

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

FINAL ORDER

Effective: 10/28/03

In the Matter of the Kansas Nonresident)	
Insurance Agent's License of)	Docket No. 3218-SO
JENNIFER HARALSON)	

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 resident agent's license of Jennifer Haralson ("Haralson") 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 Haralson is licensed as a resident agent to transact the business of insurance in the State of Kansas and has been so licensed since February 27, 2001. KID records indicate a current legal and mailing address of 8495 High Street, DeSoto, KS 66018.
2. In March 2003, Jim Mical, Audit Consultant with State Farm Insurance Companies, advised KID that Haralson's appointment had been cancelled November 8, 2002, following an investigation into irregularities with the Premium Fund Account ("PFA") of the agency that employed Haralson.
3. Haralson was appointed as a Trainee Agent on January 1, 2001, and employed by the Heather Schossow Agency.

4. In October 2002, State Farm agent Heather Schossow (“Schossow”) discovered several instances of delays in depositing policyholder payments into the agency’s PFA.

5. Haralson had told Schossow that the bank had had problems sending out statements, but when Schossow called the bank to ask why she had not received statements for two months, she was informed that there had been no problems.

6. The bank official also advised Schossow of overdraft charges totaling \$345.

7. Schossow had not received overdraft notices mailed to the agency.

8. During a review of bank statements and policyholder payment records, Schossow discovered that several payment listings and corresponding deposit slips were missing from the office records and \$550 in premium payments had not been deposited.

9. When the missing payments were discovered, Haralson stated that she had forgotten to make the deposit, left the office, and returned with \$550 in cash.

10. A consumer had paid \$550 in cash with applications for two new watercraft policies on June 14, 2002. Binders showed both premiums paid in full, but the applications received by the company indicated that no payment was made.

11. Haralson stated that she knew she could not bind coverage on watercraft and that she had returned the premium payments to the consumer.

12. Another employee of the agency stated that she had seen Haralson throw away mail from the bank, and Haralson admitted to having thrown away one overdraft notice.

13. A detailed audit by State Farm’s audit department revealed that between August 2, 2002, and September 16, 2002, six deposits were not made in a timely manner, and three of the six were partial deposits.

14. Haralson gave Schossow \$170 in cash to pay overdraft charges not waived by the bank and an additional \$96.46 in cash to cover PFA discrepancies.

15. Haralson currently has felony charges pending case number 03CR01173 in the District Court of Johnson County, Kansas, for theft and making a false writing.

16. In addition, the civil docket of the District Court of Johnson County, Kansas, shows that Haralson has been a defendant in thirteen collections actions since 1996, including tax warrants filed in 2000 and 2001 by the Kansas Department of Revenue.

17. A tax warrant was issued for unpaid state income tax for tax years 1997 and 1998 in case number 00TW00621.

18. A tax warrant was issued on December 5, 2001, and served December 10, 2001, for unpaid state income tax in the amount of \$2,255.50 for tax years 1999 and 2000 under case number 01TW01211.

Applicable Law

19. 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: . . . (4) Improperly withheld, misappropriated or converted any moneys or properties received in the course of doing insurance business. . . . (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. . . . (14) Failed to pay any state income tax or court order directing payment of state income tax.”

20. 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

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

22. Based upon the information contained in paragraphs 2 through 10 above, the Commissioner finds that Haralson has improperly withheld, misappropriated or converted moneys received in the course of doing insurance business.

23. Based on the information contained in paragraphs 11, 12, and 15 above, the Commissioner finds that Haralson has demonstrated incompetence, untrustworthiness or financial irresponsibility in the conduct of business.

24. In addition, based on the information contained in paragraphs 16 and 17 above, the Commissioner finds that Haralson has failed to pay state income tax for four tax periods.

25. Accordingly, the Commissioner finds that sufficient grounds exist for the revocation pursuant to K.S.A. 2002 Supp. 40-4909(a) of the resident insurance agent's license of Jennifer Haralson.

26. In addition, based on the nature of the pending criminal charges and a substantial history of personal financial challenges, the Commissioner finds Jennifer Haralson is either unable to manage financial transactions competently or succumbs to temptation to use the funds of others, at least temporarily, to meet personal financial needs and that the insurable interests of the public are not properly served under the resident insurance agent's license of Jennifer Haralson, and the license should be revoked pursuant to K.S.A. 2002 Supp. 40-4909(b).

27. 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 Jennifer Haralson.

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

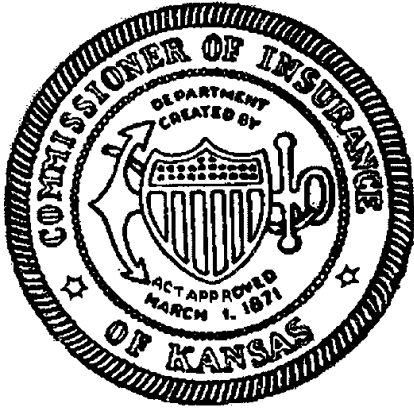
Notice and Opportunity for Hearing

Jennifer Haralson, 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.

IT IS SO ORDERED THIS 10th DAY OF OCTOBER 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

NOTICE: 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.

Certificate of Service

The undersigned hereby certifies that she served a true and correct copy of the above and foregoing **Summary Order** on this 10th day of October 2003, by causing the same to be deposited in the United States Mail, first class postage prepaid, addressed to the following:

Jennifer Haralson
8495 High Street
DeSoto, KS 66018

/s/ Brenda J. Clary
Brenda J. Clary