

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

In the Matter of:

Case No. INS-21-0020

MICHAEL DELAGRANGE d/b/a  
INSURANCE LOUNGE,  
INSURANCE LOUNGE, INC, AND  
INSURANCE LOUNGE, LLC,

Respondents.

FINAL ORDER TO CEASE AND DESIST,  
ORDER ASSESSING CIVIL  
PENALTIES, ORDER DENYING USE OF  
EXEMPTIONS, ORDER PLACING  
RESIDENT INSURANCE PRODUCER  
LICENSE ON PROBATION, AND  
CONSENT TO ENTRY OF ORDER

The Director of the Department of Consumer and Business Services for the State of Oregon (“Director”), acting in accordance with Oregon Revised Statutes (“ORS”) 59.005 to 59.451, 59.991 and 59.995, and the administrative rules promulgated thereunder (“the Oregon Securities Law”), and ORS chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748 and 750, and the administrative rules promulgated thereunder (“Insurance Code”), has investigated the business activities of Michael DeLaGrange d/b/a Insurance Lounge, Insurance Lounge, Inc. and Insurance Lounge, LLC (collectively, “Respondents”).

Respondents wish to resolve this matter with the Director.

Now, therefore, as evidenced by the signatures subscribed herein, Respondents hereby CONSENT to the entry of this Order.

FINDINGS OF FACT

The Director FINDS that:

*I. Respondents*

1. Insurance Lounge, LLC is an Oregon limited liability company formed on March 20, 2019. Its principal place of business is in Grants Pass, Oregon. The company offers insurance concierge services, selling insurance both online and at storefront locations where customers can shop for, purchase and manage a variety of insurance

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products.

2. Michael DeLaGrange ("DeLaGrange") is manager of Insurance Lounge, LLC.

3. Insurance Lounge, Inc. was an Oregon corporation that incorporated in Oregon on January 30, 2012. Its principal place of business was in Grants Pass, Oregon. DeLaGrange was president of Insurance Lounge, Inc. Filings with Oregon Secretary of State, Corporations Division, includes articles of merger dated May 29, 2019, listing Insurance Lounge, LLC as the merger survivor, and listing Insurance Lounge, Inc. as the merger non-survivor.

4. Insurance Lounge is an assumed business name sometimes used by DeLaGrange. Insurance Lounge was previously registered with the Oregon Secretary of State, Corporations Division as an assumed business name.

## *II. License and Registration*

5. DeLaGrange is a resident insurance producer approved in Oregon to sell life and health insurance. DeLaGrange became licensed as an insurance producer in Oregon in 2005. The National Producer Number for DeLaGrange is 7712567.

6. The Central Registration Depository number for DeLaGrange is 5040622. DeLaGrange has never held a license in Oregon as a securities salesperson.

7. On or about December 11, 2020, DeLaGrange, on behalf of Insurance Lounge, LLC, filed a Form D, Notice of Exempt Offering of Securities, with the United States Securities and Exchange Commission, claiming to be offering securities under the safe harbor provided by Regulation D, Rule 506(b) from the federal securities registration requirements of 15 USCA §77e. DeLaGrange listed his title as "President/CEO" of Insurance Lounge, LLC. DeLaGrange disclosed on Form D that 16 investors already invested in the offering. The types of securities offered include debt; option, warrant or other right to acquire another security; and security to be acquired upon exercise of option, warrant or other right to acquire security. The total offering amount is \$8 million,



1 and total amount sold is \$2,045,000 USD. The form discloses sales commissions of  
2 \$265,850 and lists Paulson Investment Company, LLC as the recipient of sales  
3 compensation. The form indicates solicitation in “all states”.

4 8. Respondents did not file a notice with the Oregon Division of Financial  
5 Regulation or pay a notice filing fee to the Division as provided by ORS 59.049.

6 *III: Commercial Loans*

7 9. Between 2013 and 2019, Respondents incurred commercial debt totaling  
8 approximately \$663,962 from four business loans and an equipment loan from  
9 commercial/institutional lenders. This commercial debt, which was secured, was  
10 consolidated and refinanced in January 2020 by another commercial/institutional lender.

11 *III: Promissory notes*

12 10. Between May 2018 and December 2019, Respondents raised a total of at least  
13 \$660,000 from at least four individual investors. Some of the individual investors were  
14 insurance clients of DeLaGrange.

15 11. In exchange for their funds, investors received promissory notes (“the Notes”)  
16 issued by Insurance Lounge, LLC, signed by DeLaGrange as manager, or issued by  
17 Insurance Lounge, Inc., signed by DeLaGrange as president. The terms of the Notes  
18 provided for repayment of principal and interest at rates ranging from 3.5 percent to 10  
19 percent per annum. The maturity dates of the Notes ranged from six months to six years  
20 from the date of issuance.

21 12. Some of the Notes also included a Guaranty signed by DeLaGrange  
22 personally. The Guaranty provided as follows:

23 The Undersigned (Guarantor) unconditionally guarantees full and timely  
24 payment of this Note. Payee may proceed directly against Guarantor for  
25 performance of Maker’s obligations under this Note without first pursuing  
26 or exhausting any remedy or remedies which Payee may have against  
Maker. Guarantor waives presentment for payment, demand, notice of  
dishonor, protest and notice of protest, and consents that Payee may



1 extend the time of payment or otherwise modify the terms of this Note at  
2 any time at Maker's request, and that the guarantee shall in no way be  
3 affected, diminished or released.

4 13. In connection with the sales of the Notes, Respondents explained to investors,  
5 before they invested, that the funds raised from the investors would be used for Insurance  
6 Lounge business operations and expansion of the insurance business of Insurance Lounge.

7 14. The investors did not have control over the use of funds they invested after  
8 they provided their funds to Respondents.

9 15. The investors were passive, in that they did not have an active role in the  
10 business operations of Respondents and relied solely on the efforts and expertise of  
11 Respondents to realize a return on their investments.

12 16. At no time were the Notes issued by Respondents registered with the Director  
13 pursuant to ORS 59.055.

14 17. Before Respondents sold the Notes to the individual investors, Respondents  
15 did not provide written disclosures to the investors regarding the investment. and they did  
16 not adequately disclose the following:

17 A. the financial condition of the company and the company's control person when  
18 the investments were made, their ability to repay the Notes, the nature and amount of debt,  
19 including but not limited to the secured commercial debt described above, Respondents  
20 already owed other lenders before the promissory note investments were made by the  
21 individual investors; and

22 B. the risks of the investments, including the risks the investors might not be  
23 repaid, due in part to the secured debts Respondents owed commercial lenders and the  
24 debts owed to other investors.

25 18. Insurance Lounge and Mr. DeLaGrange submitted evidence and represented to  
26 the Director that they have repaid investors, with interest, in February and March 2021 and  
in August 2022, for the promissory notes described in paragraphs 10 and 11 above.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

19. The Director has jurisdiction over the business activities of the Respondents pursuant to ORS 59.235 and ORS 731.236.

20. DeLaGrange is an owner, manager and control person of Insurance Lounge, Insurance Lounge, LLC and Insurance Lounge, Inc.

21. The Notes issued by Respondents and sold to investors by DeLaGrange are notes, evidence of indebtedness, or investment contracts, and therefore, are “securities” as defined by ORS 59.015(19)(a).

22. The Guaranty of the Notes by DeLaGrange also constitutes a “security” as defined by ORS 59.015(19)(a).

23. Respondents are “issuers” as defined by ORS 59.015(9) of the Notes sold to the investors.

24. DeLaGrange acted as a “salesperson” as defined by ORS 59.015(18)(a), by representing the issuers in effecting transactions in securities with the investors.

25. By transacting business in Oregon as a securities salesperson without holding an Oregon securities salesperson license, or otherwise being licensed with the Director to sell securities in Oregon, DeLaGrange violated ORS 59.165(1).

26. By selling unregistered securities, the Notes described above, Respondents violated ORS 59.055.

27. Because the Director has reason to believe that Respondents have engaged, are engaging, or are about to engage in violations of the Oregon Securities Law, the Director may issue an order to Respondents to cease and desist from violations of the Oregon Securities Law under ORS 59.245(4).

28. Because the Director has reason to believe that Respondents have engaged or are about to engage in violations of the Oregon Securities Law, the Director may deny





Respondents the use of exemptions to the securities registration requirements under ORS 59.045(2).

29. According to ORS 59.995, any person who violates or who procures, aids or abets in the violation of the Oregon Securities Law may be subject to a civil penalty in an amount not to exceed \$20,000 per violation, and every violation is a separate offense.

30. Because DeLaGrange failed to make certain disclosures in connection with the sales of the Notes, as more fully described above, the Director has grounds to place DeLaGrange's resident insurance producer license on probation pursuant to ORS 744.074(1)(h).

#### ORDERS

The Director issues the following ORDERS:

31. As authorized by ORS 59.245(4), the Director hereby ORDERS Respondents to CEASE AND DESIST from violating ORS 59.055.

32. As authorized by ORS 59.245(4), the Director hereby ORDERS DeLaGrange to CEASE AND DESIST from violating ORS 59.165(1).

33. Pursuant to ORS 731.252(1), the Director hereby ORDERS DeLaGrange to CEASE AND DESIST from violating ORS 744.074(1)(h).

34. As authorized by ORS 744.074(1)(h), the Director hereby places the resident insurance producer license of DeLaGrange in probationary status for a period of three years.

35. While the resident insurance producer license of DeLaGrange is in probationary status, DeLaGrange will submit reports to [DFR.ReportEnforcement@oregon.gov](mailto:DFR.ReportEnforcement@oregon.gov) and [Caroline.L.Smith@dcbs.oregon.gov](mailto:Caroline.L.Smith@dcbs.oregon.gov) each calendar quarter affirming that Respondents are complying with all the terms of this Order, are not relying on exemptions that would otherwise be available to them under ORS 59.025 and ORS 59.035, and are not seeking private financing relating to their business activities. DeLaGrange must file the required



1 quarterly reports no later than each January 5, April 5, July 5, and October 5, beginning  
2 July 5, 2023 and continuing until July 5, 2026.

3 36. As authorized by ORS 59.045(2), the Director DENIES Respondents, and any  
4 business entity owned, operated or controlled by them, the use of any exemptions that  
5 would otherwise be available under ORS 59.025 and ORS 59.035, concerning securities  
6 and transactions exempt from the registration requirements of the Oregon Securities Law.

7 37. As authorized by ORS 59.995(1), the Director ORDERS Respondents to pay a  
8 CIVIL PENALTY, jointly and severally, totaling \$10,000 for violations of ORS 59.055.

9 38. As authorized by ORS 59.995(1), the Director ORDERS DeLaGrange to pay an  
10 additional CIVIL PENALTY of \$10,000 for violations of ORS 59.165(1).

11 39. The Director SUSPENDS \$5,000 of the civil penalty assessed against  
12 Respondents in paragraph 37 above, and \$5,000 of the civil penalty assessed against  
13 DeLaGrange in Paragraph 38 above, for a period of three years, provided Respondents do  
14 not violate any term of this Order, or any provision of the Oregon Securities Law or the  
15 Insurance Code within the three-year time period.

16 40. The remaining CIVIL PENALTIES of \$10,000 assessed herein are due and  
17 payable to the Department of Consumer and Business Services at the time this Order is  
18 returned to the Division.

19 41. The Director reserves the right to immediately take enforcement action,  
20 pursuant to the procedures set forth in ORS 183.745, to impose the suspended CIVIL  
21 PENALTIES if any Respondent violates any term of this Order. Any Respondent's failure  
22 to satisfy any term(s) of this Order will render all suspended and non-suspended penalties  
23 immediately due and owing.

24 42. Respondents stipulate and agree that the amounts assessed herein are not  
25 dischargeable under 11 U.S.C. § 523(a)(7).

26 43. If Respondents comply with all terms of this Order, and do not violate any

1 provision of the Oregon Securities Law or the Insurance Code, the Director will WAIVE  
2 the suspended portion of the civil penalties (\$5,000 against Respondents, and \$5,000  
3 against DeLaGrange) assessed herein after three years from the effective date of this Order.

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

7 SO ORDERED this 8<sup>th</sup> day of June, 2023.

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

10 /s/ Dorothy Bean  
11 Dorothy Bean, Chief of Enforcement  
12 Division of Financial Regulation

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/s/ Michael DeLaGrange  
Michael DeLaGrange d/b/a Insurance Lounge

County of: Josephine

/s/ Casey Durbin  
Notary Public

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CONSENT TO ENTRY OF ORDER BY  
INSURANCE LOUNGE, INC.

Insurance Lounge, Inc. states that its president with appropriate authority has read this Consent Order, fully understands its contents, and the factual allegations stated herein are true and correct. Insurance Lounge, Inc. consents to the entry of this Consent Order, and will take any necessary steps to ensure that Insurance Lounge, Inc. fully complies with the terms of the Order.

Insurance Lounge, Inc. further states that it has been advised of its right to a hearing, that it has been represented by counsel in this matter, and voluntarily and without any force or duress expressly waives any right to a hearing in this matter. Insurance Lounge, Inc. understands that the Director reserves the right to take further actions against Insurance Lounge, Inc. to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Law or the Insurance Code by Insurance Lounge, Inc.

Insurance Lounge, Inc. understands that this Consent Order is a public document.

Michael DeLaGrange was the president of Insurance Lounge, Inc. and is authorized to execute this Consent to Entry of Order on behalf of Insurance Lounge, Inc.

Insurance Lounge, Inc.

By: /s/ Michael DeLaGrange  
Michael DeLaGrange  
President

State of Oregon

County of Josephine

Subscribed and affirmed before me by Michael DeLaGrange this 22<sup>nd</sup> day of  
May 2023.

s/ Casey Durbin  
Notary Public

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CONSENT TO ENTRY OF ORDER BY  
INSURANCE LOUNGE, LLC

Insurance Lounge, LLC states that its managing member with appropriate authority has read this Consent Order, fully understands its contents, and the factual allegations stated herein are true and correct. Insurance Lounge, LLC consents to the entry of this Consent Order, and will take any necessary steps to ensure that Insurance Lounge, LLC fully complies with the terms of the Order.

Insurance Lounge, LLC further states that it has been advised of its right to a hearing, that it has been represented by counsel in this matter, and voluntarily and without any force or duress expressly waives any right to a hearing in this matter. Insurance Lounge, LLC understands that the Director reserves the right to take further actions against Insurance Lounge, LLC to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Law or the Insurance Code by Insurance Lounge, LLC.

Insurance Lounge, LLC understands that this Consent Order is a public document.

Michael DeLaGrange is the managing member of Insurance Lounge, LLC and is authorized to execute this Consent to Entry of Order on behalf of Insurance Lounge, LLC.

Insurance Lounge, LLC

By: /s/ Michael DeLaGrange  
Michael DeLaGrange  
Managing Member

State of Oregon

County of Josephine

Subscribed and affirmed before me by Michael DeLaGrange this 22<sup>nd</sup> day of  
May 2023.

/s/ Casey Durbin  
Notary Public