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FILED

AUG 22 2024

INSURANCE COMMISSIONER

OKLAHOMA

24-0020-DIS

Case No. 24-0020-DIS

FINAL ADMINISTRATIVE ORDER

This matter is a disciplinary proceeding under the Oklahoma Producer Licensing Act. 36 O.S. §§ 1435.1 et seq. On August 15, 2024, a show cause hearing was held at the Oklahoma Insurance Department (the “OID”) on the OID’s *Notice of Hearing and Order to Show Cause* (“Notice”), filed August 8, 2024. The hearing was held at the offices of the OID, before Independent Hearing Examiner Stephan Mathis. Present at the hearing was Antuanya “Bo” DeBose, Assistant General Counsel for the OID. Respondent Paula R. Lee (“Respondent”) failed to appear. Witnesses were sworn and testified, exhibits were admitted, and argument of the parties heard.

FINDINGS OF FACT

1. That OID has jurisdiction over the subject matter of this action pursuant to 36 O.S. §§ 101-7401, including the Oklahoma Producer Licensing Act, 36 O.S. §1435.1 et seq.
2. That the Insurance Commissioner has the authority to render an Order concerning the above styled matter and has lawfully appointed Independent Hearing Examiner, Stephan Mathis, who shall sit as a quasi-judicial officer pursuant to 36 O.S. § 319.

3. Respondent, holding license number 186881, is licensed by the State of Oklahoma as a resident insurance producer as defined and required by 36 O.S. § 1435.2(7). Her address of record is [REDACTED].

4. 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 36 O.S. § 1435.13(A) and (D).

5. Petitioner afforded Respondent an opportunity for hearing by sending the *Notice* by certified mail return receipt requested and by electronic mail on August 8, 2024. The Notice stated the matters asserted, and stated the time, place and nature of the hearing, cited legal authority and jurisdiction, and referred to particular sections of the statutes involved.

6. The hearing was recorded electronically by an employee of the Oklahoma Insurance Department, Maria Torres.

7. The following exhibits were introduced and admitted:

- a) Petitioner's Exhibit A: Receipt from Misty Bailey's Insurance Agency and Progressive Verification Card(s)
- b) Petitioner's Exhibit B: [Omitted]
- c) Petitioner's Exhibit C: Roger Owens' Notice from the Oklahoma Uninsured Vehicle Enforcement Program
- d) Petitioner's Exhibit D: Roger Owens' North Star Mutual Insurance Policy Application
- e) Petitioner's Exhibit E: North Star Cancellation Notice to Roger Owens
- f) Petitioner's Exhibit F: Paula Lee's Signed Statement

8. The following witnesses were sworn and testified under oath:

a) Roger Owens, Complainant

b) Rick Koch, Oklahoma Insurance Department, Anti-Fraud Unit

9. The OID received a complaint from Roger Owens (the “Complainant”). OID assigned investigator Rick Koch (“Investigator Koch”) to the case. *See* Testimony of Rick Koch.

10. The Complainant states he went into an insurance agency in Sallisaw, Oklahoma on January 20, 2023 to renew his auto insurance through Progressive Northern Insurance Company (“Progressive”). The Complainant stated the Respondent was the only person present in the agency and that she told him his premium payment would be \$412.44. The Complainant paid the premium amount in cash and the Respondent gave him a receipt. The Respondent also gave the Complainant a Progressive insurance verification card. *See* Testimony of Roger Owens, Testimony of Rick Koch and Petitioner’s Exhibit A.

11. In April 2023, the Complainant received a notice from the Oklahoma Uninsured Vehicle Enforcement Program informing him that he had no insurance coverage on his vehicle. The Complainant called the Respondent regarding the coverage and the Respondent informed the Complainant that she would resolve the issue. *See* Testimony of Roger Owens and Petitioner’s Exhibit C.

12. On or about May 8, 2023, the Complainant received an insurance policy from North Star Mutual Insurance Company (“North Star”), as well as an insurance verification card. The Complainant was confused and believed he still had coverage through Progressive. The Complainant contacted the Respondent about this issue and was informed that the Misty Bailey insurance agency was cancelling all Progressive policies and had changed his insurance to North

Star. The Complainant did not sign any documents requesting or approving a North Star policy on his behalf. *See* Testimony of Roger Owens.

13. On or about May 31, 2023, the Complainant received a policy cancellation notice from North Star stating his premium needed to be paid by June 14, 2023. The Complainant called Progressive himself and was told they never received his premium payment. As a result, the Complainant was without auto insurance coverage from February 2, 2023 through April 24, 2023. *See* Testimony of Roger Owens and Petitioner's Exhibit E.

14. During an interview with Investigator Koch, the Respondent admitted she accepted the Complainant's Progressive premium payment, then forgot to forward the Complainant's payment to Progressive. The Respondent then wrote a new policy for the Complainant, without his knowledge, through North Star. In order to establish the North Star policy, the Respondent made the policy down payment of \$56.67 using her personal Mastercard. The Respondent also forged the Complainant's signature on the North Star insurance application. The Respondent signed a statement regarding this incident dated July 10, 2023. *See* Testimony of Rick Koch, Petitioner's Exhibit D, and Petitioner's Exhibit F.

15. Pursuant to the provisions of 36 O.S. §1435.13 (A)(4), 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 for improperly withholding, misappropriating or converting any monies or properties received in the course of doing insurance business.

16. Pursuant to the provisions of 36 O.S. §1435.13 (A)(8), 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 for using fraudulent, coercive or dishonest practices, or

demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere.

17. Pursuant to the provisions of 36 O.S. §1435.13a(A)(1), all premiums belonging to insurers and all unearned premiums belonging to insureds received by an insurance producer licensee shall be treated by the insurance producer licensee in a fiduciary capacity. Also, all premiums received less commissions, if authorized, shall be remitted by the insurance producer licensee to the insurer or its agent entitled thereto on or before the contractual due date or, if there is no contractual due date, within forty-five (45) days after receipt.

18. Pursuant to 36 O.S. §1435.13(D), in addition to or in lieu of any applicable denial, probation, censure, suspension or revocation of a license, a person may, after opportunity for hearing, be subject to a civil fine of not less than One Hundred Dollars (\$100.00) nor more than One Thousand Dollars (\$1,000.00) for each occurrence. Said penalty may be enforced in the same manner in which civil judgments may be enforced.

CONCLUSIONS OF LAW

19. That OID has jurisdiction over this matter and the Respondent pursuant to 36 O.S. § 1435.1 et seq.

20. That the Respondent is licensed by the OID as a resident producer pursuant to 36 O.S. § 1435.1 et seq.

21. That the Respondent was provided adequate notice and a hearing pertaining to the *Notice of Hearing and Order to Show Cause* filed on August 8, 2024, in accordance with the Oklahoma Insurance Code and the Oklahoma Administrative Procedures Act.

22. Based upon the above provided findings of fact there is clear and convincing evidence to find that the Respondent violated 36 O.S. §1435.13(A)(4), by improperly withholding, misappropriating or converting Four Hundred Twelve Dollars and Forty-Four Cent (\$412.44) of the Complaint's cash premium payment, money which the Respondent received in the course of doing insurance business.

23. Based upon the above provided findings of fact there is clear and convincing evidence to find that the Respondent violated 36 O.S. §1435.13(A)(10) and 36 O.S. §1435.13(A)(8) by forging the Complainant's signature on an insurance application for a policy he did not request.

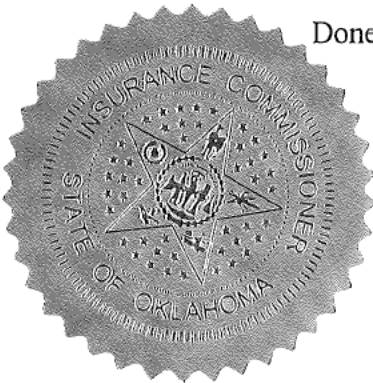
24. Based upon the above provided findings of fact there is clear and convincing evidence to find that the Respondent violated 36 O.S. §1435.13a(A)(1) by failing to treat the Complainant's cash premium payment in a fiduciary capacity and by failing to remit the cash premium payment to Progressive on or before the contractual due date or within forty-five (45) days after receipt.

25. 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. In addition to or in lieu of any applicable denial, probation, censure, suspension or revocation of a license, a person may, after opportunity for hearing, also be subject to a civil fine of not less than One Hundred Dollars (\$100.00) nor more than One Thousand Dollars (\$1,000.00) for each occurrence. Said penalty may be enforced in the same manner in which civil judgments may be enforced.

ORDER

IT IS THEREFORE ORDERED that Respondent Paula R. Lee's resident insurance producer license number 186881 is hereby **REVOKED**. The Respondent is ordered to pay the costs of the proceeding in the amount of One Hundred Fifty Dollars (**\$150.00**) and is fined Three Thousand Dollars (**\$3,000.00**). The Insurance Commissioner shall notify all appointing insurers

of the revocation and shall notify the Central Office the National Association of Insurance Commissioners of the Respondent's revocation. The fine and costs shall be submitted to the Oklahoma Insurance Department within thirty (30) days of the date of this Order. The fine shall be made payable to the Oklahoma Insurance Department and sent to the Oklahoma Insurance Department located at 400 NE 50th Street, Oklahoma City, Oklahoma 73105. Failure to comply with a proper order of the Commissioner will result in further administrative action.



Done this 16th day of August, 2024.


A handwritten signature in black ink, appearing to read "Stephan Mathis".

Stephan Mathis
INDEPENDENT HEARING EXAMINER
OKLAHOMA INSURANCE DEPARTMENT

CERTIFICATE OF MAILING

I, Antuanya "Bo" DeBose, hereby certify that a true and correct copy of the above and foregoing *Order* was mailed by first class U.S. Mail and by certified mail with postage prepaid and return receipt requested on this 22nd day of August, 2024 to:

Paula R. Lee


Paula.lee@aaaok.org
Respondent's Mailing Address

CERTIFIED MAIL NO.
9214 8902 0982 7500 0651 99

and that a copy was delivered to:

Licensing and Anti-Fraud Division

A handwritten signature in black ink, appearing to read "AS DeBose".

Antuanya "Bo" DeBose