

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

**IN THE MATTER OF  
TIMOTHY ALONZA LILLY  
LICENSE NO. 122347  
and COVENANT SENIOR ADVISORS, LLC  
LICENSE NO. 300713**

**A.I.D. NO. 2009- 082**

**CONSENT ORDER**

On this day, the matter of Timothy Alonza Lilly (“Respondent”) and Covenant Senior Advisors, LLC (“Agency”) came before Jay Bradford, Arkansas Insurance Commissioner (“Commissioner”). The Arkansas Insurance Department (“Department”) was represented by Amanda Capps Rose, Associate Counsel, in this matter. Respondent neither admits nor denies the findings and conclusions contained herein. From the facts and law before the Commissioner, he finds as follows:

**FINDINGS OF FACT**

1. The Commissioner has jurisdiction over the parties and the subject matter pursuant to Ark. Code Ann. § 23-61-103.
2. Respondent is licensed to write accident, health and sickness, credit, and life insurance and holds Arkansas Resident Producer License No. 122347. The Agency holds Arkansas Resident Agency License No. 300713.
3. Respondent’s business address, and the address of the Agency, is 9301 Maumelle Boulevard, North Little Rock, Arkansas 72113.
4. On May 23, 2008, the Arkansas Securities Department issued a Cease and Desist Order, No. S-08-043-08-CD01, based upon the Respondent’s offering and advertising of securities without proper registration with the Arkansas Securities Department. That Order also

noted misleading and inaccurate advertising by the Respondent regarding FDIC protection of the securities.

5. On July 1, 2008, the Arkansas Securities Department again issued a Cease and Desist Order, No. S-08-053-08-CD01, against the Respondent and the Agency. The grounds for the order were transacting business as an investment advisor without being properly registered as an investment advisor with the Arkansas Securities Department and using designations and certifications in marketing materials when no such designation or certification had been earned.

6. Based upon the findings and actions of the Arkansas Securities Department, this Department issued an Emergency Suspension Order, A.I.D. Order No. 2009-035, on April 3, 2009 suspending the licenses of both the Respondent and the Agency and finding that the suspension was required for the public welfare.

7. Subsequently, the Department and the Respondent entered into a Consent Order, A.I.D. Order No. 2009-054, on May 22, 2009. The Consent Order places the Respondent's and the Agency's licenses on probation for a period of one (1) year and imposes a penalty of five thousand dollars (\$5000.00). Respondent has failed to pay the penalty as agreed. The Department's Consent Order was entered based on the following:

a. A consumer complaint was filed regarding the replacement of annuities, no comparison memorandum was completed, and the consumer lost approximately eight thousand, one hundred fifty-eight dollars (\$8,158.00) in surrender charges.

b. The Arkansas Securities Department had cause to issue the Cease and Desist Orders.

c. Deceptive and misleading advertising was employed by the Respondent.

d. The Respondent was selling and advertising securities without proper registration with the Arkansas Securities Department.

e. The Respondent was using designations and certifications in marketing materials when no such designation or certification had been earned.

8. On September 1, 2009, the Legal Division of the Department received a complaint from Jimmy Lou Bates regarding the Respondent and three annuities purchased through him. She alleged that her principal in the annuities was decreasing when she only gave permission to the Respondent to reinvest the interest and specifically told him not to touch the principal investment.

9. Upon investigation by the Department, it was discovered that there may be a forgery or forgeries of the name or names of various insureds by the Respondent, including Ms. Bates.

10. As part of its investigation, the Department interviewed former employees of the Respondent and obtained testimony under oath that the Respondent has forged insured's signatures in the past.

11. Respondent admits to tracing the names of insureds when forms needed to be signed, but denies that it was done without the insured's knowledge.

12. The Department needs additional time to investigate the actions of the Respondent, who has agreed to allow his and the Agency's licenses to be suspended pending the resolution of the Department's investigation.

13. Respondent has been advised of his right to consult legal counsel regarding this matter and specifically regarding this Consent Order. Respondent has waived his right to an administrative hearing in this matter.

#### **CONCLUSIONS OF LAW**

From the Findings of Fact contained herein, the Commissioner concludes as follows:

14. Respondent's failure to comply with payment of the penalty set forth in A.I.D. Order No. 2009-054 is grounds for probation, suspension, or revocation of an insurance producer's license pursuant to Ark. Code Ann. § 23-64-512(a)(2).

15. Forging another's name to an application for insurance or any other insurance-related document is grounds for probation, suspension, or revocation of an insurance producer's license pursuant to Ark. Code Ann. § 23-64-512(a)(10).

**IT IS THEREFORE ORDERED AS FOLLOWS:**

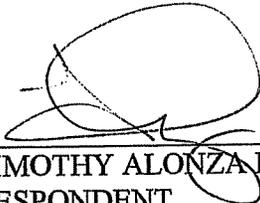
1. Respondent's Arkansas Resident Producer License No. 122347 is hereby suspended and the Respondent shall not conduct the business of insurance until further order of the Commissioner.

2. The Agency's Arkansas Resident Agency License No. 300713 is hereby suspended and no insurance business shall be conducted by or through the Agency until further order of the Commissioner.

3. During the pendency of the Department's investigation and until further notice or order of the Commissioner, Respondent agrees not to contact any client or consumer concerning any matter related to the business of insurance.

**IT IS SO ORDERED THIS** 16<sup>th</sup> **day of October, 2009.**

  
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JAY BRADFORD  
INSURANCE COMMISSIONER  
STATE OF ARKANSAS

  
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TIMOTHY ALONZA LILLY  
RESPONDENT  
and on behalf of COVENANT SENIOR  
ADVISORS, LLC