STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION

In the Matter of **Joseph H. Jones**	)	**STIPULATION and**
	)	**FINAL ORDER**
	)	Case No. INS 14-01-011

STIPULATION

The Director of the Oregon Department of Consumer and Business Services (director), by and through the Insurance Division, commenced this administrative proceeding, pursuant to Oregon Revised Statutes (ORS) 731.256, to take enforcement action against Joseph H. Jones (Jones).

Jones desires to conclude this proceeding without a hearing by entering into this stipulation pursuant to ORS 183.417(3).

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

Jones agrees with the facts, conclusions, action stated below, and to the issuance of a final order incorporating this stipulation.

Jones understands that the stipulation and final order is a public record and shall be posted permanently on the Insurance Division's website.

Facts and Conclusions

Licensing Information

Jones was licensed in Oregon as a resident individual insurance producer from 8/24/09 to 11/30/13. On 11/30/13, Jones' license expired. Jones' NAIC national producer number is 14402512. Jones' last recorded residence and business address is 3318 SW Miller Place, Gresham, OR 97080-5500; residence telephone number is 360-901-2750; and business telephone number is 503-885-9293.

Misappropriated Money or Property Received in Course of Insurance Business

Jones is subject to enforcement action pursuant to ORS 744.074(1)(d) because of the following circumstances. ORS 744.074(1)(d) permits the director to take any authorized enforcement action against a person who has applied for a license or is licensed in Oregon as an insurance producer if the person improperly withheld, misappropriated,

or converted, any moneys or properties received by the person in the course of doing insurance business. From July 2011 to January 2012, Jones received from 18 persons residing in Oregon 21 payments, mostly in cash but some in checks or other forms of payment, totaling $11,387.62 as payment of premium for insurance to be provided by various insurers owned by or affiliated with Farmers Group, Inc., dba Farmers Underwriters Association, aka Farmers Insurance Group of Companies® (Farmers). Jones forwarded $932.74 to Farmers. Jones withheld and used the remaining $10,454.88 for personal purposes.

Used a Fraudulent or Dishonest Practice, or Demonstrated Untrustworthiness, in Business

Jones is subject to enforcement action pursuant to ORS 744.074(1)(h) because of the following circumstances. ORS 744.074(1)(h) permits the director to take any authorized enforcement action against a person who has applied for a license or is licensed in Oregon as an insurance producer if the person used a fraudulent, coercive, or dishonest practice, or demonstrated incompetence, untrustworthiness or financial irresponsibility in the conduct of business in Oregon or elsewhere. From July 2011 to January 2012, Jones used a fraudulent or dishonest practice, or demonstrated untrustworthiness, in the conduct of insurance business in Oregon by engaging in the following conduct.

Jones received an insurance premium payment in cash but failed to enter the payment into Farmers' Agent's Credit Advice (ACA) computerized premium payment recording system as required by Farmers.

Jones received an insurance premium payment in cash, entered the payment into the ACA, printed a payment receipt and gave the receipt to the person making the payment, but subsequently voided the payment.

Jones received an insurance premium payment in cash, entered the payment into the ACA, but indicated that the amount paid was less than the amount actually paid.

Jones did not receive an insurance premium payment but entered a fictitious payment by electronic funds transfer (EFT) into the ACA, using "an invalid EFT number in the system, so [Farmers would issue] the policy."

Jones received insurance premium payments in cash, "issue[d] an evidence of insurance [purportedly provided by Farmers] ... but [did] not issue the insurance policy within the Farmers system."

Jones "rate[d] insureds with improper discounts (paid in full discount and affinity discounts) [and] put that they were married when the insured was not married."

Jones "made payments on insureds' policies because they ... were not eligible for a discount and the discount fell off. [Jones paid] for the difference [because he] felt bad for incorrectly rating the policy."

Jones did "not submit the proper paperwork for the policy to remain in force at the proper premium. As a result, the policy would be rated higher [and would cancel. [Jones] reinstate[d] the policy either via invalid EFT numbers or voided payments, so the policy would remain in force. Many of the policies would not have cancelled if [Jones had] submitted the proper paperwork."

Jones intentionally recorded incorrect telephone numbers of insureds.

Jones intentionally caused Farmers to pay him a commission when he was not entitled to it by either receiving a payment, entering the payment into the ACA, and then voiding the payment after Farmers paid the commission; or not receiving a payment, but entering a fictitious payment by EFT into the ACA using incorrect bank routing and account information.

Failed to Deposit Insurance Premium into Trust Account

Jones is subject to enforcement action pursuant to ORS 744.074(1)(b) for violating ORS 744.083(1) because of the following circumstances. ORS 744.074(1)(b) permits the director to take any authorized enforcement action against a person who has applied for a license or is licensed in Oregon as an insurance producer if the person violates any insurance law, or violates any rule, subpoena, or order of the director or of the insurance regulator of another state or Mexico or Canada. ORS 744.083(1) requires a person that is licensed in Oregon as an insurance producer to account for and maintain in a trust account all premium received by the person.

On or about 12/12/11, Jones received from Michael T. Warren (Warren) of Portland, Oregon, a check, number 1308832, dated 12/12/11, issued by Bristol West Holdings, Inc. aka Bristol West Insurance Group, to Warren, in the amount of $167.00, as payment of

premium for insurance to be provided by Farmers. On or about 12/22/11, Jones deposited the check into his business bank account, number 153664996904, at US Bank, which was not an insurance premium trust account.

On or about 1/6/12, Jones received from James A. Mott of Gresham, Oregon, a check, number 1286, dated 1//6/12, in the amount of $2,640.00, as payment of premium for insurance to be provided by Farmers. On 1/6/12, Jones deposited the check into his business bank account, number 153664996904, at US Bank, which was not an insurance premium trust account.

Action

Pursuant to ORS 744.074(1), Jones' expired Oregon resident individual insurance producer license is revoked on the date of this order.

As consideration for the director not continuing to investigate or taking additional enforcement action against Jones, Jones agrees to never apply for any license authorized by ORS Chapter 744; or have any equity interest in, be an officer or director of, or be employed by or contracted with, any person that is issued any license authorized by ORS Chapter 744.

Dated 3/20/2014

Joseph H. Jones

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 APR 03 2014

Laura N. Cali, FCAS, MAAA
Insurance Commissioner and Chief Actuary

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