BEFORE THE INSURANCE COMMISSIONER OF THE STATE OF OKLAHOMA

FILED
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INSURANCE COMMISSIONER
OKLAHOMA

STATE OF OKLAHOMA, ex rel. GLEN MULREADY, Insurance Commissioner, **Petitioner,** **v.** **NATHAN KYLE SALLEE,** a resident producer, **Respondent.**	)	**Case No. 23-0618-DIS**

FINAL ADMINISTRATIVE ORDER

This matter is a disciplinary proceeding under the Oklahoma Producer Licensing Act. 36 O.S. §§ 1435.1 et seq. On June 26, 2024, 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 June 5, 2024. The hearing was held at the offices of the OID before Independent Hearing Examiner Stephan Mathis. Present at the hearing was Antuanya "Bo" DeBose, Assistant General Counsel for OID. Nathan Kyle Sallee ("Respondent") failed to appear. Witnesses were sworn and testified, exhibits were admitted, and argument of the parties heard.

FINDINGS OF FACT

1. That 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, Stephan Mathis, who shall sit as a quasi-judicial officer pursuant to 36 O.S. § 319.

3. Respondent, holding license number 40019922, was licensed by the State of Oklahoma as a resident insurance producer as defined and required by 36 O.S. § 1435.2(7). His address of record is PO Box 194 Mead, Oklahoma 73449-0194.

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 the Respondent an opportunity for hearing by sending the *Notice* by certified mail return receipt requested and by electronic mail on June 5, 2024. The *Notice* 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, Maria Torres.

7. The following exhibits were introduced and admitted:

   a) Petitioner's Exhibit A: Farmers' Chart

   b) Petitioner's Exhibit B: Respondent's Written Statement

   c) Petitioner's Exhibit C: Termination for Cause Letter

   d) Petitioner's Exhibit D: OID Records Request Email and Letter

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

   a) Paul Grewal, Farmers' Compliance Specialist

   b) April Moore, OID Anti-Fraud Division

9. The OID received notification from Farmers Insurance ("Farmers") concerning the Respondent's termination for cause for failing to remit cash premium payments and improperly withholding monies received. OID assigned Investigator April Moore ("Investigator Moore") to the case. (*See* Testimony of April Moore and Petitioner's Exhibit C).

10. Farmers initiated an internal investigation after discovering the Respondent had outstanding premium deposits over $3,000.00 and over fourteen (14) days old. A Farmers audit revealed the Respondent had nineteen (19) outstanding cash premiums totaling $3,384.01. A review of the Respondent's bank account showed that deposits were made on average twelve (12) days after collection. When the deposits were finally made, it appears the Respondent failed to deposit all the cash payments received. (*See* Testimony of Paul Grewal and Petitioner's Exhibit A).

11. Farmers interviewed the Respondent regarding this matter on February 1, 2022. The Respondent stated he is responsible for making the premium deposits by depositing cash collected into his premium trust account at First Union bank and then mailing a check to the Bank of Oklahoma (Farmers' bank). However, at the time of the interview, the Respondent was unable to explain the missing cash premiums. The Respondent signed a statement following the interview. (*See* Testimony of Paul Grewal and Petitioner's Exhibit B).

12. The Respondent deposited $2,956.99 to Farmers following his interview. The remaining balance of $427.02 was deducted from the Respondent's folio account. (*See* Testimony of Paul Grewal).

13. Farmers terminated the Respondent's appointment on May 25, 2022. (*See* Testimony of Paul Grewal and Petitioner's Exhibit C).

14. On or about June 19, 2023, Investigator Moore interviewed the Respondent. On June 22, 2023, Investigator Moore emailed the Respondent a Request for Records to the email addresses listed on his SBS licensee summary. The requested records were to be submitted within twenty (20) days. An adequate response was not received from the Respondent. (*See* Testimony of April Moore and Petitioner's Exhibit D).

15. Pursuant to the provisions of 36 O.S. §1435.13(A), 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 in accordance with subsection D of this section of any combination of actions for:

a) Improperly withholding, misappropriating or converting any monies or properties received in the course of doing insurance business;

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

c) Failing to respond to an inquiry from the Department as required in Section 1250.4

16. Pursuant to 36 O.S. §1435.13(D), in addition to or in lieu of any applicable denial, probation, censure, suspension or revocation of a license, a person may, after opportunity for hearing, be subject to a civil fine of not more than One Thousand Dollars ($1,000.00) for each occurrence. Said penalty may be enforced in the same manner in which civil judgments may be enforced.

17. Pursuant to 36 O.S. §1435.13(F), the Insurance Commissioner shall retain the authority to enforce the provisions of and impose any penalty or remedy authorized by the Oklahoma Producer Licensing Act and this title against any person who is under investigation for or charged with a

violation of the Oklahoma Producer Licensing Act or this title even if the person's license or registration has been surrendered or has lapsed by operation of law.

18. Pursuant to 36 O.S. §1250.4(B), any person subject to the jurisdiction of the Commissioner, upon receipt of any inquiry from the Commissioner shall, within twenty (20) calendar days from the date of receipt of the inquiry, furnish the Commissioner with an adequate response to the inquiry. The Commissioner may, upon good cause shown and on a case-by-case basis, extend the time allowed for a response for up to seven (7) additional calendar days. Any inquiry or response subject to this subsection shall be delivered electronically.

CONCLUSIONS OF LAW

19. That OID has jurisdiction over this matter and the Respondent pursuant to 36 O.S. § 1435.1 et seq.

20. That the Respondent was licensed by the OID as a resident producer pursuant to 36 O.S. § 1435.1 et seq.

21. That the Respondent was provided adequate notice and a hearing pertaining to the *Notice of Hearing and Order to Show Cause* filed on June 5, 2024, in accordance with the Oklahoma Insurance Code and the Oklahoma Administrative Procedures Act.

22. Based upon the above provided findings of fact there is clear and convincing evidence to find that the Respondent violated 36 O.S. §1435.13(A)(4), 36 O.S. §1435.13(A)(8), and 36 O.S. §1435.13(A)(15), by failing to remit cash premium payments and failing to respond to an inquiry from the Department within twenty (20) days.

23. 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. In addition to or in lieu of any applicable denial, probation, censure, suspension or revocation of a license, a

person may, after opportunity for hearing, also be subject to a civil fine 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 judgments may be enforced.

ORDER

IT IS THEREFORE ORDERED that Respondent Nathan Kyle Sallee's resident insurance producer license number 40019922 is hereby **SUSPENDED** for a period of two (2) years. Respondent is ordered to pay the costs of the proceeding in the amount of One Hundred Fifty Dollars **($150.00)** and is fined Two Thousand Nine Hundred Dollars **($2,900.00).** The Insurance Commissioner shall notify all appointing insurers of the suspension and shall notify the Central Office the National Association of Insurance Commissioners of the Respondent's suspension. The fine and costs shall be submitted to the Oklahoma Insurance Department within thirty (30) days of the date of this Order. The fine shall be made payable to the Oklahoma Insurance Department and sent to the Oklahoma Insurance Department located at 400 NE 50th Street, Oklahoma City, Oklahoma 73105. Failure to comply with a proper order of the Commissioner will result in further administrative action.

Done this 16th day of July, 2024.

STEPHAN MATHIS
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 *Order* was mailed by first class U.S. Mail and by certified mail with postage prepaid and return receipt requested on this 18th day of July, 2024 to:

Nathan Kyle Sallee
PO Box 194
Mead, Oklahoma 73449-0194
[redacted]
Respondent's Mailing Address

CERTIFIED MAIL NO.
9214 8902 0982 7500 0644 44

Nathan Kyle Sallee
[redacted]
salleeinsurance@yahoo.com
Respondent's Residence Address

CERTIFIED MAIL NO.
9214 8902 0982 7500 0644 51

and that a copy was delivered to:

Licensing and Anti-Fraud Division

Maria Torres for
Antuanya "Bo" DeBose