

STATE OF MAINE
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION
BUREAU OF INSURANCE

In re: Leroy Ellison

**National Producer No. 9057788
Maine License No. PRR136230
Docket No. INS-19-206**

**LICENSE REVOCATION
NOTICE, ORDER,
and
OPPORTUNITY FOR
HEARING**

NOTICE TO LEROY ELLISON:

Effective as of **May 8, 2019**, your Maine resident insurance producer license will be **REVOKED** without further formal proceedings unless you request a hearing as specified below.

The reasons for your license revocation are as follows:

1. Upon information and belief, Bureau of Insurance staff understand that you were the subject of several criminal actions in the State of Maine, as follows:
 - a. On or around November 16, 1987, you were convicted of Unlawfully Possessing Alcohol (28-A M.R.S. § 1) and Selling Liquor without a License (28-A M.R.S. § 1055) and were fined \$750.
 - b. On or around December 27, 1988, you were convicted of Negotiating a Worthless Instrument (17-A M.R.S. § 708) and fined \$150. You were also sentenced to 30 days in jail, suspended, six months' probation, and required to pay \$1,350 in restitution.
 - c. On or around December 11, 1992, you were convicted of one count of Theft by Misapplication of Property (17-A M.R.S. § 358), a felony, and eight counts of Misuse of Entrusted Property (17-A M.R.S. § 903), a misdemeanor. For the felony conviction, it appears that you were sentenced to 23 months' incarceration, with all but 11 months suspended.
2. Bureau records reflect that, at the time of your application, on or around January 30, 2007, you did not disclose any of the convictions described in Paragraph 1. Your application included the question: "[h]ave you ever been convicted of, or are you currently charged with, committing a crime, whether or not adjudication was withheld? Crime includes a misdemeanor, felony, or a military offense" You answered "No" to this question. Your application included a signed Certification and Attestation stating that "I hereby certify that, under penalty of perjury, all of the information submitted in this application and attachments is true and complete. I am aware that submitting false information or omitting pertinent or material information in connection with this application is grounds for license revocation or denial of the license and may subject me to civil or criminal penalties."
3. The Bureau wrote to you on December 2, 2018, requesting an explanation for your failure to disclose your criminal conviction, as described in Paragraph 1(c), on your license application and requesting a description of the circumstances surrounding your conviction. You responded by letter dated December 26, 2018, stating that you had contacted the Bureau in 2006 regarding your criminal conviction. You state that you were told verbally that "the state and the Bureau did not have a problem" with your criminal history. You acknowledged that this conviction would need to be disclosed to insurance companies. You also stated that, "for the record," you served 23 days in jail, six months'

house arrest, four years' of probation, and paid a fine of \$11,000. You did not provide a description of the conduct which resulted in your conviction.

4. The Bureau wrote to you again on January 7, 2019, requesting a description of the specific conduct that resulted in your conviction and requesting copies of the charging document(s) and a copy of the final judgment. Additionally, you were advised that federal law, 18 U.S.C. §§ 1033-1034, prohibits individuals with felony convictions involving dishonesty or breach of trust ("prohibited persons") from engaging in the business of insurance without the written consent of an insurance regulatory official. Based on the information available to the Bureau, it appears that you are a "prohibited person" within the meaning of 18 U.S.C. §§ 1033-1034 and were required to obtain a 1033 consent to engage in the business of insurance. The Bureau provided you with the application form to request written consent pursuant to Section 1033.
5. You responded to the Bureau's inquiry by letter dated January 15, 2019. You stated that "[t]his case against me back in 1992 was settled then, 1992. I am not answering any questions regarding that matter, the case is closed. I did my time, paid my dues, and have move [sic] on."
6. The Bureau wrote to you again on January 23, 2019, and advised that you are required to respond to lawful inquiries of the Superintendent pursuant to 24-A M.R.S. § 220. You were advised that failing to respond substantively to Bureau inquiries is grounds for disciplinary action and the Bureau included copies of the previous correspondence. To date, the Bureau has not received a substantive response nor an application for consent to engage in the business of insurance pursuant to 18 U.S.C. §§ 1033-1034.
7. In January, 2019, the Bureau contacted four of the insurers with which you are or were appointed requesting complete copies of your appointment applications, including responses to any background questions and any supplemental materials related to the application. On each of the four appointment applications, you responded "No" to questions regarding criminal convictions. With one February 2018 application, however, you included an undated statement which read:

Back in 1982 I opened a company called D & L Financial Service. The goal was to help consumers who were unable to get credit to be able to obtain credit. I was a mortgage broker, an arranger for people with slow or weak credit. To arrange for credit, I would collect an appraisal fee, application fee, and credit report fee upfront, which cause lots of problems and many complaints. Reason being, some people got approve for financing, and some did not. The consumers that were not successful would complained to the State; their complaints consist of I paid money upfront and did not get a loan. As you may know processing fees does not get a loan for anyone; it put one in a position to be consider for loan. In 1989 the state of Maine started an investigation. In 1992 I went to court, I had already accepted and agree to plead guilty to the charges. By this time I had no financial resource. The agreement was that, I would serve 20 days in jail, six months house arrest, and pay a fine of \$11,000.00. I serve my time paid all the money, finish in 2000.

8. You held a nonresident producer license in New Hampshire from August 19, 2007, through August 31, 2009. In January 2019, the Bureau contacted the state of New Hampshire to request a copy of your nonresident producer application. The New Hampshire application included the question: "[h]ave you ever been convicted of, or are you currently charged with, committing a crime, whether or not adjudication was withheld? Crime includes a misdemeanor, felony, or a military offense." You answered "No" to this question. Your application included a signed Certification and Attestation stating that "I hereby certify that, under penalty of perjury, all of the information submitted in this application and attachments is true and complete. I am aware that submitting false information or omitting pertinent or

material information in connection with this application is grounds for license revocation or denial of the license and may subject me to civil or criminal penalties.”

9. Your failure to disclose your felony and misdemeanor convictions, as described in Paragraphs 1 & 2, is grounds for the revocation of your insurance license pursuant to 24-A M.R.S. § 1420-K(1)(A) for providing incorrect, misleading, incomplete or materially untrue information in the license application.
10. Your conviction, as described in Paragraph 1(c) represented grounds for the denial of your insurance producer application and the conduct underlying the conviction represents grounds for the revocation of your insurance producer license pursuant to 24-A M.R.S. § 1420-K(1)(F) & 5 M.R.S. § 5301(2). Based on the information available to the Bureau, as described in Paragraphs 1(c) and 7, your conviction involves dishonesty in the course of your business as a mortgage broker. While certain criminal convictions may only be considered by a licensing agency for a period of three years beyond the individual’s discharge from the correctional system, there is no time limitation for consideration of a licensee’s conduct which gave rise to the criminal conviction if that conduct is otherwise a ground for disciplinary action against a licensee. See 5 M.R.S. § 5303(1) and 24-A M.R.S. § 1420-K(1)(H).
11. Your failure to provide substantive responses to lawful inquiries of the Superintendent, as described in Paragraphs 3 through 6, represents grounds for the revocation of your insurance producer license pursuant to 24-A M.R.S. § 1420-K(1)(B) for violating insurance laws.
12. Your failure to disclose your criminal conviction on three of your appointment applications, as described in Paragraph 7, represents grounds for the revocation of your insurance producer license pursuant to 24-A M.R.S. § 1420-K(1)(H) for using dishonest practices or demonstrating incompetence, untrustworthiness in the conduct of business in this State or elsewhere.
13. Your failure to disclose your criminal conviction on your New Hampshire producer application, as described in Paragraph 8, represents grounds for the revocation of your producer license pursuant to 24-A M.R.S. § 1420-K(1)(B) for violating any insurance laws, specifically N.H. Rev. Stat. § 402-J:12,1(a)¹.

Therefore, based upon the above grounds, your Maine insurance producer license is **revoked** as of **May 8, 2019**, pursuant to 24-A M.R.S. §§ 1417 and 1420-K, subject to your right to request a hearing.

Under the Maine Insurance Code, specifically 24-A M.R.S. § 1417 and § 1420 K, you have the right to a hearing before the Superintendent or his designee to appeal this revocation. If you request a hearing, you will have the right to present evidence and arguments in your defense.

If you request a hearing, you will receive further communication regarding scheduling. The matters to be determined through the hearing process will be whether you committed one or more of the violations listed above, and if so, the appropriate sanctions for those violations. The sanctions imposed after a hearing can include any available remedy under applicable laws, including the payment of civil penalties.

¹ N.H. Rev. Stat. § 402-J:12(1)(a) states:

I. The commissioner may place on probation, suspend, revoke, or refuse to issue or renew an insurance producer's license, or may levy a penalty in accordance with RSA 400-A:15, III or any combination of actions for any one or more of the following causes:

(a) Providing incorrect, misleading, incomplete, or materially untrue information in the license application.

To request a hearing, you must notify the Bureau of Insurance in writing no later than May 8, 2019. If you do not file a written request for a hearing within 30 days from the time you knew or reasonably should have known of this act through this Notice and Order, you will lose your right to request a hearing on this matter. Pursuant to 24-A M.R.S. § 213(3), this Notice from the Superintendent to you shall be deemed to have been given when deposited in a mail depository of the United States Post Office.

Any request for a hearing, as well as all other communications regarding this Notice, Order, and Opportunity for Hearing must be addressed to Bureau Licensing Attorney Lindsay J. Laxon, Bureau of Insurance, #34 State House Station, Augusta, Maine 04333-0034 (for US Postal Service deliveries) or 76 Northern Avenue, Gardiner, Maine 04345 (for private carrier deliveries, such as FedEx or UPS). You may also reach Ms. Laxon by e-mail at Lindsay.J.Laxon@maine.gov or by telephone at (207) 624-8429.

April 3, 2019



Eric A. Cioppa
Superintendent of Insurance