

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

In the Matter of the Kansas Nonresident )  
Insurance Agent's License of ) Docket No. 73343  
**STEVEN R. KNUTTILA** )  
NPN: # 6982050 )

**SUMMARY ORDER**  
(Pursuant to K.S.A. 40-4909, K.S.A. 77-501)

Pursuant to the authority granted to the Commissioner of Insurance ("Commissioner") by K.S.A. 40-4909, the Commissioner hereby revokes the agent's license of Respondent, **STEVEN R. KNUTTILA** ("Respondent"). This Summary Order shall become effective as a Final Order, without further notice, upon the expiration of the fifteen (15) day period if no request for hearing is made, pursuant to K.S.A. 77-542.

**Findings of Fact**

The Commissioner finds the following facts:

1. Respondent was licensed as a Kansas nonresident insurance agent on August 14, 2008, and remains licensed to date.
2. Respondent's legal (residential) and mailing address of record is 1118 Summit Ave, Detroit Lakes, MN 56501.
3. Respondent holds an investor registration and a resident insurance producer license in the State of Minnesota.
4. Respondent does business as Knutilla Financial Services, Inc., a Minnesota corporation, and the entity holds no securities or insurance licenses.
5. On June 4, 2018, the Kansas Insurance Department ("KID") received a fully executed Consent Order from the Minnesota Department of Commerce ("Department"), dated April 2, 2018.
6. The Order was received by Heley, Duncan and Melander, PLLP, attorney for Respondent.
7. The Order stated that different clients had complained about similar tactics and methods used by Respondent, which include:
  - a. Soliciting members of his church and using this religious affinity to build trust in his recommendations.
  - b. Instructing clients to call or write their current financial advisor and tell them they were "sick and tired" of losing money.
  - c. Dictating letters that clients would hand write stating they wanted to exceed recommended participation limits on high risk investments.
  - d. Failing to prepare any materials or data to determine suitability of investments and failing to measure overall investment objectives or risk tolerance. Thus, clients would have forms that reflect conservative objectives and tolerance, while also having forms for alternative investments that reflect high risk tolerance and aggressive, speculative investment objectives.

8. Additionally, the Department learned of numerous other complaints filed with brokers previously employing Respondent.
9. The Order concluded that these complaints demonstrated a pattern and practice by Respondent of both intentionally or negligently misrepresenting investment products and selling unsuitable investments to his clients, violating Minnesota law.
10. Respondent's investment advisor license and agent's license in his home state of Minnesota was revoked per this order on April 2, 2018.

#### Applicable Law

- Pursuant to K.S.A. 40-4906(a), "Unless denied licensure pursuant to K.S.A. 2017 Supp. 40-4909, and amendments thereto, a nonresident person shall receive a nonresident agent license if:
  - (1) Such person is currently licensed as a resident and in good standing in such person's home state;" K.S.A. 40-4906(a)
- Pursuant to K.S.A. 40-4909(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:
    - (C) any insurance law or regulation of another state;
  - (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. 40-4909(a)
- Pursuant to K.S.A. 40-4909(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." K.S.A. 40-4909(b)

#### Policy Reasons

1. It is in the public interest that the license of an agent who is not currently licensed as a resident and in good standing in his home state be revoked.
2. It is in the public interest that the license of an agent who has violated any insurance law or regulation of another state be revoked.
3. It is in the public interest that the license of an agent who has used fraudulent conduct or demonstrated any incompetence, untrustworthiness or financial irresponsibility in the conduct of business be revoked.

#### Conclusions of Law

1. The Commissioner has jurisdiction over **STEVEN R. KNUTILLA** as well as the subject matter of this proceeding, and such proceeding is held in the public interest.
2. The Commissioner finds that Respondent's Kansas license may be revoked because **STEVEN R. KNUTILLA** is not currently licensed as a resident and in good standing in his home state.

3. The Commissioner finds that Respondent's Kansas license may be revoked because **STEVEN R. KNUTTILA** violated another insurance law or regulation of another state.
4. The Commissioner finds that Respondent's Kansas license may be revoked because **STEVEN R. KNUTTILA** used fraudulent conduct or demonstrated any incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state
5. The Commissioner finds, pursuant to K.S.A. 40-4909(b), that the interests of the public are not properly served under Respondent's license.
6. Accordingly, the Commissioner concludes that sufficient grounds exist for the revocation of the insurance agent's license of **STEVEN R. KNUTTILA**, pursuant to K.S.A. 40-4906(a), and K.S.A. 40-4909(a) and (b).

**IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT:**

1. The Kansas nonresident Insurance Agent's License of **STEVEN R. KNUTTILA** is hereby **REVOKED** the effective date of this Order.
2. **IT IS FURTHER ORDERED** that **STEVEN R. KNUTTILA** 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 6<sup>n</sup> DAY OF June, 2018, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.**



Ken Selzer, CPA  
Commissioner of Insurance

BY:

*Diane Minear*  
Diane Minear  
General Counsel

## NOTICE AND OPPORTUNITY FOR HEARING

**STEVEN R. KNUTTILA**, within fifteen (15) days of service of this Summary Order, may file with the Kansas Insurance Department a written request for hearing on this Summary Order, as provided by K.S.A. 77-542. In the event a hearing is requested, such request should be directed to:

Diane Minear, General Counsel  
Kansas Insurance Department  
420 S.W. 9<sup>th</sup> 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). 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 Summary 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.

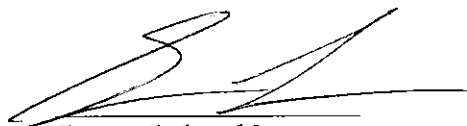
In the event the Respondent files a petition for judicial review, the agency officer designated pursuant to K.S.A. 77-613(e) to receive service of a petition for judicial review on behalf of the Kansas Insurance Department is:

Diane Minear, General Counsel  
Kansas Insurance Department  
420 S.W. 9<sup>th</sup> St.  
Topeka, Kansas 66612

## CERTIFICATE OF SERVICE

The undersigned hereby certifies that he served the above and foregoing Summary Order on this 6 day of June, 2018, by causing the same to be deposited in the United States Mail, first class postage prepaid, addressed to the following:

Steven R. Knuttila  
1118 Summit Ave.  
Detroit lakes, MN 56501



Steven Lehwald  
Staff Attorney