

BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS

ARKANSAS INSURANCE DEPARTMENT)
PETITIONER)

VS.)

KENTON NICHOLS)
NPN 5077571)
RESPONDENT)

A.I.D. NO. 2020- **63**

REVOCATION ORDER

On this day, the matter of the producer's license of Kenton Nichols ("Respondent") came before Alan McClain, Arkansas Insurance Commissioner ("Commissioner"). A hearing was held on October 14, 2020, in the Fifth Floor Hearing Room of the Arkansas Insurance Department ("Department") pursuant to the Notice of Hearing dated September 18, 2020. The hearing was held before Russ Galbraith, Chief Deputy Insurance Commissioner with the Arkansas Insurance Department ("Hearing Officer") pursuant to his appointment by the Commissioner in accordance with Ark. Code Ann. § 23-61-103(e)(1). The Department was represented by Gray Allen Turner, Associate Counsel. The Respondent did not appear.

FINDINGS OF FACT

1. Respondent is a resident of Oklahoma.
2. Respondent holds an Arkansas non-resident insurance producer license, NPN 5077571.

3. Respondent was terminated by Farmers Insurance Group for alleged embezzlement in June of 2020. Respondent admitted to collecting and then wrongly retaining insurance premiums in the form of \$13,675 in cash payments from policyholders. The premium funds had been held in a fiduciary capacity by Respondent and should have been forwarded to the Farmers Insurance Group. Respondent has not returned any of these funds to his former employer.

4. Respondent failed to respond to the Department's letters requesting a response to the allegations made by the insurer. These letters were sent by regular and certified mail to his last known address provided.

5. The Department sent Respondent a notice of hearing on September 18, 2020, by regular and certified mail to his last known address provided. The Respondent failed to attend the hearing.

CONCLUSIONS OF LAW

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

1. The Commissioner of Insurance has jurisdiction pursuant to the Arkansas Insurance Code, specifically Ark. Code Ann. §§ 23-64-101 et seq.

2. Under the provisions of Ark. Code Ann. § 23-64-512(a)(13), an insurance producer's license may be revoked for failure to respond to a written inquiry from the Department. Respondent's actions were a violation of § 23-64-

512(a)(13).

3. Under the provisions of Ark. Code Ann. § 23-64-223, any licensee who unlawfully diverts or appropriates premium funds to his or her own use shall upon conviction be guilty of theft. Respondent's actions were a violation of § 23-64-223.

RECOMMENDATION OF HEARING OFFICER

WHEREFORE, upon consideration of the evidence of record and the foregoing Findings of Fact and Conclusions of Law, the Hearing officer recommends the following:

1. That the Arkansas insurance producer license of the Respondent be revoked.
2. That the Respondent pay \$13,675 in restitution to Farmers Insurance Group.



Russ Galbraith
Hearing Officer

CERTIFICATION


I, Alan McClain, Insurance Commissioner for the State of Arkansas, do hereby certify that the above Findings of Fact, Conclusions of Law, and Recommendation of the Hearing Officer were made by and under my authority and

supervision by Russ Galbraith, Hearing Officer in this proceeding. I hereby adopt the Hearing Officer's Findings of Fact, Conclusions of Law and Recommendation in full, as set forth herein.

THEREFORE, it is hereby ORDERED:

1. That the Arkansas non-resident producer license of the Respondent, Kenton Nichols, NPN 5077571, is revoked.
2. The Respondent shall pay \$13,675 in restitution to the Farmers Insurance Group as authorized by Ark. Code Ann. § 23-61-110.

IT IS SO ORDERED THIS 6th DAY OF NOVEMBER, 2020.



ALAN MCCLAIN
INSURANCE COMMISSIONER
STATE OF ARKANSAS