

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

<b>In the Matter of the Application for a Kansas Resident Insurance Agent's License of ARMOND R. PEGHEE, NPN 7871413</b>	) ) ) )	<b>Docket No.: 70641</b>
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**FINAL ORDER**

(Pursuant to K.S.A. 40-4909 and K.S.A. 77-501 *et seq.*)

This matter came on for formal disposition on May 8, 2018. Armond R. Peghee ("Respondent") appeared by telephone. The Kansas Insurance Department ("KID") appeared by and through its staff attorney, Steven M. Lehwald.

**Having considered the evidence and arguments of the parties, the Commissioner finds the evidence supports KID'S revocation of the agent license of Respondent, Armond R. Peghee.**

**Findings of Fact**

1. Respondent was licensed as a Kansas resident insurance agent on August 19, 2004, and remains licensed to date.
2. Respondent's legal (residential) of record is 21213 W. 65<sup>th</sup> St., Shawnee, KS 66218-8434 and mailing address of record is 8826 Sante Fe Dr., STE 219, Overland Park, KS 66212-3655.
3. On September 27, 2017, the Kansas Insurance Department ("KID") received notice from Liberty Mutual Insurance, d/b/a Safeco ("Safeco"), that Respondent engaged in the binding of multiple unauthorized risks.

4. Safeco informed KID that Respondent was terminated for cause on September 25, 2017.
5. Safeco provided documentation showing that Respondent issued multiple policies for three different insureds without their authorization. Specifically, forty-two (42) separate policies were issued for three different individuals.
6. Respondent indicated to Safeco that he was using the insured's information to process "training quotes" to an employee.
7. Respondent realized in late February or early March 2017 that the policies were actually being issued after reviewing a commission statement that indicated he owed approximately \$60,000 in commission to Safeco due to the policies cancelling.
8. Respondent stated that once he realized the policies had been issued and commissions paid, he "panicked" and issued additional policies between March and August 2017 in order to pay back the commission owed as a result of the policies cancelling. This resulted in additional commission being paid that was not earned by Respondent.
9. Respondent contacted one of the insureds to inform them they would be receiving documentation from Safeco, but to disregard them as they were related to training.

**Applicable Law**

10. Before granting an application for a Kansas nonresident insurance agent's license, the Commissioner has the statutory obligation to "determine that the applicant . . . has not committed any act that is grounds for denial pursuant to this section or suspension or revocation pursuant to K.S.A. 40-4909, and amendments thereto." K.S.A. 40-4909.
11. Pursuant to K.S.A. 40-4909(a)(8), the Commissioner "may revoke, suspend, or deny the license of a person who has "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)(8).

12. The Kansas Supreme Court has not had occasion to discuss the factors the Commissioner should consider when exercising his discretion under K.S.A. 40-4909(a)(6) but it has listed the factors to be considered in determining whether a former attorney should be readmitted to the practice of law. They are:

(1) the present moral fitness of the petitioner; (2) the demonstrated consciousness of the wrongful conduct and disrepute which the conduct has brought the profession; (3) the extent of petitioner's rehabilitation; (4) the seriousness of the original misconduct; (5) conduct subsequent to discipline; (6) the time elapsed since the original discipline; (7) the petitioner's character, maturity and experience at the time of the original discipline; and (8) the petitioner's present competence in legal skills. *State v. Russo*, 210 Kan. 5, 6, 630 P.2d 711 (1981).

The Kansas Supreme Court held that the same factors applied in considering reinstatement to practice law were equally relevant to the practice of medicine. *Vakas v. Kansas Bd. of Healing Arts*, 248 Kan. 589, 600, 808 P.2d 1355, 1364 (1991). The Commissioner will consider the direction given on the exercise of discretion in granting legal and medical licenses.

13. Pursuant to K.S.A. 77-526(a), the Assistant Commissioner of Insurance acting on behalf of the Commissioner of Insurance as the agency head, as provided in K.S.A. 77-547, is empowered to render a Final Order

#### **Conclusions of Law**

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

15. The Assistant Commissioner of Insurance is acting on behalf of the Commissioner of Insurance as the agency head and is empowered to render a Final Order.
16. The Assistant Commissioner has considered the *Vakas* factors most favorable to Respondent, specifically that Respondent has accepted responsibility and is remorseful.
17. The Assistant Commissioner has also considered the *Vakas* factors that weigh most heavily against Respondent, chiefly that Respondent issued multiple policies for three different insureds, Respondent tried to conceal his conduct, and Respondent compounded his fraudulent actions by issuing additional bogus policies after the company notified him that he owed \$60,000 for unearned commission.
18. The Commissioner has concluded that it is necessary to revoke Respondent's license in order to protect the public and the insurance industry.

#### **Policy Reasons**

19. It is in the public interest that the license of an agent who has demonstrated he or she has used any fraudulent or dishonest practice or demonstrated any incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere be revoked.

#### **Conclusions of Law**

20. The Commissioner has jurisdiction over **ARMOND R. PEGHEE** as well as the subject matter of this proceeding, and such proceeding is held in the public interest.
21. The Commissioner finds that Respondent's Kansas license may be revoked because **ARMOND R. PEGHEE** has used a fraudulent and dishonest act or has demonstrated incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state.

22. 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.

23. Accordingly, the Commissioner concludes that sufficient grounds exist for the revocation of the insurance agent's license of **ARMOND R. PEGHEE**, pursuant to K.S.A. 40-4909(a) and (b).

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

24. The Kansas resident insurance agent's license of **ARMOND R. PEGHEE** is hereby **REVOKED** the effective date of this Order.

25. **IT IS FURTHER ORDERED** that **ARMOND R. PEGHEE** 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 30<sup>th</sup> DAY OF May, 2018, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.**



Ken Selzer, CPA  
Commissioner of Insurance

BY:

  
Clark Shultz  
Assistant Commissioner

**NOTICE**

Pursuant to K.S.A. 77-601 *et seq.*, Respondent 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 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:

Diane Minear, General Counsel  
Kansas Insurance Department  
420 SW 9th Street  
Topeka, KS 66612

**CERTIFICATE OF SERVICE**

I hereby certify that I served a true and correct copy of the above-and foregoing Final Order upon Respondent by causing a copy of the same to be deposited in the United States mail, first class postage prepaid, on the 30<sup>th</sup> day of May 2018, addressed to the following:

Armond R. Peghee  
8826 Sante Fe Dr., STE 219  
Overland Park, Kansas 66212-3655

and hand-delivered to the following:

Steven M. Lehwald  
Staff Attorney  
Kansas Insurance Department  
420 S.W. 9<sup>th</sup> Street  
Topeka, KS 66612-1678

  
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Toni Garrard  
Administrative Assistant