

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

STATE OF OKLAHOMA, ex rel. JOHN )  
D. DOAK, Insurance Commissioner, )  
 )  
Petitioner, )  
v. )  
 )  
 )  
JEFFERSON FUNERAL HOME, INC. )  
 )  
Respondent. )  
 )  
(Prepaid Funeral Benefits )  
Concerning Permit 863358) )

Case No. 15-0159-DIS

**FILED**  
JUL 29 2015  
**INSURANCE COMMISSIONER**  
**OKLAHOMA**

**FINAL ADMINISTRATIVE ORDER**

The Respondent, Jefferson Funeral Home, Inc. ("the Respondent" or "Jefferson Funeral Home"), requested an Administrative Hearing after Petitioner, State of Oklahoma ex rel. John D. Doak ("the Insurance Commissioner"), served a Conditional Administrative Order of Discipline and Notice of Right to a Hearing filed April 30, 2015 ("the Conditional Order") on the establishment. The certified mail return card shows Mr. Larry Jefferson ("Mr. Jefferson"), the Funeral Director in Charge and Owner/Operator of the funeral home, received the Conditional Order for the establishment on May 5, 2015.

Pursuant to Article II of the Oklahoma Administrative Procedure Act, 75 O.S. §§ 250 et seq. and the Oklahoma Insurance Code, 36 O.S. §§ 101 et seq., this matter came on for individual hearing on June 30, 2014, after due notice to Respondent, its Funeral Director in Charge and Owner/Operator, Mr. Jefferson. The certified mail green card shows Mr. Jefferson received the Notice of Hearing on behalf of the Funeral Home.

Independently Appointed Hearing Officer, Stephen S. Mathis, presided over the Administrative Hearing. Petitioner Insurance Commissioner appeared by and through its counsel Kelley C. Callahan, Senior Attorney, Oklahoma Insurance Department. The Respondent, Jefferson Funeral Home, appeared neither in person nor through a representative.

Mr. Jefferson unfortunately died only a day or days before the Hearing. Based on these particular facts and circumstances, the Administrative Law Judge directed counsel for the Insurance Commissioner to make a proffer of evidence, a summary of testimony and an offer of exhibits. Counsel for the Insurance Commissioner complied with the Administrative Law Judge's directions and the Administrative Law Judge admitted the proffer and exhibits into evidence.

### **JURSDICTION AND AUTHORITY**

1. The Insurance Commissioner is charged with the duty of administering and enforcing the Oklahoma Insurance Code, 36 O.S. §§ 101 et seq., including the provisions of the Prepaid Funeral Service and Funeral Service Merchandise Act, 36 O.S. §§ 6121 through 6136.18 ("the Prepaid Act").

2. Jefferson Funeral Home has operated as a permitted provider of prepaid funeral benefit contracts in the State of Oklahoma and ostensibly as the bona fide holder of Permit Number 863358, for an establishment alleged to actually be doing business in Lawton, Oklahoma. Mr. Jefferson was the owner and operator of the Respondent Funeral Home.

3. The Insurance Commissioner may censure, suspend, or revoke a Prepaid Permit or impose a fine in the amount of \$100 to \$1,000, or impose a combination of such administrative penalties, for each violation of a provision of the Prepaid Act. *See* 36 O.S. § 6130 (B).

## FINDINGS OF FACT

1. Respondent has operated as a permitted provider of prepaid funeral benefit contracts in Oklahoma, ostensibly as the bona fide holder of Permit Number 863358 for an establishment alleged to actually have a location and actively be doing business as a funeral home in Lawton, Oklahoma.

2. Based on information the Respondent filed with the Department, as of December 31, 2014, the Respondent held \$3,276 in prepaid cash trust contracts and in excess of \$230,000 in prepaid contracts funded by insurance.

3. To participate in the sale of funeral contracts funded by prepaid cash funds or insurance, the Respondent must maintain a Bond or Letter of Credit in the amount of 15% of trust funds held. The Insurance Commissioner determined the Permit Holder violated the Prepaid Act by failing to maintain such a Bond or Letter of Credit between January 26, 2013 and March 27, 2015. The Respondent obtained a Letter of Credit from City National Bank and Trust, but its inception and termination dates were the same, March 27, 2015; consequently, the validity, scope and timeframe of the tendered Letter of Credit was uncertain at the time of the Hearing.

4. In January, 2013, the City of Lawton took the Permit Holder's business location at or near 1<sup>st</sup> and D Avenue in Lawton by eminent domain or other legal process as part of a downtown renovation or improvement plan. The Permit Holder indicated it would soon move to and conduct a funeral business at another location in Lawton.

5. The Jefferson Funeral Home never relocated its funeral home business. Under the statutes and rules of the Oklahoma Funeral Board, the relocation of a funeral home requires the owner to obtain a new establishment license to operate. Not having a new place of business

necessarily precludes the Oklahoma Funeral Board from issuing an establishment license to a funeral home in such an indeterminate state. *See* 59 O.S. §§ 395.1 through 396.33. And, the Insurance Commissioner is precluded from allowing such an organization to possess an active Prepaid Permit. *See* 36 O.S. § 6124.1(C).

6. The Respondent is representing that Mr. Nathaniel Gradney or unknown others function as its Funeral Director in Charge, when the web site of the Oklahoma Funeral Board shows Mr. Gradney to be unaffiliated with any funeral establishment.

7. Despite the repeated urgings of the Insurance Commissioner's staff, the Respondent failed to file its Annual Report due March 15, 2015, covering its activity in 2014 in a timely manner, a violation of the Prepaid Act. Instead, not until approximately June 5, 2015, did Jefferson Funeral Home supply an Annual Report covering 2014, and even then the Report was incomplete. It failed to report the amount of insurance-backed contracts funded by several significant insurance companies.

#### **CONCLUSIONS OF LAW**

1. The Insurance Commissioner is charged with the duty of administering and enforcing all provisions of the Prepaid Act, 36 O.S. §§ 6121 through 6136.18.

2. Respondent has been a prepaid funeral benefits Permit Holder in Oklahoma pursuant to 36 O.S. § 6121 and 36 O.S. § 6124, and is the current nominal holder of Permit Number 863358 for an establishment ostensibly doing funeral business at a location in Lawton, Oklahoma.

3. To participate in the sale of funeral contracts funded by prepaid cash funds or insurance, the Respondent must maintain a Bond or Letter of Credit in the amount of 15% of trust funds held. The Permit Holder has violated the Prepaid Act by failing to maintain such a

Bond or Letter of Credit at the minimum from January 26, 2013, to March 27, 2015. *See* 36 O.S. §§ 6125 (I); 6126(A).

4. In January, 2013, the City of Lawton took the Permit Holder's business location at or near 1<sup>st</sup> and D Avenue in Lawton, Oklahoma by eminent domain or other legal process as part of a downtown renovation plan. The Permit Holder indicated it would soon move to and conduct a funeral home business at another location in Lawton.

5. The Hearing Examiner determines as a matter of law the Jefferson Funeral Home never relocated its funeral home business. Under the statutes and rules of the Oklahoma Funeral Board, the relocation of a funeral home requires the owner to obtain a new establishment license to operate. Not having a new place of business necessarily precludes the Oklahoma Funeral Board from issuing an establishment license to a funeral home in such an indeterminate state. *See* 59 O.S. §§ 395.1 through 396.33. And, the Insurance Commissioner is precluded from allowing such an organization to possess an active Prepaid Permit. *See* 36 O.S. § 6124.1(C).

6. While the Respondent has attempted to renew Prepaid Permit No. 863358 as recently as early 2015, its Permit has in fact been inactive since February 13, 2013, because it lacked an establishment location for its business.

7. The Permit Holder failed to timely file its Annual Report due March 15, 2015, covering its activity in 2014, violating 36 O.S. § 6128. Instead, not until approximately June 5, 2015, did Jefferson Funeral Home submit an Annual Report covering 2014, and even then the Report was incomplete. It failed to report the amount of insurance-backed contracts funded by several significant insurance companies, another violation of the Prepaid Act.

8. The Respondent is representing that Nathaniel Gradney or unknown others function as its Funeral Director in Charge when the records of the Funeral Board show Mr.

Gradney to be unaffiliated with any establishment. The Hearing Examiner determines this violates the Prepaid Act.

9. The Insurance Commissioner may censure, suspend, or revoke a Prepaid Funeral Permit or impose a fine in the amount of \$100 to \$1,000, or impose a combination of such administrative penalties, for each violation of a provision of the Prepaid Act. *See* 36 O.S. § 6130 (B).

10. The Insurance Commissioner may assume the role of acting trust conservator as a means of safeguarding the rights and interests of the individual contract holder. *See* 36 O.S. § 6124(F).

### **ORDER**

**IT IS THEREFORE ORDERED** that the Prepaid Funeral Permit Number 863358 of Respondent Jefferson Funeral Home, Inc. is revoked as of the date this **ORDER** is filed with the Insurance Commissioner.

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that a fine is imposed on Respondent Jefferson Funeral Home, Inc. of one thousand dollars (\$1,000.00) for multiple violations of the Prepaid Act. This fine is payable as of the date this **ORDER** is filed with the Insurance Commissioner.

**IT IS FUTURE ORDERED** that Respondent **CEASE AND DESIST** from writing or issuing any new or renewal trust or insurance funded prepaid funeral contracts until it has a bona fide Prepaid Permit.

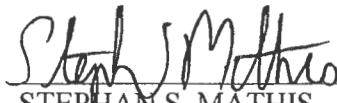
**IT IS FUTURE ORDERED** that Respondent's repeated violations of the Prepaid Act and the unfortunate passing of Mr. Jefferson and loss of his oversight over the establishment's prepaid trust and insured contracts provide the necessary and sufficient grounds for the

Insurance Commissioner to seek legal, equitable and/or administrative relief for appointment of a receiver, a conservator or a special master take control of and superintend the Jefferson Funeral Home, Inc. prepaid benefits trust account.

**IT IS FURTHER ORDERED** that the named Respondent be, and hereby is, assessed costs of this action in the amount of four hundred and twenty-five dollars (\$425.00). These costs are payable as of the date this **ORDER** is filed with the Insurance Commissioner.



Done this 28<sup>th</sup> day of July, 2015.

  
STEPHAN S. MATHIS  
INDEPENDENT HEARING EXAMINER  
OKLAHOMA INSURANCE DEPARTMENT

**CERTIFICATE OF SERVICE**

I, Kelley C. Callahan, hereby certify that a true and correct copy of the above foregoing *Final Administrative Order* was mailed by certified mail, return receipt requested, and also by regular U.S. Mail on the 29<sup>th</sup> day of July, 2015 to:

Larry J. Jefferson, Owner/Operator  
Jefferson Funeral Home, Inc.  
P.O. Box 2352  
Lawton, OK 73502-2352

Certified Mail No.  
7015 0640 0004 4933 8163

Larry J. Jefferson, Owner/Operator  
Jefferson Funeral Home, Inc.  
715 S.W. B Avenue  
Lawton, OK 73502-2352

Certified Mail No.  
7015 0640 0004 4933 8170

Larry J. Jefferson, Owner/Operator  
Jefferson Funeral Home  
P.O. Box 1649  
Lawton, Oklahoma 73502

Certified Mail No.  
7015 0640 0004 4933 8156

And that a copy was provided to:

Chris Ferguson  
Executive Director  
Oklahoma Funeral Board  
3700 N. Classen, Suite 175  
Oklahoma City, OK 73118  
[cferguson@okfuneral.com](mailto:cferguson@okfuneral.com)

And a Copy Was Delivered to Shanna Johnson, Regulatory Supervisor, Prepaid Accounts,  
Oklahoma Insurance Department.

  
Kelley C. Callahan  
Senior Attorney



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Return Receipt (electronic) \$ \_\_\_\_\_

Certified Mail Restricted Delivery \$ \_\_\_\_\_

Adult Signature Required \$ \_\_\_\_\_

Adult Signature Restricted Delivery \$ \_\_\_\_\_



Postage  
 \$ \_\_\_\_\_

Total Postage  
 \$ \_\_\_\_\_

Sent To  
 Street and  
 City, State, ZIP+4®

Larry J. Jefferson, Owner/Operator  
 Jefferson Funeral Home, Inc.  
 P.O. Box 2352  
 Lawton, OK 73502-2352  
**sms/15-0159-DIS/Adm Ord**

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7015 0640 0004 4933 8163

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature  <input checked="" type="checkbox"/> Agent  <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) _____</p> <p>C. Date of Delivery  <b>8-10-15</b></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes                  If YES, enter delivery address below: <input type="checkbox"/> No                  OKLAHOMA INSURANCE DEPARTMENT                  AUG 12 2015                  Legal Division</p>
<p>1. Article Addressed to:</p> <p>Larry J. Jefferson, Owner/Operator                  Jefferson Funeral Home, Inc.                  P.O. Box 2352                  Lawton, OK 73502-2352  <b>sms/15-0159-DIS/Adm Ord</b></p> <p>9590 9403 0272 5155 1301 54</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery</p> <p><input checked="" type="checkbox"/> Certified Mail®</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery</p> <p><input type="checkbox"/> Insured Mail</p> <p><input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Signature Confirmation Restricted Delivery</p>
<p>2. Article Number (Transfer from service label)</p> <p>7015 0640 0004 4933 8163</p>	<p>Mail Restricted Delivery (X)</p>
<p>PS Form 3811, April 2015 PSN 7530-02-000-9053</p>	<p>Domestic Return Receipt</p>

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Return Receipt (hardcopy) \$ \_\_\_\_\_

Return Receipt (electronic) \$ \_\_\_\_\_

Certified Mail Restricted Delivery \$ \_\_\_\_\_

Adult Signature Required \$ \_\_\_\_\_

Adult Signature Restricted Delivery \$ \_\_\_\_\_



Postage \$ \_\_\_\_\_

Total Postage \$ \_\_\_\_\_

Sent To: **Larry J. Jefferson, Owner/Operator**  
**Jefferson Funeral Home, Inc.**  
 715 S.W. B Avenue  
 Lawton, OK 73502-2352

Street and Apt. # \_\_\_\_\_

City, State, ZIP+4: **sms/15-0159-DIS/Adm Ord**

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Description

Larry J. Jefferson, Owner/Operator  
 Jefferson Funeral Home, Inc.  
 715 S.W. B Avenue  
 Lawton, OK 73502-2352  
**sms/15-0159-DIS/Adm Ord**

2. Article Number (Transfer from service label)

7015 0640 0004 4933 8170

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  Addressee

*Calvin C. Hale*

B. Received by (Printed Name)  Agent  Addressee

Calvin C. Hale

C. Date of Delivery

AUG 17 2015

D. Is delivery address different from item 1?  Yes  No

If YES, enter delivery address below: \_\_\_\_\_

RECEIVED  
 OKLAHOMA INSURANCE DEPARTMENT  
 AUG 20 2015

3. Service type

Adult Signature  Priority Mail Express®

Certified Mail  Registered Mail™

Certified Mail Restricted Delivery  Registered Mail Restricted Delivery

Collect on Delivery  Return Receipt for Merchandise

Collect on Delivery Restricted Delivery  Signature Confirmation™

Mail Restricted Delivery  Signature Confirmation Restricted Delivery

PS Form 3811, April 2015 PSN 7530-02-000-9053 Domestic Return Receipt

7015 0640 0004 4933 8156

U.S. Postal Service™  
CERTIFIED MAIL® RECEIPT  
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OFFICIAL USE

Certified Mail Fee \$ \_\_\_\_\_

Extra Services & Fees (check box, add fee as appropriate)

Return Receipt (hardcopy) \$ \_\_\_\_\_

Return Receipt (electronic) \$ \_\_\_\_\_

Certified Mail Restricted Delivery \$ \_\_\_\_\_

Adult Signature Required \$ \_\_\_\_\_

Adult Signature Restricted Delivery \$ \_\_\_\_\_



Postage \$ \_\_\_\_\_

Total Postage \$ \_\_\_\_\_

Sent To Larry J. Jefferson, Owner/Operator  
Jefferson Funeral Home, Inc.  
P.O. Box 1649  
Street and # Lawton, OK 73502  
City, State sms/15-0159-DIS/Adm Ord

PS Form 3800, April 2015 PSN 7530-02-000-9007 See Reverse for Instructions

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Addressee

Larry J. Jefferson, Owner/Operator  
Jefferson Funeral Home, Inc.  
P.O. Box 1649  
Lawton, OK 73502  
sms/15-0159-DIS/Adm Ord

2. Article Number (Transfer from service label)

7015 0640 0004 4933 8156

PS Form 3811, April 2015 PSN 7530-02-000-9053

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
X *Charles Felber*  Agent  Addressee

B. Received by (Printed Name) \_\_\_\_\_

C. Date of Delivery 8-5-15

RECEIVED  
AUG 10 2015  
Legal Division

D. Is delivery address different from item 1?  Yes  No  
If YES, enter delivery address below: \_\_\_\_\_

3. Service Type

Adult Signature  Priority Mail Express®

Adult Signature Restricted Delivery  Registered Mail™

Certified Mail®  Registered Mail Restricted Delivery

Certified Mail Restricted Delivery  Return Receipt for Merchandise

Collect on Delivery  Signature Confirmation™

Collect on Delivery Restricted Delivery  Signature Confirmation Restricted Delivery

Mail Restricted Delivery  Restricted Delivery

Domestic Return Receipt