

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

In the Matter of **Kelco, Inc.**

) **STIPULATION** and
) **FINAL ORDER**
) Case No. INS 02-07-018

STIPULATION

The Director of the Department of Consumer and Business Services (director) commenced this administrative proceeding, pursuant to Oregon Revised Statutes (ORS) 731.256, to take disciplinary action against Kelco, Inc. (Kelco or party).

The party enters into this Stipulation, pursuant to ORS 183.415(5), to conclude this proceeding without further administrative or judicial proceedings.

The party acknowledges that it received a notice of proposed action, but waives any objections relative to such notice. The party acknowledges that it requested a hearing, but withdraws its request, and waives the right to have a hearing and to be represented by an attorney at a hearing. The party also waives the right to receive a notice of rights and procedures in contested cases, and to judicial review of the Final Order.

The party admits and agrees to the following facts, conclusions, and action.

Facts and Conclusions

Licensing

Kelco has been licensed in Oregon as a nonresident life settlement broker since 9/26/97 and life settlement provider since 3/21/00. As a provider, Kelco's Oregon Insurance Division company number is 30002 and NAIC number is 730002. As a broker, Kelco's Oregon Insurance Division license number is 809461. Kelco's principal mailing address is 269 W Main Street, Lexington, KY 40507-1716.

Disciplinary Action by Other State Insurance Regulator

Kelco is subject to disciplinary action pursuant to ORS 744.338(1)(f) because of the following circumstances. On 7/23/02, the Insurance Commissioner of the State of Kentucky issued an order suspending Kelco's resident life settlement provider license

in that state. The Insurance Commissioner issued the order because on 7/11/02 a federal grand jury issued an indictment, number 02-95, in the criminal case entitled *United States v. Stephen L. Keller, et al.*, in the US District Court for the Eastern District of Kentucky, alleging, *inter alia*, that Kelco committed the following crimes:

1. One count of conspiracy to commit mail and wire fraud in violation of 18 USC §371.
2. Eight substantive counts of mail fraud in violation of 18 USC §1341.
3. Fourteen substantive counts of wire fraud in violation of 18 USC §1343.
4. One count of conspiracy to commit money laundering in violation of 18 USC §1956(h).
5. Twenty-two substantive counts of money laundering in violation of 18 USC §1356(a)(1)(A)(i).

Action

Pursuant to ORS 744.338(1), the Oregon life settlement provider and broker licenses issued to Kelco shall be suspended, and if a license expires then it shall not be renewed and a new license shall not be issued, unless the director determines that Kelco's Kentucky resident life settlement provider license is in good standing.

Dated November 8, 2002

/s/ Stephen L. Keller
[Signature of Representative]

Stephen L. Keller
[Printed Name of Representative]

President
[Printed Title of Representative]

Kelco, Inc.

FINAL ORDER

The director adopts and incorporates herein by this reference the above Stipulation as the director's final decision in this proceeding.

Dated November 25, 2002

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