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August 26, 2019

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Conan Crouch
120 Sumter Lane
Clarksville, TN 37042

RE: In the Matter of: Conan Crouch

Docket No. 12.01-156626J

Enclosed is an Initial Order rendered in connection with the above-styled case.

Administrative Procedures Division
Tennessee Department of State

/aem
Enclosure

RECEIVED

AUG 28 2019

**DEPT. OF COMMERCE AND INSURANCE
LEGAL OFFICE**



**STATE OF TENNESSEE
BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE**

TENNESSEE INSURANCE DIVISION,)	
)	
Petitioner,)	
)	
vs.)	APD No.: 12.01-156626J
)	TID No.: 18-014
CONAN CROUCH,)	
)	
Respondent.)	

INITIAL ORDER

ENTRY OF DEFAULT

On January 7, 2019, Pursuant to Tenn. Code Ann. § 4-5-307, Petitioner filed a Notice of Hearing and Charges. This matter was set for a hearing on February 22, 2019. The named Respondent in the Notice of Hearing and Charges is Conan Crouch ("Respondent"). Respondent did not appear at the hearing, and Petitioner moved for a default judgment against Respondent pursuant to Tenn. Code Ann. § 4-5-309.

In support of the motion for default, Petitioner presented evidence demonstrating that Respondent was on notice of the proceedings against him and was served with a copy of the Notice of Hearing and Charges. The following evidence was submitted as Exhibit 1 to establish proof of service:

1. A copy of the letter from counsel for Petitioner sent to Respondent at the address 5186 White Oak Road, Owensville, Kentucky 40360, issued pursuant to Tenn. Code Ann. § 4-5-320(c) on March 1, 2018.
2. A copy of the United States Postal Service certified mail return receipt (receipt number 70180680000181475503) showing counsel for Petitioner sent to Respondent at the address 705 Brentwood Drive, Mount Sterling, Kentucky, a letter issued pursuant to Tenn. Code Ann. § 4-5-320(c) on July 31, 2018.

3. A copy of the United States Postal Service certified mail return receipt (receipt number 70180680000181475510) showing counsel for Petitioner successfully served a letter issued pursuant to Tenn. Code Ann. § 4-5-320(c) on Respondent's wife at 2609 Sugarhill Court, Clarksville, Tennessee 37040 on August 2, 2018.
4. A copy of the United States Postal Service certified mail return receipt (receipt number 70150640000396072585) showing counsel for Petitioner successfully served the Notice of Hearing and Charges to Respondent's last known address, 120 Sumpter Lane, Clarksville, Tennessee 37042 on January 9, 2019.

Counsel for the petitioner left multiple voicemails notifying Respondent of the time and location of the hearing. The facts established at the hearing show that there was sufficient proof of service upon Respondent in accordance with Tenn. Code Ann. § 4-5-307 and Tenn. Comp. R. & Regs. ("Rule") 1360-04-01-.06. Based on Respondent's failure to appear for the hearing, pursuant to Tenn. Code Ann. § 4-5-309 and Rule 1360-04-01-.15, Respondent was held in default. Pursuant to Rule 1360-04-01-.15(2)(b), the hearing was held on an uncontested basis.

FINDINGS OF FACT

1. Respondent is currently a resident of Tennessee, maintaining a residential address of 120 Sumpter Lane, Clarksville, Tennessee 37042.
2. Respondent's mailing address of record is 5186 White Oak Road, Owensville, Kentucky 40360.
3. Respondent was first licensed with the Tennessee Insurance Division ("TID") on July 23, 2015. His nonresident Tennessee insurance producer number is 2307968. His license expired on April 30, 2018.
4. On September 14, 2015, Combined Insurance ("Combined") reviewed Respondent's gross compensation report. In its review, Combined noticed discrepancies that warranted an investigation.
5. Bridget Daly investigated Respondent on behalf of Combined.

6. Respondent wrote an accident and sickness policy ("ASP") for Robert Miller, Leonard Cooper, Ronnie Lau, and Patty Parker.
7. In order to qualify for an ASP, an applicant must be between the ages of eighteen (18) and sixty-four (64).
8. Respondent falsified the ages of Robert Miller, Leonard Cooper, Ronnie Lau, and Patty Parker for the purpose of qualifying them for an ASP. Respondent falsified this information in order to receive advanced commissions.
9. Respondent wrote fraudulent policies for existing Combined policyholders Bill E. Lucas, Jeffrey Ball, Reginald Fossie, James Bradley Hinman, Howard Mitchell, and Linda Williams. In each of the applications, Respondent misspelled each of the applicants' names in order for the policy to be considered a "new face policy." A new face policy is created for a customer who is new to the company. Each time an insurance producer creates a new face policy, the insurance producer receives a higher commission.
10. Respondent purposefully misspelled the names of Bill E. Lucas, Jeffrey Ball, Reginald Fossie, James Bradley Hinman, Howard Mitchel, and Linda Williams in order to receive a higher advanced commission.
11. Respondent wrote a fraudulent policy for Billie Marie Myers. In the application, the Respondent misspelled the applicant's name and wrote an incorrect birthday in order for the policy to be considered a new face policy.
12. Respondent also wrote incorrect information on Billie Marie Myers' application in order to receive a higher advanced commission.
13. Respondent wrote fraudulent policies for William Bradley, Margrett Parks, John Rucci, Sandra Davis, and Thomas Wilhoit. There is no evidence to show that the William Bradley, Margrett Parks, John Rucci, Sandra Davis, or Thomas Wilhoit exist. As such, the information stated in the application was not verifiable.

14. Respondent purposefully wrote fraudulent policies for William Bradley, Margrett Parks, John Rucci, Sandra Davis, and Thomas Wilhoit in order to receive a higher advanced commission.
15. Respondent wrote and submitted an application for David Sellers without David Sellers's permission.
16. Respondent purposefully wrote a fraudulent policy for David Sellers in order to receive a higher advanced commission.
17. Due to Respondent's aforementioned actions, he was overpaid six thousand seven hundred dollars (\$6,700) in commissions.

CONCLUSIONS OF LAW

1. In accordance with Rules 1360-04-01-.02(7) and 1360-04-01-.15(3), Petitioner has shown by a preponderance of evidence that the facts alleged in the Notice of Hearing And Charges pertaining to Respondent are true and that the issues raised therein should be resolved in its favor.
2. Although Respondent's license expired prior to the commencement of this litigation, Tenn. Code Ann. § 56-6-112(e) specifically authorizes the present action and any penalty or remedy available under the Law.
3. While working for Combined, Respondent purposefully created seventeen (17) fraudulent insurance policies for the following consumers: (1) Robert Miller; (2) Leonard Cooper; (3) Ronnie Lau; (4) Patty Parker; (5) Bill E. Lucas; (6) Jeffrey Ball; (7) Reginald Fossie; (8) James Bradley Hinman; (9) Howard Mitchell; (10) Linda Williams; (11) Billie Marie Myers; (12) William Bradley; (13) Margrett Parks; (14) John Rucci; (15) Sandra Davis; (16) Thomas Wilhoit; and (17) David Sellers.
4. Respondent admitted he purposefully created fraudulent insurance policies for the purpose of receiving advanced commissions.

5. Creating fraudulent policies for the purpose of receiving advanced commissions is fraudulent and demonstrates untrustworthiness in the conducting of business in violation of Tenn. Code Ann § 56-6-112(a)(7) and (8).
6. Respondent's conduct creates grounds for Petitioner to revoke his license pursuant to Tenn. Code Ann. § 56-6-112(a)(7) and (8).
7. Respondent's conduct also creates grounds for Petitioner to assess a civil penalty against him pursuant to Tenn. Code Ann. § 56-6-112(g).
8. Tenn. Code Ann. § 56-6-112(g)(2) caps the penalty per violation at one thousand dollars (\$1,000). The creation of seventeen (17) fraudulent policies creates seventeen (17) violations for Tenn. Code Ann. § 56-6-112(a)(7), and seventeen (17) violation of Tenn. Code Ann. § 56-6-112(a)(8). This is a total of thirty-four (34) violations with a maximum penalty of thirty-four thousand dollars (\$34,000).
9. Tenn. Code Ann. § 56-6-112(h) states that in determining the amount of penalty to assess under this section, the Commissioner shall consider:
 - (1) Whether the person could reasonably have interpreted such person's actions to be in compliance with the obligations required by a statute, rule or order;
 - (2) Whether the amount imposed will be a substantial economic deterrent to the violator;
 - (3) The circumstances leading to the violation;
 - (4) The severity of the violation and the risk of harm to the public;
 - (5) The economic benefits gained by the violator as a result of noncompliance;
 - (6) The interest of the public; and
 - (7) The person's efforts to cure the violation.
10. The facts and testimony at the hearing demonstrate that Respondent knew that his actions violated the laws, rules, and codes of conduct associated with his profession. Nevertheless, Respondent committed the aforementioned violations for the purpose of obtaining higher advanced

commissions. For this reason, Tenn. Code Ann. § 56-6-112(h)(1) weighs in favor of assessing the maximum civil penalty.

11. The Respondent no longer participates in the insurance industry. For this reason, Tenn. Code Ann. § 56-6-112(h)(2) weighs in favor of assessing a lower civil penalty.

12. There was no justification for Respondent's actions. He purposefully committed fraud in order to obtain higher advanced commissions. For this reason, Tenn. Code Ann. § 56-6-112(h)(3) weighs in favor of assessing the maximum civil penalty.

13. There were twelve (12) Tennessee consumers negatively affected by Respondent's actions. For this reason, Tenn. Code Ann. § 56-6-112(h)(4) weighs in favor of assessing the maximum civil penalty.

14. Respondent gained six thousand seven hundred dollars (\$6,700) in advanced commissions due to his fraudulent actions. For this reason, Tenn. Code Ann. § 56-6-112(h)(5) weighs in favor of assessing the maximum civil penalty.

15. It is in the public interest that Petitioner license trustworthy individuals as insurance producers. The creation of fraudulent policies demonstrates that Respondent is not a trustworthy individual. Further, twelve (12) Tennessee consumers were affected by the creation of these fraudulent policies. For this reason, Tenn. Code Ann. § 56-6-112(h)(6) weighs in favor of assessing the maximum civil penalty.

16. Respondent did not attempt to cure his violations. For this reason, Tenn. Code Ann. § 56-6-112(h)(7) weighs in favor of assessing the maximum civil penalty.

17. It is determined that the totality of the proof adduced at trial demonstrates each violation provides adequate grounds for the imposition of a monetary civil penalty of seven hundred and fifty dollars (\$750) under Tenn. Code Ann. § 56-6-112(g) for each violation, in the total amount of twenty-five thousand and five-hundred dollars (\$25,500).

IT IS THEREFORE ORDERED that:

1. Respondent's Tennessee nonresident insurance producer license (No. 2307968) **hereby is, REVOKED.**
2. Respondent is **ASSESSED CIVIL PENALTIES** totaling twenty-five thousand and five hundred dollars (\$25,500), pursuant to TENN. CODE ANN. § 56-6-112(g)(2).
3. Respondent and any and all persons who may assist him in any of the aforementioned violations of TENN. CODE ANN. § 56-6-112, shall **CEASE and DESIST** from any such activities.
4. This **INITIAL ORDER** imposing sanctions against Respondent is entered to protect the public and consumers of insurance products in Tennessee, consistent with the purposes fairly intended by policy and provisions of the Law.

This INITIAL ORDER entered and effective this the 26th day of AUG, 2019.



MICHAEL BEGLEY
ADMINISTRATIVE JUDGE
ADMINISTRATIVE PROCEDURES DIVISION
OFFICE OF THE SECRETARY OF STATE

26th Filed in the Administrative Procedures Division, Office of the Secretary of State, this the
day of AUGUST 2018.



STEPHANIE SHACKELFORD, DIRECTOR
ADMINISTRATIVE PROCEDURES DIVISION
OFFICE OF THE SECRETARY OF STATE

Tennessee Securities Division, Petitioner vs.
Conan Crouch, Respondent.

NOTICE OF APPEAL PROCEDURES

REVIEW OF INITIAL ORDER

Attached is the Administrative Judge's decision in your case before the **Commissioner of the Tennessee Department of Commerce & Insurance (the Commissioner)**, called an Initial Order, with an entry date of **August 26, 2019**. The Initial Order is not a Final Order but shall become a Final Order unless:

1. **A Party Files a Petition for Reconsideration of the Initial Order:** You may ask the Administrative Judge to reconsider the decision by filing a Petition for Reconsideration. Mail to the Administrative Procedures Division (APD) a document that includes your name and the above APD case number, and sets forth the specific reasons why you think the decision is incorrect. The APD must receive your written Petition no later than 15 days after entry of the Initial Order, which is no later than **September 10, 2019**. A new 15 day period for the filing of an appeal to the Commissioner (as set forth in paragraph (2), below) starts to run from the entry date of an order disposing of a Petition for Reconsideration, or from the twentieth day after filing of the Petition if no order is issued.

The Administrative Judge has 20 days from receipt of your Petition to grant, deny, or take no action on your Petition for Reconsideration. If the Petition is granted, you will be notified about further proceedings, and the timeline for appealing (as discussed in paragraph (2), below) will be adjusted. If no action is taken within 20 days, the Petition is deemed denied. As discussed below, if the Petition is denied, you may file an appeal. Such an Appeal must be received by the APD no later than 15 days after the date of denial of the Petition. *See* TENN. CODE ANN. § 4-5-317 and § 4-5-322.

2. **A Party Files an Appeal of the Initial Order:** You may appeal the decision to the Commissioner. Mail to the APD a document that includes your name and the above APD case number, and states that you want to appeal the decision to the Commissioner, along with the basis for your appeal. The APD must receive your written Appeal no later than 15 days after the entry of the Initial Order, which is no later than **September 10, 2019**. The filing of a Petition for Reconsideration is not required before appealing. *See* TENN. CODE ANN. § 4-5-317.
3. **The Commissioner of the Tennessee Department of Commerce & Insurance decides to Review the Initial Order:** In addition, the Commissioner may give written notice of his or her intent to review the Initial Order, within 15 days after the entry of the Initial Order.

If either of the actions set forth in paragraphs (2) or (3) above occurs prior to the Initial Order becoming a Final Order, there is no Final Order until the Commissioner renders a Final Order.

If none of these actions set forth in paragraphs (1), (2), or (3) above are taken, then the Initial Order will become a Final Order. **In that event, YOU WILL NOT RECEIVE FURTHER NOTICE OF THE INITIAL ORDER BECOMING A FINAL ORDER.**

STAY

In addition, you may file a Petition asking the Administrative Judge for a stay that will delay the effectiveness of the Initial Order. A Petition for a stay must be received by the APD within 7 days of the date of entry of the Initial Order, which is no later than **September 3, 2019**. *See* TENN. CODE ANN. § 4-5-316.

IN THE MATTER OF:

APD CASE No. 12.01-156626J

Tennessee Securities Division, Petitioner vs.
Conan Crouch, Respondent.

REVIEW OF A FINAL ORDER

1. **A Party may file a Petition for Reconsideration of the Final Order:** When an Initial Order becomes a Final Order, a party may file a Petition asking for reconsideration of the Final Order. Mail to the Administrative Procedures Division (APD) a document that includes your name and the above APD case number, and sets forth the specific reasons why you think the Final Order is incorrect. If the Initial Order became a Final Order without an Appeal being filed, and without the Commissioner deciding to modify or overturn the Initial Order, the Administrative Judge will consider the Petition. If the Commissioner rendered a Final Order, the Commissioner will consider the Petition. The APD must **receive** your written Petition for Reconsideration no later than 15 days after: (a) the issuance of a Final Order by the Commissioner; or (b) the date the Initial Order becomes a Final Order. If the Petition is granted, you will be notified about further proceedings, and the timeline for appealing the Final Order will be adjusted. If no action is taken within 20 days of filing of the Petition, it is deemed denied. *See* TENN. CODE ANN. § 4-5-317.
2. **A Party Files an Appeal of the Final Order:** A person who is aggrieved by a Final Order in a contested case may seek judicial review of the Final Order by filing a Petition for Review “in the Chancery Court nearest to the place of residence of the person contesting the agency action or alternatively, at the person’s discretion, in the chancery court nearest to the place where the cause of action arose, or in the Chancery Court of Davidson County,” within 60 days of the date of entry of the Final Order. *See* TENN. CODE ANN. § 4-5-322. The filing of a Petition for Reconsideration is not required before appealing. *See* TENN. CODE ANN. § 4-5-317. A reviewing court also may order a stay of the Final Order upon appropriate terms. *See* TENN. CODE ANN. §§ 4-5-322 and 4-5-317.
3. **A Party may request a stay of the Final Order:** A party may file a Petition asking for a stay that will delay the effectiveness of the Final Order. If the Initial Order became a Final Order without an Appeal being filed, and without the Commissioner deciding to modify or overturn the Initial Order, the Administrative Judge will consider the Petition. If the Commissioner rendered a Final Order, the Commissioner will consider the Petition. A Petition for a stay of a Final Order must be **received** by the APD within 7 days after the Initial Order becomes a Final Order. *See* TENN. CODE ANN. § 4-5-316.

FILING

To file documents with the Administrative Procedures Division, use this address:

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