

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

FINAL ORDER

Effective: 11/3/2006

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

Docket No. 3529-SO

SUMMARY ORDER

(Pursuant to K.S.A. 2005 supp. 40-4909 and K.S.A. 77-537)

Pursuant to authority granted to the Commissioner of Insurance ("Commissioner") by K.S.A. 2005 Supp. 40-4909, the Commissioner hereby proposes to find facts and impose sanctions against the resident agent's license of Scott P. Richmond (Respondent) by way of Summary Order as provided by K.S.A. 77-537.

Findings of Fact:

The commissioner finds the following facts from KID files and Respondent's statements:

1. Records maintained by the KID indicate that the Respondent is licensed as a resident agent to transact the business of insurance in Kansas and has been so licensed since November 21, 2003. The Respondent began his appointment as an agent with American Family Life Assurance Company (AFLAC) in March of 2004.

2. KID records further indicate both a legal address and a mailing address of 5403 West 134th Terrace, Overland Park, KS 66204.

3. On or about June 18, 2004 Scott P. Richmond sold AFLAC accident and health insurance policies to three (3) people employed by

████████████████████, Kansas 66112. At the time of these sales, Richmond was a licensed Kansas insurance agent with an office located at 7725 West 148th Street, Overland Park, Kansas. The three (3) employees who applied for the various insurance policies were ██████████ ██████████ and ██████████.

4. Between June 18, 2004 and July 29, 2004, Scott Richmond submitted an additional fourteen (14) transmissions to AFLAC containing one hundred and forty-three applications for accident insurance, supplemental health insurance, Cancer insurance, hospital indemnity insurance and hospital intensive care insurance to AFLAC purporting to be for thirty (30) employees of ██████████.

5. On September 7, 2004 ██████████ ██████████, owner of ██████████ ██████████, gave a statement to investigators indicating that the three (3) original applicants were legitimate, but that the other thirty (30) applicants, purported by Scott Richmond to be employees of Primary Landscaping, are not and were not employees of Primary Landscaping.

6. United States Postal Inspector J. Stephen Hamilton verified that none of the addresses purported to belong to the thirty (30) applicants on applications submitted to AFLAC were legitimate addresses.

7. Inquiries were made to "Accurint," a database comprised of public database information using information from several sources such as credit reporting companies, public utilities, state licensing authorities, etc.

Inquiries were to determine if the Social Security Numbers provided on the AFLAC insurance applications submitted by Scott Richmond as belonging to the thirty (30) purported applicants did belong to those applicants. That search revealed that none of the Social Security Numbers listed belonged to the thirty (30) persons named as applicants by Scott Richmond.

8. On July 17, 2004 Richmond prepared and sent from his "SmartApp" computer laptop to AFLAC's headquarters in Columbus, Georgia an "AFLAC New Business Transmittal" consisting of applications for various health insurance policies for bogus "employees" of Primary Landscaping. Among those "employees" are: Jose Rodriquez and Adell Jackson

9. For "maintenance manager" **Jose Rodriquez**, Richmond submitted an "**Application for Accident Insurance,**" "**Application for Cancer Indemnity Insurance,**" "**Application for Hospital Indemnity Insurance,**" and "**Specified Health Event Insurance.**" All four applications contain signatures purporting to be that of a Jose Rodriquez. Primary Landscaping has never had an employee by the name of Jose Rodriquez.

10. "For "maintenance provider" **Adell Jackson**, Richmond submitted an "**Application for Accident Insurance,**" "**Application for Cancer Indemnity Insurance,**" "**Application for Hospital Indemnity Insurance,**" and "**Specified Health Event Insurance.**" All four applications contain signatures purporting to be that of an Adell Jackson.

Primary Landscaping has never had an employee by the name of Adell Jackson.

11. On July 26, 2004 Richmond prepared and sent from his "SmartApp" computer laptop to AFLAC's headquarters in Columbus, Georgia an "AFLAC New Business Transmittal" consisting of applications for various health insurance policies for bogus "employees" of Primary Landscaping. Among those "employees" was David Boston.

12. For "Operations Manager" **David Boston**, Richmond submitted an "**Application for Accident Insurance,**" "**Application for Cancer Indemnity Insurance,**" "**Application for Hospital Indemnity Insurance,**" and "**Specified Health Event Insurance.**" All four applications contain signatures purporting to be that of a David Boston. Primary Landscaping has never had an employee by the name of David Boston.

13. Based on the submissions of those one hundred and forty-three applications, AFLAC paid Scott Richmond commissions of fifteen thousand nine hundred and twenty-three dollars and fifty-two cents (\$15,923.52).

14. For each of the above-mentioned applications submitted by Scott P. Richmond, he was advanced commissions for amounts under \$500.

15. Criminal case Number 06CR644 was filed in Johnson County District Court charging the Respondent with twelve (12) counts of Forgery and twelve (12) counts of Fraudulent Insurance Act.

16. On July 21, 2006 the Respondent was found guilty of three (3) counts of forgery, all level 8, non person felonies, in violation of K.S.A. 21-3710. He was sentenced on September 15, 2006.

17. The Missouri Department of Insurance (MDOI) received a complaint on the Respondent regarding the misrepresentation of an insurance product/policy. On May 23, 2006, MDOI revoked the Respondent's non-resident agent insurance license based on a demonstration of lack of fitness or trustworthiness in the conduct of business in the state of Missouri.

18. The Respondent failed to notify KID of this administrative action.

Applicable Law

19. K.S.A. 2005 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: (6) Been convicted of a misdemeanor or felony. . ."
K.S.A. 2005 Supp. 40-4909(a).

20. K.S.A. 2005 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: (8) Used any fraudulent, coercive, or dishonest practice, or demonstrated any incompetence, untrustworthiness, or financial irresponsibility in conduct of

business in this state or elsewhere. . . ." K.S.A. 2005 Supp. 40-4909(a).

21. K.S.A. 2005 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: (10) Forged another person's name to an application for insurance or to any document related to an insurance transaction. . . ." K.S.A. 2005 Supp. 40-4909(a).

22. K.A.R. 40-7-9 (in relevant part) requires the Respondent as a licensed insurance agent to report to KID within 30 days of occurrence:

(c) each judgment or injunction entered against the licensee on the basis of conduct involving fraud, deceit, or misrepresentation, or a violation of any insurance law,

23. 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. 2005 Supp. 40-4909(b).

Conclusions of Law

24. 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 15–16, that the Respondent has been convicted of forgery, a level 8, nonperson felony.

25. 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 3-18, that Respondent has demonstrated incompetence, untrustworthiness, or financial irresponsibility in the conduct of business.

26. The Commissioner finds, based on the facts contained in paragraphs 3-16, that Respondent has forged another person's name to an application for insurance and/or to another document related to an insurance transaction.

27. The Commissioner concludes that sufficient grounds exist for the revocation of Respondent's insurance agent's license pursuant to K.S.A. 2005 Supp. 40-4909(a).

28. As well, the Commissioner concludes that sufficient grounds exist for the revocation of Respondent's insurance agent's license pursuant to K.S.A. 2005 Supp. 40-4909(b) because such license is not properly serving the interests of the insurer and the insurable interests of the public.

29. 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 REVOKED. It is further ordered, that Scott P. Richmond shall CEASE and DESIST from the sale, solicitation, or negotiation of insurance and/or receiving compensation deriving from the sale, solicitation, or negotiation of insurance conducted after the effective date of this order.

IT IS SO ORDERED THIS 16th DAY OF October, 2006, 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 designed 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 **Summary Order** on this 16th day of October, 2006, by placing it postage prepaid in the U.S. Mail to:

Scott P. Richmond
512 Queens Court Place
St. Peters, MO 63376

_ /s/ Shelley J. Diehl _____
Shelley J. Diehl
Staff Attorney

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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 __16th__ of October, 2006.

___/s/ Shelley J. Diehl_____

Shelley J. Diehl
Staff Attorney
Kansas Insurance Department