

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

In the Matter of **Susan D. Fredrickson** and) **STIPULATION** and
Peoples Insurance Center, Inc.) **FINAL ORDER**
) Case No. INS 03-11-014

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 Susan D. Fredrickson (Fredrickson) and Peoples Insurance Center, Inc. (PIC).

Fredrickson and PIC enter into this Stipulation, pursuant to ORS 183.415(5), to conclude this proceeding without further administrative or judicial proceedings.

Fredrickson and PIC stipulate to the following facts, conclusions, and action; and consents to issuance of a final order incorporating this Stipulation.

Facts and Conclusions

Licensing Information

Fredrickson has been licensed in Oregon as a resident insurance agent since 9/4/92. Fredrickson's current license number is 602282. Fredrickson's last recorded residence address is located in Carlton, Oregon.

PIC has been licensed in Oregon as a resident insurance agent since 2/11/00. PIC's current license number is 811390. PIC's last recorded business address is located in Newberg, Oregon. Fredrickson is the sole owner and President of PIC.

Failed to Deposit Insurance Premium into Trust Account

Fredrickson violated OAR 836-074-0025 in 18 instances by engaging in the following conduct. OAR 836-074-0025 requires a person that is licensed in Oregon as an insurance agent and in such capacity receives insurance premium to deposit it into an insurance premium trust account within seven days after receiving it. From 10/10/01 to 1/23/02, Fredrickson, on behalf of PIC, received from persons residing in Oregon a total of 18 payments of insurance premium. Fredrickson deposited each

payment into PIC's insurance premium trust account, number 160000188 at West Coast Bank, more than seven days after receiving the payment. The name of the insured, the amount received, the receipt number, the date the money was received, the date the money was deposited, and the number of days between the date the money was received and the date the money was deposited into the trust account relative to each transaction is as follows:

Insured	Amount	Receipt Number	Date Receive	Date Deposited	Elapsed Time
Sump, David	\$145.50	19137	10/10/01	10/24/01	14
Peters, Mike	\$141.00	19138	10/10/01	10/24/01	14
Gillard, Laurence	\$223.00	19139	10/10/01	10/24/01	14
Rogers, M.	\$136.00	19157	10/19/01	11/02/01	14
Juarez-Vasquez, Hermilio	\$ 79.14	19158	10/19/01	11/02/01	14
Bautista, Teodoro	\$151.57	19159	10/22/01	11/02/01	11
Arnold, Victor	\$ 63.24	19379	11/06/01	03/29/02	143
Hunter, James	\$150.00	19381	11/08/01	03/29/02	141
Gomez-Rojas, Beatris	\$ 75.00	19449	12/11/01	01/18/02	38
Duran-Vasquez, Jose	\$131.25	19450	12/11/01	01/18/02	38
Leggett, George	\$ 38.90	19451	12/12/01	01/18/02	37
Sump, David	\$ 97.00	19452	12/13/01	01/18/02	36
Rodriguez-Reyes, Joel	\$131.56	19477	01/02/02	02/01/02	30
Quentero-Lopez, Pablo	\$163.00	19478	01/02/02	02/01/02	30
Alvarez-Nieto, Pablo	\$ 60.00	19479	01/03/02	02/01/02	29
King, Steven	\$ 65.00	19480	01/03/02	02/01/02	29
Hernandez-M., Juan	\$ 59.00	19483	01/03/02	02/01/02	29
Winters, Rodney	\$142.00	19521	01/23/02	02/22/02	30

Withheld Insurance Applications and Premiums

Fredrickson violated ORS 744.013(2)(d) (1999) and 744.074(1)(d) in 11 instances by engaging in the following conduct. ORS 744.013(2)(d) (1999) (before 1/1/02) and 744.074(1)(d) (after 1/1/02) prohibits a person licensed in Oregon as an insurance agent from misappropriating, illegally withholding, or converting applications or premium for insurance belonging to an insurer, agent or other person entitled to the application or premium. In the following transactions from 9/20/01 to 1/23/02, Fredrickson illegally withheld applications or premiums or both from the insurer entitled to them. At all relevant times, Fredrickson was required by Commerce West to send applications and initial premium to the insurer within five days of the

effective date of the insurance applied for, and in all other cases send the premium to the insurer on a timely basis.

a. On 9/20/01, Fredrickson received from Fernando Barradas-Joachin of Newberg, Oregon, an application for an insurance policy, number CWO 338156, to be issued by Commerce West. On the application, Fredrickson bound the insurance effective 9/20/01. On 10/12/01, 22 days after the effective date, Commerce West received from Fredrickson the application.

b. On 9/21/01, Fredrickson received from Myron Rogers of Newberg, Oregon, an application for an insurance policy, number CWO 338157, to be issued by Commerce West. On the application, Fredrickson bound the insurance effective 9/21/01. On 10/12/01, 21 days after the effective date, Commerce West received from Fredrickson the application.

c. On 9/27/01, Fredrickson received from Sandra Vohs of Keizer, Oregon, an application for an insurance policy, number CWO 0501030, to be issued by Commerce West. On the application, Fredrickson bound the insurance effective 9/27/01. On 10/13/01, 16 days after the effective date, Commerce West received from Fredrickson the application.

d. On 10/20/01, Fredrickson received from Jose Juan Tellez-Fuastino (Tellez) \$128.00 as payment of the initial premium for an insurance policy to be applied for. On 10/20/01, Fredrickson issued a check, number 7112, made payable to Commerce West, in the amount of \$128.00, and drawn on PIC's insurance premium trust account, to forward the payment for the policy to be applied for. On 10/24/01, Fredrickson received from Tellez an application for an insurance policy, number CWO 0501212, to be issued by Commerce West. On the application, Fredrickson bound the insurance effective 10/24/01. However, Fredrickson did not send the application and check to the insurer. On 11/20/01, Fredrickson received from Tellez a second payment of \$103.75 for the policy applied for and bound but not yet issued. On 10/20/01, Fredrickson issued a check, number 7168, made payable to Commerce West, in the amount of \$103.75, and drawn on PIC's insurance premium trust account, to forward the payment for the policy. On 12/20/01, Fredrickson received

from Tellez a third payment of \$103.75 for the policy. On 12/20/01, Fredrickson issued a check, number 7223, made payable to Commerce West, in the amount of \$103.75, and drawn on PIC's insurance premium trust account, to forward the payment for the policy. On 1/25/02, Commerce West received from Fredrickson the application and all three checks. Accompanying the application was a note from Fredrickson saying that "this [application] was sent to [the] wrong company." On 2/6/02, Commerce West issued the policy effective 10/24/01.

e. On 11/2/01, Fredrickson received from Gustavo Rios-Guevara (Rios) \$77.75 in cash as payment of the interim premium for an insurance policy, number CWO 0334347, issued by Commerce West effective 7/23/01. On 11/2/01, Fredrickson issued a check, number 7134, made payable to Commerce West, in the amount of \$77.75, and drawn on PIC's insurance premium trust account, and sent it to Commerce West. Subsequently, Commerce West received and deposited the check. On 11/9/01, seven days *after* Fredrickson received the money from Hernandez and issued the check to Commerce West, Fredrickson deposited the money into PIC's trust account. Subsequently, the check was dishonored twice for payment due to insufficient funds in PIC's trust account. On 1/11/02, Fredrickson issued a check, number unknown, to pay the dishonored check. On or about 1/21/02, Commerce West received from Fredrickson the check which was subsequently honored.

f. On 1/3/02, Fredrickson received Juan Hernandez-Monteisino (Hernandez) \$59.00 in cash as payment of the interim premium for an insurance policy, number CWO 0339312, issued by Commerce West effective 11/1/01. On 1/3/02, Fredrickson issued a check, number 7260, made payable to Commerce West, in the amount of \$59.00, and drawn on PIC's insurance premium trust account, and sent it to Commerce West. Subsequently, Commerce West received and deposited the check. On 2/1/02, 29 days *after* Fredrickson received the money from Hernandez and issued the check to Commerce West, Fredrickson deposited the money into PIC's trust account. Subsequently, the check was dishonored twice for payment due to insufficient funds in PIC's trust account. On 2/11/02, Fredrickson issued a check,

number 7421, to pay the dishonored check. On 5/14/02, Commerce West received from Fredrickson the second check which was subsequently honored.

g. On 1/23/02, Fredrickson received Rodney Winters (Winters) an application, and \$142.00 in cash as payment of the initial premium, for an insurance policy, number CWO 0501729, to be issued by Commerce West. On 1/23/02, Fredrickson issued a check, number 7283, made payable to Commerce West, in the amount of \$142.00, and drawn on PIC's insurance premium trust account, and sent it to Commerce West. Subsequently, Commerce West received and deposited the check. On or about 2/22/02, 30 days *after* Fredrickson received the money from Hernandez and issued the check to Commerce West, Fredrickson deposited the money into PIC's trust account. Subsequently, the check was dishonored twice for payment due to insufficient funds in PIC's trust account. On or about 2/11/02, Fredrickson issued a check, number 7421, to pay the dishonored check. On or about 5/14/02, Commerce West received from Fredrickson the second check which was subsequently honored.

Failed to Respond to Director

Fredrickson violated ORS 731.296 in one instance by engaging in the following conduct. On 3/29/02, the Insurance Division mailed by first class mail a letter to Fredrickson requesting her to provide certain information by 4/25/02. Subsequently, the Insurance Division extended the due date to 5/24/02. On 5/23/02, Fredrickson delivered to the Insurance Division some but not all of the requested information. On 6/27/02, the Insurance Division mailed by certified mail another letter to Fredrickson identifying the omitted information. On 7/12/02, the Insurance Division sent an investigator to Fredrickson's office, and while there, obtained some but not all of the omitted information. On 8/14/02, the Insurance Division received from Fredrickson more, but still not all, of the omitted information. The Insurance Division has not received from Fredrickson copies of the deposit slips for PIC's trust account for the period from 10/01 to 2/02.

Agency Failed to Correct and Report Violations by Agent

PIC is subject to enforcement action pursuant to ORS 744.013(3) (1999) and 744.074(3) because Fredrickson violated the laws specified above; such violations

were known or should have been known by one or more of the partners, officers or managers acting on behalf of PIC; and such violations were either or both not reported to the director or corrective action was not taken by PIC.

Action

Pursuant to ORS 744.013(1) (1999) and 744.074(1), Fredrickson's Oregon resident insurance agent license is revoked on January 1, 2004.

Pursuant to ORS 744.013(3) (1999) and 744.074(3), PIC's Oregon resident insurance agent license shall be revoked on February 1, 2004.

As consideration for the director not assessing Fredrickson or PIC a civil penalty pursuant to ORS 731.988, Fredrickson and PIC shall not apply for any license authorized by ORS Chapter 744.

Dated December 22, 2003

/s/ Susan D. Fredrickson
Susan D. Fredrickson

/s/ Susan D. Fredrickson
Susan D. Fredrickson
President
Peoples Insurance Center, Inc.

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 9, 2004

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

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