



BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE  
FOR THE STATE OF TENNESSEE

TENNESSEE SECURITIES DIVISION, )  
)  
Petitioner, )  
)  
v. ) TSD No.: 20-050  
)  
PETER TOWLE, )  
)  
Respondent. )

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CONSENT ORDER

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The Securities Division of the Tennessee Department of Commerce and Insurance (“Division”) and Peter Towle, by and through undersigned counsel, agree to the entry and execution of this Consent Order in accordance with Tennessee Code Annotated (“Tenn. Code Ann.”) § 48-1-116 of the Tennessee Securities Act of 1980 (“Act”), as amended, and Tenn. Code Ann. §§ 48-1-101 to 48-1-201, subject to the approval of the Commissioner of the Department (“Commissioner”).

**I. PARTIES**

1. The Division is the lawful agent through which the Commissioner discharges the administration of the Act pursuant to Tenn. Code Ann. § 48-1-115.
2. Peter Towle (the “Respondent”) is registered with the Division as an investment adviser with Central Registration Depository (“CRD”) number 114159, as assigned by the Financial Industry Regulatory Authority (“FINRA”), and as an investment adviser representative

with CRD number 4627015. The Respondent's principle place of business is 2344 Governors Court, Maryville, TN 37801.

## II. GENERAL STIPULATIONS

3. It is expressly understood that this Consent Order is subject to the Commissioner's acceptance and has no force and effect until such acceptance is evidenced by the entry and execution of this Consent Order by the Commissioner. Entry and execution of this Consent Order by the Commissioner shall occur when the Commissioner signs and dates this Consent Order.

4. It is expressly understood that this Consent Order is in the public interest, necessary for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act.

5. This Consent Order is executed by the Commissioner, the Division, and the Respondent to avoid further administrative action with respect to the findings of fact described herein. Should this Consent Order not be accepted by the Commissioner, it is agreed that presentation to and consideration of this Consent Order by the Commissioner shall not unfairly or illegally prejudice the Commissioner from further participation or resolution of these proceedings.

6. The Respondent fully understands that this Consent Order will in no way preclude additional proceedings by the Commissioner against the Respondent for acts and/or omissions not specifically addressed in this Consent Order nor for facts and/or omissions that do not arise from the facts or transactions herein.

7. The Respondent fully understands that this Consent Order will in no way preclude proceedings by state government representatives, other than the Commissioner, for acts or omissions addressed specifically in this Consent Order, violations of law under statutes, rules, or regulations of the State of Tennessee that arise out of the facts, acts, or omissions contained in this

Consent Order, or acts or omissions addressed specifically herein that result from the execution of this Consent Order.

8. The Respondent waives all further procedural steps and all rights to seek judicial review of, or otherwise challenge the validity of this Consent Order, the stipulations and imposition of discipline contained herein, or the consideration and entry and execution of this Consent Order by the Commissioner.

### **III. FINDINGS OF FACT**

9. On or about January 3, 2020, the Division conducted a routine examination of the books and records belonging to the Respondent, pursuant to Tenn. Code Ann. § 48-1-111.

10. During this examination, the Division discovered that the Respondent was missing client agreements with seven (7) clients.

11. Additionally, the Division learned that the Respondent was exercising discretionary authority within the same seven (7) client accounts without the requisite written discretionary authority authorizations from these clients.

12. Further, the Respondent failed to timely provide documents requested by the Division during the examination, including client agreements.

### **IV. CONCLUSIONS OF LAW**

13. Pursuant to Tenn. Code Ann. § 48-1-115(a), the responsibility for the administration of the Act is vested in the Commissioner. The Division is the lawful agent through which the Commissioner discharges this responsibility pursuant to Tenn. Code Ann. § 48-1-115(b).

14. Tenn. Code Ann. § 48-1-116 sets forth that the Commissioner may make, promulgate, amend, and rescind such orders as are necessary to carry out the provisions of the Act

upon a finding that such order is in the public interest, necessary for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act.

15. Tenn. Code Ann. § 48-1-111 states, in pertinent part:

- (a) Every registered broker-dealer and investment adviser shall make and keep such accounts, correspondence, memoranda, papers, books, and other records as the commissioner by rule prescribes. All records so required shall be preserved for three (3) years unless the commissioner by rule prescribes otherwise for particular types of records.

...

- (d)(1) All the records referred to in subsection (a) are subject at any time and from time to time to such reasonable periodic, special, or other examinations, within or outside of this state, by representatives of the commissioner, as the commissioner deems necessary or appropriate in the public interest or for the protection of investors.

16. Tenn. Code Ann. § 48-1-112 states, in pertinent part:

- (a) The commissioner may by order deny, suspend, or revoke any registration under this part if the commissioner finds that:

- (1) The order is in the public interest and necessary for the protection of investors; and
- (2) The applicant or registrant or, in the case of a broker-dealer or investment adviser, any affiliate, partner, officer, director, or any person occupying a similar status or performing similar functions:

...

- (B) Has willfully violated or willfully failed to comply with any provision of this part or a predecessor chapter or any rule or order under this part or a predecessor chapter, including, without limitation, any net capital requirements; [or]

...

(G) Has engaged in dishonest or unethical practices in the securities business[.]

...

(d) In any case in which the commissioner is authorized to deny, revoke, or suspend the registration of a broker-dealer, agent, investment adviser, investment adviser representative, or applicant for broker-dealer, agent, investment adviser, or investment adviser representative registration, the commissioner may, in lieu of or in addition to such disciplinary action, impose a civil penalty in an amount not to exceed five thousand dollars (\$5,000) for all violations for any single transaction, or in an amount not to exceed ten thousand dollars (\$10,000) per violation if an individual who is a designated adult is a victim.

17. Tenn. Comp. R. & Regs. 0780-04-03-.02(3) states, in pertinent part:

(a) Except as provided in subparagraph (3)(c) of this Rule, every registered investment adviser shall maintain and keep current the following books and records relating to its business, unless waived by order of the commissioner:

...

8. Copies of all agreements entered into by the investment adviser with respect to any account, which agreements shall set forth the fees to be charged and the manner of computation and method of payment thereof, and copies of all communications, correspondence, and other records relating to securities transactions[.]

18. Tenn. Comp. R. & Regs. 0780-04-03-.02(6) states, in pertinent part:

(c) The following are deemed “dishonest or unethical business practices” by an investment adviser or an investment adviser representative under T.C.A. § 48-1-112(a)(2)(G), to the extent permitted under Section 203A of the Investment Advisers Act, without limiting those terms to the practices specified herein:

1. Exercising any discretionary power in placing an order for the purchase or sale of securities for the account of a customer without first obtaining written discretionary authority from the customer; [and]

...

26. Failing to provide information requested by the Division pursuant to the Act or these Rules.

19. The Findings of Fact detailed above show that the Respondent failed to maintain seven (7) client agreements, in violation of Tenn. Code Ann. § 48-1-111 and Tenn. Comp. R. & Regs. 0780-04-03-.02(3)(a)8.

20. The Findings of Fact show that the Respondent exercised discretionary authority in seven (7) client accounts without obtaining written discretionary authority from the clients, in violation of Tenn. Code Ann. § 48-1-112 and Tenn. Comp. R. & Regs. 0780-04-03-.02(6)(c)1.

21. The Findings of Fact establish that the Respondent failed to timely provide records requested by the Division pursuant to the Act and the Rules, in violation of Tenn. Code Ann. § 48-1-112 and Tenn. Comp. R. & Regs. 0780-04-03-.02(6)(c)26.

22. The Commissioner finds the following relief appropriate, in the public interest, and necessary for the protection of investors.

## V. ORDER

**NOW, THEREFORE**, based on the foregoing, including the Respondent's waiver of the right to a hearing and appeal under the Act and the Tennessee Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-101 *et seq.*, and the Respondent's admission to the jurisdiction of the Commissioner, the Commissioner finds that the Respondent agrees to the entry and execution of this Consent Order to settle this matter as evidenced by the Respondent's signature.

**IT IS ORDERED**, pursuant to Tenn. Code Ann. § 48-1-116, that:

1. The Respondent's registrations with the Division, CRD numbers 114159 and 4627015, are **REVOKED**; and

2. The Respondent shall **PAY A CIVIL PENALTY** to the State of Tennessee of two thousand, five hundred dollars (\$2,500). The payment of such civil penalty shall be made by check payable to the Tennessee Department of Commerce and Insurance. Page one (1) of this Consent Order must accompany the payment for reference. Payment shall be remitted within thirty (30) days after the entry and execution of this Consent Order, as evidenced by the Commissioner's signature, and mailed to the attention of:

**State of Tennessee  
Department of Commerce and Insurance  
Attn: Garron Amos  
Davy Crockett Tower  
500 James Robertson Parkway  
Nashville, Tennessee 37243**

3. The Respondent's failure to comply with the terms of this Consent Order, including the manner and method of payment of the civil penalty described above, shall result in further administrative disciplinary action, which may include the assessment of additional civil penalties.

4. **IT IS FURTHER ORDERED** that this Consent Order represents the complete and final resolution of and discharge of all administrative and civil claims, demands, actions, and causes of action by the Commissioner against the Respondent for violations of the Act with respect to the transactions involved in the above-referenced facts. However, excluded from and not covered by this paragraph, are any claims by the Division arising from or relating to the enforcement of the Consent Order provisions contained herein.


5. This Consent Order is in the public interest and the best interests of the Parties. It represents a settlement of the controversy between the Parties and is for settlement purposes only. By the signatures affixed below, or in two (2) or more counterparts, the Respondent affirmatively states the following: the Respondent freely agrees to the entry and execution of this Consent Order; the Respondent waives the right to a hearing on, or a review of, the matters, the Findings of Fact,

and the Conclusions of Law underlying this Consent Order or the enforcement of this Consent Order; and the Respondent encountered no threats or promises of any kind by the Commissioner, the Division, or any agent or representative thereof.

6. By signing this Consent Order, the Commissioner, Division, and the Respondent affirmatively states their agreement to be bound by the terms of this Consent Order and aver that no promises or offers relating to the circumstances described herein, other than the terms of settlement as set forth in this Consent Order, are binding upon them.


7. This Consent Order may be executed in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same document. The facsimile, email, or other electronically delivered signatures of the parties shall be deemed to constitute original signatures, and facsimile or electronic copies shall be deemed to constitute duplicate originals.


**ENTERED AND EXECUTED** February 25, 2021.


  
[Carter Lawrence \(Feb 25, 2021 15:34 CST\)](#)  
Carter Lawrence, Commissioner  
Department of Commerce and Insurance

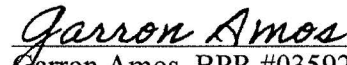


**APPROVED FOR ENTRY AND EXECUTION:**

  
Peter Towle  
*The Respondent*

  
E B (Feb 24, 2021 09:59 CST)  
Elizabeth Bowling  
Assistant Commissioner for Securities  
Department of Commerce and Insurance

  
Carrie S. O'Rear  
Norton & Luhn, P.C.  
*Attorney for the Respondent*

  
Garron Amos, BPR #035924  
Associate General Counsel  
Department of Commerce and Insurance