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INSURANCE DEPARTMENT
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ADMIN HEARINGS OFFICE

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE:

Walter R. Johnson
2208 Apple Way
Bensalem, PA 19020

Respondent

: ALLEGED VIOLATIONS:
:
: Sections 310.11 (7) and (20); 310.7(1) of
: the Insurance Department Act of 1921,
: P.L. 789, No. 285, *as amended* (40 P.S.
: §§ 310.11 (7) and (20); 310.7(1)).
:
:
: Docket No. **SC16-12-001**

ADJUDICATION AND ORDER

AND NOW, this 20th day of June, 2017, Teresa D. Miller, Insurance Commissioner of the Commonwealth of Pennsylvania (“Commissioner”), makes the following Adjudication and Order.

HISTORY

This case began when the Pennsylvania Insurance Department (“the Department”) filed an Order to Show Cause (“OTSC”) on December 2, 2016 directed to Walter R. Johnson (“the Respondent”). The OTSC alleged that Johnson violated the Insurance Department Act.¹ Specifically, the OTSC alleged that Johnson, a licensed insurance producer, created a counterfeit document to resemble a Pennsylvania FAIR Plan insurance binder and also failed to notify the Department that he conducted insurance business under a fictitious name. The OTSC contained 30 numbered paragraphs consisting of 18 factual allegations followed by twelve legal assertions divided into three counts.

¹ Act of May 17, 1921, P.L. 789, No 285, 40 P.S. § 310.11 (7) and (20); 310.7(1).

DATE MAILED: June 20, 2017

The OTSC advised the Respondent to file an answer in accordance with applicable regulations (1 Pa. Code § 35.37), and further advised him that the answer must specifically admit or deny each of the factual allegations made in the OTSC. The Respondent was advised to set forth the facts and state concisely the matters of law upon which he relies. Following the filing of the OTSC, a presiding officer was appointed and the appointment order was served on the Respondent and the Department.

On December 20, 2016, the Respondent filed an answer to the OTSC. The answer did not address each numbered paragraph individually, but rather was two pages of narrative with attached documentation. The answer tacitly admitted most of the factual underpinnings of the OTSC and did not challenge the authenticity of its attached exhibits. However, the answer also offered an explanation for how and why the Respondent created a particular document purporting to show coverage under the Pennsylvania FAIR Plan, and attached documentation supporting that explanation. The Respondent denied that his activity was fraudulent, asserting instead that it was “[j]ust poor judgment.” In addition, the Respondent attached a document relative to the police investigation of his activity concerning the document with a handwritten notation that no action was taken. Also, the Respondent attached a document to his answer which appears to be a printout acknowledging the respondent’s request for use of a fictitious or business name with the Pennsylvania Insurance Department, something the Department alleged that the Respondent did not do.

On December 21, 2016, the presiding officer issued an order establishing the date and time for a prehearing telephone conference, with a date for hearing to be determined, if necessary, at the prehearing conference. Because the Respondent’s answer did not indicate that it had been served upon the Department, the hearings office supplied the answer to Department counsel.

On January 25, 2017, the Department filed a motion for default judgment and to have allegations and authenticity of documents deemed admitted. The Respondent replied to the motion on February 3, 2017. On February 7, 2017, the presiding officer issued an order which denied the motion for default judgment but granted in part the motion to have allegations and authenticity of documents deemed admitted. All of the documents were admitted, and the OTSC factual averments which were not effectively denied by the Respondent's answer were deemed to be admitted.

The prehearing telephone conference was conducted as scheduled on February 14, 2017. In the conference, the parties agreed that a stipulation of facts and documents could be submitted in lieu of a hearing and filed such a stipulation on February 28, 2017. Following a clarification and stipulation by the Department that the Respondent's letter attached to the stipulation could be considered as written testimony, the record was closed and a briefing schedule was established. The Department and Respondent each filed a main brief as respectively scheduled, and the Department elected not to file a reply brief. The schedule for briefing has concluded and this matter is ready for adjudication.

FINDINGS OF FACT

1. The Respondent, Walter R. Johnson, resides in Bensalem, Pennsylvania and is licensed by the Pennsylvania Insurance Department as a resident insurance producer. [Stipulation ¶¶ 1, 2].

2. On or about October 26, 2015, Respondent created a document to resemble a Pennsylvania FAIR Plan insurance binder indicating that Walter Johnson Insurance had bound insurance coverage with the FAIR Plan for a Joan Bailey in Morrisville, Pennsylvania with the first mortgagee listed as the Pennsylvania Housing Finance Agency. [Stipulation ¶ 3; Attachment 1].

3. Respondent created the document by using the letterhead of a FAIR Plan document and combining it with a letter he had used previously to bind coverage with other companies. [Stipulation ¶ 5].

4. The document which Respondent created deviates from binders issued by the FAIR Plan in that it includes an incorrect address for the FAIR Plan, there is no signature line for an authorized representative of the FAIR Plan, and the term “premium paid” has been crossed out and replaced with “premium due” in the amount of \$620. [Stipulation ¶¶ 9, 10; Attachments 1, 3].

5. Under the “premium due” amount the Respondent added “CHECK PAYABLE A&P INSURANCE.” [Stipulation ¶ 10; Attachments 1, 3].

6. The Respondent also added the loan number but the binder number field was blank. [Attachments 1, 3].

7. The Respondent added “WALTER JOHNSON INS.” together with his

address, telephone number and facsimile number at the top of the document as well as including his address at the bottom. [Attachments 1, 3].

8. The document listed dwelling coverage in the amount of \$125,000 and contents coverage in the amount of \$30,000. [Attachment 1].

9. The document created by the Respondent contained language identical to the FAIR Plan binder:

WE HEREBY ACKNOWLEDGE COVERAGE IS BOUND AS DESCRIBED BELOW. WE WILL NOT CANCEL THIS BINDER WITHOUT PROVIDING AT LEAST 10 DAYS WRITTEN NOTICE TO BOTH THE FIRST NAMED INSURED AND THE MORTGAGEE.

[Attachments 1, 3].

10. The document created by the Respondent was produced without the knowledge or consent of the insured. [Stipulation ¶ 4].

11. Section 24 of the application for FAIR Plan coverage submitted on behalf of Joan Bailey by the Respondent contains a provision advising applicants that producers do not have binding authority for the FAIR Plan and that coverage is not considered to be in force until premium has been paid. [Stipulation ¶ 6; Attachment 2].

12. Respondent was aware at the time he created the document that he did not have binding authority with the FAIR Plan. [Stipulation ¶ 7].

13. Contrary to the indication on the Respondent's document, no coverage was bound by the document. [Stipulation ¶ 8; Attachment 1].

14. The Respondent's document indicated that coverage would be effective November 6, 2015. [Attachment 1].

15. On or about October 26, 2015, Respondent forwarded the document to the Pennsylvania Housing Finance Agency (“PHFA”) with a fax cover sheet designating A & P Insurance in the heading as well as the Respondent’s name and telephone number at the bottom. [Stipulation ¶ 11; Attachment 4].

16. The cover sheet did not refer to the FAIR Plan or a binder. [Attachment 4].

17. FAIR Plan coverage for Ms. Bailey was placed electronically by electronic application submitted November 6, 2015. [Respondent Written Testimony and pp. 8-9 Attachment].

18. On March 3, 2016, Detective Eric Landamia of the Bucks County District Attorney’s Office interviewed the Respondent. [Stipulation ¶ 12].

19. The Respondent indicated to Detective Landamia that he has been doing the business of insurance for 27 years and has been working with the FAIR Plan for the same amount of time. [Stipulation ¶ 13].

20. The Respondent explained to Detective Landamia that, in order for the FAIR Plan to make coverage effective, payment was needed, and in order to effectuate payment from PHFA, evidence of bound insurance coverage was needed. [Stipulation ¶ 14].

21. The Respondent described to Detective Landamia the process he used to create the document. [Stipulation ¶ 15].

22. The Respondent confirmed to Detective Landamia that he was aware that he had no binding authority with FAIR Plan. [Stipulation ¶ 16].

23. Despite his experience in the insurance industry and with the FAIR Plan, the Respondent also stated in his interview with Detective Landamia that he did not realize the document described in Paragraph 3 above acted as a binder. [Stipulation ¶ 17].

24. On May 17, 2016, the Department's Investigator, Michelle Billotte, interviewed the Respondent via telephone. [Stipulation ¶ 18].

25. The Respondent again admitted that he created the document described in Paragraph 3 above to send to the mortgage company, PFHA, to effectuate payment. [Stipulation ¶ 19].

26. The Respondent admitted to Investigator Billotte that he did not have binding authority with the FAIR Plan and that he made a mistake sending the form. [Stipulation ¶ 20].

27. The Respondent stated during his interview with Investigator Billotte that he conducted business under the names of A & P Insurance and Walter Johnson Insurance. [Stipulation ¶ 21].

28. The Respondent failed to notify the Commissioner in writing that he was doing business under the fictitious name "A & P Insurance" prior to its use. [Stipulation ¶ 22].

29. The Respondent used "A & P Insurance" to place an advertisement in a business directory so that placement of the advertisement would be in the front. [Respondent Written Testimony].

30. The Respondent was unaware that he was required to register a fictitious name with the Insurance Department and he no longer uses "A & P Insurance in his

business. [Respondent Written Testimony].

31. Prior to this litigation, the Respondent had never been subject to professional or administrative discipline or investigation related to his conduct in the business of Insurance in this Commonwealth. [Stipulation ¶ 24].

32. The Respondent worked 10 years with Prudential Insurance and 17 years on his own without a blemish on his record until the present proceedings. [Respondent Written Testimony].

33. Additional factual findings set forth in the Discussion section of this Adjudication are incorporated herein.

DISCUSSION

This adjudication is issued without an evidentiary hearing, as the parties have agreed to a stipulated record. Indeed, the parties agree upon all facts except possibly Walter Johnson's state of mind in taking the actions he did relative to one FAIR Plan transaction and use of the fictitious name, "A & P Insurance."

The Pennsylvania Insurance Department ("the Department") brought three charges against Mr. Johnson ("the Respondent"), a producer licensed by the Department. The first charge in Count I is that the Respondent violated 40 P.S. § 310.7(1) which provides: "If a licensee is doing business under a fictitious name other than the name appearing on the producer license, the licensee is required to notify the commissioner in writing prior to use of the fictitious name." The second charge relates to the FAIR Plan transaction, creating a document which appears to be a binder for FAIR Plan coverage and submitting it to the Pennsylvania Housing Finance Agency ("PHFA") to procure payment for the dwelling coverage required by the Respondent's client. The Department asserts that the Respondent's actions are prohibited by 40 P.S. § 310.11(7) which provides that a licensee shall not: "[u]se fraudulent, coercive or dishonest practices or demonstrate incompetence, untrustworthiness or financial irresponsibility in the conduct of doing business in this Commonwealth or elsewhere." The final charge is that the Respondent's activities "[d]emonstrate a lack of general fitness, competence or reliability sufficient to satisfy the department that the licensee is worthy of licensure" in violation of 40 P.S. § 310.11(20).

While the facts relevant to those issues are set forth in more detail in the Findings of Fact section together with their source in the stipulated record, a condensed narrative of those facts will be presented.

With regard to the FAIR Plan transaction, the Respondent created a document to resemble a Pennsylvania FAIR Plan insurance binder indicating that Walter Johnson Insurance had bound insurance coverage with the FAIR Plan for a Joan Bailey in Morrisville, Pennsylvania with the first mortgagee listed as the Pennsylvania Housing Finance Agency. He created the document by using the letterhead of a FAIR Plan document and combining it with a letter he had used previously to bind coverage with other companies. The document noted a premium of \$620, crossing out that the premium was "paid" and inserting that the premium was "due." Coverage was to be effective November 6, 2015. PHFA was designated as the first mortgagee.

The document contained a loan number but the binder number field was blank. The FAIR Plan's address, telephone and facsimile numbers were at the top of the letterhead but the address was obsolete or otherwise incorrect. Equally prominent at the top of the document, the Respondent had inserted "Walter Johnson Ins." as well as his address, telephone number and facsimile number. Unlike an actual FAIR Plan binder, the document did not have a signature line for an authorized FAIR Plan representative.

The Respondent prepared and sent the document to PHFA on behalf of his client, Joan Bailey. The document was sent via facsimile with a cover sheet designating A & P Insurance in the heading as well as the Respondent's name and telephone number at the bottom. The cover sheet did not refer to the FAIR Plan or a binder.

At the time the Respondent sent the document to PHFA, he had not yet submitted Ms. Bailey's application to the FAIR Plan. He knew that coverage could not be in force until the premium was paid, that he did not have binding authority for the FAIR Plan, and that PHFA would not release the money without evidence of insurance coverage. Faced with that Catch-22, he prepared the document for PHFA. He did not believe that the document he submitted to PHFA acted as a binder and in fact it did not. He later

acknowledged to the Department investigator that doing so was a mistake. Although the stipulated record does not include how the premium was paid, the Respondent did procure FAIR Plan coverage for Ms. Bailey's property by electronic application submitted November 6, 2015.

The Respondent also acknowledged that using the fictitious name "A & P Insurance" was a mistake. He began using the name to get good placement in a business directory, although he also used it on at least some of his letterheads. He was unaware that he was required to register the name with the Department prior to using it.

From these facts, the Department argues that the Respondent is liable under all three counts. According to the Department, prior registration of the fictitious name is mandatory, and the Respondent did business as "A & P Insurance" without registering the name or getting approval from the Department and accordingly is liable under Count I. The Department argues that the Respondent is liable under Count II as having engaged in fraudulent or dishonest practices or having demonstrated incompetence, untrustworthiness or financial irresponsibility. The Department emphasizes that traditional or common law fraud² need not be proven in this case, because the disjunctive "or" as used twice in the statutory provision allows dishonest practices, incompetence, untrustworthiness or financial irresponsibility to establish liability, individually or in combination. The Department asserts that the alterations to the form of a FAIR Plan binder, including changing "premium paid" to "premium due" as well as other deviations demonstrate dishonesty, untrustworthiness and incompetence. For Count III (worthiness), the Department argues that the Respondent's acts surrounding the "binder" and fictitious

² The elements of fraudulent misrepresentation are: 1) a representation; 2) which is material to the transaction; 3) made falsely, with knowledge of its falsity or recklessness as to whether it is true or false; 4) with the intent of misleading another into relying on it; 5) justifiable reliance on the misrepresentation; and 6) resulting injury proximately caused by the reliance. *Koken v. Steinberg*, 825 A.2d 723, 730-31 (Pa. Cmwlth. 2003), citing *Porreco v. Porreco*, 811 A.2d 566 (Pa. 2002). Even if the document prepared by the Respondent in the present case falsely represented bound coverage, the record does not establish the remaining elements.

name demonstrate that he failed to adhere to the high degree of honesty, professionalism and competence required in the profession.

The Respondent argues that his actions were never intended to defraud anyone. He also suggests that preparation of the document submitted to PHFA was not dishonest because coverage with the FAIR Plan was placed electronically when the document indicated it would be, on November 6, 2015. He does not contend that his actions were proper either in preparing the document for PHFA or failing to register the fictitious name before using it; indeed, he acknowledged early in the investigation that he was wrong in both instances and in answer to the OTSC admitted poor judgment. Rather, he denies an intent to defraud anyone, and argues that he otherwise has established his trustworthiness and competence.

For both the “binder” charge and the fictitious name charge, the circumstances and documentation support the Respondent’s assertions that he had no intent to defraud. There is no evidence that the Respondent attempted to “hide” behind the FAIR Plan letterhead or the fictitious name. Rather, the Respondent’s name and contact information were prominent in correspondence using “A & P Insurance” and on the document submitted to PHFA.

However, by using “A & P Insurance” without registering the name with the Insurance Department, the Respondent violated the plain terms of 40 P.S. § 310.7(1) as contained in Count I. The Respondent asserts that he was unaware of the statutory requirement, but this does not excuse the violation. The statutory provision is specific and clear, and part of the Article governing the conduct of producers. The Respondent is liable under Count I.

Count II addresses the creation and submission of the document submitted to PHFA, appearing to document FAIR Plan coverage for Ms. Bailey's property effective November 6, 2015. The Fair Plan Act was enacted to make insurance coverage available to protect property for which basic property insurance is not available through the normal insurance market. 40 P.S. §§ 1600.102, 1600.201(b); *Stallo v. Insurance Placement Facility of Pennsylvania*, 518 A.2d 827 (Pa. Super. 1986), *app. den.* 529 A.2d 1082. To accomplish this end, the Plan is directed to assure fair access to insurance so that no property is denied basic property insurance except after a physical inspection of the property and a fair evaluation of the property's underwriting characteristics. 40 P.S. §§ 1600.102(4), 1600.201(b)(1).

The effect of the statute is that insurance is available for high-risk property unless physical inspection or review of the individual underwriting characteristics reveals unwarranted risks. *London v. Insurance Placement Facility*, 703 A.2d 45 (Pa. Super. 1997), *app. den.* 719 A.2d 747; *Lang v. Commonwealth, Insurance Commissioner*, 531 A.2d 568 (Pa. Cmwlth. 1987). In the present case, the record contains no evidence of why Ms. Bailey required FAIR Plan coverage for her property or precisely what PHFA required as proof of that coverage. Nor does the record disclose why and how the premium was required to be paid by PHFA. However, it can be inferred that Ms. Bailey required the FAIR Plan coverage and that PHFA required proof of that coverage to authorize or release the premium to pay for that coverage.

An application for FAIR Plan coverage may be submitted on behalf of the applicant by any licensed property insurance producer. [Plan Rule VI.A].³ All policies and endorsements are issued by the Plan. [Plan Rule X]. The Plan has no agents. [Plan Rule XVII]. When dealing with the FAIR Plan, any licensed property insurance producer

³ Notice is taken of Plan Rules, which have been approved by the Insurance Commissioner. The Rules Manual is available online at <https://www.pafairplan.com/index.aspx?pg=rules> (last visited May 31, 2017)

acts as the designated representative of the applicant or insured, and not as an agent of the Plan. [Plan Rule XVII.A.3]. No producer has any authority to bind the Plan in any way. [Plan Rule XVII.A.1]. No producer may issue a policy, binder or endorsement on behalf of the Plan. [Plan Rule XVII.A.2]. Nor may a producer sign any form as an authorized representative of the FAIR Plan. [*Id.*].

The Respondent knew that as a producer, he could not bind the FAIR Plan and that coverage could not be bound without payment of the premium. Certainly PHFA as a sophisticated and experienced financing agency would know that as well. The document prepared by the Respondent did not purport to be signed or acknowledged by an authorized FAIR Plan representative as would an actual FAIR Plan binder. It did not indicate the premium paid but rather that it was due. If Mr. Johnson wished to defraud PHFA into thinking the FAIR Plan had bound coverage, he would have used the FAIR Plan form without modification, kept his name and business information off the form, and signed the form as an authorized FAIR Plan representative. His intent simply was trying to create proof of future insurance for his client acceptable to PHFA to get out of the Catch-22 in which his client found herself. His intent was not to defraud either his client or PHFA.

However, the manner he chose was deceptive. The document he prepared contained the FAIR Plan letterhead including its logo. Although the document did not bind coverage,⁴ it contained language identical to that in a FAIR Plan binder, including: “WE HEREBY ACKNOWLEDGE COVERAGE IS BOUND . . .”⁵ The implication of the document was that the FAIR Plan acknowledged that coverage was or would be in place. Whether intentionally dishonest or negligently deceptive, preparation and submission of the document at a minimum represents a lack of competence and

⁴ [Finding of Fact 13; Stipulation ¶ 8].

⁵ [Finding of Fact 9].

trustworthiness. The Respondent himself has acknowledged that it was wrong. As set forth in Count II, the Respondent is liable for violating 40 P.S. § 310.11(7), which proscribes dishonesty, incompetence or untrustworthiness.

In Count III, the Respondent was charged with demonstrating “a lack of general fitness, competence or reliability sufficient to satisfy the department that the licensee is worthy of licensure in violation of 40 P.S. § 310.11(20). The Department did not cite or establish additional conduct by the Respondent beyond his actions surrounding the FAIR Plan matter and use of the fictitious name. However, those actions reflect a lack of competence, reliability and integrity required in the profession. The Respondent is liable under Count III.

For each of the three counts, the Commissioner has authority to impose remedial action against the Respondent, including suspension or revocation of his licenses as well as imposing a penalty of up to \$5,000.00 per violation. 40 P.S. § 310.91(d)(1), (2). The Commissioner also may order the respondent to cease and desist and impose other conditions the Commissioner deems appropriate. 40 P.S. § 310.91(d)(3), (4). In the present case, the facts support sanctions in all three of the counts against the respondent. With the Respondent liable for remedial action under each of the three counts, the appropriate action will be established for the total of the Respondent’s conduct.

PENALTIES

The Commissioner may suspend or revoke a license for conduct violating certain provisions of the Insurance Department Act, including those provisions violated by Johnson's conduct. 40 P.S. 310.91(d)(1). Each violation subjects the actor to a maximum five thousand dollar civil penalty. 40 P.S. 310.91(d)(2). The actor may be ordered to cease and desist his conduct. 40 P.S. 310.91(d)(3). The Commissioner also may impose other appropriate conditions. 40 P.S. 310.91(d)(4).

A Commissioner is given broad discretion in imposing penalties. *Termini v. Department of Insurance*, 612 A.2d 1094 (Pa. Cmwlth. 1992); *Judson v. Insurance Department*, 665 A.2d at 523, 528 (Pa. Cmwlth. 1995). The underlying course of conduct in the present case is directly connected to the Respondent's duties as an insurance producer. Although there is no evidence of financial or other harm to any individual or entity in the present case, compliance with FAIR Plan rules and insurance statutes governing the conduct of producers is crucial for preventing such harm. Compliance with statutes and rules also is crucial to proper functioning of the insurance marketplace. Registration of a fictitious name with the regulator is crucial to the regulator's important duty to monitor licensees and investigate complaints. The nature of the Respondent's activity is not at the level of misappropriating client funds or inflicting personal harm on another individual. However, the Respondent's noncompliance with statutes and rules governing producer conduct is serious enough to warrant sanctions. Further, the facts support remedial action since evidence of slipshod and irregular business practices warrants sanctions. *Insurance Department v. Ciervo*, 353 A.2d 900 (Pa. Cmwlth. 1976); *In re Kasapidis*, SC03-07-008 (2007).

Evidence exists to mitigate the seriousness of the Respondent's conduct. As mentioned, there exists no evidence that the conduct inflicted financial or personal harm

upon insurance consumers or insurance entities. The Respondent has a long unblemished career in the insurance business. Although the Respondent was interviewed by a detective from the District Attorney's office concerning the FAIR Plan document, there is no evidence that criminal charges were instituted. The Respondent did not intend to defraud anyone by his actions. His activity surrounding the FAIR Plan document was an attempt, albeit ill-conceived and ill-executed, to help his client out of a perceived Catch-22 situation.

The Department proposes as a penalty that the Respondent's license be revoked. Alternatively, the Department proposes that the Respondent be subject to a civil penalty of at least \$2,000 and that he be subject to Department supervision for a period of not less than five years. The Respondent does not propose any particular sanction as appropriate, but does suggest that the Department's proposed penalties are too harsh given his lack of intent to defraud anyone.

Considering the facts in this matter, the applicable law, the seriousness of the conduct and all aggravating and mitigating circumstances, penalties are imposed as set forth in the accompanying order.

BEFORE THE INSURANCE COMMISSIONER
OF THE
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IN RE: : ALLEGED VIOLATIONS:
: :
Walter R. Johnson : Sections 310.11 (7) and (20); 310.7(1) of
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: §§ 310.11 (7) and (20); 310.7(1)).
Respondent : :
: :
: Docket No. **SC16-12-001**

ORDER

AND NOW, based upon the foregoing findings of fact, discussion and conclusions of law, it is **ORDERED** as follows:

1. Walter R. Johnson shall **CEASE AND DESIST** from the prohibited conduct described in the adjudication.
2. All of the insurance licenses of Walter R. Johnson **ARE SUSPENDED** for sixty (60) days, effective on the fifteenth (15th) day from the date of this order.
3. Walter R. Johnson shall **PAY A CIVIL PENALTY** to the Commonwealth of Pennsylvania within thirty (30) days of this order in the amount of Five Hundred Dollars (\$500.00). Payment shall be made by certified check or money order, payable to the Commonwealth of Pennsylvania, directed to: Administrative Assistant, Bureau of Enforcement, 1227 Strawberry Square, Harrisburg, Pennsylvania 17120. In addition to the above restrictions, no insurance license may be restored, issued or renewed until the said civil penalty is paid in full.

4. Walter R. Johnson's licenses may be immediately suspended by the Insurance Department following its investigation and determination that: (i) the penalty has not been fully paid; (ii) any other term of this order has not been complied with; or (iii) any complaint against the respondent is accurate and a statute or regulation has been violated. The Department's right to act under this section is limited to a period of five (5) years from the date of this order.

5. Walter R. Johnson shall have no right to prior notice of a suspension imposed pursuant to paragraph 4 of this order, 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 the respondent by certified mail, return receipt requested, notification of the suspension, which hearing shall be scheduled for a date within sixty (60) days of the Department's receipt of the respondent's written request.

6. At the hearing described in paragraph 5 of this order, the respondent shall have the burden of establishing that he is worthy of an insurance license.

7. In the event that the respondent's licenses are suspended pursuant to paragraph 4 of this order, and the respondent either fails to request a hearing within thirty (30) days or at the hearing fails to establish that the respondent is worthy of a license, the respondent's suspended licenses shall be revoked.

8. This order is effective immediately.



TERESA D. MILLER
Insurance Commissioner