

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

In the Matter of Stephanie M. Nelson

) **STIPULATION and**
) **FINAL ORDER**
) **Case No. INS 09-11-001**

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 Stephanie M. Nelson (Nelson).

Nelson desires to conclude this proceeding without a hearing by entering into this stipulation pursuant to ORS 183.417(3).

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

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

Facts and Conclusions

Licensing Information

Nelson has been licensed in Oregon as a resident individual insurance producer since 12/05/00. Nelson's last recorded residence address is located in Portland, Oregon, and her last recorded business address is located in Beaverton, Oregon.

Made Unsuitable Recommendation in Life Insurance Transaction

Nelson is subject to enforcement action pursuant to OAR 836-080-0090 because of the following circumstances. OAR 836-080-0090 prohibits a person from recommending to a consumer the purchase, sale or replacement of a life insurance policy or annuity, or any rider, endorsement or amendment to the policy or annuity, without reasonable grounds to believe that

the recommendation or transaction is not unsuitable for the consumer based upon reasonable inquiry concerning the consumer's insurance objectives, financial situation and needs, age and other relevant information known by the person. On or about 2/8/05, Nelson recommended to Elizabeth Schenk (Schenk), a single woman then age 73, of Lake Oswego, Oregon, that she deposit \$80,000 into a variable annuity to be issued by Hartford Life. Nelson did not have reasonable grounds to believe that the Hartford Life annuity was not unsuitable for Schenk because Nelson knew or should have known that (1) Schenk wanted to preserve her money, (2) Schenk had a low subjective tolerance and objective capacity for volatile investment performance, (3) Schenk had minimal investment experience, (4) the \$80,000 to be deposited into the annuity was about 100 percent of Schenk's liquid net worth of \$80,000, (5) Schenk had limited income of about \$2,220 a month and expenses which increased periodically, and (6) Schenk was 73 years old and had a life expectancy of about 14 years, but the annuity had a surrender period of seven years. On 2/25/05, Hartford Life issued to Schenk the annuity, number 712135249. Nelson received commissions from Hartford Life in the amount of \$1,848.00 in connection with the issuance of the annuity to Schenk.

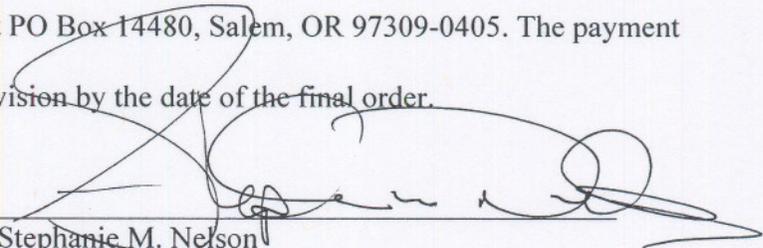
Action

Pursuant to ORS 744.074(1), Nelson's Oregon resident individual insurance producer license is suspended for 30 days from 9/1/10 to 9/30/10. During the period of suspension, Nelson shall not transact insurance including servicing existing clients. Nelson shall refer an inquiry from an existing client to the insurer that issued the policy to the client.

Pursuant to ORS 731.988(1) and ORS 731.988(2), Nelson is assessed a civil penalty of \$2,848.00. 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, 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 July 28, 2010


Stephanie M. Nelson

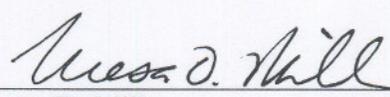
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FINAL ORDER

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.

AUG 12 2010

Dated July 28, 2010


Teresa D. Miller

Administrator

Insurance Division

Department of Consumer and Business Services