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

In the Matter of: CHRISTIAN CAPUANO, Respondent.	Case No. INS-24-0002 FINAL ORDERS TO CEASE AND DESIST, REVOKING NONRESIDENT INSURANCE PRODUCER LICENSE, AND ASSESSING CIVIL PENALTIES, ENTERED BY DEFAULT

On June 25, 2024, the Division of Financial Regulation ("Division") acting on behalf of the Director of the Department of Consumer and Business Services for the State of Oregon ("Director"), served Notice of Administrative Order INS-24-0002 ("Notice") on Christian Capuano ("Respondent"). The Notice provided notice that the Director issued an order to cease and desist against Respondent, proposing to revoke Respondent's Oregon nonresident insurance producer license and to assess civil penalties against Respondent for violating ORS 744.074(1), a provision of Oregon Revised Statutes ("ORS") chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 744, 746, 748 and 750 and the rules promulgated thereunder ("Insurance Code").

The Notice offered Respondent an opportunity for a hearing if requested within 20 days of the Notice. The Notice further informed Respondent that if a hearing was 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 a hearing and did not conduct a hearing.

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

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

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 resides in San Diego, California.

2. Respondent has been licensed in Oregon as an individual nonresident insurance producer since January 12, 2023. Respondent's NAIC national producer number is 20471669.

3. Respondent was employed by Transamerica Insurance Company (Transamerica) until his termination in or around September 2023.

4. During his period of employment with Transamerica, Respondent submitted individual whole life insurance applications ("the applications") for three Oregon residents, including "JZ", "RM", and "SB".

5. Respondent filed, or caused to be filed, the application on behalf of "JZ" on or about May 31, 2023. Respondent filed, or caused to be filed, the application on behalf of "SB" on or about August 2, 2023. Respondent filed, or caused to be filed, the application on behalf of "RM" on or about July 12, 2023.

6. The applications failed to accurately disclose the medical histories of "JZ", "RM", and "SB".

7. "JZ", "RM", and "SB" did not sign the applications. Respondent signed their names on the applications, without their knowledge or consent, using digital signatures.

8. Respondent's explanations regarding the facts and circumstances of meeting with "JZ", "RM", and "SB" changed over time. Respondent initially claimed that he met with each of the Oregon residents in person in Oregon. He later claimed he met with each of them "virtually". Eventually, Respondent admitted he only spoke with them by

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9. Respondent eventually admitted he signed the applications for "JZ", "RM", and "SB".

10. Respondent forged the signatures of "JZ", "RM", and "SB" on the applications.

11. Respondent filed applications that failed to accurately disclose the health histories of "JZ", "RM", and "SB".

12. Respondent filed the applications without the knowledge or consent of "JZ", "RM", and "SB".

13. On or about September 20, 2023, the Division received a notice of termination of appointment from Transamerica. The notice states that Transamerica terminated Respondent's appointment for cause, including the following reasons: application fraud (suspected application fraud); signature issues (failing to obtain proper signatures from applicants or policyholders); misrepresentation; and violation of company policies and procedures.

14. The Transamerica Financial Crimes Unit opened an investigation regarding Respondent's business activities after "JZ" contacted Transamerica and stated that she never signed an application and Respondent did not disclose her health history.

15. In a letter to Transamerica dated June 27, 2023, "JZ" stated:

> I have received the above numbered policy. In reviewing this I find information that is incorrect and for this reason I am returning the policy and want to decline coverage.

16. In her letter, "JZ" identified errors in the application, including inaccurate health history, and she stated the following regarding the signature:

> I realize the signature was to look like an E-signature…I did not sign this…nor would I ever have with the above major falsification. In fact, this is not the way I sign legal documents.

17. When contacted by Transamerica, "SB" stated that she was not aware of any application being submitted in her name, people had called her, but she was not interested,

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and she did not sign anything.

18. Seven of the fifteen applications Respondent submitted while appointed at Transamerica were declined due to undisclosed health histories.

19. Transamerica requested that Respondent provide a written statement addressing the unauthorized policies, his sales process, and not disclosing customers' health histories on applications.

20. On or about September 6, 2023, Respondent responded to Transamerica's request with a written statement affirmatively stating that he met with "SB" in person in Gates, Oregon, that Respondent asked "SB" the questions and marked her application accordingly based on her answers to each one, and that he physically watched "SB" sign the application dated August 2, 2023.

21. On November 9, 2023, the Division sent an inquiry to Respondent, requesting information and documentation regarding his termination for cause from Transamerica, the applications for "JZ", "RM", and "SB".

22. Among other documentation, the Division requested proof that Respondent, who lives in San Diego, California, was in Oregon when the applications for "JZ", "RM", and "SB" were signed. Respondent did not provide that documentation.

23. On or about December 6, 2023, Respondent sent the Division an email that did not provide a substantive response to the Division's inquiry of November 9, 2023. Instead, Respondent's email stated: "I am no longer working in the insurance industry anymore. Thank you, Christian Capuano".

24. The same day, the Division sent Respondent a second request for a response to the Division's initial inquiry.

25. On or about December 7, 2023, Respondent sent the Division an email in response to the Division's inquiry. In his email dated December 7, 2023, Respondent admitted he did not meet with "JZ", "RM", and "SB" in person.

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26. During an interview with a Division investigator, Respondent admitted that he does not have documentation to confirm whether "JZ", "RM", and "SB" knew he was submitting applications on their behalf or that he had their consent to do so.

27. During the interview, Respondent could not provide any reasonable explanation why the health questions on the applications were answered incorrectly.

28. During the interview, a Division investigator asked Respondent about statements by "SB" that she was not aware of any application being submitted in her name, people had called her but she told them she was not interested, and she did not sign anything. Respondent provided no reasonable explanation and stated he does not recall speaking with "SB".

29. During the interview, Respondent said he does not recall "RM" and was not aware the application submitted regarding "RM" was declined due to undisclosed health history.

30. During the interview, when a Division investigator asked Respondent about a signed statement provided by "JZ" indicating that she has a health history and never signed the application, Respondent could not explain it.

31. An Internet Protocol (IP) address is the unique identifying number assigned to every device connected to the internet. An IP address definition is a numeric label assigned to devices that use the internet to communicate.

32. During the interview, the Division investigator explained to Respondent a search of the IP address where the applications were signed shows the applications were all signed at the same location in San Diego, California. Respondent confirmed he lives in San Diego, California, and "JZ", "RM", and "SB" do not. Respondent eventually admitted he signed the applications, but claimed he had the consent of the customers to do so.

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CONCLUSIONS OF LAW

The Director CONCLUDES the following:

33. 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 directing the person to discontinue or desist from such violation or threatened violation.

34. Pursuant to ORS 744.074(1)(e), the Director may place a licensee on probation or suspend, revoke or refuse to issue or renew an insurance producer license and may take other actions authorized by the Insurance Code in lieu thereof or in addition thereto, for "Intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance."

35. Respondent intentionally misrepresented the terms of an application for insurance by failing to accurately disclose the health histories of "JZ", "RM", and "SB" on the applications, as described above.

36. Pursuant to ORS 744.074(1)(g), the Director may place a licensee on probation or suspend, revoke or refuse to issue or renew an insurance producer license and may take other actions authorized by the Insurance Code in lieu thereof or in addition thereto, for "Having admitted or been found to have committed any unfair trade practice or fraud related to insurance".

37. By falsely claiming Respondent had met with "JZ", "RM", and "SB" in person in Oregon, then later admitting he did not meet with them in person; by forging the signatures of "JZ", "RM", and "SB" on the applications, using digital signatures without their knowledge or consent; and by filing applications that failed to accurately disclose the health histories of "JZ", "RM", and "SB", Respondent has admitted or has been found to have committed an unfair trade practice or fraud related to insurance.

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38. 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 for "Using fraudulent, coercive or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere."

39. Respondent used fraudulent, coercive or dishonest practices and demonstrated incompetence, untrustworthiness or financial irresponsibility by: (1) falsely claiming Respondent had met with "JZ", "RM", and "SB" in person in Oregon, then later admitting he did not meet with them in person; (2) forging the signatures of "JZ", "RM", and "SB" on the applications, using digital signatures without their knowledge or consent; and (3) filing applications that failed to accurately disclose the health histories of "JZ", "RM", and "SB".

40. Pursuant to ORS 744.074(1)(k), the Director may place a licensee on probation or suspend, revoke or refuse to issue or renew an insurance producer license and may take other actions authorized by the Insurance Code in lieu thereof or in addition thereto, for "Forging another person's name to an application for insurance or to any document related to an insurance transaction."

41. Respondent forged another person's name to an application for insurance by forging the signatures of "JZ", "RM", and "SB" with digital signatures, without their knowledge or consent, on the applications as described above.

42. Pursuant to ORS 731.988, the Division may impose civil penalties in the amount of $1,000 per violation of the Insurance Code against any individual insurance producer, adjuster, or insurance consultant.

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ORDERS

The Director issues the following ORDERS:

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

44. As authorized by ORS 744.074(1)(e), (g), (h) and (k), the Director hereby REVOKES Respondent's nonresident insurance producer license in Oregon.

45. As authorized by ORS 731.988(1), the Director hereby ORDERS Respondent to pay CIVIL PENALTIES totaling $4,000 as follows:

A. $1,000 for violating ORS 744.074(1)(e);

B. $1,000 for violating ORS 744.074(1)(g);

C. $1,000 for violating ORS 744.074(1)(h); and

D. $1,000 for violating ORS 744.074(1)(k).

SO ORDERED this 6th day of August, 2024.

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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NOTICE OF RIGHT TO JUDICIAL APPEAL

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