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Texas State Securities Board

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SOAH DOCKET NO. 312-15-1229 SSB DOCKET NO. IC15-01

IN THE MATTER OF	§	
THE INVESTMENT ADVISER	§	
REGISTRATION OF	§	BEFORE THE STATE OFFICE
MOWERY CAPITAL MANAGEMENT, LLC	§	OF
AND THE INVESTMENT ADVISER	§	ADMINISTRATIVE HEARINGS
REPRESENTATIVE REGISTRATION	§	
OF FREDERICK EUGENE MOWERY	§	

TO: Frederick Eugene Mowery, Managing Member
Mowery Capital Management, LLC (IARD No. 130761)
206 South Kentucky Street, Suite 201
McKinney, Texas 75069

Frederick Eugene Mowery (CRD No. 1246802)
206 South Kentucky Street, Suite 201
McKinney, Texas 75069

NOTICE OF HEARING

This is your OFFICIAL NOTICE that a hearing will be held at the State Office of Administrative Hearings, in the William P. Clements Building, 300 W. 15th Street, 4th Floor, Austin, Texas 78701, before an Administrative Law Judge beginning on **January 27, 2015 at 9:00 AM Central** for the purpose of determining whether the registrations of Mowery Capital Management, LLC (“Respondent MCM”) and Frederick Eugene Mowery (“Respondent Mowery”)(collectively, “Respondents”) with the Securities Commissioner of Texas (“Securities Commissioner”) should be REVOKED and for the purpose of determining whether Respondents should be ASSESSED AN ADMINISTRATIVE FINE and ordered to CEASE AND DESIST from engaging in fraudulent conduct.

This hearing will be held pursuant to The Securities Act, Tex. Rev. Civ. Stat. Ann. arts. 581-1 to 581-43 (West 2010 & Supp. 2014)(“Texas Securities Act”); the Rules and Regulations of the State Securities Board, 7 Tex. Admin. Code Chapter 101 (Supp. 2014)(“Board Rules”); the Administrative Procedure Act, Tex. Gov’t Code Ann. §§ 2001.001 to 2001.902 (West 2008 & Supp. 2014); and the Rules of Practice and Procedure of the State Office of Administrative Hearings, 1 Tex. Admin. Code Chapter 155 (Supp. 2014)(“SOAH Rules”).

IF YOU DO NOT FILE A WRITTEN ANSWER OR OTHER WRITTEN RESPONSIVE PLEADING TO THIS NOTICE OF HEARING ON OR BEFORE THE 20TH DAY AFTER THE DATE ON WHICH THIS NOTICE WAS MAILED TO YOU OR PERSONALLY SERVED ON YOU, THE FACTUAL ALLEGATIONS IN THIS NOTICE COULD BE DEEMED ADMITTED, AND THE SECURITIES COMMISSIONER MAY DISPOSE OF THIS CASE WITHOUT A HEARING AND MAY GRANT THE RELIEF SOUGHT IN THIS NOTICE.

THE RESPONSE MUST BE FILED IN AUSTIN, TEXAS, WITH THE STAFF OF THE STATE SECURITIES BOARD AND THE STATE OFFICE OF ADMINISTRATIVE HEARINGS AND ALSO SERVED ON THE STAFF OF THE STATE SECURITIES BOARD.

IF YOU FAIL TO ATTEND THE HEARING, EVEN IF A WRITTEN ANSWER OR OTHER RESPONSIVE PLEADING HAS BEEN FILED AND SERVED, THE FACTUAL ALLEGATIONS IN THIS NOTICE COULD BE DEEMED ADMITTED, AND THE SECURITIES COMMISSIONER MAY DISPOSE OF THIS CASE WITHOUT A HEARING AND MAY GRANT THE RELIEF SOUGHT IN THIS NOTICE.

CONTACT INFORMATION

Ronak V. Patel, Esq.
Callie Baker, Esq.
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State Office of Administrative Hearings
300 W. 15th Street, Suite 504
Austin, Texas 78701
Telephone: (512) 475-3445
Facsimile: (512) 475-4994

Pursuant to §105.8 of the Board Rules, all documents filed by any party, other than business records and transcripts must be contemporaneously served upon the Securities Commissioner's representative as identified below:

Marlene Sparkman, General Counsel
Securities Commissioner's Representative
Texas State Securities Board
208 E. 10th Street, 5th Floor
Austin, Texas 78701
Telephone: (512) 305-8300
Facsimile: (512) 305-8336

Legal authority and jurisdiction for this matter exist under Sections 14, 23, and 23-1 of the Texas Securities Act, Section 2003.021(b) of the Texas Government Code, and Section 155.51 of the SOAH Rules.

The staff of the Texas State Securities Board ("Staff") will present evidence in support of its request that Respondents' registrations with the Securities Commissioner be REVOKED and that Respondents be ASSESSED AN ADMINISTRATIVE FINE and that Respondents be ordered to CEASE AND DESIST from engaging in fraudulent conduct.

The evidence presented by the Staff will prove the following:

I. Respondents

1. From October 13, 2004 to November 6, 2008, Respondent MCM was registered with the Securities Commissioner as an investment adviser. In November 2008, Respondent MCM transitioned from state registration to federal registration. To that end, on November 6, 2008 Respondent MCM registered as an investment adviser with the U.S. Securities and Exchange Commission. On June 25, 2012, Respondent MCM transitioned back to state registration and is currently registered as an investment adviser with the Securities Commissioner.
2. On October 13, 2004, Respondent Mowery registered with the Securities Commissioner as an investment adviser representative of Respondent MCM. This registration is currently effective.
3. On June 29, 2009, Respondent Mowery registered with the Securities Commissioner as an investment adviser representative of Worth Financial Group Inc. This registration is currently effective.

II. Recommendation of Broker-Dealer & Undisclosed Conflict of Interest

4. Respondent MCM is an investment adviser and advises clients regarding investments in various securities, including stocks, bonds, and exchange-traded funds. These securities are purchased or sold through a brokerage account.
5. Clients of investment advisers commonly rely on the investment adviser and its representatives to direct the investment activity in their accounts as well as which brokerage(s) are used in connection with such activity.
6. Respondents recommended the brokerage firm (the "Brokerage") used in connection with the investment assets Respondents manage for clients. The Brokerage was the only brokerage firm Respondents recommended to their clients.
7. As a result, securities transactions recommended by Respondents are transacted through the Brokerage. The Brokerage generally earns compensation through charges associated with the trading activity in the accounts of Respondents' clients.

A. Undisclosed Conflict of Interest

8. On or about July 1, 2007, Respondent MCM entered into a "Services Agreement" with the Brokerage.
9. According to the Services Agreement, the Brokerage agreed to pay Respondent MCM in exchange for various services, including research on requested equities and bonds and the generation of portfolio reports for certain clients of the Brokerage.

10. The Services Agreement did not specify a dollar amount or detail any rate associated with the payments from the Brokerage to Respondent MCM.
11. Instead, Respondent Mowery purportedly determined the amount to bill the Brokerage based on how much time Respondent Mowery and other employees of Respondent MCM spent in connection with services provided to the Brokerage. Yet, Respondents do not record the amount of the time associated with purportedly providing the various services to the Brokerage.
12. The Brokerage has paid Respondent MCM significant sums – often tens of thousands of dollars on a monthly basis. For example, between January 2012 and May 2014, the Brokerage paid approximately \$472,000 to Respondent MCM. During this same January 2012 to May 2014 period, the Brokerage received approximately \$641,000 attributable to the trading activity in the accounts of Respondents' clients.
13. The Services Agreement and the payments from the Brokerage to Respondent MCM present conflict of interests between Respondents and their clients with respect to the Respondents' recommendation of the Brokerage.
14. Respondents intentionally did not disclose to clients the fact that Respondent MCM had entered into the Services Agreement with the Brokerage. Respondents also intentionally did not disclose to clients the existence of these significant payments from the Brokerage.
15. Respondents' intentional failures to disclose to investment advisory clients the conflicts of interest presented by the Services Agreement and the payments from the Brokerage constitute fraudulent business practices and fraud with respect to rendering services as an investment adviser.
16. Respondents' intentional failures to disclose to investment advisory clients the conflicts of interest presented by the Services Agreement and the payments from the Brokerage constitute fraud or fraudulent practices in connection with the rendering of services as an investment adviser or investment adviser representative.
17. The fraudulent acts or practices described above were committed against multiple persons 65 years of age or older.

B. Breach of Fiduciary Duties in Recommending the Brokerage

18. Respondent Mowery and the Brokerage discussed and agreed to the Brokerage charges associated with trading for Respondents' clients.
19. Notably, the trading charges for Respondents' clients are as high as double the charges that the Brokerage charges account holders other than Respondents' clients.
20. Respondents recommended the Brokerage for their investment advisory clients despite the fact that the transaction costs associated with trading through the

Brokerage are higher than the costs at other brokerages offering similar or more services than the Brokerage.

21. The Brokerage does not, and has never, offered services benefitting Respondents' clients in reasonable relation to these higher costs.
22. Respondents owe their clients certain fiduciary duties.
23. Respondents' recommendations of the Brokerage for their investment advisory clients were in breach of the fiduciary duties they owed to investment advisory clients, and therefore constitute fraudulent business practices and fraud with respect to rendering services as an investment adviser.
24. Respondents' recommendations of the Brokerage for their investment advisory clients were in breach of the fiduciary duties they owed to investment advisory clients, and therefore constitute fraud or fraudulent practices in connection with the rendering of services as an investment adviser or investment adviser representative.
25. The fraudulent acts or practices described above were committed against multiple persons 65 years of age or older.

III. Omissions and Misrepresentations on Form ADV Part 2

26. The Form ADV is a uniform form used in connection with investment advisers registering with securities regulators. There are two parts to the Form ADV.
27. Part 2 of the Form ADV is the primary disclosure document that investment advisers provide to their clients. Consistent with this purpose, since 2011, the Part 2 has required disclosures to be made in narrative form and be in "plain English." The Part 2 must also be filed with the appropriate securities regulator(s).
28. Starting in 2011, Respondent MCM filed the Part 2 with securities regulators and provided the Part 2 to Respondents' investment advisory clients.

A. Brokerage Practices

29. Item 12 of the Form ADV Part 2A requires investment advisers to disclose practices in connection with the recommendation of brokerages for client transactions. In general, investment advisers are required to disclose factors considered in connection with such recommendations and to disclose certain potential conflicts of interests between clients and the investment adviser.
30. The portion of Respondent MCM's Form ADV Part 2A titled "Brokerage Practices" does not identify the conflicts of interest discussed above.
31. Instead, since 2011, Respondent MCM's Form ADV Part 2A has included the following representation under the "Brokerage Practices" section: "[Respondent MCM] does not receive any portion of the trading fees." This representation on Respondent MCM's Form ADV Part 2A is a misrepresentation of a relevant fact.

32. Furthermore, Respondent MCM intentionally failed to disclose the Services Agreement and payments from the Brokerage on the Form ADV Part 2A.
33. Respondent MCM's misrepresentation of a relevant fact and intentional failure to disclose material facts on the Form ADV Part 2A constitute fraudulent business practices and fraud with respect to rendering services as an investment adviser.
34. Respondent MCM's misrepresentation of a relevant fact and intentional failure to disclose material facts on the Form ADV Part 2A constitute fraud or fraudulent practices in connection with the rendering of services as an investment adviser.
35. The fraudulent acts or practices described above were committed against multiple persons 65 years of age or older.

B. Asset Management

36. Respondent MCM's Form ADV Part 2A includes a section titled "Asset Management". Since 2011, this section has included the following representation: "Assets are invested primarily in exchange listed securities and exchange-traded funds, usually through discount brokers or fund companies." (emphasis added)
37. The Brokerage is not a "discount broker."
38. Respondent MCM's representation that client assets are invested "usually through discount brokers" is a misrepresentation of a relevant fact and constitutes a fraudulent business practice and fraud with respect to rendering services as an investment adviser.
39. Respondent MCM's representation that client assets are invested "usually through discount brokers" is a misrepresentation of a relevant fact and constitutes fraud or a fraudulent practice in connection with the rendering of services as an investment adviser.
40. The fraudulent acts or practices described above were committed against multiple persons 65 years of age or older.

C. Bankruptcy

41. From on or about March 31, 2011 to on or about May 15, 2014, Respondent MCM's Form ADV Part 2 included a representation that Respondent Mowery had not filed a bankruptcy petition. This was a misrepresentation.
42. Specifically, until on or about May 15, 2014, Respondent MCM's Form ADV Part 2B stated "Bankruptcy Petition: None" in a section related to Respondent Mowery.
43. However, Respondent Mowery had filed a bankruptcy petition in or about September 2005.

44. Respondent MCM's representation that Respondent Mowery had not filed a bankruptcy petition was a misrepresentation of a relevant fact and constitutes a fraudulent business practice and fraud with respect to rendering services as an investment adviser.
45. Respondent MCM's representation that Respondent Mowery had not filed a bankruptcy petition was a misrepresentation of a relevant fact and constitutes fraud or a fraudulent practice in connection with the rendering of services as an investment adviser.
46. The fraudulent acts or practices described above were committed against multiple persons 65 years of age or older.

D. Part 2 filed with the Securities Commissioner

47. In or about June 2012, Respondent MCM filed its Form ADV Part 2 with the Securities Commissioner in connection with Respondent MCM's application for registration as an investment adviser.
48. The Form ADV Part 2 filed by Respondent MCM in or about June 2012 contained the misrepresentations described above in paragraphs 29 through 45.
49. Respondent MCM's misrepresentations on the Part 2 filed with the Securities Commissioner constitute material misrepresentations in connection with information deemed necessary by the Securities Commissioner to determine the business repute and qualifications of an investment adviser and an investment adviser representative.

IV. Plagiarism

50. In connection with the preparation of various writings, Respondents copied material written previously by others and did not cite to the source documents or otherwise attribute the work. Instead, Respondents took steps to make it appear that the writings were originally prepared by Respondent Mowery.

A. Purported research for the Brokerage

51. Purportedly based on Respondent MCM's agreement to provide research to the Brokerage, on April 30th, 2014, Respondent Mowery sent a document ("Research Item 1") to the Brokerage via email. Research Item 1 is titled "The Interest Rate Trap" and includes a discussion about the interest rate environment and presents opinions as to its future impact on the stock market.
52. In preparing Research Item 1, Respondent Mowery copied the majority of an article titled "Danger: Watch Out for Interest Rates" published earlier in April 2014 by Zacks Investment Management, Inc.
53. However, Respondent Mowery does not cite to the source document or attribute the work done by the author of the third-party research.

54. In addition to copying a majority of the original article, Respondent Mowery took steps to cause the Brokerage and/or anyone else that reviewed Research Item 1 to believe that the discussion included in the Research Item 1 was prepared by Respondent Mowery. For example, Respondent Mowery amended a sentence from the originally written work as follows:

<i>Original article</i>	<i>Respondents' Research Item 1</i>
"If an investor is constantly moving towards companies with rising earnings estimates, then you will be moving towards those companies that analysts see benefitting from the changing macro-economic environment."	"As we constantly are moving towards companies with rising earnings estimates then we will be moving towards those companies that analysts see benefitting from the changing macro-economic environment."

55. Similarly, on May 12, 2014, Respondent Mowery sent a document ("Research Item 2"), via email, to the Brokerage titled "A Better Safe Haven than Gold." Research Item 2 is essentially identical to research and commentary, bearing the same title, prepared by, or on behalf of, The Vanguard Group, Inc. (and/or an affiliate thereof) and published on or about May 8, 2014.
56. Respondent Mowery copied most of the Vanguard article. However, Respondent Mowery does not cite to the source document or attribute the work originally published by Vanguard.
57. In addition to copying most of the original article, Respondent Mowery took additional steps to cause the Brokerage and/or anyone else that reviewed Research Item 2 to believe the discussion in Research Item 2 was drafted by Respondent Mowery. For example, Respondent Mowery amended a portion from the originally written work as follows:

<i>Original article</i>	<i>Respondents' Research Item 2</i>
"Even as interest rates rise, what ultimately matters most for risk-averse clients is the return of their <i>total</i> portfolio. Over the long term, Vanguard expects bonds to continue to reduce the risk of loss for balanced investors." (emphasis in original)	"Even as interest rates rise, what ultimately matters most for risk-averse clients is the return of their <i>total</i> portfolio. Over the long term, Mowery Capital Management expects bonds to continue to reduce the risk of loss for balanced investors." (emphasis in original)

B. On Respondent MCM's website

58. On Respondent MCM's website, from in or about 2006 to in or about October 2014, Respondents included a section titled "Letter to Our Clients", which consisted of a writing focused primarily on macro-economic policy and bearing Respondent Mowery's name at the end of the "letter."
59. The "Letter to Clients" on Respondents' website was largely similar to an article written by Lawrence Kudlow in or about December 1999.

60. Respondents copied significant portions of the Kudlow article. However, Respondents did not cite to, or otherwise attribute the significant portions originally written by Mr. Kudlow.
61. In addition to copying significant portions of the original article, Respondents took additional steps to cause anyone that reviewed the “Letter to Clients” to believe it was drafted by Respondent Mowery. For example, Respondents amended a portion from the originally written work as follows:

<i>Original article</i>	<i>Respondents’ “Letter to Clients”</i>
“I can describe it no better than my friend and mentor Arthur Laffer, who defines the precondition for optimal economic performance as the absence of four major prosperity killers...”	“I can put it no better than one of the greatest economist of our time, Arthur Laffer, who defines the precondition for optimal economic performance as the absence of four major prosperity killers...”

62. Respondents’ use of material written by others without citing to the source documents or otherwise attributing the work to the original authors constitute fraudulent business practices.
63. Respondents’ actions in copying material written by others and presenting the writings as Respondent Mowery’s without citing to the source documents or otherwise attributing the work to the original authors constitute fraudulent business practices.

V. Misrepresentations in connection with SSB Investigation

64. During the course of the Staff’s investigation, Respondents have made multiple misrepresentations in connection with information deemed necessary by the Commissioner or Board to determine the business repute of an investment adviser and investment adviser representatives.

A. Documents Submitted to SSB

65. At times between 2004 and 2012, Respondent MCM compensated an individual (the “solicitor”) in connection with clients that the solicitor referred to Respondent MCM.
66. Respondent MCM had agreed to pay the solicitor 30% of the fees collected by Respondent MCM from the above-referenced clients.
67. The Staff requested certain information and documents from Respondents to determine if Respondents had disclosed the compensation arrangement in writing to the relevant clients. Among the documents requested, the Staff sought any records provided to the clients disclosing the compensation arrangement. These records were deemed necessary by the Commissioner or Board to determine the business repute of an investment adviser and investment adviser representatives.

68. On April 25, 2014, among other records, Respondents submitted documents representing disclosure notices (the “Notices”) provided to clients referred to Respondent MCM by the solicitor. All of the Notices were signed by Respondent Mowery and the relevant client(s). However, two (2) of the Notices (the “Dated Notices”) included handwritten dates below the clients’ signatures – December 12, 2005 and June 14, 2012.
69. The handwritten dates on these Dated Notices matched the date that the respective clients entered into investment management agreements with Respondent MCM. Thus, by submitting the Dated Notices to the Staff, Respondents represented to the Commissioner or Board that the compensation arrangement had been disclosed via the Dated Notices to these clients at the time they became clients.
70. However, Respondent Mowery knew the Dated Notices were not signed by the clients in 2005 or 2012. The Dated Notices were provided to the clients and signed about the same time as the clients related to the other Notices – in April 2014.
71. Respondent Mowery took steps to conceal the fact that the Dated Notices were not signed in 2005 and 2012:
 - a. All of the Notices were drafted on Respondent MCM’s letterhead, which listed two business addresses at the bottom of the page.
 - b. However, one of the addresses listed on Respondent MCM’s current letterhead was not used by Respondents until after June 2012. So, before submitting the Notices to the Staff, Respondent Mowery used correction paper to cover up the addresses on all of the Notices.
72. Respondents’ representation that the compensation arrangement had been disclosed via the Dated Notices in 2005 and 2012 was a material misrepresentation to the Commissioner or Board in connection with information deemed necessary by the Commissioner or Board to determine the business repute of an investment adviser and investment adviser representatives.

B. Testimony provided to SSB

73. On November 13, 2014, Respondent Mowery provided sworn testimony to the Staff. The Staff sought Respondent Mowery’s testimony to collect information deemed necessary by the Securities Commissioner to determine the business repute and qualifications of an investment adviser and an investment adviser representative.
74. During the course of the testimony, Respondent Mowery made material misrepresentations in response to questions asked by the Staff.
75. The Staff asked Respondent Mowery to describe the origin of the “Letter to Clients” that was on Respondent MCM’s website.

76. Respondent Mowery stated that he drafted the “Letter to Clients” based on his notes from a presentation by Lawrence Kudlow at a conference.
77. Respondent Mowery stated that he did not copy anything written by Mr. Kudlow in preparing the “Letter to Clients.”
78. The above representations are material misrepresentations in connection with information deemed necessary by the Securities Commissioner to determine the business repute and qualifications of an investment adviser and an investment adviser representative.

VI. Legal Authority

79. Section 4.F of the Texas Securities Act states:

The terms “fraud” or “fraudulent practice” shall include any misrepresentations, in any manner, of a relevant fact; any promise or representation or prediction as to the future not made honestly and in good faith, or an intentional failure to disclose a material fact; the gaining, directly or indirectly, through the sale of any security, of an underwriting or promotion fee or profit, selling or managing commission or profit, so gross or exorbitant as to be unconscionable; any scheme, device or other artifice to obtain such profit, fee or commission; provided, that nothing herein shall limit or diminish the full meaning of the terms “fraud,” “fraudulent,” and “fraudulent practice” as applied or accepted in courts of law or equity.

80. Section 14 of the Texas Securities Act states in part:

A. The Commissioner may ... revoke a registration issued under this Act, ... if the person: ...

(3) has engaged in ... any fraudulent business practice;

(7) has made any material misrepresentation to the Commissioner or Board in connection with any information deemed necessary by the Commissioner or Board to determine ... [an] investment adviser’s or investment adviser representative’s business repute or qualifications

81. Pursuant to Section 14.A(3) of the Texas Securities Act, the aforementioned fraudulent business practices are bases for the revocation of Respondents’ registrations with the Securities Commissioner.
82. Pursuant to Section 14.A(7) of the Texas Securities Act, the aforementioned material misrepresentations in connection with information deemed necessary by the Securities Commissioner to determine the business repute and qualifications of an investment adviser and an investment adviser representative are bases for the revocation of Respondents’ registrations with the Securities Commissioner.

83. Pursuant to Section 23.B(1) of the Texas Securities Act, the Securities Commissioner may issue a cease and desist order requiring Respondents to immediately cease and desist from fraudulent conduct.
84. Section 23-1 of the Texas Securities Act states in part:
 - A. After giving notice and opportunity for a hearing, the Commissioner may ... issue an order which assesses an administrative fine against any person ... found to have:
 - (1) engaged in fraud or a fraudulent practice in connection with:
 - (B) the rendering of services as an investment adviser or investment adviser representative;
85. Pursuant to Section 23-1.A(1)(B) of the Texas Securities Act, the aforementioned fraud in connection with the rendering of services as an investment adviser or investment adviser representative constitute bases for the assessment of an administrative fine against Respondents.
86. Pursuant to Section 23-1.B(1) of the Texas Securities Act, the Respondents may be assessed an administrative fine in an amount that is the greater of \$20,000 per violation or the gross amount of any economic benefit gained as a result of the fraudulent acts or practices for which the fine is assessed.
87. In addition to the amount of an administrative fine authorized pursuant to Section 23-1.B(1), pursuant to Section 23-1.B(2) of the Texas Securities Act, Respondents may be assessed an additional \$250,000 in administrative fines because of the fraudulent acts or practices committed against a person 65 years of age or older.

VII. Relief Requested

Based on the foregoing allegations, the Staff requests that the Securities Commissioner issue an Order:

- a. REVOKING Respondents' registrations with the Securities Commissioner;
- b. ASSESSING AN ADMINISTRATIVE FINE against Respondents; and
- c. Ordering Respondents to CEASE AND DESIST from engaging in fraudulent conduct.

Pursuant to §105.13 of the Board Rules, the Staff respectfully requests that the State Office of Administrative Hearings order that all costs charged to the Texas State Securities Board by any court reporting service involved in this matter be assessed against Respondents.

You are invited to appear personally, with, without, or through counsel, and to present any and all evidence relating to the matters set forth in this Notice.

Signed this 17th day of November, 2014.



Tommy Green
Director of Inspections & Compliance

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been sent via certified mail to the Respondents, and to the Securities Commissioner's Representative by hand-delivery, done on this, the 17th day of November 2014.

Frederick Eugene Mowery, President
Mowery Capital Management, LLC
206 South Kentucky Street, Suite 201
McKinney, Texas 75069

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

91 7199 9991 7031 0771 9034

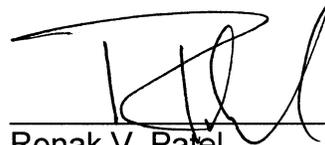
Frederick Eugene Mowery
206 South Kentucky Street, Suite 201
McKinney, Texas 75069

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

91 7199 9991 7031 0771 9027

Marlene Sparkman
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Securities Commissioner's Representative
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VIA HAND-DELIVERY



Ronak V. Patel

Texas State Bar No. 24037241