

BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS

IN THE MATTER OF
JOHN PHILLIP MIDDLETON

A.I.D. NO. 2006-026A

CONSENT REVOCATION ORDER

On this day, Julie Benafield Bowman, Arkansas Insurance Commissioner ("Commissioner"), and John Phillip Middleton ("Respondent") agree to enter into this Consent Revocation Order for the reasons stated below. From the facts and law before the Commissioner, she finds:

1. The Commissioner has jurisdiction over the parties and subject matter pursuant to Ark. Code Ann. § 23-61-103.
2. The Respondent neither admits nor denies any of the Findings of Fact or the Conclusions of Law below.

FINDINGS OF FACT

3. Respondent was licensed as a resident life, accident and health, casualty, marine, property, and surety producer until his license was suspended on May 1, 2006 by A.I.D. Order No. 2006-026.
4. Respondent sold Reba K. Irons six (6) annuities from 2003-2004. At the time of the first annuity purchase, Ms. Irons was 76 years old and usually confined to a wheelchair.
5. Respondent developed a friendship with Ms. Irons; he visited her at home and in the hospital. He discussed his personal problems with her and she trusted him. He convinced her to give him money for "investments" in his business ventures.

6. On February 29, 2003, Ms. Irons wrote check #5926 payable to "Phil Middleton" for \$50,000. She has no memory of writing this check.

7. On July 27, 2003, Ms. Irons wrote check #6059 payable to "Phil Middleton" for \$3,000. In the "For" section of the check is written "S+P." Respondent gave Ms. Irons a sheet of paper titled "S & P Investment" that describes an investment proposal involving "S&P 500." The paper includes the statement that "[a]ll inquiries should be made to Phil Middleton." In a letter to the Arkansas Insurance Department ("Department") dated Feb. 16, 2006, Middleton writes that he had spoken to a broker about putting together an investment regarding the S&P; he states that Ms. Irons was interested and he typed up a proposal for her. He then writes "[w]e didn't go through with it so no no [sic] S&P investment was made." The check was endorsed by "Phil Middleton" and cashed.

8. On January 6, 2004, Ms. Irons wrote check #6217 made payable to "Phil Middleton" for \$4,000. In the "For" section of the check is written "House-15." Ms. Irons stated that she gave this money to Respondent for a project in which he would remodel and sell homes. He was to pay her back with interest.

9. On June 18, 2004, Ms. Irons wrote check #6331 payable to "J.P. Middleton" for \$3,000. Ms. Irons does not recall writing this check.

10. On February 26, 2003, Respondent sold Ms. Irons annuity policy #7753930 from Bankers Life and Casualty Company (Bankers). In January 2004, this policy was cash surrendered and a check for \$207,717.54 was issued to Ms. Irons. The endorsement on the back of the check reads "Pay to JPM Investments" and is signed by

both Ms. Irons and "J.P. Middleton." According to Ms. Irons, this money was to be invested.

11. Respondent has submitted to the Department copies of two (2) checks payable to "Reba Irons." Check #506 is in the amount of \$4,100 and check #507 is for \$15,000.

12. In January 2004, Respondent sold Ms. Irons Allianz annuity policy #70043745. This policy was partially funded with a \$110,000 cashier's check from Respondent.

13. Respondent received a total of \$267,717.54 from Ms. Irons. He has provided proof that he has repaid \$129,100. Respondent still owes Ms. Irons \$138,617.54. Respondent's attorney stated in a letter to Ms. Irons' attorney that Respondent would pay Ms. Irons back if she would drop the complaints she filed against him with the Arkansas Insurance Department and the Arkansas Securities Department.

14. On August 8, 2003, Bankers Life & Casualty Insurance Company (Bankers) cancelled Respondent's appointment. On November 16, 2005, Bankers wrote the Department that Bankers "is recording the prior termination of John Middleton's contract as a termination for cause due to Mr. Middleton's accepting funds from an insured for his own personal use."

15. On March 6, 2006, Arkansas Insurance Department Investigator Taryn Lewis wrote Respondent regarding the Department's investigation of his activities; she requested a response but never received one. On March 3, 2006, via certified mail, Ms. Lewis sent Respondent a Notice of Investigative Conference setting Respondent for a

conference with the Department on March 28. The department received a return receipt showing that Respondent signed for the Notice on March 6. He did not appear for the conference.

16. On September 21, 2005, the Department issued a Letter of Caution to Respondent because he instructed producers he supervised to sign applications on insurance products that were sold by Respondent.

CONCLUSIONS OF LAW

17. For the above actions, Respondent is in violation of Ark. Code Ann. §§ 23-64-512(a)(2), (3), (8), (16), (17) and 23-66-206(10)(A)(ii).

18. All licenses issued to Respondent by the Department should be revoked.

THEREFORE, it is hereby ORDERED AND AGREED that:

A. All licenses issued by the Department to John Phillip Middleton are hereby revoked.

B. Respondent shall pay restitution to Reba K. Irons in the total amount of \$138,617.54. This amount shall be repaid in the amount of \$1,000.00 per month until the total amount is repaid in full, unless a court of competent jurisdiction otherwise orders. The monthly checks shall be made payable to Reba K. Irons and mailed c/o Arkansas Insurance Department, Attn: Legal Division, 1200 W. Third Street, Little Rock, Arkansas 72201. The monthly restitution will begin ninety (90) days after the Consent Revocation Order signed by the Commissioner is received, and shall be due and payable on the first day of every month thereafter until paid.

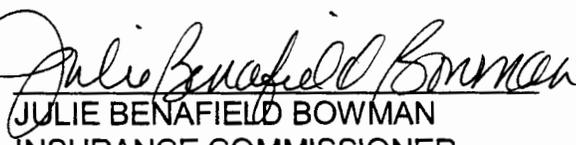
C. Respondent agrees that this debt shall not be discharged in any bankruptcy proceeding.

D. Respondent agrees to maintain a current address on file with the Arkansas Insurance Department until the total amount of restitution is repaid in full.

E. Respondent understands that if he fails to abide by these terms, the Arkansas Insurance Department will enforce this Consent Order in Circuit Court and obtain a judgment against him, pursuant to Ark. Code Ann. § 23-61-110.

IT IS SO ORDERED THIS 2nd day of November, 2006.


JOHN PHILLIP MIDDLETON


JULIE BENAFIELD BOWMAN
INSURANCE COMMISSIONER
STATE OF ARKANSAS