

STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION

In the Matter of **Hawthorn Financial Corporation**) **STIPULATION** and
dba Burnham, Colman, Kaelin & Walker.) **FINAL ORDER**
) Case No. INS 03-10-017

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 enforcement action against Hawthorn Financial Corporation dba Burnham, Colman, Kaelin & Walker (HFC).

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

HFC waives the right to receive a notice of proposed action, receive a notice of the rights of a party and procedures in contested cases, have a hearing, be represented by an attorney at the hearing, receive a proposed order, file exceptions to the proposed order, and have the Final Order judicially reviewed.

HFC stipulates to the following facts, conclusions, and action; and consents to issuance of a Final Order incorporating this Stipulation.

Facts and Conclusions

Licensing Information

HFC has been licensed in Oregon as a nonresident insurance agent since 1/5/00. HFC's current license number is 811239. HFC's last recorded business street address is located in St. Joseph, Missouri.

Failed to Report Enforcement Action by Other State Insurance Regulator

HFC violated ORS 744.089(1) in three instances by engaging in the following conduct. ORS 744.089(1) requires a person licensed in Oregon as an insurance agent to notify the Insurance Division of any administrative action taken against the person, and provide a copy of the order, within 30 days of the final disposition of the action.

1. On 1/23/02, the Insurance Commissioner of the State of Kansas issued an order assessing HFC a civil penalty of \$100. The Insurance Commissioner took the action because HFC failed to notify the Insurance Commissioner within 30 days of the date of affiliation that HFC had affiliated an agent. The action became final on 2/15/02 when HFC paid the civil penalty. HFC was required to notify the Insurance Division of the action, and provide a copy of the order, by 3/18/02. On 8/7/03, 507 days late, the Insurance Division received from HFC a letter dated 8/7/03 notifying the Insurance Division of the action.

2. On 8/13/02, the Insurance Commissioner of the State of Kentucky issued an order assessing HFC a civil penalty of \$500. The Insurance Commissioner took the action because HFC failed to disclose on its application for a Kentucky nonresident insurance agent license that Kansas had taken administrative action against HFC in 1993 and 2002, the later of which is described above. The action became final on 8/13/02 when HFC agreed to the action. HFC was required to notify the Insurance Division of the action, and provide a copy of the order, by 9/14/02. On 8/7/03, 327 days late, the Insurance Division received from HFC a letter dated 8/7/03 notifying the Insurance Division of the action.

3. On 9/26/02, the Superintendent of Insurance of the State of Ohio issued an order assessing HFC a fine of \$500. The Superintendent of Insurance took the action because HFC failed to disclose on its application for an Ohio nonresident insurance agent license received on 4/5/02 that Kansas had taken administrative action against HFC in 1993. The action became final on 9/26/02 when HFC agreed to the action. HFC was required to notify the Insurance Division of the action, and provide a copy of the order, by 10/26/02. On 8/7/03, 285 days late, the Insurance Division received from HFC a letter dated 8/7/03 notifying the Insurance Division of the action.

Action

Pursuant to ORS 731.988, HFC is assessed a civil penalty of \$600. The payment shall be made in the form of a check payable to the "Department of Consumer and Business Services" for the full amount due. The payment shall be delivered to the

Insurance Division at 350 Winter Street NE, Room 440, Salem, OR 97301-3883, or mailed to the Insurance Division at PO Box 14480, Salem, OR 97309-0405. The payment shall be received by the Insurance Division by the date of the Final Order.

Dated November 5, 2003

/s/ Scott Burnham
[Signature of Representative]

Scott Burnham
[Printed Name of Representative]

President
[Printed Title of Representative]

Hawthorn Financial Corporation
dba Burnham, Colman, Kaelin & Walker

FINAL ORDER

The director incorporates herein the above Stipulation, adopts it as the director's final decision in this proceeding, and orders that the action stated therein be taken.

Dated November 25, 2003

/s/ Cory Streisinger
Cory Streisinger
Director
Department of Consumer and Business Services

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