

BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA

FILED

NOV 10 2015

INSURANCE COMMISSIONER
OKLAHOMA

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

Petitioner,

v.

JULIO NUNEZ, an insurance producer licensed in Oklahoma,

Respondent.

Case No. 15-1194-DIS

**CONDITIONAL ADMINISTRATIVE ORDER
AND NOTICE OF RIGHT TO BE HEARD**

COMES NOW the State of Oklahoma, ex rel. John D. Doak, Insurance Commissioner, by and through counsel, and alleges and states:

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 0100204064. His address of record with the Oklahoma Insurance Department (“the Department”) and on the SPS System is 112 S.E. Sungate Blvd., Lawton, Oklahoma 73501.
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 violation of the Oklahoma Insurance Code pursuant to 36 O.S. § 1435.13(A) and (D).

ALLEGATIONS OF FACT

1. On May 29, 2015, the Oklahoma Insurance Department's Anti-Fraud Unit received a complaint from Eben Price with the Regional Office of State Farm Insurance ("State Farm") concerning a licensed agent, Julio Nunez ("Mr. Nunez" or "Respondent"). Mr. Nunez was a producer in the State Farm Agency of Brad Latting in Lawton, Oklahoma. Mr. Nunez had been a State Farm agency team member in this Lawton office for about four months.

2. Mr. Nunez put incorrect banking information on several policyholders' Payment Plans when they purchased their policy. Nunez uttered the false information that the policyholders banked with an entity Mr. Nunez identified as "THE BANKERS BANK" and provided an incorrect routing and bank account number for that purported establishment.

3. About February 6, 2015, Agency Head Brad Latting learned that one of his team members, specifically Mr. Nunez, was engaged in inappropriate business activities. On February 12, 2015, Mr. Nunez summarized and admitted his fraudulent and inappropriate business activities in a lengthy email to Agency Head Latting.

4. These practices included willfully and knowingly entering false routing and bank account information into State Farm's data entry systems for policy applications. In essence, Mr. Nunez put incorrect banking information on several policies holder's Payment Plans when they purchased their policy. Mr. Nunez falsely uttered to the State Farm system that these policyholders banked with an entity dubbed "THE BANKERS BANK" and set up the customer's monthly automatic payment draw on an incorrect and nonexistent routing and bank account number.

5. Mr. Nunez indicated he was taught these inappropriate actions by a former, tenured, agent team member who had since retired. He provided the names of at least eight

policyholders for whom he wrote incorrect banking information. Mr. Nunez stated the point of the scheme was that when new customers came into the office and did not have all of their banking information, or perhaps did not have a suitable bank account for monthly draws, he nevertheless could use the fake routing number so the customers did not have to pay two months premium in advance, as would otherwise be required.

6. Of course, Mr. Nunez received commissions on new customers the agency “retained” through the dummy account scheme. The customers interviewed by the Department’s Anti-Fraud Unit had never heard of “THE BANKERS BANK,” of course had no account at this nonexistent entity and were surprised by Mr. Nunez’ use of a “dummy account” in connection with their applications for insurance.

7. On February 13, 2015, Agency Head Latting responded to Mr. Nunez’s email, asking a series of compliance questions. Mr. Nunez responded to each question, reinforcing the information about how long he had been performing the inappropriate activity, providing further clarification regarding the accounts impacted and maintaining he only used the fraud scheme because he learned it from employees who no longer worked at the agency.

8. On February 16, 2015, Agency Head Latting submitted a summary to State Farm Agency Sales Compliance outlining Mr. Nunez’ inappropriate business activities, and providing his plan to address the situation. This plan included remedial actions for all the agency team members. State Farm subsequently terminated Mr. Nunez for cause and withdrew his appointment about April 29, 2015. Nevertheless, Mr. Nunez retained his Oklahoma resident producer license for possible other appointments.

ALLEGED VIOLATIONS OF LAW

1. Respondent violated 36 O.S. § 1435.13(A) (2), (4), (5) and (8) of the Insurance Code as a result of his actions. Most importantly, he (1) intentionally misrepresented the terms of an actual or proposed contract or application for insurance; and (2) used fraudulent, coercive, or dishonest practices, and (3) demonstrated incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state.

ORDER

IT IS THEREFORE ORDERED that Respondent Nunez will be **FINED** One Thousand Dollars (\$1,000.00) and his Oklahoma insurance producers license will be **REVOKED** unless he requests an Administrative Hearing within 30 (thirty) days of the receipt of this Order. Upon any such request, the Oklahoma Insurance Department shall conduct a Hearing before an Independent Hearing Examiner. A request for such a Hearing shall be made in writing and sent to Kelley C. Callahan, Senior Attorney, Oklahoma Insurance Department, Legal Division, 3625 NW 56th Suite 100, Oklahoma City, Oklahoma 73112 and shall include an explanation of Respondent's actions described herein and any defenses thereto.

If Respondent Nunez does not request a Hearing within the allotted 30 (thirty) days, this Order shall become a **FINAL ORDER** on the 31st day following its receipt by said Respondent, and (1) the One Thousand Dollar (\$1,000.00) **FINE** shall be levied against Respondent Nunez

and become immediately due and payable, and (2) the Oklahoma insurance producer license of Respondent Nunez shall be deemed **REVOKED**.

WITNESS My Hand and Official Seal this 10th day of November, 2015.



JOHN D. DOAK
INSURANCE COMMISSIONER
STATE OF OKLAHOMA

Kelley C. Callahan
Senior Attorney
3625 N.W. 56th Street
Suite 100
Oklahoma City, Oklahoma, 73112
Tel. (405) 521-2746
Fax (405) 521-0125

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing *Conditional Administrative Order and Notice of Right to Be Heard* was mailed certified, return receipt requested, on this 16th day of November, 2015 to:

Julio Nunez
112 S.E. Sungate Blvd.
Lawton, Oklahoma 73501

Certified Mail No.
7015 0640 0004 4933 6152



Kelley C. Callahan

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Julio Nunez
112 S.E. Sungate Blvd.
Lawton, OK 73501
rg/15-1194-DIS(KCC)/Cond. Adm. Ord.

PS Form 3800, April 2015 PSN

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112 S.E. Sungate Blvd.
Lawton, OK 73501
rg/15-1194-DIS(KCC)/Cond. Adm. Ord.

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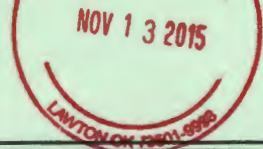
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PS Form 3811, April 2015 PSN 7530-02-000-9053

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