

BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA

FILED

APR 12 2021

INSURANCE COMMISSIONER
OKLAHOMA

STATE OF OKLAHOMA, ex rel. GLEN)
MULREADY, Insurance Commissioner,)
)
Petitioner,)
v.)
)
KENTON NICHOLS,)
a resident producer,)
)
)
Respondent.)

Case No. 20-0419-DIS

FINAL ADMINISTRATIVE ORDER

This matter is a disciplinary proceeding under the Oklahoma Producer Licensing Act. 36 O.S. §§ 1435.1 et seq. On April 12, 2021, a show cause hearing was held at the Oklahoma Insurance Department (“OID”) on OID’s *Notice of Hearing and Order to Show Cause* (“Notice”), filed March 10, 2021. The hearing was held at the offices of OID before Independent Hearing Examiner John Miller. Present at the hearing were Antuanya “Bo” DeBose, Assistant General Counsel for OID and Rick Koch, an investigator for OID. After several attempts at service, Respondent Kenton Nichols (“Respondent”) failed to appear.

Witnesses were sworn and testified, exhibits were admitted, and argument of the parties heard.

FINDINGS OF FACT

1. The OID has jurisdiction over the subject matter of this action pursuant to 36 O.S. §§101-7401, including the Oklahoma Producer Licensing Act, 36 O.S. §1435.1 et seq.
2. That the Insurance Commissioner has the authority to render an Order concerning the above styled matter and has lawfully appointed Independent Hearing Examiner, John

Miller, who shall sit as a quasi-judicial officer pursuant to 36 O.S. §319.

3. Respondent holds a resident producer license number 100220533 and is licensed by the State of Oklahoma. Respondent's address of record is PO Box 451178, Grove, Oklahoma 74345.

4. The Insurance Commissioner may place on probation, censure, suspend, revoke or refuse to issue or renew a license issued pursuant to the Oklahoma Producer Licensing Act 36 O.S. 1435.13(A) and (D).

5. Petitioner afforded Respondent an opportunity for hearing by sending the *Notice* by certified mail return receipt requested and by first class U.S. mail on March 10, 2021 to Respondent. The *Notice*, filed on March 10, 2021, stated the matters asserted, and stated the time, place, and nature of the hearing, cited legal authority and jurisdiction, and referred to particular sections of the statutes involved.

6. The hearing was recorded electronically by an employee of the Oklahoma Insurance Department. Neither party requested a full stenographic record of the proceedings.

7. The following exhibit was introduced and admitted:

- a. Exhibit A: Respondent's Signed Statement
- b. Exhibit B: Email Regarding Respondent's Bank Records
- c. Exhibit C: Respondent's Termination Letter

8. The following witnesses were sworn and testified under oath:

- a. Rick Koch, OID Investigator

9. The Anti-Fraud Unit of the OID received an online complaint from Farmers Insurance ("Farmers") alleging Respondent received cash and check premium payments

from insureds, provided timely policy credits, but failed to remit the premium funds to Farmers. OID assigned investigator Rick Koch to follow up. (See Testimony of Rick Koch)

10. Farmers initiated an investigation and assigned Mike Drummond to the case. Their investigation revealed Respondent has a total of \$13,595.02 in cash and \$69,711.22 in check premium payments pending deposit. (See Testimony of Rick Koch).

11. Respondent was interviewed by Farmers on or about December 11, 2019. During that interview, Respondent indicated he believed the missing checks and cash were sitting somewhere in a bank bag or folder, if it had not been deposited to one of his personal bank accounts. Upon further review of bank records provided by Respondent, Farmers found no evidence that any of the customer premium in question was deposited to the personal accounts, as Respondent claimed during the interview. At the conclusion of the interview, a signed statement was obtained from Agent Nichols. (See testimony of Rick Koch, Exhibit A and Exhibit B)

12. As a result of the missing premium payments, Respondent was terminated from Farmers. (See testimony of Rick Koch and Exhibit C).

CONCLUSIONS OF LAW

13. That OID has jurisdiction over this matter and Respondent pursuant to *36 O.S. 1435.1 et seq.*

14. That Respondent is licensed by OID as a resident producer pursuant to *36 O.S. §1435.1 et seq.*

15. That Respondent was provided adequate notice and a hearing pertaining to the *Notice*, in accordance with the Oklahoma Insurance Code and Oklahoma Administrative Procedures Act.

16. Based upon the provided findings of fact there is clear and convincing evidence to find that Respondent violated the following:

- a. *36 O.S. §1435.13(A)(4)*, improperly withholding customers cash and check premium payments, failing to remit the premium funds to Farmers.
- b. *36 O.S. §1435.13(A)(8)*, demonstrating untrustworthiness and financial irresponsibility by accepting cash and check premium payments from insureds, providing timely policy credits, but failing to remit the premium funds to Farmers. During his interview, Respondent was unable to account for \$13,595.02 in cash premium payments and \$69,711.22 in check premium payments.

17. Pursuant to the provisions of *36 O.S. §1435.13*, the Insurance Commissioner may place on probation, censure, suspend, revoke or refuse to issue or renew a license issued pursuant to the Oklahoma Producer Licensing Act or may levy a civil penalty of not less than one hundred dollars (\$100.00) nor more than one thousand dollars (\$1,000.00) for each occurrence. Said penalty may be enforced in the same manner in which civil judgements may be enforced.

ORDER

IT IS THEREFORE ORDERED that Respondent Kenton Nichols' resident producer license number 100220533 is hereby revoked. Respondent is ordered to pay the costs of the proceeding in the amount of one hundred forty-five dollars (\$155.82) and is fined one thousand dollars (\$100.00) per incident for a total of twelve thousand eight hundred dollars (\$12,800.00 total.) The Insurance Commissioner shall notify all appointing

insurers of the revocation and shall notify the Central Office of the National Association of Insurance Commissioners of Respondent's revocation.



Dated this 12th day of April 2021.



John Miller
INDEPENDENT HEARING EXAMINER
OKLAHOMA INSURANCE DEPARTMENT

CERTIFICATE OF MAILING

I, Antuanya "Bo" DeBose, hereby certify that a true and correct copy of the above and foregoing Final Administrative Order was mailed by first class U.S. Mail and by certified mail with postage prepaid and return receipt requested on this 12th day of April, 2021 to:

Kenton Nichols
Po Box 451178
Grove, Oklahoma 74345

and that a copy was delivered to:

Licensing Division



Antuanya "Bo" DeBose



**OKLAHOMA
INSURANCE
DEPARTMENT**

Legal Division
Insurance Commissioner Glen Mulready
400 NE 50th Street
Oklahoma City, OK 73105

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Adult Signature Restricted Delivery \$ _____

Postage \$ _____

Total Postage and Fees \$ _____

Sent To **Kenton Nichols**

Street and Apt. No., or PO Box No. **P.O. Box 451178**

Grove, OK 74345

City, State, ZIP+4® **SMS/20-0419-DIS (ASD)/**

PS Form 3800, April 2015 PSN 7530-02-000-017-1 See Reverse for Instructions

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Kenton Nichols
P.O. Box 451178
Grove, OK 74345

0004/16/21

RETURN TO SENDER
NOT DELIVERABLE AS ADDRESSED
UNABLE TO FORWARD

BC: 73105181600 *0657-02560-12-42

9400920557104200

74345181600

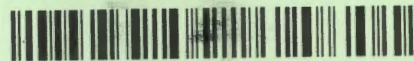
PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Kenton Nichols
 P.O. Box 451178
 Grove, OK 74345
SMS/26 419-DIS (ASD)/



9590 9402 6216 0265 0187 64

2. Article Number (Transfer from service label)

7020 2450 0000 1482 8834

PS Form 3811, July 2020 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee
X

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? Yes
 No
 IF YES, enter delivery address below:

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OKLAHOMA INSURANCE DEPARTMENT
APR 19 2021

Legal Division

3. Service Type
- Adult Signature
 - Adult Signature Restricted Delivery
 - Certified Mail®
 - Certified Mail Restricted Delivery
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 - Collect on Delivery Restricted Delivery
 - Priority Mail Express®
 - Registered Mail™
 - Registered Mail Restricted Delivery
 - Signature Confirmation™
 - Signature Confirmation Restricted Delivery

Mail Restricted Delivery (00)

Domestic Return Receipt

Final Ord.



**OKLAHOMA
INSURANCE
DEPARTMENT**

Legal Division
Insurance Commissioner Glen Mulready
400 NE 50th Street
Oklahoma City, OK 73105

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APR 23 2021

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Kenton Nichols
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Grove, OK 74345

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APR 23 2021

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20-0419-DLS Fin-Adm Ord.

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