



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

TENNESSEE SECURITIES DIVISION,)
)
 Petitioner,)
)
 v.) **TSD No.: 21-063**
)
 PHILANDER CLAXTON, III and)
 COWAN ROAD PARTNERS, LLC)
)
 Respondents.)

CONSENT ORDER

The Securities Division of the Tennessee Department of Commerce and Insurance (“Division”), by and through undersigned counsel, and Philander Claxton, III (“Respondent Claxton”) and Cowan Road Partners, LLC (“Respondent CRP”) (together “Respondents”) 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. Philander Claxton, III is a resident of Tennessee.
3. Cowan Road Partners, LLC is a company that maintains its principal place of business in Tennessee.

II. GENERAL STIPULATIONS

4. 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.

5. 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.

6. This Consent Order is executed by the Commissioner, the Division, and the Respondents 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.

7. The Respondents fully understand that this Consent Order will in no way preclude additional proceedings by the Commissioner against the Respondents 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.

8. The Respondents fully understand 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.

9. The Respondents waive 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

10. On or about March 22, 2017, the Financial Services Investigative Unit (“FSIU”) received information that Gary David Rowcliffe (“Rowcliffe”) was offering unregistered securities in the form of promissory notes to potential investors.

11. During the investigation, Mr. Rowcliffe identified the promissory notes as being issued by Respondent CRP, and the manager of Respondent CRP was Respondent Claxton.

12. The Respondents offered the promissory notes inside and outside Tennessee.

13. The Respondents sold nineteen (19) promissory notes to eleven (11) investors totaling approximately one million, two hundred thousand dollars (\$1,200,000).

14. The Respondents promised the investors a six percent (6%) annual rate of return on their investments.

15. FSIU subpoenaed the Respondents’ records regarding the promissory notes, and the Respondents complied.

16. FSIU reviewed the records and found no misappropriation of investor funds.

17. Each investor was repaid in full according to the terms of the promissory note.

18. When asked by the FSIU investigator why the promissory notes were not registered, the Respondents replied that they did not realize the notes were securities that required registration.

19. The Respondents stopped issuing promissory notes once they realized that the notes required registration.

20. Respondent CRP was not registered as a broker-dealer or investment adviser within this state.

21. Respondent Claxton was not registered as an agent or investment adviser representative within this state.

22. The promissory notes were not registered as a security within this state.

IV. CONCLUSIONS OF LAW

23. 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).

24. 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.

25. Tenn. Code Ann. § 48-1-102(20)(A) states:

“Security” means any note, stock, treasury stock, bond, debenture, evidence of indebtedness, a life settlement investment or any fractional or pooled interest in a life insurance policy or life settlement investment, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such a title or lease; or, in general, any interest or instrument commonly known as a “security,” or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing[.]

26. Tenn. Code Ann. § 48-1-104 sets forth that it is unlawful to sell any security in this state unless it is registered or exempt from registration under Tenn. Code Ann. § 48-1-103.

27. Tenn. Code Ann. §48-1-104(b) that “[t]he commissioner may, after notice and an opportunity for a hearing . . . impose a civil penalty against any person found to be in violation of this section, or any rule or order adopted or issued under this section, in an amount not to exceed ten thousand dollars (\$10,000) per violation[.]”

28. Tenn. Code Ann. § 48-1-109(a) sets forth that “[i]t is unlawful for any person to transact business from, in, or into this state as a broker-dealer or agent unless such person is registered as a broker-dealer or agent . . .” and under subsection (e), “[t]he [C]ommissioner may, after notice and an opportunity for a hearing . . . impose a civil penalty against any person found to be in violation of this section, or any rule or order adopted or issued under this section, in an amount not to exceed ten thousand dollars (\$10,000) per violation[.]”

29. The Findings of Fact detailed above show that the Respondents were not registered as a broker-dealer, investment adviser, agent, or investment adviser representative in this state. This constitutes violations of Tenn. Code Ann. § 48-1-109.

30. The Findings of Fact show that the Respondents failed to register the promissory notes as a security. This constitutes violations of Tenn. Code Ann. §§ 48-1-104.

31. 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 Respondents’ 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 Respondents’ admission to the jurisdiction of

the Commissioner, the Commissioner finds that the Respondents agree 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 Respondents shall **COMPLY** with the Act, as amended, and all rules promulgated thereunder;

2. The Respondents shall **PAY A CIVIL PENALTY** to the State of Tennessee of one thousand dollars (\$1,000). 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 made within thirty (30) days after the entry and execution of this Consent Order, and mailed to the attention of:

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

3. The Respondents' 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 denial of a registration application and 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 Respondents for violations of the Act with respect to the transaction 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 Respondents affirmatively state the following: the Respondents freely agree to the entry and execution of this Consent Order; the Respondents waive 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 Respondents 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, the Division, and the Respondents affirmatively state 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.

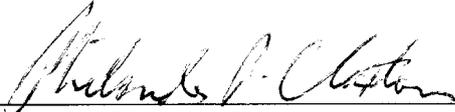
7. This Consent Order may be executed in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same document. The facsimile, email, or other electronically delivered signatures of the parties shall be deemed to constitute original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

ENTERED AND EXECUTED January 20, 2022.


[Carter Lawrence \(Jan 20, 2022 08:16 CST\)](#)

Carter Lawrence, Commissioner
Department of Commerce and Insurance

APPROVED FOR ENTRY AND EXECUTION:



Philander Claxton, III
Individually, and on behalf of,
Cowan Road Partners, LLC



Elizabeth Bowling
Assistant Commissioner for Securities
Department of Commerce and Insurance



William H. Leslie, BPR #036098
Associate General Counsel
Department of Commerce and Insurance