

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

**IN THE MATTER OF
DELENEA CATO
LICENSE NO. 237967**

A.I.D. NO. 2007 - 007

EMERGENCY LICENSE SUSPENSION ORDER

On this day the emergency matter of Delenea Cato ("Respondent") came before Julie Benafield Bowman, Arkansas Insurance Commissioner ("Commissioner"). The Arkansas Insurance Department ("Department") was represented by Zane A. Chrisman, Associate Counsel. From the facts and law before the Commissioner, she finds:

FINDINGS OF FACT

1. The Commissioner has jurisdiction over the parties and subject matter pursuant to Ark. Code Ann. § 23-61-103.
2. Respondent has been licensed as a resident life, and accident and health producer since June 1, 2002.
3. Respondent's address is 704 Providence, Bryant, Arkansas, 72022.
4. On or about November 17, 2006, the Arkansas Insurance Department ("Department") was notified that Respondent had been terminated from her employment from American Family Life Assurance Company of Columbus ("AFLAC"). On or about December 12, 2006, AFLAC notified the Department that the termination was "for cause" due to actions related to the sale of a health insurance policy for Kacie Lynn Hansen.
5. On March 17, 2006, Kacie Lynn Hansen was approached at her employment by William Stacey Cato, Respondent's husband. Mr. Cato told Ms. Hansen that he had a way for her to get "free money" just for having her baby. At the time Ms. Hansen was approximately

five (5) months pregnant and was a server at Waffle House. Mr. Cato told Ms. Hansen that if she would let his wife, Respondent, write a policy for Ms. Hansen, he would cover the premiums until she gave birth. Ms. Hansen agreed.

6. Respondent then went to meet Ms. Hansen at the Waffle House. Respondent told Ms. Hansen that the money for the premiums would be deducted from the amount she would receive at the end. She also told Ms. Hansen that she would have to give Mr. Cato a portion of the insurance money. Ms. Hansen agreed and gave Respondent her name, birth date, and address. Respondent stated that Ms. Hansen would receive approximately \$2700.

7. Respondent filled out the information for Ms. Hansen. Respondent misspelled Ms. Hansen's name and did not include Ms. Hansen's full name. Respondent also entered a different address for Ms. Hansen than the address which Ms. Hansen provided. The address entered was 11227 Samples Road, Alexander, Arkansas, 72002. This was the address of Kelly Cato, Respondent's brother-in-law. Further, Respondent misstated Ms. Hansen's birthday.

8. The application was signed "Kaci Lynn." This was not Ms. Hansen's name and not in Ms. Hansen's handwriting.

9. Respondent also created an application for "John Chris Hansen." This was supposed to be for the father of Ms. Hansen's unborn child. His application also bore the address 1127 Samples Road, Alexander, Arkansas, 72002. Ms. Hansen does not know anyone named John Hansen and did not sign an application for him. Ms. Hansen did not recognize the signature on Mr. Hansen's application.

10. On June 26, 2006, Ms. Hansen gave birth to Bryke R. Rieman. Respondent contacted Ms. Hansen to fill out the claim form for her. Ms. Hansen's signature was forged onto the claim form.

11. On or about July 21, 2006, Ms. Hanson contacted Mr. Cato about the status of her check. She was told that it had been sent to Mr. Cato's brother's house and that the amount was \$1,900.00. Mr. Cato told her that she would have to ask Respondent about the differing amounts. Ms. Hansen and Mr. Cato then agreed to meet at a bank to cash the check. Mr. Cato had Ms. Hansen sign the check. He then endorsed the check and had the bank give Ms. Hansen approximately \$680.00. Mr. Cato told her that the \$1,220.00 that was withheld was for the premium payments that he had made on her behalf and for his fee for getting Respondent to set her up with this policy.

12. On August 22, 2006, Karen Collins, an investigator with AFLAC, interviewed Respondent and Mr. Cato. During the recorded interview Respondent stated that she had used her brother-in-law's address because she didn't trust Ms. Hansen to return the premium money to her husband. Respondent stated that she had been told by company superiors that it was permissible to use a family member's bank account to pay for customer's premiums. Additionally, Respondent stated that she was aware of the fee arrangement that Mr. Cato had set up with Ms. Hansen and at least one other person for whom she had written insurance.

VIOLATIONS

Respondent is in violation of:

13. Ark. Code Ann. §23-64-216(a)(2)(B) which provides that a license may be suspended or revoked for violation or noncompliance with any applicable provision of the laws of this state, this code, or of any lawful rule, regulation, or order of the Commissioner;

14. Ark. Code Ann. §23-64-216(a)(2)(D) which provides that a license may be suspended or revoked for improperly withholding, misappropriating, or converting moneys or properties in the course of doing insurance business;

15. Ark. Code Ann. §23-64-216(a)(2)(E) which provides that a license may be suspended or revoked for intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance;

16. Ark. Code Ann. §23-64-216(a)(2)(G) which provides that a license may be suspended or revoked for having admitted or been found to have committed any insurance unfair trade practice or fraud;

17. Ark. Code Ann. §23-64-216(a)(2)(H) which provides that a license may be suspended or revoked for using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere;

18. Ark. Code Ann. §23-64-216(a)(2)(J) which provides that a license may be suspended or revoked for forging another's name to an application for insurance or to any document related to an insurance transaction;

19. Ark. Code Ann. §23-64-216(a)(2)(L) which provides that a license may be suspended or revoked for knowingly accepting insurance business from an individual who is not licensed;

20. Ark. Code Ann. § 23-64-512(a)(2) which provides that a license may be suspended or revoked for violating any insurance laws, or violating any regulation, subpoena or order of the commissioner or of another state's insurance commissioner;

21. Ark. Code Ann. § 23-64-512(a) (4), which provides that a license may be suspended or revoked for using improperly withholding, misappropriating, or converting any moneys or properties received in the course of doing insurance business;

22. Ark. Code Ann. § 23-64-512(a) (5), which provides that a license may be suspended or revoked for intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance;

23. Ark. Code Ann. § 23-64-512(a) (7), which provides that a license may be suspended or revoked for having admitted or been found to have committed any insurance unfair trade practice or fraud;

24. Ark. Code Ann. § 23-64-512(a) (8), which provides that a license may be suspended or revoked for using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, lack of good personal or business reputation, or financial irresponsibility;

25. Ark. Code Ann. § 23-64-512(a) (10), which provides that a license may be suspended or revoked for forging another's name to an application for insurance or to any document related to an insurance transaction;

26. Ark. Code Ann. § 23-64-512(a) (12), which provides that a license may be suspended or revoked for knowingly accepting insurance business from an individual who is not licensed;

27. Ark. Code Ann. § 23-66-205, which provides that no person shall engage in this state in an unfair method of competition or an unfair or deceptive act or practice in the business of insurance;

8. Ark. Code Ann. § 23-66-206 (10), which provides that "rebating" is an unfair trade practice. "rebating" means the act of knowingly permitting or offering to make or making any life, health, and annuity insurance contract, or agreement as to the contract, other than as

plainly expressed in the insurance contract issued thereon; paying, allowing, or giving or offering to pay, allow, or give, directly or indirectly, as inducement to the insurance contract any rebate of premiums payable on the contract or any special favor or advantage in the dividends or other benefits thereon or any valuable consideration or inducement whatever not specified in the contract; or giving, selling, or purchasing or offering to give, sell, or purchase as inducement to the insurance contract or in connection with the contract any stocks, bonds, or other securities of any insurance company or other corporation, association, or partnership or any dividends or profits accrued thereon or anything of value whatsoever not specified in the insurance contract; and

29. Ark. Code Ann. § 23-66-301, which provides that a license may be suspended or revoked if a person knowingly presents or causes to be presented a false or fraudulent claim, or any false or fraudulent proof in support of a claim, for the payment of a loss under an insurance policy; prepares, makes, or subscribes any false or fraudulent account, certificate, report, affidavit, or proof of loss, or other document or writing, with the intent or knowledge that it will be presented or used in support of a claim under an insurance policy; or conceals, withholds, or misrepresents any information material to a claim under an insurance policy.

PENALTIES

30. The Department seeks sanctions, up to and including revocation of Arkansas insurance agent license of Respondent, pursuant to Ark. Code Ann. §§ 23-60-108 and 23-64-216, and financial penalties pursuant to Ark. Code Ann. §23-60-108 and § 23-64-216(d) based upon the above findings of fact.

31. Due to the gravity of the allegations and averments, it is found that a public emergency exists for the immediate suspension of Respondent's Insurance License.

32. Any and all licenses issued by the Department, whether acquired by the Respondent, Deleana Cato, for being a broker, agent, solicitor, or consultant in this State, are hereby suspended pending a promptly instituted hearing on the above matter.

33. The Department reserves the right to amend this Emergency License Suspension Order to include additional violations of state law.

34. A Notice of Hearing is enclosed. At the hearing, the Department will seek to revoke all insurance licenses of Respondents based on the above allegations.

IT IS SO ORDERED THIS 5th day of February, 2007.



JULIE BENAFIELD BOWMAN
INSURANCE COMMISSIONER
STATE OF ARKANSAS