

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

TENNESSEE DEPARTMENT OF COMMERCE AND INSURANCE)	
Petitioner,)	
)	
vs.)	Docket # 12.01-192095J
)	
FEDERICK M. STOW)	
Respondent.)	

FINAL ORDER

On May 5 2020, Respondent, Frederick M. Stow, commenced this appeal of the Initial Order entered by Joyce Carter-Ball, Administrative Law Judge within the Department of State, Administrative Procedures Division. The March 24, 2020 Initial Order held that Petitioner, the Tennessee Insurance and Securities Divisions, had proven by a preponderance of the evidence the State had shown, by a preponderance of the evidence, that Respondent's actions in taking money from his client's accounts, a total of seventy-four times, are dishonest, unethical actions and are in violation of TENN.CODE ANN. § 48-1-112(a)(1), and (a)(2)(G. These are grounds for discipline based on TENN. CODE ANN. § 48-1-112. Moreover, Respondent's actions in taking his client's money in violation of the laws are in violation of TENN. CODE ANN. § 56-6-112(a)(2) and (8).

As such, the Administrative Law Judge, within the Analysis and Conclusions of Law ordered the Respondent's two licenses, insurance producer and securities broker-dealer agent, were revoked. In addition, the Administrative Law Judge ordered civil penalties as follows:

“Respondent shall pay seven thousand four hundred dollars (**\$7,400**) representing a civil penalty of one hundred dollars (\$100.00) for each of the seventy-four violations of TENN. CODE ANN. § 56-6-112a(2); seven thousand four hundred dollars (**\$7,400**) representing a civil penalty of one hundred dollars (\$100) for each of the seventy-four violations of TENN. CODE ANN. § 56-6-112(a)(8); thirty-seven thousand dollars (**\$37,000**) representing a civil penalty of five hundred dollars (\$500.00) for each of seventy-four violations of TENN. CODE ANN. § 48-1-121(b)(1); thirty-seven thousand dollars (**\$37,000**) representing a civil penalty of five hundred dollars (\$500) for each of the violations of TENN. CODE ANN. § 48-1-121(b)(2); thirty-seven thousand dollars (**\$37,000**) representing a civil penalty of five hundred dollars (\$500) for each of the seventy-four violations of TENN. CODE ANN. § 48-1-112(a)(2)(G).” (TR pp. 150-153).

The Administrative Law Judge’s order of March 24, 2020 ruled a **total civil penalty assessment of one hundred twenty-five thousand eight hundred dollars (\$125,800)**.

Subsequent to the issuance of the initial order, the Respondent filed a Petition for Reconsideration (TR p. 160) which was denied by the Administrative Law Judge. In the order denying the petition, the Administrative Law Judge ruled that the Respondent had offered no proof as to his inability to pay and noted that there was nothing in the record showing a plan of restitution to the victims.

A Scheduling Order entered on June 15, 2020 instructed Respondent to file his brief setting forth the basis of his appeal and the supporting law and argument by July 8, 2020. The Scheduling Order instructed Petitioner to file its brief in response by August 7, 2020. The Scheduling Order specified that Respondent’s failure to submit his brief by that date would result in the dismissal of his appeal and the entry of a Final Order adopting the Initial Order. On July 8, 2020, Respondent filed a brief. Petitioner’s Reply Brief was filed with the Commissioner of Commerce and Insurance on July 17, 2020.

Upon careful review of the record in this matter and due consideration of the motions and briefs filed by the parties, the following findings are made:

FINDINGS OF FACT

1. Respondent timely filed his Brief in Support of his Appeal to the Initial Order.
2. The ruling on the Respondent's Petition for Reconsideration is adopted and incorporated herein along with additional findings of fact.
3. Respondent, within his brief, does not challenge the propriety of his revocation and specifically states he was treated fairly by the Administrative Law Judge (***See, Respondent's Brief in Support of Appeal***).
4. Respondent, however, fails to cite any legal basis for overturning the Initial Order issued by the Administrative Law Judge other than his economic situation.
5. Respondent relies on the fact that he is sixty-five (65) years of age and suffering from mental health issues as a basis for not being able to pay the civil penalty ordered by the Administrative Law Judge.
6. There is nothing in the record produced by the Respondent to verify his health condition and demonstrate how it inhibits his ability to pay the civil penalties.

CONCLUSIONS OF LAW

The Analysis and Conclusions of Law of the Initial Order and the Order Denying Respondent's Motion to Consider are all hereby adopted and incorporated totally into this Order.

ORDER

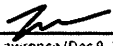
The citizens of Tennessee are entitled to expect and trust in the honesty and law-abiding conduct of the individuals authorized to engage in the businesses of insurance

and securities in this state. The acts of the Respondent as set forth above require action by the Department of Commerce and Insurance in order to protect the public interest.

It is, therefore, ORDERED that Mr. Stow's appeal of the Initial Order is DISMISSED. The Initial Order entered in this matter on March 24, 2020 is hereby ADOPTED.

IT IS SO ORDERED.

This _____ day of ^{Dec 9, 2020} _____, 2020.


Carter Lawrence (Dec 9, 2020 11:11 CST)

Carter Lawrence, Commissioner

NOTICE OF RECONSIDERATION AND APPEAL PROCEDURES

Within fifteen (15) days after the Final Order is entered, a party may file a Petition for Reconsideration of the Final Order with the Commissioner of Commerce and Insurance, in which the Petition shall state the specific reasons why the Final Order was in error. If no action is taken by the Commissioner of Commerce and Insurance within twenty (20) days of filing of the Petition for Reconsideration, the Petition is deemed denied. TENN. CODE ANN. § 4-5-317.

A party who is aggrieved by a final decision in a contested case may seek judicial review of the Final Order by filing a petition for review in Davidson County Chancery Court within sixty (60) days after the entry of the Final Order, or if a Petition for Reconsideration is granted, within sixty (60) days of the entry date of the Final Order disposing of the Petition for Reconsideration. The filing of a Petition for Reconsideration does not itself act to extend the sixty (60) day period, if the petition is not granted. A reviewing court also may order a stay of the Final Order upon appropriate terms. TENN. CODE ANN. §§ 4-5-317 and 4-5-322.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Final Order has been filed in the Administrative Procedures Division, Department of State, and sent via hand delivery to counsel for the Department of Commerce & Insurance, Patrick Merkel, Esq., and via Certified, Return Receipt Requested and by United States Mail, First Class, Postage Prepaid, to the Respondent, Frederick M. Stow, 2006 Waterstone Drive, Franklin, TN 37069 on this _____ day of Dec 11, 2020, 2020.


Mark K. Green (Dec 11, 2020 09:14 CST)

Mark K. Green
Deputy General Counsel
o/b/o the Commissioner

Filed in the Administrative Procedures Division, Office of the Secretary of State, this the _____ day of _____, 2020.

Stephanie Shackelford, Director
Administrative Procedures Division