM
COMMISSIONERS OFFICE

COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
ADMINISTRATIVE AGENCY ACTION NO. 2020-AH-00017

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

AGREED ORDER

ENCOMPASS FINANCIAL ADVISORS, LLC and
GEORGE M. PERROS

RESPONDENTS

PARTIES

1. The Department of Financial Institutions ("DFI") is responsible for administering the provisions of KRS Chapter 292, the Securities Act of Kentucky ("the Act"), as well as any applicable rules, regulations and orders entered pursuant to the Act.

2. Encompass Financial Advisors ("Encompass" or "Respondent(s)") (CRD # 174531) was a registered investment adviser in Kentucky, whose office is located at 301 West Main Street, Danville, Kentucky 40422.

3. Mr. George M. Perros ("Perros" or "Respondent(s)") (CRD #1090014) is the founder of Encompass and was its sole registered investment adviser representative, whose business address is 301 West Main Street, Danville, Kentucky 40422.

STATEMENT OF FACTS

4. On August 7 and 8, 2018, the Securities Division of DFI conducted a routine compliance examination of Encompass and identified a number of deficiencies that resulted in

violations of the Securities Act of Kentucky. As a result, the Respondents were alleged to have violated the following:

5. Respondents failed to maintain current and accurate financial statements in accordance with generally accepted accounting principles (GAAP) on an accrual basis, as required by KRS 292.336(1), KRS 292.500, and 808 Kentucky Administrative Regulation (KAR) 10:110.

6. Respondents failed to compute its net worth at least once every month, and maintain a record of each computation along with supporting evidence of the assets under management (AUM) at each month end, as required by 808 KAR 10:200, Section 3(6), which is a recurring violation.

7. Encompass failed to maintain a positive net worth at all times, as required by 808 KAR 10:200, Section 3(4), and failed to maintain a surety bond, as required by 808 KAR 10:200 Section 3(1)(c), in lieu of maintaining a net worth of fifteen-hundredths of one percent (0.0015) of the assets under management. Encompass previously maintained an \$80,000 surety bond; however, that bond was terminated effective April 18, 2018.

8. Encompass failed to report insolvencies and net worth deficiencies to the Commissioner, as required by 808 KAR 10:200, Section 3(7).

9. DFI examiners identified revisions required to Encompass' Form ADV, the Form U4 for Perros, and the Encompass website; however, Respondents failed to timely update and make the required amendments, in January 2019, in violation of KRS 292.336(3).

These violations have been cited in the 2015 and 2017 examinations and are repeat violations of the Respondents.

ACTIONS FOR COMPLIANCE AND SETTLEMENT

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

The DFI, Encompass and Perros, in the interest of economically and efficiently resolving this matter, agree as follows:

10. 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.
11. Respondents consent to and acknowledges the jurisdiction of the DFI over this matter. This Order is a matter of public record and may be disseminated as such.
12. The terms of this Agreed Order constitute an admission by Respondents.
13. 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 has, 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.
14. Respondents agrees to pay a fine in the amount of Six Thousand dollars (\$6,000.00) as full settlement of this matter.
15. Respondents agrees to pay the fine no later than the effective date of the Agreed Order, which shall be in the form of an ACH payment or via certified check or money order made

payable to the "Kentucky State Treasurer" and mailed to the "Department of Financial Institutions, Securities Division, 500 Mero Street 219SW, Frankfort, KY 40601 re: Encompass/Perros Agreed Order". Failure to do so shall render the agreement void.

16. 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 2nd day of August, 2021.

/s/ Charles A. Vice

CHARLES A. VICE
COMMISSIONER

**Charles
A. Vice**

Digitally signed by: Charles A.
Vice

DN: CN = Charles A. Vice email =
Charles.Vice@ky.gov C = US O
= KY DFI OU = Commissioner's
Office

Date: 2021.08.02 15:17:30 -04'00'

Certificate of Service

I hereby certify that a copy of the foregoing Agreed Order was sent by certified mail return receipt and electronic mail on this the 3rd day of August, 2021, to:

Mr. George M. Perros
Individually and as Agent for Service
Encompass Financial Advisors, LLC.
301 West Main Street
Danville, Kentucky 40423

And to:

Frank Borger Gilligan
c/o Dickenson Wright, PLLC
424 Church Street, Suite 800
Nashville, TN 37219
fborgergilligan@dickinson-wright.com
Counsel for Respondents

via electronic Delivery to:

Catherine Falconer
Department of Financial Institutions
500 Mero Street 2SW19
Frankfort, Kentucky 40601
Counsel for DFI
Catherine.Falconer@ky.gov



Department of Financial Institutions