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LEGAL OFFICE

**State of Tennessee**  
**Department of State**  
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Nashville, Tennessee 37243-1102  
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February 14, 2014

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Tennessee Department of Commerce &  
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Nashville, Tennessee 37243-5065

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TN Department of Commerce & Insurance  
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500 James Robertson Parkway  
Nashville, TN 37243

Lena Nail  
1733 Drinnen Road  
Knoxville, TN 37914

RE: In the Matter of: Lena Nail

Docket No. 12.01-123842J

Enclosed is an Initial Order rendered in connection with the above-styled case.

Administrative Procedures Division  
Tennessee Department of State

/aem  
Enclosure

**BEFORE THE COMMISSIONER OF THE TENNESSEE  
DEPARTMENT OF COMMERCE AND INSURANCE**

**IN THE MATTER OF:**

**LENA NAIL**

**DOCKET NO. 12.01-123842J**

**NOTICE**

ATTACHED IS AN INITIAL ORDER RENDERED BY AN ADMINISTRATIVE JUDGE WITH THE ADMINISTRATIVE PROCEDURES DIVISION.

THE INITIAL ORDER IS NOT A FINAL ORDER BUT SHALL BECOME A FINAL ORDER UNLESS:

1. THE ENROLLEE FILES A WRITTEN APPEAL, OR EITHER PARTY FILES A PETITION FOR RECONSIDERATION WITH THE ADMINISTRATIVE PROCEDURES DIVISION NO LATER THAN **March 3, 2014.**

YOU MUST FILE THE APPEAL, PETITION FOR RECONSIDERATION WITH THE ADMINISTRATIVE PROCEDURES DIVISION. THE ADDRESS OF THE ADMINISTRATIVE PROCEDURES DIVISION IS:

SECRETARY OF STATE  
ADMINISTRATIVE PROCEDURES DIVISION  
WILLIAM R. SNODGRASS TOWER  
312 ROSA PARKS AVENUE, 8<sup>th</sup> FLOOR  
NASHVILLE, TENNESSEE 37243-1102

IF YOU HAVE ANY FURTHER QUESTIONS, PLEASE CALL THE ADMINISTRATIVE PROCEDURES DIVISION, **615/741-7008 OR 741-5042, FAX 615/741-4472.** PLEASE CONSULT APPENDIX A AFFIXED TO THE INITIAL ORDER FOR NOTICE OF APPEAL PROCEDURES.



The record indicates that service was legally sufficient in accordance with Tennessee Code Annotated ("Tenn. Code Ann.") § 4-5-307 and § 56-6-112(f); and Tenn. Comp. R. & Regs. 1360-4-1-.06 and 1360-4-1-.15(c). The Respondent was held in **DEFAULT** and Petitioner was permitted to proceed on an uncontested basis.

### INITIAL ORDER

The subject of this hearing was the proposed revocation of Respondent's Tennessee Insurance Producer License and entry of an Order assessing civil penalties against Respondent for violations of Tenn. Code Ann. § 56-6-112(a)(4), (5), and (8) (2011). After consideration of the evidence, testimony, and entire record in this matter, it is determined that: the Respondent's Insurance Producer License is **REVOKED**, and Respondent is **ORDERED** to pay a civil monetary penalty of one thousand dollars (\$1,000) for **fifty (50)** violations of the Tennessee Insurance Law. Furthermore, Respondent will be assessed a maximum civil monetary penalty of one thousand dollars (\$1,000) for each day of continued violation as alleged in the Division's Notice of Charges, totaling a maximum aggregate civil monetary penalty of **one hundred thousand dollars (\$100,000)**. Respondent shall have **sixty (60) days** from receipt of this Initial Order to pay the above-mentioned civil monetary penalty.

This decision is based upon the following Findings of Fact and Conclusions of Law.

### FINDINGS OF FACT

1. The Division is the lawful agent through which the Commissioner administers the Law and is authorized to bring this action for the protection of the people.
2. Respondent is a Tennessee Resident and has a residential address at 1733 Drinnen Road, Knoxville, TN 37914. Respondent is licensed by the Division to sell insurance in

Tennessee, having obtained said license, numbered 944969, on January 12, 2011. Respondent's license expired on September 30, 2013.

3. On or about January, 2011, Mr. Timothy BeShea ("BeShea"), a general insurance agent for Renegade Bonding Company ("Renegade") located in Knoxville, TN, hired Respondent to work as a bail bonds agent ("bonding agent") for Renegade.

4. Renegade is a company that offers bail bond services to consumers in Tennessee.

5. Lexington National Insurance Corporation ("Lexington") is an insurance company located in Lutherville, Maryland that underwrites bail bonds through individual bonding agents employed by Renegade.

6. Renegade has a contractual agreement with Lexington to use Lexington's powers of attorney to post bail bonds through bonding agents working for Renegade.

7. Lexington provides the insurance for the bond while Renegade provides agents to bind individual bail bonds.

8. On or about January 20, 2011, Respondent was granted authority to write powers of attorney and post bonds on behalf of Lexington.

9. Respondent used Lexington's powers of attorney to post several of these bonds while working for Renegade.

10. Each Lexington power of attorney contained multiple sheets of non-carbon copy paper ("NCR paper"<sup>1</sup>) so that the handwritten writing on top of the first sheet of paper appears on the sheets below it.

11. The first sheet of paper contains the actual power of attorney language which appoints the bonding agent to bind Lexington up to a specified monetary amount.

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<sup>1</sup> NCR paper is an alternative to carbon paper, used to make a copy of an original, handwritten (or mechanically typed) document without the use of electronics.

12. The following sheets of paper, including, but not limited to: the managing general agent ("MGA") copy; the discharge copy; and the home office copy, neither have the power of attorney language mentioned in Paragraph 12 of this Notice, nor the maximum bond limit.

13. Lexington's powers of attorney are identified using the date, followed by two letters, and ending with the serial number.

14. The two letters mentioned in Paragraph 14 of this Notice represent the maximum bond limit used for each respective Lexington power of attorney.

15. Lexington's power of attorney bond limits for the following types of powers of attorney are as follows:

- (a) AA – five thousand five hundred dollars (\$5,500);
- (b) BB – eleven thousand dollars (\$11,000);
- (c) CC – thirty thousand dollars (\$30,000);
- (d) DD – fifty-five thousand dollars (\$55,000); and
- (e) EE – one hundred thousand dollars (\$100,000).

16. Lexington requires a ten percent (10%) cash payment of the total bond to be paid before securing the bond.

17. At all relevant times, Respondent had a duty to complete the first sheet mentioned in Paragraphs 11 and 12 of this Notice and provide it to the jailer, along with the bond, to secure a criminal defendant's release.

18. At all relevant times, upon completion of a written bail bond, Respondent had a duty to provide Renegade with: (1) all premiums for bonds on criminal defendants collected by Respondent; (2) the MGA copy mentioned in Paragraph 13 of this Notice; and (3) the home office copy mentioned in Paragraph 13 of this Notice.

19. At all relevant times, Respondent had a duty to provide Renegade with all premiums received in exchange for securing bonds with Lexington's powers of attorney.

20. Seventy percent (70%) of all premiums received by Respondent on behalf of Renegade or Lexington were to be paid up front (before the bond is secured), and remitted to Renegade within one to two days of receipt by Respondent.

21. Respondent properly wrote several Lexington powers of attorney in 2011 and 2012 in accordance with her duties mentioned in this Notice.

22. However, Respondent also fraudulently wrote twelve (12) bonds from on or about July 19, 2011, to on or about July 14, 2012.

23. At all relevant times, Respondent has or had knowledge of the facts stated in this Notice.

24. Ultimately, Respondent failed to remit \$17,750 in premiums to either Renegade or Lexington.

#### **BOND 1**

25. On or about May 21, 2011, a criminal defendant, Mr. Brandon Scott Bunch ("Bunch"), was arrested and placed in Anderson County Jail ("Jail").

26. Bunch was charged with Conspiracy to Possess Contraband in a Penal Facility.

27. The court set Bunch's bond at twenty-five thousand dollars (\$25,000).

28. On or about July 19, 2011, Respondent posted a fraudulent bond for Bunch by using an inappropriate document.

29. Respondent provided the Jail with the MGA copy of a power of attorney intended for a bond not to exceed five thousand five hundred dollars (\$5,500).

30. Respondent did not provide the Jail with the first sheet of Lexington's power of attorney.

31. The serial number of the power of attorney mentioned in Paragraph 30 of this Notice was 2011-AA-081313.

32. Renegade never received premiums or documents from Respondent in regard to Bunch's bond.

33. Lexington never received premiums or documents from Respondent in regard to Bunch's bond.

34. Respondent intentionally misrepresented the terms of Bunch's bond by using the wrong power of attorney and failing to properly use the first sheet of Lexington's power of attorney to secure Bunch's bond.

35. Respondent used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility by: (1) fraudulently securing Bunch's bond under false pretenses; and (2) failing to remit the MGA copy and the home office copy of Bunch's bond to Renegade.

## **BOND 2**

36. On or about May 4, 2012, a criminal defendant, Mr. Christopher Black ("Black"), was arrested and placed in Jail.

37. Black was charged with Manufacturing, Delivery, Sale, and Possession of a Controlled Substance.

38. The court set Black's bond at two hundred fifty thousand dollars (\$250,000).

39. On or about May 7, 2012, Black's mother, Ms. Jerri Mitchell, met with Respondent and gave her one thousand three hundred dollars (\$1,300) to secure a bond for Black's release.

40. Respondent should have assessed twenty-five thousand dollars (\$25,000) or ten percent (10%) up front of the total bond of two hundred fifty thousand dollars (\$250,000).

41. Respondent failed to secure at least seventeen thousand five hundred dollars (\$17,500) or seventy percent (70%) up front of all premiums due, owing, and received by Respondent.

42. On or about May 7, 2012, Respondent posted a fraudulent bond for Black by using an inappropriate document.

43. Respondent provided the Jail with the MGA copy of the power of attorney intended for a bond not to exceed five thousand five hundred dollars (\$5,500).

44. Respondent did not provide the Jail with the first sheet of Lexington's power of attorney.

45. The serial number of the power of attorney mentioned in Paragraph 44 of this Notice was 2012-AA-076094.<sup>2</sup>

46. Renegade never received premiums or documents from Respondent in regard to Black's bond.

47. Lexington never received premiums or documents from Respondent in regard to Black's bond.

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<sup>2</sup> A clerical discrepancy in court records indicates that this power of attorney is also numbered as 2012-AA-076098.

48. Respondent intentionally misrepresented the terms of Black's bond by using the wrong power of attorney and failing to properly use the first sheet of Lexington's power of attorney to secure Black's bond.

49. Respondent used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility by: (1) fraudulently securing Black's bond under false pretenses; and (2) failing to remit the MGA copy and the home office copy of Black's bond to Renegade.

50. Respondent used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility by failing to properly collect premiums.

51. Respondent improperly withheld, misappropriated or converted approximately one thousand three hundred dollars (\$1,300) received in the course of doing insurance business.

### **BOND 3**

52. On or about May 1, 2012, a criminal defendant, Mr. Duran Maszae Lee ("Lee"), was arrested and placed in Jail.

53. Lee was charged with Manufacturing, Delivery, Sale, and Possession of a Controlled Substance.

54. The court set Lee's bond at one hundred thousand dollars (\$100,000).

55. On or about May 1, 2012, Ms. Colisa Hacker, the girlfriend of Lee, met with Respondent and gave her six thousand five hundred dollars (\$6,500) to secure a bond for Lee's release.

56. Ms. Hacker met with Respondent over a four week period and gave her one thousand dollars (\$1,000) a week for three weeks.

57. On the final week, Ms. Hacker gave Respondent five hundred dollars (\$500).
58. Respondent failed to secure at least seven thousand dollars (\$7,000) or seventy percent (70%) up-front of all premiums due, owing, and received by Respondent.
59. On or about May 1, 2012, Respondent posted a fraudulent bond for Lee by using an inappropriate document.
60. Respondent provided the Jail with the discharge copy of the power of attorney intended for a bond not to exceed five thousand five hundred dollars (\$5,500).
61. Respondent did not provide the Jail with the first sheet of Lexington's power of attorney.
62. The serial number of the power of attorney mentioned in Paragraph 61 of this Notice was 2012-AA-075619.
63. Renegade never received premiums or documents from Respondent in regard to Lee's bond.
64. Lexington never received premiums or documents from Respondent in regard to Lee's bond.
65. Respondent intentionally misrepresented the terms of Lee's bond by using the wrong power of attorney and failing to properly use the first sheet of Lexington's power of attorney to secure Lee's bond.
66. Respondent used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility by: (1) fraudulently securing Lee's bond under false pretenses; and (2) failing to remit the MGA copy and the home office copy of Lee's bond to Renegade.

67. Respondent used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility by failing to properly collect premiums.

68. Respondent improperly withheld, misappropriated or converted approximately ten thousand dollars (\$10,000) received in the course of doing insurance business.

#### **BOND 4**

69. On or about March 12, 2012, a criminal defendant, Mr. Laphonso Porter ("Porter"), was arrested and placed in Jail.

70. Porter was charged with Aggravated Assault, Evading Arrest, and Failure to Appear.

71. The court set Porter's bond at one hundred thousand dollars (\$100,000).

72. On or about May 15, 2012, Respondent posted a fraudulent bond for Porter by using an inappropriate document.

73. Respondent provided the Jail with the discharge copy of the power of attorney intended for a bond not to exceed eleven thousand dollars (\$11,000).

74. Respondent did not provide the Jail with the first sheet of Lexington's power of attorney.

75. The serial number of the power of attorney mentioned in Paragraph 74 of this Notice was 2012-BB-014418.

76. Renegade never received premiums or documents from Respondent in regard to Porter's bond.

77. Lexington never received premiums or documents from Respondent in regard to Porter's bond.

78. Respondent intentionally misrepresented the terms of Porter's bond by using the wrong power of attorney and failing to properly use the first sheet of Lexington's power of attorney to secure Porter's bond.

79. Respondent used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility by: (1) fraudulently securing Porter's bond under false pretenses; and (2) failing to remit the MGA copy and the home office copy of Porter's bond to Renegade.

#### **BOND 5**

80. On or about May 9, 2012, a criminal defendant, Ms. Rebecca Hill ("Hill"), was arrested and placed in Jail.

81. Hill was charged with Aggravated Burglary and Theft of Property, \$1,000.00 - \$9,999.

82. The court set Hill's bond at fifty thousand dollars (\$50,000).

83. On or about May 11, 2012, Respondent posted a fraudulent bond for Hill by using an inappropriate document.

84. Respondent provided the Jail with the MGA copy of the power of attorney intended for a bond not to exceed thirty thousand dollars (\$30,000).

85. Respondent did not provide the Jail with the first sheet of Lexington's power of attorney.

86. The serial number of the power of attorney mentioned in Paragraph 85 of this Notice was 2012-CC-009708.

87. Renegade never received premiums or documents from Respondent in regard to Hill's bond.

88. Lexington never received premiums or documents from Respondent in regard to Hill's bond.

89. Respondent intentionally misrepresented the terms of Hill's bond by using the wrong power of attorney and failing to properly use the first sheet of Lexington's power of attorney to secure Hill's bond.

90. Respondent used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility by: (1) fraudulently securing Hill's bond under false pretenses; and (2) failing to remit the MGA copy and the home office copy of Hill's bond to Renegade.

#### **BOND 6**

91. On or about April 12, 2012, a criminal defendant, Mr. James Kevin Melton ("Melton"), was arrested and placed in Jail.

92. Melton was charged with Manufacturing, Delivery, Sale, and Possession of a Controlled Substance.

93. The court set Melton's bond at seventy-five thousand dollars (\$75,000).

94. On or about May 12, 2012, Respondent posted a fraudulent bond for Melton by using an inappropriate document.

95. Respondent provided the Jail with the discharge copy of the power of attorney intended for a bond not to exceed thirty thousand dollars (\$30,000).

96. Respondent did not provide the Jail with the first sheet of Lexington's power of attorney.

97. The serial number of the power of attorney mentioned in Paragraph 96 of this Notice was 2012-CC-009708.

98. Renegade never received premiums or documents from Respondent in regard to Melton's bond.

99. Lexington never received premiums or documents from Respondent in regard to Melton's bond.

100. Respondent intentionally misrepresented the terms of Melton's bond by using the wrong power of attorney and failing to properly use the first sheet of Lexington's power of attorney to secure Melton's bond.

101. Respondent used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility by: (1) fraudulently securing Melton's bond under false pretenses; and (2) failing to remit the MGA copy and the home office copy of Melton's bond to Renegade.

#### **BOND 7**

102. On or about January 29, 2011, a criminal defendant, Mr. Gregory Brian Daugherty, Jr. ("Daugherty"), was arrested and placed in Jail.

103. Daugherty was charged with Especially Aggravated Robbery, Aggravated Robbery, and Aggravated Assault.

104. The court set Daugherty's bond at one hundred thousand dollars (\$100,000).

105. On or about June 8, 2012, Daugherty's grandmother, Ms. Connie Jenkins, met with Respondent and gave her one thousand eight hundred dollars (\$1,800) to secure a bond for Daugherty's release.

106. Respondent should have assessed ten thousand dollars (\$10,000) or ten percent (10%) up front of the total bond of one hundred thousand dollars (\$100,000).

107. Respondent failed to secure at least seven thousand dollars (\$7,000) or seventy percent (70%) up front of all premiums due, owing, and received by Respondent.

108. On or about June 8, 2012, Respondent posted a fraudulent bond for Daugherty by using an inappropriate document.

109. Respondent provided the Jail with the MGA copy of the power of attorney intended for a bond not to exceed five thousand five hundred dollars (\$5,500).

110. Respondent did not provide the Jail with the first sheet of Lexington's power of attorney.

111. The serial number of the power of attorney mentioned in Paragraph 110 of this Notice was 2012-AA-090155.

112. Renegade never received premiums or documents from Respondent in regard to Daugherty's bond.

113. Lexington never received premiums or documents from Respondent in regard to Daugherty's bond.

114. Respondent intentionally misrepresented the terms of Daugherty's bond by using the wrong power of attorney and failing to properly use the first sheet of Lexington's power of attorney to secure Daugherty's bond.

115. Respondent used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility by: (1) fraudulently securing Daugherty's bond under false pretenses; and (2) failing to remit the MGA copy and the home office copy of Daugherty's bond to Renegade.

127. The serial number of the power of attorney mentioned in Paragraph 126 of this Notice was 2012-BB-022323.

128. Renegade never received premiums or documents from Respondent in regard to Jenkins' bond.

129. Lexington never received premiums or documents from Respondent in regard to Jenkins' bond.

130. Respondent intentionally misrepresented the terms of Jenkins' bond by using the wrong power of attorney and failing to properly use the first sheet of Lexington's power of attorney to secure Jenkins' bond.

131. Respondent used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility by: (1) fraudulently securing Jenkins' bond under false pretenses; and (2) failing to remit the MGA copy and the home office copy of Jenkins' bond to Renegade.

132. Respondent used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility by failing to properly collect premiums.

133. Respondent improperly withheld, misappropriated or converted approximately three hundred fifty dollars (\$350) received in the course of doing insurance business.

#### **BOND 9**

134. On or about July 3, 2012, a criminal defendant, Ms. Sarah Deann Midkiff ("Midkiff"), was arrested and placed in Jail.

135. Midkiff was charged with a Probation Violation.

136. The court set Midkiff's bond at fifty thousand dollars (\$50,000).

137. On or about July 10, 2012, Midkiff's spouse, Mr. Steven Taylor, met with Respondent and gave her one thousand dollars (\$1,000) to secure a bond for Midkiff's release.

138. Respondent should have assessed five thousand dollars (\$5,000) or ten percent (10%) up front of the total bond of fifty thousand dollars (\$50,000).

139. Respondent failed to secure at least three thousand five hundred dollars (\$3,500) or seventy percent (70%) up front of all premiums due, owing, and received by Respondent.

140. On or about July 10, 2012, Respondent posted a fraudulent bond for Midkiff by using an inappropriate document.

141. Respondent provided the Jail with the discharge copy of the power of attorney intended for a bond not to exceed eleven thousand dollars (\$11,000).

142. Respondent did not provide the Jail with the first sheet of Lexington's power of attorney.

143. The serial number of the power of attorney mentioned in Paragraph 142 of this Notice was 2012-BB-022330.

144. Renegade never received premiums or documents from Respondent in regard to Midkiff's bond.

145. Lexington never received premiums or documents from Respondent in regard to Midkiff's bond.

146. Respondent intentionally misrepresented the terms of Midkiff's bond by using the wrong power of attorney and failing to properly use the first sheet of Lexington's power of attorney to secure Midkiff's bond.

147. Respondent used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility by: (1) fraudulently securing

Midkiff's bond under false pretenses; and (2) failing to remit the MGA copy and the home office copy of Midkiff's bond to Renegade.

148. Respondent used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility by failing to properly collect premiums.

149. Respondent improperly withheld, misappropriated or converted approximately one thousand dollars (\$1,000) received in the course of doing insurance business.

#### **BOND 10**

150. On or about July 9, 2012, a criminal defendant, Mr. Douglas Allen Edmons ("Edmons"), was arrested and placed in Jail.

151. Edmons was charged with Aggravated Assault.

152. The court set Edmons' bond at fifty thousand dollars (\$50,000).

153. On or about July 19, 2012, Respondent posted a fraudulent bond for Edmons by using an inappropriate document.

154. Respondent provided the Jail with the first sheet of Lexington's power of attorney, which was intended for a bond not to exceed five thousand five hundred dollars (\$5,500).

155. The serial number of the power of attorney mentioned in Paragraph 154 of this Notice was 2012-AA-090173.

156. Renegade never received premiums or documents from Respondent in regard to Edmons' bond.

157. Lexington never received premiums or documents from Respondent in regard to Edmons' bond.

158. Respondent intentionally misrepresented the terms of Edmons' bond by using the wrong power of attorney to secure Edmons' bond.

159. Respondent used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility by: (1) fraudulently securing Edmons' bond under false pretenses; and (2) failing to remit the MGA copy and the home office copy of Edmons' bond to Renegade.

#### **BOND 11**

160. On or about August 10, 2012, a criminal defendant, Mr. Steven Burress ("Burress"), was arrested and placed in Jail.

161. Burress was charged with Manufacturing, Delivery, Sale, and Possession of a Controlled Substance.

162. The court set Steven Burress' bond at fifty thousand dollars (\$50,000).

163. On or about September 11, 2012, Burress' wife, Ms. Emily Burress, met with Respondent and gave her one thousand one hundred dollars (\$1,100) to secure a bond for Burress' release.

164. Respondent should have assessed five thousand dollars (\$5,000) or ten percent (10%) up front of the total bond of fifty thousand dollars (\$50,000).

165. Respondent failed to secure at least three thousand five hundred dollars (\$3,500) or seventy percent (70%) up front of all premiums due, owing, and received by Respondent.

166. On or about September 11, 2012, Respondent posted a fraudulent bond for Burress by using an inappropriate document.

167. Respondent provided the Jail with the first sheet of Lexington's power of attorney, which was intended for a bond not to exceed five thousand five hundred dollars (\$5,500).

168. The serial number of the power of attorney mentioned in Paragraph 167 of this Notice was 2012-BB-018605.

169. Renegade never received premiums or documents from Respondent in regard to Burress' bond.

170. Lexington never received premiums or documents from Respondent in regard to Burress' bond.

171. Respondent intentionally misrepresented the terms of Burress' bond by using the wrong power of attorney to secure Burress' bond.

172. Respondent used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility by: (1) fraudulently securing Burress' bond under false pretenses; and (2) failing to remit the MGA copy and the home office copy of Burress' bond to Renegade.

173. Respondent used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility by failing to properly collect premiums.

174. Respondent improperly withheld, misappropriated or converted approximately one thousand one hundred dollars (\$1,100) received in the course of doing insurance business.

#### **BOND 12**

175. On or about July 2, 2012, a criminal defendant, Mr. Richard Alan Boswell ("Boswell"), was arrested and placed in Jail.

176. Boswell was charged with a Probation Violation.

177. The court set Boswell's bond at seventy-five thousand dollars (\$75,000).

178. On or about July 14, 2012, Ms. Margaret Boswell, Boswell's mother, paid Respondent one thousand five hundred dollars (\$1,500) to secure a bond for Boswell's release.

179. In addition, Boswell paid Respondent seven hundred dollars (\$700) to secure a bond for his own release.

180. Respondent should have assessed seven thousand five hundred dollars (\$7,500) or ten percent (10%) up front of the total bond of seventy-five thousand dollars (\$75,000).

181. Respondent failed to secure at least five thousand two hundred fifty dollars (\$5,250) or seventy percent (70%) up front of all premiums due, owing, and received by Respondent.

182. On or about July 14, 2012, Respondent posted a fraudulent bond for Boswell by using an inappropriate document.

183. Respondent provided the Jail with the MGA copy of the power of attorney intended for a bond not to exceed five thousand five hundred dollars (\$5,500).

184. Respondent did not provide the Jail with the first sheet of Lexington's power of attorney.

185. The serial number of the power of attorney mentioned in Paragraph 184 of this Notice was 2012-AA-078466.

186. Renegade never received premiums or documents from Respondent in regard to Boswell's bond.

187. Lexington never received premiums or documents from Respondent in regard to Boswell's bond.

188. Respondent intentionally misrepresented the terms of Boswell's bond by using the wrong power of attorney and failing to properly use the first sheet of Lexington's power of attorney to secure Boswell's bond.

189. Respondent used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility by: (1) fraudulently securing Boswell's bond under false pretenses; and (2) failing to remit the MGA copy and the home office copy of Boswell's bond to Renegade.

190. Respondent used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility by failing to properly collect premiums.

191. Respondent improperly withheld, misappropriated or converted approximately two thousand two hundred dollars (\$2,200) received in the course of doing insurance business.

#### **CONCLUSIONS OF LAW**

1. In accordance with Tenn. Comp. R. and Regs. 1360-4-1-.02(7), Petitioner bears the burden of proof in proving by a preponderance of the evidence that the facts alleged in the Petition are true and that the issues raised therein should be resolved in its favor.

2. Tenn. Code Ann. § 56-6-112(a) (2011) provides in pertinent part that "[t]he commissioner may place on probation, suspend, revoke or refuse to issue or renew a license issued under this part or may levy a civil penalty in accordance with this section or take any combination of those actions, for any one (1) or more of the following causes:

...

- (4) Improperly withholding, misappropriating or converting any moneys or properties received in the course of doing insurance business;
- (5) Intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance;

intentionally used fraudulent bonds to secure the release of pre-trial criminal defendants, which was fraudulent, dishonest, untrustworthy, and financially irresponsible in the conduct of doing business in Tennessee. Respondent failed to secure seventy percent (70%) up front of all premiums due, owing, and received by her on behalf of Renegade or Lexington, which was fraudulent, dishonest, untrustworthy, and financially irresponsible. Lastly, Respondent intentionally misrepresented the terms of bonds for pre-trial criminal defendants. These conclusions of fact and law support grounds for an order revoking Respondent's Insurance Producer License and levying civil penalties pursuant to Tenn. Code Ann. § 56-6-112(g)(2).

It is therefore **ORDERED** that the Insurance Producer License of Lena Graves Nail, numbered 944969, be **REVOKED**, and that the Respondent pay a total civil monetary penalty of **one hundred thousand dollars (\$100,000)**. This penalty is assessed as follows:

1. One thousand dollars (\$1,000) for each of the **fifty (50)** violations of the Tennessee Insurance Law; and
2. One thousand dollars (\$1,000) for each day of continued violation as alleged in the Division's Notice of Charges, thus totaling the maximum aggregate civil monetary penalty as provided by Tenn. Code Ann. § 56-6-112(g)(2) (2011).

**Respondent shall have sixty (60) days from receipt of this Initial Order to pay the above mentioned civil monetary penalty.**

This Initial Order entered and effective this 17<sup>th</sup> day of February, 2014.

  
\_\_\_\_\_  
Marion P. Wall, Administrative Law Judge

**APPENDIX A TO INITIAL ORDER**  
**NOTICE OF APPEAL PROCEDURES**

**Review of Initial Order**

This Initial Order shall become a Final Order (reviewable as set forth below) fifteen (15) days after the entry date of this Initial Order, unless either or both of the following actions are taken:

(1) A party files a petition for appeal to the agency, stating the basis of the appeal, or the agency on its own motion gives written notice of its intention to review the Initial Order, within fifteen (15) days after the entry date of the Initial Order. If either of these actions occurs, there is no Final Order until review by the agency and entry of a new Final Order or adoption and entry of the Initial Order, in whole or in part, as the Final Order. A petition for appeal to the agency must be filed within the proper time period with the Administrative Procedures Division of the Office of the Secretary of State, 8<sup>th</sup> Floor, William R. Snodgrass Tower, 312 Rosa L. Parks Avenue, Nashville, Tennessee, 37243-1102. (Telephone No. (615) 741-7008). See Tennessee Code Annotated, Section (T.C.A. §) 4-5-315, on review of initial orders by the agency.

(2) A party files a petition for reconsideration of this Initial Order, stating the specific reasons why the Initial Order was in error within fifteen (15) days after the entry date of the Initial Order. This petition must be filed with the Administrative Procedures Division at the above address. A petition for reconsideration is deemed denied if no action is taken within twenty (20) days of filing. A new fifteen (15) day period for the filing of an appeal to the agency (as set forth in paragraph (1) above) starts to run from the entry date of an order disposing of a petition for reconsideration, or from the twentieth day after filing of the petition, if no order is issued. See T.C.A. §4-5-317 on petitions for reconsideration.

A party may petition the agency for a stay of the Initial Order within seven (7) days after the entry date of the order. See T.C.A. §4-5-316.

**Review of Final Order**

Within fifteen (15) days after the Initial Order becomes a Final Order, a party may file a petition for reconsideration of the Final Order, in which petitioner shall state the specific reasons why the Initial Order was in error. If no action is taken within twenty (20) days of filing of the petition, it is deemed denied. See T.C.A. §4-5-317 on petitions for reconsideration.

A party may petition the agency for a stay of the Final Order within seven (7) days after the entry date of the order. See T.C.A. §4-5-316.

**YOU WILL NOT RECEIVE FURTHER NOTICE OF THE INITIAL ORDER BECOMING A FINAL ORDER**

A person who is aggrieved by a final decision in a contested case may seek judicial review of the Final Order by filing a petition for review in a Chancery Court having jurisdiction (generally, Davidson County Chancery Court) within sixty (60) days after the entry date of a Final Order or, if a petition for reconsideration is granted, within sixty (60) days of the entry date of the Final Order disposing of the petition. (However, the filing of a petition for reconsideration does not itself act to extend the sixty day period, if the petition is not granted.) A reviewing court also may order a stay of the Final Order upon appropriate terms. See T.C.A. §4-5-322 and §4-5-317.