

**BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA**

FILED
JAN 03 2025
INSURANCE COMMISSIONER
OKLAHOMA

STATE OF OKLAHOMA, ex rel.)
GLEN MULREADY, Insurance Commissioner,)
)
Petitioner,)
v.)
)
JAMES CLIFFORD STOCKTON, an applicant)
to renew an Oklahoma resident producer license,)
)
)
Respondent.)

Case No. 24-0889-DIS

**CONDITIONAL ADMINISTRATIVE ORDER
AND NOTICE OF RIGHT TO BE HEARD**

COMES NOW the State of Oklahoma, ex rel. Glen Mulready, Insurance Commissioner,
by and through his attorney, Julie Reding, and alleges and states as follows:

JURISDICTION

1. Glen Mulready is the Insurance Commissioner of the State of Oklahoma and is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101-7402 and the Oklahoma Producer Licensing Act, 36. O.S. §§ 1435.1–1435.41.

2. Respondent James Stockton (“Respondent”) is an applicant to renew his resident producer license and holds the license number 117272. Respondent’s mailing address of record is 1901 S. Kelly Avenue, STE 100, Edmond, OK 73013-3686.

3. The Insurance Commissioner has jurisdiction over the subject matter raised in this dispute and may issue penalties pursuant to 36 O.S. §§ 1435.4, 1435.7, 1435.13(A) and (D).

4. Pursuant to 36 O.S. § 1435.13(A) & (D), in addition to or in lieu of any applicable denial, probation, censure, suspension or revocation of a license, the Insurance Commissioner may levy a fine up to \$1,000.00 for each violation of the Oklahoma Producer Licensing Act.

5. Pursuant to OAC 365:1-7-1, if Respondent requests a hearing in writing in this matter, the Insurance Commissioner, pursuant to 36 O.S. §319, will appoint an independent hearing examiner who shall sit as a quasi-judicial officer and preside over the hearing requested by Respondent.

6. Pursuant to 75 O.S. §§ 309(C) & 310(3) & (5); OAC 365:1-7-4(a)-(b), hearings are open to the public and Respondent has a right to appear in person and with counsel to present evidence, examine witnesses, and make oral arguments. OAC 365:1-1-5(a).

7. Pursuant to OAC 365:1-7-5, the Insurance Commissioner, upon written request reasonably made by a person affected by the hearing and at such person's expense, shall cause a full stenographic record of the proceedings to be made by a competent court reporter.

FINDINGS OF FACT

8. On or about November 6, 2024, Respondent entered into a Financial Industry Regulatory Authority Letter of Acceptance, Waiver, and Consent No. 2022077410101 with the FINRA Department of Enforcement, for the purpose of proposing a settlement of alleged FINRA rule violations.

9. On or about November 25, 2024, Respondent timely submitted his application to renew his resident producer license (transaction number 771161304) which was due to expire on November 30, 2024.

10. On the application, Respondent answered "Yes" to question 2., "Have you ever been named or involved as a party in an administrative proceeding, including a FINRA sanction

or arbitration proceeding regarding any professional or occupational license or registration, which has not been previously reported to this insurance department.” “Involved” means having a license censured, suspended, revoked, canceled, terminated; or being assessed a fine, placed on probation, sanctioned or surrendering a license to resolve an administrative action. ...”

11. On or about December 9, 2024, the Oklahoma Insurance Licensing Division (“OID”) requested a written letter of explanation from Respondent regarding the circumstances that led up to the Respondent’s Financial Industry Regulatory Authority (FINRA) sanctions. FINRA regulates broker-dealers and their personnel and is charged with protecting investors and ensuring the integrity of securities markets; FINRA members must meet extensive conduct, operational and financial requirements; Respondent is registered with FINRA through an association with another FINRA member and holds CRD number 1801686.

12. On or about December 9, 2024, Respondent acknowledged and disclosed that he failed to disclose his participation in private securities transactions in violation of FINRA rules which resulted in disciplinary action that included a “one-month suspension from association with any FINRA member in all capacities and a \$5,000.00 fine.” (*See* Financial Industry Regulatory Authority Letter of Acceptance, Waiver, and Consent No. 2022077410101 (November 6, 2024) p. 2, *James C. Stockton (Respondent) Investment Company and Variable Contracts Products Representative and Direct Participation Programs Representative CRD No 1801686*, Before the FINRA Department of Enforcement, Financial Industry Regulatory Authority.)

13. The documents provided by Respondent indicated that Respondent violated FINRA Rule 3280(b) which states in part, that “[p]rior to participating in any private securities transaction, an associated person shall provide written notice to the member with which he is associated describing in detail the proposed transaction and the person’s role therein” and FINRA Rule 2010

which requires that members and their associated persons “observe high standards of commercial honor and just and equitable principles of trade” in the conduct of their business.

14. In the *Financial Industry Regulatory Authority Letter of Acceptance, Waiver and Consent No. 2022077410101* provided by Respondent, it stated that Respondent “falsely responded to a question about whether he had participated in private securities transactions without prior written approval on a firm compliance questionnaire.”

15. In Respondent’s letter of explanation, Respondent wrote, “There is absolutely no excuse for failing to disclose my participation in these private securities transactions. After the investigation was complete, a resolution was agreed upon regarding these violations as listed in the Finra (sic) “Letter of Acceptance, Waiver and Consent” document.”

16. Pursuant to the provisions of 36 O.S. § 1435.7(C), “An applicant for any license required by the provisions of the Oklahoma Producer Licensing Act shall demonstrate to the Insurance Commissioner that the applicant is “competent, trustworthy, financially responsible, and of good personal and business reputation.”

17. Pursuant to the provisions of 36 O.S. § 1435.7(A)(2), “Before approving an application for a producer license, the Insurance Commissioner shall find that the individual: ... (2) Has not committed any act that is ground for denial, suspension or revocation set forth in Section 1435.13 of this title.”

18. Pursuant to the provisions of 36 O.S. §1435.13:

A. The Insurance Commissioner may place on probation, censure, suspend, revoke or refuse to issue or renew a license issued pursuant to the Oklahoma Producer Licensing Act or may levy a civil penalty in accordance with subsection D of this section or any combination of actions, for any one or more of the following causes: . . . 8. Using fraudulent, coercive or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere. ... 16. Any cause for which an original issuance of a license could have been refused.”

...

D. In addition to or in lieu of any applicable denial, probation, censure, suspension or revocation of a license, a person may, after opportunity for hearing, be subjected to a civil fine of not more than One Thousand Dollars (\$1,000.00) for each occurrence. The said penalty may be enforced in the same manner in which civil judgements may be enforced.

CONCLUSIONS OF LAW

19. Respondent has violated 36 O.S. § 1435.4(A) & (C) and 36 O.S. § 1435.13(A)(8) and (16) by demonstrating dishonest practices, incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere by violating FINRA Rules 3280 and 2010 by falsely responding to a question about whether Respondent had participated in private securities transactions without prior written approval on a firm compliance questionnaire and failing to “observe high standards of commercial honor and just and equitable principles of trade” in the conduct of Respondent’s business.

ORDER

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED that Respondent is hereby **CENSURED** and **FINED Seven Hundred Fifty Dollars (\$750.00)**. The fine shall be paid within thirty (30) days of the date of this Conditional Administrative Order. The fine must be paid online through the Department’s website on the Legal Division’s homepage at <https://www.oid.ok.gov/about-oid/divisions-programs/legal-division/> by navigating to the “Pay Fees and Fines Online” tab under the “Legal Division” menu along the left-hand side of the page. Payment will include a nonrefundable processing fee of One Dollar (\$1.00), which you must agree to accept by clicking the “Accept Terms and Conditions” button. On the next screen, you will select the “Payment Type” from the drop-down menu by selecting “Legal Fines and Costs” and clicking “Continue,” which will take you to a page to complete your payment. Should you experience difficulty completing your online payment, please, contact the Legal Division at (405)

521-2746 for assistance. Failure to comply with a proper order of the Commissioner will result in further administrative action.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED by the Insurance Commissioner that this Order is a Conditional Order. Unless the Respondent requests a hearing with respect to the Findings of Fact set forth above **WITHIN THIRTY (30) DAYS** of the date of this Conditional Order, it and the penalties set forth above will become a Final Order on the thirty-first (31st) day from the date of mailing this Order. A request for hearing must be in writing and should be addressed to Julie Reding, Oklahoma Insurance Department, Legal Division, 400 NE 50th St. Oklahoma City, Oklahoma 73105. The request for hearing must state the specific grounds to be relied upon as a basis for setting aside or modifying this Conditional Order and must be served on the Oklahoma Insurance Department within the 30 days allotted. The proceedings on such requested hearing will be conducted in accordance with the Oklahoma Insurance Code, 36 O.S. §§ 101 *et seq.*, and the Oklahoma Administrative Procedures Act, 75 O.S. §§ 250-324. If Respondent serves a timely request for hearing on the Oklahoma Insurance Department, this Conditional Order shall serve as notice of the matters to be reviewed at the hearing, and the

Findings of Fact, Conclusions of Law, and penalties imposed in this Conditional Order shall be considered withdrawn, pending final resolution at the hearing.

WITNESS My Hand and Official Seal this 3rd day of January 2025.



GLEN MULREADY
INSURANCE COMMISSIONER
STATE OF OKLAHOMA

Julie Reding

Julie Reding, OBA No.15522
Assistant General Counsel
Oklahoma Insurance Department
400 N.E. 50th St.
Oklahoma City, OK 73105
Tel: 405-521-2746
Fax: 405-522-0125
Email: julie.reding@oid.ok.gov

CERTIFICATE OF MAILING

I, Julie Reding, hereby certify that a true and correct copy of the above and foregoing *Conditional Administrative Order and Notice of Right to be Heard* was sent by email and by certified mail with postage prepaid and return receipt requested on this 3rd day of January 2025 to:

James Clifford Stockton
1901 S Kelly Ave., Ste. 100
Edmond, OK 73013-3686
Email: james@jcstockton.com

CERTIFIED MAIL NO.
9214 8902 0982 7500 0676 67

and

that a copy was delivered to:

Licensing Division

Julie Reding
Julie Reding