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BEFORE THE UTAH INSURANCE COMMISSIONER

UTAH INSURANCE DEPARTMENT,
Complainant,

vs.

TYLER R. SEARCY,

Respondent.

**NOTICE OF INFORMAL
ADJUDICATIVE PROCEEDING AND
ORDER**

Docket No. 2020-4248

NOTICE OF INFORMAL ADJUDICATIVE PROCEEDING

The Utah Insurance Department (“Department”) commences this informal adjudicative proceeding against Respondent Tyler R. Searcy (“Respondent”) pursuant to Utah Code §§ 31A-2-201 and 63G-4-201 through -203 and Utah Admin. Code R590-160.

This informal adjudicative proceeding is based on the facts and law set forth in the attached Declaration and is designated as an informal adjudicative proceeding pursuant to Utah Code § 63G-4-202(1) and Utah Admin. Code R590-160-4 and -8.

ORDER

Based on the facts and the law set forth in the attached Declaration, and good cause appearing, the Utah Insurance Commissioner orders as follows:

1. Respondent’s non-resident producer individual insurance license is revoked.

2. Pursuant to Utah Code § 63G-4-203(1)(i) and Utah Admin. Code R590-160-8(1), this informal adjudicative proceeding shall be deemed closed, and this Order shall become final and take full effect, 15 days after this Notice of Informal Adjudicative Proceeding and Order is emailed to Respondent unless a written request for a hearing on this matter is received from Respondent prior to that date.

3. A request for a hearing shall be sent by email to uidadmincases@utah.gov or by U.S. mail to Office of the Administrative Law Judge, Utah Insurance Department, 3110 State Office Building, Salt Lake City, UT 84114. The request for hearing shall be signed by the person making the request and shall state the basis for the relief requested.

4. If you fail to request a hearing you will be bound by this Order. Failure to request a hearing will be deemed a failure to exhaust administrative remedies and will preclude any further administrative or judicial review or appeal of this matter.

DATED this 12 day of AUGUST, 2020.

TODD E. KISER
Utah Insurance Commissioner

 - DESIGNATE

Utah Insurance Department
3110 State Office Building
Salt Lake City, UT 84114
801-538-3860
Email: uidadmincases@utah.gov

NOTICE REGARDING ENFORCEMENT OF THE ORDER

Failure to obey the Order may subject you to further penalties that include forfeitures of up to \$2,500 per violation, license suspension or revocation, and/or further enforcement action before the Utah District Court where forfeitures of up to \$10,000 may be imposed. If you are licensed in other jurisdictions, you may be required to report this proceeding to those jurisdictions.

DECLARATION

Under criminal penalty of Utah law, I, William Stimpson, declare the following:

1. I am currently employed as a market conduct investigator for the Utah Insurance Department (“Department”) where my responsibilities include investigating and enforcing Utah insurance laws.

2. I submit this Declaration as the basis for issuing the Notice of Informal Adjudicative Proceeding and Order against Tyler R. Searcy (“Respondent”) to which this Declaration is attached.

3. Based on my personal knowledge and/or based on the facts appearing in the Department’s records and files, the following facts are true:

a. Respondent is a non-resident producer individual holding license no. 773128.

b. Respondent’s address is 1320 Journey Dr., Murfreesboro, TN 37130.

c. On May 29, 2020, Freedom Life Insurance Company of America (“Freedom”) notified the Department that it had terminated Respondent’s appointment for cause for engaging in fraudulent conduct.

Freedom’s Audit of Business Respondent Submitted to the Company

d. Freedom conducted an audit of business that Respondent had submitted to the company and discovered the following:

i. Many of Respondent’s applicants, who were seemingly unrelated, shared the same bank account.

ii. Many of the applications from those applicants were either withdrawn or not taken because the initial debits were returned due to insufficient funds.

e. Freedom's auditor contacted Respondent and shared the findings of the audit with Respondent.

i. Respondent admitted to being the owner of one of the bank accounts connected to six (6) applications.

ii. Five (5) of those applications were terminated because the initial drafts were returned with messages indicating there were insufficient funds in the bank account. The applicants did not contact Freedom concerning the returned drafts.

iii. One application was withdrawn prior to approval.

f. In a follow-up communication with Freedom, Respondent admitted to falsifying employment information on three (3) separate applications.

The Department's Attempts to Contact Respondent

g. On June 24, 2020, I emailed Respondent with attached correspondence concerning his termination for cause by Freedom. I also caused to be mailed, via U.S. Mail, postage prepaid, a letter to Respondent requesting information about his termination from Freedom. I did not receive a response to my email or my letter.

h. On July 8, 2020, I emailed Respondent again about his termination from Freedom. I did not receive a response to my email.

i. On July 22, 2020 and July 29, 2020, I attempted to contact Respondent by phone. No one answered my calls and the message mailbox was not set up, so I was unable to leave a message.

4. The above declared facts demonstrate that the following Utah insurance laws were not complied with:

a. Utah Code § 31A-23a-111(5)(b)(xvi)(B), demonstrating incompetence, untrustworthiness, or financial irresponsibility.

b. Utah Code § 31A-2-202(4)(a), failing to reply promptly to a reasonable inquiry from the Commissioner.

c. Utah Code § 31A-23a-412(1), failing to register and maintain an address, one or more telephone numbers, and a valid business email address at which the Commissioner may contact licensee. Failing to change contact information within 30 days.

5. Based on the facts and law set forth above, Respondent's non-resident producer individual insurance license should be revoked.

Signed on this 10th day of August, 2020, at Salt Lake City, Utah.

/s/ William Stimpson
William Stimpson
Market Conduct Investigator
Utah Insurance Department