

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

FILED
FEB 05 2013
INSURANCE COMMISSIONER
OKLAHOMA

STATE OF OKLAHOMA, ex rel. JOHN D. DOAK, Insurance Commissioner,)
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 Petitioner,)
)
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 v.)
)
)
 COLBY Y. RUTH, a licensed insurance producer,)
)
)
 Respondent.)

Case No. 12-1099-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. Respondent is licensed by the State of Oklahoma as a resident insurance producer holding license number 98179. His address of record with the Oklahoma Insurance Department is 3445 W. Memorial Road, Suite B, Oklahoma City, OK 73134-7001. His residence address is 16709 La Paloma Lane, Edmond, OK 73012.
3. The Insurance Commissioner may place on probation, censure, suspend, and 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. Oklahoma Securities Department enforcement attorney Amanda Cornmesser contacted the Anti-Fraud/Investigations Division of the Oklahoma Insurance Department and informed investigator Robert Lee that the Securities Department and Colby Ruth (“Ruth” or “Respondent”) had entered into an order on September 28, 2012 barring Ruth from transacting business in Oklahoma as a broker/dealer, agent, or investment advisor representative.

2. The Order was agreed to after Farmers Financial Solutions elected not to maintain Ruth’s securities registration. This decision was due to Farmers Insurance terminating his appointment after it was determined Ruth had deposited three insurance premium checks totaling \$1,152.00 from two Farmers Insurance customers into his personal credit union account and used those funds for personal expenses.

3. Ruth received a check on April 28, 2011 from Li Li Zhang made payable to Colby Ruth Insurance Agency in the amount of \$530 to pay the liability premium for her business Asian Foot Spa. Ruth provided Zhang with a certificate of insurance and deposited her check into his personal account #123946 at Farmers Insurance Federal Credit Union. Ruth used the funds for his personal expenses.

4. Zhang later complained to Farmers Insurance after receiving notice from Farmers that her premium was not paid and there was no insurance in force. Ruth deposited \$530 in his

Farmers account after being confronted by Dan Edmonds, senior audit consultant with Farmers on September 27, 2011. Zhang's policy was then reinstated.

5. Edmonds also determined that Ruth received checks in the amounts of \$547.00 and \$75.00, both dated April 19, 2011, from Team Pizza owner Jackie Orr-Gamauf. The checks were issued for the purpose of paying the liability premium for Team Pizza. The checks were made payable to Colby Ruth Insurance and totaled \$622.00. Ruth deposited them in his personal credit union account #123946 on April 22, 2011. Ruth used the funds for his personal expenses. Ruth refunded the \$622.00 to Orr-Gamauf after being confronted by Edmonds in October 2011. Team Pizza never had any insurance coverage with Farmers

6. Further investigation by Lee determined that a check from Alpha Vending Corporation in the amount of \$577.88 was made payable to Colby Ruth Insurance on June 8, 2011. This check was deposited in Ruth's personal account. Alpha Vending is owned by Ryan Brooks. Lee interviewed Brooks who stated that the check was intended to pay the premium for insurance on his warehouse. Brooks later determined that he never had insurance coverage on his warehouse.

7. Brooks had also written a check in the amount of \$463.36 made payable to Colby Ruth Insurance on April 12, 2011. Brooks stated this check was intended to pay the premium for insurance on a bar he owned. The insurance policy renewed April 16, 2011 but the policy was cancelled May 27, 2011 for nonpayment of premium.

CONCLUSIONS OF LAW

1. Respondent 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. Respondent 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

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED by the Insurance Commissioner that the **Emergency Order of Suspension Instanter** entered in this matter on December 19, 2012 is a **FINAL ADMINISTRATIVE ORDER**, that no hearing was requested and Respondent's license is hereby **REVOKED**.

WITNESS My Hand and Official Seal this 5th day of February, 2013.



PAUL WILKENING
FIRST DEPUTY 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 via certified mail with postage prepaid and return receipt requested on this 5^m day of ~~January~~ *February*, 2013 to:

Colby Y. Ruth
3445 W. Memorial Road, Suite B
Oklahoma City, OK 73134-7001

CERTIFIED MAIL NO: 7001 0320 0003 9967 0999

Colby Y. Ruth
16709 La Paloma Lane
Edmond, OK 73012

CERTIFIED MAIL NO: 7001 0320 0003 9967 1224

and that notification was sent to:

NAIC/RIRS
and to all appointing insurers

and that a copy was delivered to:

Licensing Division
Anti-Fraud Unit/Investigations Division



Julie Meaders