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2 STATE OF OREGON
3 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
4 DIVISION OF FINANCIAL REGULATION

5 In the Matter of:

Case No. INS 15-06-052

6 JAMES B. LILLY,

FINAL ORDER

7 Licensee.

8
9 On July 31, 2015, the Director of the Oregon Department of Consumer and
10 Business Services (“Director”), by and through the Division of Financial Regulation
11 (“Division”), formerly the Insurance Division, properly served notice (“Notice”) on
12 James B. Lilly (“Licensee”) that the Director intended to issue an order denying
13 Licensee’s application for an additional line of authority on his nonresident insurance
14 producer license and issue an order revoking Licensee’s nonresident insurance producer
15 license.

16 The Notice offered Licensee an opportunity for hearing if requested within 60
17 days of service of the Notice. The Notice further informed Licensee that if a hearing was
18 not conducted because Licensee did not timely request a hearing or otherwise defaulted,
19 then the designated portion of the Division’s file and all materials submitted by Licensee
20 in this case would automatically become part of the contested case record for the purpose
21 of proving a prima facie case.

22 The Director did not receive from Licensee a request for a hearing and did not
23 conduct a hearing.

24 The Director finds that the record of this proceeding proves a prima facie case.

25 NOW THEREFORE, after considering the relevant portions of the Division’s file
26 relating to this matter, the Director finds and orders as follows.

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350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



FINDINGS OF FACT

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2 1. Licensee is a licensed nonresident insurance producer in Oregon. Licensee
3 has been licensed in Oregon since September 2013. Licensee’s National Producer
4 Number is 1215882.

5 2. On or around June 1, 2015, Licensee applied to add an additional line of
6 authority to his existing nonresident insurance producer license (“License”). On his
7 application, in response to a question asking whether Licensee has ever been involved in
8 an administrative proceeding, Licensee answered “No.” That question expressly requires
9 applicants who have been involved in an administrative proceeding to attach to the
10 application a written statement identifying the type of license and explaining the
11 circumstances of each incident, a copy of the Notice of Hearing or other document that
12 states the charges and allegations, and a copy of the official document which
13 demonstrates the resolution of the charges or any final judgment.

14 3. A review of National Association of Insurance Commissioners (“NAIC”)
15 records indicated that Licensee has been involved in three administrative proceedings.

16 4. On or about October 16, 2003, Licensee was involved in an administrative
17 proceeding in Texas which resulted in Licensee entering into a consent order ordering
18 Licensee to pay a monetary penalty of \$1,500 for selling insurance for an unlicensed
19 insurer.

20 5. On or about December 1, 2013, Licensee was involved in an administrative
21 proceeding in Colorado which resulted in Licensee entering into an agreement to
22 withdraw his application for an insurance producer license in lieu of denial. Licensee did
23 not report his involvement in the Colorado proceeding to the Director on or before the
24 30th day after the final disposition of the matter.

25 6. On or about October 14, 2014, Licensee was involved in an administrative
26 proceeding in Louisiana which resulted in Licensee entering into a consent agreement in

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1 which Licensee agreed to pay a \$250 monetary penalty for failure to make a required
2 disclosure on a license application. Licensee did not report his involvement in the
3 Louisiana proceeding on or before the 30th day after the final disposition of the matter.

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5 **CONCLUSION OF LAW**

6 7. Accurate information in a license application is material to the Director's
7 decision whether to issue a license.

8 8. Licensee's statement on his application that he has never been involved in an
9 administrative proceeding was incorrect, misleading, incomplete or materially untrue.

10 9. Under ORS 744.074(1)(a) the Director may revoke or refuse to issue a
11 License if an applicant provides incorrect, misleading, incomplete or materially untrue
12 information in a license application.

13 10. Under ORS 744.089(1), an insurance producer must report to the Director any
14 administrative action taken against the insurance producer in another jurisdiction not later
15 than the 30th day after the final disposition of the matter.

16 11. Licensee violated ORS 744.089(1) when he failed to report the 2013 Colorado
17 action and the 2014 Louisiana action to the Director.

18 12. Under ORS 744.074(1)(b) the Director may revoke or refuse to issue a
19 License if an applicant violates any insurance law.

20
21 **ORDER**

22 Now therefore, the Director issues the following Orders:

23 13. As authorized by ORS 731.252(1), the Director ORDERS Licensee to CEASE
24 AND DESIST from violating any provision of the Insurance Code or the administrative
25 rules promulgated thereunder.

26 14. As authorized by ORS 744.074(1), the Director hereby DENIES Licensee's



1 application to add an additional line of authority to his License.

2 15. As authorized by ORS 744.074(1), the Director hereby REVOKES Licensee's
3 Oregon nonresident insurance producer license.

4 16. This Order is a Final Order under ORS 183.310(6)(b). Subject to that
5 provision, the entry of this Order does not limit other remedies, sanctions, or actions
6 which may be available to the Director under Oregon Law.

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8 SO ORDERED this 15th day of March, 2016.

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PATRICK M. ALLEN, Director
Department of Consumer and Business Services

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/s/ David Tatman

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David C. Tatman, Chief of Enforcement
Division of Financial Regulation

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NOTICE OF RIGHT TO JUDICIAL APPEAL

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You are entitled to judicial review of this order in accordance with ORS 183.482.

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You may request judicial review by filing a petition with the Court of Appeals in Salem,

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Oregon, within 60 days from the date this order is served.

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