

SEP 15 1994

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPARTMENT OF INSURANCE
By CC

1 In the Matter of)
 2)
 3 HOWARD RANN BRADLEY,) Docket No. 8344
 4) ORDER
 5) Respondent.)
 6 _____)

7 On August 3, 1994, a hearing was held in the above-
 8 referenced matter. The Arizona Department of Insurance
 9 ("Department") was represented by Assistant Attorney General
 10 Kathryn Leonard. Respondent Howard Rann Bradley ("Mr. Bradley")
 11 was not present in person nor represented by counsel.

12 Based upon the entire record in this matter, including
 13 all pleadings, motions, testimony, and exhibits admitted during
 14 the hearing of this matter, Administrative Law Judge Gregory Y.
 15 Harris has prepared the following Findings of Fact, Conclusions
 16 of Law, and Order for consideration and approval by the Director
 17 of the Arizona Department of Insurance (the "Director"), and
 18 based upon these recommendations, the Director makes the
 19 following Findings of Fact, Conclusions of Law and enters the
 20 following Order:

FINDINGS OF FACT

21
 22 1. At all times material to this action, Mr. Bradley
 23 held a non-resident life and disability insurance agent license
 24 in the State of Arizona License No. 760961 (the "License").

25 2. At all times material to this action, Mr. Bradley
 26 has done business as United Service Association for Health Care,
 27 and/or Western Health Network and/or Western Health Systems

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1 3. On February 4, 1994, the Director issued an order
2 summarily suspending the License.

3 4. Mr. Bradley has resided in Arizona for
4 approximately the past five years. As of January, 1994, Mr.
5 Bradley resided and transacted insurance business at 12624 N.
6 74th Place in Scottsdale, Arizona. In addition, Mr. Bradley has
7 maintained a post office box in Scottsdale (P.O. Box 13671,
8 Scottsdale, AZ 85267) which he has used to transact insurance
9 business in Arizona.

10 5. Mr. Bradley has transacted insurance business in
11 Arizona since at least 1990. At all times material to this
12 action, Mr. Bradley conducted insurance activities out of his
13 home in Arizona, and maintained all of his insurance records at
14 his home. Mr. Bradley used the phone at his home (telephone
15 number 991-9320) for both business and personal use.

16 6. On August 30, 1993, American Western Life
17 Insurance Company ("American Western") terminated Mr. Bradley's
18 appointment. American Western issued another termination letter
19 to Mr. Bradley on October 26, 1993.

20 7. On September 27, 1993, National Health Insurance
21 Company terminated Mr. Bradley's appointment as its agent.

22 8. On January 27, 1994, ITT Hartford Life & Annuity
23 Insurance Company ("ITT") terminated Mr. Bradley's contract as
24 an authorized agent based on its investigation of complaints
25 received from ITT policyholders.

26 9. Following his termination as agent for the above
27 insurers, Mr. Bradley continued to represent to various insureds
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1 that he would obtain or had obtained coverage through the
2 companies.

3 10. On or about August 23, 1989, Mr. Bradley filed an
4 original application for the License (the "1989 Application")
5 with the Department.

6 11. In the 1989 Application, Mr. Bradley was asked if
7 he had ever been convicted of a felony or a misdemeanor. Mr.
8 Bradley answered "No" to both questions.

9 12. On or about June 27, 1991 and June 24, 1993, Mr.
10 Bradley filed applications with the Department to renew the
11 License (the "Renewal Applications").

12 13. In the Renewal Applications, Mr. Bradley listed
13 his address as "5330 Seymour Hwy., Wichita Falls, Texas."

14 14. Mr. Bradley has never maintained a business
15 address at 5330 Seymour Highway, Wichita Falls, Texas.

16 15. In the Renewal Applications, Mr. Bradley was
17 asked "Have you ever been convicted of a felony or misdemeanor
18 that you have not previously informed this Department of in
19 writing on any prior application or renewal application?" Mr.
20 Bradley answered "No" to those questions on both of the Renewal
21 Applications.

22 16. Mr. Bradley has been convicted of the following
23 offenses, and disclosed none of these convictions in either the
24 1989 Application or the Renewal Applications:

25 a. On or about June 30, 1975, a Judgment and
26 Probation/Commitment Order was entered in United States of
27 America v. Howard Rann Bradley, United States District Court
28 for Western District of Michigan, Docket No. G 75-57 CR 5 ("USA

1 v. Bradley"), in which Mr. Bradley was found guilty of
2 possession of a Schedule II narcotic drug controlled substance,
3 a violation of 21 U.S.C. 841(a)(1).

4 b. On or about January 8, 1979, a Judgment and
5 Probation/Commitment Order was entered in USA v. Bradley in
6 which Mr. Bradley was found guilty of violations of the terms
7 and conditions of probation imposed by the Court on June 30,
8 1975. Mr. Bradley was ordered to serve sixty days in jail and
9 probation was thereafter to continue until expiration of the
10 previously stated term.

11 c. On or about April 25, 1980, a Judgment and
12 Probation/Commitment Order was entered in USA v. Bradley in
13 which Mr. Bradley was found guilty of violation of the terms and
14 conditions of probation imposed by the Court on June 30, 1975.
15 The original Order of Probation imposed by the Court on June 30,
16 1975 was revoked and Mr. Bradley was sentenced to serve seven
17 (7) months in Bastrop Federal Correctional Institution, or at
18 another appropriate facility near Austin, Texas.

19 d. On or about August 1, 1985, a Judgment of
20 Probation was entered in The State of Texas v. Howard R.
21 Bradley, in the County Court at Law No. 3, Travis County,
22 Texas, in which Mr. Bradley was found guilty of theft by check.
23 Imposition of sentence was suspended and Mr. Bradley was placed
24 on probation for 12 months and ordered to pay a fine of \$1,000.

25 e. On or about May 18, 1990, Judgment and Sentence
26 was entered in The State of Texas v. Howard R. Bradley, in the
27 County Court at Law No. 5, Travis County, Texas, in which Mr.
28

1 Bradley was found guilty of theft by check. Bradley was ordered
2 to serve two (2) days in jail and pay a fine of \$300.00

3 17. On or about July 12, 1991, Mr. Bradley obtained a
4 driver's license from the Arizona Department of Motor Vehicles
5 (License No. B11564527) in which he identified his home address
6 as 7240 E. Dreyfus, Scottsdale, AZ 85260.

7 18. On or about March 6, 1992, Mr. Bradley signed a
8 contract with Any Kind Check Cashing Centers, a check cashing
9 service, in which he identified his home address for the three
10 years preceding March 6, 1992 as 7240 E. Dreyfus, Scottsdale,
11 85260.

12 19. On or about February 16, 1993, Mr. Bradley signed
13 another contract with Any Kind Check Cashing Centers, in which
14 he identified his home address for the three years preceding
15 February 16, 1993 as 7240 E. Dreyfus, Scottsdale, 85260.

16 20. On or about October 20, 1993, Mr. Bradley filed
17 an "Affidavit of Trade Name Use" with the Maricopa County
18 Recorder identifying his use of the name "Western Health
19 Systems" as a trade name used by a business owned and controlled
20 by Mr. Bradley. Mr. Bradley submitted a copy of this "Affidavit
21 of Trade Name Use" to Any Kind Check Cashing Centers.

22 21. At no time relevant to this matter did Western
23 Health Systems have a contractual relationship with American
24 Western, ITT, or any other insurer represented by Mr. Bradley to
25 accept or process premiums.

26 22. ITT requires life insurance applicants to submit
27 to a physical examination in connection with the processing of a
28

1 life insurance application. ITT does not assess a charge for
2 this examination.

3 23. At no time relevant to this matter has ITT
4 offered a month of "free" coverage to policyholders or
5 applicants who pay in advance for six months of coverage.

6 24. At no time relevant to this matter did ITT market
7 an individual health insurance policy.

8 25. On or about November 1, 1993, Mr. Bradley met
9 with Jim and Betty Wheat (the "Wheats") to discuss health
10 insurance. In connection with his discussion with the Wheats,
11 Mr. Bradley falsely represented to the Wheats that an ITT life
12 insurance policy would be included at no additional cost with
13 the ITT health insurance coverage which Mr. Bradley offered to
14 sell to the Wheats.

15 26. Mr. Bradley falsely represented to Betty Wheat
16 that the ITT provided better health coverage than her current
17 policy because the ITT policy would not exclude preexisting
18 conditions. In fact, because ITT does not market individual
19 health insurance coverage of the sort offered to the Wheats by
20 Mr. Bradley, the insurance offered by Mr. Bradley was not better
21 than the Wheat's existing insurance, and did not provide
22 insurance coverage for preexisting conditions.

23 27. Mr. Bradley falsely represented that the Wheats
24 would have to pay a \$55.00 physical exam fee which would be
25 refunded if ITT issued health insurance coverage to the Wheats.
26 Based upon Mr. Bradley's false representations, the Wheats paid
27 the fee and believed their health insurance company would be
28 ITT. On or about November 22, 1993, Betty Wheat submitted to a

1 physical examination and had a blood sample taken by a person
2 she believed to be a representative of ITT.

3 28. Mr. Bradley falsely represented to the Wheats
4 that they would receive health insurance coverage for seven
5 months through ITT if they made a lump sum payment of \$1,895.00
6 for six months of coverage. On or about December 16, 1993, Mr.
7 Bradley received this lump sum payment in the form of a
8 \$1,895.00 check from the Wheats. As instructed by Mr. Bradley,
9 the Wheats made this check payable to Western Health Systems.
10 Mr. Bradley falsely represented to the Wheats that ITT used
11 Western Health Systems to collect advance premium payments from
12 policyholders or applicants for coverage.

13 29. On December 20, 1993 Mr. Bradley cashed the
14 Wheats' \$1,895.00 premium check at Any Kind Check Cashing
15 Centers. Mr. Bradley did not remit this money to ITT or any
16 other insurer. Further, Mr. Bradley never submitted a health
17 insurance application to ITT for health coverage for the Wheats.

18 30. Mr. Bradley gave Betty Wheat a receipt for
19 \$1,950.00 for the "purchase of life and health policy" and told
20 her that the \$55.00 physical exam fee would be refunded by
21 December 17, 1993. On or about December 22, 1993, Wheat
22 received this "refund" in the form of a \$55.00 cashier's check
23 from Mr. Bradley. In fact, Mr. Bradley sent the \$55.00
24 "physical exam fee" received from the Wheats as the initial
25 premium payment on the ITT life policy which Mr. Bradley had
26 falsely represented would be provided at no additional cost to
27 the Wheats in connection with their purchase of health insurance.
28

1 31. On or about January 11, 1994, the Wheats
2 contacted Mr. Bradley because they had not received the ITT
3 health insurance policy and their current policy was due to
4 expire on January 15, 1994. Mr. Bradley told the Wheats that
5 their ITT policy had been delayed by the holidays. He then
6 offered to write a binder to protect the Wheats until the policy
7 arrived.

8 32. On or about January 12, 1994, the Wheats
9 contacted ITT directly and were informed that ITT had received
10 only a \$55.00 premium payment for a life insurance policy, not a
11 health insurance policy and that ITT did not offer the type of
12 health insurance coverage which the Wheats described had been
13 offered to them by Mr. Bradley. The Wheats also found that an
14 automatic monthly premium withdrawal from their bank account had
15 been arranged without their knowledge for the automatic transfer
16 of premium payments on the life policy to ITT. The Wheats
17 subsequently cancelled the ITT policy.

18 33. On or about August 16, 1993, Mr. Bradley received
19 approximately \$574.17 from Sentry Fire & Welding Supply, Inc.
20 for health insurance coverage for Don Hunsaker, Jeannie
21 Hunsaker, Lynn Hunsaker, and Julee Hunsaker through American
22 Western Life Insurance Company ("American Western").

23 34. Mr. Bradley represented that the American Western
24 policy would be a "take over plan," which, based upon Mr.
25 Bradley's representations, Don Hunsaker and Lynn Hunsaker
26 understood to mean that coverage with American Western would
27 cover preexisting conditions. In fact, the policy which
28 American Western issued did not cover preexisting conditions.

1 Thus, preexisting conditions of Jeannie Hunsaker were not
2 covered by the policy sold by Mr. Bradley.

3 35. Mr. Bradley falsely represented that the American
4 Western policy would provide 80/20 coverage for Lynn and Julee
5 Hunsaker and 50/50 coverage for Don and Jeanne Hunsaker. In
6 fact, the policy issued by American Western provided 50/50
7 coverage to all four members of the Hunsaker family.

8 36. Mr. Bradley falsely represented that an ITT life
9 insurance policy would be included with the health insurance
10 coverage at no additional charge. In fact, the charge for the
11 ITT life insurance policy was not included in the premium charge
12 for the American Western policy. Further, American Western and
13 ITT do not have an affiliation or sell their policies as a
14 package. When Lynn Hunsaker learned of this information, he
15 cancelled the ITT life insurance policies.

16 37. Because Mr. Bradley failed to timely deliver the
17 policies to the Hunsakers, Lynn Hunsaker made several telephone
18 calls to Mr. Bradley between August and early December, 1993 to
19 learn the status of the policies. Mr. Bradley repeatedly stated
20 that he would deliver the policies soon. Mr. Bradley told Lynn
21 Hunsaker to make the premium payment to the Hunsakers' current
22 health insurance carrier as American Western had not processed
23 the Hunsakers' applications. Mr. Bradley falsely represented
24 that he would reimburse the Hunsakers for the cost difference in
25 premium between the two policies. Mr. Bradley never reimbursed
26 this difference to the Hunsakers.

27 38. On or about December 7, 1993, Lynn Hunsaker
28 learned from contacts with representatives of American Western

1 that the health coverage sought by the Hunsakers had become
2 effective as of November 1, 1993 and that the policies had been
3 delivered to Mr. Bradley several weeks earlier.

4 39. On or about April 15, 1993, Paul Bennett ("Mr.
5 Bennett") and his wife met with Mr. Bradley to purchase health
6 insurance purportedly through U.S.A. Insurance ("U.S.A."). Mr.
7 Bradley made representations to the Bennetts to induce the
8 Bennetts to switch from their current insurer to U.S.A. Based
9 upon Mr. Bradley's representations, the Bennetts sought to
10 purchase the U.S.A. policy offered by Mr. Bradley.

11 40. U.S.A. rejected Mr. Bennett's application for
12 health coverage. Mr. Bradley did secure new health coverage for
13 Mrs. Bennett through National Health Insurance Company and not
14 through U.S.A. as Mr. Bradley had represented.

15 41. Mr. Bradley falsely represented that the
16 automatic withdrawal from the Bennett's checking account for the
17 payment of premium on Mrs. Bennett's U.S.A. policy would be
18 \$156.00 each month. In fact, the automatic withdrawal from the
19 Bennett's account for the subsequent months was \$181.90. In
20 response to inquiries from the Bennetts, Mr. Bradley represented
21 that he would resolve the discrepancy between the \$156.00
22 premium he had quoted and the amount withdrawn from the
23 Bennett's account. Mr. Bradley never resolved the discrepancy.

24 42. Mr. Bradley falsely represented that the American
25 Western policy included a disability and/or life insurance
26 policy with ITT. Mr. Bradley falsely represented to Mr. Bennett
27 that the ITT policy was part of a "package deal" with the
28 American Western policy. Despite being told by Mr. Bennett that

1 he did not want an ITT life insurance policy, Mr. Bradley
2 falsely told Mr. Bennett that the American Western policy would
3 not be issued except in conjunction with the ITT policy, but
4 that Mr. Bennett could cancel the ITT policy after the first
5 year. As a result of Mr. Bradley's misrepresentations, Mr.
6 Bennett gave Mr. Bradley a check in the amount of \$160.40 to
7 purchase the ITT life insurance policy.

8 43. On or about November 3, 1993, Mr. Bradley
9 received a \$2,094.40 check from Mr. Bennett for the annual
10 premium payment on health insurance coverage for Mr. Bennett
11 through American Western. As instructed by Mr. Bradley, Mr.
12 Bennett made this check payable to Western Health Systems. Mr.
13 Bradley falsely represented that American Western used Western
14 Health Systems to collect advance payments made by policyholders
15 or applicants for coverage.

16 44. Mr. Bradley further falsely represented that he
17 would cancel the automatic monthly withdrawals from Mr.
18 Bennett's checking account. After receiving notice of an
19 automatic bank withdrawal from his checking account which
20 occurred after November 3, 1993, Mr. Bennett contacted American
21 Western. A representative of American Western informed Mr.
22 Bennett that it had not received Mr. Bennett's \$2,094.40
23 payment. American Western further informed Mr. Bennett that it
24 was not affiliated with ITT.

25 45. Mr. Bradley failed to forward the Bennett's
26 \$2,094.40 premium payment to American Western or any insurer.
27 Instead, Mr. Bradley cashed Mr. Bennett's \$2,094.40 check at Any
28 Kind Check Cashing on November 4, 1993.

1 46. On or about June 28, 1993, Terry Lewis ("Mr.
2 Lewis") met with Mr. Bradley to purchase health insurance
3 coverage for Mr. Lewis' family and three of his employees
4 (Ronald Andrews, Jr., Daniel Roach, and Timothy Roach)
5 purportedly through ITT. Mr. Bradley falsely represented to Mr.
6 Lewis that if Mr. Lewis purchased health insurance coverage
7 through ITT an ITT life insurance policy would be included as a
8 bonus.

9 47. On June 28, 1993, Mr. Lewis gave Mr. Bradley a
10 check drawn on his business account in the amount of \$483.70
11 made payable to American Western.

12 48. On August 23, 1993, Mr. Lewis gave Mr. Bradley an
13 \$88.90 check drawn on Mr. Lewis' business account to cover an
14 additional employee. Mr. Bradley subsequently cashed that check.

15 49. On or about July 13, 1993, Mr. Bradley received
16 check no. 4971 made payable to ITT from Mr. Lewis in the amount
17 of \$259.00. Mr. Bradley received this check as a premium
18 payment for health insurance coverage for Lewis' family.

19 50. On or about July 13, 1993, Mr. Lewis gave Mr.
20 Bradley three additional checks made payable to ITT for health
21 insurance coverage for Daniel Roach, Timothy Roach and Ronald
22 Andrews, Jr.

23 51. When Mr. Lewis sought to purchase the ITT health
24 insurance coverage from Mr. Bradley, Mr. Lewis was insured by
25 National Health Insurance Company. At Mr. Bradley's direction,
26 Mr. Lewis took steps to cancel the National Health Insurance
27 Company coverage.
28

1 52. On or about September 23, 1993, Mr. Lewis
2 received a statement of premiums from ITT which contained a
3 discrepancy regarding the health insurance coverage which he had
4 sought to purchase through Mr. Bradley for his employees. In an
5 effort to straighten up the discrepancy, Mr. Lewis contacted
6 ITT. After contacting ITT, Mr. Lewis learned that Mr. Bradley
7 had sold him life insurance policies and had not obtained health
8 insurance policies as desired for Mr. Lewis, his family or his
9 employees. Subsequently, Mr. Lewis cancelled the ITT life
10 insurance coverage sold to him by Mr. Bradley.

11 53. On or about July 8, 1993, Mr. Bradley received a
12 \$275.40 check from June Marini ("Ms. Marini") for a health
13 insurance policy through U.S.A. Mr. Bradley falsely represented
14 to Ms. Marini that the U.S.A. policy included a disability
15 and/or life insurance policy at no additional charge.

16 54. On or about July 14, 1993, Mr. Bradley asked Ms.
17 Marini to void the check she had given him on July 8, 1993. In
18 its place, Mr. Bradley asked Ms. Marini to give him a \$67.24
19 check made payable to ITT and a \$142.97 check made payable to
20 American Western.

21 55. Shortly after July 14, 1993, Ms. Marini received
22 notice of a \$67.50 automatic withdrawal from her checking
23 account and that the withdrawal had been paid to ITT. When she
24 contacted ITT, Ms. Marini learned that the funds withdrawn from
25 her account had been used as a payment on an ITT life insurance
26 policy. Significantly, Ms. Marini had not authorized Mr.
27 Bradley to arrange for the automatic withdrawal of funds from
28 her checking account to pay for a policy with ITT. Ms. Marini

1 subsequently cancelled the ITT life insurance policy sold to her
2 by Mr. Bradley.

3 56. On or about October 18, 1993, Mr. Bradley
4 completed an ITT life insurance application for Les Grover ("Mr.
5 Grover"). When Mr. Bradley completed the ITT application for
6 Mr. Grover, Mr. Grover held a life policy through National Group
7 Life Insurance, for which Mr. Grover had made a premium payment
8 on September 29, 1993.

9 57. Mr. Bradley falsely represented to Mr. Grover and
10 Connie Grover ("Mrs. Grover") that an application must be
11 submitted for an ITT life insurance policy to qualify for health
12 insurance coverage through American Western for the Grovers and
13 their children.

14 58. On or about October 18, 1993, Mr. Grover wrote a
15 \$157.00 check payable to American Western, which American
16 Western received.

17 59. On or about October 20, 1993, Mr. Bradley
18 received a \$2,820.30 check payable to Western Health Systems
19 from Mr. Grover for the annual premium on the American Western
20 health insurance policy purchased by the Grovers from Mr.
21 Bradley. On that same date, Mr. Bradley negotiated the
22 \$2,820.30 check and obtained a cashier's check for that amount
23 from First American National Bank, the bank on which Mr.
24 Grover's check had been drawn. Also on that same date, Mr.
25 Bradley cashed the cashier's check at a branch of Great American
26 Bank.

27 60. Mr. Bradley did not forward to, and American
28 Western did not receive the \$2,820.30 given to Mr. Bradley by

1 Mr. Grover for the annual premium on the American Western health
2 insurance policy sold by Mr. Bradley to Mr. Grover. Further,
3 Mr. Bradley did not deliver to the Grover's copies of either the
4 health or life policies sold by Mr. Bradley to the Grovers.

5 61. American Western denied claims submitted by the
6 Grovers. Further, American Western cancelled the health
7 coverage sought by the Grovers through Mr. Bradley because of
8 nonpayment of premium, although the Grovers had given Mr.
9 Bradley an annual premium payment for health insurance coverage
10 with American Western.

11 62. On or about July 30, 1993, Mr. Bradley completed
12 an ITT life insurance application for Richard McCluskey ("Mr.
13 McCluskey").

14 63. On or August 9, 1993, American Western received
15 an application for a health insurance policy on behalf of Mr.
16 McCluskey. On that same date, American Western also received a
17 \$146.02 check as the initial payment on the health policy sought
18 by Mr. McCluskey from American Western through Mr. Bradley.

19 64. On or about November 30, 1993, Mr. McCluskey gave
20 a \$1,728.00 check made payable to Western Health System to Mr.
21 Bradley as the annual premium payment on the American Western
22 health policy sold by Mr. Bradley to Mr. McCluskey. On or about
23 December 1, 1993, Mr. Bradley negotiated the \$1,728.00 check and
24 obtained a cashier's check for that amount from Bank One. On or
25 about December 1, 1993, Mr. Bradley cashed the Bank One
26 cashier's check. Mr. Bradley did not forward to American
27 Western, or refund to Mr. McCluskey, this \$1,728.00.
28

1 65. On or before October 15, 1993, Mr. Bradley
2 contacted Arleen Miller ("Ms. Miller") and made representations
3 to her concerning the availability of a package deal for health
4 insurance through American Western and life insurance through
5 ITT. Mr. Bradley further represented that Ms. Miller would save
6 money if she paid the full annual premium in advance.

7 66. On or about October 15, 1993, Ms. Miller gave Mr.
8 Bradley a \$1,933.92 check to obtain health insurance coverage
9 for herself and her husband through American Western. Ms.
10 Miller made the check payable to Western Health Systems based
11 upon Mr. Bradley's false representation that the payment to
12 American Western constituted payment of the annual premium for
13 the American Western policy.

14 67. On or about October 17, 1993, Ms. Miller gave Mr.
15 Bradley a \$1,477.17 check to obtain health insurance coverage
16 through American Western for her son Arliss and her son's wife
17 Misty. Ms. Miller made the check payable to Western Health
18 Systems based upon Mr. Bradley's false representation that the
19 payment to American Western constituted payment of the annual
20 premium for the American Western policy for Arliss and Misty.

21 68. On or about November 11, 1993, Ms. Miller gave
22 Mr. Bradley a \$667.88 check made payable to Western Health
23 Systems in connection with the effort to purchase insurance
24 through Mr. Bradley.

25 69. ITT received life insurance applications and
26 premium payments on behalf of Ms. Miller and Arliss Miller.
27 However, ITT refused to process the life insurance applications
28 received on behalf of Ms. Miller and Arliss Miller because

1 medical tests and examinations required for the issuance of
2 these policies had not been performed. Thus, on January 24,
3 1994 ITT issued a \$297.08 refund check to Ms. Miller and on
4 February 11, 1994, ITT issued a \$666.80 refund check to her
5 Arliss Miller.

6 70. Mr. Bradley cashed or negotiated all three checks
7 given to him by Ms. Miller. However, none of the coverage
8 sought by Ms. Miller through Mr. Bradley was issued. Despite
9 his representation that he would refund the premium payments he
10 had received from to Ms. Miller, Mr. Bradley has not returned
11 any of the \$4,078.97 which he received from Ms. Miller for
12 health and life coverage.

13 71. On or about October 4, 1993, Mr. Bradley
14 solicited Jon W. Allred ("Mr. Allred") to buy health insurance
15 from American Western, an insurer which Mr. Bradley claimed to
16 represent. On that date, Mr. Allred gave Mr. Bradley checks for
17 the initial premium for the health insurance coverage.

18 72. By mid-November, 1993, Mr. Allred had not
19 received any documents to show that the policy he had sought
20 from Mr. Bradley through American Western had been issued. At
21 that time, Mr. Allred contacted American Western and learned
22 that American Western had not received an application for
23 coverage for Mr. Allred and that Mr. Bradley no longer
24 represented American Western. When later contacted by Mr.
25 Allred, Mr. Bradley stated that he believed that he did continue
26 to represent American Western. In a subsequent conversation,
27 Mr. Bradley advised Mr. Allred that American Western would not
28

1 insure Mr. Allred and that American Western would refund the
2 premium to Mr. Allred. Mr. Allred received this premium refund.

3 73. On or about December 17, 1993, Mr. Allred met
4 with Mr. Bradley to discuss an application for health insurance
5 through American Medical Security ("AMS"). On that same date,
6 Mr. Bradley received a \$282.35 check from the Gila Water
7 Commissioner on behalf of Mr. Allred made payable to Western
8 Health Systems for the purchase of an AMS health insurance
9 policy for Mr. Allred. Mr. Bradley negotiated the check on the
10 date the check was written.

11 74. AMS never received the premium payment given to
12 Mr. Bradley to purchase health insurance for Mr. Allred. Mr.
13 Allred did not receive the coverage he sought from AMS for
14 health insurance coverage. Further, Mr. Bradley did not refund
15 the money which he received to purchase health insurance for Mr.
16 Allred.

17 75. Mr. Bradley received premium from, and failed to
18 secure the issuance of insurance policies or refund the premium
19 which he received from the following individuals:

20	a. Thomas Alber	\$ 55.00
21	b. Ronald Andrews	49.00
22	c. Douglas Benson	55.00
23	d. Susan Clark	28.65
24	e. Ray Gregg	55.00
25	f. Robert Juster	211.00
26	g. Joseph Kavanaugh	290.90
27	h. David and Linda Kramer	212.50
28	i. Jack Lee	117.00
	j. Manuel Lopez	2,405.50
	k. Amy Mena	45.50
	l. Howard Miles	105.00
	m. David Porter	119.40
	n. Roy Thomas	<u>36.90</u>
	TOTAL	\$ 3,786.35

1 76. Mr. Bradley received commissions from ITT for the
2 sale of the following policies, all of which ITT cancelled
3 because of misrepresentations made by Mr. Bradley:
4

5	a. Paul Bernett	\$ 1,048.41
	b. Don Hunsaker	184.20
6	c. Jeanne Hunsaker	304.16
	d. Julee Hunsaker	89.64
7	e. Lynn Hunsaker	125.76
	f. Linda Kramer	86.84
8	g. Jack Lee	105.84
	h. Terry Lewis	1,333.94
9	i. June Marini	845.10
	j. Juanita McCluskey	168.55
10	k. Richard McCluskey	180.36
	l. Daniel Roach	877.17
11	m. Timothy Roach	<u>938.19</u>
12	TOTAL	\$ 6,288.16

13 CONCLUSIONS OF LAW

14 1. Mr. Bradley made false statements or
15 misrepresentations for the purpose of inducing or tending to
16 induce a policyholder to lapse, forfeit, surrender, retain, or
17 convert any insurance policy with the meaning of A.R.S.
18 §20-443(5).

19 2. Mr. Bradley made statements misrepresenting the
20 terms of a policy issued or to be issued or the benefits or
21 advantages promised or the dividends or share of the surplus to
22 be received in violation of A.R.S. §20-443(1).

23 3. Mr. Bradley obtained a non-resident license while
24 he was a resident of the State of Arizona in violation of A.R.S.
25 §20-303(A).

26 4. Mr. Bradley, as a non-resident licensee,
27 established and maintained an office or place of business in his
28

1 home or with a resident agent, broker, agency or solicitor or
2 otherwise in this state in violation of A.R.S. §20-303(F).

3 5. Mr. Bradley failed to keep at his place of
4 business the usual and customary records pertaining to
5 transactions under his license and failed to keep such records
6 available and open to inspection of the Director at any business
7 time during the three years immediately following the completion
8 of the transactions in violation of A.R.S. §20-302(C).

9 6. Mr. Bradley failed to promptly give written
10 notice to the Director of any change in his address in violation
11 of A.R.S. §20-313.

12 7. Mr. Bradley transacted business under an assumed
13 name without filing a certificate with the Director setting
14 forth the name under which insurance is or is to be transacted,
15 and the true or real full name or names of the person or persons
16 owning, conducting, or transacting insurance in violation of
17 A.R.S. §20-318(A).

18 8. Mr. Bradley's conduct constitutes a record of
19 dishonesty in business or financial matters in violation of
20 A.R.S. §20-290(B)(2).

21 9. Mr. Bradley's conduct constitutes the existence
22 of any cause for which original issuance or any renewal of an
23 insurance license could have been refused pursuant to A.R.S.
24 §§20-290(B)(2) and 20-316(A)(1).

25 10. Mr. Bradley's conduct constitutes the willful
26 noncompliance of any provision of Title 20, or any lawful rule,
27 regulation or order of the Director within the meaning of A.R.S.
28 §20-316(A)(2).

1 11. Mr. Bradley's conduct constitutes the existence
2 of misrepresentation or fraud in obtaining or attempting to
3 obtain an insurance license in violation of A.R.S. §20-316(A)(3).

4 12. Mr. Bradley's conduct constitutes
5 misappropriation or conversion to his own use or illegal
6 withholding of monies belonging to policyholders, insurers,
7 beneficiaries, or others and received in or during the conduct
8 of business under the license or through its use, in violation
9 of A.R.S. §20-316(A)(4).

10 13. Mr. Bradley's conduct constitutes the conduct of
11 affairs under the license showing him to be incompetent or a
12 source of injury and loss to, or repeated complaint by, the
13 public or any insurer, in violation of A.R.S. §20-316(A)(7).

14 **ORDER**

15 IT IS ORDERED that all insurance licenses issued to
16 Howard Rann Bradley by the Arizona Department of Insurance are
17 revoked.

18 IT IS FURTHER ORDERED that within 20 days of this
19 Order, Mr. Bradley shall make restitution and provide proof of
20 that restitution to the following individuals and in the
21 following amounts:

22	a. Thomas Alber	\$ 55.00
23	b. Jon W. Allred (or the Gila Water Commissioner)	282.35
24	c. Ronald Andrews	49.00
25	d. Douglas Benson	55.00
26	e. Paul Bernett	2,094.40
27	f. Susan Clark	28.65
28	g. Ray Gregg	55.00
	h. Les and Connie Grover	2,820.30
	i. Don Hunsaker	574.17
	j. Robert Juster	211.00
	k. Joseph Kavanaugh	290.90
	l. David and Linda Kramer	212.50

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m.	Jack Lee	117.00
n.	Terry M. Lewis	831.60
o.	Manuel Lopez	2,405.50
p.	June Marini	275.40
q.	Richard McCluskey	1,728.00
r.	Amy Mena	45.50
s.	Howard Miles	105.00
t.	Arleen Miller (and/or ITT)	4,078.97
u.	David Porter	119.40
v.	Daniel Roach	877.17
w.	Timothy Roach	938.19
x.	Roy Thomas	36.90
y.	James and Betty Wheat	1,895.00
z.	ITT Hartford Life & Annuity Insurance Company	<u>6,288.16</u>
	TOTAL	\$ 26,470.06

IT IS FURTHER ORDERED that within 30 days of this Order, Mr. Bradley shall pay a \$15,000.00 civil penalty pursuant to A.R.S. §§20-316(C) and 20-456(B).

EFFECTIVE this 15th day of September, 1994.



CHRIS HERSTAM
Director of Insurance



GREGORY Y. HARRIS
Chief Administrative Law Judge

1 COPY of the foregoing mailed/delivered
2 this 15th day of September, 1994, to:

3 Gay Ann Williams, Deputy Director
4 Charles R. Cohen, Executive Assistant Director
5 Jay Rubin, Assistant Director
6 Arnold Sniegowski, Investigator
7 Maureen Catalioto, Supervisor
8 Department of Insurance
9 2910 N. 44th Street, Suite 210
10 Phoenix, Arizona 85018

11 Kathryn Leonard
12 Assistant Attorney General
13 1275 W. Washington
14 Phoenix, Arizona 85007

15 Howard R. Bradley
16 P.O. Box 13671
17 Scottsdale, Arizona 85267

18 American Western Life Insurance Company
19 P.O. Box 4998
20 Foster City, CA 94404

21 National Health Insurance Company
22 P.O. 619999
23 Dallas, TX 75261-9999

24 ITT Hartford
25 505 Highway 169 North
26 Minneapolis, MN 55441-6400

27 Jim Wheat's Landscape Center, Inc.
28 1409 E. Apache Blvd.
Tempe, AZ 85281

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Sentry Fire & Welding Supply, Inc.
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June Marini
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American Medical Security
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Green Bay, WI 54307-9032

John Jacewicz
Special Investigations
ITT Hartford
Hartford Plaza
Hartford, CT 06115


Chris Crawford