

TN-0688437  
NPN-1095894

BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE  
FOR THE STATE OF TENNESSEE

TENNESSEE INSURANCE DIVISION, )  
Petitioner, )  
vs. )  
WILLIAM MICHAEL FREEMAN, )  
Respondent )

No: 12.01-116057J

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AGREED ORDER

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The Insurance Division of the State of Tennessee Department of Commerce and Insurance ("Insurance Division"), by and through counsel, and William Michael Freeman ("Respondent"), by and through counsel, hereby stipulate and agree, subject to the approval of the Commissioner of Commerce and Insurance ("Commissioner"), as follows:

GENERAL STIPULATIONS

1. It is expressly understood that this Agreed Order is subject to the Commissioner's acceptance and has no force and effect until such acceptance is evidenced by the entry of the Commissioner.
2. The Commissioner has determined that the resolution set forth in this Agreed Order is fair and reasonable and in the best public interest.
3. This Agreed Order is executed by Respondent for the purpose of avoiding further administrative action with respect to this cause. Furthermore, should this Agreed Order not be accepted by the Commissioner, it is agreed that presentation to and consideration of this Agreed Order by the Commissioner shall not unfairly or illegally prejudice the Commissioner from further participation or resolution of these proceedings.

4. Respondent fully understands that this Agreed Order will in no way preclude additional proceedings by the Commissioner against Respondent for acts and/or omissions not specifically addressed in this Agreed Order or for acts and/or omissions that do not arise from the facts or transactions herein addressed. Respondent also understands that this Agreed Order may be used by the Commissioner or any Commissioner, Department or Board to revoke or refuse to issue any license Respondent currently holds or for which he applies in the future.
5. Respondent acknowledges that he understands and agrees that this settlement in no way binds any other agency, division, department or political subdivision of the State of Tennessee relative to any factual allegations cited herein.
6. Respondent understands that he has a right to a hearing under the Uniform Administrative Procedures Act, Tenn. Code Ann., Title 4, Chapter 5, but Respondent is waiving that right in order to enter this settlement.
7. Respondent expressly waives all further procedural steps and expressly waives all rights to seek judicial review of or to otherwise challenge or contest the validity of this Agreed Order, the stipulation and imposition of discipline contained herein and the consideration and entry of said Agreed Order by the Commissioner.

**STIPULATED FINDINGS OF FACT**

8. The Tennessee Insurance Law (the "Law"), as amended, places the responsibility for the administration of the Law on the Commissioner. TENN. CODE ANN. §§ 56-1-202 and 56-6-101 *et seq.*
9. The Insurance Division is the lawful agent through which the Commissioner discharges her responsibility.

10. Respondent is a citizen and resident of Tennessee and resides at 43 Stanworth Grove, Jackson, Tennessee 38305. Respondent operates Mike Freeman Insurance Agency, Inc., at 240 Carriage House Drive, Jackson, Tennessee 38305. Respondent's original insurance producer license, numbered 688437, was issued in 1987.
11. On approximately June 28, 2011, the Consumer Insurance Services section of the Tennessee Department of Commerce and Insurance received a complaint filed through its website by Johnson & Johnson, Inc. ("J & J"). In the complaint, J & J alleged that Respondent committed fraudulent use of an insured's premium payment and passed a worthless check intended for the same insured's insurance policy to J & J.
12. On approximately March 2, 2011, Wade Norris Logging, LLC ("WNL") sought to renew its commercial insurance policy through Respondent.
13. Respondent, in turn, contacted general agent J & J with a request to bind WNL's commercial insurance policy effective March 5, 2011. J & J bound WNL's commercial insurance policy with Argonaut Insurance Company ("Argonaut") through insurance broker Daigle & Associates ("Daigle").
14. WNL's premium for its commercial insurance policy was fifteen thousand six hundred ninety-five dollars (\$15,695). On approximately March 2, 2011, WNL paid Respondent a premium down payment of three thousand dollars (\$3,000) and financed the balance of twelve thousand six hundred ninety-five dollars (\$12,695) through Premium Financing Specialist Corporation ("Premium Financing"), a premium financing company.
15. On approximately March 8, 2011, Premium Financing remitted to Respondent, by wire transfer, twelve thousand six hundred ninety-five dollars (\$12,695), the amount WNL financed. Respondent was responsible for paying fifteen thousand six hundred ninety-five dollars (\$15,695), WNL's entire premium, to J & J for payment to Argonaut.

16. Respondent, however, failed to remit to J & J the fifteen thousand six hundred ninety-five dollars (\$15,695) that WNL and Premium Financing jointly remitted to Respondent for WNL's commercial insurance policy.
17. On approximately April 12, 2011, J & J submitted to Daigle payment sufficient to cover WNL's commercial insurance premium, less J & J's commission.
18. On approximately April 19, 2011, J & J notified Respondent that it had not received premium payment for WNL's commercial insurance policy.
19. On approximately June 2, 2011, Respondent issued a check to J & J in the amount of fifteen thousand six hundred ninety-five dollars (\$15,695) for WNL's premium. At no time during the month of June—when the check was written—or July did the account from which the check was drawn have a balance sufficient to cover the amount of the check. Consequently, the check was twice returned to J & J due to insufficient funds.
20. On approximately July 8, 2011—four (4) months after WNL's commercial insurance policy went into effect and four (4) months after Respondent received fifteen thousand six hundred ninety-five dollars (\$15,695) from WNL and Premium Financing—J & J received from Respondent a cashier's check in the amount of fifteen thousand six hundred ninety-three dollars (\$15,693), two dollars (\$2) less than the actual cost of WNL's commercial insurance policy.

## **STIPULATED CONCLUSIONS OF LAW**

### **COUNT ONE**

21. Respondent admits that he, as set out in the foregoing "Stipulated Findings of Fact," violated TENN. CODE ANN. § 56-6-112(a)(4) (2008) by improperly withholding, misappropriating or converting WNL's insurance premium down payment. Such facts constitute grounds for an Order revoking Respondent's insurance producer license in accordance with TENN. CODE ANN. § 56-6-112(a)(4) (2008) and assessing a civil penalty in accordance with TENN. CODE ANN. § 56-2-305(a)(2).

### **COUNT TWO**

22. Respondent admits that he, as set out in the foregoing "Stipulated Findings of Fact," violated TENN. CODE ANN. § 56-6-112(a)(4) (2008) by improperly withholding, misappropriating or converting the funds received from Premium Financing for WNL's commercial insurance policy. Such facts constitute grounds for an Order revoking Respondent's insurance producer license in accordance with TENN. CODE ANN. § 56-6-112(a)(4) (2008) and assessing a civil penalty in accordance with TENN. CODE ANN. § 56-2-305(a)(2).

### **COUNT THREE**

23. Respondent admits that he, as set out in the foregoing "Stipulated Findings of Fact," violated TENN. CODE ANN. § 56-6-112(a)(8) (2008) by using fraudulent, coercive or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility by failing to remit to J & J WNL's insurance premium down payment. Such facts constitute grounds for an Order revoking Respondent's insurance producer license in accordance with TENN. CODE ANN. § 56-6-112(a)(4) (2008) and assessing a civil penalty in accordance with TENN. CODE ANN. § 56-2-305(a)(2).

#### COUNT FOUR

24. Respondent admits that he, as set out in the foregoing "Stipulated Findings of Fact," violated TENN. CODE ANN. § 56-6-112(a)(8) (2008) by using fraudulent, coercive or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility by failing to remit to J & J the funds received from Premium Financing for WNL's commercial insurance policy. Such facts constitute grounds for an Order revoking Respondent's insurance producer license in accordance with TENN. CODE ANN. § 56-6-112(a)(4) (2008) and assessing a civil penalty in accordance with TENN. CODE ANN. § 56-2-305(a)(2).

#### COUNT FIVE

25. Respondent admits that he, as set out in the foregoing "Stipulated Findings of Fact," violated TENN. CODE ANN. § 56-6-112(a)(8) (2008) by using fraudulent, coercive or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility by remitting to J & J a worthless check. Such facts constitute grounds for an Order revoking Respondent's insurance producer license in accordance with TENN. CODE ANN. § 56-6-112(a)(4) (2008) and assessing a civil penalty in accordance with TENN. CODE ANN. § 56-2-305(a)(2).

#### COUNT SIX

26. Respondent admits that he, as set out in the foregoing "Stipulated Findings of Fact," violated TENN. CODE ANN. § 56-6-116 (2008) by misappropriating, converting or improperly withholding WNL's insurance premium down payment. Such facts constitute grounds for an Order revoking Respondent's insurance producer license in accordance with TENN. CODE ANN. § 56-6-112(a)(4) (2008) and assessing a civil penalty in accordance with TENN. CODE ANN. § 56-2-305(a)(2).

## COUNT SEVEN

27. Respondent admits that he, as set out in the foregoing "Stipulated Findings of Fact," violated TENN. CODE ANN. § TENN. CODE ANN. § 56-6-116 (2008) by misappropriating, converting or improperly withholding the funds received from Premium Financing for WNL's commercial insurance policy. Such facts constitute grounds for an Order revoking Respondent's insurance producer license in accordance with TENN. CODE ANN. § 56-6-112(a)(4) (2008) and assessing a civil penalty in accordance with TENN. CODE ANN. § 56-2-305(a)(2).

### ORDER

**NOW, THEREFORE**, based on the foregoing and the waiver by Respondent of his rights to a hearing and appeal under the Law and Tennessee's Uniform Administrative Procedures Act, TENN. CODE ANN. §§ 4-5-101 *et seq.*, and the admission by Respondent of the jurisdiction of the Commissioner, the Commissioner finds that Respondent, William Michael Freeman, has agreed to the entry of this Consent Order and that this Consent Order is appropriate, in the public interest, and necessary for the protection of the public.

**IT IS THEREFORE ORDERED**, pursuant to TENN. CODE ANN. § 56-6-112 (2008) that:

1. Respondent's Tennessee insurance producer license number 0688437 is hereby placed on **PROBATION** for a period of two (2) years beginning on August 1, 2012, and ending on July 31, 2014.

2. Respondent is hereby **ASSESSED** and shall pay a civil penalty in the amount of **Four Thousand Dollars (\$4,000.00)** for the violations found herein. Such penalty is to be paid according to the following schedule:

February 1, 2013	\$1,000.00
March 1, 2013	\$1,000.00
April 1, 2013	\$1,000.00
May 1, 2013	\$1,000.00

3. Any failure to timely make a payment under the terms of this Agreed Order may result in additional disciplinary being action taken against Respondent including, but not necessarily limited to, revocation, suspension, or probation of his insurance producer license and/or the assessment of additional civil penalties. Failure to timely make any payment shall render all remaining payments under this Order immediately due and collectible.
4. A payment shall be considered timely made if it is **received** by the Tennessee Department of Commerce and Insurance within seven (7) calendar days of the date such payment is due. All payments shall include a copy of the first page of this Order and shall be made out to "State of Tennessee." All payments shall be mailed to the following address:

Tennessee Department of Commerce and Insurance  
Legal Division  
Davy Crockett Tower  
500 James Robertson Parkway  
Nashville, TN 37243

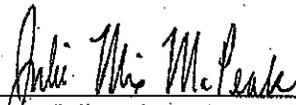
This Agreed Order is in the public interest and in the best interests of the parties, represents a compromise and settlement of the controversy between the parties, and is for settlement purposes only. By signature affixed below, Respondent, William Michael Freeman, affirmatively states that he has: (a) freely agreed to the entry of this Agreed Order; (b) had the opportunity to consult with legal counsel in this matter; (c) reviewed the Findings of Fact and Conclusions of Law contained herein;

and (d) waives his right to a hearing on the matters underlying this Agreed Order. Respondent further states that no threats or promises of any kind have been made by the Commissioner, the Division or any agent or representative thereof with regard to this Agreed Order.

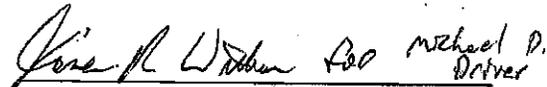
By signing this Agreed Order, the parties affirm their agreement to be bound by the terms of this Agreed Order and confirm that no promises or offers relating to the circumstances described herein, other than the terms of settlement set forth in this Agreed Order, are binding upon them.

**SO ORDERED.**

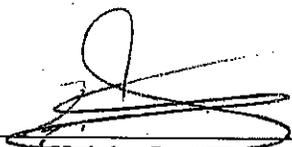
ENTERED this the 5<sup>th</sup> day of March, 2013.

  
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Julie Mix McPeak, Commissioner  
Department of Commerce and Insurance

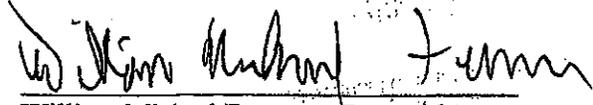
**APPROVED FOR ENTRY:**

 *Michael P. Driver*

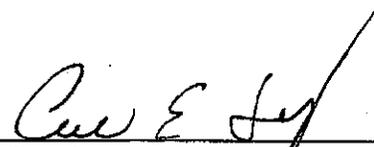
Michael D. Driver, BPR # 025358  
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Larry C. Knight, Jr.  
Assistant Commissioner, Insurance Division  
Tennessee Dept. of Commerce and Insurance  
Davy Crockett Tower  
500 James Robertson Parkway  
Nashville, Tennessee 37243



William Michael Freeman, Respondent



Carl E. Seely, BPR # 011672  
Attorney for Respondent  
449 East Baltimore Street  
Jackson, Tennessee 38301

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing *Agreed Order* was served upon Carl E. Seely, at his mailing address of 449 East Baltimore Street, Jackson, Tennessee, 38301 via United States Certified Mail, Return Receipt Requested, Receipt Number 7012 1010 0003 2383 3710; this 8th day of March, 2013.



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James R. Witham  
Certifying Attorney