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

In the Matter of:	Case No. INS-19-0063
TOMAS E. PEDRAZA, an Individual, Respondent.	FINAL ORDER TO CEASE AND DESIST, FINAL ORDER REVOKING LICENSE, AND FINAL ORDER ASSESSING CIVIL PENALTY, ENTERED BY DEFAULT

On September 12, 2019, the Director of the Department of Consumer and Business Services for the State of Oregon ("Director"), by and through the Division of Financial Regulation ("Division"), served an Order to Cease and Desist, Proposed Order Revoking License, Proposed Order Assessing Civil Penalty, and Notice of Right to a Hearing ("Notice") on Tomas E. Pedraza ("Respondent").

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

Now, therefore, after considering the relevant portions of the Division's file relating to this matter, the Director finds and orders as follows.

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FINDINGS OF FACT

The Director FINDS that:

1. On July 1, 2017, Respondent was issued an Oregon resident insurance producer license ("License").[1] Respondent's national producer number is 16943686.

2. At all relevant times, Respondent was employed by Benjamin J. Omlid dba Health Options Insurance ("Omlid") to assist with Omlid's insurance business.[2] Respondent was involved in every aspect of Omlid's business, including underwriting and payroll, and earned a percentage of Omlid's commissions.

Foresters Financial

3. In or around 2017 and 2018, Omlid was appointed with Foresters Financial ("Foresters") as an insurance agent.

4. From on or around September 18, 2017 through on or around June 7, 2018, Respondent, acting on Omlid's behalf, submitted at least 27 applications for Foresters insurance policies (the "Foresters Applications") on behalf of 24 individuals (the "Foresters Applicants"). The Foresters Applicants are identified as follows:

Forester Applicant	Approximate Application Date	Applications with False Information/Signatures
DB	6/7/18	**X**
MB	2/14/18	
JC	4/26/18	**X**
ED	3/14/18	**X**
DG	3/16/18	**X**
AH	4/18/18	**X**
JK	4/20/18	**X**
RK	9/18/17 and 9/25/17	
ML	4/23/18	
GL	3/30/18	
Je. M	5/14/18	**X**
Jo. M	5/14/18	**X**
CM	6/1/18	**X**
AO	4/25/18	
JO	4/28/18	

[1] Respondent's License expired on June 30, 2019.

[2] Omlid's national producer number is 8979455. See related Division case number INS-19-0062 against Omlid.

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Forester Applicant	Approximate Application Date	Applications with False Information/Signatures
Da. R	3/27/18	**X**
De. R	3/27/18	**X**
ER	5/9/18	
PS	4/26/18	**X**
St. S	6/5/18	**X**
Ke. W	5/7/18 and 5/9/18	**X**
SW	5/7/18 and 5/9/18	**X**
Ka. W	4/17/18	
DW	4/6/18	

5. At the time Respondent submitted the Foresters Applications, each of the Foresters Applicants held an equivalent insurance policy with Phoenix – A Nassau Re Company ("Phoenix") that Omlid had sold to them.

6. From on or around March 14, 2018 through on or around June 7, 2018, Respondent, acting on Omlid's behalf and at his direction, submitted 17 Foresters Applications in which he:

A. Forged Omlid's name;

B. Falsely certified that Omlid had taken the applications; and

C. Falsely certified that the Foresters Applicants did *not* have existing policies and the requested policies would *not* be replacing existing policy coverage. Respondent did this to circumvent:

(a) The suitability analysis a new carrier would undertake for a replacement policy; and

(b) The notification a new carrier would give the previous carrier to provide them the opportunity to keep the consumer's business.

7. On the Foresters Applications he submitted for DG, CM, Da. R and De. R, Respondent, acting on Omlid's behalf:

A. Forged the electronic signature of each applicant;

B. Inserted fictitious e-mail addresses for each applicant; and

C. Submitted each application without the applicant's knowledge or

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consent.

8. On or around July 20, 2018, Foresters terminated Omlid's appointment.[3]

9. As of January 15, 2019, the Foresters Applications had yielded 21 insurance policies, for which Respondent earned approximately $9,735.58 from Omlid's commissions.

Phoenix – A Nassau Re Company

10. Omlid was appointed with Phoenix – A Nassau Re Company ("Phoenix") as an insurance agent until on or around August 3, 2017, at which time Phoenix terminated the appointment.[4]

11. At the time his Phoenix appointment was terminated, Omlid was the producer of record for dozens of Phoenix's insurance policyholders.

12. From on or around January 17, 2018 through on or around June 15, 2018, Respondent, acting on Omlid's behalf, contacted Phoenix and impersonated 36 of Omlid's former Phoenix clients (the "Phoenix Clients") in order to cancel their insurance policies without their knowledge or consent. The Phoenix Clients include each of the Foresters Applicants and are identified as follows:

Phoenix Client	Approximate Cancellation Request Date
DB	6/13/18
MB	3/5/18
JC	5/7/18
KC	5/8/18
DD	5/22/18
ED	3/21/18
DG	4/3/18
VG	6/7/18
AH	5/8/18
JK	5/29/18
MK	5/23/18
RK	1/17/18 and 3/16/18
ML	5/23/18

[3] At no time was Respondent appointed with Foresters.

[4] Respondent was also appointed with Phoenix until on or around February 14, 2019, when his appointment was terminated.

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Phoenix Client	Approximate Cancellation Request Date
GL	4/5/18
Je. M	6/7/18
Jo. M	6/7/18
MM	2/14/18
CM	6/6/18
AO	5/3/18
JO	5/3/18
LP	5/17/18
RP	4/26/18
CP	2/21/18
ER	5/23/18
Da. R	4/4/18
De. R	4/4/18
Sa. S	6/15/18
PS	5/10/18
MS	6/11/18
St. S	6/7/18
Ke. W	5/10/18
SW	5/17/18
HW	5/3/18 (Twice)
Ka. W	5/3/18
DW	4/10/18
JW	6/6/18

13. Respondent, acting on Omlid's behalf, falsely told the Phoenix Clients their Phoenix policies were being "updated" and "automatically transferred" to Foresters, and that Foresters was Phoenix's parent company.

14. Respondent impersonated the Phoenix Clients, cancelled their insurance policies, and provided them with the foregoing false information to expedite the sale of new insurance policies to the Foresters Applicants, for which Omlid received the foregoing commissions.[5]

CONCLUSIONS OF LAW

The Director CONCLUDES that:

15. Pursuant to ORS 744.011(1), the expiration of Respondent's License does not deprive the Director of the authority to proceed with actions and disciplinary proceedings

[5] Omlid continues to employ Respondent as his assistant. Respondent's duties still include customer communication and policy cancellation.

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against Respondent.

16. By submitting the Foresters Applications and impersonating the Phoenix Clients as set forth in Paragraphs (6) – (7) and (12) – (13), Respondent used fraudulent and dishonest practices, and the Director may revoke his License under ORS 744.074(1)(h).

17. Because the Director has reason to believe that Respondent has been engaged, is engaging, or is about to engage in violations of the Insurance Code, the Director may issue an order to Respondent to cease and desist, pursuant to ORS 731.252(1).

18. Under ORS 731.988(1), the Director may impose a civil penalty of up to $1,000 *per violation* upon any person who violates a provision of the Insurance Code.

19. Under ORS 731.988(2), in addition to the penalty specified in subsection (1), the Director may require a person that violates a provision of the Insurance Code to pay a civil penalty of up to the amount by which the person profited in any transaction that violated the provision.

ORDERS

Now therefore, the Director issues the following Orders:

20. As authorized by ORS 731.252(1), the Director hereby ORDERS Respondent to CEASE AND DESIST from violating ORS 744.074(1)(h).

21. As authorized by ORS 744.074(1)(h), the Director hereby REVOKES Respondent's Oregon resident insurance producer license.

22. As authorized by ORS 731.988(1), the Director hereby ORDERS that Respondent be subject to a CIVIL PENALTY of $15,000 for violating ORS 744.074(1)(h).

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23. As authorized by ORS 731.988(2), the Director hereby ORDERS that Respondent be subject to a CIVIL PENALTY of $9,735.58, the amount he profited from the Foresters Applications that violated ORS 744.074(1)(h).

SO ORDERED this 7th day of October, 2019.

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

/s/ Dorothy Bean
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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