

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

FINAL ORDER

Effective: 06/30/03

In the Matter of the Kansas Nonresident)	
Insurance Agent's License of)	Docket No. 3167-SO
PAUL W. VOYLES, JR.)	

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 Paul W. Voyles, Jr. ("Voyles"), 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 Voyles is licensed as a nonresident agent to transact the business of insurance in the State of Kansas and has been so licensed since June 11, 2001. KID records indicate a current legal and mailing address of 12409 Clarence, Ct., Oklahoma City, OK 73142.
2. On April 24, 2003, Memorandum Decision and Order was entered in the District Court of Shawnee County, Kansas, in case number 02-C-1520, affirming an order of the Kansas Department of Human Resources, Division of Workers Compensation finding Voyles, vice president, and two other officers of Fairway Employment Services, Inc. ("Fairway"), jointly and severally liable for a penalty assessed against the corporate entity.
3. The court found that neither Fairway nor any of its employees or directors were licensed to sell workers compensation insurance in Kansas from December 2000 through May 2001 and that in January 2001, Fairway entered into a contract with Latta-Whitlow Plumbing

and Heating, Inc. (“Latta”) to provide leased employees, workers compensation coverage, and payroll services.

4. The court found, *inter alia*, that following an injury to a Latta employee and requests from Latta and the Division of Workers Compensation, Voyles tendered multiple spurious workers compensation insurance certificates, each signed by Voyles as authorized representative of the insurer.

5. The court found that the evidence supported the administrative hearing officer’s finding that no workers compensation coverage existed and Fairway, therefore, violated K.S.A. 44-532.

6. The court found that, between January 19, 2001, and April 30, 2001, Latta paid Fairway \$87,468.17 in fees for services including workers compensation coverage.

7. The court further found that the corporate veil should be pierced and the corporate officers held personally liable for the violation because of “fraud, abuse, and egregious misrepresentations of fact.”

Applicable Law

8. 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; . . . (4) Improperly withheld, misappropriated or converted any moneys or properties received in the course of doing insurance business . . . [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.”

9. Any person transacting insurance business in the state must be licensed by the Commissioner. K.S.A. 40-240 (Furse 2000) (repealed effective July 1, 2001); now see K.S.A. 2002 Supp. 40-4905(a) (unlawful to sell, solicit, or negotiate unless licensed).

10. A person licensed in this state as an insurance agent is required to report to the Commissioner, within 30 days of the occurrence, each judgment or injunction entered against the licensee on the basis of conduct involving fraud, deceit, misrepresentation, or violation of any insurance law. K.A.R. § 40-7-9.

11. 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

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

13. Based on the information contained in paragraphs 4, 5, and 7, the Commissioner finds that Voyles has been found to have used fraudulent and dishonest practices in the course of his business.

14. Based on the information contained in paragraphs 1 and 3, the Commissioner also finds that Voyles has engaged in the business of insurance in the State of Kansas without being properly licensed, in violation of K.S.A. 40-240.

15. The Commissioner further finds that Voyles violated K.A.R. § 40-7-9 in failing to report the judgment against him to the KID within 30 days.

16. 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 Paul W. Voyles, Jr.

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

18. 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 Paul W. Voyles, Jr.

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT the Kansas resident insurance agent's license of Paul W. Voyles, Jr., is hereby **REVOKED**, and Paul W. Voyles, Jr., is ordered to **CEASE AND DESIST** from engaging in the business of insurance in the State of Kansas.

Notice and Opportunity for Hearing

Paul W. Voyles, Jr., 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. 9th Street
Topeka, KS 66612

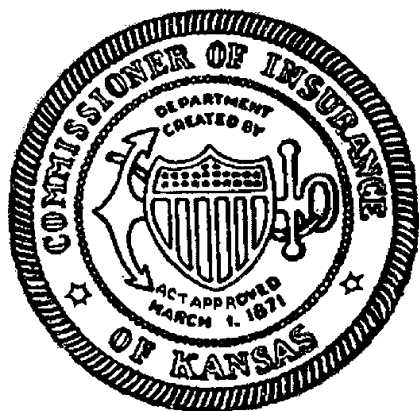
Any costs incurred as a result of conducting any administrative hearing shall be assessed against the agent who is the subject of the hearing as provided by K.S.A. 2002 Supp. 40-4909(f). Costs shall include witness fees, mileage allowances, any costs associated with the reproduction

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. 9th St., Topeka, KS 66612.

IT IS SO ORDERED THIS _10th_ DAY OF JUNE, 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 10th of June, 2003, by causing the same to be deposited in the United States Mail, first class postage prepaid, addressed to the following:

Paul W. Voyles, Jr.,
12409 Clarence, Ct.
Oklahoma City, OK 73142

_/_s/ John W. Campbell _____
John W. Campbell