

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

FINAL ORDER

Effective 11/02/2004

In the Matter of the Kansas Resident)
Insurance Agent's License of)
SCOTT P. RICHMOND)

Docket No. 3383-EO

EMERGENCY ORDER

(Pursuant to K.S.A. 2003 Supp. 40-4909, K.S.A. 77-536, and K.S.A. 77-537)

Pursuant to authority granted to the Commissioner of Insurance ("Commissioner") by K.S.A. 2003 Supp. 40-4909, the Commissioner hereby suspends the resident agent's license of Scott P. Richmond ("Respondent") by way of Emergency Order as provided by K.S.A. 77-536 and proposes to revoke said license by Summary Order at the expiration of the time to request a hearing pursuant to 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 Respondent is licensed as a resident agent to transact the business of insurance in Kansas, and has been so licensed since April 14, 2004, after having been licensed as a nonresident agent since November 2003.
2. KID records further indicate a legal and mailing address of 5403 West 134th Terrace, Overland Park, Kansas, 66204.
3. By letter dated October 4, 2004, Keisha Weeks, Federal & State Regulatory Projects Manager, American Family Life Assurance Company of Columbus ("AFLAC"), advised KID that Respondent's appointment with the company had been terminated for cause.

4. AFLAC states that Respondent created “bogus business” and that “[a]ll attempts to interview [Respondent] were met with negative results.”

5. In addition, AFLAC advised KID investigators that it had been unable to contact Respondent.

6. AFLAC provided copies of over 140 applications for insurance submitted by Respondent on behalf of fictitious persons.

7. Despite diligent efforts, KID investigators have been unable to contact Respondent.

Applicable Law

8. K.S.A. 2003 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, and amendments thereto, or any rule and regulation promulgated thereunder; . . . (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 . . . (10) Forged another person’s name to an application for insurance or to any document related to an insurance transaction. . . .” K.S.A. 2003 Supp. 40-4909(a).

9. A person who “knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer . . . any written statement as part of, or in support of, an application for the issuance of, or the rating of[,] an insurance policy . . . which such person knows to contain materially false information concerning any fact material thereto” commits a fraudulent insurance act, which is a felony offense. K.S.A. 40-2, 118.

10. The Commissioner may revoke any license issued under the Insurance Agents Licensing Act if the Commissioner finds that the interests of the insurer or the insurable interests of the public are not properly served under such license. K.S.A. 2003 Supp. 40-4909(b).

Conclusions of Law

11. The Commissioner has jurisdiction over Respondent as well as the subject matter of this proceeding, and such proceeding is held in the public interest.

12. The Commissioner finds, based on the facts contained in paragraphs 4 and 6 above that Respondent forged the names of fictitious persons on applications for insurance, thereby falsely representing that the persons existed and signed the applications for insurance, in violation of K.S.A. 40-2,118(a).

13. The Commissioner finds, based on the same facts, that Respondent has used a fraudulent or dishonest practice in the conduct of business.

14. The Commissioner concludes that sufficient grounds exist for the revocation of the insurance agent's license of Scott P. Richmond pursuant to K.S.A. 2003 Supp. 40-4909(a).

15. The Commissioner also concludes that Respondent's license may be revoked pursuant to K.S.A. 2003 Supp. 40-4909(b) for the protection of the interests of the insurer and the insurable interests of the public.

16. The Commissioner further finds that fraudulent insurance acts present an immediate danger to the public health, safety, and welfare, that Respondent's ongoing misconduct gives rise to a reasonable belief that such acts will be repeated, and that immediate action is necessary for the protection of the public.

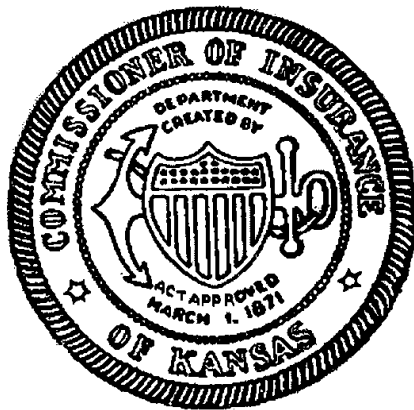
17. Accordingly, the Commissioner finds that Respondent's Kansas resident insurance agent's license should be suspended without delay.

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 Scott P. Richmond.

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT the Kansas resident insurance agent's license of Scott P. Richmond is hereby **SUSPENDED** and Respondent is ordered to **CEASE AND DESIST** from engaging in the business of insurance in Kansas unless and until this order is set aside or modified after further proceedings. In addition, this order will become a final order in the manner prescribed by K.S.A. 77-537 unless Respondent requests a hearing within 15 days of the date of this order.

IT IS SO ORDERED THIS 15th DAY OF OCTOBER, 2004, 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 **Notice** and **Emergency Order** on this 15th day of October 2004, by causing the same to be deposited in the United States Mail, first class postage prepaid, addressed to the following:

Scott P. Richmond
5403 West 134th Terrace
Overland Park, Kansas, 66204

_ /s/ Brenda J. Clary _____
Brenda J. Clary

**BEFORE THE COMMISSIONER OF INSURANCE
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In the Matter of the Kansas Resident)
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SCOTT P. RICHMOND)

NOTICE OF SUMMARY ORDER

Notice is hereby given that the attached Summary Order will become effective fifteen (15) days after service of this Notice unless Respondent files with the Kansas Insurance Department ("KID") a written request for a hearing, as provided by K.S.A. 77-542. In the event a hearing is requested, the attached summary order will serve to give notice of the allegations upon which KID bases its proposed action.

A request for hearing 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 may be assessed against an agent who is the subject of the hearing as provided by K.S.A. 40-4909(f).

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 Final Order will constitute final agency action in this matter.

Dated this ____ of October 2004.

Brenda J. Clary
Staff Attorney
Kansas Insurance Department