

Summer 2022

# Taking Action



To protect consumers and promote a healthy business climate



Taking Action is a quarterly publication of the Division of Financial Regulation and includes summaries of the Final Orders issued by the division. Below are orders issued from the second quarter of 2022.

## Insurance



- **Nathan D. Oeming, INS-22-0007** – The division issued a cease-and-desist order and accepted the voluntary surrender of Nathan Oeming’s resident insurance producer license for failing to timely report a criminal conviction to the division. The order also prohibits Oeming from re-applying for an Oregon insurance producer license for one year.
- **PacificSource Health Plans, INS-21-0044** – The division issued a cease-and-desist order and fined PacificSource Health Plans \$114,000 for improperly denying claims as untimely and failing to timely pay interest owed on claims. The claim delays were the result of double coverage scenarios, which extend claim filing deadlines under Oregon law. Following an investigation by the division, PacificSource processed and paid over \$100,000 in improperly denied claims, and almost \$100,000 in interest owed to health care providers.
- **Tarheisha L. Alvarez, INS-22-0043** – The division issued a cease-and-desist order against Tarheisha Alvarez for failing to timely pay the license fee for her nonresident insurance producer license. The order also allowed Alvarez to voluntarily surrender her nonresident insurance producer license in Oregon in lieu of a revocation.
- **Howard D. Reynolds, INS-21-0058** – The division issued a cease-and-desist order and revoked the nonresident insurance adjuster license of Howard Reynolds for failing to submit evidence of passing the Oregon adjuster exam and failing to respond to the division’s inquiries regarding the same. The division also denied Reynold’s pending nonresident insurance adjuster license application.
- **William B. Flannery, INS-21-0057** – The division issued a cease-and-desist order and revoked the nonresident insurance adjuster license of William Flannery for failing to submit evidence of passing the Oregon adjuster exam, and failing to respond to the division’s inquiries regarding the same. The division also denied Flannery’s pending nonresident insurance adjuster license application.
- **Shondra W. Broussard, INS-21-0048** – The division issued a cease-and-desist order against Shondra Broussard for failing to respond to the division’s inquiries. When Broussard applied to renew her nonresident insurance adjuster license with the division, she disclosed on the application that she had been subject to a prior criminal conviction. But when the division asked for additional information regarding the conviction, Broussard failed to respond and subsequently filed an amended renewal application that failed to disclose the criminal background. As a result of these violations, the division denied Broussard’s renewal application and revoked her nonresident insurance adjuster license.
- **Sedgwick Claims Management Services, Inc., INS-22-0039** – The division issued a cease-and-desist order and fined Sedgwick Claims Management Services, a third-party administrator, \$20,000 for processing and paying cash settlements on behalf of several



insurers on 20 Oregon total loss claims, without including in the payment all the applicable taxes and fees incident to the transfer of ownership of a comparable vehicle. As a result of the division's investigation, Sedgwick paid the applicable taxes and fees owing to the Oregon consumers, including interest.

- **Robert Y. Park and Omega Family Services, LLC, dba Prime Insurance Solutions and dba Lyfgro Insurance Solutions, INS-21-0041** – The division issued a cease-and-desist order and fined Robert Park and Omega Family Services, doing business as both Prime Insurance Solutions and Lyfgro Insurance Solutions, for offering and selling health insurance in Oregon without being authorized, for failing to get approval for the health insurance products prior to their sale, and for making various misrepresentations relating to the product. Park and Omega Family Services sold a product marketed as “PregnancyCare” to families seeking to buy health insurance coverage for surrogate mothers. They sold this product to approximately 60 Oregonians who paid more than \$2 million in premiums,



38 of whom had total unpaid claims of nearly \$700,000 when the businesses filed bankruptcy and ceased to operate.

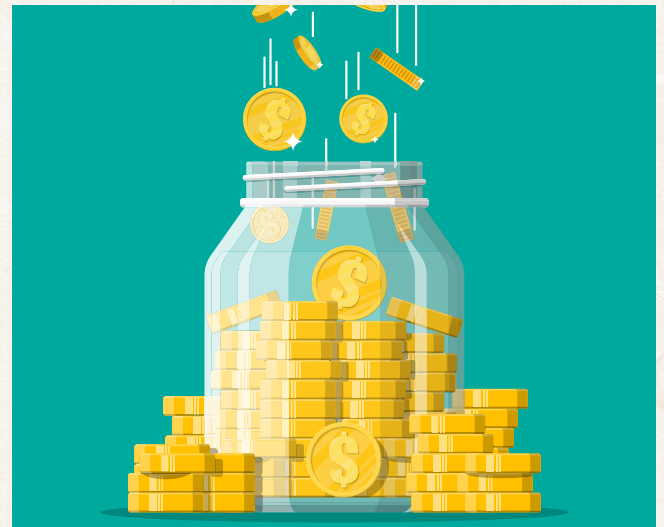
- **William J. Hoffman, INS-21-0027** – The division issued a cease-and-desist order and revoked the resident insurance producer license of William Hoffman for improperly initialing documents on behalf of his clients, impersonating another insurance producer in order to file a death benefit claim for a former client, making false statements in response to division inquiries, and failing to timely notify the division of changes to his address and phone number. In addition to the license revocation, the division fined Hoffman \$3,000 for his violations.
- **Cody Giusto, INS-21-0030** – The division issued a cease-and-desist order and fined Cody Giusto \$3,000 for improperly initialing two policy renewal documents for his clients, and providing the division with inaccurate information in response to inquiries. The improper initials were made for the purpose of expediency and did not result in any harm to the consumer or insurer.
- **Progressive Universal Insurance Company, INS-21-0072** – The division issued a cease-and-desist order and fined Progressive Universal Insurance Company \$22,050 for failing to provide required notifications to first-party claimants when liability determinations exceeded 30 days, and for every 45 days thereafter until a claim was processed. In addition to the fine, Progressive Universal is required to document to the division that it has made modifications to its claim processing procedures to ensure timely notifications are sent to consumers when claim payments are delayed.
- **Adroit Health Group LLC, INS-21-0061** – The division issued a cease-and-desist order and revoked the business entity insurance producer license of Adroit Health Group for failing to respond to numerous inquiries from the division and for failing to notify the division that it was transacting business under a new name (Strata Health Group). The division also fined Adroit \$20,000 for these violations.



# Mortgage and nondepository



- **Colt Mortgage Incorporated, M-21-0068** – The division issued a cease-and-desist order, a conditional mortgage banker/broker license, and fined Colt Mortgage Incorporated \$16,000 for repeatedly filing various required financial reports late. In addition, Colt Mortgage failed to report a prior enforcement order in the Nationwide Multistate Licensing System and failed to provide one of the required disclosures to a lender on a private money loan. Colt Mortgage was subject to a prior administrative action for similar violations (see [M-16-0299](#)), wherein the division suspended \$4,000 in fines so long as Colt Mortgage did not commit any other mortgage violations for three years. The division unsuspended those amounts as part of this more recent administrative action.
- **Global Finance, LLC and Leslie Lubow, DM-22-0029** – The division issued a cease-and-desist order and fined Global Finance and Leslie Lubow \$5,000 for providing debt management services in Oregon without being registered with the division. Global Finance and Lubow served as a lead generator for other debt management service providers.
- **Lakeside Recovery Solution, Inc., CA-22-0046** – The division issued a cease-and-desist order and fined Lakeside Recovery Solution \$400 for attempting to collect a debt alleged to be owed by an Oregon consumer, without being registered with the division as a collection agency.
- **F&F Management, Inc., CA-21-0055** – The division issued a cease-and-desist order and fined F&F Management \$400 for attempting to collect a debt alleged to be owed by an Oregon consumer, without being registered with the division as a collection agency.
- **Robert Lechledier (dba The Offices of Wilson, Church, and Morgan), and RAWB Financial Services, Inc., CA-21-0059** – The division issued a cease-and-desist order and fined Robert Lechledier (dba The Offices of Wilson, Church, and Morgan) and RAWB Financial Services \$400 for attempting to collect a debt alleged to be owed by an Oregon consumer, without being registered with the division as a collection agency.





# Securities



- **Dia D. Howell, S-21-0030** – The division issued a cease-and-desist order and fined Dia Howell \$5,000 for failing to appear and give testimony, or provide any substantive response, to a subpoena issued by the division as part of an investigation into the securities and insurance business activities of Howell. The division also denied Howell the use of securities exemptions and permanently barred Howell from holding any securities, insurance, or other financial services license in Oregon.
- **Martin L. Hudler, S-18-0049** – The division issued a cease-and-desist order and fined Martin Hudler \$120,000 for making untrue statements of material fact and omitting to state material facts relating to securities transactions, selling unregistered securities, and transacting business as a securities salesperson without a license. Hudler raised money from investors in Oregon and elsewhere for a purported casino business venture in the Bahamas and a real estate venture in New York. Hudler misused investor funds, made a number of misrepresentations in the sale of the investments, improperly disbursed investor funds from an escrow account, and failed to record liens on properties as promised, among other instances of fraud or misconduct. In addition to the fine, the division denied Hudler the ability to use any exemptions to the securities registration requirements in Oregon.
- **Jesse A Milich, S-21-0067** – The division issued a cease-and-desist order and fined Jesse Milich \$120,000 for making untrue statements of material fact and omitting to state material facts relating to securities transactions, selling unregistered securities, and transacting business as a securities salesperson without a license. Milich claimed to have invented a cement siding that his company would be manufacturing, and received at least \$90,000 in investment funds for the business. Milich failed to disclose that he was subject to a non-compete agreement



with his former employer, which was in the same construction manufacturing business. Milich also represented that his company had other investors when it did not, and failed to disclose a prior failed business of his and a personal bankruptcy filing. In addition to the fine, the division denied Milich the ability to use any exemptions to the securities registration requirements in Oregon.

- **FX Binary Option aka FxBot, S-22-0041** – The division issued a cease-and-desist order and fined FX Binary Option aka FxBot \$20,000 for selling unregistered securities without a license, and for making untrue statements of material fact, as part of a foreign currency investment scam. An Oregon consumer invested almost \$70,000, via cryptocurrency, relying on fraudulent statements about FxBot being a registered investment company with significant experience, that the investment was risk free, and the other investors earned significant returns. Following the Oregon consumers, minimal initial investment, FxBot created fraudulent account statements purporting to show sizeable returns, thereby resulting in the consumer investing an additional amount exceeding \$69,000.

- **BlockFi Lending LLC, S-22-0038** – The division issued a cease-and-desist order and fined BlockFi Lending LLC \$943,396 for offering and selling unregistered securities in Oregon. BlockFi, a digital-asset, financial services company, offered and sold unregistered securities in the form of interest-bearing, digital-asset, deposit accounts called BlockFi Interest Accounts to Oregon residents. BlockFi promoted its accounts with promises of high returns for investors; however, BlockFi made representations that mischaracterized the collateralization practices of the company. BlockFi took control of and pooled investors' loaned digital assets, and exercised

sole discretion over how to use the digital assets to generate a return and pay investors their promised interest. The division ordered BlockFi to stop offering or selling interest accounts or any security that is not registered, qualified, or exempt to new investors in Oregon, and to stop accepting further investments or funds in the existing accounts held by Oregon investors. The division's order stems from a multi-jurisdiction settlement of \$100 million that followed investigations of BlockFi by the U.S. Securities and Exchange Commission and a multi state investigation coordinated by the North American Securities Administrators Association.

- **Hood River Electric Cooperative, S-22-0056** – The division issued a cease-and-desist order and fined Hood River Electric Cooperative \$4,500 for the sale of unregistered securities. Hood River had a two-month lapse in registration, during which time 12 securities totaling almost \$550,000 were sold without being registered. The fine assessed equaled three times what Hood River should have paid as a registration fee.

