



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

TENNESSEE SECURITIES DIVISION,)	
)	
Petitioner,)	
)	
vs.)	TSD No. 20-013
)	
FRANK FORNSHELL VENABLE, III,)	
)	
Respondent.)	

CONSENT ORDER

The Tennessee Securities Division of the Department of Commerce and Insurance (“Securities Division”) and Frank Fornshell Venable, III (“Respondent”), hereby stipulate and agree to the entry and execution of this Consent Order, subject to the approval of the Commissioner of the Tennessee Department of Commerce and Insurance (“Commissioner”) as follows:

I. GENERAL STIPULATIONS

1. It is expressly understood that this Consent Order is subject to and requires the Commissioner’s acceptance and has no force and effect until such acceptance is evidenced by the Commissioner’s signature and execution of this Consent Order. Entry and execution of this Consent Order by the Commissioner shall occur once the Commissioner signs and dates this Consent Order.

2. This Consent Order is entered into by the Respondent for the purpose of avoiding further administrative action with respect to this cause. 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.

3. The Respondent fully understands that this Consent Order will in no way preclude additional proceedings by the Commissioner against the Respondent for acts or omissions not specifically addressed in this Consent Order or for facts and/or omissions that do not arise from the facts or transactions addressed herein.

4. The Respondent fully understands that this Consent Order will in no way preclude proceedings by state government representatives, other than the Commissioner, for violations of the law addressed specifically in this Consent Order, or for violations of the law under statutes, rules, or regulations of the State of Tennessee, which may arise out of the facts, acts, or omissions contained in the Findings of Fact and Conclusions of Law stated herein, or which may arise as a result of the execution of this Consent Order.

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

6. The Respondent fully understands that this Consent Order, when entered, will constitute a public document for purposes of any applicable statutes governing public access to government records.

II. AUTHORITY AND JURISDICTION

7. The Commissioner has jurisdiction over securities matters pursuant to Tenn. Code Ann. §§ 48-1-101 to 48-1-201 *et seq.* of the Tennessee Securities Act of 1980, as

amended (“Securities Act”). The administration of the Securities Act is vested in the Commissioner pursuant to Tenn. Code Ann. § 48-1-115.

III. PARTIES

8. The Securities Division is the lawful agent through which the Commissioner discharges the administration of the Securities Act pursuant to Tenn. Code. Ann. § 48-1-115, and it is authorized to bring this action for the protection of investors.

9. The Respondent is a Tennessee resident whose address of record is: 1306 Waterside Lane, Knoxville, Tennessee 37922. He is registered with the Securities Division as an agent with Central Registration Depository number (“CRD #”) 1461515, and at all times relevant to this Consent Order, maintained the responsibility to comply with securities law, rules, and regulations of the State of Tennessee.

IV. FINDINGS OF FACT

10. On December 12, 2018, the Respondent entered into an Acceptance, Waiver, and Consent (“AWC”) with the Financial Industry Regulatory Authority (“FINRA”) for alleged violations of National Association Securities Dealers (“NASD”) Rule 2510(b)¹ and FINRA Rule 2010. The Respondent neither admitted to nor denied the facts or allegations in the AWC.

11. Per the AWC, from January 2014 through March 2016, the Respondent effected approximately four hundred (400) discretionary transactions in accounts belonging to three (3) customers, all of whom were members of the same household. Prior to effecting these transactions, he never obtained written authorizations from his customers, although he had verbal authorizations from customers.

¹ NASD Rule 2510 has since been replaced by FINRA Rule 3260(b), but the wording remains identical with the exception of an update to the correct FINRA Rule cite.

12. The AWC subjected the Respondent to a five thousand dollar (\$5,000) civil penalty and a suspension for ten (10) business days. The Respondent voluntarily consented to and accepted the sanctions imposed by FINRA in the AWC.

V. CONCLUSIONS OF LAW

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

14. Tenn. Code Ann. § 48-1-112(a)(1) - (2)(G) provides that the Commissioner may by order deny, suspend, or revoke any registration under the Securities Act if the Commissioner finds that the order is in the public interest, necessary for the protection of investors, and the registrant has engaged in dishonest or unethical practices in the securities business.

15. Pursuant to Tenn. Comp. R. & Regs. 0780-04-03-.02(6)(b)10., “[e]xercising any discretionary power in effecting a transaction for a customer’s account without first obtaining written discretionary authority for the customer unless the discretionary power relates solely to the time and/or price for the execution of orders” constitutes “dishonest or unethical practices” per Tenn. Code Ann. § 48-1-112(a)(2)(G).

16. Moreover, “[v]iolating any rule of a national securities exchange or national securities dealers association² of which the agent is an associated person with respect to any

² This rule includes Rules of the Financial Industry Regulatory Authority. NASD merged with the self-regulatory functions of the New York Stock Exchange (“NYSE”) in July 2007, and was immediately superseded by FINRA; therefore, both the current NASD and FINRA Rules remain applicable to members.

customer, transaction, or business in this state” is deemed “dishonest or unethical practices” under Tenn. Code Ann. § 48-1-112(a)(2)(G) per Tenn. Comp. R. & Regs. 0780-04-03-.02(6)(b)17.

17. FINRA Rule 3260(b), formerly NASD Rule 2510, prohibits any member or registered representative from “exercise[ing] any discretionary power in a customer’s account unless such customer has given prior written authorization to a stated individual or individuals and the account has been accepted by the member, as evidenced in writing by the member”

18. The Respondent hereby acknowledges the Commissioner’s authority to administer the statutes cited herein, concedes that the interpretation of the statutes cited herein are reasonable and enforceable, and agrees to the Commissioner’s entry and execution of this Consent Order, including each of the following sanctions ordered below.

VI. ORDER

NOW, THEREFORE, based on the foregoing, including the Respondent’s waiver of the right to a hearing and appeal under the Securities Act and the Tennessee Uniform Administrative Procedures Act, and the Respondent’s admission to the jurisdiction of the Commissioner, the Commissioner finds that the Respondent admits to the Findings of Fact and Conclusions of Law contained herein, agrees to the entry and execution of this Consent Order, and finds this Consent Order to be appropriate, in the best interest of the public, and necessary for the protection of the public and investors.

IT IS ORDERED, pursuant to Tenn. Code Ann. §§ 48-1-116 and 48-1-112 that the Respondent shall:

1. **COMPLY** with the Securities Act, as amended, and all rules promulgated thereunder; and

2. **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 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:

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

3. 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.

4. This Consent Order is not intended to form the basis for any disqualification from registration as a broker-dealer, investment adviser, or issuer under the laws, rules, and regulations of Tennessee and waives any disqualification from relying upon the securities registration exemptions or safe harbor provisions to which the Respondent or any of the Respondent's affiliates or employers may be subject under the laws, rules, and regulations of Tennessee.

5. Nothing in this Consent Order is intended to form the basis for any disqualification under the laws of Tennessee, any other state, the District of Columbia, Puerto Rico, or the U.S. Virgin Islands; under the rules or regulations of any securities or commodities regulator or self-

regulatory organizations (SROs); or under the federal securities laws, including but not limited to, Section 3(a)(39) of the Securities Exchange Act of 1934, Regulation A, Rules 504 and 506 of Regulation D under the Securities Act of 1933, and Rule 503 of Regulation CF. Further, nothing in this Consent Order is intended to form the basis for disqualification under the FINRA rules prohibiting continuance in membership or disqualification under other SRO rules prohibiting continuance in membership. This Consent Order is not intended to be a Final Order based upon any violation of any Tennessee statute, rule, or regulation that prohibits fraudulent, manipulative, or deceptive conduct.

6. This Consent Order is in the best interest of both the public, and the parties, and represents a compromise and settlement of the controversy between the parties. By his signature affixed below, the Respondent states that he has: (1) freely agreed to the entry and execution of this Consent Order; (2) effectively consulted with legal counsel in this matter; (3) reviewed the Findings of Fact and Conclusions of Law contained herein; and (4) waived his right to a hearing on the matters underlying this Consent Order and the enforcement of this Consent Order. The Respondent further states that no threats or promises of any kind have been made by the Commissioner, the Securities Division, or any agent or representative thereof with regard to this Consent Order.

7. By signing this Consent Order, the parties 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 the settlement as set forth herein, are binding upon them.

8. 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.

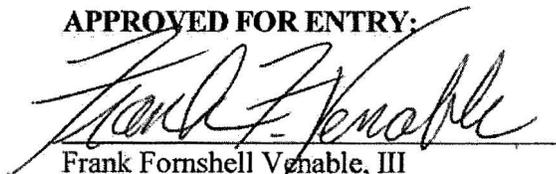
ENTERED AND EXECUTED June 26, 2020.



Hodgen Mainda (Jun 26, 2020 09:26 CDT)

Hodgen Mainda, Commissioner
Department of Commerce and Insurance

APPROVED FOR ENTRY:



Frank Fornshell Venable, III



EB (Jun 28, 2020 17:28 CDT)

Elizabeth Bowling
Assistant Commissioner for Insurance
Department of Commerce and Insurance



Peter Fruin
Maynard, Cooper, Gale
Attorney for Respondent



Garron Amos (BPRN 035924)
Associate General Counsel
Department of Commerce and Insurance