

BEFORE THE ARKANSAS INSURANCE DEPARTMENT

In the Matter of David Trusler,
NPN 7933164, Respondent

AID Tracking Number 153834

AID ORDER NO. 2024-99

CONSENT ORDER

Now on this day before Alan McClain, the Insurance Commissioner for the State of Arkansas ("Commissioner") came David Trusler, ("Respondent"), who has reached an agreement concerning the insurance producer license issued to him by the Arkansas Insurance Department ("Department"). The Commissioner is represented by Amanda Gibson, Managing Attorney. Respondent is represented by Randall Bynum and MaryScott Polk Timmis of Wright Lindsey Jennings. 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 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 and to pay an administrative penalty.

FINDINGS OF FACT

1. Respondent David Trusler holds an Arkansas nonresident insurance producer license issued by the Arkansas Insurance Department (“Department” or “this Department”), National Producer Number 7933164, and is a resident of Oklahoma. Respondent is also registered with the Oklahoma Department of Securities (“ODS”).
2. On March 23, 2023, the Respondent was terminated for cause by New York Life Insurance Company (“New York Life”). Around this time, New York Life also filed a fraud report with the Oklahoma Insurance Department (“OID”).
3. One of the reasons for the termination was Respondent’s questionable applications for life insurance policies on himself and other family members. Another reason was Respondent’s use of inaccurate income statements and other financial information on the applications. The applications were made on June 22, 2022.
4. On the policy applications, Respondent stated that his income was \$200,000, and his net worth was \$100,000.
5. When New York Life pressed Respondent for documentation of his income, he gave them two versions of his 2021 taxes, neither of which was a filed copy of his tax return. The first version showed income at approximately \$55,000. The second version showed income at approximately \$97,000, purportedly to document that he had the income to support the annual premiums, which were believed to have been between \$100,000 and \$200,000. Respondent also gave this Department the same versions of these tax returns, and he further advised that he could not locate a filed copy of his 2021 tax return. Respondent was unable to explain why he had two versions of his 2021 tax return,

and further, he did not know whether an amended return might have explained the reason for the two different versions.

6. Respondent provided this Department with 1099s from the year 2021, showing income at approximately \$130,000.

7. The policies applied for in 2022 were converted to term life policies when it became evident that Respondent's income could not support the annual premiums. There was a series of payments returned for insufficient funds, which resulted in substantial chargebacks owed to New York Life.

8. Further complicating matters, soon after submitting the life insurance applications in June 2022 with stated income of \$200,000 and net worth of \$100,000, Respondent submitted a personal financial statement to ODS dated September 8, 2022, with stated income of nearly \$165,000 and stated net worth of \$2,880.09.

9. This Department held an investigative conference with Respondent on March 7, 2024, during which he was under oath. When asked about these discrepancies, Respondent averred that the \$200,000 income and \$100,000 net worth statements were "knee jerk reaction" estimates that he stated on the life insurance applications. He further averred that once he had more time to think about it, he made the other more accurate statements on the ODS Personal Financial Statement which included the \$165,000 and \$2880.09 amounts. Respondent also averred that at the time he made the estimates of \$200,000 income and \$100,000 net worth, he thought he could hit those income and net worth targets in 2022, and that he did *in fact* hit those targets. Perplexingly, however, Respondent next stated that he did not make what he hoped to make in 2022.

10. Respondent further failed to disclose several liens on the required OID financial disclosure. When asked about the failure to disclose the liens, he advised this Department that he was unaware of at least one of the liens, and regarding another, because he paid it as soon as he found out about it, he did not feel that it needed to be reported. Respondent stated that he did not have a good answer as to why he did not report the liens.

11. At the investigative conference, Respondent also admitted: that he does not know how much he currently owes New York Life in chargebacks; that he is unable to estimate a timeframe for repayment; and that he does not know how many companies he is appointed with.

12. On October 29, 2024, OID entered a Final Administrative Order in Case No. 23-0602-DIS. That Order found that Respondent did not report his annual income and net worth to New York Life or ODS with any fraudulent intent. That action found that Respondent demonstrated incompetence in the conduct of business by providing inconsistent net worth statements. Further, the action sanctioned Respondent with a censure on his Oklahoma producer license, and levied proceeding costs of \$450 and a \$3,000 fine.

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. § 23-64-512(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...(8) using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, lack of good personal or business reputation, or financial irresponsibility".

5. Ark. Code Ann. § 23-64-216(a) authorizes the Commissioner to take action against any license for any one of these reasons: "(1) in the case of an insurance producer or broker licensed as an insurance producer, for any of the causes under § 23-64-512...(2)(H) using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere..."

6. The termination of Respondent's appointment for cause, as described in Findings of Fact 2 and 3, is in violation of Ark. Code Ann. § 23-64-512(a)(8) in that he demonstrated incompetence to such an extent that his appointment was terminated.

7. Respondent's conduct as described in Finding of Fact 4 is in violation of Ark. Code Ann. § 23-64-512(a)(8) in that he demonstrated incompetence when he inflated the amount of his income and net worth.

8. Respondent's conduct as described in Finding of Fact 5 is in violation of Ark. Code Ann. § 23-64-512(a)(8) in that he demonstrated incompetence when he submitted two versions of his 2021 tax return and could not explain why there were two versions.

9. Respondent's conduct as described in Findings of Fact 5 and 6 is in violation of Ark. Code Ann. § 23-64-512(a)(8) in that he demonstrated incompetence when he was unable to present an accurate picture of his 2021 income.

10. Respondent's conduct as described in Finding of Fact 7 is in violation of Ark. Code Ann. § 23-64-512(a)(8) in that he demonstrated incompetence and financial irresponsibility when his actions resulted in substantial chargebacks, which he has been unable or unwilling to repay.

11. Respondent's conduct as described in Findings of Fact 8 and 9 is in violation of Ark. Code Ann. § 23-64-512(a)(8) in that he demonstrated incompetence when he reported wildly different amounts of net worth and income and made inconsistent statements under oath to this Department.

12. Respondent's conduct as described in Finding of Fact 10 is in violation of Ark. Code Ann. § 23-64-512(a)(8) in that he demonstrated incompetence when he failed to report the liens, regardless of whether he had a reasonable or justifiable explanation.

13. Respondent's conduct as described in Finding of Fact 11 is in violation of Ark. Code Ann. § 23-64-512(a)(8) in that he demonstrated incompetence when he stated he does not know how much he owes New York Life and a timeframe for repaying the chargebacks, and not knowing how many companies he is appointed with.

14. Respondent's conduct as described in Finding of Fact 12 violates Ark. Code Ann. § 23-64-216(a)(2)(H) in that he was found to have demonstrated incompetence in the conduct of business.

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:

1. That Respondent David Trusler's insurance producer license is placed on probation for a period of one year beginning on the date of this order;

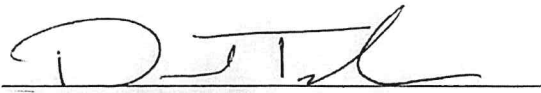
2. Following the one-year probationary period ending one year from the date of this Order, that Respondent David Trusler's insurance producer license shall be deemed in good standing; and

2. That Respondent David Trusler shall pay an administrative penalty of one thousand dollars (\$1,000) no later than twelve months from the date of this Order. The penalty shall be payable by check, money order, or cashier's check to the Arkansas Insurance Department Trust Fund.

IT IS SO ORDERED, DIRECTED AND AGREED TO AS OF THE 11th DAY OF DECEMBER, 2024.



ALAN MCCLAIN
INSURANCE COMMISSIONER
STATE OF ARKANSAS



DAVID TRUSLER

NPN 7933164