

**STATE OF OREGON  
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
INSURANCE DIVISION**

In the Matter of **LaPorte & Associates, Inc.**

) **STIPULATION** and  
) **FINAL ORDER**  
) Case No. INS 05-12-008

**STIPULATION**

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 LaPorte & Associates, Inc. (LaPorte).

LaPorte desires to conclude this proceeding without a hearing by entering into this stipulation pursuant to ORS 183.415(5).

LaPorte waives all rights relative to an administrative hearing and judicial review thereof.

LaPorte stipulates to the following facts, conclusions, action, and to the issuance of a final order incorporating this stipulation.

**Facts and Conclusions**

LaPorte has been licensed in Oregon as a resident business entity insurance producer since 2/6/81. LaPorte's last recorded business address is located in Portland, Oregon.

LaPorte is subject to enforcement action pursuant to OAR 836-074-0025 because of the following circumstances. OAR 836-074-0025 requires a person that is licensed in Oregon as a resident insurance producer and received premium that is owed to an insured to pay the premium to the insured within 30 days after receiving the premium. From 5/25/01 to 12/18/02, LaPorte received premiums ranging in amounts from \$8.00 to \$1,351.00 that were owed to eight insureds. LaPorte deposited the money into its insurance premium trust account at Wells Fargo Bank. LaPorte paid the money to the insureds more than 30 days after receipt.

LaPorte is subject to enforcement action pursuant to ORS 744.074(1)(h) because of the following circumstances. ORS 744.074(1)(h) prohibits a person from using a fraudulent, coercive or dishonest practice, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in Oregon or elsewhere.

LaPorte has informed the Insurance Division that LaPorte has instituted reforms to ensure that violations of the types described herein will not occur again. LaPorte also has informed the Insurance Division that it had no knowledge of the following actions taken by its employee when they occurred and that, upon discovering the actions, LaPorte has reprimanded and placed its employee on notice that any future transgressions could result in termination of employment.

On or about 1/10/03, Phillip S. Dollar (Dollar), an employee of LaPorte, knowingly misrepresented to Western Automatic Sprinkler Company, Inc. (WASC) of LaGrande, Oregon, that the premium for a commercial general liability insurance policy, number K2HA122005, issued by Royal Surplus Lines Insurance Company (RSLIC) for the policy year of 2003 was \$3,992.00 more than it was. The additional amount was actually for a different policy that WASC applied for but was cancelled with a minimum earned premium due. On or about 1/10/03, LaPorte received the money from WASC. On 1/17/03, LaPorte deposited the money into its insurance premium trust account at Wells Fargo Bank. On 4/16/04, 15 months later, LaPorte refunded the money to WASC.

On or about 4/16/04, when LaPorte refunded the money to WASC, Dollar mailed to WASC the refund check and accompanying invoice both of which indicated that the money was an “audit return” relative to the RSLIC policy. This representation was not true and Dollar knew that it was not true. In a recorded statement under oath to the Insurance Division on 8/23/05, Dollar indicated that the money was not the result of an audit of the RSLIC policy.

On or about 5/3/04, Dollar sent a letter dated 5/3/04 to WASC explaining the various costs that Dollar had charged WASC relative to the RSLIC policy. In the letter, Dollar stated that “[t]he Estimated Deposit Premium was an estimate based

upon our negotiations as of the end of December 2002. We had not yet completed our negotiations with Sterling West but we had agreed on a 'not to exceed' premium and based our invoice on that amount. We were able to negotiate more favorable terms and retained the premium for contingencies such as inspection fees, completed job registry fees, audit charges, etc." This representation was not true and Dollar knew that it was not true. In a recorded statement under oath to the Insurance Division on 8/23/05, Dollar indicated that the total amount of premium for the RSLIC policy was known by 12/31/02 and not subject to any subsequent change as a result of any further negotiation.

### **Action**

Pursuant to ORS 731.988, LaPorte is assessed a civil penalty of \$7,000. The payment shall be made in the form of a check payable to the "Department of Consumer and Business Services" for the full amount due. The payment shall be delivered to the Insurance Division at the Labor and Industries Building, 350 Winter Street NE, Room 440 (4<sup>th</sup> Floor), Salem, Oregon; or mailed to the Insurance Division at PO Box 14480, Salem, OR 97309-0405. The payment shall be *received* by the Insurance Division by the date of the final order.

Dated April 3, 2006

/s/ Marvin J. LaPorte

[Signature of Representative]

Marvin J. LaPorte

[Printed Name of Representative]

President

[Printed Title of Representative]

LaPorte & Associates, Inc.

### **FINAL ORDER**

The director incorporates herein the above stipulation, adopts it as the director's final decision in this proceeding, and orders that the action stated therein be taken.

Dated April 19, 2006

/s/ Joel Ario

Joel Ario

Administrator

Insurance Division

Department of Consumer and Business Services