

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

**ARKANSAS INSURANCE DEPARTMENT,)
Petitioner)**

vs.)

**RHODES & SON FUNERAL HOME,)
Respondent)**

A.I.D. NO. 2011- 072

ORDER OF REVOCATION

On this day, the matter of Rhodes & Son Funeral Home (“Respondent”) came before Jay Bradford, Arkansas Insurance Commissioner (“Commissioner”). A hearing was held at 9:00 a.m. on August 23, 2011 in the Meeting Staff Room of the Arkansas Insurance Department (“Department”) pursuant to a Notice of Hearing dated August 10, 2011. The hearing was held before acting Deputy Commissioner and General Counsel, William R. Lacy (“Hearing Officer”), pursuant to his appointment by the Commissioner in accordance with Arkansas Code Annotated § 23-61-103. The Department was represented by Amanda J. Andrews, Associate Counsel.

FINDINGS OF FACT

1. The Commissioner has jurisdiction over the parties and the subject matter pursuant to Arkansas Code Annotated § 23-61-103.
2. Respondent is a funeral home located at 701 North 9th Street in Augusta, Arkansas 72006.
3. Respondent was licensed to sell prepaid funeral benefit contracts in this state under a permit issued to it by the Department. Respondent’s Arkansas Prepaid Funeral Benefits License expired on June 1, 2011, and it has not been renewed.

4. Following a series of delinquent annual and quarterly report filings, Respondent entered into a Consent Order with the Department on August 20, 2010, AID No. 2010-075, in which Respondent agreed that in lieu of revocation of its license and placement of its prepaid funeral benefits contracts business in receivership proceedings, Respondent would pay to the Department a fine of seven hundred and fifty dollars (\$750) within twenty (20) days from receipt of the Order after it is signed by the Commissioner. Respondent further agreed that should it fail to timely file any future quarterly or annual reports or renewal applications with the Department, it would agree to immediate and permanent revocation of its prepaid funeral benefits license with the Department, as well as placement of its prepaid funeral benefits business into receivership or delinquency proceedings pursuant to Arkansas Code Annotated § 23-40-123.

5. Respondent's fourth quarter 2010 quarterly report was due by February 15, 2011, and the Department received a delinquent report on March 1, 2011.

6. On May 10, 2011, Respondent filed a delinquent and incomplete annual report, which was due on March 15, 2011, and submitted to the Department as payment of fees and penalties a check in the amount of \$750.00, which was returned as not payable for insufficient funds. To date, Respondent has not paid the \$750.00 in fees and penalties.

7. Respondent's Arkansas Prepaid Funeral Benefits License expired on June 1, 2011, and to date, Respondent has failed to renew its license.

8. The Department notified Respondent in writing on two (2) occasions that its fourth quarter 2010 quarterly report was delinquent, its 2010 annual report was delinquent and incomplete, the check it submitted for its 2010 annual report fees was insufficient, and its Arkansas Prepaid Funeral Benefits License had expired and not been renewed.

9. Respondent appeared at the hearing on August 23, 2011, through its representative, Cindy Rhodes, who is the owner and operator of Respondent and has full authority to execute agreements for and on Respondent's behalf. Under oath, Mrs. Rhodes admitted that Respondent violated the Consent Order.

CONCLUSIONS OF LAW

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

10. That the Department regulates the licensing of prepaid funeral benefit providers in this state pursuant to the Arkansas Prepaid Funeral Benefits Law, Arkansas Code Annotated § 23-40-101, *et seq.*

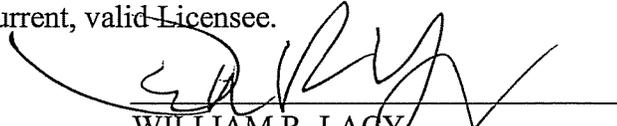
11. That pursuant to Arkansas Code Annotated § 23-40-111(b)(2), after notice to the licensee and after a hearing, the Commissioner may suspend any permit, or may revoke or refuse to continue any permit if the licensee failed to comply with any material provision of prepaid funeral benefits law. The statutory requirements compelling the licensees to file annual and quarterly reports, as well as provide annual renewal applications are material provisions of the Arkansas Prepaid Funeral Benefits Law. A licensee's failure to file its annual report is a ground for placing the licensee into receivership or delinquency proceedings under Arkansas Code Annotated § 23-40-123(a)(7).

12. That Respondent's violation of Consent Order, AID No. 2010-075, submission of a delinquent fourth quarter 2010 quarterly report, submission of a delinquent and incomplete 2010 annual report, failure to pay the 2010 annual report fees and penalties, and failure to renew its Arkansas Prepaid Funeral Benefits License, is grounds for revocation pursuant to Arkansas Code Annotated § 23-40-111(b)(2).

RECOMMENDATIONS OF THE HEARING OFFICER

WHEREFORE, based upon the foregoing Findings of Fact, Conclusions of Law, and other matters before him, the Hearing Officer recommends:

13. Based upon Respondent's violation of Consent Order, AID No. 2010-075, submission of a delinquent fourth quarter 2010 quarterly report, submission of a delinquent and incomplete 2010 annual report, failure to pay the 2010 annual report fees and penalties, and failure to renew its Arkansas Prepaid Funeral Benefits License, I recommend immediate revocation of Respondent's Arkansas Prepaid Funeral Benefits License. Respondent shall have sixty (60) days from the date of this Order to divest any and all Prepaid Funeral Benefits contracts currently in its possession to a current, valid Licensee.

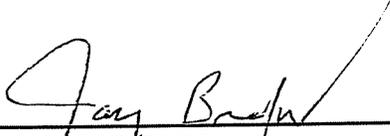

WILLIAM R. LACY
ACTING DEPUTY COMMISSIONER,
GENERAL COUNSEL and
HEARING OFFICER

CERTIFICATION

I, Jay Bradford, Insurance Commissioner for the State of Arkansas, do hereby certify that the above Findings of Fact, Conclusions of Law, and Recommendations of the Hearing Officer were made by and under my authority and supervision by William R. Lacy, acting Deputy Commissioner, General Counsel and Hearing Officer in this proceeding. I hereby adopt the Hearing Officer's Findings of Fact, Conclusions of Law, and Recommendations in full and enter this Order.

THEREFORE, it is hereby ORDERED that the Respondent's Arkansas Prepaid Funeral Benefits License is revoked. Respondent shall have sixty (60) days from the date of this Order to divest any and all Prepaid Funeral Benefits contracts currently in its possession to a current, valid Licensee.

IT IS SO ORDERED THIS 29th DAY OF August, 2011.



JAY BRADFORD
INSURANCE COMMISSIONER
STATE OF ARKANSAS