

66419 expired November 30, 2008.

3. Jason Wright is a resident of Texas and works for American Senior Estate Services. He currently holds a resident Texas insurance license number 1231405 and a non-resident Oklahoma insurance license number 40003665.

JURISDICTION

The Insurance Commissioner has jurisdiction over this matter pursuant to the Insurance Code 36 O. S. §§ 101 *et seq.*, specifically pursuant to: Article 6 Authorization of Insurers; 36 O.S. §§ 601 *et seq.*; the Oklahoma Producer Licensing Act, 36 O.S. §§ 1435.1 *et seq.*; and the Unauthorized Insurance Business Act, 36 O.S. §§ 6103.1 *et seq.*

ALLEGATIONS OF FACT

1. On February 17, 2009, the Oklahoma Insurance Department received notification of alleged fraudulent acts of insurance producers Jason Wright and William Anthony Osborne. The Department was notified that two senior citizens in Ardmore, Oklahoma, Pat Means and Bill Hignight, were contacted by telephone by an unknown individual asserting he had been hired by an attorney to review their trusts. The caller wanted to make an appointment with Means and Hignight.

2. Both Means and Hignight had their trusts previously prepared by Ardmore attorney, Michael Hisey. Each senior telephoned Hisey questioning whether Hisey had given anyone their name or telephone number and asking about the necessity of the appointment with the unknown individual. Hisey stated that he had not given anyone their names and telephone numbers.

3. Hignight made an appointment with the unknown individual and he and his daughter Sissy Means (no relation to Pat Means) met with Jason Wright. Wright

identified himself as an estate planner who worked for William Osborne with American Senior Estate Services (Exhibit A). Wright's intention was to solicit and sell an insurance product.

4. Hisey suggested that his clients make police reports with the Ardmore Police Department. Hisey thought his clients' information was obtained through the Carter County Assessor's Office by someone looking for deeds in the name of trusts. Means contacted Marsha Miller, reporter for the Daily Ardmoreite, advising her that she believed someone was attempting to take advantage of the senior citizens of Ardmore. Miller ran a story on February 17, 2009, that the Oklahoma Insurance Department was investigating the Ardmore residents' complaints.

5. On February 18, 2009, Mary Martin called the Oklahoma Insurance Department after reading the newspaper article. Martin is 82 years old and lives alone in Ardmore, Oklahoma. She stated that she had received a telephone call on February 16, 2009, from an individual telling her she needed to update her trust. The man asked if he could visit with Martin in her home. Martin made an appointment on February 19, 2009. Following her call to the Oklahoma Insurance Department, she called and cancelled the appointment.

6. Investigation revealed that American Senior Estate Services is not and has not registered with the Oklahoma Secretary of State to do business in Oklahoma.

7. Investigation by the Oklahoma Insurance Department revealed the Texas Department of Insurance filed a Notice of Hearing on December 19, 2008, to determine if disciplinary action should be taken against, *inter alia*, William Anthony Osborne (Exhibit B). The Texas Department of Insurance is alleging that Osborne and his agents use

untrustworthy methods and sales tactics when approaching senior citizens in Texas by switching the senior citizens' annuities, leaving the seniors with surrender fees while the agents receive high commissions.

ALLEGED VIOLATIONS OF LAW

1. Respondents American Senior Estate Services and William Anthony Osborne's actions fall within the definition of "doing an insurance business in this State" 36 O.S. § 6103.2. The above-cited conduct is in violation of 36 O.S. §§ 6103.2 and 6103.3 by soliciting insurance in the State of Oklahoma without an insurance license.

2. Respondent Jason Wright's action in making appointments with senior citizens on behalf of an unlicensed entity and supervisor under the pretext of working for an attorney to review the seniors' trust is a violation of 36 O.S. § 1435.13(A)(8); using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in Oklahoma.

3. The alleged conduct is an immediate danger to the public or is causing or can be reasonably expected to cause significant, imminent and irreparable public injury.

RELIEF REQUESTED

The Insurance Commissioner is requested to immediately without notice or hearing issue an Emergency Cease and Desist Order under authority of 36 O.S. § 6103.5 ordering Respondents and their agents, affiliates, employees, and other representatives, both current and successor, whether named or unnamed herein, to cease and desist from all activities related to doing unauthorized insurance business in this state, including:

1. The making of or proposing to make as an insurer an insurance contract;

2. The making of or proposing to make, as guarantor or surety, any contract of guaranty or suretyship as a vocation and not merely incidental to any other legitimate business or activity of the guarantor or surety;

3. The taking or receiving of any application for insurance;

4. Maintaining any agency or office where any acts in furtherance of an insurance business are transacted, including but not limited to:

- a. execution of contracts of insurance with citizens of this or any other state,
- b. maintaining files or records of contracts of insurance,
- c. processing of claims, or
- d. receiving or collection of any premiums, commissions, membership fees, assessments, dues or other consideration for any insurance or any part thereof;

5. The issuance or delivery of contracts of insurance to residents of this state or to persons authorized to do business in this state;

6. Directly or indirectly acting as an agent for, or otherwise representing or aiding on behalf of another, any person or insurer in:

- a. solicitation, negotiation, procurement or effectuation of insurance or renewals thereof,
- b. dissemination of information as to coverage or rates, or forwarding of applications, or delivery of policies or contracts,
- c. inspection of risks,
- d. fixing of rates or investigation or adjustment of claims or losses,

- e. transaction of matters subsequent to effectuation of the contract and arising out of it, or
- f. in any other manner representing or assisting a person or insurer in the transaction of insurance with respect to subjects of insurance resident, located or to be performed in this state;

7. Contracting to provide indemnification or expense reimbursement in this state to persons domiciled in this state or for risks located in this state, whether as an insurer, agent, administrator, trust, funding mechanism, or by any other method;

8. The doing of any kind of insurance business specifically recognized as constituting the doing of an insurance business within the meaning of the statutes relating to insurance;

9. The doing or proposing to do any insurance business in substance equivalent to any of the foregoing in a manner designed to evade the provisions of the statutes; or

10. Any other transactions of business in this state by an insurer.

Witness My Hand and Official Seal this 20th day of February, 2009.



Julie Delluomo, OBA #14410
Assistant General Counsel
Oklahoma Department of Insurance
P.O. Box 53408
Oklahoma City, Oklahoma 73152-3408
Telephone:(405) 521-2746
Facsimile: (405) 522-0125

CERTIFICATE OF MAILING

I, Julie Delluomo hereby certify that a true and correct copy of the above and foregoing Application for Emergency Cease and Desist Order was mailed postage prepaid with return receipt requested on this 23rd day of February 2009 to:

American Senior Estate Services 7006 0810 0002 6164 1228
1325 19th Street, Suite 1B
Plano, Texas 75074-5950

William Anthony Osborne 7006 0810 0002 6164 1204
1325 19th Street, Suite 1B
Plano, Texas 75074-5950

Jason Wright 7006 0810 0002 6164 1211
1018 Norton Drive
Mesquite, Texas 75149

and a copy was hand-delivered to:

Director, OID Agents Licensing

Director, OID Anti-Fraud Division

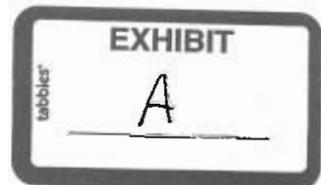


Julie Delluomo



Jason Wright
Estate Planner

1325 E. 19th Street, Ste. 1B • Plano, Texas 75074
972-423-4577 • 866-418-7878





Texas Department of Insurance
Enforcement Division, Mail Code 110-1A
 333 Guadalupe • P. O. Box 149104, Austin, Texas 78714-9104
 512-475-1821 telephone • www.tdi.state.tx.us

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December 19, 2008

William Anthony Osborne
 1395 19th Street No. 1B
 Plano, Texas 75074

FIRST CLASS AND CERTIFIED MAIL
7005 1820 0001 5609 6985
RETURN RECEIPT REQUESTED

William Louis Osborne
 3716 Windmill LN.
 Plano, Texas 75074

FIRST CLASS AND CERTIFIED MAIL
7005 1820 0001 5609 6992
RETURN RECEIPT REQUESTED

Casey Ray VanLoon
 2127 Portofino Drive
 Rockwall, Texas 75032

FIRST CLASS AND CERTIFIED MAIL
7005 1820 0001 5609 7005
RETURN RECEIPT REQUESTED

Casey Ray VanLoon
 792 Windsong
 Rockwall, Texas 75032

FIRST CLASS AND CERTIFIED MAIL
7005 1820 0001 5609 7012
RETURN RECEIPT REQUESTED

Gene Michael McKinney, Jr.
 224 Elmwood Dr.
 Garland, Texas 75043

FIRST CLASS AND CERTIFIED MAIL
7005 1820 0001 5609 7029
RETURN RECEIPT REQUESTED

Ronnie G. Nichols
 250 Shadow Oaks
 Streetman, Texas 75859

FIRST CLASS AND CERTIFIED MAIL
7005 1820 0001 5609 7036
RETURN RECEIPT REQUESTED

Ronnie G. Nichols
 849 South Gun Barrel Lane, Ste F-5
 Gun Barrel City, Texas 75156

FIRST CLASS AND CERTIFIED MAIL
7005 1820 0001 5609 7034
RETURN RECEIPT REQUESTED

RE: FILE NOS. 51016, 51673, 51362, 51017, and 50857; FIRST AMENDED NOTICE OF PUBLIC HEARING IN DOCKET NO. 454-08-3107.C TO CONSIDER WHETHER DISCIPLINARY ACTION SHOULD BE TAKEN AGAINST WILLIAM ANTHONY OSBORNE, PLANO, TEXAS, WILLIAM LOUIS OSBORNE, PLANO, TEXAS, CASEY RAY VANLOON, ROCKWALL, TEXAS, GENE MICHAEL MCKINNEY, GARLAND, TEXAS WHOM HOLD A GENERAL LIFE, ACCIDENT AND HEALTH LICENSE ISSUED BY THE TEXAS DEPARTMENT OF INSURANCE; AND TO CONSIDER THE APPLICATION OF



Notice of Hearing

William A. Osborne, William L. Osborne, Casey VanLoon, Gene M. McKinney, Ronnie G. Nichols
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RONNIE G. NICHOLS, GUN BARREL CITY, TEXAS FOR A GENERAL LIFE, ACCIDENT, AND HEALTH LICENSE TO BE ISSUED BY THE TEXAS DEPARTMENT OF INSURANCE. (Collectively, "Respondents")

Dear Licensees and Applicant:

Please consider this formal notice that a public hearing will be held before an Administrative Law Judge at **9:00 a.m. on January 20 through January 22, 2009** in the offices of the State Office of Administrative Hearings, 300 West 15th Street, 4th Floor, Austin, Texas. The hearing shall be conducted in accordance with the provisions of TEX. GOV'T CODE ANN., Chapter 2001 and 1 TEX. ADMIN. CODE, Chapter 155. Unless otherwise directed by the Administrative Law Judge, the hearing shall continue from day to day in the offices of the State Office of Administrative Hearings until concluded.

YOU MUST FILE A WRITTEN RESPONSE TO THE NOTICE OF HEARING WITH THE STATE OFFICE OF ADMINISTRATIVE HEARINGS WITHIN 20 DAYS OF THE DATE THE NOTICE OF HEARING WAS MAILED. FAILURE TO FILE A WRITTEN RESPONSE BY THIS DEADLINE SHALL ENTITLE TDI TO SEEK DISPOSITION BY DEFAULT PURSUANT TO 1 TEX. ADMIN. CODE § 155.55 AND 28 TEX. ADMIN. CODE §§ 1.88 AND 1.89.

IF YOU FAIL TO FILE A WRITTEN RESPONSE, THE SCHEDULED HEARING CAN BE CANCELLED AND WITHOUT FURTHER NOTICE TO YOU THE COMMISSIONER OF INSURANCE CAN ISSUE AN ORDER IN WHICH THE ALLEGATIONS IN THE NOTICE OF HEARING ARE DEEMED ADMITTED AS TRUE AND THE RELIEF SOUGHT IN THE NOTICE OF HEARING, INCLUDING REVOCATION OF YOUR LICENSE AND DENIAL OF YOUR LICENSE APPLICATION, IS GRANTED BY DEFAULT.

IF YOU FILE A WRITTEN RESPONSE BUT THEN FAIL TO APPEAR ON THE DAY AND TIME SET FOR HEARING, WITHOUT FURTHER NOTICE TO YOU, THE COMMISSIONER OF INSURANCE CAN ISSUE AN ORDER IN WHICH THE ALLEGATIONS IN THE NOTICE OF HEARING ARE DEEMED ADMITTED AS TRUE AND THE RELIEF SOUGHT IN THE NOTICE OF HEARING, INCLUDING REVOCATION OF YOUR LICENSE AND DENIAL OF YOUR LICENSE APPLICATION, IS GRANTED BY DEFAULT.

In accordance with the provisions of 28 TEX. ADMIN. CODE § 1.90(e) and 1 TEX. ADMIN. CODE §§ 155.23 and 155.25, copies of such written response should be sent to:

- (1) Docketing Division
State Office of Administrative Hearing
300 West 15th Street
Room 504

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P. O. Box 13025
Austin, Texas 78711-3025

(2) Chief Clerk
Texas Department of Insurance, MC113-2A
P. O. Box 149104
Austin, Texas 78714-9104

(3) Patrick Quiqley
Steven Augustine
Texas Department of Insurance
Enforcement Division, MC110-1A
P. O. Box 149104
Austin, Texas 78714-9104.

The Commissioner of Insurance has authority and jurisdiction pursuant to TEX. INS. CODE ANN. §§ 82.051-82.055, 4001.002, 4001.105, 4005.101, 4005.102, and 4054.051; and TEX. GOV'T CODE ANN. §§ 2001.051-2001.178.

The allegations against Respondents are as follows:

1. William Anthony Osborne holds a General Life, Accident and Health License issued by Texas Department of Insurance ("TDI/Department"), on August 19, 1988.
2. William Louis Osborne holds a General Life, Accident and Health License issued by TDI, on May 5, 2004.
3. Casey VanLoon holds a General Life, Accident and Health License issued by TDI on June 8, 2004.
4. Gene Michael McKinney, Jr. holds a General Life, Accident and Health License Issued by TDI on January 6, 2004.
5. Ronnie Nichols has a pending application for a General Life, Accident, and Health License to be issued by TDI pursuant to TEX. INS. CODE ANN. §§4001.102-4001.105 and 4054.051. According to information provided by Ronnie G. Nichols to TDI, his date of birth is May 4, 1974.
6. This case involves an agency named **American Senior Estate Services** ("ASES"), the owner of the agency William A. Osborne ("Osborne"), and the agents and unlicensed people he employed, including William L. Osborne ("Louis Osborne"), Casey VanLoon ("VanLoon"), Gene Michael McKinney, Jr. ("McKinney"), and Ronnie Nichols ("Nichols"). This agency and its employees, as orchestrated and directed by Osborne, have

systematically and routinely exploited and preyed upon one of our most vulnerable populations, senior citizens.

I. **THE SALE OF TRUSTS AND THE UNAUTHORIZED PRACTICE OF LAW**

7. The scheme to defraud Texas senior citizens begins with the Respondents' marketing of and subsequent reviewing of living trusts. The Respondents used the sale and review of living trusts as a means to gain access to these senior's financial information. If a living trust was sold, additional visits would be scheduled by Respondents in order to review all assets of the consumer that were held in the trust.
8. The marketing and sale of living trusts by ASES and the Respondents typically consisted of one or more of the following: (1) the estate and tax benefits of living trusts are fraudulently misrepresented, (2) "legal advice" is dispensed *en masse* by non-attorneys, (3) living trusts are sold, and (4) a payment is collected from persons who are interested in purchasing a living trust.
9. The review of trusts was done through a telemarketing operation where the senior is told that it was time for an annual review of their revocable living trust, which was necessary to make sure everything is in proper working order. However, the real purpose of the review was for the annuity salesman to gain the confidence of the senior and sell them an annuity. If a senior had an annuity, this was an opportunity to switch them into another one. If a senior did not have an annuity, fear tactics were employed and they were sold an annuity.
10. All initial representations and legal advice by the Respondents with regards to the need for a living trust are made by individuals who are not licensed to practice law. These same unlicensed individuals solicit and receive monetary payment from the senior consumers for the creation of various legal documents that are recommended by these unlicensed individuals.
11. Respondents consistently and meticulously disguised or otherwise failed to disclose the true nature of the transaction – to sell annuities. The senior citizens are told that a living trust is necessary to avoid probate, estate taxes and expensive legal bills. As part of the programmed sales pitch, Respondents made false or misleading misrepresentations such as the transaction(s) were "necessary to protect their money and property" provided "no risk," was "guaranteed," "was a better product," and provided "a better interest rate."

12. Respondents conspired to engage in the unauthorized practice of law. The seniors make a check out to ASES or an attorney, such as Gary J. Derer, but the work of client interviews, asset gathering, execution of documents, funding of the trusts, and advice as to whether a living trust is the appropriate document for a particular client's needs are conducted by persons who are not attorneys and who are not employees of an attorney's office. The cost of the trust was inappropriately split between attorneys, such as Mr. Derer, and non-attorneys, such as the Respondents.
13. An attorney rarely, if ever, meets or consults with the senior clients, and may never personally draft any of the legal documents at issue in this suit. Instead, the Respondents may pay to have an attorney's name affixed to their finalized executed trust documents as a stamp of approval. As an example, The Estate Plan creates and provides a notebook entitled "Personal Estate Preservation Program" containing all of the form legal documents which are executed by the representatives and ultimately remains with the senior consumers.
14. None of the Respondents have a license to practice law in Texas. Respondents fraudulently conceal this fact from senior consumers.
15. This disciplinary action is brought against Respondents for fraud, dishonest acts or practices, unauthorized practice of law, and breach of fiduciary duty concerning their actions as described above and below.

II. BREACH OF FIDUCIARY DUTY

16. By reason of their purported assumption of the position as lawyer, advisor, and estate planning specialist, and because of their claimed superior knowledge, Respondents assumed fiduciary duties to the seniors by providing estate planning, legal, and investment advice counseling to senior citizens. Respondents should be estopped from denying the existence of such duties.
17. As set forth above, Respondents violated and breached fiduciary duties of care, loyalty, reasonable inquiry, oversight, good faith, and supervision. Respondents betrayed the trust of seniors by, *inter alia*, misadvising them on the need for and the advantage of the living trust, misrepresenting the nature of probate and estate taxes, assisting non-lawyers in the unauthorized practice of law, and committing the unauthorized practice of law in Texas in order to gain personal profit.
18. Respondents performed the acts complained of with the intent of gaining financial advantage to the disadvantage and detriment of the seniors.

19. As a result of the wrongful conduct of Respondents, numerous seniors have suffered significant economic damages.

III. FRAUDULENT OR DISHONEST ACTS OR PRACTICES

20. Respondents made and/or ratified false representations of material facts to senior consumers contemplating the purchase of a living trust. Seniors were told that the living trusts would allow for the orderly distribution of assets without having to go through probate. Respondents omitted the material fact that a living trust is not necessary for the purpose of avoiding estate taxes unless the value of the estate is over the exemption amount.
21. At the time Respondents made the representations that the seniors would avoid probate, no trust documents had been executed, no knowledge or insufficient knowledge of the senior consumers assets was provided to a competent lawyer, and there had been no discussion regarding any estate planning matters with the senior consumer. Thus, Respondents knew or should have known that the representations were false and/or that they had insufficient evidence upon which to make the representations.
22. The representations and omissions were made with the intent to induce seniors to purchase the living trusts and write checks for "legal services."
23. These vulnerable seniors reasonably relied upon the representations and omissions by Respondents and suffered damages as a result.
24. For personal profit, Respondents fraudulently concealed the omissions and misrepresentations they made from vulnerable seniors.
25. Respondents are marketing a fraudulent scheme which targets elderly Texas residents, for the sale of legal services and insurance products, which pay lucrative commissions to the agents. Respondents consistently and meticulously disguised or otherwise obfuscated the true nature of the transaction. In this regard, as part of the programmed sales pitch, Respondents represented that the transaction(s) were "necessary to protect their money and property" provided "no risk," was "guaranteed," "was a better product," and provided "a better interest rate," when none of these representations were false or misleading.
26. Respondents' representations that the living trust automatically avoids probate are false. Respondents drafted a pour-over will for all of its clients. The clients are not aware at the time they pay for the living trust that the pour-over will must be probated upon their death should any assets remain outside the trust.

27. Respondents misrepresent the nature of the estate tax. They advise clients whose estates are below the exemption amount that they need living trusts to avoid estate taxes. They do not explain the fact that the estate tax exemption amount is determined at the date of death, the sliding scale of the estate tax exemption, and the fact that the estate tax disappears in 2010. They also fail to tell seniors that the living trust does not automatically avoid estate taxes.
28. Respondents also tell senior consumers that by purchasing a living trust through them, they are avoiding the exorbitant cost of having an independent attorney handle their estate planning and drafting of legal documents. They fail to advise senior consumers that Respondents are practicing law without a license, drafting and charging for legal documents that do not take care of their individual estate planning needs, or that they charge more for the living trust product than most licensed attorneys would charge for appropriate documents to meet the estate planning goals of each individual client.
29. Respondents knew that the representations were false and misleading, or had reckless disregard for the truth of those statements, and made the representations and omissions with the intent to induce seniors to purchase the living trusts.
30. Seniors reasonably relied upon the representations and omissions by Respondents and suffered damages as a result.
31. The name of Osborne's company, "American Senior Estate Services" was not properly registered with TDI and has the tendency to create a false impression of expertise.

IV. UNFAIR ACTS AND DECEPTIVE TRADE PRACTICES

32. Respondents used the pretext of the offer and sales of estate planning products and services by masquerading as qualified financial advisers, estate planners, lawyers to establish confidential relationships with the consumers and to find out about the consumer's assets.
33. The Respondents then use the sale and/or review living trusts as a means to gain access to these senior's living rooms and financial information so that they can sell them annuities.
34. Unlicensed insurance agents would deliver the living trust and notarize the documents. The clients were left with the transfer documents to mail to their bank, broker, or insurance company.

35. In the ASES agent commission agreements, Respondents agree to only leave behind an American Senior Estate Service business card which list the agent as an "Estate Planner", the representative agrees to collect payment for the Living Trust Package, and that the representative agrees to present only the ASES Packages and Insurance related products to all clients and agrees to represent no other similar product or insurance related products.
36. ASES' agents who were appointed with an insurance company signed the application for an annuity, when an unlicensed ASES employee or licensed agent that was not appointed with the company took the application from the senior. Osborne signed annuity applications "William Osborne" when his son William Louis Osborne was the agent appointed and had little or nothing to do with the sale.
37. Senior consumers believed they were scheduling a meeting to receive free information from a senior citizen advocate or specialist, when in truth and in fact they were scheduling an annuity sales presentation by either a an agent or unlicensed employee.
38. The failure of the presentations to accurately represent the nature of probate, estate taxes, and legal fees involved have led hundreds of Texas seniors to purchase living trust through ASES. The legal forms and all important "legal decisions" made by non-lawyers fail to take into account an individual's specific legal needs and were sold not for estate purposes per se but to obtain financial data so that insurance products could then be sold.
39. All initial representations and legal advice by the Respondents with regards to the benefits and needs for a living trust is made by salesman who is not a lawyer. These same salesmen solicit and receive payment from the senior consumers for the creation of various legal documents and then move into the solicitation of an insurance product.
40. On or about May 9, 2008, TDI learned that Osborne owes Unkefer & Associates \$74,452.60 for commissions he received from the sale of unsuitable annuities. In addition, Osborne owes two other insurance companies \$27,783.19 for unearned commissions, and/or annuities which were cancelled because they were unsuitable.

A. UNSUITABLE ANNUITIES

41. After a living trust sale has been completed, an appointment is scheduled by Respondents to deliver the trust and to have all necessary documents signed and notarized. Typically, in this visit the agent will review with the consumer all assets that are to be placed in the trust. During the review

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and/or funding process, scare tactics and false information is used to sell an annuity or switch the senior from one annuity into another annuity.

42. Respondents consistently fail to disclose in the annuity sales pitch the true terms of the annuity contract, the real interest rate, the penalties or charges if the purchaser withdraws funds in excess of the allowable amount, and the length of the surrender charge period.
43. Respondents systematically and routinely sold unsuitable and inappropriate annuities based on the terms and conditions of the investments and the advanced ages of the insured. The Respondents knew or should have known that the annuities were inappropriate for their clients. The annuities tied the assets of their elderly clients up into long-term, illiquid investments, involving an unreasonable risk of harm and/or an unreasonable degree of risk to the finances of their clients.
44. Respondents used a stockbroker for Williams Financial by the name of Sidney Mondschein, who provided signature guarantee service and brokerage services to clients of ASES. Respondents could obtain signature information from the seniors and fax the information to Mr. Mondschein who could then immediately liquidate all stock, bonds, or mutual funds so that the money could be moved into annuities. Such liquidation occurred in many cases without the seniors being afforded the time to consult with family members or get appropriate tax advice. Respondents would provide such advice even though they were not licensed brokers with the SEC.
45. Mr. Mondschein has been sued by the Securities and Exchange Commission on December 6, 2007 for securities fraud. The allegations indicated that he marketed himself to insurance agents as a "securities liquidator" and promised them that they would sell five times as many annuities if they used him to liquidate their investments, because the seniors existing broker probably would try to talk them out of buying an annuity.
46. Mr. Mondschein provided Respondents with all of the necessary account applications forms for the insurance agents to provide to their annuity clients. The Respondents, in turn, recommended Mondschein's liquidation services as part of their sales pitch to their elderly annuity clients.
47. ASES made at least the following in commissions; 2004 - \$560,169.07. 2005 - \$1,343,405.20, and 2006 - \$729, 818.50. If the employee was not properly licensed with the Texas Department of Insurance, the application for the annuity would be brought back to ASES where other licensed Respondents would sign the annuity application.

48. During the "trust review" sales presentations to the senior consumers fail to inform senior consumers of the amount of the high fees, surrender charges, and commissions inherent when purchasing or switching annuity and insurance products.
49. As a result of the conduct of the Respondents, elderly Texas residents have entered into transactions for the purchase of annuities, which would not have been entered into, were it not for Respondents' misrepresentations and omission of material facts. Furthermore, these elderly people have put their faith and trust in agents whom they believe have been working to protect their best interests.

V. COMPLAINTS

50. Several insurance companies have terminated Respondents' appointments to sell annuities for their company based upon complaints received against the Respondents and/or information they discovered in investigation of complaints.
51. Some complaints were from seniors that claimed they never met the person who signed the annuity application but another employee of ASES who was sent to review their living trust.
52. On or about April 2007, TDI sent surveys to ASES' clients concerning the sale of trusts and annuities. Many of the surveys that were returned indicated that Respondents sometimes would represent themselves to be with other companies in order to set-up the appointment with the elderly client and review their trust. Once in the home, they would quickly start discussing the need to purchase or replace an annuity.
53. TDI has received complaints involving the Respondents concerning the sale of annuities. Below are some examples of such complaints received, and TDI will show the court other complaints and examples that are not specifically alleged.

Bernice Lucas

54. On or about May 30, 2006, TDI received a complaint from Bernice Lucas, who was **92 years old**, claiming that she was approached by an individual by the name of Robert Mangiafico, who worked for ASES saying that he must review her living trust and current annuity. Mr. Robert Mangiafico is not a licensed insurance agent or attorney in Texas. Several years before, ASES and Osborne had convinced her to set up a living trust, even though she had no real property and her cash and annuities were set up to pass outside of probate.

55. Ms. Lucas also complained that she was threatened and abused by Osborne and his agents, telling her things like she might lose all her money if she didn't make changes with her money and current annuities. She was told the company that issued her annuities was going to file bankruptcy. Based upon these misrepresentations, Ms. Lucas surrendered her annuities and lost about \$50,000.00.
56. Ms. Lucas stated that Osborne sent another woman employee over to her apartment to intimidate her. This woman stayed with her for approximately a week, waiting for the check (for the annuity they convinced her to surrender) to come to her mailbox. She told a TDI investigator that she purposely did not go check her mailbox for several days until the agent left her house. After Osborne found out that she had received and cashed her check and was not going to purchase the annuities they had recommended, he became angry and threatened to sue her. Osborne made numerous calls to her of this threatening nature.

Billy & Emma Goggans

57. TDI received a complaint from Billy and Emma Goggans (**75 and 74 years old**, respectively) on March 6, 2008. The Goggans stated that on or about February 23, 2008, Osborne came over to their house and told them he was sent by Doug McMiller of TDI and that they would lose large amounts of money if they changed their annuities. Later they received a phone call from a Doug McMiller who identified himself as being an employee of TDI. Doug McMiller also said they should not continue with the rescission of certain insurance company annuities.
58. TDI does not have an employee by the name of Doug McMiller. Furthermore, TDI would not send an insurance agent to talk with elderly consumers about their investments.

Mary Edwards

59. TDI received a complaint on or about October 11, 2006 from Mary Edwards indicating that Robert Mangiafico called to set-up an appointment to review her living trust. She thought Mr. Mangiafico worked on behalf of her attorney, since that is who set-up her trust.
60. During the review of her trust, he recommended that she transfer \$200,000 in existing annuities to new ones through his company. Ms. Edwards was **89 years old** at the time of this recommendation and thus the new surrender periods in these new policies would mean that she would have to live to be over 100 in order to get her money back without penalties.

61. Subsequently, Ms. Edwards, after talking with her daughter, stopped the transfer of funds to Mr. Mangiafico. She also stated that she later learned that Mr. Mangiafico worked for ASES and was not an attorney or a licensed insurance agent in Texas.

Dottie Stark

62. TDI received a complaint from Dottie Stark on June 21, 2006. She indicated that a man named Mike Gerulski, just hired by ASES, was sent out by VanLoon to discuss annuities with her, and that if she changed annuities she would receive a large bonus and higher interest rates. Ms. Stark was **82 years old** when she was advised to change her annuities; she had pancreatic cancer and was taking pain medication.
63. She subsequently agreed to move her money to a new annuity, but when she received information that indicated that the new policies would not provide the bonus or interest rate represented and that she would have to start a new surrender period, which would not end until she was 97, she asked for a full refund.
64. Ms. Stark also noticed that her applications had been signed by VanLoon even though she had never met Mr. VanLoon, but had been talking with Mike Gerulski. According to TDI records, Mr. Gerulski was not properly appointed with the insurance company where the annuity was moved at the time.
65. Mr. Gerulski later complained to TDI that ASES and Osborne were selling unsuitable annuities to Texas seniors.
66. Ms. Stark complained that she received several threatening phone calls from Osborne that indicated she was not eligible for a refund of her money.

Kathryn Hubbard

67. TDI received a complaint from **76 year old** Kathryn Hubbard on or about August 2007. She indicated that in July of 2006, right after her husband passed away, she was contacted by ASES to "review her trust." She stated that during the review, as soon as it was discovered that she had a substantial sum of money in a bank certificate of deposit, the agent started talking about annuities.
68. Ms. Hubbard was told that anything of value, and especially any money in the form of money markets or simple savings accounts at her bank that were not in the trust, could be taken from her if she was sued. She was

urged to take her money out of the CD and put it into an annuity as quickly as possible, so she would not lose it.

69. She subsequently placed \$50,000 into an annuity because she felt pressured and fearful and needed to act quickly to protect her assets, after her husband had just died. Her complaint indicates that they omitted information she should have been provided with, which would have kept her from buying the annuity, and they had used scare tactics of fear, lawsuits, uncertainty and doubt to convince her to buy the annuity. It was never represented that property in a living trust is not protected or exempt from collection of a judgment.

Marian Anders

70. TDI received a complaint in June 2006 from **82 year old** Marian Anders, indicating that she had met with Nichols to discuss annuities, but he did not tell her about the required 5 year payout.
71. Ms. Anders stated that Osborne signed her application, even though she had never met him or talked with him about annuities.

Donnie R. King

72. TDI received a complaint in October 2006 from Donnie King, who was **68 years old** when Robert Mangiafico called him and led him to believe that he represented CLA and needed to review his trust.
73. During the "review of his living trust", Mr. Mangiafico convinced him to move his IRA account to an annuity. Mr. King was told that he would receive an 8% bonus and he would receive a \$4,000 check when they delivered the policy. This was described as a "gift from God". He would receive 12.8 % guaranteed interest payments for the first two years and 5% for each remaining year.
74. Mr. King stated Osborne signed the application, even though he had not met Mr. Osborne. The policy was delivered by Mr. Osborne who claimed there was something wrong with the policy and it would need to be reissued before the \$4,000 check could be given.
75. After three weeks of waiting, Mr. King finally talked with VanLoon who gave his title as Director of Sales. VanLoon indicated he had talked with the president of the insurance company about his check and it would soon be in the mail.
76. Mr. King never received a bonus check for \$4,000 because the annuity policy did not provide for any bonus check or any withdrawals of any

account value for at least one year. Also, the interest rates he was promised were not part of the annuity contract. Only an interest rate of 1-3% was guaranteed.

William Wollard

77. TDI received a complaint on or about September 14, 2006 from agent William Wollard stating Nichols had sold an annuity product to one of his elderly clients by falsely claiming that he worked for Mr. Wollard. The elderly client was **76 years old**.
78. Nichols does not hold an insurance license issued by TDI. The annuity was backdated to significantly shorten the "free look" period the client received to review the annuity for suitability and misrepresentations. Nichols did not inform the client of any surrender penalties. Nichols moved a majority of the elderly woman's liquid assets into the annuity.

Eva C. Jackson.

79. TDI received a complaint from **70 year old** Eva Jackson on December 10, 2007 indicating that her annuities were transferred to a new company without her approval. She stated that Nichols took the policies for her previous annuities and never returned them.
80. Approximately \$71,689.74 was deposited into the new annuity account. Ms. Jackson stated she tried to cancel the transaction and retrieve the money, but was told that the surrender value of the new annuity is only \$53,954.26 a loss of approximately \$17,735.48.
81. VanLoon is shown as the selling agent on the application and policy. However, Ms. Jackson indicated Nichols was the one that sold her the annuity.

Atha Johnson

82. TDI received a complaint from Atha Johnson on October 15, 2007. She stated that VanLoon called and made an appointment to come to her house to "review the living trust." VanLoon falsely represented himself as an agent of CLA-USA. Atha Johnson was **80 years old**.
83. VanLoon put his business card inside her living trust book, so she did not notice until later that he was from ASES. VanLoon started looking at the page which listed the specific assets and then made a presentation about putting the money into an annuity. He provided forms to complete the transfer of funds, but promised that nothing would happen until Johnson made the final decision.

84. Approximately two weeks later, Johnson learned that funds had been moved from the annuity he had with Chase. When VanLoon gave Mr. Johnson the new annuity policy, it was dated March 1; however Mr. Johnson indicates that the actual date was later. This would shorten the "free look" period of the elderly client.

Lena E. Krake

85. On December 7, 2007, TDI received a complaint from Lena Krake, who was **79 years old**. Ms. Krake indicated that a man by the name of Gene Harrell had made an appointment with them to "review their living trust." Ms. Krake indicates that Mr. Harrell falsely identified himself as working for the company who set-up her living trust, CLA.
86. Mr. Harrell convinced Ms. Krake to purchase several annuities on or about April 2007. She has requested the insurance company to refund the annuities because she states they were misrepresented to her and she was not aware of the long surrender penalty period.
87. VanLoon signed the applications and falsely claimed the policies were hand delivered to Ms. Krake. She denies ever meeting or seeing Mr. VanLoon and also believes that several of the disclosure form signatures also have been forged.

Richard Waller

88. TDI received a complaint from Richard Waller in October 2006, where he indicated that Robert Mangiafico came to their house to complete two annuity applications. However, he did not have the forms and approximately two weeks later, McKinney returned to complete the annuity applications. Richard Waller was **81 years old**.
89. Mr. Waller indicated he knew he had a free look period, but when the annuity was delivered, a wrong delivery date was indicated so he lost his free look period. He requested the company to refund the premiums, however they claimed he had signed the forms.
90. McKinney responded to the insurance company that Robert Mangiafico was a notary and did "trust reviews for ASES."

Ralph Sader

91. TDI received a complaint in March 2007 from **75 year old** Ralph Sader where he stated that McKinney along with another agent misrepresented themselves as working for CLA, the company that services his living trust to gain entry into his home and his trust information.

92. Mr. McKinney convinced Mr. Sader to move his existing annuity to a new company indicating that it would be better and pay a 10% bonus. Mr. Sader later realized he had moved to a new annuity with no better benefits.
93. The bonus covered the surrender penalty from the previous carrier, but does not cover the new surrender penalty that will exist for 15 years on the new policy.

Rose Streams

94. McKinney replaced Rose Streams' existing annuity with an annuity from Equitrust Insurance Company on or about October of 2006, but failed to indicate on the form used by the insurance company why the policy was being replaced.
95. Equitrust annuities at the time offered a 10% bonus, however Ms. Streams old annuity had a surrender charge that was still 13-14%, thus Ms. Streams lost money when she was moved to the new policy.
96. Ms. Streams also started a new surrender penalty period with Equitrust for 15 years. She was **66 years old** at the time of this replacement and also had a living trust.

Naomi Mathews

97. McKinney replaced Naomi Mathews' existing annuity with Amerus indicating that she was unhappy with her old annuity. The policy was replaced with an Equitrust annuity which paid a 10% bonus.
98. Ms. Mathews previous annuity had only been in place for only a few years, thus her surrender penalty on that annuity was approximately 18%. Consequently, Ms. Mathews lost a substantial amount of money having this annuity replaced.
99. Ms. Mathews who was **78 years old** at the time of the replacement would have started a new surrender penalty period of 15 years. When Equitrust contacted Ms. Mathews she could not answer questions about her contract because she indicated she never received one from Mr. McKinney. Equitrust further states that during the phone conversation with Ms. Mathews, she was unable to answer questions about representations made by the selling agent, was not aware of what she had purchased, and that she was not even aware she had an annuity.

James and Leona Willis

100. Mr. Willis, who is **75 years old**, met with Nichols who convinced Mr. and Mrs. Willis to surrender their annuities and buy new ones because even with the surrender charge, with the bonus, they would have more money at the end of the first year. Additionally, Nichols represented that the annuity would earn at least 10 – 12% interest per year.
101. Mr. and Mrs. Willis did not know that Nichols was not a licensed agent and he told them he did not get a commission for the sale of the annuities.
102. Mr. and Mrs. Willis talked with Louis Osborne when they discovered the misrepresentations, but he told them they could not get their money back. Louis Osborne signed the annuity applications, even though it was Nichols who met with Mr. and Mrs Willis and filled out the applications.

Mr. and Mrs. Houston Butcher

103. Mr. and Mrs. Houston Butcher (**74 and 75 years old**, respectively) were sold a living trust by Nichols, who then had their money in stocks and mutual funds liquidated through Sidney Mondschein.
104. There were three different annuity applications filled out and explained by Nichols, but signed by Louis Osborne. Seventy-five percent of the Butchers' liquid assets were placed in these annuities.

Albertine Hutchinson

105. Albertine Hutchinson is a **78 year old** widow, who bought a living trust from ASES. Mrs. Hutchinson was convinced to take her liquid assets, the majority of which was General Electric stock, and liquidate it for the purchase of two annuities.
106. The annuities were purchased based upon the advice and recommendations of Nichols, and Louis Osborne signed the applications, even though he did not speak or meet with Mrs. Hutchinson. The annuities represented one hundred percent of her liquid assets! Mrs. Hutchinson did not know that her money was being tied up for a long term investment and she did not know about the huge surrender charges/penalties until recently.

VI. RONNIE NICHOLS' APPLICATION DENIAL

107. Nichols applied for an insurance license on or about August 2, 2005 and his application was completed on June 29, 2006. Nichols' application for a license was denied because of his criminal convictions. Nichols timely requested a hearing for the denial of his application for a license.

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108. Nichols has engaged in unauthorized insurance, by selling, advising and explaining insurance annuities to people, and then having a licensed agent such as Louis Osborne, Osborne or VanLoon sign the application.
109. On or about July 28, 1999, Nichols pled guilty to, and was convicted of, Driving While Intoxicated, a class B misdemeanor under TEX. PENAL CODE Ann. § 49.04. He received a sentence of 120 days confinement, and 24 months probation.
110. On or about February 2, 2000, Nichols pled no contest and was convicted of Driving While Intoxicated 2nd Offense, a class A misdemeanor under TEX. PENAL CODE Ann. § 49.09(a). He received a sentence of 180 days confinement, and 2 years probation.
111. On or about August 8, 2002, Nichols pled guilty to and was convicted of driving with a suspended license, a misdemeanor offense under TEX. PENAL CODE ANN. § 601.371(D). He received a sentence of 4 days confinement and a fine of \$500.
112. On or about November 12, 2002, Nichols was convicted of Driving While Intoxicated 3rd Offense, a 3rd degree felony under TEX. PENAL CODE Ann. § 49.09(b). He received a sentence of 10 years confinement probated to 30 days confinement and 7 years supervision. He was ordered to pay a fine of \$1500.
113. On or about January 21, 2003, Nichols was arrested for Driving While Intoxicated. This arrest resulted in Nichols probation being revoked on August 18, 2003. He received a sentence of 4 years confinement and a fine of \$1600. Nichols was admitted to the custody of the Texas Department of Criminal Justice on September 25, 2003. He departed on a State bench warrant on 10-16-2003 to Henderson County.
114. On or about October 29, 2003, Nichols was convicted of Driving While Intoxicated, 3rd Offense or More, a 3rd degree felony under TEX. PENAL CODE. ANN. § 49.09(b). He received a sentence of 4 years confinement.
115. Nichols was re-admitted to the custody of the Texas Department of Criminal Justice and was confined from December 1, 2003 to December 1, 2004.
116. On December 1, 2004, Nichols was released on parole. His parole continued until July 21, 2007. The conditions of Nichols' parole included abstention from alcohol, submission to testing for drug and alcohol testing, and submission to a drug and alcohol treatment program.

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117. On or about October 19, 2005 Nichols was received at the East Texas Intermediate Sanction Facility. He was transferred to the Glossbrenner Unit of Texas Department of Criminal Justice, a substance abuse felony punishment facility, and confined from November 7, 2005 to May 22, 2006.
118. On or about October 10, 2007, Nichols was arrested for Driving While Intoxicated, 3rd offense or more, a 3rd degree felony under TEX. PENAL CODE Ann. § 49.09(b). Indictment is still pending.
119. On or about November 3, 2007, Nichols was arrested for tampering or fabricating physical evidence with intent to impair an investigation, a felony offense under TEX. PENAL CODE ANN. § 37.09(D)(1). Indictment is still pending.
120. Nichols is an employee of American Senior Estate Services ("ASES").
121. On or about March 31, 2005, TDI received a complaint from George and Shirley Jaynes. The complaint stated that Nichols had contacted them without invitation and failed to state that he worked for ASES and instead implied that he worked for the Jaynes' financial company CLA. Nichols induced the Jaynes to sign documents purchasing new annuities. Nichols did not inform the Jaynes of any potential surrender penalties on their original annuities. Soon after Nichols visit, the Jaynes were contacted by an actual representative of CLA , at which point they contacted their financial institutions and ordered that no transfers be made to Nichols or ASES.
122. On or about July 14, 2006, TDI received a complaint from former ASES employee Josh Coker, that the company was using unlicensed salespersons to sell annuity products to seniors. This complaint listed four unlicensed agents including Nichols.
123. In early April of 2007, TDI contacted ASES and requested several documents including names and addresses of ASES clients.
124. Vivian Sundermeyer, who is **77 years old**, stated Nichols sold her a trust and an annuity and misrepresented to her how well it would perform. She stated that she had paid \$2,000 to set up the trust and has lost approximately \$15,000 dollars in the annuity.

The conduct above, if proven true, constitutes grounds for the revocation of the General Life, Accident and Health License currently held by each Respondent, and the denial of Nichols' pending application for a General Life, Accident and Health License because Respondents have:

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1. engaged in fraudulent or dishonest acts or practices, as contemplated by TEX. INS. CODE ANN. § 4005.101(b)(5);
2. implemented a plan, pattern, design, or scheme of conduct to financially exploit seniors for Respondents own financial gain, and by carrying out this plan, pattern, design, or scheme of conduct in violation of TEX. INS. CODE ANN. § 541.003;
3. sold or caused to be sold unsuitable annuities, Respondents engaged in unfair or deceptive acts or practices in the business of Insurance, by (a) making untrue statements of material fact to Texas seniors to induce the sale of annuities (b) failing to state a material fact that was necessary to make other statements made not misleading, considering the circumstances under which statements were made, (c) making a statement in such a manner as to mislead a reasonably prudent person to a false conclusion of a material fact, (d) making a material misstatement of law, in violation of TEX. INS. CODE ANN. § 541.051;
4. violated TEX. INS. CODE ANN. §541.052 by making, issuing or causing to be made or issued statements which misrepresented the terms of the annuities to be issued or sold or the benefits or advantages promised thereby in order to induce Texas seniors to purchase the annuities without reasonable grounds for believing the transaction was suitable for seniors, including the seniors ability to fully appreciate and understand the complexity of the annuities, the seniors net worth and risk tolerance, the seniors immediate need for retirement income and income to fund health care needs such as nursing home care, and seniors liquidity needs as it relates to the long duration of surrender charges in most annuities;
5. engaged in a fraudulent scheme which targets elderly Texas residents, for the sale of insurance products, which pay lucrative commissions to the agents;
6. in the course and conduct of trade and commerce have directly or by implication engaged in false, misleading, deceptive, unconscionable, and unfair acts and practices declared unlawful by TEX. INS. CODE ANN. §§ 541.056, 541.061 and 28 TEX. ADMIN. CODE §§ 21.3 and 21.112;
7. violated TEX. INS. CODE ANN. §§ 4001.101, 4005.051-4005.055, 4054.051 and Chapter 541 and 28 TEX. ADMIN. CODE §§ 21.3 and 21.112;
8. whenever in this Notice it is alleged that a Respondent did any act or thing, it is meant that a Respondent performed or was responsible for such act or thing or that such act was performed by the officers, agents, or employees of Respondent, and that said agents were then authorized to

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and did in fact act on behalf of Respondent and that such acts occurred within the scope of the agency relationship;

9. in the course and conduct of trade and commerce have directly or by implication engaged in false, misleading, deceptive, unconscionable, and unfair acts and practices declared unlawful by TEX. BUS. & COMM. CODE ANN. § 17.46 (b)(4),(5),(7),(12), and (24); and are violating TEX. INS. CODE ANN. Ch. 541 and the Rules promulgated there under;
10. individually, jointly, and/or in concert with others, have committed one or more of the following:
 - a) made material misrepresentations and /or omissions to Seniors in order to entice them to purchase annuities or other products;
 - b) engaged in fraudulent or dishonest acts or practices;
 - c) materially misrepresented the terms and conditions of an insurance policy or contract; and/or
 - d) made or issued, or caused to be made or issued, a statement misrepresenting or making incomplete comparisons regarding the terms or conditions of an insurance or annuity contract legally issued by an insurer or a membership issued by a health maintenance organization to induce the owner of the contract or membership to forfeit or surrender the contract or membership or allow it to lapse for the purpose of replacing the contract or membership with another;
11. used the d/b/a American Senior Estate Services, Inc. without properly registering the name with TDI in violation of TAC 19.902(a)(c);
12. signed applications where they were not present during the sale of the annuity, thus misrepresented the applications, disclosure statements, and suitability forms to the insurance companies in violation of TEX. INS. CODE ANN. §4005.101 (b) (6) and (7);
13. shared commissions with unlicensed persons in violation of TEX. INS. CODE ANN. § 4005.053;
14. committed an act for which a license may be denied, as contemplated by TEX. INS. CODE ANN. § 4001.105(3);
15. intentionally made a material misstatement in a license application, as contemplated by TEX. INS. CODE ANN. § 4005.101(b)(2);
16. been convicted of a felony or misdemeanor that directly relates to the duties and responsibilities of the licensed occupation as contemplated in TEX. OCC. CODE ANN. § 53.021, 28 TEX. ADMIN. CODE § 1.502,

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Locklear v. Texas Dept. of Ins., 30 S.W. 3d 595 (Tex.App.-Austin 2000)
and Brown v. Texas Dept. of Ins., 34 S.W. 3d 683 (Tex.App.-Austin 2000);

17. been convicted of a felony as contemplated by TEX. INS. CODE ANN. § 4005.101(b)(8), 28 TEX. ADMIN. CODE § 1.502 and TEX. OCC. CODE ANN. §§ 53.021-53.023;
18. taken or received an Insurance application and have directly or indirectly acted as an agent for or otherwise represented or assisted an insurer or person in soliciting, negotiating, procuring, or effectuating insurance or a renewal of insurance and as prohibited by TEX. INS. CODE ANN. §§ 101.051(b)(3), 101.051(b)(6)(A), 101.051(b)(6)(I); 101.051(b)(8), 101.051(b)(9), and 101.102;
19. acted as an agent as prohibited by TEX. INS. CODE ANN. §§ 4001.051;
20. solicited or received an application without a license as prohibited by 4001.101;
21. made or issued, or caused to be made or issued, a statement misrepresenting or making incomplete comparisons regarding the terms or conditions of an insurance or annuity contract legally issued by an insurer to induce the owner of the contract or membership to forfeit or surrender the contract or membership or allow it to lapse for the purpose of replacing the contract or membership with another as contemplated by TEX. INS. CODE ANN. § 4005.101(b)(7).

If one or more of the above allegations is found to be true, the Commissioner of Insurance could enter an order revoking each of the Respondent's General Life, Accident and Health License and denying Nichols' pending application for a General Life, Accident and Health License pursuant to TEX. INS. CODE ANN. §§ 82.051-82.056, 4005.101 and 4054.051. In addition, the Commissioner could enter an order imposing any other sanction provided by law pursuant to TEX. INS. CODE ANN. §§ 82.052 - 82.053 and/or 4005.102.

Pursuant to TEX. INS. CODE ANN. § 4005.105(b) and (c), an individual whose license has been revoked may not apply for any license as an insurance agent before the fifth anniversary of the effective date of the revocation. Upon reapplication, the Commissioner of Insurance may deny a timely application if the applicant does not show good cause why the revocation of the previous license should not be considered a bar to the issuance of a new license.

Respondents have the right to appear at this hearing and to be represented by and through an attorney or any other duly authorized representative. Should there be any questions concerning this matter, please contact the undersigned at the address or telephone number shown below.

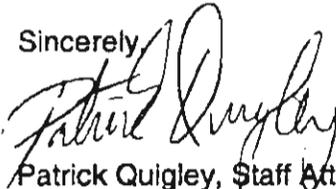
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IMPORTANT SECURITY NOTICE:

ALL VISITORS TO THE WILLIAM P. CLEMENTS BUILDING WITHOUT AN AGENCY OR DPS ISSUED ID CARD MUST PROVIDE THE BUILDING SECURITY OFFICER WITH THE STATE OFFICE OF ADMINISTRATIVE HEARINGS DOCKET NUMBER AND RECEIVE A VISITOR'S PASS IN ORDER TO BE ALLOWED ACCESS TO THE HEARING ROOM. INDIVIDUALS SHOULD ALLOW ADDITIONAL TIME TO GO THROUGH THE SECURITY PROCESS.

Sincerely



Patrick Quigley, Staff Attorney

State Bar No. 16430320

Steven Augustine, Staff Attorney

State Bar No. 24064854

Enforcement Division, MC110-1A

Texas Department of Insurance

333 Guadalupe

Austin, Texas 78701

(512) 322-3574

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cc: Administrative Review, MC107-1A

Deea Western, Team Leader, Enforcement Division MC110-1A

Catherine Reyer, Associate Commissioner, Enforcement Division MC110-1A