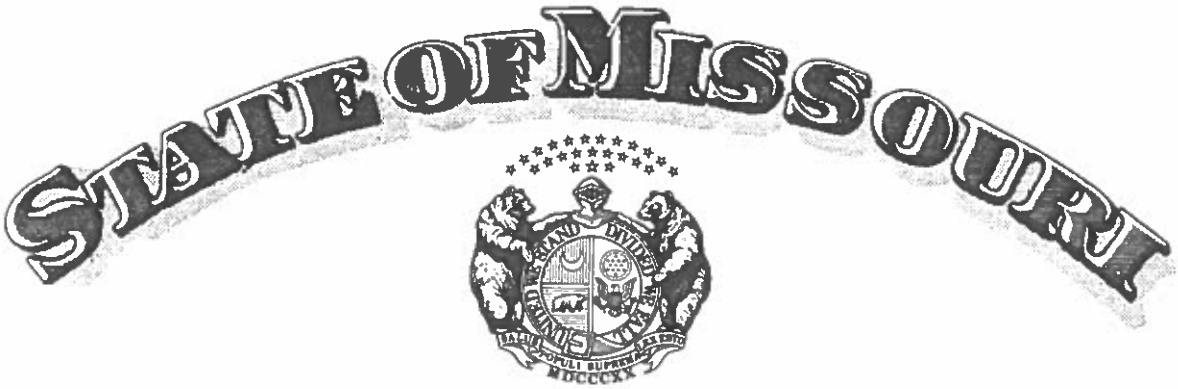


# DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

P.O. Box 690, Jefferson City, Mo. 65102-0690

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|---|---|---|
| **In the Matter of:** | ) | |
| | ) | |
| **CORY WALTER MARGETTS,** | ) | **Case No. 150514285C** |
| | ) | |
| **Respondent.** | ) | |

## CONSENT ORDER

John M. Huff, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, takes up the above matter for consideration and disposition. The Consumer Affairs Division, through counsel Shelly Krueger, and Cory Walter Margetts ("Margetts") have reached a settlement in this matter and consent to the issuance of this Consent Order.

1. John M. Huff is the duly appointed Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration ("Director" of the "Department") whose duties, pursuant to Chapters 374 and 385 RSMo.,[1] include the supervision, regulation, and discipline of insurance producer licenses.

2. The Consumer Affairs Division ("Division") of the Department has the duty, charged by the insurance laws of this state, to conduct investigations into the acts of insurance

[1] All statutory references are to the 2013 Supplement to the Revised Statutes of Missouri unless otherwise noted.

producers and is authorized by the Director to initiate actions necessary to enforce the insurance laws of this state including the revocation of insurance producer licenses.

3. The Department originally issued a non-resident insurance producer license to Margetts on October 10, 2012 (License No. 8241707; National Producer Number 16467697).

4. On September 22, 2014, the Department received Margetts's Non-Resident Renewal Application ("Renewal Application"). Margetts's license was renewed on December 4, 2014 and is set to expire on October 11, 2016.

5. Background Question No. 2 of the Renewal Application asks the following, in relevant part:

> Have you been named or involved as a party in an administrative proceeding, including a FINRA sanction or arbitration proceeding regarding any professional or occupational license or registration, which has not been previously reported to this insurance department?
>
> "Involved" means having a license censured, suspended, revoked, canceled, terminated; or, being assessed a fine, placed on probation, sanctioned or surrendering a license to resolve an administrative action. "Involved" also means being named as a party to an administrative or arbitration proceeding, which is related to a professional or occupational license, or registration. "Involved" also means having a license, or registration, application denied or the act of withdrawing an application to avoid a denial. INCLUDE any business so named because of your actions in your capacity as an owner, partner, officer or director, or member or manager of a Limited Liability Company. You may exclude terminations due solely to noncompliance with continuing education requirements or failure to pay a renewal fee.
>
> If you answer yes, you must attach to this application:
> a) a written statement identifying the type of license and explaining the circumstances of each incident,
> b) a copy of the Notice of Hearing or other document that states the charges and allegations, and
> c) a copy of the official document which demonstrates the resolution of the charges or any final judgment.

6. Margetts marked "No" in response to Background Question No. 2 on his Renewal Application.

7. Despite Margett's "No" response, the Division discovered that on September 15, 2014, the Minnesota Department of Commerce entered a consent order with Margetts to resolve a formal action ("Minnesota Consent Order"). By signing the Minnesota Consent Order, Margetts agreed to the revocation of his Minnesota non-resident insurance producer license. *In the Matter of the Non-Resident Insurance Producer License of Cory W. Margetts*, Consent Order, OAH Docket No. 60-1004-3166 (Sept. 15, 2014).

8. The Minnesota Consent Order is an administrative action taken against Margetts.

9. The Minnesota Consent Order became final on September 15, 2014 upon the signature of the Minnesota Commissioner.

10. Margetts failed to disclose the Minnesota Consent Order in response to Background Question No. 2 on his Renewal Application.

11. Margetts failed to report the Minnesota Consent Order to the Director within thirty (30) days of the final disposition of the matter and failed to provide the Director with a copy of the Minnesota Consent Order.

12. The Division also discovered two additional administrative actions taken against Margetts that became final after the Department received Margetts's Renewal Application.

13. On October 16, 2014, the Louisiana Department of Insurance issued a Notice of Fine ("Louisiana Notice of Fine"). *In re Cory W. Margetts*, Notice of Fine for License No. 575194 (Oct. 16, 2014).

14. The Louisiana Department of Insurance determined that Margetts failed to timely report the Minnesota action and thereby violated La. R.S. 22:1563.A, thus resulting in the $250.00 fine for the violation. *Id.*

15. The Louisiana Notice of Fine is an administrative action taken against Margetts.

16. The Louisiana Notice of Fine became final on November 16, 2014, when Margetts failed to appeal.

17. Margetts failed to report the Louisiana Notice of Fine to the Director within thirty (30) days of the final disposition of the matter and failed to provide the Director with a copy of the Louisiana Notice of Fine.

18. On December 3, 2014, the Illinois Department of Insurance entered an Order of Voluntary Revocation in which Margetts voluntarily accepted revocation of his Illinois non-resident insurance producer license "to avoid the Department's continued investigation of [his] insurance related practices/activities and to avoid potential protracted administrative hearings and litigation" ("Illinois Order"). *In the Matter of the Investigation of the Licensing Authority of Cory W. Margetts*, Illinois Order of Voluntary Revocation (Dec. 3, 2014).

19. The Illinois Order is an administrative action taken against Margetts.

20. The Illinois Order became final on December 3, 2014.

21. On December 4, 2014, Special Investigator Jennifer Zagorac from the Division sent a letter to Margetts regarding his failure to report the Minnesota Consent Order on his Renewal Application.

22. On January 2, 2015, Margetts responded to Special Investigator Zagorac via email. Margetts attached to his email a copy of the Minnesota Consent Order, the Illinois Order, and a letter dated December 31, 2014.

23. In his December 31, 2014 letter, Margetts explained he used a "lead company/vendor" to provide him with "warm calls from qualified prospects." Margetts stated that one of the employees from a lead company was acting in an unethical manner leading to allegations and complaints against Margetts in several different states. Margetts further explained that he failed to respond to a request for information from Minnesota and administrative action was taken against him. Margetts claimed he agreed to the Minnesota Consent Order because he believed it was the "equivalent of a voluntary surrender" and he would not be required to report the action to other states in which he was licensed.

24. The letter attached to Margetts's email does not mention the Louisiana Notice of Fine.

25. On October 26, 2015, Margetts entered into a consent order with South Dakota Division of Insurance, Department of Labor and Regulations ("South Dakota Consent Order") in which he agreed to the revocation of his non-resident insurance producer license in order to resolve a formal action. *In the Matter of Cory Margetts*, S.D. Div. of Ins., Dep't of Labor and Regulations Consent Order (Oct. 26, 2015).

26. The Division's investigation also revealed that Assurant Health[2] terminated Margetts on December 4, 2013.

27. On January 13, 2014, Assurant Health notified Margetts that his termination was revised to a termination for cause due to the discovery of "improper and potentially unethical practices concerning policyholders including misrepresentations of the terms or effect of an insurance policy or contract and the use of one or more unlicensed agents."

[2] Assurant Health is the brand name for products underwritten and issued by Time Insurance Company, Union Security Insurance Company, and John Alden Life Insurance Company.

28. According to Assurant Health, Missouri consumers D. E.[3] and his wife contacted Assurant Health regarding policies they purchased from Margetts. D. E. told Assurant Health that a "middle-man named Ben Johnson" sent him an email which included the plan benefits. D. E. and his wife purchased the policies based upon the information contained in the email from Ben Johnson. Assurant Health advised the D. E. and his wife that the email contained inaccurate information and did not correctly describe the details of the policies' benefits. D. E. and his wife cancelled the policies.

29. In light of these facts, Margetts's non-resident insurance producer license is subject to discipline pursuant to:

a. Section 375.141.1(1) because Margetts intentionally provided materially incorrect, misleading, incomplete or untrue information on his Renewal Application when he falsely answered "No" to Background Question No. 2 and failed to disclose the Minnesota Consent Order. *In the Matter of the Non-Resident Insurance Producer License of Cory W. Margetts*, Consent Order, OAH Docket No. 60-1004-31666 (Sept. 15, 2014).

b. Section 375.141.1(2) because Margetts violated an insurance law, namely § 375.141.6, when he failed to report the Minnesota Consent Order, which was an administrative action taken against him, to the Director within thirty (30) days of the final disposition of the matter and failed to provide the Director with a copy of the order, consent order or other relevant legal documents. *In the Matter of the Non-Resident Insurance Producer License of Cory W. Margetts*, Consent Order, OAH Docket No. 60-1004-31666 (Sept. 15, 2014).

[3] The identity of the consumer has been protected by the use of initials.

c. Section 375.141.1(2) because Margetts violated an insurance law, namely § 375.141.6, when he failed report the Louisiana Notice of Fine, which was an administrative action taken against him, to the Director within thirty (30) days of the final disposition of the matter and failed to provide the Director with a copy of the order, consent order or other relevant legal documents. *In re Cory W. Margetts*, Notice of Fine for License No. 575194 (Oct. 16, 2014).

d. Section 375.141.1(2) because Margetts violated an insurance law, La. R.S. 22:1563.A., by failing to timely report the Minnesota Consent Order to the Louisiana Department of Insurance. *In re Cory W. Margetts*, Notice of Fine for License No. 575194 (Oct. 16, 2014).

e. Section 375.141.1(3) because Margetts obtained a license through material misrepresentation or fraud when he falsely answered "No" to Background Question No. 2 on his Renewal Application, and failed to disclose the Minnesota Consent Order. *In the Matter of the Non-Resident Insurance Producer License of Cory W. Margetts*, Consent Order, OAH Docket No. 60-1004-31666 (Sept. 15, 2014).

f. Section 375.141.1(8) because Margetts demonstrated incompetence or untrustworthiness in the conduct of business in Missouri when he provided or caused to be provided to D. E. and his wife, Missouri consumers, inaccurate information which did not correctly set out the details of the Assurant Health policies' benefits and the couple purchased policies from Margetts based upon the inaccurate information.

g. Section 375.141.1(9) because Margetts's insurance producer license or its equivalent was denied, suspended or revoked in Minnesota. *In the Matter of the Non-Resident Insurance Producer License of Cory W. Margetts*, Consent Order, OAH Docket No. 60-1004-31666 (Sept. 15, 2014).

h. Section 375.141.1(9) because Margetts's insurance producer license or its equivalent was denied, suspended or revoked in Illinois. *In the Matter of the Investigation of the Licensing Authority of Cory W. Margetts*, Illinois Order of Voluntary Revocation (Dec. 3, 2014).

i. Section 375.141.1(9) because Margetts's insurance producer license or its equivalent was denied, suspended or revoked in South Dakota. *In the Matter of Cory Margetts*, S.D. Div. of Ins., Dep't of Labor and Regulations Consent Order (Oct. 26, 2015).

30. Margetts agrees that the facts contained in this Consent Order constitute grounds to discipline his non-resident insurance producer license pursuant to § 375.141.1(1), (2), (3), (8) and (9).

31. Margetts and the Division desire to settle the allegations raised by the Division.

32. On or about February 17, 2016, counsel for the Division provided a written description of the specific conduct for which discipline was sought and a citation to the law and rules allegedly violated, together with copies of any documents upon which it based the allegations, and the Division's settlement offer, namely this Consent Order in accordance with § 621.045.4(1). Counsel for the Division further advised Margetts that he had sixty (60) days to review the relevant documents and consider the proposed settlement offer in accordance with § 621.045.4(2).

33. Margetts further acknowledges that he has been advised that he may, either at the time the Consent Order is signed by all parties, or within fifteen (15) days thereafter, submit the Consent Order to the Administrative Hearing Commission for determination that the facts agreed to by the parties to the Consent Order constitute grounds for disciplining Margetts's insurance producer license.

34. Except as provided in paragraph 33 above, Margetts stipulates and agrees to waive any rights that he may have to a hearing before the Administrative Hearing Commission or the Director and any rights to seek judicial review or other challenge or contest of the terms and conditions this Consent Order and forever releases and hold harmless the Department, the Director, his agents, and the Division from all liability and claims arising out of, pertaining to, or relating to this matter.

35. Margetts acknowledges and understands that he has the right to consult legal counsel at his own expense.

36. Margetts acknowledges and understands that this Consent Order is an administrative action and that the Department will report it to other states. Margetts further acknowledges and understands that this administrative action should be disclosed on his future applications and renewal applications and that he is responsible for complying with the reporting requirements of each state in which he is licensed.

37. Each signatory to this Consent Order certifies by signing that he or she is fully authorized, in his or her own capacity or by the named party he or he represents, to accept the terms and provisions of this Consent Order in their entirety and agrees, in his or her personal or representational capacity, to be bound by the terms of this Consent Order.

## CONCLUSIONS OF LAW

38. Section 375.141 RSMo (Supp. 2013) provides, in relevant part:

> 1. The director may suspend, revoke, refuse to issue or refuse to renew an insurance producer license for any one or more of the following causes:
>
> (1) Intentionally providing materially incorrect, misleading, incomplete or untrue information in the license application;
>
> (2) Violating any insurance laws, or violating any regulation, subpoena or order of the director or of anothis insurance commissioner in any othis state;
>
> (3) Obtaining or attempting to obtain a license through material misrepresentation or fraud;
>
> * * *
>
> (8) Using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere;
>
> (9) Having an insurance producer license, or its equivalent, denied suspended or revoked in any other state, province, district or territory[.]
>
> * * *
>
> 6. An insurance producer shall report to the director any administrative action taken against the producer in another jurisdiction or by another governmental agency in this state within thirty days of the final disposition of the matter. This report shall include a copy of the order, consent order or other relevant legal documents.

39. The allegations raised by the Division, and admitted to herein by Margetts, are grounds to discipline Margetts's non-resident insurance producer license pursuant to § 375.141.1(1), (2), (3), (8), and (9).

40. The Director is authorized to settle this matter and issue this Consent Order

pursuant to §§ 374.046, 621.045, and 536.060.

41. The terms set forth in this Consent Order are an appropriate disposition of this matter, and entry of this Consent Order is in the public interest.

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## ORDER

**IT IS ORDERED** that Respondent Cory Walter Margetts's non-resident insurance producer license number 8241707 (National Producer Number 16467697) is hereby **REVOKED.**

**SO ORDERED, SIGNED, AND OFFICIAL SEAL AFFIXED THIS** 24th **DAY OF** MARCH **, 2016.**

**JOHN M. HUFF, Director**
Missouri Department of Insurance, Financial Institutions and Professional Registration

## CONSENT AND WAIVER OF HEARING

The undersigned persons understand and acknowledge that Cory Walter Margetts may have a right to a hearing but that Cory Walter Margetts waives the hearing and consents to the issuance of this Consent Order.

3/7/16

Cory Walter Margetts
4103 W. San Bruno Avenue
Fresno, California 93722
Respondent

Date

Counsel for Respondent
Name: _____
Missouri Bar No.: _____
Address: _____
_____
Telephone: _____
Facsimile: _____
Email: _____

Date

Shelly Krueger

3/22/16

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Date