

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

In the Matter of the Kansas Resident )  
Insurance Agent's License of ) Docket No. **4241--SO**  
**JEFFREY J. FRYE** )  
NPN #388383 )

**SUMMARY ORDER**  
(Pursuant to K.S.A. 40-4909 and K.S.A. 77-537)

Pursuant to authority granted to the Commissioner of Insurance ("Commissioner") by K.S.A. 40-4909, the Commissioner hereby proposes to find facts and revoke the resident insurance agent's license of Jeffrey J. Frye ("Respondent") by way of Summary Order as provided by K.S.A. 77-537.

**Findings of Fact**

1. Records maintained by the Kansas Insurance Department ("KID") reflect that Respondent is licensed as a resident agent to transact the business of insurance in Kansas and has been so licensed since August 9, 1993.
2. KID records further indicate Respondent's legal and mailing address is 2417 Brookside Court, Lawrence, KS 66047-2513.
3. Following investigation, the Commissioner has no reason to believe that protection of the public interest requires the Commissioner to give notice and opportunity to participate to anyone other than Respondent.
4. Following investigation, the Commissioner finds evidence sufficient to support the following facts:
5. Respondent was previously appointed as an agent by Thrivent Financial for Lutherans ("Thrivent").

6. S.M.M. is Respondent's mother-in-law.
7. S.M.M. was the insured and owner of a life insurance policy that Respondent wrote through Thrivent in January 2000.
8. The monthly policy premiums for the policy were paid electronically through an account at the State Bank of Oskaloosa ("Bank"), to which each of S.M.M.'s children, including Respondent's wife, made a monthly deposit to fund the premium.
9. S.M.M. and her daughter, M.H., are signatories on the Bank account.
10. On June 1, 2010, Respondent called M.H. and requested that she and her mother grant him access to the Bank account, claiming he needed to correct a problem with the premium payments by changing the date and needed to be on the account to do so.
11. M.H. denied Respondent's request
12. On June 2, Respondent also called S.M.M. with the same request, and although she may have orally agreed, she did not sign the documents Respondent had sent to her.
13. On June 1, 2010, Respondent submitted an electronic change of address to Thrivent changing S.M.M.'s address and telephone number from her Valley Center, Kansas, home to Respondent's home address and telephone number
14. On June 2, Respondent called Thrivent's customer service center (CIC) on a recorded line and requested a \$4,500 loan from S.M.M.'s life insurance contract be transferred to the Bank.

15. On June 3, Respondent called Thrivent's recorded CIC line and stated he wanted to "unwind" the loan request because S.M.M. wanted a check mailed to her instead, and Respondent confirmed that the Lawrence address was the correct address.

16. On June 4, Respondent again contacted the CIC. He stated that S.M.M. did not want to wait the seven to ten days it would take to reverse the electronic transfer and issue a check and wanted to cancel the request for \$4,500.

17. During that call, Respondent requested a new loan in the amount of \$4,000, which was the approximate amount of the remaining loan value. Respondent confirmed that the loan should be by check mailed to the Lawrence address

18. On June 5, a \$4,000 loan check was mailed to the Lawrence address.

19. On June 7, S.M.M. contacted Thrivent to ask about problems with premium payments, and in the process of authenticating her identity, Thrivent discovered the address change was unauthorized.

20. As a result of the call, Thrivent changed S.M.M.'s address back and placed a restriction on the record to prevent changes by anyone by S.M.M.

21. Also during the call, S.M.M. told Thrivent she had not authorized the loan. Payment was later stopped on the policy loan check, and Respondent was notified that S.M.M. had requested cancellation of both loan transactions.

22. When Thrivent inquired about the transactions, Respondent stated that S.M.M. was confused and had changed her mind several times.

23. During Thrivent's investigation, Respondent denied he changed S.M.M.'s address and telephone number to his own but also stated that no one else had access to his computer or system credentials.

24. Respondent denied recalling that he was asked to confirm the mailing address and denied he ever received the \$4,000 loan check.
25. Respondent stated that he changed S.M.M.'s contact information back to her own address, so the check would have been mailed there, and he stated she called him after she received it.
26. In the course of Thrivent's investigation, Thrivent discovered Respondent had several state and federal tax liens and civil judgments in favor of other creditors that Respondent had not reported to the company or to FINRA.
27. In a letter mailed to Respondent's address of record on October 27, 2010, counsel for KID informed Respondent of the foregoing information and invited Respondent to reply within 15 business days if he disputed it.
28. To date, Respondent has not replied, and the letter has not been returned.
29. Consequently, the facts are deemed undisputed.

**Applicable Law**

30. K.S.A. 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. . . (4) Improperly withheld, misappropriated or converted any moneys or properties received in the course of doing insurance business. . . . (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. . . (14) Failed to pay any state income tax or comply with any administrative or court order directing payment of state income tax. . . ."  
K.S.A. 40-4909(a).
31. In addition, 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. 40-4909(b).

### **Conclusions of Law**

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

33. The Commissioner finds that Respondent has attempted to convert funds from S.M.M.'s life insurance policy under the pretense of doing insurance business and was only prevented from doing so because the consumer contacted the company and caused payment of the check to be stopped.

34. The Commissioner also finds from Respondent's dealings with S.M.M.'s policy that Respondent has used fraudulent, coercive, and dishonest practices and demonstrated untrustworthiness in the conduct of business.

35. Furthermore, Respondent has demonstrated financial irresponsibility in business by incurring multiple outstanding tax obligations and civil judgments on debts and untrustworthiness in failing to report those to Thrivent pursuant to his contract and to FINRA.

36. In addition, Respondent has failed to pay state income tax owed in Virginia and Kansas.

37. Based on the foregoing findings, 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(a).

38. The Commissioner further concludes Respondent's license may be revoked because such license is not properly serving the interests of the insurer and the insurable interests of the public.

39. 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, the protection of the public interest does not require the KID to give notice and opportunity to participate to persons other than Respondent, and after investigation, KID believes in good faith that the allegations will be supported to the applicable standard of proof.

**IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT** the Kansas resident insurance agent's license of **JEFFREY J. FRYE** is hereby **REVOKED. It is further ordered,** that **JEFFREY J. FRYE** 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 on and after the effective date of this order.

IT IS SO ORDERED THIS \_\_3rd\_\_ DAY OF DECEMBER, 2010, 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 OF RIGHTS TO HEARING AND REVIEW**

**Within fifteen (15) days of the date of service of this Summary Order, Respondent** may submit a written request for a hearing pursuant to K.S.A. 77-537 and K.S.A. 77-542. Any request for a hearing should be addressed to the following:

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

If a hearing is requested, the Kansas Insurance Department will serve notice of the time and place of the hearing and information on procedures, right of representation, and other rights of parties relating to the conduct of the hearing.

**If a hearing is not requested in the time and manner stated above, this Summary Order shall become effective as a Final Order upon the expiration of time for requesting a hearing.** In the event Respondent 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 S.W. 9<sup>th</sup> Street  
Topeka, Kansas 66612

**Certificate of Service**

The undersigned hereby certifies that she serviced a true and correct copy of the above and foregoing **Summary Order** and accompanying **Notice of Rights** on this \_\_\_3rd\_\_\_ day of December 2010, by causing the same to be placed in the United States Mail, first class postage prepaid, addressed to the following:

**JEFFREY J. FRYE**  
2417 Brookside Court  
Lawrence, KS 66047-2513

\_\_\_\_\_/s/ Brenda J. Clary\_\_\_\_\_  
Brenda J. Clary  
Staff Attorney