

BEFORE THE INSURANCE COMMISSIONER  
FOR THE STATE OF ARKANSAS

IN THE MATTER OF:

LEE JOHNSON  
PETITIONER

A.I.D. NO. 2020- 35

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ORDER

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On this day, the matter of the insurance producer license application of Mr. Lee Charles Johnson (“Petitioner”) came before Alan McClain, Arkansas Insurance Commissioner (“Commissioner”). A hearing was held on May 5, 2020, in the Fifth Floor Hearing Room of the Arkansas Insurance Department (“Department”) pursuant to the Notice of Hearing dated April 24, 2020. The hearing was held before Chief Deputy Commissioner Russ Galbraith (“Hearing Officer”) pursuant to his appointment by the Commissioner in accordance with Ark. Code Ann. § 23-61-103(e)(1). The Department was represented by Gray Allen Turner, Associate Counsel. The Petitioner participated by telephone.

FINDINGS OF FACT

1. Petitioner, a resident of Pulaski County, Arkansas, applied for an insurance producer license on March 24, 2020.
2. The Department denied Petitioner's application on March 31, 2020.
3. Petitioner timely requested a hearing in writing as to the license denial on April 7, 2020.
4. Petitioner was sent a notice of hearing on April 24, 2020, to the address provided by the Department.
5. The Petitioner previously held a resident insurance producer license.
6. On March 15, 2012, Petitioner entered a plea of guilty in the U.S. District Court for the Eastern District of Arkansas to one count of wire fraud, a

violation of 18 U.S.C. § 1341. The Petitioner was found to have defrauded over 46 individuals and entities of approximately \$734,000. He was sentenced to probation and ordered to provide restitution to the victims. To date he has repaid less than 1% of the restitution owed. He remains on probation at this time.

7. On May 8, 2012, the Petitioner's Arkansas insurance producer license was revoked through AID Order 2012-349. The basis of the revocation was the Petitioner's felony conviction.

8. The Petitioner has not engaged in any criminal activity since his 2012 conviction. He presented several favorable letters of recommendation in support of his application.

### CONCLUSIONS OF LAW

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

1. The Commissioner of Insurance has jurisdiction pursuant to the Arkansas Insurance Code, specifically Ark. Code Ann. §§ 23-60-101, *et seq.*

2. To be licensed as an insurance producer, § 23-64-506(c) requires that an applicant must be deemed by the commissioner "to be competent, trustworthy, financially responsible, and of good personal and business reputation."

3. An insurance producer license application may be denied where the applicant has been convicted of a felony as per § 23-64-512(a)(6).

4. Where a license applicant has previously held a producer license and that license was revoked, the commissioner may not again issue the applicant a license until the "person has paid restitution of actual losses to affected persons when the order of revocation contains findings that the conduct of the person resulted in actual losses to affected persons . . ." as required by § 23-64-217(b)(2). The Petitioner has not completed payment of restitution to the persons identified in the 2012 revocation order and therefore no license should be granted.

5. The circumstances leading to Petitioner's felony conviction and his failure to make any substantial restitution payments as ordered call into question his fitness to be a licensed insurance producer.

6. The Petitioner has not presented sufficient evidence that he meets the requirements to be a licensed insurance producer.

### RECOMMENDATION OF HEARING OFFICER

WHEREFORE, upon consideration of the evidence of record and the foregoing Findings of Fact and Conclusions of Law, the Hearing officer recommends the following:

That the Arkansas insurance producer license application of the Petitioner be denied.

  
Russ Galbraith  
Chief Deputy Commissioner

### CERTIFICATION

I, Alan McClain, Insurance Commissioner for the State of Arkansas, do hereby certify that the above Findings of Fact, Conclusions of Law, and Recommendation of the Hearing Officer were made by and under my authority and supervision by Russ Galbraith, Chief Deputy Commissioner and Hearing Officer in this proceeding. I hereby adopt the Hearing Officer's Findings of Fact, Conclusions of Law and Recommendation in full, as set forth herein.

THEREFORE, it is hereby ORDERED that the Arkansas insurance producer license application of Mr. Lee Charles Johnson is denied.

IT IS SO ORDERED THIS 8<sup>th</sup> DAY OF June, 2020.



ALAN MCCLAIN  
INSURANCE COMMISSIONER  
STATE OF ARKANSAS