

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

IN THE MATTER OF:

**ANDREW LEE,
NPN 17254210,**

Respondent

A.I.D. ORDER NO. 2024- 36

CONSENT ORDER

Now on this day before Alan McClain, the Insurance Commissioner for the State of Arkansas ("Commissioner") came Andrew Lee, ("Respondent"), who has reached an agreement concerning the resident insurance producer license issued to him by the Arkansas Insurance Department ("Department"). The Commissioner is represented by Amanda Gibson, Managing Attorney. Respondent voluntarily waived his right to a hearing, and consents to the entry of this Consent Order. From the facts and law before the Commissioner, he finds as follows:

GENERAL STIPULATIONS

1. It is expressly understood that this Consent Order is subject to the Commissioner's acceptance and has no force or effect until such acceptance is evidenced by the entry of the Commissioner.
2. This Consent Order is executed for the purpose of avoiding further administrative time, expense, and action with respect to this cause.
3. Respondent fully understands that this Consent Order will in no way preclude additional proceedings by the Commissioner against him for acts or omissions not specifically addressed in this Order or for facts and/or omissions that do not arise from the facts or transactions herein addressed.

4. Having the right to consult with legal counsel, Respondent expressly waives all further procedural steps, and expressly waives all rights to seek judicial review of, or to otherwise challenge or contest the validity of this Consent Order, the stipulations and imposition of discipline contained herein, and the consideration and entry of said Order by the Commissioner. This Order is executed in the public interest, in the best interests of the parties hereto, and it represents a compromise and settlement of the controversy between the parties. This Order is for settlement purposes only.

5. By his signature affixed below, Respondent affirmatively states that he has freely agreed to the entry of this Consent Order, that he has been advised that he may consult with legal counsel and has had the opportunity to consult with legal counsel, that he waives his right to a hearing on the matters underlying this Consent Order, and that no threats or promises of any kind have been made by the Commissioner, the Department, or any agent or representative thereof.

6. The parties, by executing this Consent Order, affirmatively state their agreement to be bound by the terms of this Order and aver that no promises or offers relating to the circumstances described herein have been made, other than the terms of settlement set forth in this Order, are binding upon them.

7. Respondent acknowledges that the purpose of this Consent Order is to place his insurance producer license on probation.

FINDINGS OF FACT

1. Respondent Andrew Lee holds an Arkansas resident insurance producer license, National Producer Number 17254210. He is licensed to sell life insurance.

2. On May 4, 2021, the Arkansas Securities Department ("ASD") issued Order No. S-18-0085-21-OR4 ("ASD Order"), barring him from registering with ASD in any capacity for a period of five (5) years.
3. A summary of the factual findings in the ASD Order relevant to this action, is as follows:
 - a. Respondent was involved in the sale of a life insurance policy to an elderly consumer whereby the consumer viewed the policy as an investment.
 - b. The policy was funded by liquidating two IRAs, one containing \$300,000 and one containing \$200,000.
 - c. The end result was the issuance of a \$500,000 Guardian Life insurance policy. The consumer liquidated the IRAs based upon the advice of Respondent and his supervisor, John Hamilton, also a licensed insurance producer. This policy was issued in 2016.
 - d. The consumer wanted an investment with little to no taxes involved, so she asked Respondent and Mr. Hamilton about the tax liability. Respondent and Mr. Hamilton told her it would be about \$1,000.
 - e. In 2017, the consumer was told by her tax accountant that the tax bill came to \$120,000.
 - f. Respondent and Mr. Lee both earned commissions on the sale of the life insurance policy.
4. Respondent did not report to the Department, the administrative action taken by ASD.
5. During the discussions ultimately leading up to the transaction whereby the IRAs were liquidated to purchase the policy, Respondent relied upon the advice from the consumer's advisor at Raymond James, who stated that the tax liability would be about \$1,000.

CONCLUSIONS OF LAW

1. Ark. Code Ann. § 23-60-101, *et. seq.*, assigns the responsibility for administration of the Arkansas Insurance Code to the Arkansas Insurance Commissioner. The Department is the lawful agency through which the Commissioner administers the Arkansas Insurance Code, and he is authorized to bring this action for the protection of Arkansas consumers.
2. The Commissioner has jurisdiction over the parties and subject matter pursuant to Ark. Code Ann. § 23-61-103.
3. The Arkansas Producer Licensing Model Act, codified at Ark. Code Ann. § 23-64-501 *et. seq.*, governs Respondent's insurance producer license.
4. Ark. Code Ann. § 23-64-216 provides, "(a) The Insurance Commissioner may suspend for up to thirty-six (36) months, may revoke or refuse to continue, or may place in probationary status any license issued by him or her if...he or she finds any one (1) or more of the following causes exist: (1) In the case of an insurance producer or broker licensed as an insurance producer, for any of the causes under § 23-64-512".
5. Ark. Code Ann. § 23-64-512(a) allows the Commissioner to "place on probation, suspend, revoke, or refuse to issue or renew an insurance producer's license or may levy a civil penalty in accordance with § 23-64-216 or any combination of actions for any one (1) or more of the following causes...(2) Violating any of the following that calls into question the insurance producer's fitness to hold a license: (A) A law; or (B) A regulation, subpoena, or order of: (i) the commissioner..." (8) using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, lack of good personal or business reputation, or financial irresponsibility..."

6. Ark. Code Ann. § 23-64-517(a) provides, “A producer shall report to the Insurance Commissioner any administrative action taken against the producer in another jurisdiction or by another governmental agency in this state within thirty (30) days after the final disposition of the matter. (2) The report shall include a copy of the order, consent order, or other relevant legal documents.”

7. Department Rule 17, Section 7.E. provides, “An insurer or insurance producer shall not use terms such as savings, deposits, investments, etc. in such a way as to mislead the prospective purchaser to believe that the primary purpose of the life insurance solicitation is of an investment nature.”

8. Respondent’s conduct in selling the life insurance policy to the consumer as an investment, as described in Finding of Fact 3.a., is in violation of Department Rule 17.

9. Respondent’s failure to report the ASD Order, as described in Finding of Fact 4, is in violation of Ark. Code Ann. § 23-64-517.

10. Respondent’s conduct as described in Findings of Fact 2, 4, and 5, is in violation of Ark. Code Ann. § 23-64-512(a)(8) in that he used fraudulent, coercive, or dishonest practices and demonstrated incompetence, untrustworthiness and a lack of good personal and business reputation.

11. The Commissioner hereby concludes that the facts set forth in the Findings of Fact, above, provide grounds for the issuance of this Order.

ORDER

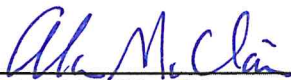
NOW THEREFORE, on the basis of the foregoing and the waiver of the Respondent of his right to a hearing and appeal under the Arkansas Administrative Procedure Act, Ark. Code Ann. §§ 25-15-201 *et. seq.*, and the admission by Respondent of the jurisdiction of the

Commissioner, the Commissioner finds that the Respondent has consented to entry of this Order and that the following Order is appropriate and in the public interest.

IT IS HEREBY ORDERED:

That Respondent Andrew Lee's insurance producer license is placed on probation for three (3) years from the date of this Order.

**IT IS SO ORDERED, DIRECTED AND AGREED TO AS OF THE 26th DAY OF
APRIL, 2024.**



**ALAN MCCLAIN
INSURANCE COMMISSIONER
STATE OF ARKANSAS**

ALJ - 04/26/2024
ANDREW LEE
NPN 17254210