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

4 In the Matter of:

5 KENNETH YELLEN,

6 Applicant.

Case No. INS-16-0180 (previously INS-15-07-019)

FINAL ORDER TO CEASE AND  
DESIST AND ORDER REVOKING  
LICENSE, ENTERED BY DEFAULT

8 On September 21, 2015, the Director of the Department of Consumer and  
9 Business Services for the State of Oregon (hereafter the “Director”), acting pursuant to  
10 the authority set forth in ORS 744.074, issued Administrative Order No. INS-15-07-019,  
11 (hereinafter “the Order”) to Kenneth M. Yellen (hereinafter “Yellen”).

12 On September 21, 2015, the Director mailed a true copy of the Order to by  
13 regular, first-class mail and by certified mail, postage prepaid addressed to Yellen at 3022  
14 S Illinois Avenue, Caldwell, Idaho. The certified mailing was returned as not deliverable  
15 as addressed, and the regular mailing was not returned.

16 Yellen has not made a written request for a contested case hearing in this matter,  
17 and the time to do so has expired.

18 FINDINGS OF FACT

19 The Director FINDS that:

20 1. Yellen was licensed in Oregon as a non-resident individual insurance producer  
21 from October 18, 2012 to June 30, 2015. His Oregon non-resident producer’s license  
22 (“License”) has been expired since June 30, 2015. Yellen’s NAIC national producer  
23 number is 15825511.

24 2. On October 7, 2013, the Oregon Insurance Division (“Division”) received  
25 notice that Yellen was terminated for cause by Farmers Insurance (“Farmers”) for  
26 misrepresentation. On November 4, 2013 Farmers notified the Division that Yellen was

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1 the subject of an internal investigation by Farmers.

2 3. The Farmers investigation revealed that Yellen submitted 40 fictitious  
3 homeowner insurance policies and obtained \$13,508.50 in commissions and \$6,000 in  
4 subsidies. Farmers determined Yellen was misrepresenting named insureds on  
5 applications in order to obtain commissions and subsidies. Yellen was terminated on  
6 October 2, 2013.

7 4. Based on Yellen's indiscretions uncovered by the Farmers investigation, on  
8 August 5, 2014 the Idaho Director of the Department of Insurance issued an order  
9 revoking Yellen's license and assessing a monetary penalty of \$40,000.

10 5. In that Order, Yellen admitted to forty instances of engaging in fraudulent,  
11 coercive or dishonest practices, or demonstrating incompetence, untrustworthiness or  
12 financial irresponsibility, or having been a source of injury and loss to the public or  
13 others, in the conduct of business in Idaho or elsewhere in violation of Idaho Code (insert  
14 section) 41-1016(1)(h). Yellen did not timely report the Idaho action to the Director as  
15 required by statute.

16 6. On December 12, 2014, Oregon Insurance Division Investigations Unit  
17 ("Investigations") sent Yellen an inquiry

18 7. Yellen had been licensed as a Non-Resident Insurance Producer from October  
19 18, 2012 to June 30, 2015.

20 8. The Division was notified on October 7, 2013 that Yellen was terminated for  
21 cause by Farmers Insurance for misrepresentation.

22 9. Yellen was terminated for submitting 40 fictitious homeowner insurance  
23 policies and obtaining \$13508.50 in commissions and \$6,000 in subsidies.

24 10. Yellen was subject to administrative action in Idaho, revoking his license and  
25 assessing a monetary penalty of \$40,000, which became effective August 5, 2014.

26 11. The Division sent Yellen an inquiry letter on December 12, 2014, and

1 requested a response by January 13, 2015. Yellen did not respond.

2 CONCLUSIONS OF LAW

3 The Director CONCLUDES that:

4 12. Under ORS 744.011, the expiration of Yellen's license did not deprive the  
5 Director of jurisdiction to proceed with any action or disciplinary proceeding

6 13. Under ORS 731.296, a licensee must promptly and truthfully reply to  
7 inquiries made by the Director.

8 14. Yellen violated ORS 731.296 by not responding the inquiry sent December  
9 12, 2014.

10 15. Under ORS 744.089(1), an insurance producer must report to the Director any  
11 administrative action taken against an insurance producer within 30 days of the final  
12 disposition of the matter.

13 16. Yellen violated ORS 744.089(1) by failing to report the August 5, 2014 Idaho  
14 action to the Division.

15 17. Under ORS 744.074(1)(b), the Director is authorized to revoke the license of  
16 any licensee who violates any insurance law.

17 18. ORS 744.089(1) and ORS 731.296 are insurance laws.

18 19. Under ORS 744.074(1)(i), the Director is authorized to revoke the license of  
19 any licensee who has had their license revoked or suspended in another jurisdiction.

20 ORDERS

21 Now, therefore, the Director issues the following Orders:

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

25 21. The Director, pursuant to ORS 744.074(1)(b) and ORS 744.074(1)(i), hereby  
26 REVOKES Yellen's Non-Resident Insurance Producer License.

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SO ORDERED this 12th day of July, 2016.

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

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

NOTICE OF RIGHT TO JUDICIAL APPEAL

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

You may request judicial review by filing a petition with the Court of Appeals in Salem,  
Oregon, within 60 days from the date this order is served.

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