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

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| In the Matter of:<br><br>BRIAN CATCHINGS,<br>*an individual,*<br><br>Respondent. | Case No. INS-24-0037<br><br>ORDER TO CEASE AND DESIST ORDERS REVOKING LICENSE AND ASSESSING CIVIL PENALTIES, ENTERED BY DEFAULT *Nunc Pro Tunc* |

On October 22, 2024, the Director of the Department of Consumer and Business Services for the State of Oregon ("Director"), acting by and through the Oregon Division of Financial Regulation ("Division") and in accordance with Oregon Revised Statutes ("ORS") 731, 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748 and 750 ("Insurance Code"), served an Order to Cease and Desist, Proposed Order Revoking Licenses and Assessing Civil Penalties, and Notice or Right to an Administrative Hearing ("Notice") on Brian Catchings ("Catchings").

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

Catchings did not submit a request for hearing to the Director, and the Director did not conduct a hearing.

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

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Now, therefore, after considering the relevant portions of the Division's file relating to this matter, the Director finds and orders as follows.[1]

FINDINGS OF FACT

The Director FINDS:

1. Catchings has been licensed by the Division as an Oregon resident insurance producer since July 1, 2019. Catchings' National Producer Number ("NPN") is 19204863.

2. From July of 2019 to October of 2023, Catchings held an appointment as an agent of American Family Life Assurance Company of Columbus ("AFLAC").

3. AFLAC sells supplementary insurance. AFLAC typically coordinates with employers to offer supplemental insurance policies to their employees. AFLAC provides employees with several different options to pay the premiums for their policies, including through a payroll deduction.

4. As an agent of AFLAC, Catchings was paid a commission for the policies that he sold. Catchings received at least part of his commissions up front for each application that he submitted.

*Fraudulent Insurance Applications*

5. On June 27, 2023, an Oregon consumer who will be identified for purposes of this Order as CY filed a complaint against Catchings alleging that Catchings had procured two AFLAC policies in her name without her knowledge or consent. CY provided this information simultaneously to the Division and to AFLAC.

6. AFLAC's Special Investigations Unit (SIU) carried out a review of Catchings' book of business. AFLAC's SIU identified 250 applications that showed signs of being fraudulent. These applications were submitted in the names of 109 different named individuals and were all prepared by Catchings.

[1] The Division inadvertently spelled the first name of Catchings as "Bryan" instead of "Brian" in the caption of the Default Order issued on November 26, 2024. The rest of the Default Order included the correct spelling. The Division now corrects the mis-spelling with issuance of this Default Order *nunc pro tunc*.

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7. On October 13, 2023, AFLAC terminated Catchings' appointment for cause and notified the Division of this termination.

8. The Division conducted its own investigation into Catchings' activities. The Division's investigation identified 284 fraudulent applications prepared and submitted by Catchings in the names of 113 different named individuals. These 284 fraudulent applications and 113 named individuals included the 250 fraudulent applications and 109 named individuals identified by AFLAC.

9. Of the 113 named individuals, 94 individuals (accounting for 242 of the 284 total fraudulent applications) were entirely fictional.

10. The remaining 19 named individuals were real people. However, 14 of these individuals (accounting for 32 of the 284 total fraudulent applications) did not work for the employer identified in the application prepared by Catchings at the time Catchings prepared and submitted those applications. On knowledge and belief, Catchings prepared and submitted applications for those individuals without their knowledge and consent based on employment records he had access to during visits to employers.

11. Of the 19 real individuals described above in Paragraph 10, four of those individuals did work for the employers identified in the applications prepared by Catchings at the time Catchings submitted those applications (accounting for 8 of the 284 fraudulent policies). These four individuals were contacted by the Division's investigator and advised the investigator that they never agreed to purchase an AFLAC policy from Catchings and never consented to Catchings preparing and submitting applications on their behalf. CY was one of these individuals.

12. The final remaining individual (accounting for 2 of the 284 fraudulent accounts) died in December of 2018—more than four years before Catchings prepared and submitted applications for two AFLAC policies in her name.

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13. On April 24, 2024, the Division's investigator interviewed Catchings about the circumstances of his termination. In the course of that interview, Catchings admitted to creating 284 false applications for the purpose of collecting the advance commissions for those policies.

14. In total, Catchings received $25,691.33 in commissions for the 284 fraudulent applications.

*False Certifications*

15. Each of the fraudulent applications submitted by Catchings required Catchings to affirm the following statement prior to submission:

> *"I certify that I personally saw the Proposed Insured when the application was written and each question was asked of the Proposed Insured and answered as recorded. All answers are correct to the best of my knowledge."*

16. Catchings electronically signed this statement on each of the 284 fraudulent applications that he submitted in the names of real or fictional individuals.

*Forged Electronic Signatures and Initials*

17. As was discussed in Paragraph 10-12, 17 of the identities Catchings used to file fraudulent applications were the identities of real people—as opposed to wholly fictional persons.

18. In total, Catchings filed 42 fraudulent applications using the identities of real persons.

19. Each application required signature or initials of the applicant in several places.

20. On each of the 42 fraudulent applications that Catchings filed using the identities of real persons, Catchings forged the electronic signature or initials of the purported applicant wherever necessary to complete the application.

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## CONCLUSIONS OF LAW

The Director CONCLUDES that:

*Fraud in Insurance Transactions*

21. Pursuant to ORS 746.100, no person may "make a false or fraudulent statement or representation on or relative to an application for insurance, or for the purpose of obtaining a fee, commission, money or benefit from an insurer."

22. Catchings violated ORS 746.100 by submitting 242 applications for insurance policies to AFLAC in the names of fictional individuals for the purpose of collecting advanced commissions for those policies.

23. In addition, Catchings violated ORS 746.100 by submitting 42 insurance applications to AFLAC in the names of real persons who had neither agreed to purchase an insurance policy from AFLAC nor consented to Catchings submitting insurance applications in their name for the purpose of collecting advanced commissions for those policies.

24. Moreover, Catchings violated ORS 746.100 by affirming the certifying statement described above in Paragraph 15 on each of the 284 fraudulent applications.

*Forgery*

25. ORS 744.074(1)(k) forbids any person from "[f]orging another person's name to an application for insurance."

26. Catchings violated ORS 744.074(1)(k) by forging the initials and electronic signatures of each of the 17 real persons in whose names he submitted fraudulent applications for insurance policies to AFLAC.

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*Cease and Desist Authority*

27. Pursuant to 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 to discontinue or desist from such violation or threatened violation.

*License Revocation Authority*

28. Pursuant to ORS 744.074(1)(h), the Director may "place a licensee on probation or suspend, revoke or refuse to issue or renew an insurance producer license" if a licensee uses "fraudulent, coercive or dishonest practices" or demonstrates "incompetence, untrustworthiness or financial irresponsibility in the conduct of business."

29. In addition, pursuant to ORS 744.074(1)(k), the Director may suspend or revoke an insurance producer license if the licensee forges "another person's name to an application for insurance or to any document related to an insurance transaction."

*Civil Penalties Authority*

30. Pursuant to ORS 731.988(1), the Director may assess civil penalties in the amount of $1,000 per violation against any person who violates the Insurance Code.

31. Pursuant to ORS 731.988(2), the Director may assess an additional civil penalty in the amount of any profit that a person derived from a transaction that violates the Insurance Code.

ORDERS

Now therefore, the Director issues the following Orders:

*Order to Cease and Desist*

32. As authorized by ORS 731.252(1), the Director ORDERS Catchings to CEASE AND DESIST from violating any provision of the Insurance Code or the administrative rules promulgated thereunder, including but not limited to engaging in any further fraudulent conduct described in this Order.

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*License Revocation*

33. Pursuant to ORS 744.074(1)(h) and ORS 744.074(1)(k), the Director hereby REVOKES Catchings' Oregon resident Insurance Producer License.

*Civil Penalties*

34. Pursuant to ORS 731.998(1), the Director hereby assesses CIVIL PENALTIES against Catchings in the amount of $61,000 as follows:

(a) $28,400 for violating ORS 746.100 in 284 instances by submitting fraudulent insurance applications, as described in Paragraphs 22-23, above;

(b) $28,400 for violating ORS 746.100 in 284 instances by falsely attesting to the statement described in Paragraphs 15 and 24, above;

(c) $4,200 for violating ORS 744.074(1)(k) in 42 instances by submitting fraudulent applications on which he had forged the initials and electronic signatures of real persons.

35. In addition, pursuant to ORS 731.988(2), the Director hereby assesses an ADDITIONAL CIVIL PENALTY in the amount of $25,691.33, which is the amount Catchings profited in the form of advanced commissions from submitting the 284 fraudulent insurance applications.

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## FINAL ORDER

36. 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.

37. This Final Order is *Nunc Pro Tunc* to November 26, 2024.

SO ORDERED this 17th day of December, 2024.

Andrew R. 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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