



State of Missouri
DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND
PROFESSIONAL REGISTRATION

IN RE:)
)
HERMAN LEE VAUGHN JR.,) Case No. 170419256C
)
Additional Line Applicant.)

ORDER REFUSING TO ISSUE
LICENSE FOR ADDITIONAL LINE OF AUTHORITY

On September 12, 2017, the Consumer Affairs Division, submitted a Petition to the Director alleging cause to refuse to issue a license for additional line of authority to Herman Lee Vaughn Jr. After reviewing the Petition and Investigative Report, the Director issues the following findings of fact, conclusions of law, and order:

FINDINGS OF FACT

1. Herman Lee Vaughn Jr. ("Vaughn") is an Arkansas resident with a residential and mailing address of 3307 Rose Street, Pine Bluff, Arkansas 71603.
 2. On November 28, 2016, the Department of Insurance, Financial Institutions and Professional Registration ("Department") received Vaughn's electronic application for a non-resident individual producer license ("Initial Application").
 3. The "Attestation" section of the Initial Application states, in relevant part:
 1. I hereby certify that, under penalty of perjury, that all of the information submitted in this application and attachments is true and complete. I am aware that submitting false information or omitting pertinent or material information in connection with this application is grounds for license revocation or denial of the license and may subject me to civil or criminal penalties.
- * * *
4. I further certify that, under penalty of perjury, a) I have no child-support obligation, b) I have a child-support obligation and I am currently in compliance with that obligation, or c) I have identified my child support obligation arrearage on this application.

5. Vaughn accepted the "Attestation" section of the Initial Application as a condition of submission.

6. Background Question No. 1A of the Initial Application asks:

Have you ever been convicted of a misdemeanor, had a judgment withheld or deferred, or are you currently charged with committing a misdemeanor? You may exclude the following misdemeanor convictions or pending misdemeanor charges: traffic citations, driving under the influence (DUI), driving while intoxicated (DWI), driving without a license, reckless driving, or driving with a suspended or revoked license. You may also exclude juvenile adjudications (offenses where you were adjudicated delinquent in a juvenile court)[.]

7. Vaughn answered "No" to Background Question No. 1A of the Initial Application.

8. Background Question No. 7 of the Initial Application asks, "Do you have a child support obligation in arrearage?"

9. Vaughn answered "No" in response to Background Question No. 7 of the Initial Application.

10. Relying on Vaughn's sworn representations in his Initial Application, on November 28, 2016, the Department issued Vaughn non-resident insurance producer license number 8394032, with authority to produce life insurance.

11. On December 5, 2016, the Department received Vaughn's electronic application for authority to produce the additional line of accident and health insurance ("Additional Line Application").

12. Background Question No. 1A of the Additional Line Application asks:

Have you ever been convicted of a misdemeanor, had a judgment withheld or deferred, or are you currently charged with committing a misdemeanor? You may exclude the following misdemeanor convictions or pending misdemeanor charges: traffic citations, driving under the influence (DUI), driving while intoxicated (DWI), driving without a license, reckless driving, or driving with a suspended or revoked license. You may also exclude juvenile adjudications (offenses where you were adjudicated delinquent in a juvenile court)[.]

13. Contrary to Vaughn's response on his Initial Application, Vaughn responded "Yes" to Background Question No. 1A of the Additional Line Application and disclosed the following conviction:

a. On June 16, 2003, Vaughn pled guilty to, and was convicted of, Theft of

Property, a Class A Misdemeanor, in violation of Ark. Code. Ann. § 5-36-103(b)(4). The court sentenced Vaughn to 14 days' incarceration, but suspended seven (7) days of the sentence and order Vaughn to pay a fine of \$550.00. *City of Conway v. Herman Vaughn*, Faulkner Co. Dist. Ct., Case No. CW03-C-6368.

14. Background Question No. 7 of the Additional Line Application asks, in part, "Do you have a child support obligation in arrearage?"
15. Contrary to Vaughn's response on his Initial Application, Vaughn answered "Yes" in response to Background Question No. 7 of the Additional Line Application, and further indicated that he was three (3) months in arrears. Vaughn included with the Additional Line Application a letter, which stated, in relevant part:

It's been hard I've been trying to get a job I've got my lic[enc]e to sell Insurance and I'm Trying to get my Health I just need help[,] please help me out. I just want to star[t] working so I can take care of my kids just help me get out of this I'm trying to get [illegible] up[.]

16. On March 13, 2017, the Arkansas Insurance Commissioner entered a Revocation Order ("Arkansas Order") that revoked Vaughn's resident producer license. The Arkansas Order stated, in relevant part:

2. On or about December 22, 2016 the [Arkansas Insurance Department] received notice from the Office of Child Support Enforcement that [Vaughn] was three or more months in arrears on child support payments.

* * *

7. [Vaughn] is three or more months in arrears as to his child support obligations, a violation of Ark. Code Ann. § 23-64-512(a)(14).

Arkansas Insurance Department v. Herman Vaughn, A.I.D. 2017-024.

17. The Arkansas Order became final and effective on March 13, 2017.
18. Vaughn has never reported to the Director the administrative action known as *Arkansas Insurance Department v. Herman Vaughn*, A.I.D. Case No. 2017-024.
19. It is inferable, and hereby found as fact, that Vaughn failed to disclose his criminal conviction and child support arrearage on his Initial Application in order to misrepresent his criminal history and child support compliance to the Director, and accordingly to increase the likelihood that the Director would issue him a license for the accident and health insurance line of authority.

CONCLUSIONS OF LAW

20. Section 375.141, RSMo¹ 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:

(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;

* * *

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

* * *

(13) Failing to comply with any administrative or court order imposing a child support obligation.

* * *

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.

21. The Director may refuse to issue Vaughn a license for the accident and health insurance line of authority pursuant to § 375.141.1(1) because Vaughn intentionally provided materially incorrect, misleading, incomplete, or untrue information on the Initial Application when he failed to disclose his misdemeanor conviction for Theft of Property in response to Background Question No. 1A of the Initial Application. *City of Conway v. Herman Vaughn*, Faulkner Co. Dist. Ct., Case No. CW03-C-6368

¹ All civil statutory references are to the 2016 Missouri Revised Statutes.

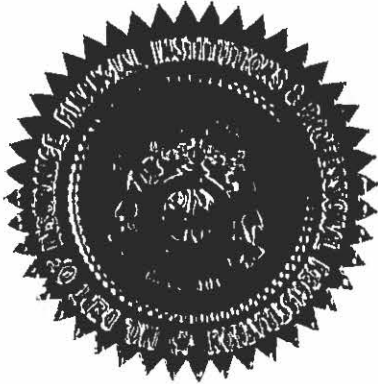
22. The Director may refuse to issue Vaughn a license for the accident and health insurance line of authority pursuant to § 375.141.1(1) because Vaughn intentionally provided materially incorrect, misleading, incomplete, or untrue information on the Initial Application when he failed to disclose his child support obligation and corresponding arrearage in response to Background Question No. 7 of the Application.
23. Each time Vaughn intentionally provided materially incorrect, misleading, incomplete, or untrue information in the Initial Application is a separate and sufficient cause to refuse licensure for the accident and health insurance line of authority under § 375.141.1(1).
24. The Director may refuse to issue Vaughn a license for the accident and health insurance line of authority pursuant to § 375.141.1(2) because Vaughn violated an insurance law, specifically § 375.141.6, by failing to report to the Director the administrative action taken against him by the Arkansas Insurance Department in *Arkansas Insurance Department v. Herman Vaughn*, A.I.D. Case No. 2017-024 within thirty (30) days of the final disposition of the matter.
25. The Director may refuse to issue Vaughn a license for the accident and health insurance line of authority pursuant to § 375.141.1(3) because Vaughn obtained his non-resident insurance producer license through material misrepresentation or fraud by not disclosing his criminal history and child support obligation and arrears on his Initial Application, as required.
26. The Director may refuse to issue Vaughn a license for the accident and health insurance line of authority pursuant to § 375.141.1(9) because Vaughn had an insurance producer license revoked in Arkansas. *Arkansas Insurance Department v. Herman Vaughn*, Case No. A.I.D. 2017-024.
27. The Director may refuse to issue Vaughn a license for the accident and health insurance line of authority pursuant to § 375.141.1(13) because he has failed to comply with an administrative or court order imposing a child support obligation, as evidenced by his affirmative answer to Background Question No. 7 of his Additional Line Application, his disclosure that he is three (3) months in arrears in response to Background Question No. 7A of the Additional Line Application, and the conclusion of law in the Revocation Order that “[Vaughn] is three or more months in arrears[.]” See *Arkansas Insurance Department v. Herman Vaughn*, Case No. A.I.D. 2017-024.
28. The Director has considered Vaughn’s history and all of the circumstances surrounding the Additional Line Application, including the infirmities of his Initial Application. Granting Vaughn a license for the accident and health insurance line of authority would not be in the interest of the public. Accordingly, the Director exercises her discretion and refuses to issue Vaughn a license for the accident and health insurance line of authority.
29. This Order is in the public interest.

ORDER

IT IS THEREFORE ORDERED that Herman Lee Vaughn Jr.'s license for additional line of authority application is hereby **REFUSED**.

SO ORDERED.

WITNESS MY HAND THIS 23rd DAY OF October, 2017.



A handwritten signature in black ink, reading "Chlora Lindley-Myers". The signature is written in a cursive style and is positioned above a horizontal line.

CHLORA LINDLEY-MYERS, Director
Missouri Department of Insurance, Financial
Institutions and Professional Registration

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 26th day of October, 2017, a copy of the foregoing Order and Notice was served upon the Applicant in this matter by United Parcel Service, signature required, to the following address:

Herman Lee Vaughn Jr.
3307 Rose Street
Pine Bluff, Arkansas 71603

Tracking No. 1Z0R15W84291348932



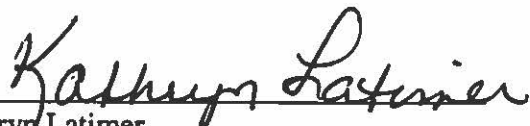
Kathryn Latimer
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Telephone: 573.751.6515
Facsimile: 573.526.5492
Email: kathryn.latimer@insurance.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that on this 7th day of November, 2017, a copy of the foregoing Order and Notice was served upon the Applicant in this matter by USPS, certified mail, to the following address:

Herman Lee Vaughn Jr.
3307 Rose Street
Pine Bluff, Arkansas 71603

Certified No. 7016 3010 0000 4563 2196




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CERTIFICATE OF SERVICE

I hereby certify that on this 7th day of December, 2017, a copy of the foregoing Order and Notice was served upon the Applicant in this matter by USPS, first class mail, to the following address:

Herman Lee Vaughn Jr.
3307 Rose Street
Pine Bluff, Arkansas 71603


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