



Michael Preston
SECRETARY OF COMMERCE

Alan McClain
COMMISSIONER,
ARKANSAS INSURANCE
DEPARTMENT

September 1, 2022

Debra Hedden
10 Montego
Sherwood, AR 72120

BY CERTIFIED MAIL 7019 0700 0002 2703 8107

Re: AID File # 144662

LETTER OF REPRIMAND

Dear Ms. Hedden:

The Legal Division of the Arkansas Insurance Department (“Department”) has concluded its investigation of the above-referenced matter. Upon reviewing all information, the Department finds you to have violated Ark. Code Ann. § 23-64-223.

The Department first issued an insurance agent license to you on March 9, 1992 and you continued to maintain your insurance producer license # 1657036 until November 30, 2021. You did not seek renewal following the expiration of your license on November 30, 2021.

On September 30, 2021, the Arkansas State Employees Association (“ASEA”) sued you in Pulaski County Circuit Court (Case No. 60CV-21-6188). ASEA sought a judgment against you in an amount no less than \$37,939.41 plus its attorneys’ fees and costs. Although a process server personally served a copy of the summons and complaint to you, you did not defend yourself against these allegations. On January 20, 2022, the judge treated ASEA’s allegations as true, granting ASEA’s request for judgment against you in the amount of \$37,939.41 plus attorneys’ fees and costs.

ASEA alleged that you were a former employee of ASEA responsible for oversight and payment of employee premiums to applicable insurers. You were responsible for withholding monies directly from employee paychecks and depositing those premiums into an account owned by the ASEA used to pay premiums directly to the insurance companies. ASEA alleged that you intentionally and improperly used funds from the ASEA account to pay for premiums for yourself and your son starting in 2014 and ending in 2021 with your termination by ASEA. ASEA alleged that these funds amounted to no less than \$37,939.41.

The Department's Legal Division began investigating ASEA's allegations and attempted to contact you by certified mail on December 9, 2021 and January 3, 2022. You acknowledged receipt of each letter via your signature. Within both communications, the Department indicated that ASEA had alleged you were responsible for oversight and payment of premiums of benefits offered to the members of ASEA and that you intentionally and improperly used ASEA account funds to pay premiums for yourself and your son from 2014 up until your employment terminated in 2021. Although the Department requested that you make a written response to these allegations, you failed to respond.

Pursuant to Ark. Code Ann. § 23-64-223,

“(a) All funds, fees, moneys, premiums, or return premiums received by a licensee in the capacity as a licensee shall be trust funds so received by the licensee in a fiduciary capacity, and the licensee shall in the applicable regular course of business account for and pay these funds, fees, moneys, premiums, or return premiums to the insured, insurer, licensee, or any other person entitled thereto.

(b) Any licensee who, not being lawfully entitled thereto, diverts or appropriates those funds or any portion thereof to his or her own use shall upon conviction be guilty of theft of property and shall be punished as provided by law.”

The Arkansas Insurance Department finds you in violation of Ark. Code Ann. § 23-64-223. You were responsible for making payments for premiums on behalf of ASEA and intentionally and improperly used funds to pay premiums for yourself and your son. You received the benefit of paid insurance policies without contributing the amounts required to pay for such insurance policies. You were not entitled to receive these benefits as you did not contribute the necessary monies to cover the premiums upon which you received the benefit.

You are hereby served with this Letter of Reprimand. Although you allowed your license to expire, if you ever choose to seek licensure, please note that the commissioner of any state in which you seek to be licensed as an insurance producer may conduct an investigation of your background, trustworthiness, personal and business reputation, and financial responsibility, and this letter will become a matter of public record.

If you believe the Commissioner's decision to issue this Letter of Reprimand is unjust or unwarranted, you may request an administrative hearing within thirty (30) days receipt of this correspondence. If you choose not to request an administrative hearing, this letter will be published to the Arkansas Insurance Department's website, maintained within the Department's license file as a permanent record, and will be forwarded to the National Association of Insurance Commissioners ("NAIC") for publication on the NAIC website.

Sincerely,



Taryn Lewis

Investigator

Arkansas Insurance Department

cc: Commissioner Alan McClain