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INSURANCE DEPARTMENT

2008 DEC -3 AM 10: 36

ADMIN HEARINGS OFFICE

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE: : VIOLATIONS:
: :
CHARLES W. FREEMAN : 40 Purdons Statutes, Sections
116 Conemach Trail : 310.11(1), (13), (20) and 310.78(b)
Davidsville, Pennsylvania 15928 :
: Respondent. : Docket No. CO08-09-016

CONSENT ORDER

AND NOW, this *3rd* day of *December*, 2008, 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. Respondent hereby admits and acknowledges that he has received proper notice of his rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa.C.S. § 101, et seq., or other applicable law.
2. Respondent hereby waives all rights to a formal administrative hearing in this matter, and agrees 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.

FINDINGS OF FACT

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

- (a) Respondent is Charles W. Freeman and maintains his address at 116 Conemach Trail, Davidsville, Pennsylvania 15928.
- (b) Respondent has been a resident producer since September 24, 1981. His resident producer's license #294778 expires September 24, 2009.
- (c) Respondent, on or about July 5, 2006, was charged with criminal conduct by the U.S. Department of Justice under Case #CR-06-01J. The criminal conduct involved the Respondent's failure to file federal tax returns for four consecutive years, 1999, 2000, 2001 and 2002.
- (d) Respondent failed to report the criminal charges to the Pennsylvania Insurance Department within 30 days as required by law. Respondent's attorney did report this criminal conduct to the Department on October 23, 2006.
- (e) Respondent, on or about December 11, 2006, pled guilty in the U.S. District court of Western Pennsylvania to the four (4) misdemeanor counts of "Willful

Failure to File a Timely Income Tax Return". Respondent was placed on five (5) years probation and entered into an agreement with the Internal Revenue Service (IRS) to make monthly payments for back taxes owed.

- (f) Respondent, on or about January 28, 2008, entered into a deferred payment agreement with the Pennsylvania Office of Attorney General for the back state income taxes that was owed to the Pennsylvania Department of Revenue. The taxes owed are approximately \$20,757.00 for the years 1992 through 1995.
- (g) Respondent, in completing his 2005 and 2007 Pennsylvania insurance license renewals, incorrectly indicated on the license renewals that he did not owe state income taxes.
- (h) Respondent, on or about August 20, 2008, acknowledged to the Department that he did owe the back Pennsylvania state income taxes and that he was in a deferred payment agreement with the Pennsylvania Office of Attorney General to pay the back taxes. Respondent also acknowledged that he was out of the insurance business and that he would be willing to have his insurance license revoked through a consent order.

CONCLUSIONS OF LAW

4. 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) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.
- (b) 40 Purdons Statutes, Section 310.11(1) prohibits a licensee from providing incorrect, misleading, incomplete or false information to the Department in a license application.
- (c) Respondent's activities described above in paragraphs 3(c) through 3(g) violate 40 Purdons Statutes, Section 310.11(1).
- (d) 40 Purdons Statutes, Section 310.11(13) prohibits a licensee from failing to pay state income tax or comply with any administrative or court order directing the payment of state income tax.
- (e) Respondent's activities described above in paragraphs 3(f) through 3(h) violate 40 Purdons Statutes, Section 310.11(13).

- (f) 40 Purdons Statutes, Section 310.11(20) prohibits a licensee from demonstrating a lack of general fitness, competence or reliability sufficient to satisfy the Department that the licensee is worthy of licensure.
- (g) Respondent's activities described above in paragraphs 3(c) through 3(h) violate 40 Purdons Statutes, Section 310.11(20) .
- (h) 40 Purdons Statutes, Section 310.78(b) requires within 30 days of being charged with criminal conduct, a licensee shall report the charges to the Department. The licensee shall provide the Department with a copy of the criminal complaint, information or indictment, a copy of the order resulting from any pretrial hearing, and a report of the final disposition of the charges.
- (i) Respondent's activities described above in paragraphs 3(c) through 3(e) violates 40 Purdons Statutes, Section 310.78(b).
- (j) Respondent's violations of Sections 310.11(1), (13), (20) and 310.78(b) are punishable by the following, under 40 Purdons Statutes, Section 310.91:
- (i) suspension, revocation or refusal to issue the certificate of qualification or 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

5. In accord with the above Findings of Fact and Conclusions of Law, the Insurance Department orders and Respondent consents to the following:

- (a) Respondent shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.
- (b) All licenses/certificates of Respondent to do insurance business are hereby revoked.
- (c) If Respondent should ever become licensed in the future, his certificates and 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 Respondent is accurate and a statute or regulation has been violated. The Department's right to act under (ii) above is limited to a period of five (5) years from the date of issuance of such certificates and licenses.

(d) Respondent specifically waives his 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 Respondent 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 Respondent's written request.

(e) At the hearing referred to in paragraph 5(d) of this Order, Respondent shall have the burden of demonstrating that he is worthy of an insurance certificate and license.

(f) In the event Respondent's certificates and licenses are suspended pursuant to paragraph 5(c) above, and Respondent either fails to request a hearing within thirty (30) days or at the hearing fails to demonstrate that he is worthy of a certificate and license, Respondent's suspended certificates and licenses shall be revoked.

6. 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, the Department may pursue any and all legal remedies available, including but not limited to the following: 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; or, if applicable, the

Department may enforce the provisions of this Order in any other court of law or equity having jurisdiction.

7. 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.

8. In any such enforcement proceeding, Respondent 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.

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

10. 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.

11. This Order shall be final upon execution by the Insurance Department. Only the Insurance Commissioner or a duly authorized delegee is authorized to bind the Insurance Department with respect to the settlement of the alleged violations of law

contained herein, and this Consent Order is not effective until executed by the Insurance Commissioner or a duly authorized delegee.

BY: 
CHARLES W. FREEMAN, Respondent


COMMONWEALTH OF PENNSYLVANIA
By: RONALD A. GALLAGHER, JR
Deputy Insurance Commissioner