STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION

In the Matter of **Timothy J. Pedersen**	)	**FINAL ORDER**
	)	Case No. INS 04-08-008

History of the Proceeding

The Director of the Oregon Department of Consumer and Business Services (director) commenced this administrative proceeding, pursuant to Oregon Revised Statutes (ORS) 731.256, to take enforcement action against Timothy J. Pedersen (Pedersen).

On 10/27/04, the director notified the party that they were entitled to a hearing pursuant to ORS 183.415.

The director did not receive a request for a hearing, and did not hold a hearing because the director determined that the record of the proceeding proved a *prima facie* case and no further evidence was needed.

Therefore, the director now makes the following final decision in this proceeding.

Findings of Fact and Conclusions of Law

Licensing Information

Pedersen was licensed in Oregon as a resident insurance agent from 6/25/01 to 6/30/03, as a nonresident insurance agent from 8/13/03 to 6/13/04, and again as a resident insurance agent from 6/14/04 to 7/24/04. On 7/24/04, Pedersen voluntarily surrendered his license. Pedersen's last recorded residence and business addresses were located in Burns, Oregon.

Withheld Moneys

Pedersen violated ORS 744.074(1)(d) in fifteen instances by engaging in the following conduct. ORS 744.074(1)(d) prohibits a person licensed in Oregon as an insurance agent from improperly withholding, misappropriating or converting any moneys or properties received in the course of doing insurance business. At all relevant times, Pedersen was appointed as an agent by Great Western Insurance Company (Great Western). Pedersen was authorized to solicit and receive

applications, and premium payments, for insurance provided or to be provided by Great Western Pedersen was obligated to repay Great Western commissions paid to Pedersen for policies that cancelled or lapsed within one year from the date of being issued. From 4/14/03 to 6/10/03, Pedersen personally delivered to Great Western Insurance Company (Great Western) in Ogden, Utah 15 applications dated between 3/24/03 and 6/6/03, and cash or money orders totaling $1,621.00 as payment of the initial premium, for life insurance policies to be issued by Great Western. Great Western issued the policies. Great Western credited Pedersen with $17,698.30 in gross commission, withheld 15% thereof or $2,654.75 to help repay any unearned commissions, and paid Pedersen the balance of $15,043.55 in net commissions, for selling the 15 policies. However, all of the policies lapsed within one month of being issued due to non payment of additional premiums. Great Western attempted but was unable to contact the applicants and verify that they were living and had applied for the insurance because the addresses, telephone numbers, and social security numbers on the applications related to other persons. Consequently, Pedersen was not entitled to any of the commissions. As of 9/19/03, Great Western had "charged back" to Pedersen all of the unearned commissions. Great Western credited the amount previously withheld to help repay the unearned commissions. Pedersen has not repaid any of the remaining unearned commissions.

Order

Pursuant to ORS 744.074(1), Pedersen's Oregon surrendered resident insurance agent license is revoked on the date of this order.

Notice of Right to Judicial Review

The party may have the right to appeal the order to the Oregon Court of Appeals pursuant to ORS 183.480 and 183.482. If a party wants to appeal the order, the party must file a petition for judicial review with the Court of Appeals within 60 days from the date this order was served on the party. If the order was personally delivered to a party, then the date of service is the day the party received the order. If the order was mailed to a party, then the date of service is the day the order was mailed to the party, not the day the party received the order. If a party does not file

a petition for judicial review within the 60-day time period, then the party will loose the right to appeal this order. If a party appeals the order, the party should also send a copy of the petition to the Insurance Division.

Dated December 29, 2004

/s/ Joel Ario
Joel Ario
Administrator
Insurance Division
Department of Consumer and Business Services

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