

BEFORE THE INSURANCE COMMISSIONER  
FOR THE STATE OF ARKANSAS

IN THE MATTER AARON YOUNG, AN  
ARKANSAS RESIDENT PRODUCER, AND  
IQ FINANCIAL SERVICES, INC.,  
AN ARKANSAS RESIDENT AGENCY

A.I.D. 2012- 457

CONSENT ORDER

Now on this day, the matter of Aaron Young of Little Rock, Arkansas, License No. 69352, an Arkansas resident producer, and IQ Financial Services, Inc., Agency License No. 305631, an Arkansas resident agency, (“Respondents”), comes before Jay Bradford, Insurance Commissioner of the State of Arkansas (“Commissioner”). The Arkansas Insurance Department (“Department”) is represented by Associate Counsel, Ava Franks. The Commissioner and Respondents are in agreement concerning the matter of the producer and agency operating under the Consent Order. From the facts, matters, and other evidence before the Commissioner, the Commissioner and Respondents consent and agree to the following:

FINDINGS OF FACT

1. The Commissioner has jurisdiction over the Respondents and subject matter herein pursuant to Ark. Code Ann. §§23-61-103, *et seq.*
2. Respondent Young is an Arkansas resident producer and Respondent IQ Financial Services, Inc. is an Arkansas resident agency. Respondents are licensed to conduct insurance business in the state of Arkansas.
3. The Department received a complaint and launched an investigation of Respondents pursuant to Ark. Code Ann. §23-66-208.

4. The Department issued a Notice of Hearing pursuant to §23-66-209, which named Aaron Young and IQ Financial Services, Inc. as Respondents, with a hearing date of June 1, 2012. The charges are as follows:

a. Noncompliance with the Arkansas Insurance Department's previous instruction as to improper training and marketing material.

b. Use of misleading marketing material and advertisements that references Medicare.

c. Use of a slideshow during the course of the business of insurance that references the legal reserve.

d. Insufficient business records due to incomplete usual and customary records. The Department, upon copying what was represented as the full and complete business records for the last two (2) years of business, was unable to locate usual and customary records.

e. Department investigation revealed unsuitable replacements, lack of comparison forms or memorandum, and evidence of churning.

5. Respondents do not admit, and deny, the allegations found in this Consent Order and the Notice of Hearing. The Respondents hereby voluntarily surrender their licenses.

6. Respondents have knowingly and voluntarily waived the right to an administrative hearing and have been made aware of the right to consult legal counsel prior to executing this Consent Order.

## CONCLUSIONS OF LAW

7. Noncompliance, with an instruction of the Arkansas Insurance Department may constitute misrepresentation to a regulator, which is a violation of the Trade Practices Act, Ark. Code. Ann. §23-66-206(6).

8. Misleading marketing material and advertisements are a violation of Rule 99 and Rule 13. Violations of Rule 99 include misleading telemarketing scripts and advertisements that use a trade name and an insurance group designation, “if the advertisement would have the capacity or tendency to mislead or deceive as to the true identity of the insurer or create the impression that a company other than the insurer would have any responsibility for the financial obligation under a policy.” Rule 13 pertains to Long-Term Care Insurance, which includes procedures for advertising Long-Term Care Insurance, which the Department alleges have not been followed.

9. Use of a slideshow during the course of soliciting the business of insurance that references the legal reserve is a violation of the Trade Practices Act, §23-66-206(8)(D) and Ark. Code Ann. §23-96-105(A).

10. Ark. Code Ann. § 23-64-220 requires usual and customary records to be kept for at least five (5) years from the date the record was created. Usual and customary records means “applications, memoranda, notifications of telephone conversations or other communications, billing information, correspondence, policy information, claims files, and any other records detailing insurer information or insurance policies or contracts bound through the agent or broker.”

11. Unsuitable replacements, lack of comparison forms or memorandum, and evidence of churning are violations of the Trade Practices Act, including §23-66-206(2), §23-66-307, §23-66-306, and Rule 97.

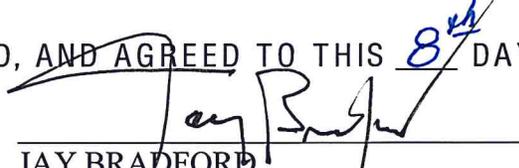
12. Knowledge of any and all unlawful acts found to be conducted at IQ Financial Services, Inc. are imputed to Respondent Young pursuant to Ark. Code Ann. § 23-64-512(c), “the license of a business entity may be suspended, revoked, or refused if the commissioner finds, after hearing, that an individual licensee’s violation was known or should have been known by one (1) or more of the partners, officers, or managers acting on behalf of the partnership or corporation and the violation was neither reported to the commissioner nor corrective action taken.”

13. Pursuant to §23-66-512, licensees who are found to have violated the Trade Practices Act are subject to suspension, revocation, or monetary penalties, up to ten thousand dollars (\$10,000) per violation, or both.

IT IS THEREFORE ORDERED

Based upon the Respondents voluntary surrender of their licenses, Respondents’ Arkansas Resident Producer License No. 69352 and Arkansas Resident Insurance Agency License No. 305631 are hereby REVOKED. Respondents agree that this Consent Order may be considered in the granting or denial of an Arkansas insurance license in the future. Respondent Young agrees that he shall not take any position as an officer, director, or employee of any entity conducting the business of insurance in the State of Arkansas.

IT IS SO ORDERED, DIRECTED, AND AGREED TO THIS 8<sup>th</sup> DAY OF June, 2012.

  
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JAY BRADFORD  
INSURANCE COMMISSIONER  
STATE OF ARKANSAS

