

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

In the Matter of **Derek A. Chastain**

) **STIPULATION** and  
) **FINAL ORDER**  
) Case No. INS 04-12-007

**STIPULATION**

The Director of the Oregon Department of Consumer and Business Services (director) commenced this administrative proceeding, pursuant to Oregon Revised Statutes (ORS) 731.256, to take enforcement action against Derek A. Chastain (Chastain) both as an individual and as a business entity.

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

Chastain 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.

Chastain stipulates to the following facts, conclusions, and action, and consents to issuance of a final order incorporating this stipulation.

**Facts and Conclusions**

Licensing Information

Chastain, as an individual, has been licensed in Oregon as a resident *individual* insurance agent from 4/29/99 to 4/30/00, from 6/2/00 to 4/30/04, and since 7/16/04. Chastain's current license number is 615172. Chastain's last recorded residence and business addresses are located in McMinnville, Oregon.

Chastain, as a business entity, has been licensed in Oregon as a resident *business entity* insurance agent since 6/19/03. Chastain's current license number is 814352. Chastain's last recorded business address is located in McMinnville, Oregon.

### Misappropriated Insurance Premium

Chastain, as an individual, violated ORS 744.074(1)(d) in 14 instances by engaging in the following conduct. ORS 744.074(1)(d) prohibits a person from improperly withholding, misappropriating, or converting, any moneys or properties received by the person in the course of doing insurance business. From 1/16/03 to 7/31/03, Chastain issued to himself and negotiated 14 checks totaling \$9,620.04. The checks were drawn on Chastain's insurance premium trust account, number 450000799, at West Coast Bank. All of the money withdrawn was premium that Chastain had received from insureds on behalf of insurers. Chastain used the money for personal purposes.

### Enforcement Action Against Agency for Acts of Agent

Chastain, as a business entity, is subject to enforcement action pursuant to ORS 744.074(3) because of the following circumstances. ORS 744.074(3) subjects a business entity to enforcement action when the director determines that an individual licensed in Oregon as an insurance agent violated a provision of the Insurance Code or related rules and the individual's violation was known or should have been known by one or more of the partners, officers, or managers, acting on behalf of the business entity but they did not report the violation to the director or they did not take any corrective action. Chastain, as an individual, violated the laws specified above. Chastain, the sole owner and manager of Chastain, as a business entity, knew or should have known of such violations because he committed them. Chastain did not report such violations to the director and did not take any corrective action.

### **Action**

Pursuant to ORS 744.074(1), Chastain's Oregon resident insurance agent licenses, both as an individual and as a business entity, are revoked on the date of the final order.

As consideration for the director not assessing Chastain a civil penalty in this proceeding, Chastain shall never 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 27, 2004      /s/ Derek A. Chastain  
Derek A. Chastain

**FINAL ORDER**

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

Dated March 3, 2005      /s/ Joel Ario  
Joel Ario  
Administrator  
Insurance Division  
Department of Consumer and Business Services

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