

STATE OF ARIZONA
FILED

DEC 23 2013

DEPT OF INSURANCE
BY 

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

In the Matter of:

STERLING GRANT & ASSOCIATES, LLC
(Arizona License Number 81048)
and **MILNE, JOHN LEROY**
(Arizona License Number 479609)
(National Producer Number 2564251)

No. 13A-157-INS

CONSENT ORDER

Respondents.

The State of Arizona Department of Insurance ("Department") has received evidence that **Sterling Grant & Associates, LLC** and **John Leroy Milne** ("Respondents") violated provisions of Title 20, Arizona Revised Statutes. Respondents wish to resolve this matter without the commencement of formal proceedings, and admit the following Findings of Fact are true and consent to entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. Sterling Grant & Associates, LLC ("Sterling Grant") is, and was at all material times licensed as an Arizona resident accident/health, life, casualty and property insurance producer and surplus lines broker, Arizona license number 81048, which expires on August 31, 2017.

2. Sterling Grant's address of record is 2200 E. Camelback Rd. #222, Phoenix, Arizona 85016 (business and mailing).

3. John Leroy Milne ("Milne") is, and was at all material times, licensed as an Arizona resident accident/health, life, property and casualty insurance producer and surplus lines broker, Arizona license number 479609, which expires on September 30, 2016.

1 4. Milne's addresses of record are: c/o Sterling Grant & Associates 2200 E.
 2 Camelback Rd. #222, Phoenix, Arizona 85016 (business and mailing) and 24 W. San Juan
 3 Ave., Phoenix, Arizona 85013-1802

4 5. Milne is a Member and Designated Responsible Licensed Producer for Sterling
 5 Grant.

6 6. Between or about November 1, 2012 and December 1, 2013, Respondents
 7 failed to remit premium monies from approximately 81 different insured's to approximately 23
 8 different brokers, managing general agents ("MGA's"), or insurers which caused many of the
 9 insured's policies to be canceled.

10 7. The Department alleges that between or about November 1, 2012 and
 11 December 1, 2013, Respondents failed to remit premium monies for which coverage was
 12 issued for policies submitted to the following MGA's, Brokers, and Insurers:

- 13 a. 4,361.00 to Align General Insurance Agency, LLC ("Align General"),
- 14 b. \$333.14 to American Business Insurance Services ("American Business"),
- 15 c. \$47,190.44 to Atlas Financial Holdings, Inc. aka American Service
 16 Insurance Company ("Atlas Financial"),
- 17 d. \$4,430.10 to Berkley Specialty Underwriting Managers, LLC ("Berkley"),
- 18 e. \$88,088.48 to Burns & Wilcox, LTD ("Burns & Wilcox"),
- 19 f. \$17,593.70 to CareProviders Insurance Services ("CareProviders"),
- 20 g. \$2,518.00 to CBIC ("CBIC"),
- 21 h. \$1,459.00 to Colonial General Insurance Agency, Inc. ("Colonial
 22 General"),
- 23 i. \$11,175.00 to Costanza Insurance Agency, Inc. ("Costanza Insurance"),

- 1 j. \$3,551.40 to Crouse and Associates Insurance Services ("Crouse and
- 2 Associates"),
- 3 k. \$3,546.69 to Deans & Homer ("Deans & Homer"),
- 4 l. \$6,950.00 to U.S. Risk, Inc A.K.A. Lighthouse Underwriters ("U.S. Risk"),
- 5 m. \$2,433.20 to M.J. Hall and Company, Inc. ("M.J. Hall"),
- 6 n. \$10,648.90 to Risk Placement Services, Inc. ("Risk Placement Services"),
- 7 o. \$1,956.53 to Southern Hospitality Underwriters ("Southern Hospitality"),
- 8 and
- 9 p. \$14,010.74 to Travelers Insurance Company ("Travelers").

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11 8. The Department alleges that between or about November 1, 2012 and

12 December 1, 2013, Respondents failed to remit premium monies collected from the following

13 insureds:

- 14 a. \$18,272.25 from AAA Full Transportation Systems, INC ("AAA Full
- 15 Transportation"),
- 16 b. \$18,000.00 from Arizona Higher Education Loan Authority ("Arizona
- 17 Higher Education"),
- 18 c. \$3,448.21 from Arizona Investco, Ltd. ("Arizona Investco"),
- 19 d. \$721.00 from CM Apartments, LLC ("CM Apartments"),
- 20 e. \$3,510.00 from Emerald Security Group ("Emerald Security"),
- 21 f. \$3,956.00 from HD Arizona, LLC ("HD Arizona"),
- 22 g. \$748.57 from Homelife Inspection Group, LLC ("Homelife"),
- 23 h. \$5,000.00 from LVA Urban Design Studio, LLC ("LVA Urban Design"),

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- i. \$4,083.00 from MedEvent 911, LLC ("MedEvent"),
- j. \$1,954.62 from Mountain Springs Terrace Condominium Association of Phoenix ("Mountain Springs Terrace"),
- k. \$1,304.45 from Sonata Properties X, LLC ("Sonata Properties X"),
- l. \$350.40 from Sunburst Weed Control TMG ("Sunburst"),
- m. \$230.30 from TBM Global, LLC ("TBM Global"),
- n. \$607.66 from Williams Gateway Business Park, LLC ("Williams Gateway"),
- o. \$300.00 from Windpower Solutions, Inc. ("Windpower Solutions"), and
- p. \$3,835.08 from 2001 E. Campbell, LLC ("2001E. Campbell, LLC").

CONCLUSIONS OF LAW

1. The Director has jurisdiction over this matter.
2. Respondents' conduct, as described above, constitutes a violation of Title 20, within the meaning of A.R.S. § 20-295(A)(2).
3. Respondents' conduct, as described above, constitutes improperly withholding, misappropriating or converting any monies or properties received in the course of doing insurance business, within the meaning of A.R.S. § 20-295(A)(4).
4. Respondents' conduct, as described above, constitutes using fraudulent, coercive or dishonest practices, untrustworthiness or financial irresponsibility in the conduct of business in this state, within the meaning of A.R.S. § 20-295(A)(8).
5. Respondents' conduct as described above, constitutes diverting or attempting or conspiring to convert the monies of an insurer, reinsurer, entity licensed to transact

1 business in this state or other person in connection with the transaction of insurance or
2 reinsurance, which is a fraudulent practice within the meaning of A.R.S. §20-463(A)(4)(a).

3 6. Grounds exist for the Director to suspend, revoke, or refuse to renew
4 Respondents' insurance licenses and/or order restitution pursuant to A.R.S. §§20-295(A), (B)
5 and (F).

6 **ORDER**

7 **IT IS HEREBY ORDERED THAT.**

8 1. Respondents' resident licenses (Arizona licenses #479609 and 81048) are
9 revoked effective immediately upon entry of this Order.

10 2. Respondents shall immediately make restitution as follows:

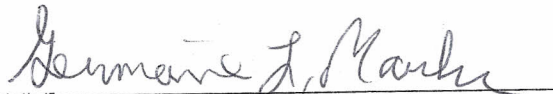
- 11 a. Align General in the amount of \$4,361.00
- 12 b. American Business in the amount of \$333.14,
- 13 c. Atlas Financial in the amount of \$47,190.44,
- 14 d. Berkley in the amount of \$4,430.10,
- 15 e. Burns & Wilcox in the amount of \$88,088.48,
- 16 f. CareProviders in the amount of \$17,593.70,
- 17 g. CBIC in the amount of \$2,518.00,
- 18 h. Colonial General in the amount of \$1,459.00,
- 19 i. Costanza Insurance in the amount of \$11,175.00,
- 20 j. Crouse and Associates in the amount of \$3,551.40,
- 21 k. Deans & Homer in the amount of \$3,546.69,
- 22 l. U.S. Risk in the amount of \$6,950.00,
- 23 m. M.J. Hall in the amount of \$2,433.20,

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- n. Risk Placement Services in the amount of \$10,648.90,
- o. Southern Hospitality in the amount of \$1,956.53,
- p. Travelers in the amount of \$14,010.74,
- q. AAA Full Transportation in the amount of \$18,272.25,
- r. Arizona Higher Education in the amount of \$18,000.00,
- s. Arizona Investco in the amount of \$3,448.21,
- t. CM Apartments in the amount of \$721.00,
- u. Emerald Security in the amount of \$3,510.00,
- v. HD Arizona in the amount of \$3,956 00,
- w. Homelife in the amount of \$748.57,
- x. LVA Urban Design in the amount of \$5,000.00,
- y. MedEvent in the amount of \$4,083.00,
- z. Mountain Springs Terrace in the amount of \$1,954.62,
- aa. Sonata Properties X in the amount of \$1,304.45,
- bb. Sunburst in the amount of \$350.40,
- cc. TBM Global in the amount of \$230.30,
- dd. Williams Gateway in the amount of \$607.66,
- ee. Windpower Solutions in the amount of \$300.00,
- ff. 2001 E. Campbell, LLC in the amount of \$3,835.08, and
- gg. any other heretofore undiscovered victims.

3. Respondents shall provide to the Department evidence of restitution.

DATED AND EFFECTIVE this 23rd day of December, 2013.



GERMAINE L. MARKS
Director of Insurance

CONSENT TO ORDER

1. Respondents have reviewed the foregoing Findings of Fact, Conclusions of Law and Order.

2. Respondents admit the jurisdiction of the Director of Insurance, State of Arizona, and admit the foregoing Findings of Fact and consent to the entry of the foregoing Conclusions of Law and Order.

3. Respondents are aware of their right to notice and hearing at which they may be represented by counsel, present evidence and examine witnesses. Respondents irrevocably waive their right to such notice and hearing and to any court appeals relating to this Consent Order.

4. Respondents state that no promise of any kind or nature whatsoever, except as expressly contained in this Consent Order, was made to them to induce them to enter into this Consent Order and that they have entered into this Consent Order voluntarily.

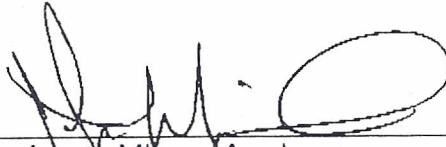
5. Respondents acknowledge that the acceptance of this Consent Order by the Director is solely to settle this matter against them and does not preclude any other agency, including the Department, officer, or subdivision of this state or this agency from instituting civil or criminal proceedings as may be appropriate now or in the future.

1 6. Respondents acknowledge that this Consent Order is an administrative action
 2 that the Department will report to the National Association of Insurance Commissioners
 3 (NAIC). Respondents further acknowledge that they must report this administrative action to
 4 any and all states in which they hold an insurance license and must disclose this
 5 administrative action on any license application.

6 7. John Leroy Milne represents that he is a member of and Designated
 7 Responsible Licensed Producer for Sterling Grant & Associates, LLC, and as such is
 8 authorized to enter into this Consent Order on its behalf.

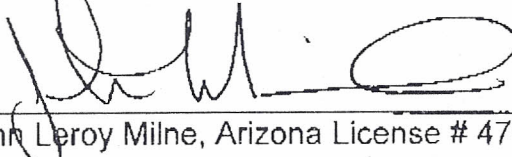
9 Sterling Grant & Associates, LLC, License #81048

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 11 12.20.2013
 Date



 John Leroy Milne, Member

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 13 12.20.2013
 Date




 John Leroy Milne, Arizona License # 479609

16 COPIES of the foregoing mailed/delivered
 17 this 23rd day of December, 2013, to:

18 S. David Childers
 19 Kutak Rock, LLP
 8601 N. Scottsdale Rd., Suite 300
 20 Scottsdale, AZ 85256
 Atty for Respondents

21 Sterling Grant & Associates, LLC
 John Milne
 22 2200 E. Camelback Rc. #222
 Phoenix, AZ 85016
 Respondents

1 Darren T. Ellingson, Deputy Director
Mary E. Kosinski, Executive Assistant for Regulatory Affairs
2 Catherine M. O'Neil, Consumer Legal Affairs Officer
Steven Fromholtz, Licensing Supervisor
3 Charles Gregory, Supervisor Investigations Division
Randy Markham, Investigator
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2910 North 44th Street, Suite 210
5 Phoenix, Arizona 85018

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Curvey Burton

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