

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

**FILED**

**STATE OF OKLAHOMA, ex rel. JOHN D. DOAK, Insurance Commissioner,** )  
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 )  
 )  
 **Petitioner,** )  
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 )  
 **v.** )  
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 )  
 )  
 **CENTAURUS FINANCIAL, INC.,** )  
 )  
 )  
 )  
 **An applicant for a nonresident business** )  
 )  
 )  
 )  
 **entity insurance producer renewal license,** )  
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 )  
 **Respondent.** )

NOV 10 2016

INSURANCE COMMISSIONER  
OKLAHOMA

**Case No. 16-0741-DEN**

**ADMINISTRATIVE ORDER**

This matter is a proceeding under the Oklahoma Insurance Code (“Code”), 36 O.S. § 101, et. seq., and conducted pursuant the Oklahoma Administrative Procedures Act, 75 O.S. § 301, et. seq., whereby Respondent, Centaurus Financial, Inc., is an applicant for a nonresident business entity insurance producer license renewal in the State of Oklahoma and currently holding license number 100104546. The Oklahoma Insurance Department (OID) issued a Conditional Order dated August 11, 2016 in which the OID assessed a fine of Five Hundred Dollars (\$500.00) against the Respondent for alleged violation of the provisions of Title 36 of the Oklahoma statutes. The Respondent filed a request for hearing on the issues contained in the OID’s Conditional Order. Notice of hearing was given setting this matter for hearing on the 11<sup>th</sup> day of October, 2016, at 9:30 a.m. at the offices of the OID.

On October 11, 2016, the above captioned case came on for hearing at the office of the Department of Insurance, 3625 N.W. 56<sup>th</sup> Street, Oklahoma City, Oklahoma 73112, and testimony and evidence was received at that time. Oklahoma Insurance Commissioner John D. Doak had appointed the undersigned independent Hearing Examiner, John D. Miller, to preside

at the hearing as a quasi-judicial officer pursuant 36 O.S. § 319. The hearing was recorded electronically by employees of the Department. Petitioner was represented by Senior Counsel for OID, Sandra G. Lavenue. Respondent, Centaurus Financial, Inc. appeared and was represented by Mr. Jerry Duhovio, Executive Vice-President and CEO. Testimony and evidence was heard before the undersigned Hearing Examiner including the admission of twelve exhibits into evidence.. The Hearing Examiner took the matter under advisement to review the evidence prior to issuing his written decision.

Therefore after consideration of the testimony and evidence presented, this independent Hearing Examiner issues his order of findings and conclusions of law.

#### **FINDINGS OF FACT**

1. John D. Doak is the Insurance Commissioner of the State of Oklahoma and as such is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code (hereinafter “Code”), 36 O.S. §§ 101-7301.

2. The Insurance Commissioner, pursuant 36 O.S. § 319, appointed the undersigned independent Hearing Examiner and that Hearing Examiner has the jurisdiction to rule on Respondent’s request for hearing to determine if there is evidence to support a finding by clear and convincing evidence that Respondent’s actions as alleged in the OID Conditional Administrative Order issued on August 11, 2016 were established by the evidence and were in violation of the Oklahoma Insurance Code.

3. Respondent, Centaurus, Inc. on or about July 22, 2016, applied for from the OID a renewal of its nonresident business entity insurance producer license number 100104545.

Question 2 on the renewal application form which was submitted electronically to the OID asks in part:

Has the business entity or any owner, partner, officer or director of the business entity, or manager or member of a limited liability company, been named or involved as a party in an administrative proceeding, including a FINRA sanction or arbitration proceeding regarding any professional or occupational license, or registration, which has not been previously reported to this insurance department?

The Respondent answered “No” to that question.

4. Upon review of Respondent’s renewal application, the Licensing Division of OID discovered that Respondent failed to disclose a FINRA sanction in case no. 2014041676601 dated June 23, 2016. Respondent in that FINRA case without admitting or denying the findings, consented to an acceptance, waiver and consent asserting that it failed to identify and apply sales charge discounts to certain customers’ purchases of unit investment trusts (UITs) and that it failed to establish, maintain and enforce a supervisory system and WSPS reasonably designed to ensure customers received sales charge discounts. Respondent relied primarily on its registered representatives to apply appropriate UIT sales charge discounts. The sanction imposed by FINRA and accepted by the Respondent consisted of a censure, a fine in the amount of \$100,000 and restitution paid in the amount of \$85,281.62 in restitution to customers which such restitution was paid to customers by Respondent long before that requirement was imposed by FINRA.

5. The Oklahoma Insurance Code (“Code”) found at 36 O.S. § 1435.13 (A) and (D) grants the Insurance Commissioner the right to place a business entity on probation, censure, suspend, revoke or refuse to issue or renew a license issued pursuant the Oklahoma Producer Licensing Act and/or may levy a civil penalty up to \$1,000.00 for each occurrence of a violation of the Code.

6. 36 O.S. § 1435.13 (A) (1) states it is a violation of the Producer Licensing Act for a producer to provide incorrect, misleading, incomplete or materially untrue information in a license application.

### **CONCLUSIONS OF LAW**

1. Respondent violated 36 O.S. § 1435.13 (A) (1) by providing incomplete information in their renewal license application of July 22, 2016 by stating answering No to Question 2 of the renewal application. While the Hearing Examiner does not find that the Respondent intentionally failed to disclose the FINRA sanction to mislead it, it did intentionally fail to disclose the FINRA sanction within the statutory time frame as it incorrectly assumed that the FINRA U6 filing was automatically received by OID and therefore notice of the sanction in would be received by OID in the normal course of business. Respondent has a duty as a licensee to insure proper and actual notice is received by OID of the FINRA violation and it was not, so a violation of the statute as cited above occurred.

### **ORDER**


**IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that it has been established by clear and convincing evidence that Respondent, Centaurus Financial, Inc. has violated 36 O.S. § 1435.13 (A) (1) of the Oklahoma Insurance Code by providing incomplete information in their renewal application and as a result Respondent is FINED in the amount of FIVE HUNDRED DOLLARS (\$500.00). The fine is to be paid within thirty (30) days of receipt of this order.**



**IT IS FURTHER ORDERED** that Centaurus Financial, Inc. is assessed the costs of this matter in the amount of Six Hundred Twenty-five Dollars (\$625.00) to be paid to the Oklahoma Insurance Department with thirty (30) days of the receipt of this order.

WITNESS My Hand this 9th day of November, 2015.



  
\_\_\_\_\_  
JOHN D. MILLER, OBA # 6213  
INDEPENDENT HEARING EXAMINER  
OKLAHOMA INSURANCE DEPARTMENT

**CERTIFICATE OF MAILING**

I, Sandra G. LaVenué, hereby certify that a true and correct copy of this above and foregoing Administrative Order was mailed via certified mail with return receipt requested, and via regular mail, on the 10<sup>th</sup> day of November, 2015, to:

Centaurus Financial, Inc.  
2300 East Katella Avenue  
Suite 200  
Anaheim, CA 92806

CERTIFIED MAIL NO.: **7016 0910 0000 5833 6579**

And that a copy was delivered to:

OID Licensing Division

  
\_\_\_\_\_  
SANDRA G. LAVENUE  
SENIOR COUNSEL, OID  
3625 NW 56<sup>th</sup> STREET, SUITE 100  
OKLAHOMA CITY, OK 73112

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**Centaurus Financial, Inc.**  
 2300 East Katella Ave., Suite 200  
 Anaheim, CA 92806  
**sms/16-0741-DEN/Admin Ord**

7016 0910 0000 5833 6579

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<p>1. Article Addressed to:</p> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p>Centaurus Financial, Inc.                  2300 East Katella Ave., Suite 200                  Anaheim, CA 92806                  sms/16-0741-DEN/Admin Ord</p> </div>	<p>RECEIVED                  OKLAHOMA INSURANCE DEPARTMENT                  NOV 15 2016                  Legal Division</p> <p>D. Delivery address different from item 1? <input type="checkbox"/> Yes                  E. Other delivery address below: <input type="checkbox"/> No</p>
<p>2. Article Number (Transfer from service label)</p> <p><b>7016 0910 0000 5833 6579</b></p>	<p>3. Service Type</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Adult Signature</li> <li><input type="checkbox"/> Adult Signature Restricted Delivery</li> <li><input checked="" type="checkbox"/> Certified Mail®</li> <li><input type="checkbox"/> Certified Mail Restricted Delivery</li> <li><input type="checkbox"/> Collect on Delivery</li> <li><input type="checkbox"/> Collect on Delivery Restricted Delivery</li> <li><input type="checkbox"/> Insured Mail</li> <li><input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</li> <li><input type="checkbox"/> Priority Mail Express®</li> <li><input type="checkbox"/> Registered Mail™</li> <li><input type="checkbox"/> Registered Mail Restricted Delivery</li> <li><input type="checkbox"/> Return Receipt for Merchandise</li> <li><input type="checkbox"/> Signature Confirmation™</li> <li><input type="checkbox"/> Signature Confirmation Restricted Delivery</li> </ul>

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