

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

BEFORE THE INDIANA
COMMISSIONER OF INSURANCE

CAUSE NO. 8028-AG10-0907-137

IN THE MATTER OF:)

Edward A. Young,)
Respondent.)
License No.: 1188370)

Judith E. Young,)
Respondent,)
License No.: 1404700)

219 Admiral Way)
Carmel, IN 46032)

FILED

JUN 02 2011

STATE OF INDIANA
DEPT. OF INSURANCE

Type of Agency Action: Enforcement

FINAL ORDER

On April 5, 2011, the Administrative Law Judge, filed her Findings of Fact, Conclusions of Law and Recommended Order in the above-captioned matter.

1. The Department served Findings of Fact, Conclusions of law, and Recommended order and Notice of Filing Recommended Order on Respondent by mailing the same to Respondents home address.

2. The Department has complied with the notice requirements of Ind. Code §4-21.5-3-17.

3. Respondent has not filed an objection with the Commissioner regarding the Administrative Law Judge's Recommended Order, and more than eighteen (18) days have elapsed.

Therefore, the Commissioner of Insurance, being fully advised, now hereby adopts in full the Administrative Law Judge's Findings of Fact, Conclusions of Law, and Recommended Order and issues the following Final Order:

IT IS THEREFORE ORDERED, by the Commissioner of Insurance:

1. Respondent Edward A. Young's Indiana Producer License number 11883700 is permanently revoked.
2. Respondent Edward A. Young is to pay fourteen thousand dollars (\$14,000.00) previously agreed to and ordered within ninety (90) days.
3. Respondent Edward A. Young is to pay an additional fine of fifteen thousand dollars (\$15,000.00) within one hundred eighty (180) days.
4. Respondent Judith E. Young's Indiana insurance producer license number 1404700 is suspended for a period of ten (10) years.
5. Respondent Judith E. Young is to pay a civil penalty in the amount of ten thousand dollars (\$10,000.00) within ninety (90) days.

ALL OF WHICH IS ORDERED by the Commissioner this 20th day of June, 2011.

A large, stylized handwritten signature in black ink, reading "Stephen W. Robertson". The signature is written over a horizontal line.

Stephen W. Robertson
Commissioner
Indiana Department of Insurance

Copies to:

**Nick Mann
Indiana Department of Insurance
311 W. Washington St., Suite 300
Indianapolis, IN 46204**

**Edward A. Young
219 Admiral Way
Carmel, IN 46032**

**Judith Young
219 Admiral Way
Carmel, IN 46032**

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APR 05 2011

STATE OF INDIANA
DEPT. OF INSURANCE

Type of Agency Action: Enforcement

FINDINGS OF FACT,
CONCLUSIONS OF LAW, AND RECOMMENDED ORDER

Administrative Law Judge Tina L. Korty, having considered and reviewed all of the evidence, will now render a decision in the matter of Respondent Edward A. Young ("Edward") and Respondent Judith E. Young ("Judith"), which came to be heard on January 5, 2011, at approximately 10:00 a.m. at the Indiana Department of Insurance, 311 West Washington Street, Indianapolis, Indiana 46204.

The Indiana Department of Insurance (the "Department") was represented by counsel, Nikolas P. Mann. Edward and Judith (collectively, "Respondents") were present and were not represented by counsel. Witnesses testified under oath, evidence was heard, and exhibits were received into evidence.

Based upon the evidence presented at said hearing, the Administrative Law Judge now makes the following Findings of Fact and Conclusions of Law, and issues her Recommended Order as follows:

FINDINGS OF FACT

1. Edward is a licensed resident insurance producer in Indiana, holding license number 1188370.
2. Judith is a licensed resident insurance producer in Indiana, holding license number 1404700.
3. Respondents are husband and wife and reside together. (*Transcript pgs 176-177, 62*).
4. Respondents were properly notified of the above hearing date and time by certified U.S. Mail #7004 1160 0000 3839 5997 sent to their home address.
5. On April 2, 2007, the Department issued an Emergency Cease and Desist Order to prevent Respondents and others from selling insurance and trusts to Indiana consumers through the use of fraudulent and dishonest business practices. (*Exhibit A*).
6. On February 14, 2008, the Department entered into an Agreed Entry with Edward and Ed Young & Associates, LLC. The Agreed Entry placed Edward's license on probation for twelve (12) months and required him to provide quarterly reports and pay a civil penalty of Fifteen Thousand Dollars (\$15,000) within twelve (12) months. (*Exhibits A & B*).
7. Also on February 14, 2008, the Commissioner issued a Final Order and Approval adopting the terms of the Agreed Entry. (*Exhibit C*).

8. As of the date of the hearing in the present matter, Edward had only paid One Thousand Dollars (\$1,000) of the fine Edward agreed to pay within twelve (12) months of February 14, 2008. (*Transcript pg. 25*).

9. On July 12, 2010, the Indiana Secretary of State Securities Division entered a Final Order (the "Securities Order") against Edward. The Securities Order permanently barred him from the securities industry in Indiana and ordered him to pay \$186,415.37 in restitution. (*Transcript pg. 31 and Exhibit E*).

10. Edward did not report the Securities Order to the Department.

11. Charges against Respondents also arise from allegations that Respondents forged the signature of Lloyd Manning ("Manning"), Judith's brother.

12. Manning was called as a witness to testify against Respondents and asserted that Respondents forged his name on insurance applications and other contracts. (*Transcript pgs 120-121*).

13. Manning and Judith discussed opening an insurance agency, but Manning claims he never agreed to open an agency in Indiana that would operate under his name. (*Transcript pgs 60-63*).

14. Manning testified that he did not know that an Indiana resident producer license application for Manning Insurance Group, LLC ("Manning Insurance"), was submitted in his name and claims his name was forged. (*Exhibit H and Transcript pg. 60*).

15. The Articles of Organization of Manning Insurance list its principal office as 219 Admiral Way in Carmel, Indiana, which is Respondents' home address. (*Transcript pg. 62*).

16. Manning Insurance Group, LLC, conducts its banking business at Old National Bank. *(Transcript pgs 62 and 256).*

17. Judith testified that she banks at Old National and has deposited checks made out to Manning Insurance at Old National. *(Transcript pgs 254-255).*

18. Judith received a salary from the Old National accounts. *(Transcript pg. 256).*

19. Some of the commissions of the policies in question were mailed to 9465 Counselors Row, one address of Manning Insurance. *(Transcript pg. 132 and Exhibit H).*

20. At some point, the underwriting departments at both Old Mutual Life Insurance ("Old Mutual") and ING developed concerns regarding the legitimacy of policies that were written by Manning Insurance, and both companies initiated investigations. *(Transcript pg. 128, Exhibit I, and Exhibit J).*

21. Manning testified he was not aware that business in Indiana was being conducted under his name until he became the target of investigations by Old Mutual and ING. *(Transcript pg. 68, 75, and 130).*

22. Old Mutual's investigation did not proceed to the point of authenticity of the signatures that appeared on the documents, but the investigation conducted by ING did investigate the authenticity of the signatures on the documents. *(Transcript pgs 132, 133, 184 and Exhibit I).*

23. During the ING investigation Manning told the investigator he believed that Respondents had forged his name on the policy applications. *(Transcript pg. 184).* Manning signed a number of affidavits stating that he never signed the applications nor did he authorize anyone to sign on his behalf. *(Exhibit I).*

24. Manning also stated that Respondents told him that if his signature appeared on those applications he gave them permission. Manning stated he was told by Respondents that he had given them permission to sign on his behalf and that they had Power of Attorney to sign on his behalf. (*Exhibit I*).

25. Respondents did not cooperate with ING during the investigation but Manning did. (*Transcript pgs 189-190*).

26. Respondents claim that Manning granted them power of attorney which authorized them to form Manning Insurance Group, LLC. (*Transcript pg. 188*).

27. Respondents have not produced a document that represents they possess power of attorney from Manning. (*Transcript pg. 245*).

28. Respondent Judith Young claims she never signed Manning's name and that she acted within her scope of authority as outlined in a document titled Agency Agreement. (*Transcript pgs 230, 250 and Exhibit G*).

29. The Agency Agreement which purports to have been signed on January 8, 2008, by Manning and Judith, appears to be evidence of a legal relationship between Judith, Manning, and Manning Insurance. Respondent claims to have prepared the document in 2008, yet neither Old Mutual nor ING were provided a copy during their investigations. The Department received a copy of the Agency Agreement in October 2010. (*Transcript pgs 242- 244, Exhibit G*).

30. When presented the Agency Agreement, Manning did not recognize the document nor did he recall signing it. (*Transcript pgs 63 & 64*).

31. In 2007, Edward's appointment as an insurance producer for Old Mutual was terminated for cause for violating the Insurance Producer Agreement. (*Transcript pg. 136, Exhibit J, and Exhibit L.*)

32. Old Mutual determined in 2007 that Edward had committed commission fraud through the use of certain policies known as Irrevocable Life Insurance Trusts (ILITs). (*Exhibit L.*)

33. The policies written by Manning Insurance mirrored those ILITs that led to Edward's 2007 appointment termination. CITE

34. The signatures on the corporate documents, insurance producer application, and policy applications were not Manning's. CITE

35. The weight of the evidence indicates that the signatures on the corporate documents, insurance producer application, and policy applications were, for the most part, signed by Judith.

36. According to Merriam-Webster, to "forge" is "to make or imitate falsely especially with intent to defraud." <http://www.merriam-webster.com/dictionary/forged>, last visited April 4, 2011.

37. Whether Judith did or did not have Manning's permission to sign his name to the corporate documents, insurance producer application, and insurance applications, her signing his name constituted forgery.

38. Although neither Manning nor Respondents were fully credible, Manning was the more credible witness.

39. During the administrative law hearing on this matter, Judith told a lie. When asked about the origin of certain letters, purportedly signed by Manning, stating his

voluntary withdrawal from the companies, Judith stated that they were drawn up by an attorney, but upon further questioning admitted that she had created the document.

(Transcript pgs 232-235, Exhibit 5 and Exhibit 6).

40. The Court takes judicial notice of the fact that Judith Young does not appear on the Indiana Roll of Attorneys.

http://hats2.courts.state.in.us/rollatty/roa1_inp.jsp, *last visited* April 4, 2011.

41. During cross examination, Judith answered in an evasive manner which further discredited her credibility.

42. Conclusions of Law that can be adopted as Findings of Fact are hereby incorporated herein as such.

CONCLUSIONS OF LAW

43. The Commissioner of Insurance has jurisdiction over both the subject matter and the parties to this action.

44. This hearing was held in compliance with the Administrative Orders and Procedures Act of the Indiana Code and all procedures and rules set forth by such Act have been followed in this matter.

45. Service of process was completed via the use of the United States mail in compliance with the statute and due process requirements.

46. By failing to pay over Fourteen Thousand Four Hundred Dollars (\$14,400) of his previous fine, Edward failed to comply with an order of an insurance Commissioner in violation of Indiana Code §27-1-15.6-12(b)(2)(D).

47. The Commissioner may levy a civil penalty, place an insurance producer on probation, suspend an insurance producer's license, revoke an insurance producer's

license for a period of years, permanently revoke an insurance producer's license, or refuse to issue or renew an insurance producer license, or take any combination of these actions, for failure to comply with an order of an insurance commissioner. IC 27-1-15.6-12(b)(2)(D).

48. Indiana Code §27-1-15.6-17(b) requires an insurance producer to notify the Commissioner within thirty (30) days of any administrative action by another governmental agency in Indiana.

49. By failing to notify the Commissioner of the Securities Order, Edward violated an insurance law.

50. The Commissioner may levy a civil penalty, place an insurance producer on probation, suspend an insurance producer's license, revoke an insurance producer's license for a period of years, permanently revoke an insurance producer's license, or refuse to issue or renew an insurance producer license, or take any combination of these actions, for violating an insurance law. IC 27-1-15.6-12(b)(2)(A).

51. The testimony in this case leads to one of two conclusions. Either Judith forged Manning's name on the corporate documents of Manning Insurance and on the insurance applications of many insureds, or she participated with Manning in a scheme to sell insurance in Manning's name without Manning's actual participation in the insurance agency by signing his name on documents. Either is a violation of Indiana's insurance laws.

52. Whether Judith forged Manning's name on the insurance application for Manning Insurance by signing his name with or without his approval, she obtained an insurance license through misrepresentation or fraud.

53. The Commissioner may levy a civil penalty, place an insurance producer on probation, suspend an insurance producer's license, revoke an insurance producer's license for a period of years, permanently revoke an insurance producer's license, or refuse to issue or renew an insurance producer license, or take any combination of these actions, for obtaining an insurance license through misrepresentation or fraud. IC 27-1-15.6-12(b)(3).

54. Whether Judith forged Manning's name on the insurance applications by signing his name with or without his approval, she intentionally misrepresented the terms of an application for insurance.

55. The Commissioner may levy a civil penalty, place an insurance producer on probation, suspend an insurance producer's license, revoke an insurance producer's license for a period of years, permanently revoke an insurance producer's license, or refuse to issue or renew an insurance producer license, or take any combination of these actions, for intentionally misrepresenting the terms of an application for insurance. IC 27-1-15.6-12(b)(5).

56. Whether Judith forged Manning's name on the insurance applications by signing his name with or without his approval, she used fraudulent, coercive, or dishonest practices, or demonstrated untrustworthiness in the conduct of insurance business.

57. The Commissioner may levy a civil penalty, place an insurance producer on probation, suspend an insurance producer's license, revoke an insurance producer's license for a period of years, permanently revoke an insurance producer's license, or refuse to issue or renew an insurance producer license, or take any combination of these

actions, for using fraudulent, coercive, or dishonest practices, or demonstrating untrustworthiness in the conduct of insurance business. IC 27-1-15.6-12(b)(8).

58. By signing Manning's name to the insurance producer license and the policy applications, Judith forged another's name to an application for insurance or a document related to an insurance transaction.

59. The Commissioner may levy a civil penalty, place an insurance producer on probation, suspend an insurance producer's license, revoke an insurance producer's license for a period of years, permanently revoke an insurance producer's license, or refuse to issue or renew an insurance producer license, or take any combination of these actions, for forging another's name to an application for insurance or a document related to an insurance transaction. IC 27-1-15.6-12(b)(10)

60. Findings of Fact that can be adopted as a Conclusion of Law are hereby incorporated herein as such.

RECOMMENDED ORDER

With the Findings of Fact and the Conclusions of Law as stated, the Administrative Law Judge now recommends to the Commissioner of Insurance the following:

As to Edward A. Young

1. Respondent Edward A. Young's Indiana insurance producer license number 1188370 should be permanently revoked.

2. Respondent Edward A. Young should be required to pay Fourteen Thousand Dollars (\$14,000) previously agreed to and ordered but never satisfied. This

amount should be paid within ninety (90) days of the Commissioner's final order in this matter.


3. Respondent Edward A. Young should be required to pay an additional fine of Fifteen Thousand Dollars (\$15,000) within one hundred eighty (180) days of the Commissioner's final order in this matter.

As to Judith E. Young

4. Respondent Judith E. Young's Indiana insurance producer license number 1404700, should be suspended for a period of ten (10) years.

5. Respondent Judith E. Young should be required to pay a civil penalty in the amount of Ten Thousand Dollars (\$10,000) within ninety (90) days of the date of the Commissioner's final order in this matter.

ALL OF WHICH IS ADOPTED by the Administrative Law Judge and recommended to the Commissioner this 5th day of April 2011.


Tina L. Korty
Administrative Law Judge

Distribution:

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