State of Missouri

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS & PROFESSIONAL REGISTRATION

IN THE MATTER OF:	)	
	)	
Patriot Insurance Agency, Inc.,	)	Case No. 12-0403328C
	)	
Renewal Applicant.	)	

ORDER REFUSING TO RENEW BUSINESS ENTITY PRODUCER LICENSE

On April 6, 2012, Carolyn H. Kerr, Legal Counsel and Counsel to the Consumer Affairs Division, submitted a Petition to the Director alleging cause for refusing to renew the non-resident business entity producer license of Patriot Insurance Agency, Inc. After reviewing the Petition, the Investigative Report, and the entirety of the file, the Director issues the following findings of fact, conclusions of law and order:

FINDINGS OF FACT

1. Patriot Insurance Agency, Inc. ("Patriot") is a non-resident business entity producer. The Department issued a non-resident business entity producer license (No. 8018945) to Patriot on April 8, 2010, which is active and will expire on April 8, 2012.

2. On or about January 10, 2012, the Department of Insurance, Financial Institutions and Professional Registration ("Department") received Patriot's electronic Non-Resident Business Entity Producer License Renewal Application ("Renewal"). Erika Hill submitted the Renewal as "Authorized Submitter" for Patriot.

3. In the Renewal, Patriot listed its business address as 12 Los Encinos, Sonoita, Arizona 85637, and its mailing address as PO Box 1298, Sonoita, Arizona 85637.

4. In the section of the Renewal headed "Background Questions," Background Question # 2 asks: "Has the business entity or any owner, partner, officer or director, or manager or member of a limited liability company, been named or involved as a party in an administrative proceeding regarding any professional or occupational license, or registration, which has not been previously reported to this state?" Patriot answered Background Question # 2 by stating "No."

5. Prior to submitting its Renewal, Patriot reported 12 separate administrative actions taken against it and/or its principals between 2009 and 2011 to the Director.[1]

6. On April 19, 2010, the Colorado Department of Regulatory Agencies, Division of Insurance ("Colorado DOI") denied Patriot's new application for licensure as a non-resident insurance producer with property and casualty authority pursuant to §§ 10-2-801(1)(h), (i), and (m), C.R.S., based on the following reasons:

a. "The use of fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in this state or elsewhere as stated in the matter before the United States District Court, District of Arizona case, the *United State of America v. Richard G. Renzi, et al.*;"

b. "The commission of any unfair trade practice or fraud;" and

c. "The failure to fully meet the licensing requirements."

7. On May 28, 2010, the North Carolina Department of Insurance ("North Carolina DOI") issued a letter to Patriot informing it that its application for licensing as a non-resident agency "must be denied" for the following reasons:

a. Patriot used "fraudulent, coercive, or dishonest practices, or [demonstrated] incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this State or elsewhere," in violation of N.C.G.S. § 58-33-46(a)(8); and

b. Patriot's "insurance producer license, or its equivalent" had been "denied, suspended, or revoked in any other jurisdiction for reasons substantially similar to those listed in this subsection," in violation of N.C.G.S. § 58-33-46(a)(9).

8. On June 4, 2010, the Wisconsin Office of the Commissioner of Insurance ("Wisconsin DOI") issued a "Denial Letter" to Patriot denying its application for a "permanent individual intermediary agent's insurance license" based on the following:

a. Section 6.59(5)(a), Wis. Adm. Code, in that one of Patriot's officers was "charged with of [sic] a felony or misdemeanor which appears to be based on actions substantially related to activities and character required of agents;" and

b. Section 6.59(c) and (d), Wis. Adm. Code, in that Patriot disclosed administrative action taken against it by other states which the Wisconsin DOI "considers evidence of untrustworthiness or incompetence."

---

[1] Two actions in Colorado and Wisconsin, and one action each in Connecticut, Georgia, Maine, Florida, Massachusetts, North Carolina, Oklahoma, and Virginia. Because these administrative actions had previously been reported to the Department, Patriot did not need to re-report them in response to Background Question #2.

9. On August 3, 2010, the Commonwealth of Virginia State Corporation Commission, Bureau of Insurance ("Virginia DOI") determined that Patriot was "not eligible to obtain a license to act as an agent" in Virginia based on the grounds set forth in § 38.2-1831, Code of Virginia.

10. On November 15, 2010, the Florida Department of Financial Services ("Florida Department") filed a Consent Order assessing "an administrative penalty" of $1,000 against Patriot for violating § 626.112(7)(a), Florida Statutes, for failing "to timely file the application" for licensure as an insurance agency.

11. On November 22, 2010, the Massachusetts Office of Consumer Affairs and Business Regulation, Division of Insurance ("Massachusetts DOI") entered into a settlement with Patriot wherein the parties agreed that the Massachusetts DOI had "cause to believe that Patriot ... violated the Massachusetts insurance laws" by failing to "timely renew" and by selling or renewing "97 insurance policies in Massachusetts during the unlicensed period from August 6, 2006 until April 3, 2010," in violation of M.G.L. c. 175 § 175. Patriot agreed to "cease and desist from the above-alleged conduct and to pay a fine of $5,000." *Re: Patriot Insurance Agency, Inc.*, SIU Investigation Case No. 7381 (November 8, 2010).

12. On February 3, 2011, the Wisconsin DOI issued another "Denial Letter" to Patriot denying its application for a "permanent individual intermediary agent's insurance license" based on the following:

a. Section Ins. 6.59 (c) and (d), Wis. Adm. Code, in that administrative action had been taken against Patriot by Colorado, Florida, Massachusetts, North Carolina, Oklahoma, and Wisconsin; and

b. Section Ins. 6.59 (5)(c) and (d), Wis. Adm. Code and § 628.04, Wis. Stat., in that Patriot disclosed past administrative action taken against its license "by any state including Wisconsin."

13. On March 24, 2011, the Colorado DOI again denied Patriot's "application for licensure as a non-resident insurance producer with property and casualty authorities" pursuant to §§10-2-801(1)(a), (e), (h), (i), (j), and (m), C.R.S., for the following reasons:

a. "Providing incorrect, misleading, incomplete, or materially untrue information in the license application," in that it "failed to disclose the issuance of a probationary license in Oklahoma on April 22, 2010;"

b. "Improperly withholding, misappropriating, or converting to your own use any moneys or property belonging to policyholders, insurers, beneficiaries or others received in the course of the business of insurance based. [sic] Dwayne Lequire was found guilty of embezzlement and conspiracy to commit embezzlement on July 8, 2010 in the U.S. District Court case number 4:08-cr-00212-TUC-DCB-

(BPV). Mr. Lequire was the former responsible producer for Patriot and appears to have continued involvement in the agency;"[2]

c. "The use of fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility. The agency was terminated by Travelers on or about October 11, 2010;"

d. "The denial of Patriot Insurance Agency, Inc.'s insurance license in North Carolina on May 28, 2010, Colorado on April 19, 2010, and Wisconsin on June 4, 2010;" and

e. "The failure to fully meet the Colorado licensing requirements."

14. On March 28, 2011, the Connecticut Insurance Department ("Connecticut DOI") denied Patriot's application for a non-resident insurance producer's license under §§ 38a-702k and 38a-769 of the Connecticut General Statutes, citing, *inter alia*, the Colorado DOI's April 2010 license denial, the Massachusetts' DOI's November 2010 action against Patriot assessing a fine against the agency "for acting as producers in their state without a license," and the Florida Department's November 2010 action against Patriot assessing a fine against Patriot.

15. On May 10, 2011, the Commissioner of Insurance of the State of Georgia ("Georgia DOI") entered an Order of License Refusal against Patriot pursuant to O.C.G.A. § 33-23-21(11), (18), and (22), based on the following:

a. Patriot's "lack of trustworthiness or lack of competence to act as a licensee;"

b. The fact that Patriot "has had a license to practice a business or profession denied or refused by a lawful licensing authority pursuant to disciplinary proceedings or disciplinary action taken against its license by a lawful licensing authority of this or any other state;" and

c. The fact that Patriot "has had a license refused by several states ... [and] otherwise has failed to comply with legal requirements related to the license; and has had other disciplinary action taken against it by such state[.]"

16. Effective July 5, 2011, the Maine Department of Professional and Financial Regulation, Bureau of Insurance ("Maine DOI") revoked Patriot's non-resident insurance producer business entity license based on its failure to report other state departments' license denials to the Maine DOI as required by 24-A M.R.S. § 1420-P(1). The following state administrative actions against Patriot's insurance licenses provided Maine authority to discipline Patriot's agency license pursuant to 24-A M.R.S. § 1420-K(1)(I):

a. The Colorado DOI's April 19, 2010 denial of Patriot's application for a nonresident producer agency license;

---

[2] Dwayne Lequire was acquitted of all charges against him. *U.S. v. Lequire*, 2012 WL 688804, (March 5, 2012).

b. The North Carolina DOI's May 28, 2010 denial of Patriot's application for a nonresident producer agency license;

c. The Wisconsin DOI's June 4, 2010 denial of Patriot's application for a nonresident producer agency license;

d. The Virginia DOI's August 3, 2010 denial of Patriot's application for a nonresident producer agency license;

e. The Wisconsin DOI's February 3, 2011 denial of Patriot's application for a nonresident producer agency license;

f. The Colorado DOI's March 24, 2011 second denial of Patriot's application for a nonresident producer agency license; and

17. Patriot failed to disclose to the Department prior to or on its Renewal the denial of its broker license application by the New York Insurance Department in July 2009, which was based "on the grounds that [Patriot] demonstrated untrustworthiness to act as a broker within the meaning and intent of the Insurance Law." Letter from Clark J. Williams, Special Deputy Superintendent, New York Department of Insurance, dated July 17, 2009.

18. On July 17, 2009, the New York Department of Insurance ("New York DOI") disapproved Patriot's application "for a license to act as a broker under Section 2104 of the [New York] Insurance Law.... on the grounds that [Patriot] demonstrated untrustworthiness to act as a broker within the meaning and intent of the Insurance Law."

CONCLUSIONS OF LAW

19. Section 375.141, RSMo (Supp. 2011)[3] 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 another insurance commissioner in any other state;
>
> (3) Obtaining or attempting to obtain a license through material misrepresentation or fraud;

[3] All statutory references are to the 2011 Supplement to the Revised Statutes of Missouri, unless otherwise noted.

* * *

(9) Having an insurance producer license, or its equivalent, denied, suspended or revoked in any other state, province, district or territory[.]

20. The principal purpose of § 375.141 is not to punish licensees, but to protect the public. *Ballew v. Ainsworth*, 670 S.W.2d 94, 100 (Mo. App. E.D. 1984).

CAUSE FOR ORDER REFUSING TO RENEW BUSINESS ENTITY PRODUCER LICENSE

21. The Director may refuse to renew Patriot's non-resident business entity producer license pursuant to § 375.141.1(2), because Patriot violated the insurance laws of New York, Colorado, North Carolina, Wisconsin, Virginia, Florida, Massachusetts, Connecticut, Georgia, and/or Maine, namely:

a. Section 2104 of the New York Insurance Law;

b. Sections 10-2-801(1)(a), (e), (h), (i), (j), and (m), Colorado Revised Statutes;

c. North Carolina General Statutes (N.C.G.S.) §§ 58-33-46(a)(8) and (9);

d. Sections 6.59(c) and (d) and 6.59(5)(a), (c), and (d) Wis. Adm. Code;

e. Section 628.04, Wis. Stat.;

f. Section 38.2-1831, Code of Virginia;

g. Section 626.112(7)(a), Florida Statutes;

h. Massachusetts General Laws c. 175 § 175;

i. Sections 38a-702k of the Connecticut General Statutes;

j. Official Code of Georgia, Annotated § 33-23-21(11), (18), and (22); and

k. 24-A Maine Revised Statutes § 1420-P(1);

22. The Director may refuse to renew Patriot's non-resident business entity producer license pursuant to § 375.141.1(9), because:

a. The New York DOI disapproved Patriot's license application;

b. The Colorado DOI twice denied Patriot's license application;

c. The North Carolina DOI denied Patriot's license application;

d. The Wisconsin DOI twice denied Patriot's license application;

e. Virginia DOI denied Patriot's license application;

f. The Connecticut DOI denied Patriot's license application;

g. The Georgia DOI refused to issue Patriot an insurance license; and / or

h. The Maine DOI revoked Patriot's insurance license.

23. The Director may refuse to renew Patriot's non-resident business entity producer license pursuant to § 375.141.1(1), because Patriot intentionally provided materially incorrect, misleading, incomplete, or untrue information on its Renewal, in that Patriot failed to disclose the administrative action taken by the New York Insurance Department denying its broker license in response to Background Question #2.

24. The Director may refuse to renew Patriot's non-resident business entity producer license pursuant to § 375.141.1(3), because Patriot attempted to obtain a producer license through material misrepresentation or fraud, in that Patriot intentionally failed to disclose a material fact on its Renewal in response to Background Question #2, namely, the administrative action taken by the New York Insurance Department denying its broker license.

25. The Director has considered Patriot's history and all of the circumstances surrounding Patriot's Renewal Application. Patriot's producer licenses in 10 states has either been denied or disciplined by the state's insurance regulator. Furthermore, Patriot failed to disclose the denial of its license application by another state when it filed its Renewal Application with the Department. For these reasons, the Director exercises his discretion and refuses to renew Patriot's business entity producer license.

26. This order is in the public interest.

ORDER

IT IS THEREFORE ORDERED that the RENEWAL of PATRIOT INSURANCE AGENCY, INC.'S non-resident business entity producer license is hereby REFUSED.

SO ORDERED.

WITNESS MY HAND THIS 6TH DAY OF APRIL, 2012.

JOHN M. HUFF
DIRECTOR

NOTICE

TO: Applicant and any unnamed persons aggrieved by this Order:

You may request a hearing in this matter. You may do so by filing a complaint with the Administrative Hearing Commission of Missouri, P.O. Box 1557, Jefferson City, Missouri within (30) days after the mailing of this notice pursuant to Section 621.120, RSMo. Pursuant to 1 CSR 15-3.290, unless you send your complaint by registered or certified mail, it will not be considered filed until the Administrative Hearing Commission receives it.

CERTIFICATE OF SERVICE

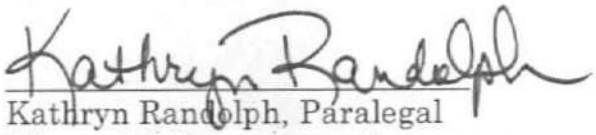
I hereby certify that on this 6th day of April, 2012, a copy of the foregoing notice and order was served upon Patriot Insurance Agency, Inc., in this matter by certified mail at the following address:

Patriot Insurance Agency, Inc.
12 Los Encinos
Sonoita, AZ 85637

Certified Mail # 7009 3410 0001 8931 3797

Patriot Insurance Agency, Inc.
PO Box 1298
Sonoita, AZ 85637

7009 3410 0001 8931 3803



Kathryn Randolph, Paralegal
Missouri Department of Insurance,
Financial Institutions and Professional
Registration
301 West High Street, Room 530
Jefferson City, Missouri 65101
Telephone: 573.751.2619
Facsimile: 573.526.5492
Kathryn.Randolph@insurance.mo.gov