

Liebenthal was obligated to ask each applicant every question on an application for life insurance, have the applicant sign the application, and not knowingly send to Mayflower an application signed by someone other than the applicant. On 3/12/03, Liebenthal met with Beth M. Parker (B. Parker) of Boring, Oregon. B. Parker wanted to purchase life insurance to pay for funeral expenses of her and her son, Dale R. Parker of Arizona. D. Parker is an adult and was not dependent upon B. Parker for support or maintenance. At all relevant times, D. Parker was in Arizona, and never met with or spoke to Liebenthal. D. Parker did not give any person authority to sign his name on any application for insurance or related document, or give consent to another person to apply for insurance on his life. During the meeting, Liebenthal completed and received from B. Parker an application for life insurance to be provided by Mayflower, and a death benefit coverage scenario (DBCS) form, on the life D. Parker. Liebenthal instructed B. Parker to sign D. Parker's name on the application and DBCS form. On 3/12/03, Liebenthal sent to the application and DCBS form to Mayflower. On 3/13/03, Mayflower received the forms. Thus, Liebenthal knowingly misrepresented to Mayflower that he met with D. Parker, asked him the questions on the application, and that D. Parker signed the application and DBCS form.

Misappropriated and Withheld Insurance Premium

Liebenthal violated ORS 744.074(1)(d) in ten instances by engaging in the following conduct. ORS 744.074(1)(d) prohibits a person licensed in Oregon as an insurance agent from misappropriating, withholding, or converting applications or premium for insurance belonging to an insurer, agent or other person entitled to the application or premium. At all relevant times, Liebenthal was an authorized agent of Mayflower and as such was authorized to solicit and receive applications, and premium payments, for insurance to be provided or provided by Mayflower. Also, Liebenthal was obligated to send to

Mayflower all such applications and payments promptly. For purposes of these allegations, promptly is interpreted to mean three calendar days. Liebenthal worked in Portland, Oregon. Mayflower was located in New Orleans, Louisiana. A document mailed by US first class mail from Portland, Oregon to New Orleans, Louisiana,

arrives about three calendar days later. Thus, if Mayflower received from Liebenthal an application or payment more than six calendar days after the date Liebenthal received the application or payment from the applicant, then Liebenthal withheld the application or payment from Mayflower for such excess days.

On or about 4/10/02, Liebenthal solicited and received from Titu and Tabita Blaj (collectively referred to as Blaj) of Gresham, Oregon, each an application and initial premium payment for life insurance to be provided by Mayflower. Subsequently, Mayflower issued to Blaj two life insurance policies, numbers MN 140767 and MN 140768.

1. On 6/20/02, Liebenthal, received from Blaj a check, number 3093, dated 6/14/02, in the amount of \$220.00, as an installment payment of the premium for the two policies described above. Liebenthal gave Blaj a receipt, number 2178881, for the payment. On 8/8/02, 49 days later, Mayflower received from Liebenthal the check. Thus, Liebenthal withheld from Mayflower \$220.00 for 43 days.

2. From 7/26/02 to 6/5/03, Liebenthal received from Blaj seven installment premium payments for the two policies described above. The payments were in cash and totaled \$1,770.66. Liebenthal placed each payment in his office desk drawer until he converted it into a money order or issued a personal check, and mailed the money order or personal check to Mayflower. Mayflower received each money order or personal check between 13 to 105 days after Liebenthal received the payment from Blaj. Thus, Liebenthal withheld from Mayflower a total of \$1,770.66 between 7 to 99 days. The date Liebenthal received the payment from Blaj, receipt number, amount Liebenthal received, date Mayflower received the payment from Liebenthal, and number of days between the date Liebenthal received the payment from Blaj and the date Mayflower received the payment from Liebenthal, and the number of days Liebenthal withheld the payment from Mayflower, in each instance are as follows:

Date Received by Liebenthal	Receipt Number	Amount Received	Date Received by Mayflower	Days Interval	Days Withheld
7/26/02	198404	\$196.74	8/8/02	13	7
11/6/02	198408	\$393.48	11/21/02	15	9
12/10/02	198406	\$196.74	3/13/03	93	87

1/7/03	198409	\$196.74	3/13/03	65	59
2/28/03	198410	\$196.74	3/13/03	13	7
5/6/03	198413	\$393.48	8/19/03	105	99
6/5/03	198414	<u>\$196.74</u>	8/19/03	75	69
Total		\$1,770.66			

3. On 9/5/02, Liebenthal, received from Blaj \$393.48 in cash as an installment premium payment for the two policies described above. Liebenthal gave Blaj a receipt, number 198407, for the payment. Liebenthal never converted the cash into a guaranteed negotiable instrument, and never forwarded the money to Mayflower. Thus, Liebenthal misappropriated from Mayflower \$393.48.

4. On 3/27/03, Liebenthal received from Blaj \$196.74 in cash as an installment premium payment for the two policies described above. Liebenthal gave Blaj a receipt, number 198411, for the payment. Liebenthal never converted the cash into a guaranteed negotiable instrument, and never forwarded the money to Mayflower. Thus, Liebenthal misappropriated from Mayflower \$196.74.

Failed to Timely Convert Cash into Negotiable Instrument and Forward to Insurer

Liebenthal violated OAR 836-074-0025(3)(a)(B) in nine instance by engaging in the following conduct. OAR 836-074-0025(3)(a)(B) requires a person licensed in Oregon as an insurance agent, that is not required to and otherwise does not have an insurance premium trust account but receives a premium payment in cash, to convert the cash into a guaranteed negotiable instrument and forward the instrument to the person entitled to the money within 72 hours of receipt. At all relevant times, Liebenthal was not required to have and did not have an insurance premium trust account. Thus, Liebenthal was required to convert a cash premium payment into a guaranteed negotiable instrument and forward the instrument to the person entitled to the money within 72 hours of receipt. From 7/26/02 to 3/27/03, Liebenthal received from Blaj nine installment premium payments for the two policies described above. The payments were in cash and totaled \$2,360.88. Liebenthal placed each payment in his office desk drawer until he converted it into a money order and mailed the money order to Mayflower, if at all. Liebenthal converted a payment into a money order, if at

all, more than three days after he received the payment from Blaj. The date Liebenthal received the payment from Blaj, receipt number, amount Liebenthal received, date Liebenthal converted the payment into a money order if at all, the number of days between the date Liebenthal received the payment from Blaj the date Liebenthal converted the payment into a money order if at all, and the number of days beyond the required three days that Liebenthal took to convert the payment into a money order, in each instance are as follows:

Date Received by Liebenthal	Receipt Number	Amount Received	Date Converted	Interval	Days Late
7/26/02	198404	\$196.74	7/31/02	5	2
9/5/02	198407	\$393.48	None		
11/6/02	198408	\$393.48	11/20/02	14	11
12/10/02	198406	\$196.74	3/12/03	92	89
1/7/03	198409	\$196.74	3/12/03	64	61
2/28/03	198410	\$196.74	3/12/03	12	9
3/27/03	198411	\$196.74	None		
5/6/03	198413	\$393.48	None		
6/5/03	198414	<u>\$196.74</u>	None		
Total		\$2,360.88			

Action

Pursuant to ORS 731.988, Liebenthal shall pay a civil penalty of \$5,000 by 6/7/04. The payment of the civil penalty shall be made in the form of a single 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 above due date.

Liebenthal shall pay \$590.22 to Mayflower by 3/23/04. The purpose of the payment is to forward to Mayflower the \$393.48 that Liebenthal received from Blaj on 9/5/02, and the \$196.74 that Liebenthal received from Blaj on 3/27/03 but were not forwarded to Mayflower, as described above. The payment shall be made in the form of a single check payable to "Mayflower National Life Insurance Company" for the full amount due. The check shall indicate on its face that it is payment of the "premium for Blaj,

policy numbers MN 140767 and MN 140768.” The check shall be mailed to Lesley Kent, Manager, Compliance Administration, Mayflower National Life Insurance Company, PO Box 53187, New Orleans, LA 70153-3187. The payment shall be *mailed* to Mayflower by the above due date.

Liebenthal shall send a copy of the check to the Insurance Division by 3/23/04. The copy may be sent either by fax to 503-378-4351, or by mail to the Insurance Division at PO Box 14480, Salem, OR 97309-0405. The copy shall be sent to the Insurance Division by the above due date.

Dated March 8, 2004

/s/ Alan S. Liebenthal
Alan S. Liebenthal

FINAL ORDER

The director incorporates herein the above stipulation, and adopts it as the director’s final decision in this proceeding.

Dated April 21, 2004

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

//
//
//