



**DEPARTMENT OF COMMERCE AND INSURANCE**

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

IN RE: )  
 )  
 LYALL W. FRIEDLINE AND )  
 AMERICAN TAX ADVISORS OF )  
 K.C. INC., D/B/A FRIEDLINE )  
 FINANCIAL GROUP, ) **Case No. 2307070766C**  
 )  
 Respondents. )

**CONSENT ORDER**

CHLORA LINDLEY-MYERS, Director of the Missouri Department of Commerce and Insurance, takes up the above matter for consideration and disposition. The Consumer Affairs Division of the Department's Insurance Divisions, through counsel, and Lyall W. Friedline and American Tax Advisors of K.C. Inc., d/b/a Friedline Financial Group have reached a settlement in this matter and have agreed to the issuance of this Consent Order.

**FINDINGS OF FACT**

1. Chlora Lindley-Myers is the duly appointed Director of the Missouri Department of Commerce and Insurance ("Director" of the "Department") whose duties, pursuant to, among others, Chapters 374 and 375, RSMo (2016),<sup>1</sup> include the supervision, regulation, and discipline

---

<sup>1</sup> All civil statutory references are to the 2016 Revised Statutes of Missouri unless otherwise noted.

of insurance producers.

2. The Consumer Affairs Division (“Division”) of the Department has the duty of conducting investigations into the conduct of insurance producers pursuant to the insurance laws of Missouri and has been authorized by the Director to investigate and initiate actions to enforce the insurance laws of Missouri, including insurance producer license discipline.

3. Lyall W. Friedline (“Friedline”) is a resident of the state of Missouri with a reported residential, mailing, and business address of 107 SW Market Street, Suite A, Lee’s Summit, Missouri 64063-2360.

4. The Director initially issued Friedline a resident insurance producer license on February 2, 2004. His current license is due to expire April 23, 2024.

5. American Tax Advisors of K. C. Inc., d/b/a Friedline Financial Group (“Friedline Financial”) is a Missouri corporation with a reported address of 107 SW Market Street, Suite A, Lee’s Summit, Missouri 64063-2360.

6. The Department initially issued Friedline Financial a business entity insurance producer license on April 4, 2007. Its current license expires April 4, 2025.

7. Friedline is the designated responsible licensed producer for Friedline Financial.

8. In March 2023, the Financial Industry Regulatory Authority, Inc. (“FINRA”) notified the Division that Friedline directed a Friedline Financial employee to take a life and health continuing education class on ethics/suitability that Friedline was scheduled to take to meet the requirements for renewal of his insurance producer license. The employee completed the class on December 12, 2019.

9. Dennis Fitzpatrick (“Fitzpatrick”), Special Investigator with the Division, investigated the complaint submitted by FINRA.

10. As part of that investigation, Fitzpatrick learned that Friedline had submitted a renewal application to the Department on February 11, 2020.

11. Fitzpatrick further learned that Friedline had provided the Friedline Financial employee with Friedline's username and password to the on-line provider of continuing education courses authorized in Missouri so that the employee could log in and complete the ethics course. As a result, the authorized provider of the continuing education course provided certification to the Director that Friedline had completed its approved course.

12. The December 12, 2019, business ethics course represented the only business ethics hours Friedline reported during the February 2, 2018 through February 2, 2020, compliance period for the February 2020 renewal.

13. Friedline did not successfully complete courses of study in ethics during the two years prior to applying for renewal of his producer license in February 2020.

14. On or about February 11, 2020, in reliance in part on the course provider's certification that Friedline took and successfully completed the continuing education requirements, which included the requirement for 3 hours of business ethics, the Director renewed Friedline's insurance producer license.

15. Friedline is the President and a member of the Board of Directors of Friedline Financial.

16. Neither Friedline nor anyone representing Friedline Financial reported Friedline's violations to the Director or took any corrective action upon learning of the violations.

17. Friedline understands and agrees that pursuant to § 375.141.1(2), the Director has grounds to discipline Friedline's insurance producer license because he did not take or successfully complete 3 hours of ethics continuing education in violation of § 375.020.1 and 20 CSR 700.3-

200(2) and consequently did not qualify to have his insurance producer license renewed in February 2020.

18. Friedline understands and agrees that pursuant to § 375.141.1(3), the Director has grounds to discipline Friedline's insurance producer license because Friedline obtained a license through material misrepresentation or fraud by providing his user name and password to a Friedline Financial employee, who used them to take the December 12, 2019, business ethics course, resulting in the course provider certifying to the Director that Friedline had taken and successfully completed the required number of ethics continuing education hours for license renewal when he had not.

19. Friedline understands and agrees that pursuant to § 375.141.1(8), the Director has grounds to discipline Friedline's insurance producer license because Friedline has used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state.

20. Friedline Financial understands and agrees that pursuant to § 375.141.3, the Director has grounds to discipline Friedline Financial's business entity producer license because Friedline knew Friedline violated §§ 375.014.1 and 375.020.1 and Friedline, as owner, President, and the designated responsible licensed producer for Friedline Financial knew or should have known about the violations and did not report the violations to the Director and did not take any corrective action in response to the known violations.

21. Friedline and Friedline Financial and the Department desire to settle the allegations raised by the Division.

22. Friedline and Friedline Financial acknowledge and understand that they have the right to consult an attorney at their own expense regarding these matters.

23. On or about September 28, 2023, counsel for the Division provided a written description of the specific conduct for which discipline is being sought and a citation to the law and rules allegedly violated, together with copies of any documents upon which it bases 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 Friedline and Friedline Financial that they had sixty (60) days to review the relevant documents and consider the proposed settlement offer in accordance with § 621.045.4(2).

24. Friedline admits to the facts alleged by the Division and outlined in this Consent Order.

25. Friedline Financial admits to the facts alleged by the Division and set out in this Consent Order.

26. Friedline agrees that these facts constitute grounds to discipline his insurance producer license pursuant to § 375.141.1 (2), (3), and (8).

27. Friedline Financial agrees that these facts constitute grounds to discipline its business entity license pursuant to § 375.141.3.

28. Friedline 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 Friedline's insurance producer license.

29. Friedline Financial further acknowledges that it has been advised that it 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 Friedline Financial's business entity license.

30. Except as provided in paragraphs 28 and 29, above, Friedline and Friedline Financial stipulate and agree to waive any rights that they may have to a hearing before the Missouri Administrative Hearing Commission or the Director and any rights to seek judicial review or to otherwise challenge or contest the terms and conditions of this Consent Order and forever release and hold harmless the Department, the Director, her agents, and the Division from all liability and claims arising out of, pertaining to, or relating to this matter.

31. Friedline and Friedline Financial acknowledge and understand that this Consent Order is an administrative action and will be reported by the Department to other jurisdictions. Friedline and Friedline Financial further acknowledge and understand that this administrative action should be disclosed on future license applications and any renewal applications they submit in this state and in other jurisdictions, and that it is their responsibility to comply with the reporting requirements of each jurisdiction in which they may be licensed.

32. All signatories to this Consent Order certify by signing that they are fully authorized, in their own capacities, or by the named parties they represent, to accept the terms and provisions of this Consent Order in their entirety, and agree, in their personal or representative capacities, to be bound by the terms of this Consent Order.

### **CONCLUSIONS OF LAW**

33. Section 375.141.1 provides, in relevant part:

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) 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; [or]

\*\*\*

(8) Using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere[.]

34. Section 375.014.1 provides as follows:

No person shall sell, solicit or negotiate insurance in this state for any class or classes of insurance unless he or she is licensed for that line of authority as provided in this chapter.

35. Section 375.020.1 provides, in relevant part:

Beginning January 1, 2008, each insurance producer, unless exempt pursuant to section 375.016, licensed to sell insurance in this state shall successfully complete courses of study as required by this section. Any person licensed to act as an insurance producer shall, during each two years, attend courses or programs of instruction or attend seminars equivalent to a minimum of sixteen hours of instruction. Of the sixteen hours' training required in this subsection, the hours need not be divided equally among the lines of authority in which the producer has qualified. The courses or programs attended by the producer during each two-year period shall include instruction on Missouri law, products offered in any line of authority in which the producer is qualified, producers' duties and obligations to the department, and business ethics, including sales suitability.

36. Section 375.020.6 provides as follows:

Every person subject to the provisions of this section shall furnish in a form satisfactory to the director, written certification as to the courses, programs or seminars of instruction taken and successfully completed by such person. Every provider of continuing education courses authorized in this state shall, within thirty working days of a licensed producer completing its approved course, provide certification to the director of the completion in a format prescribed by the director.

37. Rule 20 CSR 700.3-200(2) provides:

Of those hours of continuing education described by section 375.020.1,

RSMo, insurance producers licensed in any of the lines of authority designated in sections 375.018.1(1) through (6), RSMo, must complete three (3) hours of instruction covering ethics, Missouri law, and producer duties and obligations to the department during any two-(2-) year licensure period. Courses on ethics, laws, and duties must be approved as such by the director to be eligible for meeting this requirement.

38. Section 375.141.3 provides as follows:

The license of a business entity licensed as an insurance producer may be suspended, revoked, renewal refused or an application may be refused if the director finds that a violation by an individual insurance producer was known or should have been known by one or more of the partners, officers or managers acting on behalf of the business entity and the violation was neither reported to the director nor corrective action taken.

39. The facts in the Findings of Fact set out above constitute cause to discipline Friedline's resident insurance producer license pursuant to § 375.141.1(2), (3), and (8).

40. The facts in the Findings of Fact set out above constitute cause to discipline Friedline Financial's business entity license pursuant to § 375.141.3.

41. The Director is authorized to settle this matter and issue this Consent Order in the public interest pursuant to §§ 374.046, 536.060, and 621.045.

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

### **ORDER**

IT IS THEREFORE ORDERED that:

43. Friedline shall respond to all written inquiries and consumer complaints forwarded or otherwise communicated to him by the Department within five (5) business days of Friedline's receipt.

44. Friendline Financial shall respond to all written inquiries and consumer complaints forwarded or otherwise communicated to it by the Department within five (5) days of Friedline Financial's receipt.



45. If Friedline receives a written complaint that is not communicated to him by the Department, Friedline shall send a copy of the written complaint and Friedline's response to said complaint to the Department within five (5) business days of Friedline's receipt.

46. If Friedline Financial receives a written complaint that is not communicated to it by the Department, Friedline Financial shall send a copy of the written complaint and Friedline Financial's response to said complaint to the Department within five (5) days of Friedline Financial's receipt.

47. Friedline shall successfully complete the courses of study required by § 375.020 and 20 CSR 700.3-200 during each two-year licensure period.

48. Friedline shall report to the Department any violation of or failure to comply with the laws set forth in Chapters 374 or 375 within five (5) business days that Friedline knows of such violation or failure to comply.

49. Friedline Financial shall report to the Department any violation of or failure to comply with the laws set forth in Chapters 374 or 375 within five (5) business days that Friedline Financial knows of such violation or failure to comply.

50. Friedline shall report to the Department any administrative action taken against Friedline in another jurisdiction or by another governmental agency in this state within five (5) business days after he receives notification of the initiation of such administrative action.

51. Friedline Financial shall report to the Department any administrative action taken against Friedline Financial in another jurisdiction or by another governmental agency in this state within five (5) business days after it receives notification of the initiation of such administrative action.

52. Friedline shall report to the Department any probation violation, probation

revocation, arrest, citation, guilty plea, *nolo contendere* plea, finding of guilt or conviction concerning a felony or misdemeanor within five (5) business days of such occurrence.

53. Friedline Financial shall report to the Department any probation violation, probation revocation, arrest, citation, guilty plea, *nolo contendere* plea, finding of guilt or conviction concerning a felony or misdemeanor within five (5) business days of such occurrence.

54. Friedline shall forfeit the sum of one thousand dollars (\$1,000.00), such sum to be paid into the state school fund pursuant to §§ 374.046, 374.049, and 374.280.

55. Friedline shall submit this sum to the Department by cashier's check or money order made payable to the Treasurer, Missouri State School Fund, no later than ten (10) days from the date this Order is issued.

IT IS FINALLY ORDERED that the Director may pursue additional legal remedies, as determined appropriate by the Director, and without limitation, as authorized by Chapters 374 and 375, including remedies for violation of, or failure to comply with, the terms of this Consent Order.


**SO ORDERED, SIGNED AND OFFICIAL SEAL AFFIXED THIS 13<sup>th</sup> DAY OF OCTOBER, 2023.**

  
**CHLORA LINDLEY-MYERS, Director**  
Missouri Department of Commerce and Insurance



**CONSENT AND WAIVER OF HEARING**

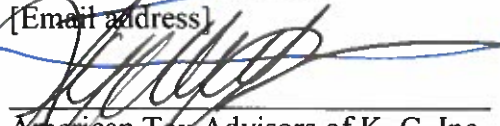
The undersigned persons understand and acknowledge that Lyall W. Friedline and American Tax Advisors of K. C., Inc., d/b/a Friedline Financial Group may have the right to a hearing, but that Lyall W. Friedline and American Tax Advisors of K. C., Inc., d/b/a Friedline Financial Group have waived the right to any hearing and agreed to the issuance of this Consent Order.

  
\_\_\_\_\_  
Lyall W. Friedline  
107 SW Market St., Suite A  
Lee's Summit, Missouri 64063-2360

10/04/2023  
Date

~~\_\_\_\_\_  
Counsel for Lyall W. Friedline  
Bar No.  
[Address]  
[Telephone and facsimile numbers]  
[Email address]~~

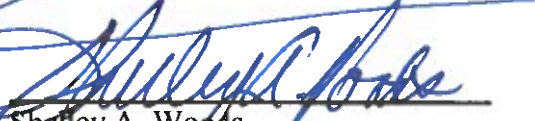
~~\_\_\_\_\_  
Date~~

  
\_\_\_\_\_  
American Tax Advisors of K. C. Inc .  
d/b/a Friedline Financial Group  
107 SW Market St., Suite A  
Lee's Summit, Missouri 64063-2360

10/04/2023  
Date

~~\_\_\_\_\_  
Counsel for American Tax Advisors  
Of K. C., Inc., d/b/a Friedline Financial  
Group  
Bar No.  
[Address}  
[Telephone and facsimile numbers]  
[Email address]~~

~~\_\_\_\_\_  
Date~~

  
\_\_\_\_\_  
Shelley A. Woods  
Counsel for Consumer Affairs Division,  
Missouri Bar No. 33525  
Department of Commerce and Insurance  
301 West High Street, Room 530  
Jefferson City, Missouri 65101  
Telephone: (573) 522-0374

October 19, 2023  
Date

Facsimile: (573) 526-5492  
Shelley.Woods@insurance.mo.gov