



State of Missouri

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

IN RE:

LONNELL WALKER, SR.,

Applicant.

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Case No. 130604343C

ORDER REFUSING TO ISSUE AN INSURANCE PRODUCER LICENSE

On December 19, 2013, the Consumer Affairs Division ("Division") submitted a Petition to the Director alleging cause for refusing to issue an insurance producer license to Lonnell Walker, Sr. 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. Lonnell Walker, Sr. ("Walker") is a Missouri resident with a residential address of 4007A Castleman, St. Louis, Missouri 63110.

Walker's History as an Insurance Producer

2. The Department of Insurance, Financial Institutions and Professional Registration ("Department") previously licensed Walker as an insurance producer, and subsequently disciplined that license. The facts are as follows:

a. The Department first granted Walker a resident individual insurance agent license (now known as a producer license) on July 31, 1991. Walker also has had two business entity producer licenses associated with him, as follows:

1. Walker Insurance Agency, Inc., license number 8674, issued May 7, 1992. Walker ultimately requested that the Director of the Department ("Director") cancel this license, and the Director did so on July 15, 2005.

2. Walker Services, Inc., d/b/a Walker Insurance Agency, license number 8019637, issued March 14, 2005. The Director revoked this license on April 18, 2007.

b. On September 23, 2005, the Director refused to renew Walker's individual insurance producer license. *In the Matter of Lonnell Walker, Sr., Refusal to Renew Insurance Producer License*, Case Nos. 04A000010, 04A000258, 04A000267, 04A000382, 04A000497, 05A000037, 05A000329, and 05A000345.

c. On October 25, 2005, Walker appealed the refusal to the Administrative Hearing Commission ("Commission"). *Lonnell Walker, Sr. v. Dir. of Ins.*, 05-1585 DI, 2006 WL 4007572 (Mo. Admin. Hrg. Comm'n, Dec. 20, 2006).

d. On November 22, 2005, the Director filed a complaint seeking cause for discipline against Walker Services, Inc., d/b/a Walker Insurance Agency. *Dir. of Ins. v. Walker Services, Inc., d/b/a Walker Insurance Agency*, 05-1716 DI (Mo. Admin. Hrg. Comm'n, Dec. 20, 2006).

e. For convenience and for purposes of the hearing only, the Commission consolidated Walker's refusal appeal with the disciplinary case against Walker's business entity producer, Walker Services, Inc., d/b/a Walker Insurance Agency.¹

f. Though the hearings were consolidated, the Commission issued separate Decisions in Walker's refusal case and in the disciplinary case against his business entity producer, as follows:

1. In *Walker, Sr. v. Dir. of Ins.*, 05-1585 DI, 2006 WL 4007572 (Mo. Admin. Hrg. Comm'n, Dec. 20, 2006), the Commission found grounds to refuse Walker's application to renew his insurance producer license under § 375.141.1(2), (4), (8), and (10), RSMo Supp. 2005.² In particular, the Commission found grounds for denying Walker a license in the following respects as to a total of seven consumers:

¹ Robert M. Susman, Esq., of Goffstein, Raskas, Pomerantz, Kraus & Sherman, L.L.C., represented Walker and his agency in the hearing before the Commission.

² Although the Commission's Decision cites to § 375.141, RSMo Supp. 2005, that statute has been in its current form since 2001.

a. Walker issued invalid insurance ID cards in violation of § 303.179, RSMo 2000, which constituted grounds to deny the license under § 375.141.1(2), RSMo Supp. 2005, as to six consumers. *Walker v. Dir. of Ins.*, 2006 WL 4007572 at 11;

b. Walker failed to secure coverage, and failed to notify regarding the absence of coverage, in violation of 20 CSR 700-1.140(2)(A), which constituted grounds to deny the license under § 375.141.1(2), RSMo Supp. 2005, as to one consumer. *Id.*;

c. Walker failed to properly remit premiums, in violation of 20 CSR 700-1.140(2)(D), which constituted grounds to deny the license under § 375.141.1(2), RSMo Supp. 2005, as to four consumers. *Id.* at 12-14;

d. Walker misappropriated premium, which constituted grounds to deny the license under § 375.141.1(4), RSMo Supp. 2005, as to five consumers. *Id.* at 14-15;

e. Walker signed the name of another to a document related to an insurance transaction without authorization, which constituted grounds to deny the license under § 375.141.1(10), RSMo Supp. 2005, as to two consumers. *Id.* at 15-17;

f. Walker “demonstrated incompetency, untrustworthiness, and financial irresponsibility by collecting premiums and failing to remit them to insurance companies or return the money to customers, failing to secure insurance coverage for some customers, and signing customers’ names on insurance documents without authorization,” which constituted grounds to deny the license under § 375.141.1(8), RSMo Supp. 2005. *Id.* at 20.

2. Ultimately, as part of its Decision, the Commission found grounds for denial of Walker’s license because “[t]he public must be protected against an insurance producer who takes their money, misappropriates it, and fails to obtain insurance coverage for them.” *Id.*

3. Walker appealed this decision to the Circuit Court of St. Louis County. *Walker Services, Inc. v. Missouri Dep’t of Ins. and Lonnell Walker Sr. v. Missouri Dep’t of Ins.*, St. Louis Co. Cir. Ct. Case No. 07CC-02000.

4. In *Dir. of Ins. v. Walker Services, Inc., d/b/a Walker Insurance Agency*, 05-1716 DI, 2006 WL 4007573 (Mo. Admin. Hrg. Comm'n, Dec. 20, 2006), the Commission determined that Walker was the president of Walker Insurance and that he knew or should have known of several violations but did not report them or take corrective action. See § 375.141.3, RSMo Supp. 2005. The Commission found cause to discipline, as follows:

a. Walker issued an invalid ID card in violation of § 303.179, RSMo 2000, which constituted grounds to discipline under § 375.141.1(2), RSMo Supp. 2005. *Dir. of Ins. v. Walker Services, Inc., d/b/a Walker Insurance Agency*, 2006 WL 4007573 at 6;

b. Walker misappropriated premium, which constituted grounds to discipline under § 375.141.1(4), RSMo Supp. 2005. *Id.*;

c. Walker demonstrated incompetency, untrustworthiness or financial irresponsibility in the conduct of business, which constituted grounds to discipline under § 375.141.1(8), RSMo Supp. 2005. *Id.* at 7.

5. On April 19, 2007, based upon the Commission's determination of cause and after a disciplinary hearing, the Director revoked the business entity insurance producer license of Walker Services, Inc. See *In re Walker Services, Inc., d/b/a Walker Insurance Agency*, MDI No. 051007343C.

6. Walker Services, Inc. appealed the decision to the Circuit Court of St. Louis County. *Walker Services, Inc. v. Missouri Dep't of Ins. and Walker v. Missouri Dep't of Ins.*, St. Louis Co. Cir. Ct. Case No. 07CC-02000.

g. The St. Louis County Circuit Court again consolidated the refusal and disciplinary cases on appeal.³ On December 29, 2008, the Honorable John A. Ross, Circuit Judge, affirmed the findings and decisions of the Commission and the Director. *Walker Services, Inc. v. Missouri Dep't of Ins. and Lonell Walker Sr. v. Missouri Dep't of Ins.*, St. Louis Co. Cir. Ct., Case No. 07CC-02000.

³ Thomas H. Lake, Esq., represented Walker and his agency before the circuit court.

h. Walker and Walker Services, Inc. appealed to the Missouri Court of Appeals, Eastern District.⁴ The Court of Appeals issued a *per curiam* Order affirming the circuit court under Missouri Supreme Court Rule 84.16(b). *Lonnell Walker, Sr. and Walker Services Inc. v. Missouri Dep't of Ins.*, 299 S.W.3d 677 (Mo. App., E.D. 2009).

i. Walker and Walker Services sought transfer to the Missouri Supreme Court, which was denied. *Lonnell Walker, Sr., and Walker Services, Inc., v. Missouri Dep't of Ins.*, No. SC90562 (Mo. banc Jan. 26, 2010).

Walker's Current Producer Application

3. On or about February 5, 2013, Walker submitted his electronic Uniform Application for Individual Insurance Producer License ("Application") to the Department.

4. Paragraph 1 of the "Attestation" section of the Application, states, in relevant part:

I hereby certify that, under penalty of perjury, 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.

5. Walker accepted the "Attestation" section.

6. Question 2 of the Application asks as follows:

Have you ever been named or involved as a party in an administrative proceeding, including FINRA sanction or arbitration proceeding regarding any professional or occupational license or registration?

"Involved" means having a license censured, suspended, revoked, canceled, terminated; or, being assessed a fine, a cease and desist order, a prohibition order, a compliance order, placed on probation, sanctioned or surrendering a license to resolve an administrative action. "Involved" also means being named as a party to an administrative or arbitration proceeding, which is related to a professional or occupational license, or registration. "Involved" also means having a license, or registration application denied or the act of withdrawing an application to avoid denial. INCLUDE any business so named because of your actions, in your capacity as an owner, partner, officer or

⁴ Once again, Mr. Lake represented Walker and his agency on appeal.

director, or member or manager of a Limited Liability Company. You may EXCLUDE terminations due solely to noncompliance with continuing education requirements or failure to pay a renewal fee.

If you answer yes, you must attach to this application:

- a) a written statement identifying the type of license and explaining the circumstances of each incident,
- b) a copy of the Notice of Hearing or other document that states the charges and allegations, and
- c) a copy of the official document, which demonstrates the resolution of the charges or any final judgment.

7. Notwithstanding the history recited above, Walker answered "No" to Question 2.
8. Question 3 of the Application asks as follows:

Has any demand been made or judgment rendered against you or any business in which you are or were an owner, partner, officer or director, or member or manager of a limited liability company, for overdue monies by an insurer, insured or producer, or have you ever been subject to a bankruptcy proceeding? Do not include personal bankruptcies, unless they involve funds held on behalf of others[.]

If you answer yes, submit a statement summarizing the details of the indebtedness and arrangements for repayment, and/or type and location of bankruptcy.

9. Walker answered "No" to Question 3.
10. With regard to Question 3, the Division discovered several demands and/or judgments against Walker, Walker Insurance Agency, Inc., Walker Services, Inc., and Walker Insurance Agency Ltd.:

- a. *Sagamore Insurance Company v. Lonell Walker, Paula M. Walker, and Walker Insurance Agency, Inc.*, St. Louis Co. Cir. Ct., Case No. 2103CC-04802. On October 31, 2005, on a grant of summary judgment for Sagamore on three counts, the court entered a judgment against Walker Insurance Agency Inc., for \$80,527.40 in principal and \$40,145.60 in interest, for a total

of \$120,673.⁵

b. *Affirmative Insurance Company v. Lonnell L. Walker, Sr., et al.*, St. Louis Co. Cir. Ct., Case No. 09SL-CC02473. On October 13, 2010, the court entered a judgment against defendants Walker and Walker Services, Inc. for \$56,623.91. On October 20, 2010, the court on its own motion, amended nunc pro tunc the total amount of the judgment from \$56,623.91 to for \$52,623.91. Walker appealed this decision; the Missouri Court of Appeals, Eastern District, affirmed in an unpublished decision. *Affirmative Insurance Company v. Walker*, 351 S.W.3d 251 (Mo. App., E.D. 2011).

c. *Edna Jones v. Lonnell Walker, d/b/a Walker Insurance Agency, Ltd.*, St. Louis Co. Cir. Ct., Case No. 2105SC-00413. On May 4, 2005, the court entered judgment against defendant Walker, d/b/a Walker Insurance Agency, Ltd., for \$337.31. After Jones instituted garnishment proceedings against Walker, Bank of America paid \$406.31 on behalf of Walker. Jones received the judgment amount, \$337.31; the balance was for sheriff's fees and court costs.

11. Question 5 of the Application asks as follows:

Are you currently a party to, or have you ever been found liable in, any lawsuit, arbitrations or mediation proceeding involving allegations of fraud, misappropriation or conversion of funds, misrepresentation or breach of fiduciary duty?

If you answer yes, you must attach to this application:

- a) a written statement summarizing the details of each incident,
- b) a copy of the Petition, Complaint or other document that commenced the lawsuit or arbitration, or mediation proceedings, and
- c) a copy of the official documents, which demonstrates the resolution of the charges or any final judgment.

12. Walker answered "No" to Question 5.

⁵ On August 15, 2005, Walker and his wife, Paula M. Walker, filed for bankruptcy. *In re: Lonnell Walker Sr. and Paula M. Walker*, United States Bankruptcy Court, Eastern District, Eastern Division, No. 05-51381-399. The bankruptcy trustee ultimately paid \$28,942.90 toward the Sagamore judgment, leaving a balance of \$91,730.10. On December 21, 2006, the circuit court dismissed *Sagamore Ins. Co. v. Walker, et al.* without prejudice for failure to prosecute.

13. With regard to Question 5 of the Application, the Division discovered judgments during its investigation wherein Walker was accused of fraud, misappropriation of funds, or breach of fiduciary:

a. *Affirmative Ins. Co. v. Walker, et al.*, St. Louis Co. Cir. Ct., Case No. 09SL-CC02473.

b. *Jones v. Walker, d/b/a Walker Ins. Agency, Ltd.*, St. Louis Co. Cir. Ct., Case No. 2105SC-00413.

Walker's Correspondence with the Department

14. After reviewing Walker's Application, Dana Whaley, Special Investigator with the Division, sent a letter to Walker's residential address by first class mail dated February 25, 2013. Whaley inquired about Walker's "No" responses on Questions 2, 3, and 5 of the Application. Whaley indicated that the Division was aware of the administrative actions against Walker's insurance producer license and the business entity insurance producer license of Walker Services, Inc., d/b/a Walker Insurance Agency. Whaley also indicated that the Division's investigation had revealed judgments against Walker and various business entities with which he has been associated.

15. Whaley requested that Walker explain his "No" answers and articulate why the Director should grant him an insurance producer license.

16. On March 7, 2013, Walker provided a written response, which the Department received on March 14, 2013. In his letter, Walker indicated as follows:

a. As to his "No" answer to Question 2 of the Application, Walker stated that he was changing his answer to "Yes" because he had misunderstood the question. Walker asserted that he "did not know that the Hearing Commission was apart [sic] of an administrative proceedings [sic]."

b. As to his "No" answer to Question 3 of the Application, Walker maintained that answer because he had "never been associated with an L.L.C. in any fashion" and because "[t]he question specifically asked about my association with an L.L.C, that answer has to be no." Walker also asserted that no "demand [has] been made or judgment rendered against me or any business in which I are or were [sic] an owner, partner, officer, or director, or member or manager of a limited liability company, for overdue monies by an insurer, insured or producer" (emphasis in original omitted).

c. As to his "No" answer to Question 5 of the Application, Walker indicated that he was changing his answer to "Yes" because he had misunderstood the question. Walker explained that his agency, but not Walker personally, was liable for any breach of fiduciary duty, even assuming that one

had occurred. Walker attempted to minimize the failure to maintain a special account for premium deposits by indicating that he accepted only "down payments" not premiums per his contracts with clients, so, therefore, any sort of separate accounting for those monies was unnecessary. But, since Walker was the principal of the agency, "the mishap fell on me and I was held liable for the damages."

Walker's Subpoena Conference

17. On March 29, 2013, the Director issued a subpoena ordering Walker's appearance on April 11, 2013.

18. On April 11, 2013, Walker appeared pursuant to the subpoena at the offices of the Director for the subpoena conference. During the conference, Walker mostly asserted that he was unaware of the many administrative and legal actions against him, and, in many cases, had never seen documents evidencing the same, even though he had been represented by counsel in most of the actions and at most, if not all, of the stages of litigation. To the extent that Walker professed some knowledge of such cases, he took limited, if any, responsibility, or asserted that such matters were either of no moment as no one was collecting judgments from him, or were ongoing and therefore subject to further legal challenge by him:

a. As to the Department's administrative actions against him and his agency, Walker said he knew nothing about the refusal to renew his license in 2005 and had no idea what happened or why his application to renew his insurance producer license had been denied. As to his business entity license for Walker Services, Inc., Walker said that he did not receive any documents, but remembered appealing the decision because of "hearsay."

b. As to the judgment against Walker Insurance Agency, Inc., in favor of Sagamore Insurance Company, Walker simultaneously admitted that Sagamore had alleged that he had fraudulently conveyed money, yet maintained that he was not aware of the Sagamore judgment. Indeed, Walker denied that he was ever served in the Sagamore Insurance litigation. Walker maintained that Sagamore's judgment for \$80,527.40 (the figure without interest) was wrong, but that he knew nothing of it before the subpoena conference, and, at the same time, had nonetheless discharged the debt in his personal bankruptcy.

c. As to the judgment against Walker and Walker Services, Inc., in favor of Affirmative Insurance Company, Walker indicated that he was aware of the judgment and admitted that it had not been paid, but indicated that Affirmative had not taken any action to collect on it. Walker stated that he was "talking to a trial lawyer to see if [he] can get this turned around because the evidence that

was used was hearsay evidence.”

d. As to the judgment against him in favor of Edna Jones, Walker said that he did not know that Jones had a judgment against him; in fact, he indicated that he never received any notice of judgment regarding the Edna Jones matter. At the same time, Walker acknowledged that Jones did not want to pay Walker what he called his broker fee, in the amount of \$337.31, which was the amount of the judgment. Although he first denied knowledge of the Jones judgment, Walker conceded that he had satisfied this judgment by paying Jones with a money order.

e. As to lawsuits against him involving allegations of fraud, misappropriation of funds or breach of fiduciary duty, Walker admitted, as to the litigation involving Sagamore Insurance Company, that Sagamore “was stating that I had committed fraudulent conveyance.” Regarding the litigation involving Affirmative Insurance Company, Walker admitted that Affirmative accused him of breach of fiduciary duty.

f. As to the litigation with Edna Jones, Walker indicated only that there was a dispute between them regarding his broker fee. But the Commission, in its decision denying Walker’s application to renew his insurance producer license, specifically references the above-described small claims court litigation in St. Louis County and the fact that Ms. Jones obtained money from Walker through garnishment. *Walker v. Dir. of Ins.*, 05-1585 DI, 2006 WL 4007572 at 5 (Mo. Admin. Hrg. Comm’n, Dec. 20, 2006). The Commission also specifically found that Walker had misappropriated funds from Ms. Jones. *Id.* at 15-16.

g. When asked why the Director should grant him an insurance producer’s license given his history, Walker surprisingly and in contravention of the facts testified: “During the 18 years that I sold insurance, I never once was disciplined for anything. I’ve been called up here for different things, for complaints that were frivolous, but I’ve never been disciplined for anything during the whole 18 years.”

CONCLUSIONS OF LAW

19. Section 375.141.1, RSMo Supp. 2012,⁶ provides, in 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:

⁶ All further statutory references are to RSMo Supp. 2012 unless otherwise noted.

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

* * *

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

* * *

- (10) Signing the name of another to an application for insurance or to any document related to an insurance transaction without authorization;

* * *

- (14) Failing to comply with any administrative or court order directing the payment of state or federal income tax.

20. Section 303.179, RSMo 2000, provides, in part, that “[n]o person knowingly shall make, sell or otherwise make available an invalid or counterfeit insurance card.”

21. Section 374.210.1 provides, in part:

It is unlawful for any person in any investigation, examination, inquiry, or other proceeding under this chapter, chapter 354, and chapters 375 to 385, to:

- (1) Knowingly make or cause to be made a false statement upon oath or affirmation or in any record that is submitted to the director or used in any proceeding under this chapter, chapter 354, and chapters 375 to 385[.]

22. Title 20 CSR 700-1.140 (effective Feb. 28, 2003) provides, in part, as follows:

(2) Document and Premium Handling Standards. When dealing with any personal insurance policy, every insurance producer shall comply with the following standards of promptness regarding securing and amending coverage, providing written evidence of insurance transactions and handling premiums, except to the extent these actions are the responsibility of the insurer. Where it is the insurer's responsibility to take these actions, this responsibility shall be delineated in a written document, a copy of which shall be retained by the licensee and available for examination by the department.

(A) Every insurance producer shall handle every application for new coverage under a personal insurance policy and every request for amendments to an existing policy in a manner which will secure the new or amended coverage as soon as is reasonably possible, unless a longer time is permitted under a written agreement between the licensee and the insured or prospective insured. If within thirty (30) days of the original application for insurance the licensee has not yet secured an insurer willing to provide coverage, the licensee immediately shall inform the prospective insured of this fact in writing.

* * *

(D) Insurance producers shall remit all premium payments associated with a personal insurance policy to those persons entitled to them as soon as is reasonably possible after their receipt by the licensee, but in no event later than thirty (30) days after the date of receipt, provided, however, that premiums may be remitted at a later point in time if the licensee is so authorized under a written agreement between the licensee and the person legally entitled to the premiums. In no event, however, shall a licensee retain premium payments if to do so will result in the failure to obtain or continue coverage on behalf of an insured or prospective insured.

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

24. Walker may be refused an insurance producer's license under § 375.141.1(1) because he intentionally provided materially incorrect, misleading, incomplete or untrue information in the Application in the following respects:

a. Question 2 of the Application asks about whether the applicant has ever been "named or involved as a party in an administrative proceeding." Walker initially answered Question 2 by indicating that he had not been so named or involved as a party in an administrative proceeding. As Paragraph 2 demonstrates, this assertion is manifestly false.

b. Question 3 of the Application asks whether a demand or judgment has been made against the applicant or companies with which he may have been affiliated for overdue monies by an insurer. Walker answered Question 3, "No," despite the fact that both Affirmative Insurance Company and Sagamore Insurance Company sued him and obtained money judgments against him and his business entity.

c. Question 5 of the Application asks if the applicant is a party to, or has ever been found liable "in any lawsuit . . . involving allegations of fraud, misappropriation or conversion of funds, misrepresentation or breach of fiduciary duty." Walker answered Question 5, "No," even though he was a party in lawsuits involving allegations of fraud, misappropriation, or breach of fiduciary duty (*i.e.*, lawsuits involving Affirmative Insurance Company and Edna Jones).

25. Each such instance where Walker provided materially incorrect, misleading, incomplete or untrue information in the Application is a separate and sufficient cause for refusal under § 375.141.1(1).

26. Walker may be refused an insurance producer license under § 375.141.1(2) because he violated insurance laws, as previously found by the Commission and upheld by the appellate court, in the following respects:

a. Walker issued invalid ID cards, in violation of § 303.179, RSMo 2000, which constitutes grounds to deny under § 375.141.1(2);

b. Walker failed to secure coverage, and failed to notify regarding the absence of coverage, in violation of 20 CSR 700-1.140(2)(A), which constitutes grounds to deny under § 375.141.1(2);

c. Walker failed to properly remit premiums, in violation of 20 CSR 700-1.140(2)(D), which constitutes grounds to deny under § 375.141.1(2).

Walker v. Dir. of Ins., 05-1585 DI, 2006 WL 4007572 (Mo. Admin. Hrg. Comm'n, Dec. 20, 2006), as affirmed by *Walker and Walker Services, Inc. v. Missouri Dep't of Ins.*, 299 S.W.3d 677 (Mo. App., E.D. 2009).

27. Each such instance where Walker violated insurance laws, as previously determined by the Commission and affirmed by the appellate court, is a separate and sufficient cause for refusal under §375.141.1(2).

28. Walker may also be refused an insurance producer license under § 375.141.1(2) because he violated insurance laws by knowingly making false statements under oath during the subpoena conference, in violation of § 374.210.1(1), in that he denied the following:

- a. ever having been served in the Sagamore Insurance litigation,
- b. ever receiving any notice or any judgment notice in the Edna Jones litigation, and
- c. ever having been "disciplined for anything."

29. Each false statement made knowingly and under oath during the subpoena conference contrary to § 374.210.1(1) is a separate and sufficient cause for refusal under § 375.141.1(2).

30. Walker may be refused an insurance producer license under § 375.141.1(3) because he attempted to obtain a license through material misrepresentation or fraud in the following respects:

- a. Question 2 of the Application asks about whether the applicant has ever been "named or involved as a party in an administrative proceeding." Walker initially answered Question 2 by indicating that he had not been so named or involved as a party in an administrative proceeding. As Paragraph 2 demonstrates, this assertion is manifestly false.
- b. Question 3 of the Application asks whether a demand or judgment has been made against the applicant or companies with which he may have been affiliated for overdue monies by an insurer. Walker answered Question 3, "No," despite the fact that both Affirmative Insurance Company and Sagamore Insurance Company sued him and obtained money judgments against him and his business entity.
- c. Question 5 of the Application asks if the applicant is a party to, or has ever been found liable "in any lawsuit . . . involving allegations of fraud, misappropriation or conversion of funds, misrepresentation or breach of fiduciary duty." Walker answered Question 5, "No," even though he was a party in lawsuits involving allegations of fraud, misappropriation, or breach of fiduciary duty (*i.e.*, lawsuits involving Affirmative Insurance Company and Edna Jones).

31. Walker may be refused an insurance producer license under § 375.141.1(4) because he misappropriated premium as to five consumers. *Walker v. Dir. of Ins.*, 05-1585 DI, 2006 WL 4007572 (Mo. Admin. Hrg. Comm'n, Dec. 20, 2006) and *Dir. of Ins. v. Walker Services, Inc., d/b/a Walker Insurance Agency*, 051716 DI, 2006 WL 4007573 (Mo. Admin. Hrg. Comm'n Dec. 20, 2006), as affirmed by *Walker and Walker Services, Inc. v. Missouri Dep't of Ins.*, 299 S.W.3d 677 (Mo. App., E.D. 2009).

32. Each instance of misappropriation of premium is a separate and sufficient cause for refusal pursuant to § 375.141.1(4).

33. Walker may be refused an insurance producer license under § 375.141.1(8) because he used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere by “[c]ollecting premiums and failing to remit them to insurance companies or return the money to customers, for failing to secure insurance coverage for some customers, and signing customers’ names on insurance documents without authorization,” *Walker v. Dir. of Ins.*, 05-1585 DI, 2006 WL 4007572 (Mo. Admin. Hrg. Comm'n, Dec. 20, 2006), as affirmed by *Walker and Walker Services, Inc. v. Missouri Dep't of Ins.*, 299 S.W.3d 677 (Mo. App., E.D. 2009).

34. Each fraudulent, coercive, or dishonest practice, or each instance of incompetency, untrustworthiness or financial irresponsibility in the conduct of business in this state is a separate and sufficient cause for refusal under § 375.141.1(8).

35. Walker may be refused an insurance producer license under § 375.141.1(10) because he signed the names of others to documents related to insurance transactions without authorization as to two consumers. *Walker v. Dir. of Ins.*, 05-1585 DI, 2007 WL 4007572 (Mo. Admin. Hrg. Comm'n, Dec. 20, 2006), as affirmed by *Walker and Walker Services, Inc. v. Missouri Dep't of Ins.*, 299 S.W.3d 677 (Mo. App., E.D. 2009).

36. Each instance where Walker signed the name of another to a document related to an insurance transaction is a separate and sufficient cause for refusal under § 375.141.1(10).

37. Walker may be refused an insurance producer license under § 375.141.1(14) because he failed to comply with any administrative or court order directing the payment of state or federal income tax. On October 15, 2013, the Circuit Court of St. Louis County entered judgment against Walker, as follows: “Petitioner Department of Revenue have and recover of Respondents Lonnell Walker Sr. and Paula M. Walker the total amount of \$10,154.30.” Also on October 15, 2013, the Department of Revenue filed its lien against Walker and Paula M. Walker in the Circuit Court of St. Louis County. *Department of Revenue v. Lonnell Walker, Sr. and Paula M. Walker*, St. Louis Co. Cir. Ct., Case No. 13SL-MC10681.

38. The above described instances are grounds upon which the Director may refuse to issue Walker an individual insurance producer license. Walker cannot be unaware of the various administrative actions and judgments against him because he retained various attorneys to represent him throughout the litigation. Instead, he willfully chooses to ignore the administrative actions and judgments in one breath, then in the next, attempts to explain them away. Either way, Walker's mendacity does not bode well for his ability to comply, going forward, with Missouri's insurance laws and regulations, or for his willingness to communicate honestly and forthrightly with Missouri's insurance regulator.

39. Moreover, Walker's past behavior as an insurance producer caused harm to consumers and insurance companies. The Director previously refused Walker a license for issuing invalid ID cards, failing to secure coverage and failing to notify consumers of the same, failing to properly remit premiums, misappropriation of premium, signing the name of others to applications for insurance or to any documents related to an insurance transaction without authorization, and for demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere. *Walker v. Dir. of Ins.*, 05-1585 DI, 2007 WL 4007572 (Mo. Admin. Hrg. Comm'n, Dec. 20, 2006), as affirmed by *Walker and Walker Services, Inc. v. Missouri Dep't of Ins.*, 299 S.W.3d 677 (Mo. App., E.D. 2009).

40. Likewise, the Director revoked the business entity producer license for Walker Services, Inc. d/b/a Walker Insurance Agency because Walker issued an invalid ID card, misappropriated premium, and demonstrated incompetency, untrustworthiness or financial irresponsibility in the conduct of business. *Dir. of Ins. v. Walker Services, Inc., d/b/a Walker Insurance Agency*, 05-1716 DI, 2006 WL 4007573 (Mo. Admin. Hrg. Comm'n, Dec. 20, 2006), as affirmed by *Walker and Walker Services, Inc. v. Missouri Dep't of Ins.*, 299 S.W.3d 677 (Mo. App., E.D. 2009).

41. Ultimately, therefore, the Director disciplined Walker's agency by revoking its license based upon Walker's conduct and Walker's failure to report problems or to take corrective action. See *Dir. of Ins. v. Walker Services, Inc. d/b/a Walker Insurance Agency*, 05-1716 DI, 2006 WL 4007573 at 4, citing § 375.141.3, RSMo Supp. 2005 (providing that a business entity producer license may be suspended, revoked or refused where "a violation by an individual insurance producer was known or should have been known" by the officers and the officers failed to either report the violation to the Director or take corrective action). This bears directly – and unfavorably – on Walker's current Application to once again become a producer.

42. The appellate court upheld these findings of discipline. *Walker and Walker Services, Inc. v. Missouri Dep't of Ins.*, 299 S.W.3d 677 (Mo. App., E.D. 2009). Walker had a full and fair opportunity to litigate all issues, of which he took complete advantage. That litigation having been exhausted, Walker is collaterally estopped from trying to explain, minimize or deny those rulings and their import. See *Missouri Board of Pharmacy v. Tadrus*, 926 S.W.2d 132, 135 (Mo. App., W.D. 1996) (under the doctrine of collateral estoppel, a party cannot re-

litigate issues of fact and law where he had a full and fair opportunity to litigate them previously).

43. The Director has considered Walker's extensive, negative history and the circumstances surrounding Walker's Application. Granting Walker an insurance producer license would not be in the interest of the public. Accordingly, the Director exercises his discretion to refuse to issue an insurance producer license to Walker.

44. This Order is in the public interest.

ORDER

IT IS THEREFORE ORDERED that the individual resident insurance producer license of Lonnell Walker, Sr., is hereby **REFUSED**.

SO ORDERED.

WITNESS MY HAND THIS 21st DAY OF DECEMBER, 2013.




JOHN M. HUFF
DIRECTOR

NOTICE

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

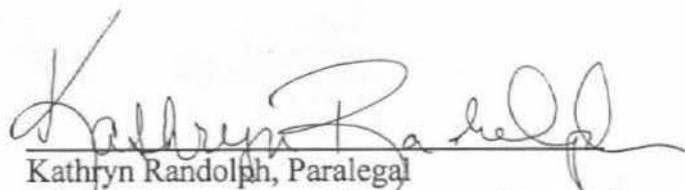
You may request a hearing in this matter. You may do so by filing a complaint with the Administrative Hearing Commission of Missouri, P.O. Box 1557, Jefferson City, Missouri, within 30 days after the mailing of this notice pursuant to Section 621.120, RSMo. Pursuant to 1 CSR 15-3.290, unless you send 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 27th day of December, 2013, a copy of the foregoing Order and Notice was served upon the Applicant in this matter by UPS, with signature required of addressee, at the following address:

Lonnell Walker, Sr.
4007A Castleman
St. Louis, Missouri 63110

Tracking No. 1Z0R15W84298521857



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