

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

In the Matter of the Kansas)	
Resident Insurance Agent's License of)	Docket No. 3793-SO
WILLIAM CHAD MAYES)	
NPN/License No: 6097796)	

CONSENT ORDER

THE KANSAS INSURANCE DEPARTMENT ("KID") by and through its attorney, Stacy R. Bond, and WILLIAM CHAD MAYES ("Respondent") by and through his attorney, Doug Thompson, wish to resolve the above-captioned matter before the Insurance Commissioner without formal adjudication by entering into this Consent Order.

Having been advised of his right to a hearing prior to the entry of a final order, Respondent stipulates that evidence of the matters listed below under the heading of Findings of Fact would be admissible if offered at a hearing, and it is upon this evidence that the Insurance Commissioner ("Commissioner") bases her Findings of Fact, Conclusions of Law, and enters this Order. Respondent agrees to the order and voluntarily waives hearing and review of the order.

Pursuant to the authority granted by K.S.A. 40-103 et seq. and K.S.A. 77-501 et seq., the Commissioner of Insurance hereby accepts the voluntary surrender of the Kansas Resident Insurance Agent's License of Respondent.

Findings of Fact

The parties stipulate that if a hearing were conducted in this matter, the following evidence could be adduced by the Commissioner of Insurance, and although neither admitted nor denied by Respondent, would be recognized as admissible to show the following:

1. Records maintained by the Kansas Insurance Department (“KID”) indicate William Chad Mayes is licensed as a resident agent to transact the business of insurance in Kansas, and has been so licensed since January 10, 2001.
2. KID records indicate a mailing address of 601 Stone Creek Dr., Newton, Kansas 67114.
3. On December 26, 2007, KID received a complaint from Mr. Edgar Jay Copeland (“Mr. Copeland”) concerning Mr. Mayes. Mr. Mayes apparently had altered an insurance policy issued for \$750,000.00 to appear on the face to have been issued for \$1,000,000.00. Additionally Mr. Copeland believed the insured’s name may have been forged.
4. In response to an agency internal production complaint, Mr. Copeland instructed that the files of Mr. Mayes in the Junction City, Kansas office were to be secured. Upon reviewing those files, Mr. Copeland found what he believed to be an altered insurance policy. Mr. Copeland observed in the file of Mr. Mayes, a policy issued to Jeanie H. Ores issued in the amount of \$750,000.00. The front page of this policy had the face amount covered over with a blank piece of paper. The policy data page 3A had the upper \$750,000.00 figure taped over with a blank piece of paper or with a piece of paper denoting \$1,000,000.00 and the lower with a piece of paper denoting \$1,000,000.00.
5. On December 22, 2007 Mr. Copeland met with the insured, Jeanie H. Ores (“Ms. Ores). Ms. Ores informed Mr. Copeland that she had “purchased” a million dollar policy from Mr. Mayes and she produced a copy of the policy she received from Mr. Mayes. The policy presented to Ms. Ores did not show the face value on the

first page, but a paper edge that was copied can be seen where the amount belonged. Page 3A of this policy has a paper line in the place of the upper amount, and the lower \$1,000,000.00 figure also shows a paper edge that was copied.

6. On January 3, 2008, Randy Adair, Chief Anti-Fraud Investigator for the Kansas Insurance Department spoke with Mr. Mayes. Mr. Mayes stated that he in fact did alter the face amount of the policy that Ms. Ores received. Mr. Mayes admitted to printing \$1,000,000 on a piece of paper, cutting that out and putting it over the \$750,000 figure on the policy. Mr. Mayes stated he then copied the altered policy and presented the copy to Ms. Ores.
7. After further inquiry, Mr. Mayes admitted that he “might” have cut Ms. Ores signature from the first application and taped it to a second application. Mr. Mayes submitted a second application on February 19, 2007, this policy was issued on March 6, 2007 for \$750,000.00. Mr. Mayes cut the signature of Ms. Ores from her first application and copied it to another application that he then submitted.
8. On January 7, 2008, Randy Adair spoke with Ms. Ores. Ms. Ores stated that Mr. Mayes told her he could get her a million dollar policy. Ms. Ores stated that she surrendered three other life insurance policies to finance the million dollar policy, and wrote a personal check for \$96,000.00. The face amounts of the policies surrendered were:

<u>Company</u>	<u>Policy Number</u>	<u>Amount</u>
Farm Bureau	L00349852	\$345,981.00
Farm Bureau	L00352852	\$333,911.00

Farm Bureau	04001199483	\$ 75,000.00
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These policies had a face amount total of \$754,892.00

9. Ms. Ores stated that she never signed a second application for life insurance. Ms. Ores also stated that she “never ever” gave Mr. Mayes permission to sign her name on any paperwork and she never asked for or negotiated for a policy of \$750,000.00
10. Eric Westman, Compliance Consultant for AVIVA stated that the initial quote and illustration for one million dollars was based on the consumer having no medical issues. When the policy was rated, it came back at table 6 which incurs a higher premium rate. Due to this the million dollar policy could no longer be delivered at the premium promised due to the change in the rating from the original illustration. The table 6 assignment raised the premium to 250% times the cost of the illustration.
11. Due to Mr. Mayes actions, Ms. Ores lost \$4,892.00 in coverage and spent an additional \$96,000.00. Mr. Mayes received a commission of \$35,370.83 for the \$750,000.00 policy sale to Ms. Ores.

Applicable Law

12. K.S.A. 2007 Supp. 40-4909 states, in pertinent part:
 - (a) 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 or 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.
 - (b) In addition, the commissioner may suspend, revoke or refuse renewal of any license issued under this 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.
13. K.S.A. 2007 Supp. 40-2404 states, in pertinent part: The following are hereby defined as unfair methods of competition and unfair or deceptive acts or practices in the business of insurance:
- (11) Misrepresentation in insurance applications. Making false or fraudulent statements or representations on or relative to an application for an insurance policy, for the purpose of obtaining a fee, commission, money or other benefit from any insurer, agent, broker or individual.
14. K.S.A. 2007 Supp. 40-2,118 states, in pertinent part:
- (a) For purposes of this act a "fraudulent insurance act" means an act committed by any 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, purported insurer, broker or any agent thereof, any written statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false, information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.

Conclusions of Law

Based on the Findings of Fact stated above in Paragraphs #1-#11 and the Applicable Law, the Commissioner finds:

1. The Commissioner has jurisdiction over Respondent and the subject matter of this proceeding and such proceeding is held in the public interest.
2. It appears Respondent violated K.S.A. 2007 Supp. 40-4909, K.S.A. 2007 Supp. 40-2404 and K.S.A. 2007 Supp. 40-2,118 in his conduct in transacting insurance business with Jeanie H. Ores.
3. In lieu of suspension or revocation of the Kansas Resident Insurance Agent's License of Respondent, the Commissioner hereby accepts the **VOLUNTARY SURRENDER** of the Kansas Resident Insurance Agent's License of William Chad Mayes effective upon the effective date of this Order.

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT:

The Kansas Resident Insurance Agent's License of William Chad Mayes is hereby **VOLUNTARILY SURRENDERED** effective upon the effective date of this Order.

It is **FURTHER ORDERED** that Respondent, William Chad Mayes, 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.

NOTICE AND OPPORTUNITY FOR HEARING

William Chad Mayes, within fifteen (15) days of service of this Consent Order, may file with the Kansas Insurance Department a written request for hearing on this Consent 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, Kansas 66612

Any costs incurred as a result of conducting any administrative hearing shall be assessed against the agent/agency who is the subject of the hearing as provided by K.S.A. 40-4909(f).

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Costs shall include witness fees, mileage allowances, any costs associated with 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 Consent Order shall become effective as a Final Order, without further notice, upon the expiration of the fifteen (15) day period for requesting a hearing. The Final Order will constitute final agency action in the matter.

In the event the Petitioner files 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 Kansas Insurance Department is:

John W. Campbell, General Counsel
Kansas Insurance Department
420 S.W. 9th St.
Topeka, Kansas 66612

IT IS SO ORDERED THIS 12th DAY OF MARCH, 2008, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



_____/s/ Sandy Praeger
Sandy Praeger
Commissioner of Insurance

BY:

_____/s/ John Campbell
John Campbell
General Counsel

APPROVED AS TO FORM
AND CONTENT BY:

WILLIAM CHAD MAYES, RESPONDENT

BY: ____/s/ Doug Thompson
Doug Thompson
Attorney for Respondent

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KANSAS INSURANCE DEPARTMENT

BY: /s/ Stacy R. Bond_____
Stacy R. Bond
Staff Attorney
Kansas Insurance Department

Certificate of Service

The undersigned hereby certifies that above and foregoing **Consent Order** was served via the United States Postal Service, first-class postage prepaid, on this 12th day of March , 2008, addressed to the following:

*William Chad Mayes
601 Stone Creek Dr.
Newton, KS 67114*

*Doug Thompson
PO Box 549
Chapman, KS 67431*

 /s/ Stacy R. Bond_____
Stacy R. Bond
Staff Attorney