

BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS

IN THE MATTER OF
TERRY MITCHELL
LICENSE NO. 5648

A.I.D. NO. 2008- 074

CONSENT REVOCATION ORDER

On this day, Julie Benafield Bowman, Arkansas Insurance Commissioner (“Commissioner”), and Terry Mitchell (“Respondent”) agree to enter into this Consent Revocation Order for the reasons stated below. The Arkansas Insurance Department (“Department”) was represented by Zane A. Chrisman and Amanda Capps Rose, Associate Counsels. Respondent neither admits nor denies the Findings of Fact and Conclusions of Law set forth below. From the facts and law before the Commissioner, she finds:

FINDINGS OF FACT

1. The Commissioner has jurisdiction over the party and subject matter pursuant to Ark. Code Ann. §23-61-103 and the authority to issue summary license suspensions and/or order payment of penalties under Ark. Code Ann. §§ 23-60-108, 23-64-216(e), 23-64-512(a), and 23-66-408.
2. Respondent is licensed as a resident Accident, Health, Sickness and Life agent and holds Arkansas resident producer license #5648. Respondent’s address is 27 North Springhill Lane, Greenbrier, Arkansas, 72058. Respondent’s date of birth is October 26, 1951.
3. On April 23, 2008, National Western Life Insurance Company notified the Arkansas Insurance Department that it had terminated Respondent for Cause due to violating Company and/or State policies regarding advertising by using the name of the Company in

newsprint without authorization. The Advertisement failed to disclose Respondent's name, address, or notification that he was an insurance agent in violation of Arkansas Rule 17.

4. On June 11, 2008, Joie Tester, Investigator with the Arkansas Insurance Department, requested information regarding the termination for cause. Respondent never responded to this request for information.

5. On June 20, 2008, Ms. Tester notified Respondent that an Investigative Conference would be held to investigate the allegations and the Consent Order that Respondent had entered into with the Arkansas Securities Department on March 14, 2008.

6. The March 14, 2008 Order found that Respondent was not a licensed securities agent, broker-dealer, or investment advisor, yet had sold \$43,000.00 of investment contracts to four Arkansas investors. The Order further found that the investors were told that their investments would double in six months. The four investors were elderly citizens. Three of the investors had previously purchased insurance products from the respondent.

7. All of the investors were told that their money would be invested in different ways. One investor was told it would be used to train younger agents. Another investor was told something large was being built overseas, possibly in Europe. A third thought she was investing in Respondent's personal business, which was supposed to be a company offering retirement products that had an "A" rating with AM Best Company. The last investor thought that the money was being invested with Pure Investor or PIPS¹.

¹ PIPS is an acronym for People in Profit Systems. It also used the name Pure Investor. This enterprise was presented as a program based in Malaysia in which investments such as this would be pooled and loaned to poor farmers and poor people all over Southeast Asia. The return was said to have been in the neighborhood of .5% to 2.0% per day, compounded, which would be approximately 182% to 730% per annum. In reality, PIPS was a huge Ponzi scheme operated by one Bryan Marsden, a British citizen well known for such schemes. Marsden and his Malaysian wife were charged in Malaysia with 41 counts of money laundering over this very scheme in 2006. At least six state regulatory agencies have issued cease and desist orders against this scheme.

8. The Securities Department found that Respondent did not invest any of this money in the way he told the investors that he would, but instead converted the money to his own use. Respondent contended that he invested the money with the PIPS plan intending to give the returns he promised the investors while pocketing the rest of the returns.

9. The Securities Department found that Respondent had violated Ark. Code Ann. § 23-42-501 and Ark. Code Ann. § 23-42-507(2).

10. Respondent then entered into the Consent Order with the Securities Department agreeing to make restitution plus 6% interest to the four investors, and pay a \$10,000.00 fine to the Securities Department.

VIOLATIONS

Respondent is in violation of:

11. Ark. Code Ann. §23-64-216(a) (1) which provides that a license may be suspended or revoked for violation of any of the causes listed in Ark. Code Ann. § 23-64-512;

12. 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 or financial irresponsibility in the conduct of business in this state or elsewhere;

13. Ark. Code Ann. § 23-64-512 (a)(13) which provides that a license may be suspended or revoked for failing to provide a written response after receipt of a written inquiry from the Commissioner or her representative within thirty (30) days after receipt thereof;

14. Arkansas Rule 17, which provides that every advertisement shall state the name of the insurance agent, the agent's address, and notification that the person is an insurance agent;

15. Ark. Code Ann. § 23-66-307(a) (1), which provides that a licensee must provide reasonable and professional service to each insured; and

16. Ark. Code Ann. § 23-64-506(e) (1) & (2), which provide that a resident applicant or producer must be deemed by the commissioner to be competent, trustworthy, financially responsible, and of good personal and business reputation, and that such qualifications must continue for an individual to remain licensed.

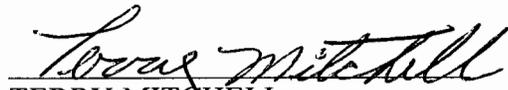
CONCLUSIONS OF LAW

17. Based on the allegations contained herein, Respondent is in violation of Ark. Code Ann. § 23-64-216, § 23-64-512, § 23-66-307, § 23-64-506, and Arkansas Rule 17.

18. Considering the Commissioner's Conclusions of Law, the Respondent voluntarily surrenders his producer license for revocation by the Department.

THEREFORE, it is hereby ORDERED AND AGREED that: All licenses issued by the Department to Terry Mitchell are revoked.

IT IS SO ORDERED THIS 7th day of October, 2008.


TERRY MITCHELL


JULIE BENAFIELD BOWMAN
INSURANCE COMMISSIONER
STATE OF ARKANSAS