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INSURANCE DEPARTMENT

BEFORE THE INSURANCE COMMISSIONER
2014 JUN 11 AM 11:13 OF THE
COMMONWEALTH OF PENNSYLVANIA
ADMIN HEARINGS OFFICE

IN RE:	:	VIOLATIONS:
	:	
RICHARD E. REID	:	40 P.S. §§ 310.11(4), (11) and (20)
208 Shaker Heights Drive	:	
Pittsburgh, PA 15238	:	
	:	
and	:	
	:	
USA Insurance Brokers, LLC	:	
109 North Highland Avenue	:	
Cheswick, PA 15024	:	
	:	
Respondents.	:	Docket No. CO14-02-009

CONSENT ORDER

AND NOW, this 11th day of June, 2014, this Order is hereby
issued by the Insurance Department of the Commonwealth of Pennsylvania pursuant
to the statutes cited above and in disposition of the matter captioned above.

1. Respondents hereby admit and acknowledge that they have received proper
notice of their rights to a formal administrative hearing pursuant to the
Administrative Agency Law, 2 Pa.C.S.A. §101, et seq., or other applicable law.

2. Respondents hereby waive all rights to a formal administrative hearing in
this matter, and agree that this Consent Order, and the Findings of Fact and
Conclusions of Law contained herein, shall have the full force and effect of an Order

duly entered in accordance with the adjudicatory procedures set forth in the Administrative Agency Law, supra, or other applicable law.

3. Without admitting the allegations of fact and conclusions of law contained herein, Respondent specifically denies that it violated any law or regulation of the Commonwealth.

FINDINGS OF FACT

4. The Insurance Department finds true and correct each of the following Findings of Fact:

(a) Respondent is Richard E. Reid and maintains his address at 208 Shaker Heights Drive, Pittsburgh, PA 15238.

(b) Co-Respondent is USA Insurance Brokers, LLC., and the entity maintains a business address at 109 North Highland Avenue, Cheswick, PA 15024.

(c) Respondents are, and at all times relevant hereto have been a licensed insurance producer and an agency, respectively.

(d) Respondent allowed an unlicensed employee to conduct insurance transactions on three separate occasions from November 2012 through October 2013.

(e) The employee during the period referenced in 3(d), telephoned two consumers in attempts to solicit, sell or negotiate a contract of insurance.

(f) The employee also acted as a licensed producer and bound coverage for a policyholder between November 2012 and December 2013.

(g) Respondents did breach their fiduciary duty to wit: a policyholder applied for general liability coverage and was bound on August 1, 2013 with a total annual premium of \$30,311.00.

(h) The policyholder at that time provided down payment monies to Respondents in the amount of \$6,063.00 with the remaining premium of \$24,248.00 being financed with Prime Rate Premium Finance Corporation (PRPFC)

(i) PRPFC tendered the financed premium balance to Respondents via Electronic Funds Transfer (EFT) on August 3, 2013.

(j) Respondents were under a contractual obligation with the general agency to remit all premium monies within 10 business days upon receipt but they failed to do so.

(k) Respondents' remitted partial premium payments in lieu of full remittance to the insurance carrier in the amounts of \$12,546.88 via check on September 25, 2013 and a second partial payment via EFT web portal in the amount of \$17,555.12 on December 15, 2013.

(l) The policyholder received two separate cancellation notices on September 12, 2013 and November 12, 2013 respectively.

(m) Upon receipt of the balance of the premiums from Respondents, the insurer reinstated the policy.

CONCLUSIONS OF LAW

5. In accord with the above Findings of Fact and applicable provisions of law, the Insurance Department concludes and finds the following Conclusions of Law:

- (a) Respondents are subject to the jurisdiction of the Pennsylvania Insurance Department.
- (b) 40 P.S. § 310.11(4) prohibits producers from improperly withholding, misappropriating, or converting money or property received in the course of doing business.

- (c) Respondent's activities described above in paragraphs 3(g) through 3(m) constitute improperly withholding, misappropriating, or converting money or property received in the course of doing business, in violation of 40 P.S. § 310.11(4).
- (d) 40 P.S. § 310.11(11) prohibits a licensee or an applicant from knowingly accepting insurance business which was sold, solicited or negotiated by a person who is not licensed as an insurance producer.
- (e) Respondents' activities described above in paragraphs 3(d) through 3(f) violate 40 P.S. § 310.11(11).
- (f) 40 P.S. § 310.11(20) prohibits a licensee or an applicant from demonstrating a lack of general fitness, competence or reliability sufficient to satisfy the Department that the licensees are worthy of licensure.
- (g) Respondents' activities described above in paragraphs 3(d) through 3(l) violate 40 P.S. § 310.11(20).
- (h) Respondent's violations of Sections 310.11(4), (11) and (20) are punishable by the following, under 40 Purdons Statutes, Section 310.91:

- (i) suspension, revocation or refusal to issue the license;
- (ii) imposition of a civil penalty not to exceed five thousand dollars (\$5,000.00) for every violation of the Act;
- (iii) an order to cease and desist; and
- (iv) any other conditions as the Commissioner deems appropriate.

ORDER

6. In accord with the above Findings of Fact and Conclusions of Law, the Insurance Department orders and Respondents consent to the following:

- (a) Respondents shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.
- (b) Respondents shall pay a civil penalty of Five Thousand Dollars (\$5,000.00) to the Commonwealth of Pennsylvania. Payment of this penalty shall be made by certified check or money order, payable to the Commonwealth of Pennsylvania. Payment should be directed to Bureau of Licensing and Enforcement, 1227 Strawberry Square, Harrisburg, Pennsylvania 17120. Payment may be enclosed with the Consent Order, but must be paid in any event no later than thirty (30) days after the date of the Consent Order.

- (c) Respondents' licenses may be immediately suspended by the Department following its investigation and determination that (i) any terms of this Order have not been complied with, or (ii) any complaint against Respondents are accurate and a statute or regulation has been violated. The Department's right to act under this section is limited to a period of three (3) years from the date of this Order.
- (d) Respondents specifically waives the right to prior notice of said suspension, but will be entitled to a hearing upon written request received by the Department no later than thirty (30) days after the date the Department mailed to Respondents by certified mail, return receipt requested, notification of said suspension, which hearing shall be scheduled for a date within sixty (60) days of the Department's receipt of Respondents' written request.
- (e) At the hearing referred to in paragraph 5(d) of this Order, Respondents shall have the burden of demonstrating that they are worthy of a license.
- (f) In the event Respondents' licenses are suspended pursuant to paragraph 5(c) above, and Respondents either fails to request a hearing within thirty (30) days or at the hearing fails to demonstrate that they are worthy of a license, Respondents' suspended licenses shall be revoked.

7. In the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, based upon the Findings of Fact and Conclusions of Law contained herein, it may, in its discretion, pursue any and all legal remedies available, including but not limited to the following: The Insurance Department may enforce the provisions of this Order in the Commonwealth Court of Pennsylvania or in any other court of law or equity having jurisdiction; or the Department may enforce the provisions of this Order in an administrative action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

8. Alternatively, in the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, the Department may declare this Order to be null and void and, thereupon, reopen the entire matter for appropriate action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

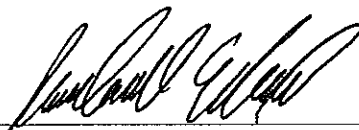
9. In any such enforcement proceeding, Respondents may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

10. Respondents hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.


11. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

12. This Order shall be final upon execution by the Insurance Department. Only the Insurance Commissioner or the duly authorized delegate is authorized to bind the Insurance Department with respect to the settlement of the alleged violation of law contained herein, and this Consent Order is not effective until executed by the Insurance Department or a duly authorized delegate.

BY:



RICHARD E. REID, individually and on
behalf of USA INSURANCE BROKERS,
LLC., Respondents



By: ARTHUR F. MCNULTY
Deputy Insurance Commissioner
Commonwealth of Pennsylvania

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE: The Act of April 9, 1929, P.L. 177, No. 175, known as The
Administrative Code of 1929

AND NOW, this 10 day of March, 2014, Arthur F. McNulty,
Deputy Insurance Commissioner, is hereby designated as the Commissioner's duly
authorized representative for purposes of entering in and executing Consent Orders. This
delegation of authority shall continue in effect until otherwise terminated by a later Order
of the Insurance Commissioner.


Michael F. Consedine
Insurance Commissioner

