

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

In the Matter of **Gregory W. Reed**

) **STIPULATION** and
) **FINAL ORDER**
) Case No. INS 06-08-015

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 Gregory W. Reed (Reed).

Reed desires to conclude this proceeding without a hearing by entering into this stipulation pursuant to ORS 183.415(5).

Reed waives all rights relative to an administrative hearing and judicial review thereof.

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

Facts and Conclusions

Licensing Information

Reed has been licensed in Oregon as a resident individual insurance producer since 7/12/01. Reed's last recorded residence and business address is located in Lake Oswego, Oregon.

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

Reed 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 forged another person's name to an application for insurance or to any document related to an insurance transaction. On or about 2/4/05, Reed completed and received from LeRoy D. Burgess (Burgess) of Portland, Oregon an application for membership in the

National Association for the Self-Employed (NASE) and an application for coverage under a group health insurance policy issued by MEGA Life and Health Insurance Company (MEGA) to NASE. A person must be a member of NASE in order to be insured under the policy issued by MEGA. MEGA required Reed to give to Burgess a form disclosing the business relationship between MEGA and NASE (disclosure form) and have Burgess sign another form acknowledging that Burgess received and read the disclosure form (disclosure acknowledgement form). Subsequently, on or about 2/7/05, Reed discovered that Burgess had not signed disclosure acknowledgement form. Reed unsuccessfully attempted to contact Burgess to get him to sign disclosure acknowledgement form. Reed believed that Burgess wanted the insurance to begin as soon as possible but knew that MEGA would not begin the insurance if MEGA did not receive with the insurance application a signed disclosure acknowledgement form. So Reed signed Burgess' name on the disclosure acknowledgement form. Burgess did not authorized Reed to sign Burgess' name to any document. Reed sent the insurance and membership applications and signed disclosure acknowledgement form to MEGA. MEGA issued the insurance coverage applied for. Subsequently, Burgess received from MEGA a copy of the disclosure acknowledgement form and discovered that his name had been forged.

Made False Statement to the Director

Reed 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 10/25/05, the Insurance Division received a complaint from Burgess that Reed forged his name on the disclosure form described above. On 10/27/05, the Insurance Division mailed by first class mail to Reed at his last recorded business mailing address of MEGA Life and Health Insurance Company,

15400 Diamond Head Road, Lake Oswego, OR 97034-3754. The letter requested Reed to provide certain information about the complaint to the Insurance Division by about 11/21/05. On 11/9/05, the Insurance Division received by mail from Reed a letter dated 11/4/05 providing the requested information. However, in the letter, Reed said that "I did not sign any documents on behalf of Mr. Burgess." This statement was false and Reed knew that it was false. On 7/3/06, during a recorded oral statement under oath to the Insurance Division, Reed admitted that he signed Burgess' name on the disclosure form without Burgess' authorization.

Action

Pursuant to ORS 731.988, Reed is assessed a civil penalty of \$2,000. The payment shall be made in the form of a 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 the Labor and Industries Building, 350 Winter Street NE, Room 440 (4th Floor), Salem, Oregon; 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 date of the final order.

Dated September 10, 2006

/s/ Gregory W. Reed
Gregory W. Reed

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 October 3, 2006

/s/ Joel Ario
Joel Ario
Administrator
Insurance Division
Department of Consumer and Business Services