

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

ARKANSAS INSURANCE DEPARTMENT,)
Petitioner)
)
vs.)
)
GRACIE M. UGWU,)
Respondent)

A.I.D. NO. 2011- 245

ORDER

On this day, the matter of Gracie M. Ugwu (“Respondent”) came before Jay Bradford, Arkansas Insurance Commissioner (“Commissioner”). A hearing was held at 9:00 a.m. on November 10, 2011, in the Hearing Room of the Arkansas Insurance Department (“Department”) pursuant to a Notice of Hearing dated October 12, 2011. The hearing was held before Chief Deputy Commissioner Lenita Blasingame (“Hearing Officer”), pursuant to her 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 resident of Little Rock, Arkansas, and she submitted an application for an Arkansas Funeral Expense License to the Department on August 23, 2011.
3. Respondent admitted in the application that she had been convicted of a crime, and in a letter submitted along with the application, Respondent stated that in 1989, she pleaded guilty to charges involving food stamps and hot checks.

4. Respondent stated in the application (specifically, question 39.3) that she had never been subject to a bankruptcy proceeding.

5. On September 6, 2011, the Department notified Respondent that it declined her application for a funeral expense license based on the 1988 felony convictions for hot checks/personal services. The Department further notified Respondent that she may apply for a waiver from the Commissioner to engage in the business of insurance ("1033 waiver"), pursuant to 18 U.S.C. § 1033 and Arkansas Code Annotated § 23-66-502.

6. On September 19, 2011, Respondent submitted an application for a 1033 waiver to the Department, and after careful review, the application was denied on the basis that Respondent failed to fully complete the employment history section of the application, failed to establish financial responsibility and good personal and business reputation, and provided responses that led the Department to believe that Respondent was soliciting and/or selling insurance without a license.

7. Respondent requested a hearing to appeal the 1033 waiver denial, and the appeal hearing was scheduled for November 10, 2011.

8. Respondent appeared at the hearing on November 10, 2011, and under oath, admitted that (1) in or about 1988, she was convicted of felonies involving dishonesty or breach of trust (specifically, felonies involving food stamps and hot checks), (2) in February 2008, she filed for Chapter 7 bankruptcy relief, a fact that she did not disclose in her original application for a funeral expense license, and (3) she did not fully disclose her employment history on her application for a 1033 waiver.

9. The hearing record remained open until December 1, 2011, in order for Respondent to provide the Department with a complete copy of her bankruptcy file, payment

history or statements for all credit cards she has held since the bankruptcy discharge, and an updated credit report with credit score. Respondent provided the foregoing information to the Department on November 30, 2011.

CONCLUSIONS OF LAW

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

10. Pursuant to Arkansas Code Annotated § 23-66-502 (d)(1), a person convicted of a felony involving dishonesty or breach of trust may participate in the business of insurance if written consent is obtained from the Insurance Commissioner upon a finding by the Commissioner that granting such consent would not endanger the public health, safety, and welfare. *See also* 18 U.S.C. § 1033.

11. Further, in order to obtain a producer's license in Arkansas, an individual must be deemed by the Commissioner to be competent, trustworthy, financially responsible, and of good personal and business reputation. Ark. Code Ann. §§ 23-64-202(a)(2)(C)(i), 23-64-506. The Commissioner may refuse to issue a license to an individual who provided incorrect, misleading, incomplete, or materially untrue information in the license application, attempted to obtain a license through misrepresentation or fraud, and demonstrated incompetence, untrustworthiness, lack of good personal or business reputation, or financial irresponsibility. Ark. Code Ann. §§ 23-64-512(a)(1), (3), (8).

12. Respondent failed to disclose her 2008 bankruptcy proceeding in her original application for a funeral expense license, the 2008 bankruptcy was discovered by the Department during the appeal hearing, and Respondent did not fully disclose her employment history in her application for a 1033 waiver.

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 failure to disclose pertinent information in the license application and 1033 waiver application, I recommend that Respondent's applications for a funeral expense license and a waiver to engage in the business of insurance be denied.

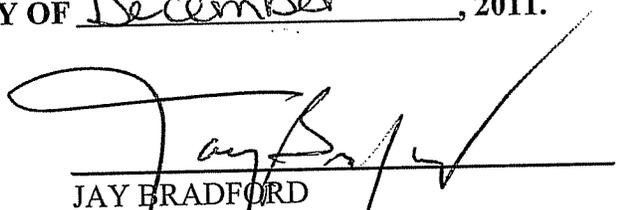

LENTA BLASINGAME
CHIEF DEPUTY COMMISSIONER
and HEARING OFFICER

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 Lenita Blasingame, Chief Deputy Commissioner 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 application for a funeral expense license and waiver to engage in the business of insurance are denied.

IT IS SO ORDERED THIS 14th DAY OF December, 2011.



JAY BRADFORD
INSURANCE COMMISSIONER
STATE OF ARKANSAS