

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

In the Matter of the Kansas Resident            )  
Insurance Agent's License of                    )  
**STEPHEN C. LANGHOFER**                        ) **Docket No. 3922-SO**  
NPN # 927199                                        )

**FINAL ORDER**

On December 11, 2008, the Hearing Officer, Robert M. Tomlinson, in the above-captioned matter hereby made the following findings and enters the Order as follows:

**Procedural Issues**

This matter comes before the Hearing Officer as a result of the Kansas Insurance Department's issuance of a Summary Order on August 29, 2008 against Stephen C. Langhofer for violation of K.S.A. 40-4909. Stephen C. Langhofer timely appealed the Summary Order and requested a hearing. A hearing was held on December 2, 2008, and on December 11, 2008 the Hearing Officer announced, orally, his decision which is as follows:

**Issues**

1. Whether the Respondent violated K.S.A. 40-4909(a)(6) by being convicted of felonies?
2. Whether the felony convictions, two counts of securities fraud, should be the basis for revocation of Respondent's insurance license?

**Decision**

1. Respondent violated K.S.A. 40-4909(a)(6) by being convicted of felonies.

Respondent was charged with two counts of securities fraud, in violation of K.S.A. 17-12a501. Each count was a severity level 7, non-person felony. Respondent plead no contest to each count and was sentenced on June 27, 2008 to consecutive terms of twelve months, said

incarceration suspended and Respondent placed on probation for twenty four months. As part of his probation, Respondent was ordered to pay \$ 717,348 in restitution to a total of 34 victims.

K.S.A. 2006 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:

(6) Been convicted of a misdemeanor or felony.

There is no question that Respondent has violated the above statute.

2. Two counts of securities fraud are the basis for revocation of Respondent's insurance license

Respondent's counsel argues that the Hearing Officer has discretion in deciding whether K.S.A. 2006 Supp. 40-4949(a)(6) requires the revocation of the license, as opposed to some less severe discipline. The Hearing Officer agrees that he has discretion. However, when viewing the nature of the violation of the criminal law, the Hearing Officer looks to whether the crime involves a breach of a fiduciary duty. In this case, securities fraud does indeed fall within that type of crime.

### **Holding**

Because Respondent violated his fiduciary duty to the victims of the crimes he plead to, as well as Respondent's duty to the insurance market, Stephen C. Langhofer's license to sell insurance in the State of Kansas is **REVOKED**. All other issues, holdings, findings and statements in the record are incorporated herein by reference.

IT IS SO ORDERED THIS 5th DAY OF JANUARY, 2009, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



\_/s/ Robert Tomlinson\_\_\_\_\_

Robert M. Tomlinson

Hearing Officer

### **NOTICE OF RIGHTS**

Pursuant to K.S.A. 77-601 *et seq.*, Stephen C. Langhofer is entitled to judicial review of this Final Order. The petition for judicial review must be filed within thirty (30) days of service of this Final Order (plus three [3] days for service by mail pursuant to K.S.A. 77-531). In the event Stephen C. Langhofer files a petition for judicial review pursuant to K.S.A. 77-613(e), the Agency Officer to be served on behalf of the Kansas Insurance Department is:

John W. Campbell, General Counsel  
Kansas Insurance Department  
420 SW 9<sup>th</sup> Street  
Topeka, KS 66612

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that he served the above and foregoing Final Order on this \_\_5th\_\_ day of \_\_\_\_\_Jan.\_\_\_\_\_, 2009, by causing the same to be deposited in the United States Mail, first class postage prepaid, addressed to the following:

Stephen C. Langhofer  
Suites 100 and 101 Bldg. 100  
35 N. Rock Road  
Wichita, KS 67226

Tyson C. Langhofer  
Stinson, Morrison, Hecker LLC  
1625 Waterfront Parkway, Suite 300  
Wichita, KS 67206-6602

\_s/ John R. Dowell \_\_\_\_\_  
John R. Dowell