

MAY 15 2014

FILED

BEFORE THE DEPARTMENT OF INSURANCE
STATE OF NEBRASKA

STATE OF NEBRASKA)	
DEPARTMENT OF INSURANCE,)	FINDINGS OF FACT, CONCLUSIONS
)	OF LAW, RECOMMENDED ORDER
PETITIONER,)	AND ORDER
)	
VS.)	CAUSE NO. A-1991
)	
LARRY J. HALL, NAIC National Producer)	
Number #229520 and CAPITOL CITY)	
INSURANCE, INC. (Formerly AIM)	
INSURANCE, INC.) NAIC National Producer)	
#13277562,)	
)	
RESPONDENT.)	

This matter came on for hearing on May 5th, 2014, before Martin W. Swanson, a hearing officer duly appointed by the Director of the Nebraska Department of Insurance. The Nebraska Department of Insurance (“Department”) was represented by its attorney, Matthew Holman. Larry J. Hall, (“Respondent”) was present and was represented by Jennifer Tomka. The proceedings were tape recorded by a licensed Notary Public. Evidence was received, testimony was adduced and the matter was taken under advisement. As a result of the hearing, the hearing officer makes the following Findings of Fact, Conclusions of Law, and Recommended Order.

FINDINGS OF FACT

1. Respondent is a licensed insurance producer whose registered business address with the Nebraska Department of Insurance is RHD Insurance Inc., 6101 S.58th Street, Suite D, Lincoln, NE 68516. Respondent’s registered home address with the Nebraska Department of Insurance is 6430 Mesaverde Drive, Lincoln, NE 68510. **E2.**

2. Respondent received notice of this hearing and appeared on said date of the hearing. **E1.**

3. AIM Insurance Inc. (AIM) was a resident licensed insurance agency in the State of Nebraska as of March 3, 2009. AIM's name was changed to Capitol City Insurance, Inc. effective March 3, 2010. Respondent was the designated licensed producer for the agency until July 5, 2012. **E2.**

4. According to testimony from Respondent and Mike Hall, Capitol City Insurance, Inc. is no longer an active business.

5. On November 30, 2009, the Lancaster County District Court found that Respondent was required to follow, for the most part, the terms and conditions of a purchase agreement between himself, his former agency and McCashland-Kirby Insurance Agency (Kirby). **E3.**

6. A temporary injunction was ordered by the Lancaster District Court on February 24, 2010 regarding the use of client lists, use of various trade names and granted other temporary relief. **E4.**

7. On November 29, 2010 the Lancaster County District Court found that Respondent was in violation of the temporary injunction and denoted that the Respondent admitted that he had not read the temporary injunction "verbatim" and had "glanced through it". The court further ordered a hearing on damages. Respondent was found in willful contempt of court for failing to comply with the terms and conditions of the temporary injunction issued on February 24, 2010. **E5.**

8. On December 14, 2010, Respondent had a judgment entered against him for the violation mentioned in paragraph 7 of these Findings of Fact. The Lancaster County Court sentenced Respondent to 75 days in Lancaster County Jail for contempt of court. **E6.**

9. On December 5, 2011 the Lancaster County District Court further ordered that AIM and Capitol City Insurance Inc., were enjoined from using former lists now owned by Kirby. **E7.**

10. On April 6, 2012 charges were filed against Respondent for making false statements under oath in an official proceeding. **E13.**

11. On November 9, 2012, Respondent was sentenced to 45 days by the Lancaster County Court of incarceration plus costs. In the court's review of the transcript in the presentence investigation report, the court denoted that "A review of the transcripts in the presentence investigation relating to the court proceedings that give rise to this charge reveal a defendant who consistently and repeatedly lied for personal gain. Mr. Larry Hall makes a mockery of our system of justice and a lesser sentence would depreciate, indeed condone his conduct." **E13.**

12. Respondent admitted that he did not formerly inform the Department regarding the conviction but insisted he "told someone" about it from the Department. He did not recall the name or specific time of that alleged conversation. However, he did further admit that the relay of this information occurred thirty days after the conviction.

13. Respondent is currently in bankruptcy proceedings. **E11, 12.**

14. Respondent has failed to pay income tax to the State of Nebraska for tax year 2007. Additionally, a lien was filed by the State of Nebraska on or about February 26, 2013, specifically lien number 11319826 for the Respondent's failure to pay state income taxes. **E15.**

15. A federal tax lien has been filed against Respondent. **E14.**

16. Respondent admitted during the hearing that he owes money for taxes due to "poor advice" from an accountant and that he continues to work on a plan for repayment to the State of Nebraska and the United States. **See E33.**

17. Respondent testified that he is currently employed by his son, as a consultant. That he holds a consulting license as well as a producer license, however, that he receives no salary or compensation currently.

18. Mike Hall testified that commissions should be forthcoming for Respondent “soon.”

19. Respondent testified that no client harm was generated by the allegations contained in the Department’s Petition. Additionally, Respondent claims that the source of the issue stems from the dispute between Respondent and Kirby.

CONCLUSIONS OF LAW

1. The Department has jurisdiction and control over the licensing of Respondent to sell insurance in the State of Nebraska pursuant to *Neb. Rev. Stat.* §44-101.01 and §44-4001 et seq.
2. The Department has personal jurisdiction over Respondent.
3. Respondent violated *Neb. Rev. Stat.* §§44-4059(1)(b), 44-4059(1)(d) (on multiple occasions), 44-4059(1)(h) (on multiple occasions), 44-4059(1)(f), 44-4059(1)(n) and 44-4065(3).

DISCUSSION

In reviewing the facts before me, it is clear that Respondent (and the entity that he was formerly the designated producer for) clearly violated Nebraska insurance law. During the course of the hearing, Respondent blamed attorneys, accountants and Kirby for the issues that led to this matter being filed by the Department. The facts, however, indicate otherwise. While Respondent may have had bad advice, poor business judgment and perhaps a lack of general understanding of the events swirling around him, they are not an excuse for not demonstrating competency. He has failed to follow through with business agreements he agreed to perform. He failed to pay taxes in a timely fashion. All of which are clear and undeniable hallmarks of being financially irresponsible.

Disturbingly, Respondent was sent to jail for contempt of court. If that was not bad enough, Respondent was found guilty of making a false statement under oath and jailed. Respondent was

harshly criticized by two different Lancaster County Court judges for his inability to follow the orders of a court. In and of itself, those are grounds enough for the revocation of the Respondent and agency license.

In summary, Nebraska's insurance code provides that an insurance producer must report his convictions to the Department. Respondent did not. Nebraska's insurance code demands that a producer be trustworthy. Multiple courts and this hearing officer found or do find that he is not. Nebraska insurance codes demand that an insurance producer be financially responsible. Respondent is not.

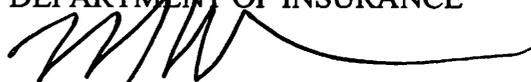
Based upon those realities, it is my recommendation to the Director of Insurance that Respondent's producers license be revoked.

RECOMMENDED ORDER

Based on the Findings of Fact and Conclusions of Law, it is recommended that Respondent Larry J. Hall have his insurance producers license revoked and that Capitol City Insurance, Inc. have its' agency license revoked. The Nebraska Department of Insurance will continue to retain jurisdiction over this matter.

Dated this 15th day of May, 2014.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE



Martin W. Swanson
Hearing Officer

CERTIFICATE OF ADOPTION

I have reviewed the foregoing Findings of Fact, Conclusions of Law, and Recommended Order and hereby certify that the Recommended Order is adopted as the official and final Order of Nebraska Department of Insurance v. Larry J. Hall and Capitol City Insurance, Inc. (Formerly AIM Insurance, Inc.)

Dated this 15 day of May, 2014.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE



BRUCE R. RAMGE
Director of Insurance

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Order was served upon the parties by sending a copy to Respondent counsel, Jennifer M. Tomka, Boucher Law Firm, West Gate Bank Building, Suite A, 5555 South 27th Street, Lincoln, NE 68512 by regular U.S. mail, and to Respondent Larry Hall, c/o RHD Financial, Inc., 6101 S. 58th Street, Suite D, Lincoln, NE 68516; and by hand delivering a copy to Matthew Holman, counsel for Petitioner, at 941 O Street, Lincoln, NE 68508, on this 15th day of May, 2014.