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

In the Matter of: JACK E. SHELTON, an individual, Respondent.	Case No. INS-23-0023 ORDER TO CEASE AND DESIST, ORDERS REVOKING LICENSE AND ASSESSING CIVIL PENALTIES, ENTERED BY DEFAULT

On April 13, 2023, the Director of the Department of Consumer and Business Services for the State of Oregon ("Director"), acting by and through the Oregon Division of Financial Regulation ("Division") and in accordance with Oregon Revised Statutes ("ORS") 731, 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748 and 750 ("Insurance Code"), served an Order to Cease and Desist, Proposed Orders Revoking License and Assessing Civil Penalties, and Notice or Right to an Administrative Hearing on Jack E. Shelton ("Shelton").

The Notice offered Shelton an opportunity for a hearing if requested within 20 days of the Notice. The Notice further informed Shelton that if a hearing were not conducted because Shelton did not timely request a hearing or otherwise defaulted, then the designated portion of the Division's file and all materials submitted by Shelton 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 Shelton a request for a hearing and did not conduct a hearing.

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

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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. Shelton has been licensed as an insurance producer in Oregon since February 18, 2020. Shelton's license number and National Producer Number (NPN) is 19422790.

2. Shelton's business address is 11863 SW Barcelona St. Wilsonville, OR 97070.

3. On March 3, 2022, the Division issued an Order to Cease and Desist, Proposed Orders Revoking license and Asessing Civil Penalties, and Notice of Right to an Administrative Hearing in case number INS-21-0049 ("Notice Order") against Shelton.

4. On September 19, 2022, Shelton agreed to resolve the matters giving rise to the Notice Order by entering into Final Orders to Cease and Desist, Suspending License, and Assessing Civil Penalties, and Consent to Entry of Order, a true and correct copy of which is attached hereto as Exhibit A ("Consent Order").

5. Under the terms of the Consent Order, the Division suspended Shelton's Oregon insurance producer license for a period of one year, after which Shelton would be issued a license with probationary terms for a period of three years. The Consent Order also assessed $13,000 of civil penalties against Shelton, but suspended $8,000 of the civil penalty. Shelton was required to pay the $5,000 non-suspended part of the civil penalty in two installments, with the first installment of $1,000 due on October 3, 2022, and a second installment of $4,000 due on December 16, 2022.

6. Under the terms of the Consent Order, Shelton agreed that if he violated the terms of the Consent Order the Division would revoke his Oregon insurance producer license and the Division had the right to assess and collect the suspended $8,000 civil penalty.

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7. Shelton tendered payment of the first installment of the civil penalty on October 31, 2022, in the form of a check for $1,000.

8. On November 23, 2022, US Bank returned Shelton's check for $1,000 to the Division for nonsufficient funds. Shelton received notice of the nonsufficient funds check no later than December 13, 2022, when the Division emailed Shelton to notify him that his first installment payment was still owing ("the December 13 email"). In the December 13 email, the Division further encouraged Shelton to contact the Division and request alternative payment terms if he would not be able to pay both installments of the non-suspended civil penalties on or before December 16, 2022.

9. Shelton responded to the Division's December 13 email on December 19, stating that he would "be back to [the Division] with a plan of action" on the morning of December 20.

10. Shelton did not provide a "plan of action"—or any other communication—to the Division by December 20, 2022.

11. On January 10, 2023, the Division again contacted Shelton by email ("the January 10 email"). In the January 10, 2023 email the Division warned Shelton that the entire $5,000 amount of non-suspended civil penalties was still due and owing. The Division furthermore gave Shelton until January 31, 2023 to either (a) pay the entire amount of non-suspended civil penalties, or (b) agree to voluntarily surrender his Oregon insurance producer license, be barred from the insurance industry, and pay a reduced, $2,000 civil penalty. Finally, the Division warned Shelton that if he did not choose one of these two options before January 31, 2023, the Division would take further enforcement action against him.

12. Shelton did not take steps to fulfill either of the options set forth in the January 10 email, and continues to be in violation of the Consent Order.

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CONCLUSIONS OF LAW

The Director CONCLUDES the following:

Cease and Desist Authority

13. Under ORS 731.252 (1), because the Director has reason to believe that Shelton has engaged in violations of the Insurance Code, the Director may issue an order to Shelton to cease and desist from violations of the Insurance Code.

Authority for Licensing Action

14. Under ORS 744.074(1)(b), the Director may "place a licensee on probation or suspend, revoke or refuse to issue or renew an insurance producer license" if the Director finds that the licensee has violated "any insurance laws, or * * * any rule, subpoena or order of the director."

15. Shelton violated the Consent Order by failing to make payments of the non-suspended civil penalties, and thus the Division has authority to revoke his Oregon insurance producer license under ORS 744.074(1)(b).

Civil Penalties Authority

16. The Consent Order resolved the Division's case number INS-21-0049 in accordance with, inter alia, ORS 183.417(3), ORS 183.745(1), and OAR 137-003-0510(3)-(4).

17. The Consent Order is a valid and enforceable final order not subject to the provisions of ORS 183.470 and OAR 137-003-0665(5).

18. The failure of Shelton to satisfy the payment obligations in the Consent Order made the suspended civil penalties imposed thereunder due and payable as of January 31, 2023.

19. Shelton is obligated to pay the $8,000 in suspended civil penalties imposed under the Consent Order.

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20. Under ORS 731.988(1), the Director may impose a civil penalty against an individual insurance producer in an amount not to exceed $1,000 for each violation of a provision of the Insurance Code or any lawful rule or final order of the Director.

21. Shelton violated the Consent Order by failing to pay the non-suspended part of the civil penalties imposed under the Consent Order.

ORDERS

Now therefore, the Director issues the following Orders:

Cease and Desist

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

Revocation of Oregon Insurance Producer License

23. As authorized by ORS 744.074(1)(b), the Director HEREBY REVOKES Shelton's Oregon insurance producer license.

Civil Penalties

24. As authorized by the Consent Order resolving the Division's case number INS-21-0049 in accordance with ORS 183.417(3), ORS 183.745(11), and OAR 137-003-0510(3)-(4), the Director ORDERS that the $8,000 in suspended civil penalties imposed on Shelton under the Consent Order be IMMEDIATELY DUE AND PAYABLE as a result of the failure of Shelton to timely satisfy the payment obligations in accordance with the terms and conditions of the Consent Order.

25. As authorized by ORS 731.988(1), the Director hereby ORDERS that Shelton be subject to a further CIVIL PENALTY of $1,000 for violating the Consent Order by failing to pay the non-suspended part of the civil penalties imposed under the Consent Order.

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FINAL ORDER

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

NOTICE OF RIGHT TO JUDICIAL APPEAL

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

SO ORDERED this 25th day of May, 2023.

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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