

Scott Freydl

From: Scott Freydl
Sent: Friday, August 16, 2013 1:25 PM
To: Kim (Keller) Fowler (kim.fowler@stephens.com)
Subject: Proposed Consent Order for Stephens, Inc.
Attachments: LaRue - Stephens.docx

I have attached a copy of the Consent Order, which I drafted in settlement of the violations of the Arkansas Securities Act and Rules of the Arkansas Securities Commissioner committed by Stephens, Inc. (Stephens). I am willing to discuss any reasonable and minor changes or alterations to the language of this order that you may feel are beneficial to Stephens. As you will see, the fine amount has actually increased to \$25,000. This fine amount is appropriate in this case for the following reasons:

1. The Morgan Keegan order, which you referred to during our meeting, required Morgan Keegan to pay a fine of \$15,000 and restitution of over \$44,000.
2. The Morgan Keegan order only covered the failure of Morgan Keegan to supervise one agent's handling of one client's accounts. The Stephens order is not as narrowly worded.

Hopefully, the fine amount will not prevent this settlement. Nevertheless, the Staff cannot agree to a lesser amount. I look forward to discussing this matter further.



Scott Freydl

From: Kim (Keller) Fowler <kim.fowler@stephens.com>
Sent: Tuesday, August 20, 2013 5:04 PM
To: Scott Freydl
Subject: Consent Order for Stephens Inc.
Attachments: LaRue - Stephens Consent Order_Markup.docx; LaRue - Stephens Consent Order.docx

Scott,

Per our conversation attached are Stephens suggested revisions to the Consent Order. I did nothing with the amount of the fine, but am hoping we can change that. Please call me if we can discuss this.

*Kim Fowler
Sr. Vice President
Associate General Counsel
Stephens Inc.
111 Center St.
Little Rock, AR 72201
(501) 377-2546
Kim.fowler@stephens.com*

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Scott Freydl

From: Scott Freydl
Sent: Wednesday, August 21, 2013 9:01 AM
To: 'Kim (Keller) Fowler'
Subject: RE: Consent Order for Stephens Inc.
Attachments: 20130821084952268.pdf

I included all but one of your changes in this final version of the Consent Order. Although I did make some slight adjustments to the language of your changes. Unfortunately, the Commissioner will not sign an order that includes the changes "or the conclusions of law". This change is frequently requested and always refused. As for the fine amount, the Commissioner stated that \$25,000 is his current offer to Stephens. The increase in the fine amount was necessary in view of the scope of the order. However, should Stephens still be able to agree to this amount, then the Staff shall be directed to open a full examination of all agents of Stephens that sold inverse and/or leveraged ETFs in Arkansas. It is likely that after such an examination, the Staff would request a substantially higher fine amount.

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Scott Freydl

From: Scott Freydl
Sent: Wednesday, August 21, 2013 1:59 PM
To: 'Kim (Keller) Fowler'
Subject: RE: Consent Order for Stephens Inc.

I understand that the increase of \$5,000 may cause issues for you. However, it is the result of the scope of the order that the Commissioner did not realize at the time of our meeting. I don't think an additional meeting would be of any use. If Stephens cannot accept the new amount of \$25,000, which is the Commissioner's new offer, then the Staff shall make arrangements for a much larger exam of this issue. If the management of Stephens does not feel that they may have greatly liability than \$25,000 for this issue, then I guess the Staff will need to look at the inverse and/or leveraged ETF sales for every Stephens agent in Arkansas. After such an exam, I would anticipate the potential liability for Stephens will be much higher than \$25,000. While the staff usually tries to be flexible, the circumstances of this case make this fine amount of \$25,000 non-negotiable.

From: Kim (Keller) Fowler [<mailto:kim.fowler@stephens.com>]
Sent: Wednesday, August 21, 2013 1:25 PM
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Subject: RE: Consent Order for Stephens Inc.

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From: Scott Freydl [<mailto:scott@securities.arkansas.gov>]
Sent: Wednesday, August 21, 2013 9:01 AM
To: Kim (Keller) Fowler
Subject: RE: Consent Order for Stephens Inc.

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Scott Freydl

From: Kim (Keller) Fowler <kim.fowler@stephens.com>
Sent: Thursday, August 22, 2013 1:57 PM
To: Scott Freydl
Subject: RE: Consent Order for Stephens Inc.

Scott,

David Knight has signed the Consent Order and it should be hand delivered to you this afternoon. David executed two originals so the Commission and Stephens can each have an original. Please return one original to me. I have put in a request for the check and should have it to you in a few days. I took Carolyn May's name out of the Order for the expert that we were supposed to hire in case she was not able to help us. However, she is the first person we will contact to request her services.

I appreciate the opportunity to work with you. Please let me know if Stephens or I need to do anything else.

*Kim Fowler
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From: Scott Freydl
Sent: Thursday, August 22, 2013 2:05 PM
To: 'Kim (Keller) Fowler'
Subject: RE: Consent Order for Stephens Inc.

Thank you, I look forward to getting the order.

From: Kim (Keller) Fowler [mailto:kim.fowler@stephens.com]
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Scott Freydl

From: Scott Freydl
Sent: Thursday, August 22, 2013 4:00 PM
To: 'dsmith@arkansasonline.com'
Subject: Consent order for In the Matter of Stephens Inc., Arkansas Securities Department Case number S-12-0067
Attachments: 20130822154028058.pdf

Attached please find a copy of a Consent Order that was entered today against Stephens Inc. by the Arkansas Securities Commissioner. If you have any questions about this order, don't hesitate to contact me.

Scott Freydl

From: Scott Freydl
Sent: Thursday, August 22, 2013 4:00 PM
To: 'gmoritz@abpg.com'
Subject: Consent order for In the Matter of Stephens Inc., Arkansas Securities Department Case number S-12-0067
Attachments: 20130822154028058.pdf

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Scott Freydl

From: Scott Freydl
Sent: Thursday, August 22, 2013 4:07 PM
To: Kim (Keller) Fowler (kim.fowler@stephens.com)
Subject: Consent Order for Stephens Inc.
Attachments: 20130822154028058.pdf

Attached please find a copy of the filed marked Consent Order. The original copy should arrive by mail with a few days.