

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

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

In the Matter of:

CRAIG A. REYNOLDS,

Respondent.

)
)
)
)
)
)
)

DIFP File No. 090327427C

CONSENT ORDER

JOHN M. HUFF, Director of the Department of Insurance, Financial Institutions and Professional Registration takes up the above matter for consideration and disposition. The Division of Consumer Affairs, through legal counsel Andy Heitmann, and Respondent Craig A. Reynolds have reached a settlement in this matter and have consented to the issuance of this Consent Order.

Findings of Fact

The parties to this Consent Order hereby agree and stipulate to the following Findings of Fact:

1. John M. Huff is the Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration (hereinafter, "Director") whose duties,

pursuant to Chapters 374 and 375, RSMo, include supervision, regulation and discipline of insurance producers.

2. The Consumer Affairs Division, pursuant to appointment by the Director, has the duty of conducting investigations into the acts of insurance producers under the insurance laws of this state and is authorized by the Director to recommend enforcement action for violations of the insurance laws of this state.

3. The Department issued Respondent Craig A. Reynolds (“Reynolds”) an insurance producer license (most recently designated as No. 102584) on February 21, 1995. That license was repeatedly renewed until it expired on February 21, 2009.

4. On or about April 28, 2008, the Department, through its Consumer Affairs Division, received a complaint from Life Investors Insurance Company of America (“Life Investors”) concerning Reynolds and his wife, Shelley Reynolds. On or about May 19, 2008, the Consumer Affairs Division received a complaint from Royal Neighbors of America Insurance Company (“Royal Neighbors”) concerning Reynolds and his wife, Shelley Reynolds. The complaints alleged that Reynolds solicited policies on behalf of those companies while not appointed with those companies and that Shelley Reynolds’s signature appeared on applications as the soliciting agent although she had not personally met with the applicants.

5. On June 3, 2008, an investigator in the Department’s Consumer Affairs Division sent Reynolds a letter inquiring into the circumstances of complaints the Department had received from Life Investors and Royal Neighbors. The investigator’s letter required a response from Reynolds on or before June 23, 2008. On June 23, 2008,

Reynolds called the investigator and requested additional time to respond, to which request the investigator agreed, giving Reynolds until July 15, 2008 to respond.

6. Reynolds failed to respond to the investigator's inquiry letter despite the extended deadline.

7. On or about October 6, 2008, the Department, through former acting director Linda Bohrer, issued a *subpoena duces tecum* to Reynolds, ordering Reynolds to appear on October 29, 2008 at 9:30 a.m. at the Department, to answer questions concerning the complaints filed by Life Investors and Royal Neighbors.

8. The Department sent the subpoena by certified mail, but the subpoena was returned as unclaimed on or about October 24, 2008.

9. On November 18, 2008, the subpoena was personally served on Reynolds by a process server.

10. Pursuant to the subpoena, Reynolds appeared at the Department for an investigation conference ("Subpoena Conference"), at which he testified under oath, on December 3, 2008.

11. At the Subpoena Conference, Reynolds admitted under oath that:

- a. On more than one occasion, he met with clients without Shelley Reynolds present but had Shelley Reynolds sign the applications he solicited from the clients.
- b. He had Shelley Reynolds sign the applications because he was not appointed with the insurers on whose behalf he solicited the applications.
- c. On more than one occasion, he signed Shelley Reynolds's name to applications.

d. He does not retain any records aside from applications for policies that have been cancelled, and he shreds faxes concerning individual policies after sending them.

12. On or about March 12, 2009, the Consumer Affairs Division referred Investigation File Number 08A000366, concerning Reynolds, to the General Counsel.

13. In the investigation file, the Consumer Affairs Division alleged that Reynolds: acted as an insurance producer for an insurer without being appointed by that insurer; committed unfair trade practices—specifically, that Reynolds made false or fraudulent statements relative to applications for policies and did so frequently enough to constitute a general business practice; failed to retain documents related to insureds' files as required by Department regulation; failed to respond to Department inquiries as required by regulation; and used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere. *See* § 375.022.2, 375.141.1(2), (7), (8) and (10), RSMo (Supp. 2008); § 375.936(7), RSMo (2000); 20 CSR 700-1.140(5); and 20 CSR 100-4.100(2)(A).

14. On or about July 28, 2009, counsel for the Consumer Affairs Division sent Reynolds a written description of the specific conduct for which discipline is sought in this Consent Order and a citation to the law and rules allegedly violated, together with copies of the exhibits contained in the Division's investigation report. Counsel for the Division advised that Reynolds had sixty (60) days review the investigation report and consider the proposed settlement offer.

15. Reynolds 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 settlement constitute grounds for disciplining Reynolds's license.

16. Reynolds 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 of this Consent Order and forever releases and holds harmless the Department, the Director and her agents, and the Consumer Affairs Division from any and all liability and claims arising out of, pertaining to or relating to this matter.

17. Reynolds has the right to consult counsel at his own expense.

Conclusions of Law

18. The allegations raised by the Consumer Affairs Division, if proven or admitted by Reynolds, are grounds to discipline Reynolds's insurance license.

19. On each occasion that Reynolds solicited applications from clients for policies through insurers with whom he had not been appointed, he acted as an insurance producer on behalf of an insurer with whom he was not appointed, and therefore violated § 375.022.2, RSMo (Supp. 2008), which violation constitutes cause for discipline to his insurance producer license under § 375.141.1(2), RSMo (Supp. 2008).

20. On each occasion that Reynolds signed the name of Shelley Reynolds to an application for an insurance policy, Reynolds misrepresented that Shelley Reynolds had signed the application, that Shelley Reynolds had solicited the application and that Shelley Reynolds had been present when the applicant signed the application. Reynolds signed Shelley Reynolds's name with such frequency to indicate a general business practice for purposes of § 375.934, RSMo (2000). Reynolds's repeatedly signing Shelley Reynolds's

name therefore constituted an unfair trade practice in violation of § 375.936, RSMo (2000), which is a violation of an insurance law and a ground for discipline under § 375.141.1(2), RSMo (Supp. 2008).

21. Reynolds failed to maintain a complete set of records for each personal insurance policy applied for or procured through him. The minimum record keeping requirements set out by Missouri insurance regulation 20 CSR 700-1.140(5) require licensees to retain, among other documents, “[a]ny written correspondence or copies of records transmitted to or received by the licensee concerning the policy,” and, further, to maintain such documents “for as long as the personal insurance policy in question is in force and for at least three (3) years thereafter.” At the Subpoena Conference, Reynolds testified that he did not think he had a copy of a fax he sent concerning a personal insurance policy because when a policy is cancelled, he typically keeps only a copy of the application. Reynolds further testified that he frequently shredded such faxes after sending them. Reynolds’s failure to maintain complete records for each personal insurance policy is a violation of 20 CSR 700-1.140(5), and, as such, a ground for discipline under § 375.141.1(2), RSMo (Supp. 2008).

22. Reynolds failed to respond to Department inquiries within 20 days, as required by 20 CSR 100-4.100(2)(A). Such failure is a violation of an insurance regulation and, as such, a ground for discipline under § 375.141.1(2), RSMo (Supp. 2008).

23. By repeatedly soliciting insurance applications on behalf of companies with whom he was not appointed, and by signing his wife’s name on the applications so that they would be processed by the companies, Reynolds used fraudulent and dishonest

practices and demonstrated incompetence and untrustworthiness in the conduct of business in this state, grounds for discipline under § 375.141.1(8), RSMo (Supp. 2008).

24. The expiration of Reynolds's license does not deprive the Department of jurisdiction to revoke the license for the protection of the public. *See* § 375.141.4, RSMo (Supp. 2008).

25. The Director is authorized to settle this matter and the Director is authorized to issue this Consent Order in the public interest pursuant to §§ 374.046, RSMo (Supp. 2008) and 374.280, RSMo (2000).

26. The Director is authorized to enforce this Consent Order and should Respondent fail to comply with the conditions set forth herein, the Director or his successors, without any limitation, may initiate any action authorized by law, including referral of this case to criminal prosecutors.

27. 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.

ORDER

IT IS ORDERED THAT Craig A. Reynolds's insurance producer license (License No. PR102584 or 102584) is hereby **REVOKED**.

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 she 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.

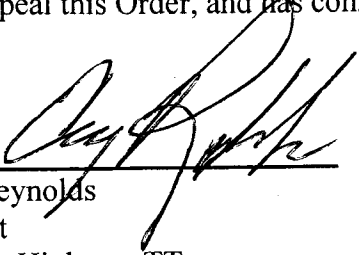
SO ORDERED, SIGNED AND OFFICIAL SEAL AFFIXED THIS 5th DAY
OF August, 2009.



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

CONSENT AND WAIVER OF HEARING

The undersigned persons understand and acknowledge that Respondent has the right to a hearing, but that Respondent has waived this rights to any and all hearings and all rights to appeal this Order, and has consented to the issuance of this Consent Order.



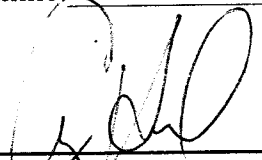
Craig A. Reynolds
Respondent
14724 State Highway FT
Kidder, MO 64649
6702 MACK ST
ST JOSEPH, MO 64504

Ⓢ

Date 7/31/09

Counsel for Craig A. Reynolds
Missouri Bar No. _____
Address: _____
Telephone: _____
Facsimile: _____

Date



Andy Heymann
Counsel for Consumer Affairs Division
Missouri Bar No. 60679
Department of Insurance, Financial
Institutions and Professional Registration
301 West High Street, Room 530
Jefferson City, MO 65101
Telephone: (573) 751-2619
Facsimile: (573) 526-5492

Date 7/28/09