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DEPARTMENT OF INSURANCE  
By                     

2 STATE OF ARIZONA  
3 DEPARTMENT OF INSURANCE

4  
5 In the Matter of: )  
6 RONALD R. BROWN ) No. 8149  
7 Respondent. ) CONSENT ORDER  
8 )

9 A Notice of Hearing was issued by the Department on July  
10 27, 1993, wherein the Department alleged Respondent violated the  
11 provisions of Title 20, Arizona Revised Statutes. Respondent has  
12 received the Notice and has been advised of his right to a  
13 hearing and hereby waives this right. In order to resolve the  
14 Complaint pending before the Department regarding Respondent,  
15 Respondent admits the Findings of Fact set forth herein as true  
16 and consents to entry of the following Order.

17 FINDINGS OF FACT

18 1. Ronald R. Brown ("Respondent") was licensed as a  
19 life insurance agent in the state of Arizona, license number  
20 0496097, that license expired January 31, 1993. Respondent owned  
21 and operated Brown's Colonial Mortuary and Cremation Center  
22 ("Brown's Mortuary").

23 COUNT I

24 2. In July, 1988, without proper licensing as required  
25 by A.R.S. § 32-1391.10, Respondent on behalf of Brown's Mortuary  
26

1 entered into a prearranged funeral agreement with Amelia Weil  
2 ("Weil").

3 3. Respondent failed to give Weil a Statement of  
4 Funeral Goods and Services which would have informed her the  
5 funeral contract was funded by insurance, as required by A.A.C.  
6 R4-12-541(B).

7 4. Respondent purchased an insurance policy on Weil's  
8 life, naming Brown's Mortuary as both beneficiary and owner of  
9 the policy without Weil's knowledge or consent.

10 5. From July, 1988 until November, 1988 Weil made  
11 payments to Brown's Mortuary. Weil was never advised that the  
12 payments she was making to Brown's Mortuary were to pay premium  
13 on an insurance policy.

14 6. Respondent advised Weil the monies paid pursuant to  
15 the prearranged funeral agreement would be placed in a funeral  
16 trust savings account. Respondent never opened such an account.

17 7. Respondent advised the insurer, American Guaranty  
18 Life Insurance Company ("American Guaranty") to send the Weil  
19 policy to him. Respondent did not forward the policy to Weil.  
20 Weil did not have an opportunity to review and reject the policy  
21 as required by A.A.C. R4-14-211(E).

22 COUNT II

23 8. In August, 1989 without proper licensing as  
24 required by A.R.S. § 32-1391.10, Respondent and Brown's Mortuary  
25 entered into a prearranged funeral agreement with Bernice  
26 Rockford ("Rockford"), as guardian, of Dorothy Sweeney  
("Sweeney").

1           9.     Respondent failed to give Rockford a Statement of  
2 Funeral Goods and Services which would have informed her the  
3 funeral contract was funded by insurance, as required by A.A.C.  
4 R4-12-541(B).

5           10.    Respondent purchased an insurance policy on  
6 Sweeney's life, naming Brown's Mortuary as the owner of the  
7 policy without Rockford's knowledge or consent.

8           11.    Rockford on behalf of Sweeney made a one time  
9 payment to Brown's Mortuary. Rockford was never advised that the  
10 payment she made to Brown's Mortuary was used to pay premium on  
11 an insurance policy.

12           12.    Respondent advised Rockford the monies she paid  
13 pursuant to the prearranged funeral agreement would be placed in  
14 a funeral trust savings account. Respondent never opened such an  
15 account.

16           13.    Respondent advised the insurer, Grange Mutual Life  
17 Company, ("Grange Mutual") to send the Sweeney policy to him.  
18 Respondent did not forward the policy to Rockford. Rockford did  
19 not have an opportunity to review and reject the policy as  
20 required by A.A.C. R4-14-211(E).

21                           COUNT III

22           24.    In July, 1990, without proper licensing as required  
23 by A.R.S. § 32-1391.10, Respondent sold a prearranged funeral  
24 contract to Ray Rogers ("Rogers") on behalf of Josie Loney  
25 ("Loney").  
26

1           15. Respondent failed to give Rogers a Statement of  
2 Funeral Goods and Services which would have informed him the  
3 funeral contract was funded by insurance, as required by  
4 A.A.C.R4-12-541(B).

5           16. Respondent used Rogers' money to purchase an  
6 insurance policy on Loney's life, naming Brown's Mortuary as  
7 owner of the policy.

8           17. Rogers on behalf of Loney made a one time payment  
9 to Brown's Mortuary. Rogers was never advised that the payment  
10 he made to Brown's Mortuary was being used to pay premium on an  
11 insurance policy.

12           18. Respondent advised Rogers the monies he paid  
13 pursuant to the prearranged funeral agreement would be placed in  
14 a funeral trust savings account. Respondent never opened such an  
15 account.

16           19. Respondent advised the insurer, Prairie States life  
17 Insurance Company ("Prairie States") to send the Loney policy to  
18 him. Respondent did not forward the policy to Rogers. Rogers  
19 did not have an opportunity to review and reject the policy as  
20 required by A.A.C. R4-14-211(E).

21   COUNT IV

22           20. On or about October 29 and 30, 1991, the Arizona  
23 State Board of Funeral Directors and Embalmers held a hearing in  
24 The Matter of Funeral Establishment License No. B0245 issued to  
25 Brown's Colonial Mortuary and Cremation Center and Funeral  
26 Director License No.0491 issued to Ronald R. Brown, Embalmer

1 License No. E0694 issued to Ronald R. Brown and funeral  
2 Establishment License No. B0351 issued to Ronald R. Brown dba  
3 Arizona Cremation and Burial and pending registration of Colonial  
4 Crematory, No. 90-50 and 90-04, to determine if cause existed to  
5 suspend, revoke or take other disciplinary action concerning the  
6 above referenced licenses.

7           21. On or about January 28, 1992, an Order was issued  
8 containing Findings of Fact and Conclusions of Law, in No. 90-50  
9 and 91-04, by the Director of the Arizona State Board of Funeral  
10 Directors and Embalmers, ("Funeral Board Order"). This Order  
11 revoked licenses issued to Respondent and Brown's Mortuary by the  
12 Funeral Board. The Funeral Board Director found Respondent unfit  
13 to hold any license issued by the Board. The Funeral Board  
14 Director further ordered Respondent to pay restitution in the  
15 amount of \$100,000.00, civil penalty in the amount of \$10,000.00  
16 and costs incurred in conducting the hearing of \$22,337.13.

17           22. On or about September 18, 1992, a Consent Judgment  
18 was entered in Maricopa County Superior Court in State of  
19 Arizona, ex rel. Grant Woods, Attorney General v. Brown's  
20 Colonial Mortuary and Cremation Center Inc., and Ronald Brown, a  
21 single man, No. CV91-21771, enjoining Respondent and/or Brown's  
22 Mortuary from advertisement or sale of any merchandise or  
23 services as defined by A.R.S. § 44-1521. Respondent was also  
24 ordered to pay \$15,000.00 in restitution.

25           23. On or about November 3, 1992, the Funeral Board  
26 Order was affirmed by the Maricopa County Superior Court in  
docket No. CV 92-01786.

1           24. On or about May 24, 1993, a Settlement and  
2 Agreement was entered between Ronald R. Brown and the Arizona  
3 State Board of Funeral Directors and Embalmers, wherein Brown  
4 agreed not to operate or be employed by or in any Crematory.  
5 Under the agreement Brown's Funeral Director's license will be  
6 suspended for 3 years, his Embalmer's license will be suspended  
7 for 1 year, and he will pay the Board's expenses of \$24,149.63,  
8 plus a fine in the amount of \$35,000.00.

9                           CONCLUSIONS OF LAW

10           1. The Director has jurisdiction over this matter.

11           2. Respondent's above alleged conduct constitutes a  
12 record of dishonesty in business or financial matters within the  
13 meaning of A.R.S. § 20-290(B)(2).

14           3. Respondent's above alleged conduct constitutes a  
15 record of conduct under an insurance license showing the  
16 applicant to be incompetent or a source of injury and loss to, or  
17 repeated complaints by, the public or any insurer, within the  
18 meaning of A.R.S. § 20-290(B)(4).

19           4. Respondent's above alleged conduct constitutes the  
20 existence of any cause for which original issuance or any renewal  
21 of an insurance license could have been refused such that his  
22 license may be suspended or revoked under A.R.S. § 20-316(A)(1)  
23 together with 20-290(B)(2) and 20-290(B)(4).

24           5. Respondent's above alleged conduct constitutes the  
25 wilful violation of, or wilful noncompliance with, any provision  
26 of A.R.S. Title 20 or any lawful rule, regulation or order of the  
Director, in violation of A.R.S. § 20-316(A)(2).

1           6      Respondent's above alleged conduct constitutes  
2 misappropriation or conversion to his own use or illegal  
3 withholding of monies belonging to policyholders, insurers,  
4 beneficiaries or others and received in or during the conduct of  
5 business under the license or through its use, within the meaning  
6 of A.R.S. § 20-316(A)(4).

7           7.     Respondent has a record of conduct of affairs under  
8 the license showing the licensee to be incompetent or a source of  
9 injury and loss to, or repeated complaint by, the public or any  
10 insurer, within in the meaning of A.R.S. § 20-316(B)(7).

11           8.     The Director has grounds to suspend, revoke or  
12 refuse to renew Respondents' insurance licenses pursuant to  
13 A.R.S. § 20-316(A).

14           9.     The Director has grounds to impose civil penalties  
15 against Respondents, pursuant to A.R.S. § 20-316(C).

16                                 ORDER

17                 NOW, THEREFORE, IT IS ORDERED:

18                 1.     The renewal application of Respondent's insurance  
19 license is hereby refused upon the entry of this Order.

20                 DATED in Phoenix, Arizona this 19<sup>th</sup> day of August, 1993.

21  
22  
23  
24   \_\_\_\_\_  
SUSAN GALLINGER, Director  
Arizona Department of Insurance  
25  
26

1 CONSENT TO ORDER

2 1. The undersigned acknowledge that he has read the  
3 foregoing Findings of Fact, Conclusions of Law and Order and is  
4 aware of his right to an administrative hearing in this matter  
5 and has waived same.

6 2. The undersigned admits the jurisdiction of the  
7 Department and admits the foregoing Findings of Fact and consents  
8 to the entry of the foregoing Order.

9 3. The undersigned states that no promises were made  
10 to him to induce him to enter into this Consent Order and declare  
11 that he has entered into this Consent Order voluntarily.

12 4. The undersigned acknowledges that acceptance of  
13 this Consent Order is for the purpose of settling this litigation  
14 as against him and does not preclude the Department, or any other  
15 agency or officer of this State, or subdivision thereof, from  
16 instituting other civil or criminal proceedings as may be  
17 appropriate now or in the future.

18 5. The undersigned waives all rights to challenge such  
19 Findings of Fact, Conclusions of Law and Order on appeal or  
20 otherwise, and agrees to be bound by the foregoing Order.

21  
22  
23 Date: 8/18/93

24 By:   
25 RONALD R. BROWN,  
26 Licensee



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COPY of the foregoing mailed this  
19th day of August, 1993, to:

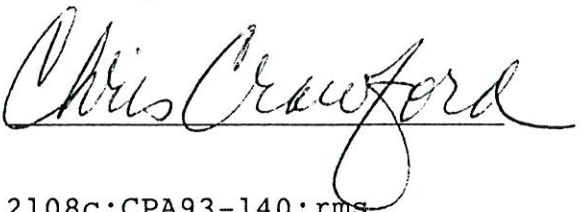
Kathryn L. Leonard  
Assistant Attorney General  
Consumer Protection and Antitrust Section  
Attorney General's Office  
1275 West Washington  
Phoenix, Arizona 85007

Charles R. Cohen, Acting Deputy Director  
Jay Rubin, Assistant Director  
Maureen Catalioto, Supervisor, Licensing  
Department of Insurance  
3030 North Third Street  
Suite 1100  
Phoenix, Arizona 85012

Leah D. Pallin  
Gallagher and Kennedy  
2600 N. Central Avenue  
Phoenix, AZ 85004-3020  
Attorney for Respondent

Ronald R. Brown  
7103 North 28th Drive  
Phoenix, AZ 85051

Ronald R. Brown  
Brown's Colonial Mortuary  
4141 North 19th Avenue  
Phoenix, AZ 85015



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