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

In the Matter of: AMIR FARROKH TAJALLI and TAJALLI CO, a California corporation, dba SOS INSURANCE SERVICES, Respondents.	Case No. INS-20-0004 FINAL ORDER TO CEASE AND DESIST, VOLUNTARILY SURRENDERING LICENSE, AND ASSESSING CIVIL PENALTIES, ENTERED BY CONSENT

The Director of the Department of Consumer and Business Services for the State of Oregon ("Director"), acting in accordance with the 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 Amir Farrokh Tajalli ("Tajalli") and Tajalli Co. ("Tajalli Co."), a California corporation, dba SOS INSURANCE SERVICES ("SOS", collectively "Respondents"), and determined that Respondents improperly withheld a refund from an Oregon consumer and charged an unauthorized broker fee.

Respondents, without admitting or denying the findings of fact and conclusions of law herein, wish to settle this matter. Respondents are entering into this agreement out of their own free will and not as the result of any duress or undue influence by the Division of Financial Regulation ("Division").

Now, therefore, as evidenced by the authorized signature(s) subscribed in this Order, Respondents hereby consent to entry of this Order upon the Director's Findings of Fact and Conclusions of Law below.

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350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

FINDINGS OF FACT

The Director FINDS that:

1. Tajalli has been licensed in Oregon as a nonresident insurance producer since April 15, 2015. Tajalli's national producer number is 2533351.

2. Tajalli Co. dba SOS has been licensed as a nonresident entity insurance producer since February 24, 2017. Tajalli Co.'s national producer number is 16188844.

3. Respondents' business address is 1601 Dove Street, Suite 200, Newport Beach, CA 92660.

4. On November 20, 2018, the Division received from an Oregon business (the "Insured") a complaint against Respondents related to a refund of a premium payment after Respondents' were unable to provide an annual commercial insurance policy.

5. On August 3, 2018, the Insured requested a commercial insurance policy from Respondents to include commercial automobile and inland marine coverage. On that same day, the Insured signed an automated clearing house ("ACH") authorization form to allow for a withdrawal of a down payment in the amount of $4,214.14 to Respondents and ten additional monthly payments of $1,110.89.

6. The Insured also signed a broker fee agreement ("Agreement") form stating that the "CLIENT agrees to pay BROKER a broker fee for BROKER'S services. The broker fee is $750.00 and IS NOT refundable." The $750 broker fee was included in the down payment of $4,214.14. The broker fee was charged and kept by the Respondents, and was to be in addition to any commission paid by the insurer to Respondents.

7. The Agreement does not provide an explanation of the services that Respondents would provide that would be beyond what is the usual and customary practice of insurance producers under similar circumstances.

8. The commercial insurance policy was placed with Canal Insurance ("Canal"), effective August 13, 2018, through AmWINS Transportation Underwriters ("AmWINS"),

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a wholesale brokerage firm. The annual premium for the Insured was $13,849.68 and was bound as full pay. Respondents' commission was 10% of the annual premium, or $1,384.96.

9. On August 13, 2018, Respondents processed the Insured's down payment by ACH in the amount of $4,214.14.

10. After the policy was bound, a loss run report indicated that the Insured had two losses in two years. For this reason and others, the Insured did not meet Canal's underwriting requirements. Notwithstanding, Canal placed the coverage for an additional period of time to allow the Insured an opportunity to obtain other coverage.

11. On August 17, 2018, Canal informed Respondents and AmWINS that it would be canceling the policy as of September 22, 2018.

12. On September 22, 2018, the Insured's policy was canceled by Canal.

13. Canal's earned premium for the forty days of coverage between August 13th and September 22nd was $1,523.47. Respondents' 10% commission was included in that amount, thereby entitling Respondents to receive a total of $152.34 of the $1,523.47 premium amount. Following the cancellation of the policy on September 22, 2018, Respondents were required to return $2,690.67 in unearned premium and commission to the Insured.

14. On November 14, 2018, Respondents sent AmWINS a check, no. 3598, in the amount of $1,371.14 to cover Canal's earned premium (minus Respondents' earned commission) of the Insured's commercial insurance policy. This was the only amount paid to AmWINS from the Insured's down payment of $4,214.14 for the commercial insurance policy.

15. As of the day of the policy cancelation, September 22, 2018, Respondents owed the Insured a refund in the total amount of $2,690.67, as follows:

A. the unearned premium funds in the amount of $707.02;

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B. the unearned commission funds of $1,232.62; and

C. the $750 broker fee since Respondents were not legally able to charge a broker fee.

16. Between November 15, 2018 and February 19, 2019, Respondents issued refunds to the Insured in the total amount of $1,944.83, as follows:

A. On November 15, 2018, Respondents issued check number 3604 for $750 payable to the Insured;

B. On November 26, 2018, Respondents issued check number 3603 for $707.02 payable to the Insured; and

C. On February 19, 2019, Respondents issued check number 4328 for $487.81 payable to the Insured. This amount should have been $1,232.62, which was the balance of the unearned commission funds.

17. On March 6, 2019, AmWINS issued payment to the Respondents for the $750 broker fee that Respondents claimed was a non-refundable fee that they were entitled to retain despite the policy cancellation. AmWINS paid this amount to Respondents to resolve the matter for the Insured, even though AmWINS had no obligation to do so and it was Respondents that solely benefitted from the broker fee. On the same day, after receiving the payment from AmWINS, Respondents issued check number 3734 for the $750.00 final refund to the Insured.[1]

18. One hundred and sixty-five (165) days passed between the date the policy was canceled and Respondents fully refunding the Insured.

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[1] There is a difference of $4.18 from the amount the Division calculated that should have been returned to the Insured and the amount Respondents actually returned.

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CONCLUSIONS OF LAW

The Director CONCLUDES that:

19. 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. Because the Director has reason to believe that Respondents have been engaged in violations of the Insurance Code, including ORS 744.074(1)(d), OAR 836-071-0277(2) and OAR 836-074-0025(1), the Director may issue an order to Respondents to cease and desist pursuant to ORS 731.252(1).

20. Under ORS 744.074(1)(d), the Director may place a licensee on probation or suspend, revoke or refuse to issue or renew an insurance producer license for improperly withholding, misappropriating or converting any moneys or properties received in the course of doing insurance business. Respondents collected a premium from the Insured and improperly withheld, misappropriated or converted those moneys by failing to refund the down payment to the Insured in a timely manner, in violation of ORS 744.074(1)(d).

21. Under OAR 836-071-0277(2), a service fee may be charged only in those instances where the insurance producer has provided service additional to what is the usual and customary practice of insurance producers under similar circumstances. The insurance producer must give a written explanation of the charge and the reason for it to the person charged. In addition to receiving a 10% commission from the insurer, Respondents' charged the Insured a broker fee of $750 and did not provide a service that was additional to what is the usual and customary practice of insurance producers under similar circumstances, in violation of OAR 836-071-0277(2).

22. Under OAR 836-074-0025(1), when a payment is owed to an insured, the insurance producer shall pay the premium funds not later than the 30th day after the receipt of the funds. A return premium and the insurance producers share of any premium funds

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required to be refunded, including unearned commissions, shall be deposited and paid to the insured. The Insured's policy was canceled effective September 22, 2018. Respondents were in possession of the funds beginning on August 13, 2018 and knew of the pending cancelation as of August 17, 2018. Respondents did not issue the first refund to the Insured until November 14, 2018, 53 days after the cancelation of the policy, and did not issue the final refund until March 6, 2019, 165 days after the cancelation of the policy.

23. 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.

ORDERS

Now therefore, the Director issues the following Orders:

24. Pursuant to ORS 731.252(1), the Director ORDERS Respondents to CEASE AND DESIST from violating ORS 744.074(1)(d), OAR 836-071-0277(2) and OAR 836-074-0025(1).

25. The Director agrees to allow Tajalli to voluntarily surrender his Oregon nonresidential insurance producer license.

26. The Director agrees to allow SOS to voluntarily surrender its Oregon nonresident entity insurance producer license.

27. As authorized by ORS 731.988(1), the Director hereby proposes to ORDER that Respondents be subject to a CIVIL PENALTY of $3,000 as follows:

(1) $1,000 for violating ORS 744.074(1)(d);

(2) $1,000 for violating OAR 836-071-0277(2) and

(3) $1,000 for violating OAR 836-074-0025(1).

28. The Director suspends the $3,000 civil penalty provided that Respondents do not violate the Oregon Insurance Code or terms of this Order, surrender their licenses no later than 10 days following the effective date of this Order, and do not reapply for licensure in Oregon for five years.

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29. If Respondents fail to satisfy the above conditions, the $3,000 in suspended civil penalties shall immediately become due and owing. If Respondents satisfy the above conditions, the Director shall waive the suspended civil penalties five years after the date of this Order.

30. This Order is a "Final Order" under ORS 183.310(6)(b). Subject to this provision, entry of this Order does not limit the Director's authority to enforce this Order or take action against Respondents for violations of this Order or violations not included in this Order that are discovered after the date of this Order.

SO ORDERED this 15th day of September, 2020 in Salem, Oregon.

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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ENTITY CONSENT TO ENTRY OF ORDER

I, Amir Farrokh Tajalli , am an officer or manager of Tajalli Co. dba SOS ("SOS"). I am authorized to act and sign on behalf of SOS. I have read the foregoing Order, and I know and fully understand the contents hereof, without admitting or denying the Findings of Fact and Conclusions of Law. I have been advised of the right to a hearing and of the right to be represented by counsel in this matter. SOS voluntarily consents to the entry of this Order with no force or duress, expressly waiving any right to a hearing in this matter and any rights to administrative or judicial review of this Order. SOS understands that the Director reserves the right to take further action to enforce this Order or to take action upon discovery that SOS has committed other violations of the Oregon Debt Management Service Provider Law. SOS, along with its officers, directors, employees, or agents, shall comply with the terms and conditions stated herein.

SOS understands that this Order is a public document.

Signature: /s/ Amir Farrokh Tajalli

Position Held: President

ACKNOWLEDGMENT

State of _____

County of _____

Signed or attested before me on the _____ of _____, 2020.

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Notary Public

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CONSENT TO ENTRY OF ORDER

I, AMIR FARROKH TAJALLI, state that I have read the foregoing Order and that I know and fully understand the contents hereof; 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, without admitting to the allegations of the Order's Findings of Fact or Conclusions of Law, 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 violations of the Insurance Code by me that are not currently covered in this order that are unknown to the Director at the time of its investigation or that take place subsequent to the date of this Order; and that I will fully comply with the terms and conditions stated herein.

Signature: /s/ Amir Farrokh Tajalli

State of _____

County of _____

Signed or attested before me on this _____ day of _____, 2020 by AMIR FARROKH TAJALLI.

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Notary Public

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