

BEFORE THE IOWA INSURANCE COMMISSIONER

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IN THE MATTER OF	)	
	)	Division Case No. 109487
	)	
CHAD T. MACKLAND,	)	<b>ORDER AND</b>
CRD 4933804,	)	<b>CONSENT TO ORDER</b>
NPN 8375362,	)	
DOB 01/22/XXXX	)	
	)	
Respondent.	)	

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**NOW THEREFORE**, the Iowa Insurance Division (“Division”) and by consent of Respondent Chad T. Mackland, pursuant to the provisions of Iowa Code chapter 502—the Iowa Uniform Securities Act, Iowa Code chapter 522B—Licensing of Insurance Producers, and Iowa Administrative Code chapter 191—50 Regulation of Securities Offerings and Those Who Engage in the Securities Business, and states the following:

**I. PARTIES AND JURISDICTION**

1. The Commissioner of Insurance, Douglas Ommen, directly and through his designees, administers and enforces Iowa Code chapter 502—the Iowa Uniform Securities Act pursuant to Iowa Code § 502.601 as the Securities Administrator (“Administrator”) and Iowa Code chapter 522B—Licensing of Insurance Producers pursuant to Iowa Code § 505.8.

2. Chad T. Mackland (“Mackland”) is an individual with a last-known residence address of 15131 Hearthstone Drive, Council Bluffs, Iowa 51503.

3. Mackland is and has been licensed in the state of Iowa as a resident insurance producer since January 26, 2005. He is licensed under National Producer Number 8375362.

4. Mackland was previously registered in the state of Iowa as a securities agent under CRD #4933804 from March 30, 2005, until January 31, 2020.

5. From on or about August 2016 to present, Mackland has engaged in acts and practices within the state of Iowa constituting cause for probation, suspension, or revocation of his insurance producer license; denial, barring, revocation, suspension, withdrawal, restriction, condition, or limitation of his securities agent registration; cease and desist orders; civil penalties, and other relief under Iowa Code chapters 502 and 522B, and rules adopted pursuant to these chapters.

## **II. FINDINGS OF FACT**

6. Mackland applied for a resident insurance producer license with the Division by submitting the Iowa Uniform Application for Individual License (“Uniform Application”). In submitting the Uniform Application, Mackland designated the Commissioner as an agent for service of process.

7. The Division issued Mackland a license as an insurance producer on January 26, 2005, and assigned him National Producer Number 8375362.

8. Mackland became a registered securities agent in Iowa by submitting a Form U4 through the Central Registration Depository (“CRD”) of the Financial Industry Regulatory Authority (“FINRA”). Mackland was assigned Individual CRD Number 4933804. In applying for his securities agent registration, Mackland irrevocably appointed the Securities Administrator as his agent for service of process.

9. Mackland was previously registered in the state of Iowa as a securities agent and employed by Lion Street Financial, LLC (“Lion Street”) from November 29, 2018, until January 31, 2020, when his agent contract was terminated for production issues and failing to repay money owed for FINRA fees and monthly compliance and E&O fees. Prior to his employment with Lion Street, Mackland was employed by MML Investor Services, LLC from March 30,

2017, until September 4, 2018, when his agent contract was terminated in connection with compliance issues.

10. On or about March 9, 2021, Mackland submitted a Letter of Acceptance, Waiver, and Consent (“Letter of AWC”) in connection with his failure to provide FINRA with requested information relating to Mackland’s pending criminal charges. As part of this settlement, Mackland was barred from associating with any FINRA member in any capacity, including clerical or ministerial functions.

### **Criminal Charges**

11. On August 24, 2020, the Pottawattamie County Attorney’s Office filed a Trial Information in criminal case number FECR163322 in the Iowa District Court for Pottawattamie County, charging Respondent with one count of Ongoing Criminal Conduct by committing fraudulent sales practices and/or theft by deception on a continuing basis, a class “B” felony; one count of Theft in the First Degree by Deception, a class “C” felony; five counts of Fraudulent Sales Practices over \$10,000, class “C” felonies; and two counts of Fraudulent Sales Practices under \$10,000, class “D” felonies.

12. The criminal charges in Pottawattamie County stemmed from acts committed by Mackland acting in his capacity as a licensed insurance producer in the state of Iowa and relating to at least seven Iowa consumer households. Mackland was alleged to have fraudulently converted life policies, increased policy coverage without consent, initiated or directed others to initiate policy loans without the insured’s consent, initiated or directed others to initiate premium draft changes without the insured’s consent, misrepresented the purpose of various insurance forms, and misrepresented to multiple insured’s that money would be deposited into a special

holding account when in fact no such account existed and the money was used as premium payments for life policies.

13. On September 16, 2020, Mackland was arraigned in the District Court of Pottawattamie County, Iowa.

14. A pretrial conference was set in case number FECR163322 for February 8, 2021.

15. On April 5, 2021, Mackland entered an Alford plea to the charge of Ongoing Criminal Conduct in violation of Iowa Code § 706A.2(4) and the State agreed to dismiss Counts II-IX of the Trial Information. In his plea, Mackland agreed that the Minutes of Testimony were substantially true and could be relied upon by the Court as a factual basis for his plea.

16. On April 12, 2021, Mackland was sentenced to a deferred judgment. Mackland was ordered to complete 120 hours of community service, and ordered to pay \$30,000.00 in Victim Pecuniary Damages.

17. Mackland was also placed on probation for three years.

18. Mackland did not report his criminal prosecution to the Commissioner within 30 days of the pretrial conference and has not done so as of the date of this filing.

19. Mackland failed to notify the Division of his criminal sentencing within 30 days and has not done so as of the date of this filing.

### **III. CONCLUSIONS OF LAW**

#### **COUNT ONE Felony Conviction**

20. Under Iowa Code § 522B.11(1)(f), an insurance producer's license may be subject to probation, suspension, or revocation and civil penalties may be levied, as provided in Iowa Code § 522B.17, for having been convicted of a felony.

21. Mackland pled guilty to a felony, Ongoing Criminal Conduct in violation of Iowa Code § 706A.2(4), and on April 12, 2021, was sentenced to a deferred judgment.

22. Mackland's acts and practices have been in violation of Iowa Code § 522B.11(1)(f) subjecting Mackland to probation, suspension, or revocation of Mackland's insurance producer license, the imposition of a civil penalty, and an order requiring Mackland to cease and desist from engaging in such acts or practices, an order of restitution, the imposition of costs of the investigation and prosecution of the matter, and any other corrective action the Commissioner deems necessary and appropriate pursuant to Iowa Code §§ 522B.11, 522B.17, and 505.8.

**COUNT TWO**  
**Failure to Report**

23. Under Iowa Code § 522B.11(1)(b), a license may be subject to probation, suspension, or revocation and civil penalties may be levied, as provided in Iowa Code § 522B.17, for violating any insurance laws, or violating any regulation, subpoena, or order of the Commissioner.

24. Iowa Code § 522B.16 provides:

...Within thirty days of the initial pretrial hearing date, an insurance producer shall report to the commissioner any criminal prosecution of the insurance producer taken in any jurisdiction. The report shall include a copy of the initial complaint filed, the order resulting from the hearing, and any other relevant legal documents.

25. Mackland failed to report to the Commissioner his criminal prosecution in Pottawattamie County District Court case number FECR163322 within 30 days of his initial pretrial hearing date. Furthermore, Mackland has not reported his criminal action nor his sentencing order as of the date of this filing.

26. Mackland's acts and practices have been in violation of Iowa Code § 522B.16 subjecting Mackland to probation, suspension, or revocation of Mackland's insurance producer license, the imposition of a civil penalty, and an order requiring Mackland to cease and desist from engaging in such acts or practices, an order of restitution, the imposition of costs of the investigation and prosecution of the matter, and any other corrective action the Commissioner deems necessary and appropriate pursuant to Iowa Code §§ 522B.11, 522B.17, 505.8, and Iowa Administrative Code rule 191—10.20(5).

**COUNT THREE**  
**Engaging in Dishonest or Unethical Practices in the Insurance Business**

27. Under Iowa Code §§ 502.412(3) and 502.412(4)(m) the Administrator may deny the application for registration; may limit the registration; may revoke, suspend, bar, condition, or limit the registration of a registrant; and may impose civil penalties if a person has “engaged in dishonest or unethical practices in the securities, commodities, investment, franchise, banking, finance, or insurance business within the previous ten years.”

28. From on or about March 30, 2017 until September 4, 2018, Mackland was a registered agent employed by MML Investor Services, LLC. Mackland was terminated in connection with various misrepresentations made to consumers regarding life insurance policies.

29. From on or about November 29, 2018 until January 31, 2020, Mackland was a registered agent employed by Lion Street Financial, LLC. Mackland was terminated for failing to repay money owed for FINRA fees as well as fees for monthly compliance and E&O.

30. Mackland submitted a Letter of AWC in connection with his failure to provide FINRA with requested information relating to Mackland's pending criminal charges. As part of this settlement, Mackland was barred from associating with any FINRA member in any capacity, including clerical or ministerial functions.

31. Mackland's actions were dishonest and unethical in the securities and insurance businesses in violation of Iowa Code § 502.412(4)(m).


32. Mackland's acts and practices have been in violation of Iowa Code § § 502.412(4)(m) subjecting to Mackland to denial, barring, revocation, suspension, withdrawal, restriction, condition, or limitation of his securities agent and/or investment adviser registration, the imposition of a civil penalty, the imposition of costs of investigation, and an order requiring Mackland to cease and desist from engaging in such acts or practices pursuant to Iowa Code § 502.604.

#### IV. ORDER

**WHEREFORE, IT IS ORDERED** pursuant to the powers granted to the Commissioner by Iowa Code chapters 502, 507B, and 522B:

- A. Mackland is barred from applying for registration in this state as an investment adviser, investment adviser representative or as a securities agent, unless Mackland petitions the Commissioner for a modification of this Order pursuant to Iowa Code §§ 502.412 and 502.604; and
- B. Mackland's Iowa resident insurance producer license is permanently revoked and Mackland is permanently prohibited from engaging in the business of insurance in this state pursuant to Iowa Code §§ 507B.7, 522B.11, and 522B.17.

SO ORDERED on the 9<sup>th</sup> day of July, 2021.



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DOUGLAS M. OMMEN  
Iowa Insurance Commissioner

Respectfully submitted,

/s/ Johanna Nagel

JOHANNA NAGEL  
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**Attorney for the Iowa Insurance Division**

CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing instrument was served upon all parties to the above cause, or their attorney, at their respective addresses disclosed on the pleadings on July 9, 2021.

Copy to:  
Guy Cook and Sean Corpstein  
Grefe Sidney  
500 E Court Ave, Suite 200  
P.O. Box 10434  
Des Moines, Iowa 50306  
**Attorneys for Respondent**

By:  First Class Mail  Personal Service  
 Restricted certified mail, return receipt  Email, by consent  
 Certified mail, return receipt  \_\_\_\_\_

Signature: /s/ Hilary Foster  
Hilary Foster

**NOTICE OF PENALTIES FOR WILLFUL VIOLATION OF THIS ORDER**

**YOU ARE NOTIFIED** that acting as an insurance producer, as defined in Iowa Code chapter 522B, in violation of this Order, is a felony under Iowa Code § 507A.10, subjecting you to punishment of imprisonment, jail, fines, or any combination of custody and fines.

**YOU ARE ALSO NOTIFIED** that if you violate this Order, you may be subject to administrative and civil penalties pursuant to Iowa Code § 522B.17(3). The Commissioner may petition the district court to hold a hearing to enforce the order as certified by the Commissioner. The district court may assess a civil penalty against you in an amount not less than three thousand dollars but not greater than ten thousand dollars for each violation, and may issue further orders as it deems appropriate.

**YOU ARE NOTIFIED** that any person who violates this order may be subject to administrative and civil penalties pursuant to Iowa Code § 502.604. The commissioner may petition the district court to hold a hearing to enforce the order as certified by the commissioner.



The district court may assess a civil penalty against the person in an amount not less than three thousand dollars but not greater than ten thousand dollars for each violation, and may issue further orders as it deems appropriate.

### **NOTICE REGARDING REISSUANCE**

Upon entry of this Order, your insurance producer license will become inactive due to revocation. While your license is inactive, you are prohibited from conducting the business of insurance. Your license will not be active until the Division makes the determination to reissue your insurance producer license by order pursuant to Iowa Administrative Code rule 191—10.10.

Reissuance of your insurance producer license is subject to the discretion of the Commissioner. Additionally, it will not be granted unless and until you have complied with the terms of this Order, made the appropriate Application for Reissuance with the Division, and paid all applicable fees. If applicable, you may also be required to apply for licensure through the National Insurance Producer Registry (NIPR) and pay all applicable fees.

Any person prohibited by 18 U.S.C. § 1033 from engaging or participating in the business of insurance will need to apply to the Commissioner for consent to engage in insurance pursuant to Iowa Code § 522B.16B.

### **NOTICE OF FINAL ORDER IMPACT**

A final order of license probation, suspension, or revocation or a cease and desist order may adversely affect other existing business or professional licenses and may result in license revocation or disciplinary action.

A final order in an administrative action does not resolve any potential criminal or civil violations or causes of action that might arise from the same or similar conduct that is the subject of this contested case/this order. It may result in criminal law enforcement authorities, including the fraud bureau of the Iowa Insurance Division, pursuing a criminal investigation or prosecution of potential criminal law violations.

**CONSENT TO ORDER AND AGREEMENT**

I, Chad T. Mackland, Respondent in this matter, have read, understood, and do knowingly consent to this Order in its entirety. By executing this Consent, I understand that I am waiving my rights to a hearing, to confront and cross-examine witnesses, to produce evidence, and to judicial review.

I further understand this Order is considered a final administrative action that will be reported by the Division to the National Association of Insurance Commissioners and to other regulatory agencies. I also understand this Order is a public record under Iowa Code chapter 22 and information may be shared with other regulatory authorities or governmental agencies, pursuant to Iowa Code § 505.8(8)(d). I also understand this Order will be posted to the Division's website and a notation will be made to the publicly available website record that administrative action has been taken against me.

07-08-2021

Date

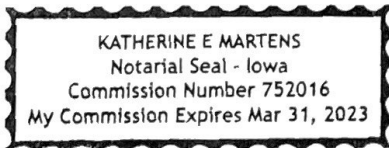


Chad T. Mackland, Respondent

15731 Heartstone Drive Council Bluffs IA 51503

Address of Signatory

Subscribed and sworn before me by Chad Mackland on this 8<sup>th</sup> day of July, 2021.



Katherine Martens  
Notary Public for the State of Iowa