

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

**FINAL ORDER**

Effective: 06/03/03

In the Matter of the Kansas Nonresident	)	
Insurance Agent's License of	)	Docket No. 3160-SO
DARRELL G. JARMAN	)	

**SUMMARY ORDER**

**(Pursuant to K.S.A. 2002 Supp. 40-4909 and K.S.A. 77-537)**

Pursuant to authority granted to the Commissioner of Insurance ("Commissioner") by K.S.A. 2002 Supp. 40-4909, the Commissioner hereby revokes the nonresident agent's license of Darrell G. Jarman ("Jarman") by way of Summary Order as provided by K.S.A. 77-537.

**Findings of Fact**

The Commissioner has been shown the following facts:

1. Records maintained by the Kansas Insurance Department ("KID") indicate that Jarman is licensed as a nonresident agent to transact the business of insurance in the State of Kansas and has been so licensed since October 14, 2002. KID records indicate a current legal and mailing address of 10416 Garnett, Overland Park, KS 66214.
2. KID records further indicate that Jarman submitted a "clean" application, denying any criminal conviction or pending criminal charges, dated October 9, 2002.
3. Jarman signed the application under the certification and attestation, which stated in relevant part, "I hereby certify that, under penalty of perjury, all of the information submitted in this application and attachments is true and complete. I am aware that submitting false information or omitting pertinent or material information in connection with this application is grounds for license revocation or denial of the license and may subject me to civil or criminal penalties."

4. By letter dated March 21, 2003, Jarman advised the KID that he was currently incarcerated in a federal prison, due to be released May 5, 2003, and inquired whether he would be able to retain his license.

5. In response, the KID requested the details of the conviction and supporting documentation.

6. By letter dated May 5, 2003, upon his release from incarceration, Jarman provided his narrative of the events leading to his conviction and attached a copy of the presentence investigation report ("PSI").

7. Facts common to the two accounts are as follows: Jarman operated his own business arranging financing for lease purchase agreements on behalf of municipalities. The City of Newport Beach, California, issued a check for \$127,894 (\$127,000 according to Jarman) toward the financing of equipment, Jarman deposited the check in the account he used for his business, and then wrote a \$115,000 check and deposited it in his personal investment account. The city's \$127,894 deposit was never paid to the equipment vendor, and Jarman claimed that most of it was lost in bad investments.

8. According to the PSI, on June 12, 2002, Jarman appeared before the court to plead guilty to a one-count information, and after questioning from the court as to the factual basis, the government and the defense agreed to postponement of the plea hearing.

9. According to the PSI, on June 16, 2002, Jarman entered a plea of guilty to mail fraud pursuant to a plea agreement, the plea was accepted, and sentencing was set for October 30, 2002.

10. Jarman's first contact with the KID after his conviction was the March 21, 2003, letter.

### **Applicable Law**

11. K.S.A. 2002 Supp. 40-4909(a) provides, in relevant part:

“The commissioner may deny suspend, revoke or refuse renewal of any license issued under this act if the commissioner finds that the applicant or license holder has . . . (2) Violated: (a) Any provision of chapter 40 of the Kansas Statutes Annotated or any rule and regulation promulgated thereunder; . . . (3) Obtained or attempted to obtain a license under this act through misrepresentation or fraud . . . (6) Been convicted of a misdemeanor or felony . . . [or] (8) Used any fraudulent, coercive, or dishonest practice, or demonstrated any incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere.”

12. Administrative regulations require that a person licensed in this state as an insurance agent shall, within 30 days of the occurrence, report the details of any conviction of a misdemeanor or felony. K.A.R. § 40-7-9(d).

13. The Commissioner may revoke any license issued under the Insurance Agents Licensing Act if the Commissioner finds that the insurable interests of the public are not properly served under such license. K.S.A. 2002 Supp. 40-4909(b).

### **Conclusions of Law**

14. The Commissioner has jurisdiction over Jarman and the subject matter of this proceeding, and such proceeding is held in the public interest.

15. Based upon the information contained in paragraphs 2 through 3 and paragraph 8 above, the Commissioner finds that Jarman obtained his Kansas license through a material misrepresentation by omitting the information that he had been charged with a felony and had entered a plea of guilty.

16. Moreover, the Commissioner concludes that Jarman knew or should have known from the explanatory text in the application that he was required to disclose pending misdemeanor or felony charges, pleas of guilty or nolo contendere, and cases of deferred adjudication as well as final judgments.

17. Based on the information contained in paragraphs 4, 7, and 9, the Commissioner finds that Jarman has been convicted of a felony involving dishonesty or breach of trust and that Jarman committed the acts giving rise to the conviction in the course of his business.

18. The Commissioner also finds that Jarman failed to notify the KID of his conviction within 30 days, in violation of K.A.R. § 40-7-9.

19. Accordingly, the Commissioner finds that sufficient grounds exist for the revocation pursuant to K.S.A. 2002 Supp. 40-4909(a) of the nonresident insurance agent's license of Darrell G. Jarman.

20. In addition, the Commissioner finds that the insurable interests of the public are not properly served under the nonresident insurance agent's license of Darrell G. Jarman, and the license should be revoked pursuant to K.S.A. 2002 Supp. 40-4909(b).

21. Based on the facts and circumstances set forth herein, it appears that the use of summary proceedings in this matter is appropriate, in accordance with the provisions set forth in K.S.A. 77-537(a), in that the use of summary proceedings does not violate any provision of the law and the protection of the public interest does not require the KID to give notice and opportunity to participate to persons other than Darrell G. Jarman.

**IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT the Kansas resident insurance agent's license of Darrell G. Jarman is hereby REVOKED.**

### **Notice and Opportunity for Hearing**

Darrell G. Jarman, within fifteen (15) days of service of this Summary Order, may file with the KID written request for a hearing on this Summary Order, as provided by K.S.A. 77-

542. In the event a hearing is requested, such request should be directed to:

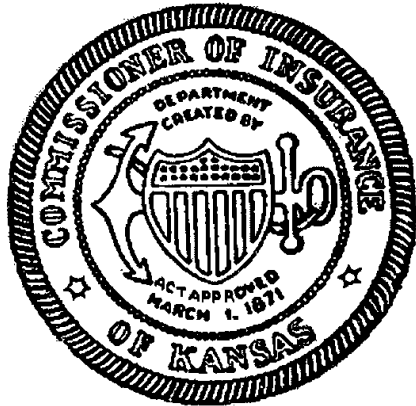
John W. Campbell  
General Counsel  
Kansas Insurance Department  
420 S.W. 9<sup>th</sup> Street  
Topeka, KS 66612

Any costs incurred as a result of conducting any administrative hearing shall be assessed against the agent who is the subject of the hearing as provided by K.S.A. 2002 Supp. 40-4909(f). Costs shall include witness fees, mileage allowances, any costs associated with the reproduction of documents which become part of the hearing record, and the expense of making a record of the hearing.

If a hearing is not requested, this summary order shall become effective as a Final Order, without further notice, upon the expiration of the fifteen-day period for requesting a hearing.

The person designated pursuant to K.S.A. 77-613(e) to receive service of a petition for judicial review on behalf of the KID is John W. Campbell, General Counsel, Kansas Insurance Department, 420 S.W. 9<sup>th</sup> St., Topeka, KS 66612.

IT IS SO ORDERED THIS 15th DAY OF MAY, 2003, IN THE CITY OF  
TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



/s/ Sandy Praeger  
Sandy Praeger  
Commissioner of Insurance  
BY:

/s/ John W. Campbell  
John W. Campbell  
General Counsel

**Certificate of Service**

The undersigned hereby certifies that he served the above and foregoing Summary Order on this 15th day of May, 2003, by causing the same to be deposited in the United States Mail, first class postage prepaid, addressed to the following:

Darrell G. Jarman  
10416 Garnett  
Overland Park, KS 66214

/s/ John W. Campbell  
John W. Campbell