

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

In the Matter of **Carolyn R. Frankin**

) **FINAL ORDER**

) Case No. INS 06-08-008

**History of the Proceeding**

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 Carolyn R. Frankin (Frankin).

On 8/24/06, the director issued a notice of proposed action notifying the party that the director proposed to take enforcement action against the party and that the party was entitled to a hearing, pursuant to ORS 183.415.

The director did not receive a request for a hearing. The director did not hold a hearing because the director determined that the record of the proceeding proved a *prima facie* case and no further evidence was needed.

The director now makes the following final decision in this proceeding.

**Findings of Fact and Conclusions of Law**

Licensing Information

Franklin has been licensed in Oregon as a resident individual insurance producer from 11/4/97 to 11/30/02 and since 11/13/03. Franklin's last recorded residence and business address is located in Oakridge, Oregon, but it is believed that Franklin's actual residence and another business address is located in Springfield, Oregon.

Used a Fraudulent, Coercive, or Dishonest Practice in Business

Franklin is subject to enforcement action pursuant to ORS 744.074(1)(h) because of the following circumstances. ORS 744.074(1)(h) permits the director to take any authorized enforcement action against a person who has applied for a license or is licensed in Oregon as an insurance producer if the person used a fraudulent,

coercive, or dishonest practice, or demonstrated incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in Oregon or elsewhere.

At all relevant times, Franklin was an owner of and managed Oakridge Chapel of the Woods (Oakridge), a provider of mortuary, funeral, cremation, and burial goods and services; and licensed by the Oregon Mortuary and Cemetery Board as a funeral establishment. Oakridge is located in Oakridge, Oregon.

From on or about 6/4/02 to 10/8/02, Franklin, filed with Forethought Life Insurance Company (Forethought) five claims each misrepresenting that a specified individual had died, that Oakridge had provided mortuary, funeral, cremation, or burial goods and services, or some combination thereof, for the individual, that such goods and services cost a specified amount; and that Oakridge was entitled to payment for providing such goods and services pursuant to a life insurance policy issued by Forethought to the individual. At all relevant times, the individuals had not died, Oakridge had not provided any such goods and services, and thus, Oakridge was not entitled to any payment from Forethought. The date of the claim, the name of the insured individual, the policy number, and the amount claimed and received by Franklin, in each of the five instances is as follows:

<u>Date Claim Filed</u>	<u>Insured</u>	<u>Policy No.</u>	<u>Amount</u>
6/4/02	Ellsworth D. Peterson	5069967	\$5,949.83
8/8/02	Ruth M. Morris	793593	\$7,855.13
9/5/02	Richard H. Jones	894399	\$6,571.84
9/23/02	Laura E. Short	5070100	\$3,243.23
10/8/02	Marjorie E. Hickox	3020586	<u>\$10,130.28</u>
Total			\$33,750.31

As referred to above, on or about 10/8/02, Franklin, filed with Forethought a claim misrepresenting that Marjorie E. Hickox (Hickox) of Roseburg, Oregon had died, that Oakridge had provided mortuary, funeral, cremation, or burial goods and services, or some combination thereof, for Hickox, that such goods and services cost a \$11,749.00; and Oakridge was entitled to payment for providing such goods and services pursuant to a life insurance policy, number 3020586, issued by Forethought to Hickox. As of the date the claim was filed, Hickox had not died, Oakridge had

not provided any such goods and services, and thus Oakridge was not entitled to any payment. On 10/9/02, Forethought issued five checks totaling \$10,130.28 representing the total death benefit payable pursuant to the policy. From 10/16/02 to 10/25/02, Franklin deposited the checks into one of two bank accounts of Oakridge. In September or October 2002, Julie A. Mather (Mather), Hickox' conservator and the beneficiary under the policy, called and spoke to Franklin about changing some of the goods and services to be provided when Hickox died. In August 2005, Mather called and informed Franklin that Hickox may die soon due to her declining health. On 11/7/05, Hickox died. Subsequently, Oakridge provided certain goods and services. In January 2006, Mather called and spoke to Franklin about not having received a death certificate, a billing for the goods and services provided, and a refund of the different between the cost of such goods and services provided and the death benefit of the policy. Franklin told Mather that she would send a billing and refund soon. On 3/2/06, Mather received the death certificate but not a billing or refund, so Mather called and left a voice mail message for Franklin again requesting a billing and refund. On 3/7/06, Mather called Forethought and was told that Forethought had paid the death benefit in October 2002, so Mather faxed to Forethought a copy of the death certificate showing that Hickox died on 11/7/05. Later that same day, 3/7/06, Franklin called and told Mather that Forethought had called her, that in October 2002 a "Marjorie Hicks" of Oakridge, Oregon had died and Forethought "had gotten the files mixed up and sent [Hickox'] money by mistake," that Franklin "had put the check into a client trust account and [Mather] had a total of \$10,750.32 [in the] account." Mather asked Franklin to fax a copy or read the billing to Mather. Franklin said her fax machine was broken and the bill was too long to read but would mail to Mather the bill and refund by 3/10/06. Mather has not received any further communication, including any bill or refund, from Franklin. On or about 3/13/06, Franklin sent Forethought a copy of a billing for the goods and services and the costs of thereof purportedly provided by Oakridge for Hickox. This billing is commonly referred to as an At Needs Statement. The billing stated that the total cost was \$8,647.32. However, the

billing charged \$2,987.82 for goods that were not provided, and overcharged \$1,275.00 for services that were provided, for a total over billing of \$4,262.82. Franklin filed with Forethought a claim for \$11,749.00 on or about 10/8/02, and received \$10,130.28 by 10/25/02, was not entitled to any payment from 10/25/02 to on or about 11/7/05, and when Oakridge became entitled to payment on or about 11/7/05 Oakridge was entitled to only about \$4,384.50. Thus, in addition to Franklin filing with Forethought a false claim on or about 10/8/02, Franklin also subsequently submitted to Forethought a billing misrepresenting the goods and services that Oakridge provided and the costs of such goods and services, intentionally withheld \$10,130.28 from Forethought from 10/25/02 to on or about 11/7/05, and of that amount intentionally withheld approximately \$5,745.78 from Mather since on or about 11/7/05.

Forged Person’s Name on Application for Insurance or Related Document

Franklin is subject to enforcement action pursuant to ORS 744.074(1)(k) because of the following circumstances. ORS 744.074(1)(k) permits the director to take any authorized enforcement action against a person who has applied for a license or is licensed in Oregon as an insurance producer if the person forges another person’s name to an application for insurance or to any document related to an insurance transaction. In each of the five instances described above, Franklin forged the name of the beneficiary of the life insurance policy, further misrepresenting to Forethought that “[a]s the person legally responsible for the funeral arrangements of the deceased insured, I [the beneficiary] authorize payment to [Oakridge] in the amount of the total cost of the funeral goods and services furnished.” The date of the claim, the name of the insured individual, the policy number, and the name of the beneficiary whose name was forged, in each of the five instances is as follows:

<u>Date Claim Filed</u>	<u>Insured</u>	<u>Policy No.</u>	<u>Beneficiary</u>
6/4/02	Ellsworth D. Peterson	5069967	Sharon Peterson
8/8/02	Ruth M. Morris	793593	Shirley Lucas
9/5/02	Richard H. Jones	894399	Shirley Lucas
9/23/02	Laura E. Short	5070100	Robbie Short
10/8/02	Marjorie E. Hickox	3020586	Julie A. Mather

### Failed to Respond to Director's Inquiry

Franklin is subject to enforcement action pursuant to ORS 731.296 because of the following circumstances. ORS 744.074(1)(b) permits the director to take any authorized enforcement action against a person who has applied for a license or is licensed in Oregon as an insurance producer if the person violated any insurance statute; or any rule, order or subpoena of the director or the insurance regulator of another state. ORS 731.296 requires a person who is licensed in Oregon in any capacity under the Insurance Code to promptly and truthfully respond to an inquiry from the director.

On 6/27/06, an investigator of the Insurance Division met with Franklin at Oakridge Chapel of the Woods, 76478 Ash Street, Oakridge, OR 97463-9606 and requested information and documents about purportedly providing mortuary, funeral, cremation, or burial goods and services, or some combination thereof, for seven individuals, five of which are described above, who were alive at the time the goods and services were purported provided, and filing life insurance claims with Forethought for payment of such goods and services. Franklin provided some of the documents. However, when the investigator attempted to ask Franklin questions about the information and documents, Franklin refused to answer the questions because she claimed that her attorney had advised her not to answer such questions. The investigator explained to Franklin that ORS 731.296 required her to respond to the investigator's questions and that her refusal could have consequences. Franklin still refused to answer the questions.

On 7/6/06, the Insurance Division issued a subpoena to Franklin pursuant to ORS 731.232. The subpoena required Franklin to appear on 7/20/06 at 10:00 AM at the Insurance Division office located at 350 Winter Street NE, Salem, OR 97301, to be interviewed about allegedly filing the false insurance claims described above. On 7/17/06 at 4:27 PM, the Insurance Division caused the subpoena to be personally served to Franklin at Andreason's Cremation and Burial Service, 3305 Main Street Suite 110, Springfield, OR 97478-5813. Franklin did not appear as requested.

**Order**

Pursuant to ORS 744.074(1), Frankin's Oregon resident insurance producer license is revoked on the date of this order.

**Notice of Right to Judicial Review**

A party has the right to appeal this final order to the Oregon Court of Appeals pursuant to ORS 183.480 and 183.482. A party may institute a proceeding for judicial review by filing with the court a petition for judicial review within 60 days from the date this order was served on the party. If the order was personally delivered to a party, then the date of service is the day the party received the order. If the order was mailed to a party, then the date of service is the day the order was mailed to the party, not the day the party received the order. If a party files a petition, the party is requested to also send a copy of the petition to the Insurance Division.

Dated September 26, 2006      /s/ Joel Ario  
Joel Ario  
Administrator  
Insurance Division  
Department of Consumer and Business Services

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