

**BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS**

**IN THE MATTER OF
CLARENCE T. PHILLIPS,
LICENSE NO. 6010, AND
KEY RESOURCES, INC.,
LICENSE NO. 248674**

A.I.D. NO. 2010- 059

CONSENT ORDER

On this day, the matter of Clarence T. ("C.T.") Phillips ("Respondent") came before Jay Bradford, Arkansas Insurance Commissioner ("Commissioner"). The Arkansas Insurance Department ("Department") is represented by Associate Counsel Ashley Fisher, in this matter. W. R. "Randy" Riddell is the attorney for the Respondent. The Respondent neither admits nor denies any of the Findings of Fact or the Conclusions of Law contained herein. From the facts and law before him, the Commissioner finds as follows:

FINDINGS OF FACT

1. The Commissioner has jurisdiction over the parties and the subject matter pursuant to Ark. Code Ann. § 23-61-103.
2. Respondent, C.T. Phillips ("Respondent"), has been licensed by the Department as a resident insurance agent or producer since on or about October 1996 and has license number 6010. Respondent has been qualified to sell the following lines of insurance: accident, health and sickness, life, prepaid legal and variable products. Respondent is the owner of an insurance agency licensed with the Department, Key Resources, Inc.; license number 248674. Respondent's reported address to the Department is Key Resources, Inc., 16925 SR 367 Arch, Little Rock, AR 72206.

Respondent also operates a business by the name of "Comp-Tele Plus" that is the focus of this matter.

3. On or about July 9, 2009, the Legal Division of the Department was forwarded, from the Consumer Services Division of the Department, an April 2009 complaint.

4. From June 2003 until November 2007, the Complainant paid a total of \$553,200.00 to the Respondent for deposit in a "private annuity account". The payments were accepted and deposited by the Respondent into the Comp-Tele Plus account operated by him that was unrelated to his insurance agency. The amounts were never placed into an annuity issued by an insurance company. Respondent filed information with the Department that indicates that he accepted money from and owes money to Complainant. From January 2006 to August of 2009, Respondent made payments in the amount of \$1,500 a month to Complainant which Complainant has alleged were "interest payments" on the "annuities".

5. Respondent has not refunded the amounts he was given by Complainant. Bank records provided to the Department indicate that funds were then placed in the Key Resources, Inc. insurance agency account and used to pay many personal expenses, American Express bills, Home Depot charges, Disney World charges, donations to his church, among many others.

6. The Department began an investigation of the above complaint on or about July 9, 2009. On or about October 28, 2009, Respondent was noticed to attend an Investigative Conference on the above matter at the Department for 10:00 A.M., on November 20, 2009. Respondent attended said Conference, but it was adjourned, to be

rescheduled, to allow Respondent to obtain counsel. It was rescheduled for November 30, 2009. The Department was notified by Respondent's prior attorney that Respondent would not be attending the Conference. Notice of Hearing followed.

7. Under Ark. Code Ann. §23-64-512, the Commissioner may place on probation, suspend, revoke, or levy a civil penalty in accordance with Ark. Code Ann. §23-64-216, for "using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, lack of good personal or business reputation, or financial irresponsibility." The failure of the Respondent to safeguard funds that were provided to him by a client has demonstrated untrustworthiness and financial irresponsibility.

8. Respondent desires to voluntarily surrender his license for revocation by the Department. In doing so, Respondent, neither admits any allegations made in any Department Order, nor makes any admissions related to the complaint forming the basis for, either alleged or implied, in any Department administrative action, notice or Order resulting in the termination of Respondent's insurance agent license nor his agency license.

9. In agreeing to surrender his license, Respondent agrees to surrender all licenses in any jurisdiction in which he holds a license for a period of three years and to not apply for a license in any other state during such period. Upon the expiration of such time period, he may apply for another license pursuant to Ark. Code Ann. § 23-64-217. Upon the expiration of three years, the Department will review applicable circumstances; however, the granting of a license in three years' time is not guaranteed.

The Department may consider the allegations set forth in this Order in making any such determination.

10. Respondent voluntarily agrees to surrender his Key Resources, Inc. agency license number 248674 and to not aid or assist any family member, subordinate agent or any other person in conducting the business of insurance.

CONCLUSIONS OF LAW

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

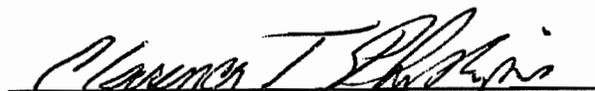
That Respondent has been made fully aware of his right to a Hearing and has voluntarily and intelligently waived that right and consents to the entry of this Consent Order.

THEREFORE, in consideration of these Findings of Fact and Conclusions of Law, it is hereby ordered and agreed that Respondent's non-resident Arkansas insurance producer's license(s) and agency license are hereby voluntarily surrendered for revocation by the Arkansas Insurance Commissioner.

IT IS SO ORDERED this 19th day of May, 2010.



JAY BRADFORD
INSURANCE COMMISSIONER
STATE OF ARKANSAS



CLARENCE T. PHILLIPS
RESPONDENT