

**STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION**

In the Matter of **Charles Anderson.**) **STIPULATION** and
) **FINAL ORDER**
) Case No. INS 00-12-002
) File No. 2109 IV

STIPULATION

The Director of the Department of Consumer and Business Services (Director) commenced the above entitled administrative proceeding, pursuant to Oregon Revised Statutes (ORS) 731.256, to take disciplinary action against Charles “Chuck” Anderson (Anderson) for violating the Oregon Insurance Code or related administrative rules.

Anderson enters into this stipulation, pursuant to ORS 183.415(5) and Oregon Administrative Rules (OAR) 137-003-0510(3)-(4), to conclude this proceeding without further administrative or judicial proceedings.

Anderson waives the right to receive a notice of proposed action, notice of rights and notice of judicial review, to have a hearing, to be represented by an attorney at the hearing and to judicial review of the final order.

Anderson admits and agrees to the following facts, conclusions and action.

Facts

Licensing

Anderson has been licensed in Oregon as a resident individual agent since 7/16/88. Anderson's license number is 119801. Anderson resides in Grants Pass, Oregon.

Illegal Withholding of Insurance Application and Premiums

Anderson received from Matt T. Taylor (Taylor) of Woodland, Oregon, an application on 2/4/98 and 13 premium payments from 2/4/98 to 3/20/99 for automobile insurance to be provided by Travelers Indemnity Company (TIC).

Anderson did not send the application and payments to TIC but used the money for other purposes. The date, amount, type of payment and payee for each payment is as follows:

<u>Payment Date</u>	<u>Payment Type</u>	<u>Check No.</u>	<u>Amount</u>	<u>Payee</u>
2/4/98	check	unknown	\$356.66	AAJC
3/6/98	cash	n/a	\$122.00	n/a
4/4/98	check	2217	\$122.00	TIC
5/4/98	check	unknown	\$122.00	unknown
6/4/98	check	2299	\$122.00	TIC
8/4/98	check	2386	\$47.83	AAJC
9/8/98	check	2429	\$309.00	TIC
10/9/98	check	2437	\$272.00	AAJC
11/9/98	check	2440	\$272.00	AAJC
12/6/98	check	2443	\$272.00	AAJC
1/7/99	check	9183	\$272.00	AAJC
1/11/99	check	9180	\$272.00	AAJC
3/20/99	check	9181	<u>\$272.00</u>	AAJC
		Total	\$2,833.49	

Failing to Deposit Insurance Premium Into Trust Account

From 4/4/98 to 9/8/98, Anderson received from Taylor four checks as payment of the premium for automobile insurance to be provided by TIC. Anderson did not deposit the checks into AAJC's insurance premium trust account. Instead, Anderson placed the checks in a file where they were later discovered by R. Bruce Terrell, another owner of AAJC, sometime between 4/15/99 and 7/16/99. The date, number, amount and payee of each check is as follows:

<u>Check Date</u>	<u>Check No.</u>	<u>Check Amount</u>	<u>Payee</u>
4/4/98	2217	\$122.00	TIC
6/4/98	2299	\$122.00	TIC
8/4/98	2386	\$47.83	AAJC
9/8/98	2429	<u>\$309.00</u>	TIC
	Total	\$600.83	

Misappropriation of Insurance Premiums

Anderson used insurance premiums to pay certain business expenses in the following four instances:

1. Anderson issued to Darcy D. Gobel (Gobel) of Grants Pass, Oregon, a check, number 6175, dated 9/18/98, in the amount of \$53, drawn on Associated Agents of Josephine County's (AAJC) insurance premium trust account, number 067-00307101 at Washington Mutual Bank dba Western Bank in Grants Pass, Oregon to reimburse Gobel for having paid a driver license reinstatement fee because she received a ticket for allegedly driving uninsured.

2. Anderson issued to Kathy E. Henry (Henry) of Medford, Oregon a check, number 6791, dated 3/14/99, in the amount of \$53, drawn on AAJC's insurance premium trust account to reimburse Henry for having paid a driver license reinstatement fee because she received a ticket for allegedly driving uninsured.

3. Anderson issued to WFS Financial, Inc. (WFS) a check, number 5776, dated 5/22/98, in the amount of \$19.70, drawn on AAJC's insurance premium trust account to pay, on behalf of Rhonda L. Chapman (Chapman) of Grants Pass, Oregon, part of the fees for collateral protection insurance charged by WFS to Chapman for allegedly not having insurance on an automobile financed by WFS.

4. Anderson issued to WFS a check, number 5777, dated 5/22/98, in the amount of \$46.20, drawn on AAJC's insurance premium trust account to pay, on behalf of Chapman, part of the fees for collateral protection insurance charged by WFS to Chapman for allegedly not having insurance on an automobile financed by WFS.

Source of Injury or Loss to Insured

On 1/5/99, Anderson received from Jim R. Harris (Harris) of Grants Pass, Oregon a request that Anderson cause an additional automobile be insured under an automobile insurance policy, number 9107663, issued to Harris by Guaranty National Insurance Company (GNIC). In response, Anderson gave Harris a document representing that the additional automobile was insured under the policy without verifying that the policy was still effective. On 1/11/99, just six days later, GNIC informed Anderson that the policy had been canceled on 12/17/98 due to non-payment of premium. Anderson did not inform Harris that the policy had been canceled and thus the additional automobile was not insured under the policy. As a

result of Anderson's failure to inform Harris of the status of the insurance, Harris was not insured when he was involved in an accident in the additional automobile on 3/12/99.

Ultimate Facts and Conclusions

Anderson violated ORS 744.013(2)(d) in 17 instances by misappropriating to his own use or illegally withholding applications and money that he received from an applicant relative to an insurance transaction.

Anderson violated ORS 744.013(2)(g) in one instance by demonstrating in the course of transacting insurance as an agent that Anderson is a source of injury and loss to the public or others.

Anderson violated ORS 744.225 in four instances by failing to deposit insurance premiums into an insurance premium trust account.

Action

The Oregon insurance agent license issued to Anderson shall be revoked on the date of this order pursuant to ORS 744.013(1)(a). Anderson shall not transact insurance in Oregon, including servicing clients, on and after that date.

In consideration of the Director not assessing Anderson a civil penalty of \$4,000 pursuant to ORS 731.988, Anderson agrees not to apply to the Director for any license as an insurance agent, consultant or adjuster to be issued to either himself or to any business organization owned or operated by him. Anderson also agrees not to own any equity interest in, or be an officer, director or employee of, any business organization licensed as an insurance agent, consultant or adjuster in Oregon.

Dated January 23, 2001.

/s/ Charles Anderson
Charles Anderson

FINAL ORDER

The Director adopts, and incorporates herein by this reference, the Facts, Ultimate Facts, Conclusions and Action in the above Stipulation as the Findings of Fact, Ultimate Findings of Fact, Conclusions of Law and Order, respectively, of this Final Order.

Dated February 2, 2001.

/s/ Mary C. Neidig
Mary C. Neidig
Director
Department of Consumer and Business Services

CERTIFICATE OF SERVICE

I certify that I served the above Stipulation and Final Order by mailing a copy thereof in a sealed envelope, with first class postage prepaid, to the party named therein on the date below.

Dated February 2, 2001.

/s/ Mitchel D. Curzon
Mitchel D. Curzon
Administrative Law Specialist
Insurance Division

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