

**BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA**

FILED

APR 22 2010

INSURANCE COMMISSIONER
OKLAHOMA

STATE OF OKLAHOMA, ex rel. KIM)
HOLLAND, Insurance Commissioner,)
)
 Petitioner,)
)
v.)
)
Steven Alan Standridge, a licensed)
Non Resident Producer,)
)
 Respondent.)

Case No. 10-0330-DIS

FINAL ADMINISTRATIVE ORDER

COMES NOW the State of Oklahoma, ex rel. Kim Holland, Insurance Commissioner, by and through her attorney, Julie Delluomo, and alleges and states as follows:

JURISDICTION

1. Kim Holland is the Insurance Commissioner of the State of Oklahoma and is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101 *et seq.*

2. Steven Alan Standridge is a licensed non resident producer in Oklahoma holding license number 72620. His address of record is P.O. Box 555, Mt. Ida, Arkansas 71957.

3. 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 and/or may levy a fine up to \$1,000.00 for each occurrence of a violation of the Oklahoma Insurance Code, 36 O.S. § 1435.13(A) and (D).

4. If the Insurance Commissioner finds that the public health, safety or welfare imperatively requires emergency action, and incorporates a finding to the effect in its order,

summary suspension of a license may be ordered pending proceedings for revocation or other action. 75 O.S. §§ 314(C)(2), 314,1, OAC 365:1-7-9(a).

FINDINGS OF FACT

1. Steven Alan Standridge is licensed in Oklahoma as a non-resident producer holding license 72620. Standridge is a resident of Arkansas and holds Arkansas producer license 18967. He holds National Producer Number 1660930.

2. On March 2, 2010, Arkansas Insurance Commissioner Jay Bradford issued an Emergency Suspension Order against Standridge. (Exhibit A). The Arkansas Order recites facts which are of the nature that “the public health, safety and welfare imperatively require emergency action” in that:

3. Respondent and his family own Steve Standridge Insurance, Inc., (“SSI”) which owns and operates approximately eleven (11) insurance agencies in the State of Arkansas. Respondent is the Chairman of the Board and Chief Executive Officer of Gibraltar National Insurance Company (“Gibraltar”), an Arkansas domestic insurer.

4. On September 29, 2009, a Ratification and Written Consent of the Shareholders and Board of Steve Standridge Insurance, Inc. (“Board Consent”) was executed and shows the signatures of the five board members and shareholders: Steve Standridge, Jared Standridge, Alisha Pollock, Mark Blackburn, and Richard Miley. Mr. Blackburn is the Chief Operating Officer of State Auto Insurance Companies. Mr. Miley is the president of Broadstreet Capital Partners, Inc., which is owned by State Automobile Insurance Company.

5. The Board Consent states that the proceeds of a January 23, 2009 four million dollar (\$4,000,000.00) personal loan to Steve and Debbie Standridge used to purchase Gibraltar were deposited in the form of certificates of deposit in the name of Gibraltar. It further states

that all business assets of Steve Standridge Insurance, Inc. were pledged as collateral for the personal loan. Finally, the Board Consent states that the pledge of the agency assets as collateral was "done with the knowledge, approval, and consent of the Board and Shareholders of SSI and are hereby approved and ratified."

6. On February 12, 2010, the Department discovered that approximately four million dollars (\$4,000,000.00) of Gibraltar's assets, held in two certificates of deposit, were pledged as collateral for the personal loan from First Service Bank to Steve and Debbie Standridge.

7. On or about February 17, 2010, the Respondent endorsed the two certificates of deposit for withdrawal and instructed First Service Bank to apply the funds in satisfaction of his personal loan. Respondent was not an authorized signatory as required for withdrawal of the funds.

8. On or about February 17, 2010, Steve Standridge Insurance, Inc. obtained a loan from First Arkansas Bank and Trust for approximately four million dollars (\$4,000,000.00) to restore the assets to Gibraltar and purchased approximately four million dollars (\$4,000,000.00) in certificates of deposit at the same financial institution in the name of Gibraltar. Respondent then represented to Gibraltar's Board of Directors that the assets of Gibraltar had been restored and were unencumbered and not pledged as collateral for any indebtedness.

9. On or about February 18, 2010, the Board of Directors of Gibraltar learned that the new certificates of deposit were, in fact, pledged as collateral for the loan from First Arkansas Bank and Trust. At the time of entry of this Emergency Suspension Order, the funds remain pledged as collateral for the loan.

10. On February 18, 2010, the Department received written confirmation from First Arkansas Bank and Trust that the certificates of deposit represented the only collateral pledged for the loan to Steve Standridge Insurance, Inc.

11. On February 24, 2010, the President of the Bank of Star City requested a meeting with Department personnel regarding the Respondent.

12. On February 25, 2010, the Department consulted with Richard Miley and learned that he did not sign the Board Consent. On March 1, 2010, the Department received confirmation that Mark Blackburn did not sign the Board Consent.

13. In or around June, 2009, the Respondent approached the Bank of Star City regarding handling premium financing for his clients. The Bank of Star City agreed to try one such arrangement. Respondent provided an executed copy of a Premium Finance Agreement, signed by his client, as debtor, and by him, as a guarantor. The Bank of Star City never received a copy of the policy.

14. Upon information and belief, all payments that were made on the Premium Finance Agreement came from the Respondent or his agency. The most recent payments were not received by the bank, causing the bank's President to contact the general agent that placed the coverage. He then learned that the policy had been cancelled six months prior, on August 23, 2009, and that the Bank of Star City was not shown anywhere on the policy.

15. The President of the Bank of Star City attempted to contact the Respondent, but has been unable to reach him and messages went unreturned. Approximately four hundred thirty thousand dollars (\$430,000.00) is due and owing to the bank.

16. On February 26, 2010, the Bank of Star City filed a lawsuit against, *inter alia*, Steve Standridge and Steve Standridge Insurance, Inc. in the Circuit Court of Lincoln County.

17. On or about February 24, 2010, the Arkansas State Bank Department contacted personnel of the Arkansas Insurance Department to warn of suspicious activity involving the Respondent, in addition to the matter concerning the Bank of Star City.

CONCLUSIONS OF LAW

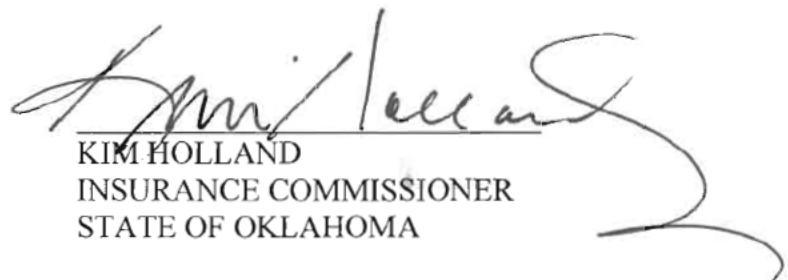
The Oklahoma Producer Licensing Act requires a non resident producer to be currently licensed and in good standing in that person's home state. 36 O.S. § 1435.9(A)(1). Respondent violated 36 O.S. § 1435.13(A) (2) by not being currently licensed and in good standing as a resident producer in his home state of Arkansas; Respondent violated 36 O.S. § 1435.13(A) (8) by using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in Arkansas.

ORDER

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED by the Insurance Commissioner that the **Administrative Order of Suspension Instante**r entered in this matter on March 16, 2010 is a **FINAL ADMINISTRATIVE ORDER**, that no hearing was requested and Respondent's license is hereby **REVOKED**.

WITNESS My Hand and Official Seal this 22nd day of April, 2010.




KIM HOLLAND
INSURANCE COMMISSIONER
STATE OF OKLAHOMA

CERTIFICATE OF MAILING

I, Julie Delluomo, hereby certify that a true and correct copy of the above and foregoing Final Administrative Order was mailed by certified mail with postage prepaid and return receipt requested on this 22nd day of April, 2010 to:

Steven Alan Standridge
PO Box 555
Mt. Ida, AR 71957

CERTIFIED MAIL NO. 7006 0810 0002 6164 0269

and a copy was mailed to all appointing insurers/RIRS

and a copy was delivered to:

Leah Scoles
Agents Licensing Division

Rick Wagon
Anti-Fraud Division



JULIE DELLUOMO
ASSISTANT GENERAL COUNSEL

**BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS**

**IN THE MATTER OF
STEVEN ALAN STANDRIDGE
LICENSE NO. 18967**

A.I.D. NO. 2010-031

EMERGENCY SUSPENSION ORDER

On this day, the emergency matter of Steven Alan Standridge ("Respondent") came before Jay Bradford, Arkansas Insurance Commissioner ("Commissioner"). The Arkansas Insurance Department ("Department") was represented by Amanda Capps Rose, Associate Counsel, and the Finance Division in this matter. From the facts and law before the Commissioner, he finds as follows:

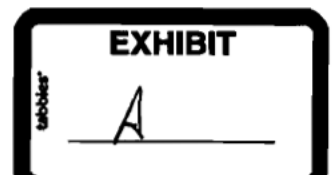
FINDINGS OF FACT

1. The Commissioner has jurisdiction over the parties and the subject matter pursuant to Ark. Code Ann. § 23-61-103. The Commissioner has the authority to issue an emergency license suspension pursuant to Ark. Code Ann. §§ 23-64-216(e) and 25-15-211(c).

2. Respondent is licensed to write accident, health and sickness, casualty, farm mutual aid, life, marine, variable products, motor club, property, and surety insurance and holds Arkansas Resident Producer License No. 18967.

3. Respondent's primary business address is [REDACTED]
[REDACTED] Respondent and his family own Steve Standridge Insurance, Inc., which owns and operates approximately eleven (11) insurance agencies in the State of Arkansas. Respondent is the Chairman of the Board and Chief Executive Officer of Gibraltar National Insurance Company ("Gibraltar"), an Arkansas domestic insurer.

4. On September 29, 2009, a Ratification and Written Consent of the Shareholders and Board of Steve Standridge Insurance, Inc. ("Board Consent") was executed and shows the



signatures of the five board members and shareholders: Steve Standridge, Jared Standridge, Alisha Pollock, Mark Blackburn, and Richard Miley. Mr. Blackburn is the Chief Operating Officer of State Auto Insurance Companies. Mr. Miley is the president of Broadstreet Capital Partners, Inc., which is owned by State Automobile Insurance Company.

5. The Board Consent states that the proceeds of a January 23, 2009 four million dollar (\$4,000,000.00) personal loan to Steve and Debbie Standridge used to purchase Gibraltar were deposited in the form of certificates of deposit in the name of Gibraltar. It further states that all business assets of Steve Standridge Insurance, Inc. were pledged as collateral for the personal loan. Finally, the Board Consent states that the pledge of the agency assets as collateral was “done with the knowledge, approval, and consent of the Board and Shareholders of SSI and are hereby approved and ratified.”

6. On February 12, 2010, the Department discovered that approximately four million dollars (\$4,000,000.00) of Gibraltar’s assets, held in two certificates of deposit, were pledged as collateral for the personal loan from First Service Bank to Steve and Debbie Standridge.

7. On or about February 17, 2010, the Respondent endorsed the two certificates of deposit for withdrawal and instructed First Service Bank to apply the funds in satisfaction of his personal loan. Respondent was not an authorized signatory as required for withdrawal of the funds.

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10. On February 18, 2010, the Department received written confirmation from First Arkansas Bank and Trust that the certificates of deposit represented the only collateral pledged for the loan to Steve Standridge Insurance, Inc.

11. On February 24, 2010, the President of the Bank of Star City requested a meeting with Department personnel regarding the Respondent.

12. On February 25, 2010, the Department consulted with Richard Miley and learned that he did not sign the Board Consent. On March 1, 2010, the Department received confirmation that Mark Blackburn did not sign the Board Consent.

13. In or around June, 2009, the Respondent approached the Bank of Star City regarding handling premium financing for his clients. The Bank of Star City agreed to try one such arrangement. Respondent provided an executed copy of a Premium Finance Agreement, signed by his client, as debtor, and by him, as a guarantor. The Bank of Star City never received a copy of the policy.

14. Upon information and belief, all payments that were made on the Premium Finance Agreement came from the Respondent or his agency. The most recent payments were not received by the bank, causing the bank's President to contact the general agent that placed the coverage. He then learned that the policy had been cancelled six months prior, on August 23, 2009, and that the Bank of Star City was not shown anywhere on the policy.

15. The President of the Bank of Star City attempted to contact the Respondent, but has been unable to reach him and messages went unreturned. Approximately four hundred thirty thousand dollars (\$430,000.00) is due and owing to the bank.

16. On February 26, 2010, the Bank of Star City filed a lawsuit against, *inter alia*, Steve Standridge and Steve Standridge Insurance, Inc. in the Circuit Court of Lincoln County.

17. On or about February 24, 2010, the Arkansas State Bank Department contacted personnel of the Department to warn of suspicious activity involving the Respondent, in addition to the matter concerning the Bank of Star City.

18. The Department needs additional time to investigate the actions of the Respondent and seeks to suspend his license pending the resolution of the Department's investigation.

19. The public health, safety, and welfare imperatively require emergency action.

CONCLUSIONS OF LAW

From the Findings of Fact contained herein, the Commissioner concludes as follows:

20. Respondent's misrepresentations under oath and presentation of inaccurate hearing exhibits regarding his family's ownership interest in Steve Standridge Insurance, Inc. constitute dishonest practices and demonstrate incompetence, untrustworthiness, and a lack of good personal and business reputation, all of which are grounds for probation, suspension, or revocation of an insurance producer's license pursuant to Ark. Code Ann. § 23-64-512(a)(8).

21. With regard to the forged signature or signatures of the independent board members on the Board Consent, forging another's name to any insurance-related document is grounds for probation, suspension, or revocation of an insurance producer's license pursuant to Ark. Code Ann. § 23-64-512(a)(10). Further, such conduct constitutes a dishonest practice and demonstrates untrustworthiness and a lack of good personal and business reputation, all of which

are grounds for probation, suspension, or revocation of an insurance producer's license pursuant to Ark. Code Ann. § 23-64-512(a)(8).

22. Respondent pledged Gibraltar's assets for a personal loan, then for a loan to Steve Standridge Insurance, Inc., causing those assets to be non-admitted for purposes of calculating Gibraltar's capital and surplus pursuant to SSAP No. 87, incorporated in the Arkansas Insurance Code pursuant to Ark. Code Ann. § 23-63-613. The pledging of an insurer's assets to guarantee a personal debt is a violation of Ark. Code Ann. § 23-69-109. Violation of any insurance law is grounds for probation, suspension, or revocation of an insurance producer's license pursuant to Ark. Code Ann. § 23-64-512(a)(2).

23. The Respondent's representation to Gibraltar's Board of Directors that the assets in Gibraltar's name that were held at First Arkansas Bank and Trust were unencumbered when they were pledged as collateral for a loan to Steve Standridge Insurance, Inc. demonstrates untrustworthiness, financial irresponsibility, and a lack of good personal and business reputation, all of which are grounds for probation, suspension, or revocation of an insurance producer's license pursuant to Ark. Code Ann. § 23-64-512(a)(8).

24. The assertions made by both the Bank of Star City and the Arkansas State Bank Department demonstrate a lack of good personal and business reputation, which is grounds for probation, suspension, or revocation of an insurance producer's license pursuant to Ark. Code Ann. § 23-64-512(a)(8).

25. For the public health, safety, and welfare of the people of this State, the Commissioner concludes that the Respondent's Arkansas Resident Producer License No. 18967 is immediately and summarily suspended pending an administrative hearing pursuant to Ark. Code Ann. § 23-64-216(e). If an administrative hearing is requested, the Department will seek revocation of the Respondent's producer license and additional administrative penalties.

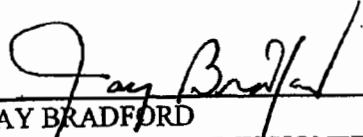
26. An administrative hearing will be promptly instituted upon the written request of the Respondent, which must be received within thirty (30) days of the date of this Emergency Suspension Order. If such a request is not received within said timeframe, the Respondent's Arkansas Resident Producer License will be revoked and other administrative penalties and sanctions may be ordered.

27. The Commissioner and the Department reserve the right to amend the allegations, findings and conclusions set forth herein and further reserve the right to present additional allegations and evidence in any subsequent order or an administrative hearing.

IT IS THEREFORE ORDERED AS FOLLOWS:

1. Respondent's Arkansas Resident Producer License No. 18967 is hereby suspended.
2. During the pendency of the Department's investigation and until further order of the Commissioner, Respondent shall not sell, solicit, or negotiate any class or line of insurance in the State of Arkansas.

IT IS SO ORDERED THIS 2nd day of March, 2010.



JAY BRADFORD
INSURANCE COMMISSIONER
STATE OF ARKANSAS