

**BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA**

**STATE OF OKLAHOMA, ex rel. JOHN D.
DOAK, Insurance Commissioner,**)
)
)
Petitioner,)
)
v.)
)
**LULA L. MANDERSCHEID, a licensed
resident producer,**)
)
)
Respondent.)

FILED

JUL 07 2011

INSURANCE COMMISSIONER
OKLAHOMA

Case No. 11-0596-DIS

FINAL ADMINISTRATIVE ORDER

COMES NOW the State of Oklahoma, ex rel. John D. Doak, Insurance Commissioner, by and through his attorney, Julie Meaders, and alleges and states as follows:

JURISDICTION

1. John D. Doak is the Insurance Commissioner of the State of Oklahoma and is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101 et seq.

2. Lula L. Manderscheid is a licensed resident producer holding license number 96411. Her address of record with the Oklahoma Insurance Department is P. O. Box 1482, Guthrie, Oklahoma 73044.

3. The Insurance Commissioner may place on probation, censure, suspend, revoke or refuse to issue or renew a license issued pursuant to the Oklahoma Producer Licensing Act and/or may levy a fine up to \$1,000.00 for each occurrence of a violation of the Oklahoma Insurance Code, 36 O.S. § 1435.13(A) and (D).

4. If the Insurance Commissioner finds that the public health, safety or welfare imperatively requires emergency action, and incorporates a finding to the effect in its order, summary suspension of a license may be ordered pending proceedings for revocation or other action. 75 O.S. §§ 314(C)(2), 314.1, OAC 365:1-7-9(a).

FINDINGS OF FACT

1. Respondent Lula L. Manderscheid was issued insurance producer license 96411 on December 23, 1999. In January 2007, Manderschied began working as an insurance producer at the Kenneth James State Farm office located at 4312 N. Classen Boulevard in Oklahoma City. Prior to employment at the James office, she was employed as an insurance producer at another State Farm agency.

2. Kenneth James was issued his producer license on April 12, 2006. James initially relied on Manderscheid for guidance with State Farm procedures as she had previous experience. Manderscheid was the designated person responsible for reporting and depositing premium monies received from customers.

3. In mid-year 2010, James began to suspect that something was not right with premium monies that Manderscheid was reporting and depositing. James determined that cash premiums were not being forwarded to State Farm in September 2010. James confronted Manderscheid who could not provide an explanation. Thereafter, James terminated Manderscheid's employment on September 14, 2010.

4. James requested assistance from State Farm Insurance to determine which customers were affected by Manderscheid's failure to forward the premiums. James Mical, an audit consultant with State Farm Companies, found five occurrences in which Manderscheid failed to forward premiums.

5. The first occurrence was on June 11, 2010. Customer Sheila Smith contacted Manderscheid by telephone for automobile insurance. Manderscheid asked application information for two vehicles over the phone and told Smith the premium would be \$125.00. The two agreed to meet at a Braum's restaurant where Smith gave Manderscheid \$125.00 in cash for her premium payment. Manderscheid provided Smith with a temporary auto identification card at this meeting. Manderscheid never forwarded the auto application or \$125.00 to State Farm.

6. The second occurrence was on June 20, 2010. Eva Hernandez completed a personal articles application for insurance coverage on an I-phone and paid Manderscheid \$73.00 cash for the annual premium. The money was not forwarded to State Farm and the insurance policy was cancelled.

7. The third occurrence was on June 23, 2010. Jeff Jones was already a customer of Manderscheid and was making premium payments to Manderscheid in cash. Manderscheid electronically requested State Farm to change Jones' address from 610 E. Cleveland in Guthrie, Oklahoma to P.O. Box 1104 in Guthrie, Oklahoma. The new address was Manderscheid's personal post office box. Jones did not authorize this address change and no longer received payment statements or cancellation notices from State Farm. Manderscheid later issued her own personal check #649 payable to State Farm for Jones' \$235.30 premium but the check was returned due to insufficient funds in Manderscheid's bank account.

8. The fourth occurrence was on July 23, 2010. Manderscheid prepared premium payments for deposit from customers: (1) Lynda Currin, by check, in the amount of \$109.72; (2) Judy Johnson, by cash, in the amount of \$385.42; (3) Jeffrey

Russell, by cash, in the amount of \$255.02; and (4) Sandy Spicer, in cash, in the amount of \$225.32, for a total deposit amount of \$976.06. Manderscheid never made this deposit.

9. The fifth occurrence was in August 2010. Christi Cain completed a personal articles application for insurance coverage on an I-phone and paid Manderscheid \$30.00 cash for the annual premium. The money was not forwarded to State Farm and the insurance policy was cancelled.

10. Manderscheid misappropriated a total amount of \$1,439.36 in premium monies.

CONCLUSIONS OF LAW

1. Manderscheid violated 36 O.S. § 1435.13(A)(4) by improperly withholding, misappropriating or converting any monies or properties received in the course of doing insurance business.

2. Manderscheid violated § 1435.13(A)(8) by using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state.

ORDER

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED by the Insurance Commissioner that the **Administrative Order of Suspension Instanter** entered in this matter on May 27, 2011 is a **FINAL ADMINISTRATIVE ORDER**, that no hearing was requested and Respondent's insurance producer license is hereby **REVOKED**.

WITNESS My Hand and Official Seal this 9th day of July, 2011.



A handwritten signature in black ink, appearing to read "Paul Wilkening".

PAUL WILKENING
DEPUTY INSURANCE COMMISSIONER
STATE OF OKLAHOMA

CERTIFICATE OF MAILING

I, Julie Meaders, hereby certify that a true and correct copy of the above and foregoing Final Administrative Order was mailed by certified mail with postage prepaid and return receipt requested on this 7th day of July, 2011 to:

Lula L. Manderscheid
P. O. Box 1482
Guthrie, OK 73044

CERTIFIED MAIL NO: 7008 1830 0003 9410 9984

and a copy was mailed to all appointing insurers/RIRS

and a copy was delivered to:

Leah Scoles
Licensing Division

Rick Wagnon/Jackie Johnson
Anti-Fraud Division



JULIE MEADERS
ASSISTANT GENERAL COUNSEL

Oklahoma Insurance Department
Legal Division
5 Corporate Plaza
3625 NW 56th Street, Suite 100
Oklahoma City, OK 73112



CERTIFIED MAIL™



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~~Lula L. Manderscheid
P. O. Box 1482
Guthrie, OK 73044~~

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P. O. Box 1482
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PS Form 3800, August 2006

See Reverse for Instructions

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 Guthrie, OK 73044
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OKLAHOMA INSURANCE DEPARTMENT

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Legal Division

JUL 8 2011

2. Article Number (Transfer from service label)

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