

JAMESON C. WALKER
Office of the Commissioner of Securities and
Insurance, Montana State Auditor (CSI)
840 Helena Avenue
Helena, MT 59601
(406) 444-2040

Attorney for the CSI

**BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE
MONTANA STATE AUDITOR**

IN THE MATTER OF INSURANCE)	CASE NO.: INS-2013-85
PRODUCER LICENSE OF TIM)	
WILLIAMS, License No. 27524,)	NOTICE OF PROPOSED AGENCY
)	DISCIPLINARY ACTION AND
Respondent.)	OPPORTUNITY FOR HEARING

Staff of the Office of the Commissioner of Securities and Insurance, Montana State Auditor (CSI), by and through counsel, and pursuant to the authority of the Montana Insurance Code, Mont. Code Ann. § 33-1-101 et seq. (Code), is proposing the Commissioner of Securities and Insurance, Montana State Auditor (Commissioner) take specific action against the above-named Respondent for violating the Code. The Commissioner has authority to take such action under the provisions of Mont. Code Ann. §§ 33-1-102, 33-1-311, 33-1-314, 33-1-317, 33-1-1202, 33-1-1211 and 33-17-1001.

Specifically, staff is proposing, pursuant to Mont. Code Ann. § 33-1-317, that the Commissioner impose a fine not to exceed \$5,000.00 for each violation of the Code for the Respondent, in addition to all other penalties imposed by the laws of Montana. Additionally, staff is proposing, pursuant to Mont. Code Ann. § 33-17-1001, that the Commissioner suspend or revoke the Respondent's insurance producer license.

REASONS FOR ACTION

There is probable cause to believe that the following facts, if true, justify and support such specific action.

ALLEGATIONS OF FACT

1. Tim Williams (Respondent) is a licensed insurance producer, license number 27524, whose principal place of business is located at 2017 Harrison Ave., Suite 244, Butte, Montana 59701.

2. On or around March 8, 2013, the CSI received a referral which alleged the Respondent was submitting insurance policy applications without the consumer's knowledge or consent.

3. The CSI investigated the matter and interviewed three Montana consumers, identified herein as N.N., S.S., and K.K., who had purchased insurance through the Respondent.

4. Two consumers, N.N. and S.S., confirmed that the Respondent submitted an insurance application without their consent. One consumer, K.K., wanted to purchase the policy, but subsequently discovered that the policy did not provide what she wanted despite what the Respondent had advertised.

5. For N.N., the Respondent met with her about her existing insurance policy on or around October 2012. The Respondent subsequently informed N.N. that he had found a better policy. According to N.N., she asked the Respondent to bring and show her the information. Instead of meeting as requested, the Respondent submitted an online application. The online application specified that premium payments would come out of N.N.'s checking account. N.N. subsequently discovered she had purchased the policy when money was withdrawn from her account. N.N. did not authorize the insurance transaction. Additionally, N.N. confirmed that the

online application submitted by the Respondent contained incorrect information. Particularly, several security questions provided in the PIN Signature section were incorrect (city of birth, father's place of birth, mother's place of birth).

6. On or about July 25, 2012, the Respondent applied electronically for two policies on behalf of S.S. including, but not limited to, authorizing the company to obtain medical records and authorizing a request to draft premium through electronic funds transfer. The applications contained inaccuracies regarding S.S.'s personal information (city of birth; father's place of birth, mother's place of birth, date of birth, Social Security Number). S.S. did not authorize the Respondent to submit either application.

7. On or about July 25, 2012, the Respondent applied for insurance for K.K. However, once the policy was issued by the insurer, K.K. discovered that it did not provide what she understood the Respondent had promised.

8. On or about March 22, 2013, the Respondent held an event at a hotel in Missoula, Montana. The event included renting hotel rooms and utilizing the convention amenities for the purpose of conducting the Respondent's insurance business. The hotel complained to the CSI that, despite repeated attempts, the Respondent would not pay the remaining bill for these services.

9. On or about November 14, 2013, the CSI received a consumer complaint from B.J. The CSI investigated the complaint and determined that B.J. purchased supplemental health insurance through the Association of Healthy Ideas and Resources (AHIR). The CSI also determined that the Respondent sold B.J. this policy. AHIR was not licensed to transact insurance business in Montana.

CONCLUSIONS OF LAW

1. The State Auditor is the Commissioner of Securities and Insurance pursuant to §§ 2-15-1901, 2-15-1903.
2. The CSI is under the control and supervision of the Commissioner pursuant to § 33-1-301; 33-17-101 et seq.
3. The CSI has jurisdiction over this matter. § 33-1-311.
4. The CSI has jurisdiction over this matter by reason of Respondent's licensure pursuant to § 33-17-101 et seq.
5. The CSI administers Insurance Code to ensure that the interests of insurance consumers are protected. § 33-1-311.
6. The CSI may suspend, revoke, or refuse to renew an insurance producer's license and/or levy a civil penalty in accordance with § 33-1-317, or may choose any combination of actions when an insurance producer has, in the conduct of the affairs under the license, used fraudulent, coercive, or dishonest practices or the licensee or applicant is incompetent, untrustworthy, financially irresponsible, or a source of injury or loss to the public. § 33-17-1001(1)(f).
7. The Respondent violated § 33-17-1001(1)(f) when he:
 - a. Submitted insurance applications for S.S. and N.N. without their respective consent.
 - b. Failed to put K.K. in a policy which K.K. desired.
 - c. Sold a policy to B.J. through an association which was not licensed to transact insurance business in Montana.

d. Conducted insurance business at a hotel in the name of his insurance business, then failed to pay the bill in full.

8. The CSI may suspend, revoke, or refuse to renew an insurance producer's license and/or levy a civil penalty in accordance with § 33-1-317 when a producer has forged another's name to an application for insurance or to any document related to an insurance transaction. § 33-17-1001(1)(j).

9. The Respondent violated § 33-17-1001(1)(j) when he submitted insurance applications on behalf of S.S. and N.N. without their respective consent.

10. The CSI may suspend, revoke, or refuse to renew an insurance producer's license and/or levy a civil penalty in accordance with § 33-1-317 when a producer has misrepresented the terms of an actual or proposed contract or application for insurance. § 33-17-1001(1)(g).

11. The Respondent violated § 33-17-1001(1)(g) when he misrepresented the terms of an insurance contract to N.N.

12. A person commits the act of insurance fraud when the person presents or causes to be presented to or by an insurer, purported insurer, producer, or administrator, as defined in 33-17-102, a materially false or altered application of insurance. § 33-1-1202(3).

13. The Respondent violated § 33-1-1202(3) when he presented a materially false application of insurance for S.S. and N.N. Neither had authorized the Respondent to purchase the policies.

14. The CSI may impose a fine not to exceed the sum of \$5,000 upon an insurance producer found to have violated a provision of the Code. § 33-1-317.

RELIEF REQUESTED

WHEREFORE, the CSI seeks the following relief:

1. Pursuant to §§ 33-1-1211, 33-17-1001, and 33-1-317, the imposition of a fine upon the Respondents not to exceed the sum of \$5,000 per violation of the Code.
2. Pursuant to § 33-1-1211(1)(b), require the Respondent to pay the costs of the proceeding.
3. Pursuant to § 33-17-1001, the suspension or revocation of the Respondent's insurance producer's license.

STATEMENT OF RIGHTS

You are entitled to a hearing to respond to this notice, and to present evidence and arguments on all issues involved in this case. You have a right to be represented by an attorney at any and all stages of this proceeding. You may demand a formal hearing before a hearing examiner appointed by the Commissioner pursuant to the Montana Administrative Procedure Act, § 2-4-601 et seq., including § 2-4-631. If you demand a hearing, you will be given notice of the time, place and the nature of the hearing.

If you want to contest the proposed action, you must advise the Commissioner within 15 days of the date you receive this notice. You must advise the Commissioner of your intent to contest the proposed action by writing to Jameson C. Walker, Office of the Commissioner of Securities and Insurance, Montana State Auditor, 840 Helena Avenue, Helena, Montana 59601. The matter shall then be promptly set for hearing. Your letter must clearly indicate whether you demand a hearing, or whether you waive formal proceedings and, if so, what informal proceedings you prefer for disposition of this case. Pursuant to § 2-4-603(2), you may not request to proceed informally if the action could result in suspension, revocation, or any other adverse action against a professional license. If you request a hearing, you will be given notice of the date, time, and place of the hearing.

Should you request a hearing, you have the right to be accompanied, represented, and advised by counsel. If the counsel you choose has not been admitted to practice law in the state of Montana, he or she must comply with the requirements of *Application of American Smelting and Refining Co.*, 164 Mont. 139, 520 P.2d 103 (1973), and *Montana Supreme Court Commission on the Unauthorized Practice of Law v. O'Neil*, 2006 MT 284, 334 Mont. 311, 147 P.3d 200.

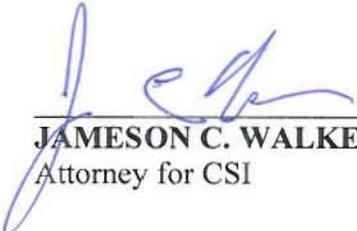
CONTACT WITH COMMISSIONER'S OFFICE

If you have questions or wish to discuss this matter, please contact Jameson C. Walker, legal counsel for the CSI, at 840 Helena Avenue, Helena, MT, 59601. If an attorney represents you, please make any contacts with this office through your attorney.

POSSIBILITY OF DEFAULT

Failure to give notice or to advise of your demand for a hearing or informal procedure within 15 days will result in the entry of a default order imposing the disciplinary sanctions against you without further notice to you, pursuant to Mont. Admin. R. 6.2.101, and the Attorney General's Model Rule 10, Mont. Admin. R. 1.3.214.

DATED this 16th day of June, 2014.



JAMESON C. WALKER
Attorney for CSI