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

In the Matter of THOMAS H. MORRIS, Respondent.	Case No. INS-22-0050 FINAL ORDER TO CEASE AND DESIST, AND FINAL ORDER DENYING INSURANCE PRODUCER LICENSE, ENTERED BY DEFAULT

On June 7, 2022, the Division of Financial Regulation (the "Division"), acting on behalf of the Director of the Department of Consumer and Business Services for the State of Oregon (the "Director"), served Notice of Administrative Order INS-22-0050 ("Notice") on Thomas H. Morris ("Respondent"). The Notice provided notice that the Director issued an order to cease and desist and a proposed order denying insurance producer license for violations of provisions of Oregon Revised Statutes ("ORS") chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 744, 746, 748 and 750 ("Insurance Code") and the Oregon Administrative Rules ("OAR") promulgated under those laws.

The Notice offered Respondent an opportunity for hearing if requested within 60 days of service of the Notice. The Notice further informed Respondent that if a hearing were not conducted because Respondent did not timely request a hearing or otherwise defaulted, then the designated portion of the Division's file and all materials submitted by Respondent 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 from Respondent a request for hearing and did not conduct a hearing.

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

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

Now, therefore, after considering the relevant portions of the Division's file relating to this matter, the Director finds and orders as follows.

FINDINGS OF FACT

The Director FINDS that:

1. Respondent's National Association of Insurance Commissioners national producer number is 2566383. Respondent was first licensed as a resident insurance producer in California on August 24, 1984.

2. On or about June 24, 2014, Respondent was charged in California Superior Court with one count of embezzlement (a felony), one count of theft of funds by a fiduciary (a felony), one count of transacting insurance without a license (a misdemeanor), and one count of grand theft of personal property (a felony).

3. On or about October 2, 2014, the California Superior Court dismissed all counts other than the felony count of theft of funds by a fiduciary. On or about that same date, the California Superior Court placed Respondent on a felony diversion program as to the remaining felony.

4. The foregoing theft of funds by a fiduciary felony involved Respondent, in his capacity as an insurance agent, receiving premium payments totaling approximately $189,000 from his clients and diverting those funds to his personal or business use rather than to remitting them to the proper insurance carrier.

5. On or about October 6, 2014, the California Department of Insurance issued an Order of Summary Revocation against Respondent, revoking any and all of his licenses. That revocation became effective as of November 5, 2014.

6. On or about July 21, 2015, Respondent's criminal diversion terminated and the California Superior Court dismissed the count of theft of funds by a fiduciary.

7. On or about January 22, 2022, Respondent filed an application with the Division for a resident insurance producer license (the "Application").

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8. Question 1b on the Application asked: "Have you ever been convicted of a felony, had a judgment withheld or deferred, or are you currently charged with committing a felony?" Respondent answered "No" to that question.

9. In correspondence submitted in connection with the Application, Respondent stated to the Division: "I take sole responsibility for the [charges] filed against me by the [California Department of Insurance] in 2014. The way in which I withheld the payment of premiums to [the insurance carrier] was improper and illegal." He further admitted to the Division to have engaged in this improper and illegal conduct over "a period of 3 years," starting in 2011. Respondent also stated: "I made the decision to mishandle [the] payment of premiums to [the insurance carrier]."

CONCLUSIONS OF LAW

The Director CONCLUDES that:

10. Under ORS 744.074(1), the Director may refuse to issue an insurance producer license for any of the following reasons:

(a) Providing incorrect, misleading, incomplete or materially untrue information in the license application;

(b) Violating any insurance laws, or violating any rule, subpoena or order of the director or of the insurance commissioner of another state or Mexico or Canada;

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(d) Improperly withholding, misappropriating or converting any moneys or properties received in the course of doing insurance business;

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(g) Having admitted or been found to have committed any unfair trade practice or fraud related to insurance;

(h) Using fraudulent, coercive or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of

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business in this state or elsewhere; [or]

(i) Cancellation, revocation, suspension or refusal to renew by any state of a license or other evidence of authority to act as an adjuster or an insurance producer or consultant. The record of the cancellation, revocation, suspension or refusal to renew shall be conclusive evidence of the action taken.

11. The Director may refuse to issue Respondent an insurance producer license under ORS 744.074(1)(a), (b), (d), (g), (h), and (i) because Respondent: provided incorrect, misleading, incomplete or materially untrue information on the Application by failing to disclose the deferred judgment of a felony; violated the insurance laws and rules of California; improperly withheld, misappropriated, or converted money received in the course of doing insurance business; admitted or was found to have committed unfair trade practices or fraud related to insurance; used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness, or financial irresponsibility in the conduct of business; and had his authority to act as an insurance producer in California revoked.

12. Under ORS 731.252(1), whenever the Director has reason to believe that any person has been engaged or is engaging or is about to engage in any violation of the Insurance Code, the Director may issue an order, directed to such person, to discontinue or desist from such violation or threatened violation.

13. Because the Director has reason to believe that Respondent has violated the Insurance Code, including ORS 744.074(1), the Director may issue an order directed to Respondent to discontinue or desist from that violation under ORS 731.252(1).

ORDERS

The Director issues the following ORDERS:

Order to Cease and Desist

14. Pursuant to the authority of ORS 731.252(1), the Director hereby orders Respondent to CEASE AND DESIST from violating ORS 744.074(1)(a), (b), (d), (g), (h),

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and (i).

Order Denying License

15. Pursuant to ORS 744.074(1)(a), (b), (d), (g), (h), and (i), the Director hereby DENIES Respondent's application for a resident individual insurance producer license.

FINAL ORDER

16. This Order is a "Final Order" under ORS 183.310(6)(b). Subject to that provision, the entry of this Order does not limit other remedies that are available to the Director under Oregon law.

IT IS SO ORDERED.

Dated this 12th day of August, 2022.

ANDREW STOLFI, Director
Department of Consumer and Business Services

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

NOTICE OF RIGHT TO JUDICIAL APPEAL

Judicial review of final orders in contested cases is governed by ORS 183.482. Respondents 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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