STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of: Carlee Davis and Carlee Davis Insurance Agency, LLC Respondents.	Case No. INS-22-0031 ORDER TO CEASE AND DESIST, ORDER SUSPENDING LICENSE, ORDER ASSESSING CIVIL PENALTIES, AND CONSENT TO ENTRY OF ORDER

The Director of the Department of Consumer and Business Services for the State of Oregon (the "Director"), through the Division of Financial Regulation (the "Division"), investigated the business activities of Respondents, Carlee Davis ("Davis") and the Carlee Davis Insurance Agency, LLC ("CDI"), and determined that they violated certain provisions of the Oregon Revised Statutes ("ORS") chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748, and 750 and the rules promulgated thereunder (collectively, the "Insurance Code").

Respondents cooperated with the Director's investigation and wish to settle this matter.

Now, therefore, as evidenced by the signature(s) subscribed on this Order, Respondents hereby CONSENT to entry of this Order upon the Director's Findings of Fact and Conclusions of Law, as stated below.

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FINDINGS OF FACT

The Director FINDS that:

Respondents

1. Davis is a resident insurance producer licensed in Oregon since September 30, 2014. Her National Producer Number is 17384197.

2. CDI is an Oregon limited liability company acting as a resident business entity insurance producer. It has been licensed in Oregon since August 4, 2021, and its National Producer Number is 20013287. Davis is designated as the responsible licensed producer of CDI.

3. In March 2015, Davis was appointed as an agent with MetLife Insurance and transitioned to Farmers Insurance, on August 1, 2021, after Farmers Insurance acquired MetLife (collectively "Farmers").

Expense Reimbursement Program

4. Farmers has a Property and Casualty Specialist Expense Reimbursement Program that reimburses agents for certain expenses. Based upon quarterly production, agents earn points that can be used to request reimbursement for office and payroll expenses.

5. Between July 2020 and September 2021, Davis submitted various reimbursement requests to Farmers. Eight of the requests included documentation that she had falsified. Davis received reimbursement from Farmers for the claimed expenses based on the false documentation she submitted.

6. On July 15, 2020, Davis submitted a reimbursement request for her Business Owner's Policy with a copy of a check dated July 14, 2020, paid to Hartford Insurance for $903. The actual expenses, however, totaled $388, which she paid for by check dated August 4, 2020. Davis altered the invoice by adding $515 and did not remit the July 14 check to Hartford Insurance.

7. On March 8, 2021, Davis submitted a reimbursement request for office furniture from River Road 2nd Hand store with a copy of a check dated March 4, 2021, for $528. Davis did not buy this furniture, and she did not remit the check to River Road 2nd Hand.

8. On April 1, 2021, Davis submitted a reimbursement request for sponsorship from Eugene Composite MTB Racing with a copy of a check dated the same for $2,000.

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9. The actual expenses, however, totaled $500, which she paid for by check dated April 8, 2021. She altered the invoice by adding $1,500 and did not remit the April 1 check to Eugene Composite MTB Racing. Also on April 1, 2021, Davis submitted a reimbursement request for payroll expenses covering the pay period ending on March 12, 2021, which included an invoice for $347.43 and a screen print from her bank account showing that the amount was paid with her credit card. The actual expenses, however, totaled $147.43. Davis altered the invoice and screen print by adding $200.

10. On the reimbursement request referenced in Paragraph 9, Davis included a second invoice covering the pay period ending on March 16, 2021, for $456.78 and a copy of a screen print from her bank account showing that the amount was paid with her credit card. The actual expenses, however, totaled $115.78. Davis altered the invoice and screen print by adding $341.

11. On September 17, 2021, Davis submitted a reimbursement request for payroll expenses covering the pay period ending on July 9, 2021, which included an invoice for $317.85. The actual expenses, however, totaled $124.82. Davis altered the invoice by adding $193.03.

12. On September 27, 2021, Davis submitted a reimbursement request for payroll expenses covering the pay period ending on July 3, 2021, which included an invoice for $544.07. The actual expenses, however, totaled $101.08. Davis altered the invoice by adding $452.99.

13. In total, Farmers overpaid Davis $3,730.02 in reimbursements.

14. On or about December 17, 2021, Farmers terminated Davis' appointment as an agent because of her conduct.

15. On or about January 12, 2022, Farmers reported Davis' termination to the Division.

16. The officers or managers acting on behalf of CDI did not report Davis' conduct

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to the Director or take corrective action against Davis.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

17. By submitting falsified documents to support her requests for reimbursement as described in paragraphs 6 to 12 of this Order, Davis engaged in fraudulent or dishonest practices or demonstrated untrustworthiness in the conduct of business in this state or elsewhere, in violation of ORS 744.074(1)(h).

18. By submitting falsified documents to support her requests for reimbursement as described in paragraphs 11 to 12 of this Order, CDI engaged in fraudulent or dishonest practices or demonstrated untrustworthiness in the conduct of business in this state or elsewhere, in violation of ORS 744.074(1)(h).

19. By requesting or keeping reimbursements to which she was not entitled as described in paragraphs 6 to 13 of this Order, Davis engaged in fraudulent or dishonest practices or demonstrated untrustworthiness in the conduct of business in this state or elsewhere, in violation of ORS 744.074(1)(h).

20. ORS 744.074(1)(h) authorizes the Director to suspend Davis' license for using fraudulent or dishonest practices or demonstrating untrustworthiness in the conduct of business in this state or elsewhere.

21. ORS 744.074(1)(h) authorizes the Director to suspend CDI's license for using fraudulent or dishonest practices or demonstrating untrustworthiness in the conduct of business in this state or elsewhere.

22. ORS 744.074(3) authorizes the Director to suspend CDI's license for the failure of the officers or managers acting on CDI's behalf to report Davis' violations to the Director that they knew, or should have known about, and to take corrective action against Davis.

23. The Director has reason to believe that Davis violated ORS 744.074(1)(h).

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Thus, under ORS 731.252(1), the Director may order Davis to cease and desist from violating that statute.

24. The Director has reason to believe that CDI violated ORS 744.074(3). Thus, under ORS 731.252(1), the Director may order CDI to cease and desist from violating that statute.

25. ORS 731.988(1) authorizes the Director to assess a civil penalty against Davis of up to $1,000.00 per violation of the Insurance Code.

26. In addition to the civil penalty specified in ORS 731.988(1), ORS 731.988(2) authorizes the Director to require Davis to forfeit and pay to the General Fund of the State Treasury a civil penalty up to the amount by which she profited in the transactions that violated ORS 744.074(1)(h).

ORDERS

Now therefore, the Director issues the following Final Orders:

Cease and Desist

27. As authorized by ORS 731.252(1), the Director ORDERS Davis to CEASE AND DESIST from violating ORS 744.074(1)(h).

28. As authorized by ORS 731.252(1), the Director ORDERS CDI to CEASE AND DESIST from violating ORS 744.074(1)(h) and ORS 744.074(3).

Licensing Actions

29. As authorized by ORS 744.074(1)(h), the Director SUSPENDS Davis' resident insurance producer license for one year starting from the date of this Order ("Suspension Period").

30. As authorized by ORS 744.074(1)(h), the Director SUSPENDS CDI's resident insurance producer license for two years starting from the date of this Order.

31. Respondents agree to the following conditions such that if they fail to comply, they agree that their licenses will be revoked.

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(1) During the Suspension Period, Davis cannot work as a resident insurance producer in any employment setting.

(2) Upon successful completion of the Suspension Period, Davis may work as a resident insurance producer for a separate agency employer and be supervised by that employer for a period of one year ("Supervision Period"). Davis shall abide by her employer's policies and procedures during the Supervision Period, and failure to do so shall constitute non-compliance under this Order.

(3) During the Suspension and Supervision Periods, Davis cannot have any legal or beneficial ownership interest, or exercise direct or indirect involvement in the direction, management, or control of an insurance agency or branch office.

(4) If Davis works as a resident insurance producer for a separate agency employer during the Supervision Period, she shall notify the Division in writing at least one week before starting employment. The written notice must include the:

(a) name of the employing company;

(b) name of Davis' supervisor; and

(c) location where Davis will be working

(5) If, for any reason, Davis' supervisor is no longer responsible for her supervision during the Supervision Period, Davis shall submit the name of another person who will supervise her to the Division. If possible, this notice must be submitted two weeks in advance of the change.

(6) During the Supervision Period, Davis shall notify the Division in writing of any customer complaint, civil or criminal action, regulatory action, arbitration, internal review or investigation instituted against Davis within 10 business days of the notification of the occurrence.

(7) If Davis does not work for a separate agency employer following the one-year license suspension, the Suspension Period in this scenario would last two

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years from the date of this Order.

(8) During the Suspension and Supervision Periods, Davis shall comply with and abide by all conditions imposed by this Order and the Insurance Code.

32. After completion of the Supervision Period, Respondents may request a non-restricted resident insurance producer license from the Division. Provided there are no open complaints, investigations, or other serious concerns noted about Respondents' activities, the license restrictions will be removed and unrestricted licenses will be issued.

33. If Davis receives an unrestricted license, she may have a legal or beneficial ownership interest, and/or exercise direct or indirect involvement in the direction, management, or control of CDI or another insurance agency or branch office.

Civil Penalties

34. As authorized by ORS 731.988(1), the Director ASSESSES a CIVIL PENALTY of $5,000.00 against Respondents for violating ORS 744.074(1)(h).

35. The Director SUSPENDS $5,000.00 of the civil penalties, provided Respondents do not violate the Insurance Code or the terms of this Order within the three-year period following the date of this Order. If Respondents fail to satisfy this condition, the suspended portion of the civil penalties will become immediately due and owing. Otherwise, the Director will waive the suspended portion of the civil penalties three years after the date of this Order.

36. As authorized by ORS 731.988(2), the Director ASSESSES a CIVIL PENATLY of $3,730.02 against Davis. The civil penalty must be made paid in full before Davis begins work for a separate employer and/or receives an unrestricted license.

37. The entry of this Order does not limit further remedies available to the Director under Oregon law.

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38. This Order is a "Final Order" under ORS 183.310(6)(b). Subject to this provision, entry of this Order does not limit the Director's authority to enforce this Order or take action against Respondents for violations of this Order or violations not included in this Order that are discovered after the date of this Order.

SO ORDERED this 11th day of October, 2022.

ANDREW R. STOLFI, Director
Department of Consumer and Business Services

/s/ Dorothy Bean
Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

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CONSENT TO ENTRY OF ORDER

I, Carlee Davis, state that I have read the foregoing Order and that I know and fully understand the contents hereof. The factual allegations stated herein are true and correct. I have been advised of my right to a hearing and of the right to be represented by counsel in this matter. I voluntarily consent to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this Order. I understand that the Director reserves the right to take further actions against me to enforce this Order or to take appropriate action upon discovery that I have committed other violations of the Insurance Code. I will fully comply with the terms and conditions stated herein.

I understand that this Order is a public document.

/s/ Carlee Davis
Signature

State of Oregon

County of Lane

Signed or attested before me on this 5th day of October, 2022.

/s/ Christopher Carter

Notary Public

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ENTITY CONSENT TO ENTRY OF ORDER

I, Carlee Davis , am the sole proprietor and designated licensed responsible person of CDI. I am authorized to act and sign this Order on behalf of CDI. I have read the foregoing Order, and I know and fully understand the contents hereof. I have been advised of the right to a hearing and of the right to be represented by counsel in this matter. CDI voluntarily consents to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this Order. CDI understands that the Director reserves the right to take further action to enforce this Order or to take appropriate action upon discovery that CDI has committed other violations of the Insurance Code. CDI, along with its officers, directors, employees, or agents, will fully comply with the terms and conditions stated herein.

CDI understands that this Order is a public document.

Signature: */s/ Carlee Davis*

Position Held: Sole Proprietor

State of Oregon

County of Lane

Signed or attested before me on this 5th day of October, 2022.

/s/ Christopher Carter

Notary Public

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