

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

In the Matter of:

Case No. INS-18-0094

HELEN KYUNG LEE and
JOANY INC. aka IMPACT HEALTH INC.,

Respondents.

FINAL ORDER TO CEASE AND
DESIST, FINAL ORDER REVOKING
LICENSE, FINAL ORDER IMPOSING
CIVIL PENALTY, ENTERED BY
DEFAULT as to JOANY INC. aka
IMPACT HEALTH INC. ONLY

On October 31, 2018, 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”), properly served Notice on HELEN KYUNG LEE (“Lee”) and JOANY INC. aka IMPACT HEALTH INC. (“Joany”, collectively “Respondents”) that the Director intended to revoke the Oregon nonresident insurance producer license of Joany and assess a civil penalty.

The Notice offered Joany an opportunity for a hearing, if requested within 20 days. The Notice further informed Joany that if a hearing was not conducted because Joany did not timely request a hearing or otherwise defaulted, then the designated portion of the Director’s file and all materials submitted by Joany in this case would automatically become part of the contested case record for the purpose of proving a *prima facie* case.

The Director received a hearing request from Joany through its attorney Michael J. Duvall at Dentons US LLP (“Duvall”) on November 20, 2018. The hearing request was referred to the Office of Administrative Hearings (“OAH”) and a prehearing telephone conference was set for January 15, 2019. At the prehearing conference, Duvall

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1 appeared on behalf of Joany and Senior Administrative Law Judge Dove L. Gutman set
2 an in-person hearing date of June 26, 2019 at 9am. On May 17, 2019, Duvall filed a
3 Notice of Withdrawal of Counsel from representing Joany with the OAH. Joany, or any
4 representative for Joany, failed to appear at the in-person hearing held on June 26, 2019.

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

6 The Director makes the following Findings of Fact, Conclusions of Law, Orders,
7 and Notice of Right to Judicial Appeal.

8 FINDINGS OF FACT

9 The Director FINDS that:

10 1. Lee has been licensed as an Oregon nonresident insurance producer since
11 September 9, 2015. Lee’s national producer number is 17615739.

12 2. Joany has been licensed as an Oregon nonresident insurance producer since
13 October 27, 2015. Joany’s national producer number is 17653499.

14 3. Joany is registered with the Oregon Secretary of State (“SOS”) office as of
15 December 20, 2016. Prior to August 28, 2017, the business entity name was originally
16 registered as Impact Health Inc.

17 4. Christine Carrillo (“Carrillo”) is listed as the president and Lee is listed as the
18 secretary of Joany. Carrillo is not a registered insurance producer in Oregon.

19 5. Lee is the Designated Responsible Licensed Producer (“DRLP”) of Joany.

20 6. On June 28, 2017, Division of Financial Regulation (“Division”) received
21 information from Kaiser Permanente (“Kaiser”) that it had been investigating
22 Respondents for filing Agent of Record (“AOR”) forms in order to claim broker status
23 with members already enrolled with Kaiser.

24 7. Respondents obtained access to all the personal identifying information
25 required to file the AOR forms by posting a “health insurance research study” (“Survey”)
26 on multiple social media outlets, like Craigslist and Facebook.

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1 8. Participants of the Survey were paid \$50 if they provided a copy of their
2 health care identification card with a valid effective date and member number.

3 9. When Lee was asked about her role with Joany, she stated that she co-founded
4 Joany with their CEO Christine Carrillo. Lee is the Head of Broker Operations, DRLP
5 and main signing agent. As the main signing agent, all AOR forms are under Lee's
6 signature and commissions generated following the submission of the AOR forms are
7 owned by Joany.

8 10. According to Respondents, the final question on the Survey is the option to
9 select Respondents as the consumer's insurance agent.

10 11. Respondents provided information that over 1600 Oregon consumers took the
11 Survey in 2017.

12 12. Respondents provided a list of AOR forms submitted for Oregon consumers
13 in 2017. Respondents had filed 929 AOR forms.

14 13. During the investigation, the Division received 28 AOR forms from Kaiser
15 that were for Oregon consumers.

16 14. The Division confirmed that consumers signatures were forged on the
17 following AOR forms and submitted to Kaiser without the consumers knowledge:

18 A. On or about February 10, 2017, Respondents submitted an AOR form
19 authorizing Respondents to act as JE's representative. JE said he did not sign the form
20 or authorize anyone to sign on his behalf.

21 B. On or about February 10, 2017, Respondents submitted an AOR form
22 authorizing Respondents to act as DL's representative. DL said he did not sign the form
23 or authorize anyone to sign on his behalf.

24 C. On or about February 13, 2017, Respondents submitted an AOR form
25 authorizing Respondents to act as DO's representative. DO said she did not sign the
26 form.



1 D. On or about February 24, 2017, Respondents submitted an AOR form
2 authorizing Respondents to act as HK's representative. HK said he did not sign the
3 form or authorize anyone to sign on his behalf.

4 E. On or about February 27, 2017, Respondents submitted an AOR form
5 authorizing Respondents to act as TH's representative. TH did not sign the form or
6 authorize anyone to sign on her behalf.

7 F. On or about March 1, 2017, Respondents submitted an AOR form authorizing
8 Respondents to act as BH's representative. BH said he did not sign the form or
9 authorize anyone to sign on his behalf.

10 G. On or about March 2, 2017, Respondents submitted an AOR form authorizing
11 Respondents to act as MF's representative. MF said she did not sign the form or
12 authorize anyone to sign on her behalf.

13 H. On or about March 6, 2017, Respondents submitted an AOR form authorizing
14 Respondents to act as MR's representative. MR did not sign the form.

15 I. On or about July 10, 2017, Respondents submitted an AOR form authorizing
16 Respondents to act as AD's representative. AD said he did not sign the form or
17 authorize anyone to sign on his behalf.

18 J. On or about July 13, 2017, Respondents submitted an AOR form authorizing
19 Respondents to act as SL's representative. SL said she did not sign the form.

20 K. On or about July 19, 2017, Respondents submitted an AOR form authorizing
21 Respondents to act as JB's representative. JB said she did not sign the form or authorize
22 anyone to sign on her behalf.

23 L. On or about July 19, 2017, Respondents submitted an AOR form authorizing
24 Respondents to act as TJ's representative. TJ said she did not sign the form or authorize
25 anyone to sign on her behalf.

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1 15. When asked why and how the consumers' signatures were forged and the
2 forms submitted without the consumers' knowledge, Respondents stated:

3 Joany has identified situations in which customer AORs were sent to the incorrect
4 carrier due to confusion consumers had on which plan they were signed up with.
5 Joany has also identified that early in our process our manual data entry system
6 used may have led to instances where an AOR was submitted incorrectly for a
7 Research Study participant who did not select to use Joany as their broker.
8 Separately, Joany is aware that its broker selection disclosure language may not
9 have been presented to certain customers who came through the Research Study
10 during a discrete time period before December 2, 2017. Joany also understands
11 that certain customer signatures may have been handwritten or otherwise
12 electronically rendered by Joany representatives rather than produced by hand or
13 electronically by the customer.

14 16. On August 23, 2018, the Division randomly selected 67 Oregon consumers
15 out of the 929 and requested a copy of the AOR that was filed and commissions or
16 compensation that Respondents received for the selected AOR forms. Respondents were
17 given until September 13, 2018 to respond.

18 17. Respondents were granted an extension until September 28, 2018.

19 18. On September 27, 2018, an attorney for Respondents requested an extension
20 to October 15, 2018 and stated that Joany was in the middle of a data migration.

21 19. The Division refused to grant another extension.

22 20. On October 1, 2018, an attorney for Respondents stated that she understood
23 that the Division was unable to accommodate their request and will be able to fully
24 respond with further information on October 19, 2018.

25 21. Respondents did not provide the additional requested information.

26 CONCLUSIONS OF LAW

The Director CONCLUDES that:

22. Pursuant to 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



1 Insurance Code, the Director may issue an order to discontinue or desist from such
2 violation or threatened violation.

3 23. Pursuant to ORS 731.296, the Director may address any proper inquiries to
4 any insurer, licensee or its officers in relation to its activities or condition or any other
5 matter connected with its transactions. Any such person so addressed shall promptly and
6 truthfully reply to such inquiries using the form of communication requested by the
7 Director. Respondents failed to respond to inquiries by the Director.

8 24. Pursuant to ORS 744.074(1)(b), the Director may revoke an insurance
9 producer licensee for violating any insurance laws, or violating any rule, subpoena or
10 order of the Director. ORS 731.296 is an insurance law violated by Respondents.

11 25. Pursuant to ORS 744.074(1)(g), the Director may revoke an insurance
12 producer licensee for having admitted or been found to have committed any unfair trade
13 practice or fraud related to insurance. Respondents violated ORS 744.074(1)(g) by
14 forging consumers' signatures on the AOR forms and submitting them to Kaiser without
15 the consumers' knowledge.

16 26. Pursuant to ORS 744.074(1)(k), the Director may revoke an insurance
17 producer licensee for forging another person's name to an application for insurance or to
18 any document related to an insurance transaction. Respondents violated ORS
19 744.074(1)(k) by forging consumers' signatures on the AOR forms and submitting them
20 to Kaiser without the consumers' knowledge.

21 27. Pursuant to ORS 744.059(2)(b), a business entity acting as an insurance
22 producer is required to obtain an insurance producer license and the Director must find
23 that the business entity has designated a licensed insurance producer responsible for the
24 business entity's compliance with the insurance laws and rules of this state. Lee is the
25 Designated Responsible Licensed Producers ("DRLP") for Joany.

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1 28. Pursuant to ORS 744.074(3), the Director may revoke the insurance producer
2 license of a business entity if the Director determines that an individual licensee's
3 violation was known or should have been known by one or more of the partners, officers
4 or managers acting on behalf of the partnership or corporation but the violation was not
5 reported to the Director and corrective action was not taken. Lee knew or should have
6 known that Respondents were violating the Insurance Code and did not report it to the
7 Director.

8 29. Pursuant to ORS 731.988(1) the Director may impose a civil penalty of up to
9 \$1,000 per violation upon any individual who violates a provision of the Insurance Code.

10 ORDERS

11 Now therefore, the Director issues the following Orders against Joany only:

12 30. As authorized by ORS 731.252(1), the Director ORDERS Joany to CEASE
13 AND DESIST from violating any provision of the Insurance Code or the administrative
14 rules promulgated thereunder.

15 31. The Director, pursuant to ORS 744.074(1)(b), (g) and (k) and ORS
16 744.074(3), hereby REVOKES the Oregon nonresident insurance producer license of
17 Joany.

18 32. Based upon the foregoing and in accordance with ORS 731.988(1), the
19 Director ORDERS a CIVIL PENALTY of \$26,000, as to Joany.

20 SO ORDERED this 27th day of June, 2019 in Salem,
21 Oregon.

22 CAMERON C. SMITH, Director
23 Department of Consumer and Business Services

24
25 /s/ Dorothy Bean
26 Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

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NOTICE OF RIGHT TO JUDICIAL APPEAL

You are entitled to judicial review of this order in accordance with ORS 183.482.
You 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.

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