STATE OF ARIZONA FILED

STATE OF ARIZONA

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# **DEPARTMENT OF INSURANCE**

| DEPT | OF INSURANCE |
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| BY_  | CO           |

| In the Matter of:        | )<br>) No. 06A- <sub>207</sub> - INS |
|--------------------------|--------------------------------------|
| KENNETH DUANE FELDHACKER | )                                    |
| Respondent.              | ) CONSENT ORDER                      |
| a.                       | )                                    |

The State of Arizona Department of Insurance ("Department") has received evidence that Kenneth Duane Feldhacker ("Respondent") violated provisions of Title 20, Arizona Revised Statutes. Respondent wishes to resolve this matter without the commencement of formal proceedings, and admits the following Findings of Fact are true and consents to entry of the following Conclusions of Law and Order.

## FINDINGS OF FACT

- Respondent is, and was at all material times licensed as an Arizona resident life, health, and variable annuities producer, Arizona license number 668725, which license expires January 31, 2007.
- 2. On or about September 12, 2006 the Arizona Corporation Commission issued Docket No. S-20469A-06-0527, Decision No. 68940, ordering the revocation of Duane Feldhacker's securities salesman registration, that he cease and desist from violating the Securities Act and pay administrative penalties in the amount of \$50,000.00 for misappropriating \$278,134.00 from seven clients in 93 transactions over a five year period by forging their names on account documents, including transfer forms and annuity surrender forms, and using blank forms signed by the clients to withdraw funds from their mutual funds, variable and fixed annuities, and life insurance accounts without their knowledge or consent.

3. On or about October 3, 2006, Respondent pled guilty to a class 2 felony count of fraudulent schemes and artifices in Maricopa County Superior Court, case # CR2006009704. Sentencing is scheduled for October 19, 2006.

#### **CONCLUSIONS OF LAW**

- 1. The Director has jurisdiction over this matter.
- 2. Respondent's conduct as described above constitutes improperly withholding and misappropriating monies in the course of insurance business within the meaning of A.R.S.§20-295(A)(4).
- 3. Respondent's conduct as described above constitutes having admitted or been found to have committed any insurance unfair trade practice or fraud within the meaning of A.R.S.§20-295(A)(7).
- 4. Respondent's conduct as described above constitutes using fraudulent, coercive or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere within the meaning of A.R.S.§20-295(A)(8).
- 5. Respondent's conduct as described above constitutes forging another's name to any document related to an insurance transaction within the meaning of A.R.S.§20-295(A)(10).
- 6. Grounds exist for the Director to suspend, revoke, or refuse to renew Respondent's insurance license, impose a civil penalty and/or order restitution pursuant to A.R.S. §§20-295(A).

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### **ORDER**

IT IS HEREBY ORDERED THAT Respondent's license is revoked effective immediately upon entry of this Order.

DATED AND EFFECTIVE this 25th day of October 2006.

CHRISTINA URIAS Director of Insurance

## **CONSENT TO ORDER**

- 1. Respondent has reviewed the foregoing Findings of Fact, Conclusions of Law and Order.
- 2. Respondent admits the jurisdiction of the Director of Insurance, State of Arizona, and admits the foregoing Findings of Fact and consents to the entry of the foregoing Conclusions of Law and Order.
- 3. Respondent is aware of his right to notice and a hearing at which he may be represented by counsel, present evidence and examine witnesses. Respondent irrevocably waives his right to such notice and hearing and to any court appeals relating to this Consent Order.
- 4. Respondent states that no promise of any kind or nature whatsoever, except as expressly contained in this Consent Order, was made to him to induce him to enter into this Consent Order and that he has entered into this Consent Order voluntarily.

| 1  | 5. Respondent acknowledges that the acceptance of this Consent Order by the                                  |  |  |  |
|----|--|--|--|--|
| 2  | Director is solely to settle this matter against him and does not preclude any other agency,                 |  |  |  |
| 3  | officer, or subdivision of this state from instituting civil or criminal proceedings as may be               |  |  |  |
| 4  | appropriate now or in the future.  |  |  |  |
| 5  |  |  |  |  |
| 6  | Date Kenneth Duane Feldhacker  |  |  |  |
| 7  | License Number 668725  |  |  |  |
| 8  | COPIES of the foregoing mailed/delivered   |  |  |  |
| 9  | this <u>26th</u> day of <u>October</u> , 2006, to:   |  |  |  |
| 10 |  |  |  |  |
| 11 | Kenneth Duane Feldhacker<br>1201 S. Alma School Road   |  |  |  |
| 12 | Mesa, AZ 85210<br>Respondent   |  |  |  |
| 13 | Alan Baskin, Atty.   |  |  |  |
| 14 | 80 East Rio Salado Parkway, Suite 515 Tempe, AZ 85251 Atternay for Beapandant                                |  |  |  |
| 15 | Attorney for Respondent  |  |  |  |
| 16 | Mary Kosinsk, Executive Assistant for Regulatory Affairs Catherine M. O'Neil, Consumer Legal Affairs Officer |  |  |  |
| 17 | Steve Fromholtz, Licensing Supervisor  Arnold Sniegowski, Investigations Supervisor                          |  |  |  |
| 18 | Mark Denman, Investigator Department of Insurance  |  |  |  |
| 19 | 2910 North 44 <sup>th</sup> Street, Suite 210 Phoenix, Arizona 85018   |  |  |  |
| 20 | Very ou Buston   |  |  |  |
| 21 | Curvey Wanters Burton  |  |  |  |
| 22 |  |  |  |  |