



State of Missouri

**DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND
PROFESSIONAL REGISTRATION**

IN RE:)
)
MARK EDWIN REED,) **Case No. 170428265C**
)
Renewal Applicant.)

ORDER REFUSING TO RENEW INSURANCE PRODUCER LICENSE

On June 20, 2017, the Consumer Affairs Division submitted a Petition to the Director alleging cause for refusing to renew the resident insurance producer license of Mark Edwin Reed. After reviewing the Petition, Investigative Report, and the entirety of the file, the Director issues the following findings of fact, conclusions of law, and order:

FINDINGS OF FACT

1. Mark Edwin Reed ("Reed") is a Missouri resident with a residential, business, and mailing address of 31671 Cherry Road, Wentworth, Missouri 64873-9327.
2. On June 6, 2007, the Department of Insurance, Financial Institutions and Professional Registration ("Department") issued Reed a resident insurance producer license, which was periodically renewed until it expired on June 7, 2017.
3. On November 16, 2016, the Barry County Circuit Court entered a Judgment against Reed, finding in relevant part:
 2. ... [T]he parties were introduced when Petitioner Honoria Lakin requested more information as to burial policies and Mark E. Reed, insurance agent responded to her request.
 3. Respondent Mark E. Reed is the insurance agent who showed Honoria Lakin burial and cremation policies.

* * *

5. Mark E. Reed established a friendship with Honoria Lakin.
6. Mark E. Reed is not related to Honoria Lakin.

* * *

12. Mark E. Reed allegedly sold a burial policy and a cremation policy to Honoria Lakin in the amount of \$7,200.00.

13. Mark E. Reed requested that Honoria Lakin loan him \$1,200.00 to assist him in purchasing cattle.

* * *

15. Mark E. Reed advised Honoria Lakin to obtain a loan ... to pay \$7,200 for the burial policy and the cremation policy [and] \$1,200.00 of the loan was to be used to assist Mark E. Reed purchas[ing] cattle.

16. Mark E. Reed advised Honoria Lakin to obtain a credit life policy from Onemain Financial Inc. (Exhibit B)

17. Mark E. Reed advised Honoria Lakin that it was a \$100,000.00 life insurance policy.

18. The term life policy marked Exhibit B is a term life insurance policy in the amount of \$18,226.24.

19. Honoria Lakin at the request of Mark E. Reed made Onemain Financial, Inc. the first beneficiary. Honoria Lakin at the request of Mark E. Reed made Mark E. Reed the second beneficiary (Exhibit B)

20. Honoria Lakin believes she was sold by Mark E. Reed, a Burial policy and a cremation policy through American Health and Life insurance. ...

21. No party to this action produced a burial policy or cremation policy.

22. Mark E. Reed had Honoria Lakin purchase a Gerber Life Insurance policy in the amount of \$25,000, naming Mark. E. Reed and Griselda Reed as beneficiaries of the policy[.] ...

* * *

25. Mark E. Reed had possession of Honoria Lakin's ATM card from Arvest Bank and withdrew funds in the amount of \$12,288.00 since October of 2013. (Exhibit E)

26. Mark E. Reed had possession of Honoria Lakin's ATM card from Arvest Bank and withdrew funds in the amount of \$1,200.00 for a vacation. (Exhibit E)

27. Mark E. Reed wrote checks without authority on the bank account at

Arvest Bank of Honoria Lakin.

* * *

55. Mark E Reed was Honoria Lakin's insurance agent.
56. Mark E. Reed in his relationship with his insurance client Honoria Lakin acquired private information regarding her financial holdings and status.
57. Mark E. Reed used his relationship with his insurance client Honoria Lakin to obtain [a] durable power of attorney of Honoria Lakin.
58. Mark E. Reed used his relationship with his insurance client Honoria Lakin for him and his family to be the heirs of Honoria Lakin pursuant to her will.
59. Mark E. Reed obtained an interest in his insurance client Honoria Lakin's finances when he directed her to obtain a loan to cover the cost of the funeral policies from Onemain for the policies he was selling her. Further he obtained further ownership interest by making himself the beneficiary of the Onemain term life [sic] insurance policy.
60. Mark E. Reed obtained an interest in his insurance client Honoria Lakin's finances when he directed her to obtain a Gerber Life Insurance policy. Further he obtained further ownership interest by making himself the beneficiary of the [Gerber] term life insurance policy.
61. Mark E. Reed misled Honoria Lakin as to the value of the term life insurance policy.
62. Mark E. Reed obtained an interest in Honoria Lakin's finances when he directed her to obtain a loan to cover the cost of cattle he was purchasing.
63. No evidence was produced that Mark E. Reed ever[] established any type of funeral policy with the \$7,500.00 provided to him by Honoria Lakin from the Onemain loan.
64. Mark E. Reed created a conflict of interest by borrowing money from Honoria Lakin.
65. Mark E. Reed had Honoria Lakin obtain a loan so he could borrow money.
66. Mark E. Reed used Honoria Lakin's ATM to borrow funds for personal use.

* * *

68. Mark E. Reed used his insurance client Honoria Lakin for his own personal benefit.

69. Mark E. Reed repeatedly used his insurance client Honoria Lakin to obtain monies for his own personal use.

Lakin v. Reed, Barry Co. Cir. Ct., Case No. 15BR-CC00064.

4. Reed's wife is Griselda Reed.
5. Griselda Reed was the designated contingent beneficiary on Honoria Lakin's Gerber Life Insurance Company policy, written for the maximum face value of \$25,000.00, as a "friend[.]" Reed signed and submitted the application on or about October 1, 2014.
6. On March 28, 2017, Reed appeared at the Department pursuant to subpoena and testified that he was the producing agent for the Gerber Life Insurance Company policy, that it was written with a face amount of \$25,000.00, and that he and his wife were the designated beneficiaries.
7. Reed also testified that he had earlier produced on behalf of Honoria Lakin a United Heritage Life Insurance Company policy in June 2009, and that in 2014 he submitted a policy form designating his own sister as the primary beneficiary (and "friend"), replacing Honoria Lakin's brother. Reed testified that Honoria Lakin had never met his sister and they were not in fact friends, but that he had suggested naming her as the beneficiary.
8. In her interactions with Reed, Honoria Lakin was not engaged in the occupation of receiving and processing loan applications for, or providing loans on behalf of, an institution in the business of providing loans to the public.
9. Reed, his wife, and his sister were not connected to Honoria Lakin by blood or affinity, nor did they have any reasonable expectation of pecuniary benefit from Honoria Lakin's continued life. On the contrary and as noted by the Barry County Circuit Court, Reed and his family had already been named as heirs in Honoria Lakin's will, and Reed possessed a power of attorney with access to her finances.
10. On June 16, 2017, the Department received Reed's electronic application to renew his resident insurance producer license ("Application").

CONCLUSIONS OF LAW

11. Section 375.141.1, RSMo¹ provides, in relevant part:

The director may suspend, revoke, refuse to issue or refuse to renew an

¹ All statutory references are to the 2013 Cumulative Supplement to the Missouri Revised Statutes.

insurance producer license for any one or more of the following causes:

* * *

- (2) Violating any insurance laws, or violating any regulation, subpoena or order of the director or of another insurance commissioner in any other state;

* * *

- (5) Intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance; [or]

* * *

- (8) Using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere[.]

12. Section 375.144 is an insurance law and provides, in relevant part:

It is unlawful for any person, in connection with the offer, sale, solicitation or negotiation of insurance, directly or indirectly, to:

* * *

- (2) As to any material fact, make or use any misrepresentation, concealment, or suppression[.]

* * *

- (4) Engage in any act, practice, or course of business which operates as a fraud or deceit upon any person.

13. Title 20 CSR 700-1.140 is a regulation of the Director and provides, in relevant part:

- (2) No insurance producer or member of the insurance producer's immediate family shall, at any time, be named as a beneficiary or contingent beneficiary or shall acquire any ownership interest in any insurance policy held by an insurance client or former or prospective insurance client. Such a prohibition would not apply if there exists a relationship between the insurance client or former or prospective insurance client and the insurance producer or immediate family of the insurance producer which gives rise to an insurable interest.

* * *

(3) No insurance producer shall obtain or solicit for a loan from an insurance client or former or prospective insurance client or any [sic] type of ownership interest in any insurance policy held by an insurance client or former or prospective insurance client. This prohibition shall not apply —

(A) When it is the usual occupation or practice of the insurance client or former or prospective insurance client to receive and process loan applications and to provide loans to the public as an owner, officer, or director or employee of an institution in the business of providing such loans; or

(B) When there exists a relationship between the insurance client or former or prospective insurance client and the insurance producer which gives rise to an insurable interest.

14. “The longstanding rule in Missouri is that one must have an insurable interest in a person’s life in order to take out a valid policy of insurance on that person’s life.” *Estate of Bean v. Hazel*, 972 S.W.2d 290, 291 (Mo. banc 1998) (citing *Lakin v. Postal Life & Cas. Ins. Co.*, 316 S.W.2d 542 (Mo. 1958)).
15. “[F]or one to have an insurable interest in the life of another, ‘there must be a reasonable ground founded upon the relations of the parties to each other, either pecuniary or of blood or affinity, to expect some benefit from or advantage from the continuance of the life of the insured.’” *Lakin*, 316 S.W.2d at 549 (internal citations omitted).
16. The Director may refuse to renew Reed’s resident insurance producer license pursuant to § 375.141.1(2) because he violated a regulation of the Director, specifically 20 CSR 700-1.140(3), when he solicited or obtained a loan from his insurance client Honoria Lakin, and no exception applied.
17. The Director may refuse to renew Reed’s resident insurance producer license pursuant to § 375.141.1(2) because he violated a regulation of the Director, specifically 20 CSR 700-1.140(2), when he designated himself as a beneficiary of Honoria Lakin’s Onemain Financial credit life insurance policy, even though he did not have any insurable interest in the life of Honoria Lakin.
18. The Director may refuse to renew Reed’s resident insurance producer license pursuant to § 375.141.1(2) because he violated a regulation of the Director, specifically 20 CSR 700-1.140(2), when he designated himself and his wife as beneficiaries of Honoria Lakin’s Gerber Life Insurance Company policy, even though they did not have any insurable interest in the life of Honoria Lakin.
19. The Director may refuse to renew Reed’s resident insurance producer license pursuant to § 375.141.1(2) because he violated a regulation of the Director, specifically 20 CSR 700-1.140(2), when he suggested designating his sister as the beneficiary of Honoria Lakin’s

United Heritage Life Insurance Company policy and completed a form to do so, even though his sister did not have any insurable interest in the life of Honoria Lakin.

20. The Director may refuse to renew Reed's resident insurance producer license pursuant to § 375.141.1(2) because he violated an insurance law, specifically § 375.144(2), when he misrepresented the value of the Onemain Financial credit life insurance policy to Honoria Lakin, which was a material fact regarding the insurance policy.
21. The Director may refuse to renew Reed's resident insurance producer license pursuant to § 375.141.1(2) because he violated an insurance law, specifically § 375.144(4), when he engaged in an act or practice which operated as a fraud or deceit, based upon the facts above.
22. The Director may refuse to renew Reed's resident insurance producer license pursuant to § 375.141.1(5) because he misrepresented the value of the Onemain Financial credit life insurance policy to Honoria Lakin.
23. The Director may refuse to renew Reed's resident insurance producer license pursuant to § 375.141.1(8) because he used fraudulent, coercive, or dishonest practices, or demonstrated untrustworthiness or financial irresponsibility in the conduct of his insurance business, based upon the facts above.
24. The Director has considered Reed's history and all of the circumstances surrounding Reed's Application. Renewing Reed's resident insurance producer license would not be in the interest of the public. Accordingly, the Director exercises her discretion to refuse to renew Reed's resident insurance producer license.
25. This Order is in the public interest.

ORDER

IT IS THEREFORE ORDERED that the resident insurance producer license renewal application of **Mark Edwin Reed** is hereby **REFUSED**.

SO ORDERED.

WITNESS MY HAND THIS 20th June **DAY OF** _____, 2017.



Chlora Lindley Myers

CHLORA LINDLEY-MYERS

**Director, Missouri Department of Insurance,
Financial Institutions and Professional Registration**

NOTICE

To: Applicant and any unnamed persons aggrieved by this Order:

You may request a hearing in this matter. You may do so by filing a complaint with the Administrative Hearing Commission of Missouri, P.O. Box 1557, Jefferson City, Missouri, within 30 days after the mailing of this notice pursuant to Section 621.120, RSMo. Pursuant to 1 CSR 15-3.290, unless you send your complaint by registered or certified mail, it will not be considered filed until the Administrative Hearing Commission receives it.

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CERTIFICATE OF SERVICE

I hereby certify that on this 21st day of June, 2017, a copy of the foregoing Order and Notice was served upon the Renewal Applicant in this matter by UPS, signature required service, at the following address:

Mark Edwin Reed
31671 Cherry Road
Wentworth, Missouri 64873-9327

No. IZ0R15W84291975657



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