

**ADMINISTRATIVE PROCEEDING**  
**BEFORE THE**  
**SECURITIES COMMISSIONER OF SOUTH CAROLINA**

**IN THE MATTER OF:**

**Robert W. Denton,  
CRD # 1241683,**

**Respondent.**

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**REPORT AND RECOMMENDATION**

THIS MATTER comes before me on the request of the Respondent, Robert W. Denton

who challenges the Rule to Show Cause and Summary Suspension orders entered by the Securities Commissioner. For the reasons that follow, I recommend that the Summary Suspension and the Rule to Show Cause be **GRANTED IN PART and DENIED IN PART.**

**PROCEDURAL HISTORY**

On July 2, 2014, the Securities Commissioner entered an order summarily suspending the Respondent's broker-dealer agent registration pursuant to S.C. Code § 35-1-412(f). On the same

requested or ordered pursuant to subsection (h) a hearing must be held.”) The comments to that

section indicate that such hearings are not governed by the South Carolina Administrative Procedures Act. S.C. Code § 35-1-604 S.C. Rptr. cmt. 3. SCUSA does not expressly provide a

standard of review to be used by the hearing officer when conducting an administrative hearing

**FINDINGS OF FACT AND CONCLUSIONS OF LAW**

The Respondent, Robert W. Denton, has been in the business of providing investment

advice and working as an insurance agent in South Carolina for several decades. Most recently

and second to provide financially for certain individuals who had furnished services to Mr. Tiller. An email from the Respondent to Mr. Tiller in December 2012 noted, however, that ownership of the policy was changed in order to avoid a Medicaid clawback, whereby Medicaid would seek repayment of funds paid on Mr. Tiller's behalf out of the money in his estate.<sup>3</sup>

For all of the help that Mr. Frith provided, he would receive \$100,000. Mr. Quinn would

described above. The form, however, designated the Respondent to receive 100% of the proceeds as primary beneficiary, with Mr. Quinn as contingent beneficiary.

In December 2012, Mr. Tiller approached the Respondent and expressed his desire to revert the ownership of the life insurance policy back to himself. While the Respondent claims he did not refuse this request, he informed Mr. Tiller that it was unfair for Mr. Tiller to put the

Respondent in that position when Mr. Frith and Mr. Quinn also had an interest in the proceeds from that policy. The Respondent took no action at that time to revert the policy back to Mr. Tiller and testified that Mr. Tiller did not bring the matter up again. Mr. Tiller did, however

later file a complaint with the South Carolina Department of Insurance. At the time of the hearing in this case, the Department of Insurance had not taken any action on that complaint. Similarly, the Financial Industry Regulatory Authority ("FINRA") had conducted an investigation into the Respondent's

Mr. King confirmed that Capital had approved the Respondent's request to hold names of

[REDACTED]

“In determining whether an implied duty has been created, courts consider several factors, including whether: (1) the agent received consideration beyond a mere payment of the premium, (2) the insured made a clear request for advice, or (3) there is a course of dealing over an extended period of time which would put an objectively reasonable insurance agent on notice that his advice is being sought and relied on.” *Houck v. State Farm Fire and Cas. Ins. Co.* 366

S.C. 7, 12, 620 S.E.2d 326, 329 (2005)

In this case, I find that the Respondent both expressly and impliedly undertook a duty to advise Mr. Tiller. The Respondent expressly advised Mr. Tiller with regard to a wide variety of

items as personal representative and as holder of power of attorney, including major financial decisions, payment of bills, and estate planning. There were specific meetings where Mr.

unethical for purposes of the securities laws even if it does not violate Midland National's policies.

However, in this case, the Respondent's actions were both in violation of Midland National's policies and dishonest and unethical acts. The Respondent named himself as primary beneficiary of Mr. Tiller's life insurance policy and testified that he intended to receive \$75,000

from that policy upon Mr. Tiller's death as recompense for the damage done to the Respondent's property where Mr. Tiller resided. The Respondent further named himself owner of the policy, thus preventing Mr. Tiller from making any later changes, such as removing the Respondent as a named beneficiary. The Respondent also intended through the ownership change to avoid any

Medicaid claimback that would diminish the amount of the settlement.



reasons, the Respondent has engaged in dishonest and unethical practices in the insurance

business. [REDACTED]

The second question is whether action by the Securities Commissioner against the

failed to disclose to Mr. Tiller his conflict of interest as insurance agent and holder of power of attorney, and could have avoided such conflict had he so chosen. That the Respondent acted in such a way as to protect his own financial benefit in the life insurance proceeds is evident from the record. This factor weighs in favor of the Securities Division.

disciplinary action against the Respondent in approximately two decades of full-time work in the insurance and securities fields. Further, this case presents a unique set of circumstances with regard to the relationship between the Respondent and Mr. Tiller. There is no evidence in the

...the Respondent's registration is suspended.

...the Respondent's registration is suspended.

...the Respondent's registration is suspended.

...by the SEC.

...considering each of these factors, I find that the penalties

DIVISION is too severe based on the Respondent's record in this

...the Respondent's registration is suspended.

...based on the

record in this case and the findings of fact and conclusions of law

that the Respondent's registration is suspended.

...the

Date: July 6, 2015

