

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

ARKANSAS INSURANCE DEPARTMENT,)
Petitioner)
)
vs.)
)
LEE CHARLES JOHNSON,)
Respondent)

A.I.D. NO. 2012- 349

REVOCATION ORDER

On this day, the matter of Lee Charles Johnson (“Respondent”) came before Jay Bradford, Arkansas Insurance Commissioner (“Commissioner”). A hearing was held at 1:00 p.m. on May 2, 2012 in the Hearing Room of the Arkansas Insurance Department (“Department”) pursuant to a Notice of Hearing dated April 16, 2012. The hearing was held before acting Chief Deputy Commissioner Lenita Blasingame (“Hearing Officer”), pursuant to her appointment by the Commissioner in accordance with Arkansas Code Annotated § 23-61-103. The Department was represented by Amanda J. Andrews, Associate Counsel.

FINDINGS OF FACT

1. Respondent holds an Arkansas Resident Producer License, number 344849, and his mailing address is 17200 Chenal Parkway, Little Rock, Arkansas.
2. On March 15, 2012, Respondent entered a plea of guilty in the United States District Court for the Eastern District of Arkansas, Case No. 4:12CR00073, to one (1) count of mail fraud, a violation of 18 U.S.C. § 1341.
3. Respondent admitted to voluntarily and intentionally devising or making up a scheme to defraud another person out of money, property or property rights by material false

misrepresentations or promises, that he did so with the intent to defraud, and that he used mail in furtherance of the scheme. Specifically, Respondent sold securities and investment opportunities in three companies to at least 46 couples, individuals, and entities, and he did not have a valid license to do so. Respondent used his client's investment money for his own personal use, including purchasing trips and vehicles, making child support payments, and paying his children's private school tuition. To date, the loss is \$734,846.38, and Respondent was ordered to pay restitution to his clients.

4. Based on the foregoing, an Emergency Suspension Order was entered against Respondent, and an administrative hearing was scheduled for May 2, 2012. The Notice of Hearing was mailed to the residence and business address on file with the Department as provided by Respondent, and a return mail card ("green card"), was signed and returned from Respondent's business address.

5. Respondent did not appear for the hearing and did not contact the Department prior to the hearing.

CONCLUSIONS OF LAW

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

6. The Commissioner has jurisdiction over the parties and the subject matter pursuant to Arkansas Code Annotated § 23-61-103.

7. Arkansas Code Annotated §§ 23-64-201(e) and 23-64-517(b) require a licensee to report any criminal charge or plea in any court within thirty (30) days, and failure to so report may result in immediate suspension of the license.

8. The Commissioner may revoke a producer's license for any one (1) or more of the following causes: violating a law; having been convicted of a felony; demonstrating a lack of

good personal and business reputation, refusing to be examined, and failing to cooperate with the Commissioner in an investigation when required by the Commissioner. Ark. Code Ann. § 23-64-512(a)(2)(A), (6), (8), (16) and (17). Further, a person convicted of a felony involving dishonesty or breach of trust is prohibited from participating in the business of insurance. Ark. Code An. § 23-66-502(c)(1).

9. On March 15, 2012, Respondent admitted under oath and in open court to defrauding individuals of money, and he was convicted in federal court of mail fraud. Respondent failed to notify the Department of the conviction, as required by Arkansas law, and he did not appear at the administrative hearing scheduled for May 2, 2012.

RECOMMENDATIONS OF THE HEARING OFFICER

WHEREFORE, based upon the foregoing Findings of Fact, Conclusions of Law, and other matters before her, the Hearing Officer recommends:

10. Based upon Respondent's violation of Arkansas law, specifically, Arkansas Code Annotated §§ 23-64-512(a)(2)(A), (6), (8), (16) and (17), 23-64-201(e), 23-64-517(b), and 23-66-502(c)(1), his admission under oath and in open court to defrauding individuals of money and subsequent conviction in federal court of mail fraud, his failure to notify the Department of the conviction, and his failure to appear at the administrative hearing scheduled for May 2, 2012, I recommend immediate revocation of Respondent's Arkansas Resident Producer License, number 344849.

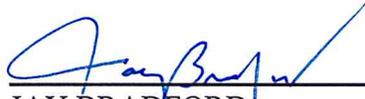

LENITA BLASINGAME
CHIEF DEPUTY COMMISSIONER and
HEARING OFFICER

CERTIFICATION

I, Jay Bradford, Insurance Commissioner for the State of Arkansas, do hereby certify that the above Findings of Fact, Conclusions of Law, and Recommendations of the Hearing Officer were made by and under my authority and supervision by Lenita Blasingame, Chief Deputy Commissioner and Hearing Officer in this proceeding. I hereby adopt the Hearing Officer's Findings of Fact, Conclusions of Law, and Recommendations in full and enter this Order.

THEREFORE, it is hereby ORDERED that the Respondent's Arkansas Resident Producer License, number 344849, is revoked.

IT IS SO ORDERED THIS 8th DAY OF May, 2012.



JAY BRADFORD
INSURANCE COMMISSIONER
STATE OF ARKANSAS