



State of Tennessee
Department of State
Administrative Procedures Division
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DEPT. OF COMMERCE AND INSURANCE
LEGAL OFFICE

March 24, 2020

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General Civil - Legal Division
500 James Robertson Parkway, 12th Floor
Nashville, TN 37243

Frederick Stow
2006 Waterstone Drive
Franklin, TN 37069

**RE: TENNESSEE DEPARTMENT OF COMMERCE AND INSURANCE V.
FREDERICK STOW, APD Case No. 12.01-192095J**

Enclosed is an *Initial Order*, including a *Notice of Appeal Procedures*, rendered in this case.

Administrative Procedures Division
Tennessee Department of State

Enclosure(s)

BEFORE THE COMMISSIONER OF THE TENNESSEE DEPARTMENT OF
COMMERCE AND INSURANCE

IN THE MATTER OF:

TENNESSEE DEPARTMENT OF
COMMERCE AND INSURANCE,
Petitioner,

v.

FREDERICK STOW,
Respondent.

APD Case No. 12.01-192095J

INITIAL ORDER

This matter was heard on March 2, 2020, in Nashville, Tennessee, before Joyce Carter-Ball, Administrative Law Judge, assigned by the Secretary of State, Administrative Procedures Division, sitting on behalf of the Commissioner of Commerce and Insurance. Assistant General Counsel for the Department, Robyn L. Ryan, represented the Tennessee Securities and Insurance Division ("Division"). Respondent appeared and waived his right to have an attorney represent him in this matter.

The issues presented for consideration in this case are whether Respondent's insurance producer license and his broker-dealer agent license should be **revoked**.

After consideration of all of the evidence, arguments of the parties and the entire record in this matter, it is determined that Respondent's insurance producer license and his broker-dealer agent license should be **revoked**.

This decision is based upon the following:

FINDINGS OF FACT

1. Respondent Frederick Stow was licensed as a Tennessee resident insurance producer and also registered as a broker-dealer agent. At the times when these actions occurred, he was

employed through the Tennessee branch of Raymond James & Associates in Franklin, Tennessee.

2. After attempting to commit suicide in May 2019, Respondent admitted to Stephen Crabtree, of Raymond James & Associates, that he had stolen money from a client of his, David Chambers. This began in late 2015 and continued until March 2019. In total, he had removed Nine Hundred Eleven Thousand Five Hundred Dollars (\$911,500.00) and had done so through seventy-three (73) individual withdrawals. He also admitted to Stephen Crabtree that he had withdrawn thirty-two thousand dollars (\$32,000.00) from another client's account, that client being Dr. William Petrie. No additional impacted accounts were identified.
3. In August 14, 2019, Respondent was summarily suspended and has not attempted to work in insurance or securities since his suicide attempt. At this hearing, Respondent stated that he was not working in securities or insurance and had no plans to return to work in these fields here in Tennessee or any other state. However, this is the only statement made by Respondent as he thereafter claimed his fifth amendment right against self-incrimination.

ANALYSIS AND CONCLUSIONS OF LAW

1. The State has shown, by a preponderance of the evidence as set forth in the above Findings of Fact, 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):
 - (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:
...
(G) Has engaged in dishonest or unethical practices in the securities business

2. Respondent's actions in taking monies belonging to his clients a total of seventy-four times was an action intended to defraud, and operated as fraud and deceit in violation of TENN. CODE ANN. §§ 48-1-121(b)(1) and (2):

(b) It is unlawful for any person who receives any consideration from another person primarily for advising the other person as to the value of securities or their purchase or sale, whether through the issuance of analyses or reports or otherwise, in this state, to:

(1) Employ any device, scheme, or artifice to defraud the other person;

(2) Engage in any act, practice, or course of business which operates as a fraud or deceit upon the other person;

Moreover, Respondent's actions in taking his client's money in violation of the laws as stated above are in violation of TENN. CODE ANN. § 56-6-112(a)(2) and (8):

(a) The commissioner may place on probation, suspend, revoke, or refuse to issue or renew a license issued under this part or may levy a civil penalty in accordance with this section or take any combination of those actions, for any one (1) or more of the following causes:

...

(2) Violating any law, rule, regulation, subpoena or order of the commissioner or of another state's commissioner;

...

(8) Using fraudulent, coercive, or dishonest practices, or demonstrating seventy-four thousand dollars (\$74,000) incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere.

1. Based on the foregoing, it is hereby **ORDERED** that Respondent Frederick Stow's insurance license number 0629987 is hereby permanently **REVOKED**. It is further **ORDERED** that Respondent's broker-dealer securities registration is permanently **REVOKED**.


2. Additionally, it is **ORDERED** that 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. § 56-6-112(a)(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).

3. Base on the foregoing, Respondent shall pay a **total civil penalty of one hundred twenty-five thousand eight hundred dollars (\$125,800)**. It is further **ORDERED** that Respondent shall be assessed the costs of this proceeding, including court costs and court reporter costs.

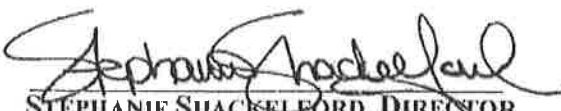
It is so **ORDERED**.

This INITIAL ORDER entered and effective this the **24th day of March, 2020**.



JOYCE CARTER-BALL
ADMINISTRATIVE JUDGE
ADMINISTRATIVE PROCEDURES DIVISION
OFFICE OF THE SECRETARY OF STATE

Filed in the Administrative Procedures Division, Office of the Secretary of State, this the **24th day of March, 2020**.



STEPHANIE SHACKELFORD, DIRECTOR
ADMINISTRATIVE PROCEDURES DIVISION
OFFICE OF THE SECRETARY OF STATE

NOTICE OF APPEAL PROCEDURES

REVIEW OF INITIAL ORDER

The Administrative Judge's decision in your case **BEFORE THE COMMISSIONER OF THE TENNESSEE DEPARTMENT OF COMMERCE AND INSURANCE (COMMISSIONER)**, called an Initial Order, was entered on **March 24, 2020**. The Initial Order is not a Final Order but shall become a Final Order unless:

1. **A Party Files a Petition for Reconsideration of the Initial Order:** You may ask the Administrative Judge to reconsider the decision by filing a Petition for Reconsideration. Mail to the Administrative Procedures Division (APD) a document that includes your name and the above APD case number, and states the specific reasons why you think the decision is incorrect. The APD must receive your written Petition no later than 15 days after entry of the Initial Order, which is no later than **April 8, 2020**. A new 15 day period for the filing of an appeal to the **COMMISSIONER** (as set forth in paragraph (2), below) starts to run from the entry date of an order disposing of a Petition for Reconsideration, or from the twentieth day after filing of the Petition if no order is issued.

The Administrative Judge has 20 days from receipt of your Petition to grant, deny, or take no action on your Petition for Reconsideration. If the Petition is granted, you will be notified about further proceedings, and the timeline for appealing (as discussed in paragraph (2), below) will be adjusted. If no action is taken within 20 days, the Petition is deemed denied. As discussed below, if the Petition is denied, you may file an appeal. Such an Appeal must be received by the APD no later than 15 days after the date of denial of the Petition. *See* TENN. CODE ANN. §§ 4-5-317 and 4-5-322.

2. **A Party Files an Appeal of the Initial Order:** You may appeal the decision to the **COMMISSIONER**. Mail to the APD a document that includes your name and the above APD case number, and states that you want to appeal the decision to the **COMMISSIONER**, along with the specific reasons for your appeal. The APD must receive your written Appeal no later than 15 days after the entry of the Initial Order, which is no later than **April 8, 2020**. The filing of a Petition for Reconsideration is not required before appealing. *See* TENN. CODE ANN. § 4-5-317.
3. **The COMMISSIONER decides to Review the Initial Order:** In addition, the **COMMISSIONER** may give written notice of the intent to review the Initial Order, within 15 days after the entry of the Initial Order.

If either of the actions set forth in paragraphs (2) or (3) above occurs prior to the Initial Order becoming a Final Order, there is no Final Order until the **COMMISSIONER** renders a Final Order.

If none of the actions in paragraphs (1), (2), or (3) above are taken, then the Initial Order will become a Final Order. **In that event, YOU WILL NOT RECEIVE FURTHER NOTICE OF THE INITIAL ORDER BECOMING A FINAL ORDER.**

STAY

In addition, you may file a Petition asking the Administrative Judge for a stay that will delay the effectiveness of the Initial Order. A Petition for a stay must be received by the APD within 7 days of the date of entry of the Initial Order, which is no later than **March 31, 2020**. *See* TENN. CODE ANN. § 4-5-316.

NOTICE OF APPEAL PROCEDURES

REVIEW OF A FINAL ORDER

1. **A Party may file a Petition for Reconsideration of the Final Order:** When an Initial Order becomes a Final Order, a party may file a Petition asking for reconsideration of the Final Order. Mail to the Administrative Procedures Division (APD) a document that includes your name and the above APD case number, and states the specific reasons why you think the Final Order is incorrect. If the Initial Order became a Final Order without an Appeal being filed, and without the **COMMISSIONER** deciding to modify or overturn the Initial Order, the Administrative Judge will consider the Petition. If the **COMMISSIONER** rendered a Final Order, the **COMMISSIONER** will consider the Petition. The APD must receive your written Petition for Reconsideration no later than 15 days after: (a) the issuance of a Final Order by the **COMMISSIONER**; or (b) the date the Initial Order becomes a Final Order. If the Petition is granted, you will be notified about further proceedings, and the timeline for appealing the Final Order will be adjusted. If no action is taken within 20 days of filing of the Petition, it is deemed denied. *See* TENN. CODE ANN. § 4-5-317.
2. **A Party Files an Appeal of the Final Order:** A person who is aggrieved by a Final Order in a contested case may seek judicial review of the Final Order by filing a Petition for Review “in the Chancery Court nearest to the place of residence of the person contesting the agency action or alternatively, at the person’s discretion, in the chancery court nearest to the place where the cause of action arose, or in the Chancery Court of Davidson County,” within 60 days of (a) the date of entry of a Final Order; or (b) the date the Initial Order becomes a Final Order. *See* TENN. CODE ANN. § 4-5-322. The filing of a Petition for Reconsideration is not required before appealing. *See* TENN. CODE ANN. § 4-5-317. A reviewing court also may order a stay of the Final Order upon appropriate terms. *See* TENN. CODE ANN. §§ 4-5-322 and 4-5-317.
3. **A Party may request a stay of the Final Order:** A party may file a Petition asking for a stay that will delay the effectiveness of the Final Order. If the Initial Order became a Final Order without an Appeal being filed, and without the **COMMISSIONER** deciding to modify or overturn the Initial Order, the Administrative Judge will consider the Petition. If the **COMMISSIONER** rendered a Final Order, the **COMMISSIONER** will consider the Petition. A Petition for a stay of a Final Order must be received by the APD within 7 days after the Initial Order becomes a Final Order. *See* TENN. CODE ANN. § 4-5-316.

FILING

To file documents with the Administrative Procedures Division, use this address:

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