

STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION

In the Matter of Johnnie Lee Scott,) STIPULATION AND
Richard K. Scott, New Life Insurance) AGREEMENT, WAIVER
Agency and New Life Agency, Inc.) AND FINAL ORDER

This matter came before the Department's Hearings Officer on August 11, 1998, at 8:30 a.m. Kathleen Dahlin, Assistant Attorney General, appeared on behalf of the Insurance Division. Michael Jewett, Attorney at Law, appeared on behalf of Johnnie Lee Scott, Richard K. Scott, New Life Agency and New Life Agency, Inc. The matter has been settled upon the agreements and order as follows.

STIPULATION

Johnnie Lee Scott, Richard K. Scott, New Life Insurance Agency (NLIA) and New Life Agency, Inc., hereby admit and agree to the following:

J. Scott, individually, and NLA, by and through J. Scott, on two occasions, violated ORS 746.100 by:

1. Misrepresentation on four applications from Pearl McLin of Medford, Oregon, to American Life and Casualty Company (ALC), dated October 14, 1994, that McLin signed the applications in Hilt, California when in fact J. Scott knew that McLin did not sign them in Hilt, California.
2. Misrepresenting on an application from Dorothy E. Stohr of Central Point, Oregon, to ALC, dated December 14, 1994, that Stohr signed the application in Hilt, California when in fact J. Scott knew that Stohr did not sign it in Hilt, California.

J. Scott, individually, and NLA, by and through J. Scott, on two occasions, violated ORS 742.003 by :

1. Sometime after October 14, 1994, delivering to McLin in Medford, Oregon five life insurance annuities, contract numbers N936613, N936614, N936615, N936616, N936617, issued by ALC. The annuities were issued on

form number 93-FPDA-8 which was not approved by the Director for issuance to Oregon residents.

2. Sometime after December 14, 1994, delivering to Stohr in Oregon a life insurance annuity, contract number N943599, issued by ALC. The annuity was issued on form number 93-FPDA-8 which was not approved by the Director for issuance to Oregon residents.

R. Scott, individually, and NLA, by and through R. Scott, violated ORS 744.013(2)(g) by, at various times from September to October, 1995, inducing Bertha A. Harrison (Harrison) of Medford, Oregon, to apply for eight life insurance annuities by misrepresenting to Harrison that she was required to terminate various financial investments and life insurance annuities and use the proceeds thereof to purchase other life insurance annuities in order to establish a "living trust." A list of the financial investments and life insurance annuities terminated and the life insurance annuities purchased is attached as Exhibit A.

R. Scott, individually, and NLA, by and through R. Scott, violated ORS 744.013(2)(g) by, sometime before September 28, 1995, soliciting Harrison at her residence in Medford, Oregon to purchase a life insurance annuity to be issued by ALC and then personally driving Harrison from Medford, Oregon to Hilt, California for the express purpose of having Harrison sign an application for the annuity. The annuity was issued on form number 93-FPDA-8 which was not approved by the Director for issuance to Oregon residents.

R. Scott, individually, and NLA by and through R. Scott, violated ORS 742.003 by sometime after September 28, 1995, delivering to Harrison at her residence in Medford, Oregon, a life insurance annuity, contract number N967396, issued by ALC. The annuity was issued on form number 93-FPDA-8 which was not approved by the Director for issuance to Oregon residents.

NLIA is subject to administrative action pursuant to ORS 744.013(3) because J. Scott violated the laws specified above, and J. Scott was an officer, controlling person, employee or any combination thereof, of NLIA.

NLA is subject to administrative action pursuant to ORS 744.013(3) because J. Scott and R. Scott violated the laws specified above, and J. Scott and R. Scott were officers,

controlling persons, employees or any combination thereof, of
NLA.

WAIVER AND AGREEMENT

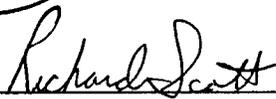
Johnnie Lee Scott, Richard Scott, New Life Insurance Agency
and New Life Agency, Inc., do hereby admit and agree to the facts
set forth in the Stipulation above. Johnnie Lee Scott, Richard
Scott, New Life Insurance Agency and New Life Agency, Inc. waive
their right to a hearing in this matter, and their right to be
represented by counsel at such hearing. Johnnie Lee Scott,
Richard Scott, New Life Insurance Agency and New Life Agency,
Inc. waive any right to judicial review of the order entered
herein.

Johnnie Lee Scott, Richard Scott, New Life Insurance Agency
and New Life Agency, Inc. agree to entry of the order which
follows, and to abide by and follow the terms of said order.

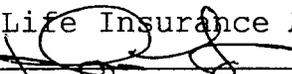
Dated this 11th day of August, 1998.



Johnnie Lee Scott

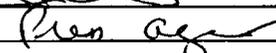


Richard Scott

New Life Insurance Agency
by: 

Title:  Pres. Agent

New Life Agency, Inc.
by: 

Title:  Pres. Agent

FINDINGS AND ORDER

IT IS HEREBY FOUND AND ORDERED that:

Johnnie Lee Scott, Richard Scott, New Life Insurance Agency
and New Life Agency, Inc. have violated those sections of the
Insurance Code as set forth in the Stipulation above.

The Oregon resident individual insurance agent license issued to Johnnie Lee Scott is revoked. Johnnie Lee Scott will not reapply for licensure with the Insurance Division.

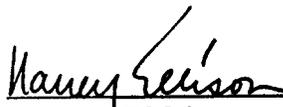
The Oregon resident individual insurance agent license issued to Richard K. Scott is revoked. Richard K. Scott will not reapply for licensure with the Insurance Division.

The Oregon resident firm or corporate insurance agent license issued to New Life Insurance Agency is revoked. New Life Insurance Agency will not reapply for licensure with the Insurance Division.

The Oregon resident firm or corporate insurance agent license issued to New Life Agency, Inc. is revoked. New Life Agency, Inc., will not reapply for licensure with the Insurance Division.

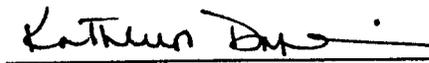
A civil penalty in the amount of \$2,500 is imposed against Johnnie Lee Scott.

A civil penalty in the amount of \$2,500 is imposed against Richard K.Scott.

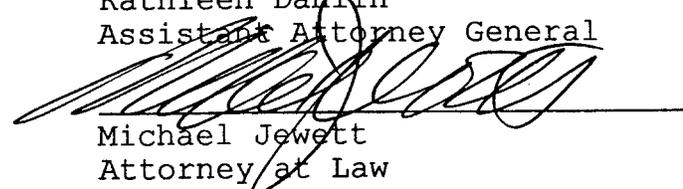


Nancy Ellison, Administrator
Insurance Division
Aug. 12, 1998

Reviewed and approved as to form:



Kathleen Dahlin
Assistant Attorney General



Michael Jewett
Attorney at Law

Exhibit A

Surrendered Instrument	Surrendered Amount	Purchased Instrument	Purchased Amount
First Interstate Bank CD's	\$121,257.81	Beneficial Standard Life Annuities	#00119923-\$90,000.00 #00119953-\$31,257.81
GE Capitol Assurance Annuity #01R0041156	\$58,865.00	American Life & Casualty	#N967396-\$58,865.00
Bank of America Dain Bosworth 1st Interstate IRA 95 Contributions	\$23,106.19 41,421.85 12,241.77 2,000.00	Pioneer Life Insurance Company	PA9500527-\$78,769.91
GNA	\$181,945.12	Pioneer Life Insurance Company	PA9500505-\$60,648.38 PA9500506-\$60,648.37 PA9500507-\$60,648.37
Key Bank	\$107,885.87	USG Annuity & Life	US00512527-\$107,885.87
	\$548,723.71- Total		\$548,723.71- Total

STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION

In the matter of **Johnnie Lee Scott,**) **CERTIFICATE OF SERVICE**
Richard K. Scott,)
New Life Insurance Agency and) **Case No. INS 98-05-003**
New Life Agency, Inc.) **File No. 1747 IV**

I certify that on August 13, 1998, I served the attached Stipulation and Agreement, Waiver and Final Order by mailing a photocopy thereof by first class mail with postage prepaid, and where indicated, also by certified mail with return receipt requested and postage prepaid, to the following person(s):

Johnnie Lee Scott Certified Mail Receipt No. Z 429 077 340
2405 Spring Street
Medford OR 97504

Richard K. Scott Certified Mail Receipt No. Z 429 077 341
PO Box 8466
Medford OR 97504

Johnnie Lee Scott Certified Mail Receipt No. Z 429 077 339
New Life Insurance Agency
and New Life Agency, Inc.
PO Box 847
Medford OR 97501

Michael Jewett
Jacobson, Jewett & Thierolf, PC
PO Box 4687
Medford OR 97501

Dated August 13, 1998.


Mitchel D. Curzon
Administrative Law Specialist
Consumer Protection Section
Insurance Division

STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION

BEFORE THE DIRECTOR

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In the Matter of) Case No. INS 98-05-003
)
JOHNNIE LEE SCOTT, RICHARD K.)
SCOTT, NEW LIFE INSURANCE) FINAL ORDER
AGENCY and NEW LIFE AGENCY, INC.,)
an Oregon corporation.)

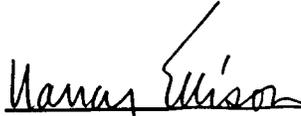
After reviewing and considering the record supporting the Proposed Order issued by Hearings Officer Patrick A. Fitzgerald on September 3, 1998, the Administrator of the Insurance Division, on behalf of the Director of the Department of Consumer and Business Services, hereby adopts and incorporates by this reference the Findings of Fact, Ultimate Findings of Fact, Opinion, and Conclusions of Law contained therein and issues the following

ORDER

For violation of ORS 744.013(2)(d) by misappropriating money from Marcus and Helen Buckely, Johnnie Lee Scott is ordered to pay a civil penalty in the amount of \$1,000. This penalty is in addition to the penalties and other sanctions assessed by the department in its order issued August 12, 1998.

IT IS SO ORDERED.
Dated this 14th day of October, 1998 in Salem, Oregon.

DEPARTMENT OF CONSUMER AND BUSINESS SERVICES


Nancy Ellison
Deputy Insurance Commissioner
Division Administrator

INTRAOFFICE MAIL:

Manager
Investigation and Enforcement
DCBS, Insurance Division

Margarita Nunez, Manager
Agents Licensing
DCBS, Insurance Division



Rebecca Osborne
Insurance Division/Hearings Unit
(503) 947-7264 (Voice)
(503) 378-4351 (Fax)

cc: Steven Sandercock, Investigator
DOJ - Financial Frauds
1162 Court St. NE
Salem, OR 97310