

\$1,948.00 and was dated September 18, 2004. Check #4216 was written to "American Equity" for \$130,000.00 and dated September 17, 2004. Mrs. [REDACTED] was not certain what she had purchased.

4. KID requested a written response from Respondent and one from American Equity Investment Life Insurance Company ("American Equity").

5. Respondent did not provide a written response to KID although he was in contact with KID by telephone.

6. American Equity replied and provided a copy of a "Future Gold Equity Indexed Annuity" contract that Mrs. [REDACTED] and her husband, [REDACTED], purchased on September 18, 2004 for \$130,000.00. The contract was issued on September 23, 2004. As well, American Equity included a copy of an undated, typed letter signed by Laura M. Logan explaining that her check for \$1,948.00 was a gift to Respondent and indicating her desire to withdraw the formal complaint that she filed with KID.

7. There was no written agreement between the Logans and Respondent specifying the amount of any compensation that would be paid to Respondent.

8. In an interview with KID representatives on March 3, 2005, Respondent described the following events: Respondent had an eighteen year relationship with Mrs. [REDACTED] [REDACTED]. Mrs. [REDACTED] was like a "second mother" to Respondent until her death in August 2004. When [REDACTED] husband, [REDACTED] died [REDACTED] received death benefits from an annuity. Respondent subsequently sold insurance products to Mrs. [REDACTED]. Following Mrs. [REDACTED] death, Respondent met with her son, [REDACTED] [REDACTED] and his wife, [REDACTED] regarding proceeds from Mrs. [REDACTED] estate.

9. Respondent stated that he knew [REDACTED] ([REDACTED] and [REDACTED] were “very slow,” but he “didn’t realize” to what extent until he met with them. Respondent also described the [REDACTED] as “down home folk” and stated that “they could be overwhelmed easily.” The [REDACTED] were very nervous about [REDACTED] impending retirement. In looking at the [REDACTED] financial situation, Respondent expressed concern to them about the extent of their credit card debt – approximately \$60,000.00 – and vehemently urged them to pay off the high-interest credit card debt. Respondent stated that he instructed the [REDACTED] “up front to get advice from a lawyer and get their debt and taxes paid.” The [REDACTED] however, did not want to pay off all of the credit card debt and, apparently, did not obtain legal advice. Respondent recommended the purchase of an annuity. [REDACTED] [REDACTED] wrote a check for \$130,000.00 for the purchase of an annuity. A check for \$1,948.00 was written to Respondent to compensate him for his efforts in helping the [REDACTED] secure death certificates for Ms. [REDACTED] dividing up property left by Ms. [REDACTED] to [REDACTED] [REDACTED] and his sister, and “going through accounts.” Respondent stated that “I’m not a certified financial planner...never was.”

10. At some point after Annuity # [REDACTED] was issued, Respondent prepared a letter requesting that the original Annuity contract be reissued, because Respondent had not allowed for taxes on the proceeds from [REDACTED] trust. The letter was signed by the Respondent, [REDACTED] and [REDACTED]. Respondent stated that \$19,600.00 was subsequently refunded to pay taxes and a new annuity contract was reissued in the amount of \$110,400.00.

11. Subsequently, the [REDACTED] asked the company to allow them to get out of the second annuity contract. American Equity refused and the [REDACTED] later

surrendered the annuity, incurring high surrender charges, in order to pay additional taxes.

12. Respondent contacted [REDACTED] in her home one evening after her initial inquiry to KID in October 2004. Respondent admitted that he prepared the undated, typed letter “from” [REDACTED] stating that the \$1,948.00 was a “gift” to Respondent and that she was withdrawing her formal complaint against Respondent. [REDACTED] signed the letter and Respondent sent it to American Equity. [REDACTED] was home alone when Respondent presented it to her.

Applicable Law

13. K.S.A. 2004 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 hereunder (see also 40-4204(1). . .(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. . .” K.S.A. 2004 Supp. 40-4909(a).

14. 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. 2004 Supp. 40-4909(b).

Conclusions of Law

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

The Commissioner finds, based on the facts contained in paragraphs 6 through 11, the Commissioner finds that Respondent has demonstrated incompetence, untrustworthiness, or financial irresponsibility in the conduct of business.

16. The Commissioner finds that the Respondent exhibited coercive conduct in his interactions with the [REDACTED]

17. Based on the Respondent's conduct, the Commissioner concludes that sufficient grounds exist for the revocation of Respondent's insurance agent's license pursuant to K.S.A. 2004 Supp. 40-4909(b) because such license is not properly serving the interests of the insurer and the insurable interests of the public.

18 However, the Commissioner finds that, pursuant to K.S.A. 2004 Supp. 40-4909(h)(1) the Respondent shall be censured in lieu of revocation. The Respondent shall retain his Kansas insurance agent's license during a probationary period of one calendar year from the effective date of this Order. As a condition of that probation, the Respondent shall not sell, solicit or negotiate annuities, until such time as he completes and submits verification of (10) hours of continuing education centered on ethics in addition to any continuing education hours required for his renewal, which is due on September 12, 2005. The additional hours must be completed within twelve (12) months of the effective date of this Order.

19. The Commissioner concludes that, pursuant to K.S.A. 2004 Supp. 40-4909(h)(2), Respondent shall pay an administrative penalty of \$250 for violation of K.S.A. 2004 Supp. 40-4911. This penalty must be paid within six (6) months of the effective date of this Order.

20 The Commissioner and Pannone stipulate and agree that any violation of statute or regulation during the one-year probation, whether the violation becomes known or is committed during the probationary period, shall be cause for suspension or revocation of the license at the Commissioner's discretion.

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT Rick A. Pannone shall pay an administrative penalty of \$250 within six months of the effective date of this Order. It is further ordered that Rick A. Pannone shall retain his Kansas resident insurance agent's license on a probationary basis for one year from the date of this Order.

IT IS SO ORDERED THIS 9th DAY OF September, 2005, 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

I, Rick A. Pannone, hereby consent to the foregoing Order and waive hearing and judicial review.

/s/ Rick A. Pannone 9/1/05
Rick A. Pannone Date
Respondent

/s/ Derek J. Shafer
Derek J. Shafer
Counsel for Respondent

NOTICE: This order shall constitute a final agency action on the date it is signed by the Commissioner or her designee. In the event the Petitioner desires to file a petition for judicial review, the agency officer 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 Street, Topeka, KS 66612.

Certificate of Service

The undersigned hereby certifies that she serviced a true and correct copy of the above and foregoing Consent Order on this _9th_ day of August, 2005, by placing the same in the United States Mail, first class postage prepaid, addressed to the following:

Derek Shafer
Attorney at Law
700 S.W. Jackson
Topeka, KS 66603
Attorney for Respondent Rick A. Pannone

_/s/ Shelley J. Diehl_____

Shelley J. Diehl
Staff Attorney