

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF KANSAS**

In the Matter of the Kansas)	
Resident Agent's License)	Docket No. 2231-RA
of ALAN SAATHOFF)	

CONSENT ORDER

Alan Saathoff ("Saathoff") wishes to resolve this matter without formal adjudicative proceedings by entering into this Consent Order. The Commissioner of Insurance ("Commissioner") hereby states the following stipulations by parties, conclusions of law and order, to-wit:

Stipulations by Parties

1. Records maintained by the Kansas Insurance Department ("KID") indicate that Saathoff is a resident of the State of Kansas, and has a current mailing address of 8650 W. 116th Terrace, Overland Park, Kansas 66210, and that he was licensed to transact the business of insurance as a resident insurance agent in the State of Kansas, but such license is currently terminated for failure to comply with Kansas continuing education requirements.

2. The Commissioner has jurisdiction over the subject matter of this proceeding and this proceeding is held in the public interest.

3. On or about December 30, 1995, Saathoff and Don Ballard ("Ballard") together formed The Ballhoff Corporation ("Ballhoff"), a for-profit Kansas corporation. The Kansas Articles of Incorporation listed both Saathoff and Ballard as directors of the corporation and Saathoff as the resident agent.

4. Ballhoff was formed in conjunction with a contract for deed purchase of the Pickens Funeral Home (“Pickens”) in Russell, Kansas and the Mosher-Pickens Funeral Home (“Mosher-Pickens”) in Plainville, Kansas from the owner, L.D. Pickens.

5. While the sale of the funeral home was in progress, Saathoff began review of the pre-arranged policies and accounts.

6. As a result of information provided by the Kansas Board of Mortuary Arts, KID initiated an investigation into the Pickens’ pre-arranged funeral plans.

7. During the investigation by KID, Saathoff, at the request of KID, gave a sworn statement to representatives of KID on September 24, 1996. The following information is a result of the sworn statement by Saathoff and the investigation by KID.

8. John Strobel was severely mentally and physically disabled. He was incapable of signing, reading or understanding any documents. John Strobel was in a full-time care facility in Hays, Kansas.

9. On December 16, 1990, John Strobel’s brother, Joe Strobel, was appointed as John Strobel’s guardian in Russell County District Court, Probate Division, case number 90-GC-13.

10. On or about February 24, 1994, Joe Strobel purchased a pre-arranged funeral agreement for John Strobel with Pickens. In November of 1995, Pickens applied for a policy for John Strobel from Homesteaders Life Company (“Homesteaders”) without obtaining Joe Strobel’s signature.

11. Saathoff, after being advised by L.D. Pickens that the funds for the February 24, 1994 pre-arranged funeral agreement had not been properly held in trust, submitted an application to United Life Insurance Company (“United Life”) on or about

January 24, 1996. The documents listed Mr. Strobel's address as 610 Elm, Russell, Kansas; had the purported signature of John Strobel and contained the signature of Saathoff as licensed representative. The address listed as Mr. Strobel's address was Pickens' address, 610 Elm, Russell, Kansas.

12. The above-mentioned document also indicated the insurance being applied for did not replace any existing life insurance or annuity policy.

13. The above-mentioned application had attached to it a document entitled "Pickens Funeral Home, 610 Elm St., Russell, Kansas." The document listed the prices and services selected for Mr. John Strobel for his funeral needs. The document had the purported signature of John M. Strobel and the signature of Saathoff as agent.

14. Joe Strobel did not give his permission for an application for insurance with Unified Life nor did he give a power of attorney authorizing Saathoff to sign for John Strobel. Joe Strobel was also unaware that Pickens had not properly held the funds for the pre-arranged funeral agreement in trust.

15. In Saathoff's sworn statement, he acknowledged he created/filled out the application mentioned in paragraph 11 above, without Joe Strobel's consent. He contended he did so to provide a remedy for John Strobel as a result of Pickens' diversion of the trust funds.

16. In Saathoff's sworn statement, Saathoff acknowledged the policy did, in fact, replace an existing policy by Homesteaders, but expressed concerns with such policy since agents for Pickens had control over it.

17. On or about March 18, 1996, Belle Radke reported to KID that someone had signed her name, without her consent, to a letter to Homesteaders dated February 15,

1996 attempting to cancel a pre-need funeral plan and obtain the \$5,500.00 she had already paid for the plan. The letter requested the funds be sent to 1328 N. Fossil in Russell, Kansas.

18. Mrs. Radke did not live in Russell, Kansas at the time the above-mentioned letter was written and did not write or sign the letter sent to Homesteaders.

19. During Saathoff's sworn statement, he admitted to preparing the document and signing Mrs. Radke's name to the document without her permission or knowledge. He also acknowledged the address he listed in the letter as being Mrs. Radke's was, in fact, his sister's, Alene Rageth. Saathoff indicated his purpose in doing so resulted from his concerns over the Homesteaders policies since they were under the control of agents for Pickens.

20. On or about February 9, 1996, two life insurance applications were submitted to the Congress Life Insurance Company ("Congress Life") signed by Saathoff as the producing agent. The applications were for life insurance for Martha Popp. In Saathoff's sworn statement, Saathoff acknowledged that Popp did not sign the documents. Saathoff indicated he was acting under a power of attorney Ms. Popp had signed in favor of Ballhoff. The first application was a policy in the amount of \$2,984.01. The second policy was for the amount of \$2,999.93.

21. On or about February 19, 1996, Congress Life wrote to Saathoff indicating the company would have to have a policy amendment signed by Ms. Popp before the policies could be written.

22. On or about February 26, 1996, Congress Life received the policy amendment document for Ms. Popp, bearing the signature “Martha Popp” dated February 29, 1996 and signed by Saathoff as a witness.

23. During the sworn statement, Saathoff acknowledged he never had contact with Ms. Popp. She was probably unaware of the policies that were in force.

24. Saathoff received \$526.59 in commission for the above-mentioned two policies from Congress Life.

Conclusions of Law

25. K.S.A. 1998 Supp. 40-242 provides in relevant part:

(a) The commissioner of insurance may impose a penalty prescribed by subsection (e) or revoke or suspend the license of any broker or agent in the event that investigation by the commissioner discloses that:...

(5) the holder of such license had made any misleading representations or incomplete comparisons of policies to any persons for the purposes of inducing or tending to induce such persons to lapse, forfeit or surrender such person’s insurance then in force;...

(7) the interests of the insurer or the insurable interests of the public are not properly served under such license.

26. K.S.A. 1998 Supp. 40-2404 provides in relevant part:

The following are hereby defined as unfair methods of competition and unfair or deceptive acts or practices in the business of insurance:...

(11) Making false or fraudulent statements or representations on or relative to an application for an insurance policy, for the purpose of obtaining a fee, commission, money or other benefit from any insurer, agent, broker or individual....

27. Based upon the information contained in paragraphs 17 through 19 above, it appears that Alan Saathoff made misleading representations or incomplete comparisons

of policies to any person for the purposes of inducing or tending to induce such persons to lapse, forfeit or surrender such person's insurance then in force, in violation of K.S.A. 1998 Supp. 40-242(5).

28. Based upon the information contained in paragraphs 11 through 24 above, it appears that Alan Saathoff engaged in acts and practices in the business of insurance that are contrary to the interests of the insurer or the insurable interests of the public, in violation of K.S.A. 1998 Supp. 40-242(7).

29. Based upon the information contained in paragraphs 11 through 16 and 20 through 24 above, it appears that Alan Saathoff made false or fraudulent statements or representations on or relative to an application for an insurance policy, for the purpose of obtaining a fee, commission, money or other benefit from any insurer, agent, broker or individual, in violation of K.S.A. 1998 Supp. 40-2404(11).

30. Based upon the information contained in paragraphs 11 through 24 above, it appears that sufficient evidence exists for a three (3) year suspension of Alan Saathoff's Kansas resident insurance agent's license from the date of January 28, 1998 pursuant to K.S.A. 40-242, in accordance with the procedures set forth in the Kansas Administrative Act, K.S.A. 77-501, et seq., as amended.

31. Saathoff neither admits nor denies the allegations set forth herein this order, but enters into this Consent Order for the purpose of resolving the pending administrative action.

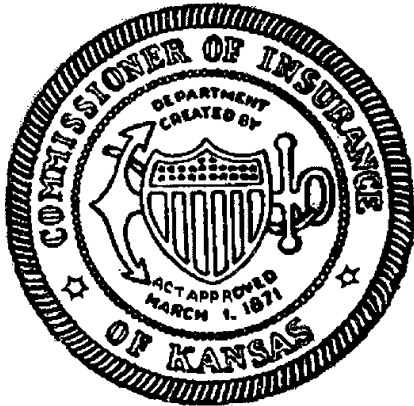
32. Saathoff has fully cooperated with KID during the course of its investigation.

33. For the purposes of this Consent Order, Saathoff waives his right to a formal adjudicative proceeding and notice thereof and, upon the advice and assistance of counsel, voluntarily consents to the following order of the Commissioner of Insurance.

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE:

1. The Kansas resident insurance agent's license of Alan Saathoff is hereby suspended for the period of three (3) years from the date of January 28, 1998. On and after January 28, 2001, Alan Saathoff shall be eligible for re-activation of his Kansas resident insurance agent's license, upon submission of evidence of compliance with the continuing education requirements and payment of the appropriate fees, without any hearing or further proceedings.

IT IS SO ORDERED THIS 12th DAY OF JUNE 2000 IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



/s/ Kathleen Sebelius
Kathleen Sebelius
Commissioner of Insurance

BY:

/s/ Kathy Greenlee
Kathy Greenlee
General Counsel

/s/ Alan Saathoff
Alan Saathoff

APPROVED BY:

/s/ Timothy G. Elliott
Timothy G. Elliott
Attorney for Respondent

SUBMITTED AND APPROVED BY:

/s/ JaLynn Copp
JaLynn Copp
Attorney for Petitioner
Kansas Insurance Department