

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

In the Matter of **Kenneth E. Reinking** ) **FINAL ORDER**  
 ) Case No. INS 07-11-009

**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 Kenneth E. Reinking (Reinking).

On 12/19/07, the director issued a notice of proposed action notifying the party that the director proposed to take enforcement action against the party and the party was entitled to a hearing pursuant to ORS 183.415. The notice of proposed action included a statement that if a hearing was not held then the designated portion of the Insurance Division's file in this case would automatically become part of the contested case record for the purpose of proving a *prima facie* case.

The director did not receive a request for a hearing. The director did not hold a hearing because the director found that the designated portion of the Insurance Division's file in this case proved a *prima facie* case and no further testimony or evidence was necessary.

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

**Findings of Fact and Conclusions of Law**

Licensing Information

Reinking has been licensed in Oregon as a resident insurance producer from since 5/31/90. Reinking's last recorded residence and business address is located in Eugene, Oregon.

Withheld Money or Property

Reinking is subject to enforcement action pursuant to ORS 744.074(1)(d) because of the following circumstances. ORS 744.074(1)(d) 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 improperly withheld, misappropriated, or converted, any moneys or properties received by the person in the course of doing insurance business. On or about 11/16/06, Reinking received from Betty Jo Mikle (Mikle) of Eugene, Oregon, a check, number 867, dated 11/20/06, made payable to “Encompass Insurance” in the amount of \$ 1,064.00, as payment of the annual premium for an automobile insurance policy, number 280462425, issued by Encompass Indemnity Company (Encompass) for the policy period from 11/30/06 to 11/30/07. On 11/16/06, Reinking deposited the check into Reinking’s insurance premium trust bank account, number 0450005525, at Liberty Bank in Eugene, Oregon. On or about 11/30/06, Reinking received from Mikle another check, number 886, dated 11/28/06, made payable to “Encompass” in the amount of \$184.00, as payment of an additional premium for the policy. On 11/30/06, Reinking deposited the check into the bank account. Thus Mikle had paid Reinking a total of \$1,248.00. Mikle did not authorize Reinking to withhold any of the premium from Encompass by making installment payments to Encompass but intended Reinking to forward the entire amount to Encompass. From 11/30/06 to 6/7/07, Reinking electronically made eight installment payments to Encompass totaling \$1,388.50.

Used a Fraudulent, Coercive, or Dishonest Practice

Reinking 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.

Reinking used a fraudulent practice.

1. In six instances from 12/12/05 to 6/6/07, Reinking represented to Encompass that Mikle had changed her mailing address from the Lorella address to the postal box, or vice versa, for purposes of receiving by mail written communications from Encompass. These representations were false and Reinking knew that they were

false because at all relevant times Mikle's mailing address was 1166 Lorella Avenue, Eugene, OR 97401-7801, and was never PO Box 44561, Eugene, OR 97401; and Mikle had not authorized Reinking to notify Encompass that Mikle had changed her mailing address.

2. On or about 2/8/07, Encompass issued a notice of cancellation of the above policy effective 3/20/07 due to non payment of premium. On 4/5/07, Reinking called and requested Encompass to reinstate the policy. Reinking told Encompass that Mikle had not paid the premium because she was in the hospital. This statement was false and Reinking knew that it was false because Mikle had paid Reinking the entire premium in November 2006, Reinking had been paying the premium to Encompass in installments, and Mikle had not been in the hospital.

### **Order**

Pursuant to ORS 744.074(1), Reinking'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 judicial review of this order pursuant to ORS 183.480 and ORS 183.482. A party may request judicial review by sending a petition for judicial review to the Oregon Court of Appeals. The court must receive the petition 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 date the party received the order. If the order was mailed to a party, then the date of service is the date the order was mailed to the party, not the date 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 1/17/08

/s/ Scott J. Kipper  
Scott J. Kipper  
Administrator  
Insurance Division  
Department of Consumer and Business Services