

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

In the Matter of **Eric K. Brunsvold.**) **STIPULATION** and
) **FINAL ORDER**
) Case No. INS 03-11-003

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 Eric K. Brunsvold (Brunsvold).

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

Brunsvold acknowledges that he received a notice of proposed action dated 11/18/03, but and waives any objections relative to such notice. Brunsvold acknowledges that he did not request a hearing, but waives the right to request a hearing, and to be represented by an attorney at the hearing. Brunsvold also waives the right to receive a notice of rights and procedures in contested cases, receive a proposed order, file exceptions to the proposed order, and have the final order judicially reviewed.

Brunsvold stipulates to the following facts, conclusions, and action; and consents to issuance of a final order incorporating this Stipulation.

Facts and Conclusions

Licensing Information

Brunsvold was licensed in Oregon as a resident insurance agent from 6/5/00 to 8/15/02. Brunsvold's surrendered his license on 8/15/02. Brunsvold's license number was 158542. Brunsvold's last known residence address is located in Eugene, Oregon.

Convicted of Crime

Brunsvold is subject to enforcement action pursuant to ORS 744.074(1)(f) in one instance because of the following circumstances. On 11/18/02, Brunsvold was convicted, based on a plea of guilty, by the Circuit Court of the State of Oregon for

Lane County, in the criminal case entitled *State of Oregon v. Eric Kristian Brunsvold*, number 20-02-22176, of one count of the crime of Attempted Aggravated Theft in the First Degree, a felony, pursuant to ORS 164.057. Brunsvold committed the above crime by engaging in the following conduct. Sometime between 4/1/01 and 4/3/01, John L. Scruton (Scruton) of Coos Bay, Oregon, called Brunsvold to surrender his annuity, number C2591963, issued by Lutheran Brotherhood, and disburse the proceeds to a relative whose location was unknown. Brunsvold told Scruton that he would send him the necessary forms. Brunsvold also told Scruton that Lutheran Brotherhood offered a service of finding persons and getting money to them. This statement was false because Lutheran Brotherhood did not offer any such service. On 4/3/01, Brunsvold set up, via the internet, a checking account at American Express Centurion Bank in Midvale, Utah. Brunsvold set up the account in the name of Scruton but used Brunsvold's then residence address of 1055 High Street Apartment 702, Eugene, OR 97401-3271; Brunsvold's then residence telephone number of 503-345-7334; and an e-mail address of jls26@aol.com, which Brunsvold created, to send and receive communications regarding the account. Brunsvold sent to Scruton a blank Variable Products Surrender Request form. Scruton received the blank form, signed it, and mailed it back to Brunsvold. Scruton did not complete the form in any other way, and did not receive or sign any other form. Also, Scruton did not authorize Brunsvold to receive, hold, or use in any way any of the proceeds of the annuity to be surrendered. Brunsvold received the form. Brunsvold completed the form by, *inter alia*, writing "Please surrender account and deposit as requested by disbursement agreement." Brunsvold signed Scruton's name on the form without Scruton's knowledge or consent. Brunsvold also completed two other forms. The first other form was a Disbursement Agreement which authorized Lutheran Brotherhood to deposit the proceeds of the surrendered annuity to the checking account set up by Brunsvold. The second other form was a FAX Transmittal Sheet. Brunsvold wrote on the second other form "Please surrender contract and deposit into checking account according to disbursement agreement." Brunsvold signed Scruton's name on both other forms without Scruton's knowledge or consent. Brunsvold dated all three

forms 4/25/01. On 4/27/01, Brunsvold faxed to Lutheran Brotherhood all three forms. As of 4/27/03, the surrender value of the annuity was \$43,128.29. Lutheran Brotherhood withheld from the surrender value federal taxes of \$2,767.87 and state taxes of \$2,214.30 for a total of \$4,982.17. On or about the same date, Lutheran Brotherhood terminated the annuity and electronically deposited the balance of \$38,146.12 into the checking account set up by Brunsvold. From 5/26/01 to 5/29/01, Brunsvold used an automatic teller machine (ATM) to withdraw from the checking account a total of \$3,506.00 and used the money for purposes other than the benefit of Scruton. On 6/7/01, the bank closed the account because it could not verify or obtain certain information about Scruton. Sometime between 6/7/01 and 6/25/01, the bank issued a check, number 224545, made payable to Scruton, in the amount of \$34,681.53. The bank mailed the check to Brunsvold's then residence address of 1055 High Street Apartment 702, Eugene, OR 97401-3271. Brunsvold received the check, and endorsed it by signing Scruton's name on it, again without Scruton's knowledge or consent. On or about 6/25/01, Brunsvold opened a money market account at "Fidelity Investments" in the name of Scruton, and deposited the endorsed check into it. Brunsvold did not make any additional deposits into the money market account. From 9/15/01 to 2/18/02, Brunsvold issued 12 checks drawn on the money market account totaling \$35,117.82 and used the money for purposes other than the benefit of Scruton.

Engaged in Dishonest Conduct Related to the Business of an Agent

Brunsvold is subject to enforcement action pursuant to ORS 744.013(2)(g) (1999), for conduct occurring prior to 2002, or 744.074(1)(h) for conduct occurring since 2002, in eight instances by engaging in the following specific conduct while in the course of engaging in the criminal conduct described above:

1. On or about 4/3/01, Brunsvold set up a checking account at American Express Centurion Bank in Scruton's name without his knowledge or consent.
2. On or about 4/25/01, Brunsvold forged Scruton's name on the Variable Products Surrender Request, Disbursement Agreement, and FAX Transmittal Sheet, and faxed the forms to Lutheran Brotherhood.

3. From 5/26/01 to 5/29/01, Brunsvold spent a total of \$3,506.00 of the proceeds of the surrendered annuity.

4. Sometime between 6/7/01 and 6/25/01, Brunsvold set up a money market account at "Fidelity Investments" in Scruton's name without his knowledge or consent.

5. Sometime between 6/7/01 and 6/25/01, Brunsvold forged Scruton's name on the check issued by the bank.

6. From 9/15/01 to 2/18/02, Brunsvold spent a total of \$35,117.82 of the proceeds of the surrendered annuity.

Action

Pursuant to ORS 744.013(1) (1999) and 744.074(1), Brunsvold's Oregon resident insurance agent license is revoked on the date of the final order.

As consideration for the director not assessing Brunsvold a civil penalty pursuant to ORS 731.988, Brunsvold shall not apply for any license authorized by ORS Chapter 744; or have any equity interest in, be an officer or director of, or be employed by or contracted with, any person that is issued any license authorized by ORS Chapter 744.

Dated December 21, 2003

/s/ Eric K. Brunsvold
Eric K. Brunsvold

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 February 10, 2004

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