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

In the Matter of: JAMES HARLEY COVALT, Licensee.	Case No. INS-16-0235 ORDER TO CEASE AND DESIST, FINAL ORDER ASSESSING CIVIL PENALTY, VOLUNTARY SURRENDER OF LICENSE 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") chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748 and 750 ("Insurance Code"), has conducted an investigation into the insurance related activities of James Harley Covalt ("Licensee").

Licensee wishes to resolve and settle this matter with the Director.

Now, therefore, as evidenced by the signature(s) subscribed on this Order, Licensee hereby CONSENTS to entry of this Order.

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Salem, OR 97301-3881
Telephone: (503) 378-4387

FINDINGS OF FACT

The Director FINDS that:

1. Licensee has been licensed as a nonresident insurance producer since April 25, 2012. Licensee's national producer number is 16612201. Licensee's nonresident insurance producer license expired on March 31, 2015.

2. On December 4, 2014, the Oregon Insurance Division, now the Division of

Financial Regulation ("Division"), received notice from Country Financial that, between November 29, 2013 and August 29, 2014, on ten separate occasions, Licensee submitted applications for automobile insurance policies containing misrepresentations about the drivers in the households.

3. Licensee has taken steps to remediate past violations of the Oregon Insurance Code, including the following:

A. Licensee has acknowledged that he violated the Oregon Insurance Code.

B. Licensee no longer works in the insurance industry.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

4. Under ORS 731.252(1), whenever the Director has reason to believe that any person has been engaged or is engaging or is about to engage in any violation of the Insurance Code, the director may issue an order, directed to such person, to discontinue or desist from such violation or threatened violation.

5. Under ORS 744.011(1), the expiration of a license shall not deprive the Director of jurisdiction to proceed with any investigation of, or any action or disciplinary proceedings against, the licensee.

6. ORS 746.100 prohibits any person from making a false or fraudulent representation relative to an application for insurance.

7. By making misrepresentations on the 10 applications for insurance described above, Licensee committed 10 violations of ORS 746.100.

8. ORS 744.074(1)(e) authorizes the Director to revoke an insurance producer license if the insurance producer intentionally misrepresents the terms of an application for insurance.

9. Under ORS 731.988(1) the Director may impose a civil penalty of up to

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$1,000 per violation upon any individual who violates a provision of the Insurance Code.

ORDERS

Now, therefore, the Director issues the following Orders:

10. As authorized by ORS 731.252(1), the Director ORDERS Licensee to CEASE AND DESIST from violating ORS 746.100 or any other provision of the Insurance Code or the administrative rules promulgated thereunder.

11. Based upon the foregoing and as authorized by ORS 731.988(1), the Director ORDERs that Licensee pay a CIVIL PENALTY of $1,000 per occurrence for 10 violations of ORS 746.100 for a total CIVIL PENALTY of $10,000.

12. The Director SUSPENDS the collection of the $10,000 CIVIL PENALTY assessed above and ORDERS that no further investigation or enforcement action as to the matters identified in this Order be taken against Licensee, provided Licensee complies with the following:

A. Licensee surrenders his nonresident insurance producer license effective the date of this Order.

B. Licensee agrees to never apply for any license authorized by ORS Chapter 744, ORS Chapter 86A, or ORS Chapter 59; 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, ORS Chapter 86A, or ORS Chapter 59. Licensee may however own an interest in a publically traded insurance or financial services company not to exceed 1%.

13. If Licensee applies for any license authorized by ORS Chapter 744, ORS Chapter 86A, or ORS Chapter 59; or obtains any equity interest in, becomes an officer or director of, or becomes employed by or contracted with, any person that is issued any license authorized by ORS Chapter 744, ORS Chapter 86A, or ORS Chapter 59, the

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CIVIL PENALTY assessed above becomes immediately due and payable.

SO ORDERED this 28th day of February, 2017.

PATRICK M. ALLEN, Director
Department of Consumer and Business Services

/s/ David Tatman
David C. Tatman, Chief of Enforcement
Division of Financial Regulation

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CONSENT TO ENTRY OF ORDER

I, James Harley Covalt, state that I have read the foregoing Order and that I know and fully understand the contents hereof; that the factual allegations stated herein are true and correct; that I have been advised of my right to a hearing, and that I have been advised of my right to be represented by counsel in this matter; that I voluntarily consent to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this Order; that I understand that the Director reserves the right to take further actions against me to enforce this Order or to take appropriate action upon discovery of other violations of the Insurance Code by me; and that I will fully comply with the terms and conditions stated herein.

I understand that this Order is a public document.

/s/ James H. Covalt

Signature

State of WA

County of Clark

Signed or attested before me on this 18th day of February, 2017 by James Harley Covalt.

/s/ Alexandra A. Jurek

Notary Public

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