

FILED

MAY 20 2025

COMMISSION OF INSURANCE
INSURANCE DIVISION OF IOWA

BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF

BRYCE D. MURPHY,
NPN 18459089
DOB 01/31/XXXX

Respondent.

Division Case No. 120761

FINAL ORDER

NOW THEREFORE, the Commissioner takes up for consideration the attached Proposed Default Order of Administrative Law Judge, Forrest Guddall of the Iowa Department of Inspections and Appeals show as filed on May 19, 2025.

IT IS ORDERED that the Commissioner has reviewed the record and adopts Judge Guddall's default order as my own final decision.

IT IS FURTHER ORDERED that Bryce D. Murphy has 30-days from the date of this Order to pay a civil penalties of \$3,000, and investigation and prosecution costs of \$3460.00.

IT IS FURTHER ORDERED that these orders may be enforced under Iowa Code chapter 507B and 522B, including but not limited to, Iowa Code § 507B.8 and 522B.17(3), and additionally, by any collection remedies available to the State of Iowa Department of Revenue for unpaid penalties and other ordered monetary amount.

Dated this 20th day of May, 2025.



DOUGLAS M. OMMEN
Iowa Insurance Commissioner

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RESPONDENT

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 May 20, 2024. 2025

By: ☒ First Class Mail ☐ Personal Service
☒ Restricted certified mail, return receipt ☒ Email
☐ Certified mail, return receipt ☐

Signature: Brooke Hohn
Brooke Hohn

IN THE IOWA ADMINISTRATIVE HEARINGS DIVISION
CENTRAL PANEL BUREAU

In the matter of:)	
)	Case No. 25IID0002
BRYCE D. MURPHY,)	IID Case No. 120761
NPN 18459089,)	
)	
Respondent.)	PROPOSED DECISION

INTRODUCTION

On October 15, 2024, the Iowa Insurance Division (Division) filed a Statement of Charges against Respondent Bryce D. Murphy (Respondent) with this tribunal. Also, the Division moved for assignment of the contested case to an administrative law judge. Iowa Admin. Code r. 191-3.6(1)(17A) (“If the presiding officer is not an administrative law judge, any party wishing to request that the presiding officer assigned to render a proposed decision be an administrative law judge employed by the department of inspections, appeals, and licensing [DIAL] must file a written request with the division . . .”). The Commissioner of the Division granted the motion contemporaneously and transmitted this matter to the Iowa Department of Inspections, Appeals, and Licensing for a contested case hearing pursuant to Iowa Admin. Code r. 191-3.6(3)(17A).

The Division originally scheduled a prehearing conference for November 21, 2024, and an in-person evidentiary hearing for December 12, 2024. Respondent moved to continue both proceedings, the Division did not resist, and the continuance was granted pursuant to Iowa Admin. Code r. 191-3.17(17A).

Again, Respondent moved for a continuance due to related criminal proceedings. The Division resisted the second continuance. The continuance motion was addressed at the prehearing conference on February 13, 2025. After considering the arguments of counsel, a short continuance of the hearing on the merits was granted. *See* Iowa Admin. Code r. 191-3.17(2)(17A).

Subsequently, Respondent’s counsel moved to withdraw, a statement was filed with Respondent’s signature stating he discharged counsel, and a third continuance was requested. The Division again objected or resisted a continuance. The continuance was granted again. *Id.* The new deadline for the exchange of witness and exhibit lists (with copies of any exhibits included) was set for April 4, 2025, and the hearing on the merits was scheduled for April 21, 2025, by video conference.

On April 4, 2025, Respondent moved, now pro se (self-represented), for yet a fourth continuance. Once again, the Department resisted. The motion was denied. However, the witness and exhibit deadlines were extended to April 16, 2025. Respondent filed nothing by that

deadline. Respondent did submit a number of items on April 18, 2025, to the general DIAL Administrative Hearings Central Panel Bureau email address (and not properly filed electronically in the case file).

The hearing by video conference on the merits of this licensure discipline was heard on April 21, 2025, starting at approximately 9:00 a.m. At the outset, Respondent stated he unprepared to go forward due to other pending criminal matters and his inability to retain counsel for representation. To the extent the statement was construed as another motion for a continuance, it was denied for the reasons stated in the previous denial order and the hearing proceeded. Ms. Meara Kearney and Mr. Zebulon Black appeared and represented the Division. Respondent appeared pro se (self-represented).

The Division offered Exhibits 1 through 32 and they were admitted without objection pursuant to Iowa Code §§ 17A.12(6) and 17A.14. The Division objected to Respondent's exhibits because they were never received by or disclosed to the Division prior to the hearing. Iowa Admin. Code r. 191-3.21(4)(17A,507B) ("The party seeking admission of an exhibit must provide opposing parties with an opportunity to examine the exhibit prior to the ruling on its admissibility. . . ."). The Respondent's exhibits were excluded for untimely disclosure with the exception of the items entitled "Visible Phone Records Request," "Screenshot 2025-04-18 at 1.47.45," "Screenshot 2025-04-20 at 10.21.25," and "IID Phone Call Dates" because those exhibits were not obtained (at least partially) until after the April 16, 2025, exhibit deadline.¹

Nonetheless, Respondent's submissions, and the testimony of his mother, Ms. Babette Murphy, are attached to the administrative record as an offer of proof. Iowa Admin. Code r. 191-3.21(6)(17A,507B) ("Whenever evidence is ruled inadmissible, the party offering that evidence may submit an offer of proof on the record. The party making the offer of proof for excluded oral testimony shall briefly summarize the testimony or, with permission of the presiding officer, present the testimony. If the excluded evidence consists of a document or exhibit, it shall be marked as part of an offer of proof and inserted in the record.").

Finally, it bears repeating that the baseline for admission of evidence is low in contested case proceedings in chapter 17A. ". . . A finding shall be based upon the kind of evidence on which reasonably prudent persons are accustomed to rely for the conduct of their serious affairs, and may be based upon such evidence even if it would be inadmissible in a jury trial. . . . " Iowa Code § 17A.14(1). "This section conforms with the general rule that administrative agencies are not bound by technical rules of evidence, and that generally hearsay evidence is admissible at administrative hearings." *McConnell v. Iowa Dep't of Job Serv.*, 327 N.W.2d 234, 237 (Iowa 1982) (emphasis added; citations omitted); *Clark v. Iowa Dep't of Revenue & Fin.*, 644 N.W.2d 310, 320 (Iowa 2002) ("The administrative law judge may base the decision upon evidence that would ordinarily be deemed inadmissible under the rules of evidence, as long as the evidence is not immaterial or irrelevant.").

¹ On February 28, 2025, Respondent's counsel at the time filed an "Exhibit List" and an "Amended Exhibit List," but there were no documents attached to either.

FINDINGS OF FACT²

The Commissioner of Insurance for the State of Iowa directly, and through designees, administers and enforces various Iowa Code chapters, including chapters 507B and 522B, as well as Iowa Administrative Code chapter 191-10 and 191-15, pursuant to Iowa Code § 505.8.

Respondent Bryce D. Murphy (Respondent) was a licensed non-resident insurance producer since May 25, 2018, and his National Producer Number was 18459089. Respondent has consented to the jurisdiction of the Commissioner of Insurance by operation of law under Iowa Code § 505.28. Likewise, Respondent designated the Commissioner as an agent for service of process by applying for a non-resident insurance producer license.

The Statement of Charges listed four Counts of Insurance violations against Respondent. (Statement of Charges, pp. 9-12). The factual bases for the four Counts were designated by the Division under the following headings: Altered Paychecks; Altered Employment Verification Letter, Paystub, & Termination; Insurance Claims; and [Failure to Report] Criminal Prosecution.

For the “Altered Paychecks” Count, the Division made a number of contentions. Respondent was hired as an insurance agent for Naughton Farmers Insurance Agency (Naughton). The Division contended that Respondent deposited three checks from Naughton into his account, but had altered or changed (i.e. increased) the numeric value of the checks. (Exhibit 2, p. 4). It appears that some of the changed numeric values had been deposited for the changed amount, while others were deposited for the handwritten value.

Appellant was terminated from Naughton on November 13, 2020. (Exhibit 3, p. 2). Appellant was, apparently, awarded unemployment insurance benefits, but Naughton challenged that decision. (Exhibit 3, p. 1). The administrative law judge for Iowa Workforce Development, in the course of the decision, found:

The employer [Naughton] has presented substantial and credible evidence that claimant [Respondent] forged multiple documents that initially resulted in the employer overpaying the employee. The fact that the bank made the employer whole after it was noted to them is irrelevant to the fact that the checks were altered in the first place. This is theft and obviously not in the interests of the employer and is disqualifying conduct, even without a prior warning. The claimant also forged the verification of employment letter in an attempt to get the [credit union] to not verify his income with the employer but to accept his forged pay stub.

² Some of the factual or legal allegations in the Statement of Charges were admitted by Respondent’s answer. Iowa Admin. Code r. 191-3.5(3)(a)(17A,507B) (“An answer shall show on whose behalf it is filed and specifically admit, deny, or otherwise answer all material allegations of the notice of hearing or accompanying charging document.”); Iowa Admin. Code r. 191-3.5(3)(c)(17A,507B) (“Any allegation in the notice of hearing or accompanying charging document not denied in the answer is considered admitted.”).

(Exhibit 3, pp. 2-3).

Appellant denied changing the numeric value of the checks and stated it was a coding error, apparently from the manner in which an ATM receives and processes a deposited check. However, he did not otherwise have an explanation for the changed numeric value on the checks. (Exhibit 3, pp. 1-2).

For the “Altered Employment Verification Letter, Paystub, and Termination” Count, the Division made the following allegations. In 2020, Respondent requested an employment verification letter (apparently, in pursuit of a business loan) from Naughton. On September 11, 2020, Naughton issued a letter stating Respondent started working there on May 30, 2019, and continued to do so. (Exhibit 2, p. 2). Respondent submitted the purported employment letter and a paystub to a local credit union. The credit union then contacted Naughton to confirm the information. Naughton discovered that the original verification letter was changed – there was different issuance date (i.e. September 16 versus September 11 of 2020) and two more lines of text were added. The added text stated: “This letter also serves as notice that Bryce Murphy has signed a non-disclosure agreement with our agency and Farmers. He was notified when he was hired that his quarter pay stub and bank statements would be the only way he could provide income for anyone inquiring.” (Exhibit 2, pp. 2-3). Moreover, Naughton indicated that the paystub provided by Respondent (Exhibit 2, p. 1) was also incorrect – Respondent was paid bi-weekly, not monthly, and the amount reflected in the paystub was greater than Respondent’s actual pay for the month indicated. Again, Appellant was terminated from Naughton on November 13, 2020. (Exhibit 3, p. 2). As noted previously, Appellant was, apparently, awarded unemployment benefits, but Naughton challenged that decision. (Exhibit 3, p. 1). The administrative law judge for Iowa Workforce Development, in the course of the decision, found: “The paycheck is clearly fraudulent. (Id.).

For the “Insurance Claims” Count, the Division made the following allegations. On or about October 7, 2019, Respondent amended his Farmers Insurance (Farmers) homeowner’s insurance policy to include two watches – a Rolex Yacht Master and a Rolex Oyster (otherwise known as a President watch). (Exhibit 4, pp. 55-56). On January 2, 2020, Respondent made a police report to the Minneapolis Police Department claiming his Rolex watches were stolen from his hotel room while he was in the city attending a Minnesota Vikings football game on December 29, 2020. (Exhibits 6 and 7). The police report narrative stated:

The victim stated that he lives in Illinois and was in town for Vikings/Bears game. He stated that he put his two ROLEX watches in the safe in his room when he left for the game. He stated that he locked the safe and locked the door, then left for the game. When he returned he went to get his watches out and they were missing.

(Exhibit 6, p. 6). The Insurance Division’s investigator, Ms. Dawn Blahnik, testified that she later spoke with Respondent’s father, who allegedly attended the game with Respondent. Purportedly, Respondent’s father was unaware of any theft or the watches being present on the trip. Respondent adamantly testified that his father admitted to not telling the truth and points to

text message(s) sent by his father (which were excluded for untimely disclosure). Additionally, at some point Farmers spoke to someone purporting to be Respondent's father, but when Blahnik spoke to the father, he denied speaking to anyone from Farmers. Again, Respondent denied the veracity of his father's statements.

The next day, January 3, 2020, Respondent made an insurance claim for the watches to Farmers. (Exhibit 8). Farmers sent Respondent a "Proof of Loss" form to complete in order to process the claim. The form had to be notarized and warned of possible criminal prosecution and penalties. (Exhibit 8, p. 12). The form had an attachment page in order to list details regarding personal property. (Exhibit 8, p. 13). Respondent listed the two Rolex watches, stated he bought them in 2013 from "Jason Stratton," and valued the watches at \$7,500.00 for Yacht Master, and \$6,500.00 for the Oyster. Pictures of the watches were attached or sent later. (Exhibit 8, pp. 16-17). Farmers paid the claim on the two watches in the amount of \$9,998.00 (apparently the property insurance limit). (Exhibits 4, p. 55, and 5).

In 2022, Respondent was working for American Family Insurance Company (AmFam). He had an AmFam renter's insurance policy which included an itemized schedule of personal property. (Exhibit 14, pp. 33, 38). The limit for the "jewelry" entry was \$19,990.00 for the same "type" of watches in the 2019-2020 Farmers claim.

An AmFam internal investigation was conducted on a number of matters involving Respondent. One matter was with regard to the two Rolex watches that were allegedly stolen in 2022. On September 13, 2022, AmFam began investigating the Respondent's claim given the similarities with his previous Farmers claim. AmFam noted that he only had the "Arnett" purchase agreement evidence, that there was no appraisal of the watches, and there was no police report. (Exhibit 18, pp. 44-46). Subsequently, Respondent reported a theft of the watches on September 20, 2022, and the Minneapolis police report listed values on the watches of \$40,000.00 for a Rolex Yacht Master and \$15,000.00 for a Rolex Oyster. (Exhibit 16).

On or about October 18, 2022, Respondent submitted a "Sworn Statement of Loss" form to AmFam. (Exhibits 10 and 15). Respondent claimed he purchased a Rolex Yacht Master for \$18,870.00 and a Rolex Oyster for \$12,191.00 from "Old co-worker." (Exhibit 10, p. 1). His letter stated he went to Minneapolis to attend a Minnesota Vikings football game. (Exhibit 15, p. 4). On September 11, 2022, he looked for his two watches in his suitcase at the hotel and they were missing. He claimed a loss of \$20,000.00. At some point, Respondent provided pictures of the watches. (Exhibit 11). As noted above, at some point, Respondent provided a purchase agreement stating that Respondent purchased a Rolex Yacht Master and a Rolex Oyster watch from "Eric Arnett" on May 7, 2013. However, there is no purchase price for the watches listed in the agreement. (Exhibit 12). Mr. Arnett did not testify at the hearing. The watches appear to be the same make and model as the watches claimed in 2020 from Farmers. (Exhibits 11 and 8, pp. 16-17). The meta data of the pictures showed they were taken after the Farmers claim for the same type of watches. (Exhibit 11). Finally, Respondent provided copies of his football tickets and hotel information. (Exhibit 31).

AmFam sought the opinion of a professional regarding the watches. That entity opined that the pictures of the Rolex watches furnished by Respondent were fake or probably fake

timepieces. The New York company stated:

We have been in business for over 30 years. After looking at the pictures of the 2 watches I can see they are fake.

The President [Oyster]

- Gold plating coming off the bracelet
- stones are glued in
- Dial writing & stones not from Rolex

The Yachtmaster

- Bezel only came in ceramic – not aluminum
- Wrong dial and set too low

(Exhibit 17, p. 3). The AmFam investigation determined that Respondent's insurance claim on the watches involved fraud or false claims and was substantiated. (Exhibits 9 and 19).

In early November of 2022, the AmFam investigator or staff member spoke with Respondent. On November 7, 2022, AmFam issued a formal denial of the claim. Apparently, Respondent wanted to withdraw the claim, but AmFam determined Respondent "made a material misrepresentation . . . with the intention to receive payment for insurance proceeds that you would otherwise not be eligible for" and denied the claim. (Exhibits 17 and 19). Respondent maintained that he withdrew or tried to withdraw the claim, but not because it was a fraudulent claim. Respondent was terminated from AmFam on November 14, 2022. (Exhibit 30).

Evidently, the Division's Fraud Bureau, a law enforcement entity, was alerted to the situation and contacted AmFam about the foregoing events. (Exhibit 18, p. 1). According to the testimony of Investigator Dawn Blahnik, she contacted Arnett and he purportedly stated that he sold "not authentic" watches to Respondent, but never signed any bill of sale. Blahnik testified that she would have run a criminal background check on Arnett, but did not recall at the hearing what, if any, criminal history there was for Arnett. Blahnik sent her information to a jewelry company, authorized to sell Rolex watches in Iowa, to determine whether the two Rolex watches were authentic. The company responded to the watch pictures sent by Blahnik and stated it could not verify anything with the watches, however, the watches did not appear to be authentic. The Yacht Master appeared to have an aluminum bezel when it should have been ceramic (confirming the previous authority's determination). The President or Oyster Rolex watch's diamonds or "stones" "look like they may be fake based on setting style," but verification would require the jewelry store to possess the watches for personal examination. (Exhibit 13).

At the hearing, Blahnik acknowledged that the meta data from pictures, taken after the first Farmers insurance claim, did not preclude that there were two sets of watches of the same make and model by Rolex. Blahnik also did not distinguish between "theft" and "mysterious disappearance" of personal property in the AmFam policy. Finally, Blahnik did not have the serial numbers for the watches for both the Farmers and AmFan policies for comparison to see if they were the same watches or whether they were even authentic Rolex watches.

On May 1, 2023, Blahnik filed five criminal complaints against Respondent in the Iowa District Court for Dubuque County. The first complaint alleged Respondent committed identity theft when he used the first and last name, with the alleged signature, of a person (apparently Arnett) on a fictitious purchase agreement, that was used to support the insurance loss claim of \$19,990.00. The second complaint was related – Respondent allegedly committed a fraudulent practice when he submitted a fictitious purchase agreement to AmFam for two Rolex watches listed on his renter’s insurance policy. The “seller” (again, apparently Arnett) on the purchase agreement “stated he did not create or sign the purchase agreement” and the watches were valued at \$19,990.00. The third complaint was for forgery related to the alleged fictitious purchase agreement to obtain \$19,990.00 in insurance proceeds. The fourth criminal complaint regarding insurance fraud – presenting false evidence, referenced the 2019 Farmers insurance payout of \$9,998.00 and the AmFam claim “for the same watches,” and asserted the purchase agreement was “fabricated,” “and that the Rolex watches were counterfeit.” The final complaint was also insurance fraud – presenting false evidence, also concerned the two insurance claims for two Rolex watches in 2019 and 2022. “The facts and circumstances regarding the theft of the watches did not occur as represented by the [Respondent].” (Exhibit 20). The second and fourth complaints involved a timeline in June of 2022. Blahnik testified at the hearing that none of the five counts centered on the Farmers insurance claim – they all related to the AmFam claim with the Farmers claim added for context.

On June 29, 2023, Respondent made his initial appearance on the five charges encompassed in *State v. Murphy*, Dubuque Co. No. 01311FECR150146. A preliminary hearing was scheduled for July 13, 2023. (Exhibit 21). On July 13, 2023, the Court ordered Respondent (or counsel) to appear on July 24, 2023, for arraignment. The Trial Information mention the June of 2022 date for Count 4. (Exhibit 22). On July 17, 2023, Respondent filed a written arraignment and not guilty plea, which states in part, “[h]e understands that times for further proceedings which are computed from the date of arraignment will be computed from the date of filing this Written Arraignment & Plea of Not Guilty.” He also demanded a speedy trial pursuant to the Iowa Rules of Criminal Procedure. (Exhibit 23). On July 21, 2023, the Court acknowledged the written arraignment and a final pretrial conference was scheduled for September 11, 2023, with a jury trial scheduled to begin on September 19, 2023. (Exhibit 24).

It is unknown whether there was a preliminary hearing or final pretrial conference held to this point on this record. What is known is that on February 27, 2024, Respondent filed a guilty plea to Counts 4 and 5. (Exhibit 25). On May 13, 2024, the Court accepted the guilty plea. (Exhibit 26). On July 17, 2024, Respondent filed a motion in arrest of judgment and a motion to withdraw his guilty plea claiming he was actually innocent, was pressured into pleading guilty, and did not understand or appreciate the plea. (Exhibit 27).

Apparently, Respondent’s motion was granted because there is a filed Memorandum of Plea Negotiation dated December 2, 2024, for Counts 2 and 4. (Exhibit 28). On December 17, 2024, Respondent filed a Plea of Guilty to Insurance Fraud – Presenting False Information in violation of Iowa Code § 507E.3(2)(a). The factual basis for plea was: “On June 27, 2022 I was in Dubuque County, Iowa. I did present to an insurer an oral statement in support of a claim for payment, knowing that such statement contained false information concerning a material fact, with the intent to defraud the insurer.” (Exhibit 29).

Throughout Respondent's licensure, he has submitted applications to the Division to obtain or maintain his insurance producer license. A standard question ("1B") on the license application form is:

Have you ever been convicted of a felony, had a judgment withheld or deferred, or are you currently charged with committing a felony? You may exclude juvenile adjudications (offenses where you were adjudicated delinquent in a juvenile court)

Typically, the Division's staff send an email to a licensee requesting needed information and, based on what a licensee has (or has not) submitted, a follow-up email will be issued about 30 days later if there is no response or an insufficient response. (Scheller testimony). The Division's exhibits do not contain any email requesting information or further information from Respondent.

On January 23, 2025, Respondent submitted his National Insurance Producer Registry form, certified under penalty of perjury, stating he had not been convicted of nor was he charged with any felonies and misdemeanors which had not previously been disclosed. (Exhibit 1, pp. 10-11). Previously, in 2018, he did report an Illinois misdemeanor-type issue in 2018 that resulted in some sort of expunged disposition, but that was not the "failure to report" issue in this administrative proceeding. (Exhibit 1, p. 3). Rather, the Division contends the criminal investigation and charges that are at issue in this proceeding relate to the Dubuque County criminal matter concerning Respondent's 2022 conduct. Respondent contends he submitted information to Mr. David Sullivan of the Division's Market Regulation Bureau. However, that Market Regulation Bureau is different than the Producer Bureau. As noted above, Ms. Scheller testified that she typically sends an email requesting missing information. In contrast, Respondent maintained he did report the Dubuque County criminal matter by inquiring about what would happen to licensure with a deferred judgment. Respondent also maintained that a call on January 3, 2023, arising during his denial of an address change to his registration, was sufficient. However, it is undisputed that he did not provide any documentation to the Registration Bureau of the Division. He is not currently licensed by the Division.

Respondent was advised by this tribunal of his Fifth Amendment right to decline to testify prior to any testimony. He could also choose to answer or decline to answer specific questions. He chose to testify.

Respondent has lived in Iowa since 2022 and has not changed his non-resident licensure. Respondent explained that his address listed in his 2025 application was not filled out by himself – it was auto populated by the Division's system and he could not change it on the non-resident renewal application form. (Exhibit 1, p. 10). He also testified that he was informed (apparently by the Division) in 2023 that he could not change the form. Respondent acknowledged that his renter's policy did not reflect a claimed loss within five years, but claims it was noted in his prior homeowner's policy and AmFam should have transferred that information to the renter's policy.

Respondent claimed he informed the Division that he was criminally charged January 3,

2023 (as well as multiple times in 2024 and 2025) by phone calls to the Division, but did not submit documents to the Division. Further, Respondent testified (again, after being advised he could decline to provide any testimony) that his father admitted that he lied (and even that his father attempted to kill Respondent). In summary, Respondent testified: that he attempted to inform the Division of the Dubuque County criminal charges by multiple phone calls; that Arnett's statements were motivated by fear of prosecution for selling fake Rolex watches; that the Naughton deposits were the result of manual entry of the deposits and faulty ATM (automatic teller machine) scanning processes (and not the alteration of numeric amounts on the checks); and that his termination from Naughton was unrelated to altered checks (it was for copyright infringement for using unauthorized branding on social media).

Respondent acknowledged that his Farmers insurance policy "Proof of Loss" form listed the two Rolex watches as purchased from "Jason Stratton" and that is incorrect, in contrast to the notarized declaration that the information was true and accurate. (Exhibit 8, pp. 11-13). Respondent attributed the error to trauma because the watches were insured for less than what they were worth, and he just used the name of a customer before him at the time. Respondent testified that, in fact, every watch was purchased from Arnett. Additionally, although Respondent did not report the watches were imitation, he believed they could still be insured for whatever value he, as the insured, felt they were worth and the insurance premiums were paid accordingly. Respondent testified that there were four Rolex watches purchased, not two.

Mr. David Sullivan testified for the Division and oversees, inter alia, compliance investigations. He investigated Respondent initially due to the termination for cause. (Exhibit 30). Respondent was employed by the Naughton insurance agency and Sullivan received documents from that entity. (Exhibit 2). Sullivan testified to the accuracy of the documents received, including the altered employment letter, the incorrect pay stub, and the altered checks. Naughton denied the accuracy of the altered check amounts and validity of the pay stub to Sullivan. Respondent was terminated and his request for unemployment benefits, although initially granted, were later denied. (Exhibit 3). Sullivan determined that Respondent was sentenced pursuant to his Dubuque County guilty plea(s): 10 years for Count 2 and five years for Count 5, concurrent. Sullivan did not speak to others in the insurance field (including as to whether Respondent wore Rolex watches), nor to any financial institutions.

CONCLUSIONS OF LAW

The Iowa Legislature created the Division "to regulate and supervise the conducting of the business of insurance in the state." Iowa Code § 505.1. One aspect of this authority is to regulate the licensing of insurance producers. Iowa Code § 505.8. *See also* Iowa Code chapter 522B.

Pursuant to this statutory authority, the Division promulgated various administrative rules governing the licensing and conduct of those in the business of insurance. Iowa Code § 522B.18 ("The commissioner may adopt reasonable rules according to chapter 17A as are necessary or proper to carry out the purposes of this chapter."). For example, Chapter 10 of the Division's rules creates the specific rules governing the "qualification, licensure, and appointment of insurance producers." Iowa Admin. Code r. 191-10.1(515K,522B). Likewise, Chapter 15 of the

Division's rules create the "minimum standards and guidelines" for essentially fair and honest practices in the business of insurance. Iowa Admin. Code r. 191-15.1(507B).

When the Division has reason to believe that an individual has engaged in unfair or deceptive acts, or has otherwise violated the statutes and rules governing the business of insurance in the State, the Division may file a statement of charges against the individual. *See e.g.*, Iowa Code § 507B.6(1). Once the Division files a Statement of Charges against an individual, a contested case proceeding is commenced. In a contested case proceeding, all parties are entitled to reasonable notice of the hearing and the charges filed. Iowa Code §17A.12.

When a violation is found, the Division may take action against an individual's producer license. Iowa Code § 522B.11(1). The sanctions for misconduct vary based on the specific conduct at issue and can include fines, prosecution costs, adverse action against a license, and other corrective action. *See e.g.*, Iowa Code §§ 505.8(10) ("the commissioner may, after a hearing conducted pursuant to chapter 17A, assess fines or penalties; assess costs of an examination, investigation, or proceeding; order restitution; or take other corrective action as the commissioner deems necessary and appropriate to accomplish compliance with the laws of the state relating to all insurance business transacted in the state."); 522B.11(1) (articulating license sanctions available for misconduct). Here, the Division alleged four Counts against Respondent.

For Count I, the Division alleges that Respondent used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness, or financial irresponsibility in violation of Iowa Code § 522B.11(1)(h). It is prohibited for insurance producer licensees to "[use] fraudulent, coercive, or dishonest practices, or demonstrate[e] incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere." *Id.*

The Division based this Count I on the following allegations:

- The Naughton altered checks;
- The Naughton altered pay stub and employment verification letter;
- The fraudulent claim to AmFam for a loss he did not sustain regarding the Rolex watches;
- The fraudulent valuation for inauthentic Rolex watches; and
- Filing a false police report with the Minneapolis Police Department.

(Statement of Charges, ¶ 45).

Regarding the altered checks, pay stub, and employment verification letter concerning the Naughton insurance agency, these issues have largely been determined in Respondent's unemployment insurance benefits case(s) before another administrative law judge.

The employer [Naughton] has presented substantial and credible evidence that claimant [Respondent] forged multiple documents that initially resulted in the employer overpaying the employee.

The fact that the bank made the employer whole after it was noted to them is irrelevant to the fact that the checks were altered in the first place. This is theft and obviously not in the interests of the employer and is disqualifying conduct, even without a prior warning. The claimant also forged the verification of employment letter in an attempt to get the [credit union] to not verify his income with the employer but to accept his forged pay stub.

(Exhibit 3, pp. 2-3).

Under the legal doctrine of issue preclusion, once a court or tribunal has decided an issue of fact or law necessary to its judgment, the same issue cannot be re-litigated in later proceedings. *Winnebago Industries, Inc. v. Haverly*, 727 N.W.2d 567, 571 (Iowa 2006) (citing *Hunter v. City of Des Moines*, 300 N.W.2d 121, 123 n. 2 (Iowa 1981)).

Issue preclusion, sometimes referred to as collateral estoppel, is a form of res judicata. . . . Issue preclusion prevents parties “‘from relitigating in a subsequent action issues raised and resolved in [a] previous action.’” . . . The doctrine “serves a dual purpose: to protect litigants from ‘the “vexation of relitigating identical issues with identical parties or those persons with a significant connected interest to the prior litigation,”’ and to further ‘the interest of judicial economy and efficiency by preventing unnecessary litigation.’” . . . Issue preclusion also “‘tends to prevent the anomalous situation, so damaging to public faith in the judicial system, of two authoritative but conflicting answers being given to the very same question.’” . . .

Van Haaften, 815 N.W.2d at 22 (citations omitted).

In determining whether a prior determination has preclusive effect in a subsequent proceeding, four elements must be satisfied: (1) the issue concluded must be identical; (2) the issue must have been raised and litigated in the prior action; (3) the issue must have been material and relevant to the disposition of the prior action; and (4) the determination of the issue in the prior action must have been necessary and essential to the resulting judgment. *Winnebago Industries*, 727 N.W.2d at 571; *Grant*, 722 N.W.2d at 173-74; *Hunter*, 300 N.W.2d at 125. Those elements are met here.

However, Respondent points out that there is more to say on this subject and that there is another decision by an Iowa Workforce Development (IWD) administrative law judge. It appears that Respondent is referring to an unemployment overpayment case relating to the Naughton insurance agency, *Murphy v. Iowa Workforce Development Department*, Case No. 21A-UI-20851-SN-T.³

³ Official notice of the decisions of IWD is taken and considered part of the record in this case. Iowa Code § 17A.14(4) allows the presiding officer in an administrative contested case hearing to take official notice of all facts of which judicial notice may be taken and of other facts within

That case involved an alleged overpayment of Federal Pandemic Unemployment Compensation (FPUC) benefits. There, administrative law judge held:

The heart of the case revolved around some checks that appeared to be altered. The [previous] administrative law judge made a finding of fact that the claimant altered the checks himself. The claimant strenuously denies this allegation and offers other explanations. After listening to the hearing record of this initial case and viewing the claimant's proposed exhibits, he notes that it is not clear to him that the circumstances regarding the altered checks could be a current act of misconduct to disqualify him. Ultimately, this administrative law judge does not have jurisdiction to change that outcome, but in light of these circumstances, he declines to find these differences in testimony regarding the alterations of the checks as material misrepresentations on the part of the claimant. While he is not necessarily convinced by the claimant's explanation, a clearer picture needs to be formed to find the claimant materially misrepresented the circumstances.

(Decision pp. 1-2; emphasis added). This subsequent IWD decision, despite the dicta cited above, merely held that Respondent did not have repay the FPUC benefits. It did not (and could not) overrule the decision denying unemployment insurance benefits from the Naughton incident(s). Moreover, even assuming for the sake of argument that the subsequent IWD decision negated the findings of the previous IWD decision regarding the altered checks, it did not address the findings regarding the incorrect pay stub and the altered employment verification letter. (Exhibits 2 and 3). The Division has proven (through the prior IWD decision, Exhibit 3) that Respondent submitted an altered a pay stub and employment verification letter, apparently for a loan to start his own insurance business in Muscatine (according to questions asked by Respondent during the hearing) and that constitutes a "fraudulent . . . or dishonest practice[] . . . in the conduct of business in this state[.]" Iowa Code § 522B.11(1)(h).

Additionally, the Department contends that Respondent fraudulently valued two inauthentic, imitation, or fake Rolex watches in his AmFam policy. Respondent's sworn statement to AmFam cites a Rolex Yacht Master (purchased for \$18,870.00, valued at \$30,000.00) and a Rolex Oyster (purchased for \$12,191.00, valued at \$20,000.00). (Exhibit 10). There is a purported purchase agreement between Respondent and Arnett. (Exhibit 12). There is no purchase price given for the watches in the purchase agreement. Arnett did not testify to support Respondent. There is no evidence that Respondent subpoenaed Arnett to testify. See Iowa Admin. Code r. 191-3.14(2)(17A,505) ("The requesting party is responsible for arranging

the specialized knowledge of the agency. Judicial notice may be taken of facts that are "capable of accurate and ready determination by resort to sources whose accuracy cannot reasonably be questioned." Iowa R. Evid. 5.201(b). The posted IWD decisions, when searched using the search term "Bryce Murphy" returns 11 different decisions. Those decisions are available at: <http://uidecisions.iowaworkforcedevelopment.gov/solr/ui-decisions/browse?&sort=date+desc&q=bryce+murphy&start=0> (last visited 5/14/2025).

service of a subpoena prior to the proceeding at which the testimony is commanded[.]”). The AmFam documents do not indicate that it knew the Rolex watches were fake, counterfeit, or imitation – they were represented as real or genuine. In contrast, the Division provided two opinions from its investigation (which included the AmFam investigation information) that the watches were not genuine. (Exhibits 13 and 17). There is preponderance of the evidence that, under the AmFam policy documents, whatever purported Rolex watches he owned were not genuine nor valued correctly. The Division carried its burden of proof on this allegation regarding the value of the two Rolex watches pursuant to Iowa Code § 522B.11(1)(h).

However, the Division also bore the burden of proof to show that Respondent filed a fraudulent claim of loss with AmFam for a loss that he did not sustain to procure insurance proceeds to which he was not entitled. Further, the Division alleges that Respondent filed a false police report with the Minneapolis police. It did not carry its burden, by a preponderance of the evidence, on these two specific points. Respondent claimed he had four, not two, Rolex watches – two Yacht Master and two Oyster. This tribunal is skeptical – especially because the reported lost watches occurred under similar circumstances (e.g. from his hotel room in Minneapolis while in town for a Minnesota Vikings football game). Nonetheless, ownership of four watches is possible (perhaps not probable), but the serial numbers were unavailable for comparison.⁴ There is no sentencing order from the Dubuque criminal matter to determine what, if anything, the Court stated about the factual basis for Respondent’s guilty plea(s). The written guilty plea itself references an oral statement to defraud, not written claim for loss from an insurance company. This tribunal declines to find in favor of the Division on these specific allegations in Count I.

For Count II, the Division alleges Respondent engaged in unfair trade practices by answering “no” on his AmFam policy application to a question regarding reporting any loss within the last five years (given his 2019 Farmers insurance claim for two Rolex watches in 2019). However, that application does not appear to be in the exhibits submitted by the Division.⁵

However, in Count II it is further alleged that Respondent engaged in unfair trade practices by misrepresenting inauthentic or imitation Rolex watches as authentic Rolex watches to secure insurance coverage in excess of the true value of the watches. (Statement of Charges, ¶¶ 50-52). The Division claims this violated Iowa Code § 507B.3 (“A person shall not engage in this state in any trade practice which is defined in this chapter as . . . an unfair or deceptive act or practice in the business of insurance.”). The AmFam policy listed the two Rolex watches as itemized property without noting that they were not genuine. (Exhibit 14, p. 38). The agent on the policy was Respondent. (Exhibit 14, p. 1). As noted above, there is a preponderance of the evidence that the two Rolex watches were not authentic. The Division has proven a violation.

⁴ It is theoretically possible that Respondent had two separate sets of Rolex Yacht Master and Oyster watches, one set authentic and the other inauthentic. For instance, the first set, subject to the Farmers claim, could be genuine. The second set, subject to the AmFam policy, is, obviously, fake or counterfeit, given the two jeweler opinions.

⁵ Exhibit 32 is entitled “AMFAM Home Owners Insurance Policy,” but it is a Farmers insurance policy. Moreover, it is not an application.

For Count III, the Division alleges that Respondent committed forgery in violation of Iowa Code § 522B.11(1)(j) for forging another's name to a document related to an insurance transaction. Specifically, the Division alleged Respondent forged Eric Arnett's name on a purported bill of sale or purchase agreement for Rolex watches that was then used to support his loss claim to AmFam. (Statement of Charges, ¶¶ 54-55). Here, Investigator Blahnik testified that she spoke with Arnett and, although he admitted selling inauthentic Rolex watches to Respondent, he denied he ever signed a purchase agreement. Again, Arnett did not testify to support Respondent. Yet, it is unknown who signed the purchase agreement. This tribunal declines to find Respondent himself forged the purchase agreement without more evidence.

For Count IV, the Division alleges that Respondent violated of Iowa Code § 522B.16(2) and Iowa Admin. Code r. 191-10.20(4)(b)(515K,522B) for failing to report the Dubuque County criminal prosecution taken against him. (Statement of Charges, ¶¶ 58-59).

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.

Iowa Code § 522B.16(2). "The commissioner may [take adverse action] . . . for . . . Failing to report any administrative action or criminal prosecution taken against the producer or failure to report the termination of a resident producer license[.]" Iowa Admin. Code r. 191-10.20(4)(b)(515K,522B).

Here, Respondent testified, submitted through his Exhibits, and implied through his questioning (or otherwise argued) that he informed the Division of the criminal proceedings in *State v. Murphy*, Dubuque Co. No. 01311FECR150146 through a series of telephone calls to the Department (including even before formal criminal charges were even filed). (Respondent's Exhibits). Accordingly, Respondent maintains that, on January 23, 2025, he correctly answered the license application form "no" because he properly informed the Division of the criminal charges previously through said phone calls. (Exhibit 1, pp. 10-11). At the hearing, the parties argued what "initial pretrial hearing date" means in the statute for starting the 30-day period to self-report, e.g. an initial appearance, an arraignment, the mere scheduling of a preliminary hearing, a final pretrial conference, etc. To this tribunal, an "initial appearance" is an "initial pretrial" proceeding before a Court for filed criminal charges would seem to be sufficient to trigger the duty to self-report. (Exhibit 21). Yet, it is not necessarily a "hearing" as cited in the statute. The "Arraignment and Order Setting Trial and Pretrial Conferences" would seem to also require a self-report to the Division. (Exhibit 24). It is possible there was no "initial pretrial hearing" before Respondent's guilty plea and sentencing. Moreover, the parties quarrel whether Respondent's phone calls were sufficient to satisfy the self-report requirement (the Division maintains that Respondent merely called to inquire or ask about the effect of a deferred judgment on his insurance producer license).

Regardless, Respondent was required to report the Dubuque County criminal prosecution to the Division at some point. Even assuming that Respondent did call the Division and did state

that he had pending criminal charges, that would be insufficient under the statute. A producer licensee must send the Division *documentation* from the criminal prosecution pursuant to Iowa Code § 522B.16(2). On this record, that never occurred prior to the Statement of Charges in this administrative matter being filed. The Division has proven a violation of Count IV by a preponderance of the evidence under Iowa Code § 522B.16(2).

Throughout the hearing, Respondent seemed to imply or allude to the fact that he did not know what he was supposed to do in his circumstances. Ignorance of the law is not a defense. Indeed, the Iowa Supreme Court stated “[e]very citizen is assumed to know the law and is charged with knowledge of the provisions of statutes.” *Millwright v. Romer*, 322 N.W.2d 30, 33 (Iowa 1982) (citations omitted). Compare Iowa Code § 701.6 (“All persons are presumed to know the law [in criminal matters].”). Moreover, it is not a defense to simply say that one is relying on the advice of counsel for one’s own actions or omissions. In the end it is the licensee that is responsible for the care of his or her own license.

Ultimately, on this record, there is a preponderance of the evidence that Respondent committed some type of violation(s) under Counts I, II, and IV. The question then is what relief is appropriate. “The commissioner may, after a hearing conducted pursuant to chapter 17A, assess fines or penalties; assess costs of an examination, investigation, or proceeding; order restitution; or take other corrective action as the commissioner deems necessary and appropriate to accomplish compliance with the laws of the state relating to all insurance business transacted in the state.” Iowa Code § 505.8(10).

Respondent’s violations merit the revocation of his insurance producer license.⁶ Honesty, forthright conduct, and adherence to applicable statutes and rules are required for licensure. Things like the altered pay stub, the altered employment verification letter, the listing of two alleged Rolex watches on the AmFam policy without designating them to be inauthentic or fake, and the failure to fully self-report the pending (or even concluded) criminal charges justify revocation.

At the hearing, this tribunal was concerned about this form of relief because Respondent’s license had lapsed, or was not renewed, or was otherwise inactive. It begged the question of how can a license be revoked when one is not currently issued by the Division? The answer comes from the Iowa Legislature.

The commissioner may conduct an investigation of any suspected violation of this chapter pursuant to section 507B.6 and may enforce the provisions and impose any penalty or remedy authorized by this chapter and chapter 507B against any person who is under investigation for, or charged with, a violation of either chapter even if the person's license has been surrendered or has lapsed by operation of law.

⁶ It is noted that now, although not alleged in the Statement of Charges (because they were filed before the guilty plea), it appears that Respondent would be subject to revocation of his license, in any event, for “[h]aving been convicted of a felony” pursuant to Iowa Code § 522B.11(1)(f).

Iowa Code § 522B.11(5) (emphasis added). The Iowa Legislature obviously did not want anyone licensed by the Insurance Division to evade sanctions by merely surrendering or letting a license lapse.

Likewise, for the foregoing reasons, a cease and desist order is appropriate in these circumstances. Iowa Code § 522B.17(1) (“An insurer or insurance producer who, after hearing, is found to have violated this chapter may be ordered to cease and desist from engaging in the conduct resulting in the violation and may be assessed a civil penalty pursuant to chapter 507B.”).

Further, there is the issue of penalties. There are limits for any penalties imposed.

Unless specifically provided for in this subtitle, penalties imposed under this subtitle by order of the commissioner of insurance after hearing shall not exceed one thousand dollars for each act or violation of this subtitle, up to an aggregate of ten thousand dollars, unless the person knew or reasonably should have known the person was in violation of this subtitle, in which case the penalty shall not exceed five thousand dollars for each act or violation, up to an aggregate of fifty thousand dollars in any one six-month period.

Iowa Code § 505.7A.

Here, there were violations on three Counts. Respondent knew or reasonably should have known of his licensure duties and any applicable statutory or regulatory requirements. However, imposing the maximum penalties available would be unjust – he is, essentially, destitute at this point. He has no current work prospects (some documentation indicates he does or did instruct a motorcycle driving course – it is unclear whether this is still an option or even whether it is paid work). He is also, apparently, dependent on his mother for basic food and shelter. Accordingly, the standard \$1,000.00 penalty per Count is sufficient.

Moreover, restitution is not applicable here. There is no evidence that any third-party needs, or requested, restitution. AmFam outright denied the claim (thereby refusing to pay any insurance proceeds) and there is no request by Farmers for the repayment of proceeds previously paid to Respondent in the record.

Last, investigation costs are appropriate for the Division given these findings. The un rebutted, asserted costs are \$3,460.00. Iowa Code § 505.5 (“The commissioner shall be entitled to reimbursement of actual necessary expenses . . . in the performance of the duties of the office.”). Those costs shall be imposed.

ORDERS

IT IS HEREBY ORDERED:

- A. Bryce D. Murphy's insurance producer license is revoked pursuant to Iowa Code §§ 507B.7, 522B.11, and 522B.17;
- B. Bryce D. Murphy shall cease and desist from engaging in unfair or deceptive practices as alleged in Counts I and II and the business of insurance in this state pursuant to Iowa Code §§ 522B.2, 522B.7, and 522B.17;
- C. A civil penalty in the amount of \$1,000.00 each (or total of \$3,000.00), for Counts I, II, and IV is assessed, made payable to the Iowa Insurance Division, to be credited to the Iowa Insurance Enforcement Fund, to provide funds for insurance enforcement and education pursuant to Iowa Code §§ 505.8, 522B.11, and 522B.17;
- D. Costs of the investigation and prosecution of this matter are assessed in the amount of \$3,460.00 made payable to the Iowa Insurance Division, to be credited to the Iowa Insurance Enforcement Fund, to provide funds for insurance enforcement and education pursuant to Iowa Code sections 505.8, 522B.11, and 522B.17.

IT IS SO ORDERED.

Dated this the 19th day of May, 2025.

cc: Bryce Murphy, 4510 26th Ave., Moline, IL 61265, brycemurphyllc@gmail.com (By AEDMS and Email)
Brooke Hohn, for INSURANCE DIVISION (By AEDMS)
Meara Kearney for INSURANCE DIVISION (By AEDMS)
Zebulon Black for INSURANCE DIVISION (By AEDMS)

APPEAL RIGHTS

191-3.27(17A). Appeals and review by the commissioner of proposed decisions.

3.27(1) Any adversely affected party may appeal a proposed decision to the commissioner within 30 days after issuance of the proposed decision.

3.27(2) The division may initiate review of a proposed decision on its own motion at any time within 30 days following issuance of such a decision.

3.27(3) An appeal of a proposed decision is initiated by filing a timely notice of appeal with the commissioner. The notice of appeal must be signed by the appealing party or a representative of that party and contain a certificate of service. The notice shall specify:

- a.* The proposed decision or order appealed from;
- b.* The parties initiating the appeal;
- c.* The specific findings or conclusions to which exception is taken and any other exceptions to the decision or order;
- d.* The grounds for relief; and
- e.* The relief sought.

3.27(4) On appeal from a proposed decision of a presiding officer, the issues shall be limited to those raised before the presiding officer. No new issues will be considered for the first time on appeal.

3.27(5) On appeal, a party may request the taking of additional evidence only by establishing that the evidence is material, that good cause existed for failure to present the evidence at the hearing, and that the party has not waived the right to present the evidence. A written request to present additional evidence must be filed with the notice of appeal or, by a nonappealing party, within ten days of service of the notice of appeal. The commissioner may remand a case to the presiding officer for further hearing or the commissioner may preside at the taking of additional evidence.

3.27(6) The commissioner shall issue a schedule for consideration of the appeal.

3.27(7) Unless otherwise ordered, within 20 days of the notice of appeal or order for review, each appealing party may file exceptions and briefs. Within 20 days thereafter, any party may file a responsive brief. Briefs shall cite any applicable legal authority and specify relevant portions of the record in that proceeding. Any written requests to present oral argument shall be filed with the briefs. The commissioner may resolve the appeal on the briefs or provide an opportunity for oral argument. The commissioner may shorten or extend the briefing period as appropriate.

Iowa Admin. Code r. 191-3.27(17A).

Case Title: IN THE MATTER OF BRYCE D. MURPHY (120761)
Case Number: 25IID0002
Type: Proposed Decision

IT IS SO ORDERED.

A handwritten signature in black ink, appearing to read 'Forrest Guddall', is written over a horizontal line.

Forrest Guddall, Administrative Law Judge