



FINAL ORDER
EFFECTIVE
03-07-2017

State of Missouri

**DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND
PROFESSIONAL REGISTRATION**

IN RE:

STEVEN JOHN MACH

Applicant.

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Case No. 160817387C

ORDER REFUSING TO ISSUE INSURANCE PRODUCER LICENSE

On January 31, 2017, the Consumer Affairs Division submitted a Petition to the Acting Director ("Director") alleging cause to refuse to issue an insurance producer license to Steven John Mach. After reviewing the Petition and the Investigative Report, the Director issues the following findings of fact, conclusions of law, and order:

FINDINGS OF FACT

1. Steven John Mach ("Mach") is a Missouri resident with a residential and mailing address of 331 Ladue Woods Court, Creve Coeur, Missouri 63141.
2. On December 31, 2015, the Director received Mach's Uniform Application for Individual Producer License/Registration ("Application") to the Department of Insurance, Financial Institutions and Professional Registration ("Department").
3. Mach responded as follows to Background Question No. 1B of the Application:

Have you ever been convicted of a felony, had a judgment withheld or deferred, or are you currently charged with committing a felony? Yes No

You may exclude juvenile adjudications (offenses where you were adjudicated delinquent in a juvenile court)

If you have a felony conviction involving dishonesty or breach of trust, have you applied for written consent to engage in the business of insurance in your home state as required by 18 USC 1033? N/A Yes No

If so was consent granted? (attach a copy of 1033 consent approved by home state.) N/A Yes No

4. Mach answered “yes” in response to the portion of Background Question No. 1B inquiring as to whether he had ever been convicted of a felony.
5. Mach answered “no” in response to the portion of Background Question No. 1B inquiring as to whether he has applied for written consent to engage in the business of insurance as required by 18 USC § 1033 (2012).
6. Along with his Application, Mach submitted court documents disclosing the following criminal history:
 - a. On February 13, 1998, Mach pled guilty to and was convicted of Fraud, a Felony in violation of 18 U.S.C. § 1341.¹ *United States v. Stephen John Mach*, U.S. Dist. Ct. (E.D. Mo.), Case No. 4:97-CR-00465 JCH. The court sentenced Mach to two years’ supervised probation and ordered Mach pay a fine of \$5,000.00 and the cost of incarceration and supervision in the amount of \$ 5,212.32. *Id.*
7. On November 18, 1997, Mach, Mach’s attorney, and the Assistant United States Attorney executed a Stipulation of Facts Relative to Sentencing that provided the following factual explanation of Mach’s conviction entered in *United States v. Stephen John Mach*, U.S. Dist. Ct. (E.D. Mo.), Case No. 4:97-CR-00465 JCH:

[Mach] is president and a fifty per cent (50%) owner of an insurance brokerage company known as Bland & Company Insurance, Inc. (“Bland”) From time to time, customers of Bland requested that their annual insurance premium be financed, which allowed the customer to pay off the premium in monthly installments. Bland used AFCO Credit Corporation to finance the premium payments. AFCO’s security in these loans were the underlying policies themselves. [Mach] submitted Premium Finance Agreements to AFCO which contained fictitious insureds, fictitious signatures and which requested insurance premium financing for insurance policies which did not exist. Through this scheme, Bland, through the actions of [Mach], obtained monies through AFCO by means of these false Premium Finance Agreements. These funds were utilized for general operations of Bland.

The parties agree [Mach]’s conduct involved more than minimal planning. The parties also agree that pursuant to Commentary Note 7(b) of § 2F1.1, because [Mach] has made full restitution to AFCO for all its identifiable loss, the loss value for sentencing purposes is zero dollars (\$0). The parties also agree [Mach] has accepted responsibility for his conduct.

8. On October 15, 1980, the Department issued Mach an insurance agent and insurance broker license (License No. AT496667356). That license expired on October 15, 1998. On November 16, 1998, after a hearing at the Administrative Hearing Commission and

¹ All references to criminal statutes are to those contained in the United States Code under which the court rendered judgment.

before the Director (Mach failed to appear at either hearing), the Director of the Department issued an Order of Revocation which revoked Mach's insurance agent and insurance broker license based on Mach's conviction for a felony and crime involving moral turpitude in *United States v. Stephen John Mach*, U.S. Dist. Ct. (E.D. Mo.), Case No. 4:97-CR-00465 JCH. *Director, Dep't of Ins., State of Missouri v. Steven J. Mach*, Mo. Dep't of Ins., MDI Case No. 980311096C, AHC Case No. 98-000687 DI.

9. On January 7, 2016, Special Investigator Karen Crutchfield ("Crutchfield") with the Consumer Affairs Division ("Division") of the Department sent Mach an inquiry letter. This inquiry letter requested that Mach provide complete court records relating to his felony conviction, a detailed statement concerning the circumstances of his conviction, and information relating to possible tax delinquencies. Crutchfield also explained that Mach's felony may fall into the category of felonies for which a waiver is required to engage in the business of insurance pursuant to 18 USC § 1033 (2012). Crutchfield's inquiry included a 1033 Waiver Application for Mach to complete. The inquiry letter cited 20 CSR 100-4.100(2)(A) and warned Mach that failure to respond could be a violation of the law and constitute cause for refusal of his application.
10. On February 11, 2016, the Division received a letter from Mach, dated February 5, 2016, requesting an additional ninety days to furnish an adequate response. Crutchfield agreed to extend Mach's response deadline to May 5, 2016.
11. After receiving no further response from Mach by May 5, 2016, Crutchfield sent Mach another inquiry letter, dated May 12, 2016, again requesting that Mach provide complete court records relating to his felony conviction, a detailed statement concerning the circumstances of his conviction, information relating to possible tax delinquencies, and a completed 1033 Waiver Application. The inquiry letter cited 20 CSR 100-4.100(2)(A) and informed Mach that failure to respond could be a violation of the law and constitute cause for refusal of his Application.
12. The United States Postal Service did not return the Division's May 12, 2016 inquiry letter to the Division, and therefore it is presumed received by Mach.
13. Mach failed to provide a written response to the Division's May 12, 2016 inquiry letter and failed to demonstrate a reasonable justification for the delay.

CONCLUSIONS OF LAW

14. Section 375.141, RSMo (Supp. 2013)² provides, in 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:

² All civil statutory references are to the Revised Statutes of Missouri (2000) as updated by the 2013 Supplement, unless otherwise indicated.

- (2) Violating any insurance laws, or violating any regulation, subpoena or order of the director or of another insurance commissioner in any other state;

* * *

- (4) Improperly withholding, misappropriating or converting any moneys or properties received in the course of doing insurance business;

* * *

- (6) Having been convicted of a felony or crime involving moral turpitude;
- (7) Having admitted or been found to have committed any insurance unfair trade practice 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[.]

- 15. Title 20 CSR 100-4.100(2)(A) Required Response to Inquiries by the Consumer Affairs Division, provides:

Upon receipt of any inquiry from the division, every person shall mail to the division an adequate response to the inquiry within twenty (20) days from the date the division mails the inquiry. An envelope's postmark shall determine the date of mailing. When the requested response is not produced by the person within twenty (20) days, this nonproduction shall be deemed a violation of this rule, unless the person can demonstrate that there is reasonable justification for that delay.

- 16. "There is a presumption that a letter duly mailed has been received by the addressee." *Clear v. Missouri Coordinating Bd. for Higher Educ.*, 23 S.W.3d 896, 900 (Mo. App. 2000) (internal citations omitted).
- 17. The Director may refuse to issue an insurance producer license to Mach pursuant to § 375.141.1(2) because Mach violated 20 CSR 100-4.100(2)(A) when he failed to respond to an inquiry letter from the Division and failed to provide a reasonable justification for the delay.
- 18. The Director may refuse to issue an insurance producer license to Mach pursuant to § 375.141.1(4) because Mach misappropriated or converted moneys or properties received in the course of doing insurance business when he falsified Premium Finance Agreements for insurance policies that did not exist in order to fraudulently obtain money from AFCO Credit Corporation.

19. The Director may refuse to issue an insurance producer license to Mach pursuant to § 375.141.1(6) because, as found in the 1998 Revocation, Mach has been convicted of a felony and crime involving moral turpitude, namely:
 - a. Fraud, a Felony in violation of 18 U.S.C. § 1341. *United States v. Stephen John Mach*, U.S. Dist. Ct. (E.D. Mo.), Case No. 4:97-CR-00465 JCH. *Director, Dep't of Ins. State of Missouri v. Steven J. Mach*, Mo. Dep't of Ins., MDI Case No. 980311096C, AHC Case No. 98-000687 DI.
20. The Director may refuse to issue an insurance producer license to Mach pursuant to § 375.141.1(7) because Mach admitted to or was found to have committed an insurance unfair trade practice or fraud when he pled guilty to and was convicted of Fraud. *United States v. Stephen John Mach*, U.S. Dist. Ct. (E.D. Mo.), Case No. 4:97-CR-00465 JCH.
21. The Director may refuse to issue an insurance producer license to Mach pursuant to § 375.141.1(8) because Mach used fraudulent or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility in the conduct of business when he schemed to defraud AFCO Credit Corporation of premium financing by submitting a letter "containing a fraudulent Commercial Premium Finance Agreement falsely indicating a loan request was to finance an insurance premium payment when in fact there was no insurance premium." *United States v. Stephen John Mach*, U.S. Dist. Ct. (E.D. Mo.), Case No. 4:97-CR-00465 JCH.
22. The Director has considered Mach's history and all of the circumstances surrounding his Application and exercises his discretion to refuse to issue Mach an insurance producer license.
23. This order is in the public interest.

ORDER

IT IS THEREFORE ORDERED that Steven John Mach's insurance producer license application is hereby **REFUSED**.

SO ORDERED.

WITNESS MY HAND THIS 31ST DAY OF JANUARY, 2017.



JOHN M. HUFF
ACTING 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 31st day of January, 2017, a copy of the foregoing Order and Notice was served upon the Applicant in this matter by UPS, signature required, to the following address:

Steven John Mach
331 Ladue Woods Court
Creve Coeur, MO 63141

Tracking No. 1Z0R15W84290134905



Kathryn Latimer

Paralegal

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Telephone: 573.751.6515

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Email: kathryn.latimer@insurance.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that on this 6th day of February, 2017, a copy of the foregoing Order and Notice was served upon the Applicant in this matter by UPS, signature required, to the following address:

Steven John Mach
331 Ladue Woods Court
Creve Coeur, MO 63141

Certified No. 7013 2250 0000 4609 6692



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