

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

FILED
OCT 14 2011
INSURANCE COMMISSIONER
OKLAHOMA

STATE OF OKLAHOMA, ex rel. JOHN D. DOAK, Insurance Commissioner,)

Petitioner,)

v.)

CHERYL A. SALMON, a licensed insurance producer and SALMON INSURANCE SERVICES LLC, a licensed insurance agency,)

Respondents.)

Case No. 11-0747-DIS

CONSENT ORDER

The State of Oklahoma, *ex rel.* John D. Doak, Insurance Commissioner (the “Insurance Commissioner” or “Petitioner”), and the above named Respondents Cheryl A. Salmon and Salmon Insurance Services LLC agree to the entry of this Consent Order and jointly state as follows:

JURISDICTION

1. The Insurance Commissioner has jurisdiction of this cause, pursuant to the Oklahoma Constitution Article VI, § 22, the Oklahoma Insurance Code generally, 36 O.S. §§ 101 et seq., and specifically pursuant to the Oklahoma Producer Licensing Act, 36 O.S. §§ 1435.1, et seq.

2. Cheryl A. Salmon is a licensed resident insurance producer holding license 158757. Her address of record with the Oklahoma Insurance Department is 4182 South Rockford Place, Tulsa, OK 74105.

1. Salmon Insurance Services LLC is a licensed resident insurance agency holding license 10012747. Its address of record with the Oklahoma Insurance

Department is P. O. Box 4122, Tulsa, Oklahoma 74159. The owner and designated responsible licensed producer for Salmon Insurance Services LLC is Cheryl A. Salmon.

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. Cheryl A. Salmon and Salmon Insurance Services LLC have been apprised of their rights including the right to a public hearing and have knowingly and freely waived said rights and enter into this Consent Order as a voluntary settlement to the issues and questions raised in the above captioned case.

AGREED FINDINGS OF FACT

1. Heather McGregor, co-owner of McGregor Insurance Group, informed the Oklahoma Insurance Department (the "Department") on March 4, 2011 that her insurance agency terminated its relationship with independent producer Cheryl Salmon after discovering Salmon misappropriated premium monies.

2. McGregor informed the Department on June 20, 2011 that she reported Salmon to the Tulsa Police Department and that Salmon was currently charged with embezzling in excess of \$100,000.00 in Case CF-2011-1818 in Tulsa County District Court. Further, she informed the Department that Salmon was still contacting her former customers and writing their insurance as if she was still employed with McGregor Insurance Group.

3. Department Investigator Robert Lee was assigned to investigate McGregor's information. Tulsa Police Detective Joe Morgan confirmed to Lee that he had investigated

Salmon and had filed an affidavit of probable cause against Salmon for embezzlement after subpoenaed bank records supported McGregor's allegations.

4. Lee learned through his investigation that the embezzlement was discovered by McGregor after a client of Salmon, Jerry Carter, d/b/a A-1 Rental, met with McGregor on March 3, 2011 after requesting that Salmon not be present during the meeting. Carter presented his cancelled checks for premium payments payable to McGregor Insurance Group and stated he was still receiving cancellation notices from Travelers Insurance even though he paid his premium.

3. Carter stated that he was invoiced by Salmon but that he made his checks payable to McGregor Insurance Group. McGregor and her husband, Travis, controlled the invoicing of customers' premiums and the depositing of customers' checks in the agency bank account at Oklahoma National Bank (ONB). No other person at the agency was authorized to deposit checks. McGregor reviewed one of Carter's cancelled checks and noticed that it was endorsed "McGregor Insurance Group Pay to the Order of Cheryl Salmon".

4. McGregor reviewed Salmon's file for Carter's account and determined that the premium amounts paid to Travelers were less than the premium amounts owed. She found Salmon's personal deposit of A-1's check, then a personal check from Salmon to Traveler's Insurance for A-1, for less than the amount Salmon deposited from A-1. Further research by McGregor determined that Salmon was doing the same thing with other customer's checks for premium payments.

5. McGregor also discovered that Salmon had established a post office box, P.O. Box 4122, Tulsa, Oklahoma 74105. Salmon had changed customers' mailing

addresses to this post office box so the customers would not receive their billing and/or cancellation notices from insurers. The only reason Carter received a cancellation notice from Travelers was due to Traveler's sending the cancellation notice by certified mail to A-1's physical address.

6. Travis McGregor notified Salmon that she was terminated for the billing discrepancies. Heather McGregor notified their bank, ONB, and received copies of checks from ONB that were payable to McGregor Insurance Group but deposited into another ONB bank account in the name Cheryl Salmon and/or Salmon Insurance Services. McGregor determined that Salmon made fifty-one (51) unauthorized deposits into her account at ONB totaling \$106,503.31.

7. While Salmon paid a large portion of the \$106,503.31 in customer's premiums to insurance companies, she was not authorized to receive any checks directly from clients. Detective Morgan used the \$106,503.31 figure in his affidavit because Salmon received all of the money illegally, even if she paid part of it toward legitimate insurance premiums.

8. In addition, it was discovered that Salmon devised other schemes such as using fabricated invoices to bill customers in excess of what was due; collecting premiums without binding coverage; and paying only the minimum amount due on customers' policies when the customers thought their premiums were paid in full.

9. McGregor is still in the process of creating an accounting on the amount of money taken by Salmon due to the numerous customers, checks and fabricated invoices. McGregor estimates the amount embezzled by Salmon is approximately \$30,000.00.

AGREED CONCLUSIONS OF LAW

1. Respondents 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. Respondents violated 36 O.S. § 1435.13(A)(7) having been found to have committed insurance unfair trade practice or fraud.

3. Respondents violated 36 O.S. § 1435.13(A)(8) by using fraudulent, coercive or dishonest practices and by demonstrating incompetence, untrustworthiness and financial irresponsibility in the conduct of business in this state.

ORDER AND CONSENT

IT IS THEREFORE ORDERED by the Insurance Commissioner and **CONSENTED** to by Cheryl A. Salmon and Salmon Insurance Services LLC that the insurance producer licenses of both are hereby **REVOKED** for a period of **FIVE (5) YEARS**, commencing upon issuance of this Consent Order. Cheryl A. Salmon and Salmon Insurance Services LLC are also fined in the amount of **FIVE-THOUSAND ONE-HUNDRED DOLLARS (\$5,100.00)**, payable in six (6) monthly payments of **EIGHT HUNDRED AND FIFTY (\$850.00)**, the first of which is due upon execution of this Consent Order.


Cheryl A. Salmon and Salmon Insurance Services LLC agree that they are completely barred from engaging in the business of insurance for a period of five years. Thereafter, application for a new producer license may be made. Granting approval of the future application is within the discretion of the Insurance Commissioner, pursuant to the Oklahoma Producer Licensing Act, 36 O.S. § 1435.13(A).

Cheryl A. Salmon and Salmon Insurance Services LLC acknowledge and agree that the Insurance Commissioner has the right to seek additional penalties – after being given notice and an opportunity for hearing – against them in the event the terms of this Consent Order are breached.


WITNESS My Hand and Official Seal this 29th day of September, 2011.

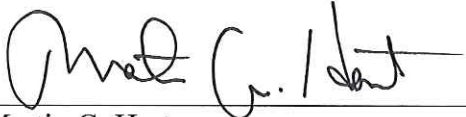


JOHN D. DOAK
INSURANCE COMMISSIONER
OKLAHOMA INSURANCE DEPARTMENT


LEAMON FREEMAN
HEARING EXAMINER

APPROVED:


Julie Meaders
Assistant General Counsel
Oklahoma Insurance Department


Martin G. Hart
2722 East 15th Street
Tulsa, OK 74104
Attorney for Respondents

CERTIFICATE OF MAILING

On this 14th day of October 2011, a true and correct copy of the above and foregoing Consent Order was mailed to:

Martin G. Hart
2722 East 15th Street
Tulsa, OK 74104
Attorney for Respondents

Notification was sent to:

All Appointing Insurers
NAIC/RIRS

A copy was delivered to:

Licensing Division

Anti-Fraud/Investigations Division



Julie Meaders