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Insurance Commissioner

7  
8 **BEFORE THE INSURANCE COMMISSIONER**  
9 **OF THE STATE OF CALIFORNIA**

10  
11 **In the Matters of the Licenses and**  
**Licensing Rights of**  
12 **Moses Gazazian,**  
13 **Tigran Khrlonian,**  
14 **Respondents.**

**FIRST AMENDED ACCUSATION**  
**OAH No. 2011020747**  
  
**Nos. 09VA00866 (Gazazian)**  
**09VA00865 (Khrlonian)**

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19 **1. JURISDICTION**

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21 1. This matter arises under the California Insurance Code (“CIC”), Division  
22 1, Part 1, and Part 2, Chapters 1, 2, 5 and 12 and Division 3, Chapters 1 and 2, which  
23 governs the licensing of production agencies, including insurance companies, brokers,  
24 and agents.

25 2. The regulations governing insurance companies, brokers and agents are  
26 contained in Title 10, Chapter 5, of the California Code of Regulations.

27 3. The Department of Insurance (“Department”) is the agency of the State of  
28 California responsible for the licensing and monitoring of the insurance industry,

1 including insurance companies, brokers, and agents

2 4. This matter before the Department must be conducted in conformity with  
3 The provisions of the California Administrative Procedures Act, Government Code  
4 section 11500 et.seq. Pursuant CIC 1668, 1738, and 1739 the Commissioner may  
5 institute or continue a disciplinary proceeding against a licensee for the grounds set forth  
6 in CIC sections 1668.

7 **2. BACKGROUND**

8 5. The original Accusation served in this matter named Prolinks Insurance Services,  
9 Inc, Case No. 08VA00381 and Razmik Khachatourians, Case No. 09VA00864 as respondents in  
10 addition to the currently named respondents Moses Gazazian, Case No. 09VA00866 and Tigran  
11 Khrlonian, Case No. 09VA00865. Prolinks Insurance Services Inc. was licensed by the  
12 Department as a life agent and fire and casualty broker agent; license number 0E40895. The  
13 Prolinks Insurance Services, Inc. license became inactive on July 8, 2008 due to a California  
14 Franchise Tax Board suspension and the organization is now defunct. In response to allegations in  
15 the Accusation, Razmik Khachatourians surrendered his insurance license and licensing rights on  
16 April 5, 2010. In 2010 Khachatourians and Khrlonian were named as defendants in a criminal  
17 action filed in the Superior Court of the State of California regarding their conduct involving the  
18 insurance transactions identified herein while owning and operating Prolinks Insurance Services,  
19 Inc.  
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22 **3. THE RESPONDENTS AND RELATED BUSINESS STRUCTURS**

23 6. Respondent Tigran Khrlonian (“Khrlonian”) is licensed to transact insurance as a  
24 fire and casulaty broker-agent and life agent; license number 0B03473.

25 7. Respondent Moses Gazazian (“Gazazian”) is licensed to transact insurance as a  
26 fire and casualty broker-agent and a life agent; license number 0B11649.  
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1           8.       As stated in paragraph 5, above, ProLinks Insurance Services, Inc. was licensed by  
2 this Department as a life agent and fire and casualty broker agent; license number 0E40895. The  
3 Prolinks Insurance Services, Inc. license is inactive effective July 8, 2008 due to a California  
4 Franchise Tax Board suspension.

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6           9.       As stated in paragraph 5, above, Razmik Khachatourians (“Khachatourians”), who  
7 was licensed by the Department to transact insurance as a life agent; license number 0796038,  
8 surrendered his license on April 5, 2010 in response to the allegations contained in the Accusation

9           10.      In or about 2003, Khrlobian and Gazazian formed ProLinks Insurance  
10 Services (“ProLinks”). In 2004, ProLinks was incorporated and Khachatourians joined the  
11 company as a one third owner (‘partner’) of the corporation.

12           11.      Capital 10 Global Inc. (Capital 10) was established by Khachatourians  
13 in or about February 2005 to act as the parent company for ProLinks. Capital 10 is not licensed to  
14 transact insurance. Lighthouse Insurance Marketing (Lighthouse) was established by  
15 Khachatourians in December 2005 to act as a marketing company with respect to securing  
16 qualified agents and clients for ProLinks. Lighthouse is one hundred percent owned by Capital  
17 10. Lighthouse is not licensed to transact insurance. Lighthouse shared employees with ProLinks.

18           12.      Khrlobian and Khachatourians dissolved their ‘partnership’ with Gazazian in  
19 approximately the end of 2005 and early 2006. In May of 2007, Gazazian filed a lawsuit in the  
20 Los Angeles County Superior Court against Tigran Khrlobian and Razmik Khachatourians. In  
21 the lawsuit, Gazazian alleged that his former business partners had committed fraud, breach of  
22 contract, breach of fiduciary duty, conversion, fraud, and unfair business practices. Gazazian  
23 claimed that Khrlobian and Khachatourians failed to pay him his share of commissions and  
24 settlement fees totaling in the millions. He also alleged that Khrlobian and Khachatourians stole  
25 millions of dollars under the guise of marketing expenses and later wrote checks to themselves for  
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1 hundreds of thousands of dollars. This lawsuit was settled out of court. The terms of the  
2 settlement are not public and are unknown to the Department.

3 **4. THE ILLEGAL BUSINESS SCHEME**

4 13. While doing business as ProLinks, Khrlobian and Gazazian, along with their  
5 business ‘partner’ Khachatourians, sold investor-driven life insurance policies under false  
6 pretenses by knowingly and intentionally submitting applications containing false information  
7 about the personal finances of the applicants. They also concealed the fact that policies were  
8 purchased with the intent of selling their beneficial interest(s) to an investor. Furthermore, they  
9 signed applications as the agent of record even though they never met or spoke with the  
10 applicants. Finally, Khrlobian and Khachatourians. embezzled fiduciary funds that had been  
11 entrusted their care by Deutsche Bank. The total theft committed by Khrlobian and  
12 Khachatourians amounts to \$228,888.00.

13 **5. THE ILLEGAL BUSINESS PLAN**

14 14. In 2005, Khrlobian and Gazazian, along with their ‘partner’ Khachatourians,  
15 began looking for investors interested in purchasing a beneficial interest in high value life  
16 insurance policies sold by ProLinks. In 2006, Khrlobian and Khachatourians met with  
17 representatives of Deutsche Bank (the Bank) to discuss their life insurance business model. As a  
18 result of these meetings, the parties entered into an “Administration Agreement” (the Agreement)  
19 on December 21, 2006. As outlined in the Agreement, the Bank agreed to provide indirect  
20 financing for a Delaware Statutory Trust called the CAP Accumulation Trust (the CAP Trust).  
21 The grantor and beneficiary of the CAP Trust is an Irish limited liability company called  
22 Dariconic Limited. The trustee is Wells Fargo Delaware Trust Company.

23 15. Pursuant to terms set forth in the Agreement, the CAP Trust desired to acquire  
24 beneficial interests in California insurance trusts formed by *eligible* insureds for the purpose of  
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1 procuring *eligible* policies on the lives of such *eligible* insured. (In simplified terms, Deutsche  
2 Bank agreed to fund an “accumulation trust” that would be used to purchase a beneficial interest  
3 in insurance trusts funded by life insurance policies to be sold by ProLinks.) Khrlobian and  
4 Khachatourians established a life insurance program called the Life 10 Program. The policies and  
5 procedures were jointly agreed in negotiations, including the requirement that Lighthouse and the  
6 insurance agents verify and warrant to the CAP Trust that the factual representations contained in  
7 the insurance applications were true and accurate.

9         16. Khrlobian and Gazazian, and their partner Khachatourians, recruited independent  
10 agents to sell life insurance for ProLinks. As many as 100 agents were recruited to sell insurance  
11 for ProLinks. The independent agents learned how to market the Life 10 Program by attending  
12 weekly training sessions conducted by Khrlobian in ProLinks’ office. The agents were instructed  
13 to target senior consumers who were U.S. citizens and could qualify for life insurance policies  
14 (health wise, and financially) with multi-million dollar death benefits. In reality, the independent  
15 agents acting under the direction of Khrlobian and Gazazian and their ‘partner’ Khachatourians,  
16 ended up targeting low to middle income seniors in immigrant communities, many of whom had  
17 a limited understanding of English.

19         **6. THE TYPICAL ILLEGAL TRANSACTION**

21         17. An agent would meet with a senior consumer in the consumer’s home. The agent  
22 would tell the consumer that he or she would not have to pay any premiums on a life policy, and  
23 that his or her beneficiary could expect to receive a substantial amount of money if he or she  
24 agreed to sell the beneficial interest in the consumer’s policy. If the consumer was interested, the  
25 agent would complete what was called a “prequal application” and a HIPPA form. The agent  
26 would then deliver the applicant’s paperwork to ProLinks. The paperwork was reviewed and an  
27 APS report (i.e. medical record review) and a life expectancy report were ordered by ProLinks.  
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1 The applicant's paperwork would then be forwarded to general agent, Total Financial &  
2 Insurance Services, to shop it around to insurers. Once an insurer expressed interest, a policy  
3 illustration was completed and submitted to the Bank to see if the Bank was interested.

4           18. The agent and/or ProLinks' representatives would then meet with the applicant a  
5 second time to gather information necessary to complete an official policy application and get  
6 medical tests done. In each and every case, either Khrlobian, Gazazian or their 'partner'  
7 Khachatourians, would physically sign the application(s) as the official agent(s) of record. For  
8 each client, ProLinks arranged for an insurance trust to be created. Each trust was funded with the  
9 life policy that the client purchased from ProLinks. Prior to submitting an application to the  
10 insurer (via Total Financial), Khrlobian and Gazazian, Khachatourians and/or agents acting under  
11 their control, willfully and intentionally inserted into the application false information about the  
12 applicant's personal finances. This was done so that the applicant could demonstrate sufficient  
13 income and net worth to meet the insurer's underwriting guidelines necessary to qualify for multi-  
14 million dollar policies.  
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16           19. The insurer would then order a phone interview with the applicant so that an  
17 "Inspection Report" could be completed. During this interview, the applicant would be asked to  
18 verify that the financial information on their application was accurate. Acting under the  
19 instructions of Khrlobian, Gazazian and/or Khachatourians, an independent agent was present  
20 during the phone interview in order to "coach" the applicant how to (falsely) respond to the  
21 interviewer's questions about their finances. Once a policy was issued, ProLinks paid all of the  
22 premiums until such time that the Bank purchased a beneficial interest in the trust that was funded  
23 with the life policy. This violated the terms of Lighthouse's Agreement with the CAP Trust -  
24 which specified that all of the premiums were being paid by the insured.  
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1           20.     Once the CAP Trust agreed to purchase a beneficial interest in a policy, the  
2 insured would travel to ProLinks' office in order to meet with Khrlobian, Gazazian, and or  
3 Khachatourians, and complete the necessary paperwork, which included the following:

4           An Insurance Agent Certificate signed by Khrlobian or Khachatourians.

5           A Server Provider Certificate signed by Khrlobian or Khachatourians.

6           A Beneficial Interest Purchase Agreement signed by the insured and the insured's beneficiary.

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8           21.     Wire Instructions, signed by the insured's beneficiary, would direct the CAP Trust  
9 to wire all funds paid by the CAP Trust to a Lighthouse account at Citibank. The funds received  
10 by Lighthouse from the CAP Trust for each policy consisted of three components: a fee (i.e. the  
11 "Purchase Price") to be paid to the policy beneficiary in exchange for relinquishing his/her  
12 beneficial interest in the trust that owned the policy; funds equal to the premiums that had already  
13 been paid for the policy; a fee to Lighthouse for services performed in connection with the  
14 transaction. The CAP Trust also assumed responsibility for paying all premiums going forward.  
15 When an insured dies, the death benefit will be paid to the CAP Trust.

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17           22.     All commissions were paid to ProLinks. For each sale, the independent agent  
18 received a portion of ProLinks' commission. Finally, Lighthouse forwarded the "Purchase Price"  
19 to the trust beneficiary.

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21       **7.     DEUTSHE BANK (THE BANK): AMOUNT OF LOSS \$228,888.00**

22           23.     The Bank and Lighthouse entered into a written contract (called the  
23 "Administration Agreement by and among The CAP Accumulation Trust, Lighthouse Insurance  
24 Marketing, Inc., Joseph Capital LLC and Wells Fargo Bank, N.A.") Each eligible insured was  
25 supposed to have a net worth of at least \$1,000,000.00. Lighthouse/ ProLinks did not comply  
26 with this requirement, and the applications that had been submitted to Lincoln National Life  
27 Insurance Company (and possibly other insurers) contained misrepresentations about the  
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1 applicant's annual income and net worth. Per the agreement, all of the applicants were supposed  
2 to be paying their own premiums up until the time that a beneficial interest in the policies was  
3 purchased by the Bank. This was not occurring, however.

4           24.     The Bank purchased a beneficial interest in approximately 50 life insurance  
5 policies sold by ProLinks. On each purchase, the Bank made a payment to the beneficiary and  
6 paid a service fee to ProLinks. The Bank was also responsible for reimbursing the insured for all  
7 premiums already paid, and paying all premiums going forward.

8           25.     Lincoln National decided not to honor (i.e. canceled) two policies that had been  
9 sold by ProLinks: the Dorotea Villanueva policy and the Solhenriet Villamor policy (discussed in  
10 depth under headings 8 and 9 below). In each case, the applications contained false  
11 information about the net worth and annual income of the applicants. In the case of one  
12 applicant, the investigation uncovered a bankruptcy which indicated that the applicant's monthly  
13 income was only \$790.00. Further, when the applicant's son was contacted about the matter, he  
14 reported that his family had not sold the beneficial interest in his mother's policy to the Bank. In  
15 these two instances, Khrlobian and Khachatourians, in their capacities as executives at Prolinks,  
16 received funds from the Bank that were supposed to be used to pay premiums and to purchase  
17 beneficial interests in trusts funded with life insurance policies belonging to Solhenreit Villamor  
18 and Dorotea Villanueva. When these policies were canceled by the insurance carrier, Khrlobian  
19 and Khachatourians failed to return the funds they had received to the CAP Accumulation Trust  
20 (i.e. the Bank), and intentionally converted these funds for their own use. The total theft  
21 committed by Khrlobian and Khachatourians amounts to \$228,888.00

22           26.     The Department learned that the CAP Accumulation Trust filed a lawsuit against  
23 Khrlobian and Khachatourians for breach of contract, conversion, fraud and negligent  
24 misrepresentation. According to the lawsuit, the Bank purchased a beneficial interest in 51  
25 insurance policies sold by ProLinks. In total, the Bank wired \$15,849,156 to a Lighthouse  
26 account at Citibank. Khrlobian and Khachatourians were supposed to use these funds to pay  
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1 \$4,985,250 to the policy beneficiaries, and to use \$9,203,406 to reimburse the insureds for  
2 premiums that had already been paid. (Note: In reality, the \$9,203,406.00 that was supposed to  
3 have been paid to the insureds was kept by Lighthouse because none of the premiums had been  
4 paid by the insureds. The premiums were advanced by Khrlobian and Khachatourians in  
5 violation of their written agreement with Deutsche Bank.) Additionally, the Bank paid  
6 Lighthouse servicing fees totaling approximately \$1,626,750 in connection with the acquisition of  
7 the beneficial interests in the insurance trusts.  
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9 **8. DOROTEA VILLANUEVA POLICY**

10 27. In or around September of 2007, Khachatourians sold a \$3 million Lincoln  
11 National policy to Dorotea Villanueva. The policy was canceled by the carrier. Khrlobian signed  
12 the Insurance Agent Certificate that was executed when Deutsche Bank purchased a beneficial  
13 interest in Villanueva's policy.  
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15 28. Villanueva confirmed signing an application that was submitted to Lincoln  
16 National. Villanueva said that she didn't read the application before she signed it, and that she  
17 didn't previously know it contained (financial) information about her that wasn't true. Villanueva  
18 is an 82 year-old non-English speaking immigrant who lives in a modest apartment in a low  
19 income neighborhood. She is not employed and does not own any property. Her only source of  
20 income is SDI. She last worked in 1996 when she had a job in a laundry place. According to a  
21 policy application that was submitted to Lincoln National by Khachatourians, Villanueva has a  
22 net worth of \$6.6 million and her annual unearned income is \$541,000.00. This was not true.  
23

24 29. The Department showed Villanueva a copy of a letter dated November 6, 2007  
25 that documents her receipt of her insurance policy. She said that the signature on this document  
26 was not her own. The Department showed Villanueva a copy of a letter, dated November 6, 2007,  
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1 regarding a request to backdate her policy. She said that the signature on this document was not  
2 her own.

3           30.     The CAP Trust wired fiduciary funds totaling \$134,820.00 to Lighthouse. These  
4 funds were to be distributed as follows: \$7,500.00 to Lighthouse for services rendered;  
5 \$45,000.00 to the policy beneficiary for her beneficial interest in the trust that owned this policy;  
6 and \$82,320.00 to reimburse the insured for premiums that had been paid. Lighthouse never sent  
7 any money to Villanueva's beneficiary. Lighthouse did not return any money to Deutsche Bank  
8 after Villanueva's policy was canceled. The Respondents used this money to pay bills.

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10 **9.     SOLHENRIET VILLAMOR POLICY**

11           31.     In or around September of 2007 Prolinks sold a \$3.9 million Lincoln National  
12 policy to Solhenriet Villamor. Khrlobian signed the Insurance Agent Certificate that was executed  
13 when Deutsche Bank purchased a beneficial interest in Villamor's policy.

14           32.     Villamor resides in a small apartment in a low income neighborhood. In or about  
15 March of 2004, Villamor filed for chapter 7 personal bankruptcy. Her bankruptcy filing listed no  
16 real property, \$1,149.27 in personal property and more that \$61,000 in unsecured debt. Her total  
17 monthly income was reported as \$790 in social security benefits with monthly expenses of  
18 \$660.00 including \$195.00 for rent. According to a policy application that was submitted to  
19 Lincoln National by Khachatourians, Villamor has a net worth of \$6.34 million. According to her  
20 Inspection Report, Villamor was semi-retired and had owned a jewelry business for 15 years.  
21 Villamor reported business assets worth \$4 million, personal assets worth \$4.4 million and an  
22 annual unearned income of \$600,000.

23           33.     The CAP Trust wired fiduciary funds totaling \$94,068.00 to Lighthouse. These  
24 funds were to be distributed as follows: \$58,500.00 to the policy beneficiary for her beneficial  
25 interest in the trust that owned this policy; and \$35,568.00 to reimburse the insured for premiums  
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1 that had been paid. Lighthouse never sent any money to Villamor's beneficiary. Lighthouse did  
2 not return any money to Deutsche Bank after Villamor's policy was canceled. These funds are  
3 owed to the Bank.

4 **10. ROSIE ABULE POLICY**

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6 34. In or around May of 2007, Khrlobian sold a \$5 million Axa Equitable life  
7 insurance policy to Rosie Abule. This policy went into effect on May 17, 2007. Khrlobian signed  
8 the application. Ramon Fortun was the independent agent who met with Abule about this policy.  
9 Khrlobian signed the Insurance Agent Certificate that was executed when Deutsche Bank  
10 purchased a beneficial interest in Abule's policy.

11  
12 35. As part of the application process, an Inspection Report was required by the  
13 insurer. The Report was completed by Exam One by telephone on or about December 14, 2006.  
14 This phone call was recorded. Abule said that she didn't remember if this ever actually happened.  
15 The financial information submitted during the application process by Prolinks, with Prolinks full  
16 knowledge and consent, was intentionally untrue, so as to support that the applicant had a  
17 sufficient net worth to meet insurers' underwriting guidelines, when, in fact, the applicant did not  
18 have sufficient net worth to so qualify. Rosie Abule filed for Chapter 7 bankruptcy in 2003. She  
19 owns her home in La Puente and a residential property in the Philippines. She is currently retired  
20 and her annual income is less than \$100,000.00. According to an application, dated May 9, 2007,  
21 that Khrlobian submitted to Axa Equitable Ins. Co., Abule has a net worth of \$12 million and her  
22 annual income is \$750,000.00, which includes \$700,000.00 in rental income. Abule advised the  
23 Department this was not true. She said that she rents out her property in the Philippines, but that  
24 she does not earn \$750,000.00 a year in rental income. According to the Inspection Report that  
25 was completed as part of the application process, Abule has an annual income of \$759,600  
26 consisting of \$750,000 in rental income and \$9,600 in other unearned income, assets worth \$4.5  
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1 million consisting of \$3.5 million in real estate, cars worth \$5,000, and stocks/bonds worth \$1  
2 million. Abule advised the Department this information was not true.

3           36.     The beneficial interest in Abule's policy was sold to the CAP Trust for  
4 \$150,000.00. The CAP Trust paid a \$37,500.00 fee to Lighthouse and also wired \$32,732.50 to  
5 Lighthouse as reimbursement of the premiums that had already been paid. The premiums had  
6 been paid by Prolinks, in violation of the agreement with the Bank that the insured pay the  
7 premiums.  
8

9 **11.     RAMONA ARAGON POLICY**

10           37.     In or around December of 2006, Khrlobian sold a \$4.8 million Jefferson Pilot life  
11 policy to 76 year old Ramona Aragon that went into effect on December 12, 2006. The beneficial  
12 interest in Ramona Aragon's policy was sold to the CAP Trust for \$72,000.00. The CAP Trust  
13 also wired \$48,588.00 to Lighthouse as reimbursement of the premiums that had already been  
14 paid by Prolinks in violation of its agreement with the Bank. The financial information submitted  
15 during the application process by Prolinks, with Prolinks full knowledge and consent, was  
16 intentionally untrue, so as to support that the applicant had a sufficient net worth to establish to  
17 meet the insurers' underwriting guidelines, when, in fact, the applicant did not have sufficient net  
18 worth to so qualify. Ramona Aragon, does not work outside of her home. According to the  
19 application, dated August 22, 2006, and Financial Supplement, that Khrlobian submitted to  
20 Jefferson Pilot Insurance Company, Ramona Aragon has an annual income of \$490,000.00, and a  
21 net worth of 4.5 million.  
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24 **12.     ARTURO ARAGON POLICY**

25           38.     In or around March of 2007, Khrlobian sold a \$6.5 million Jefferson Pilot life  
26 policy to 76 year old Arturo Aragon that went into effect on March 1, 2007. The financial  
27 information submitted during the application process by Prolinks, with Prolinks full knowledge  
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1 and consent, was intentionally untrue, so as to support that the applicant had a sufficient net worth  
2 establish to meet the insurers' underwriting guidelines, when, in fact, the applicant did not have  
3 sufficient net worth to so qualify. Arturo Aragon is currently employed in the laundry room at a  
4 rehabilitation center. He lives in an apartment and does not own any property in the United  
5 States. He owns a home in the Philippines. According to the application, dated January 5, 2007,  
6 and a Financial Supplement, dated June 1, 2007, that Khrlobian submitted to Jefferson Pilot  
7 Insurance Company, Aragon had annual unearned income of \$850,000.00, owned assets worth  
8 \$12 million, and a net worth of \$9 million. When the Department interviewed Aragon, he stated  
9 that this information was not true. According to an Inspection Report that was completed as part  
10 of the application process, Aragon had been retired for 5 years after working as a manager for  
11 Ellis Healthcare. His home (in Elk Grove) was worth \$2.5 million<sup>1</sup>. His net worth was \$9  
12 million derived from the value of his home, personal property and investments. He also had  
13 unearned income of \$850,000.00. When the Department interviewed Aragon, he said he was  
14 never employed as a manager for Ellis Healthcare. The property he owns is not worth \$2.5  
15 million and he is not worth \$9 million. He said that this number was made up by his life agent and  
16 that she told him it was okay to put this information on his application. He said that he doesn't  
17 have any investments and that he doesn't have any rental income.

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21 39. The beneficial interest in Arturo Aragon's policy was sold to the CAP Trust for  
22 \$192,000.00. The CAP Trust paid a \$97,500.00 fee to Lighthouse and also wired \$57,329.40 to  
23 Lighthouse as reimbursement of the premiums that had already been paid. ProLinks paid the  
24 initial premiums due on this policy.

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26 **13. NORMA MAPAYE POLICY**

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28 <sup>1</sup> According to Internet research, in 2006 the median sales price of homes in Elk Grove, CA was approximately \$500,000.00

1           40.     In or around August of 2007, Khachatourians sold a \$4 million Lincoln National  
2 life policy to Norma Mapaye that went into effect on August 20, 2007. The beneficial interest in  
3 Mapaye’s policy was sold to the CAP Trust for \$66,000.00. The Bank paid an \$11,000.00 fee to  
4 Lighthouse and also wired \$64,614.00 to Lighthouse as reimbursement of the premiums that had  
5 already been paid. The financial information submitted during the application process by  
6 Prolinks, with Prolinks full knowledge and consent, was intentionally untrue, so as to support that  
7 the applicant had a sufficient net worth establish to meet the insurers’ underwriting guidelines,  
8 when, in fact, the applicant did not have sufficient net worth to so qualify. Mapaye is retired and  
9 currently living with her niece. She said that she doesn’t own a business or any property, and that  
10 she doesn’t have any sources of income. According to an application, dated August 17, 2007, that  
11 Khachatourians submitted to Lincoln Financial Group, Mapaye possessed assets worth \$13.7  
12 million, had an annual income of \$1.1 million and a net worth of \$11.2 million. As part of the  
13 application process, Khachatourians also submitted to Lincoln Financial a “Financial Supplement  
14 For Business And Personal Insurance,” dated July 6, 2007. Mapaye advised the Department that  
15 she had not previously seen this document, and that the information contained within it is not  
16 true. She also said that the signature on this form was not her own. According to her Inspection  
17 Report, Mapaye owns rental property and has an annual unearned income in the amount of  
18 \$486,000.00. She has personal assets totaling \$13.65 million and personal liabilities totaling  
19 \$2.25 million. On March 4, 2009, Mapaye told the Department that the information about her  
20 personal finances found on the Inspection Report is not true. Further, the premiums had been  
21 paid by Prolinks, in violation of the agreement with the Bank that the insured pay the premiums.

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25     **14.    BEN CABAL POLICY**

26           41.     In or around October of 2007, Khrlobian sold a \$4 million American National life  
27 policy to Ben Cabal that went into effect on October 16, 2007. The financial information  
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1 submitted during the application process by Prolinks, with Prolinks full knowledge and consent,  
2 was intentionally untrue, so as to support that the applicant had a sufficient net worth establish to  
3 meet the insurers' underwriting guidelines , when, in fact, the applicant did not have sufficient net  
4 worth to so qualify.

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6 42. Ben Cabal is currently employed as a general manager at LA Best Security  
7 Services. He filed for Chapter 7 bankruptcy in 2000. The only property he owns in the United  
8 States is his home, which he estimated to be worth about \$450,000.00. He also owns about four  
9 properties in the Philippines that he estimated to be worth less that \$500,000.00 pesos  
10 (approximately \$38,000 in US dollars). Cabal said that he didn't tell anyone at ProLinks about  
11 the properties that he owned in the Philippines. As part of the application process, a "Financial  
12 Statement Questionnaire," dated September 7, 2007 was submitted to American National Ins. Co.  
13 Cabal confirmed signing this document. Cabal advised the Department that the information on  
14 this document about his personal finances was not accurate. He said that he did not personally  
15 complete this document, and that he did not give this information to his agent, or anyone else at  
16 ProLinks. According to the Inspection Report that was completed as part of the application  
17 process, Cabal owns LA Best Security Services, a business worth \$4.5 million; a home worth  
18 \$1.1 million; other real estate worth \$3.5 million; stocks and bonds worth \$550,000.00, and has  
19 rental income in the amount of \$45,000.00. Cabal admitted that his agent and another agent were  
20 present in his home during the inspection call with TAM Inspection Services, and that they told  
21 him what to say to the TAM representative about his personal finances. Cabal admitted to the  
22 Department that none of the information about his personal finances in his Inspection Report is  
23 true.  
24  
25

26 43. The beneficial interest in Cabal's policy was sold to the CAP Trust for \$80,000.00.  
27 The CAP Trust paid a \$10,000.00 fee to Lighthouse and also wired \$53,988.07 to Lighthouse as  
28

1 reimbursement of the premiums that had already been paid. The premiums had been paid by  
2 ProLinks, in violation of the agreement with the Bank that the insured pay the premiums.

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3 **15. VAN VARTANIAN POLICY**

4  
5 44. In or around November of 2004, 52 year old Van Vartanian applied for a \$5  
6 million Nationwide life insurance policy #N101586800 from Gazazian of ProLinks. The  
7 beneficial interest in this policy was not purchased by the CAP Trust. The Department  
8 interviewed Vartanian on June 17, 2008 and on March 20, 2009, and learned the following:

9 45. Vartanian is licensed as a life agent. He said that he did some sales work for  
10 ProLinks. He said that ProLinks lied to his customers and that no policies were obtained.  
11 Vartanian said that ProLinks was looking for “certain people with certain health problems.” He  
12 volunteered that he is diabetic and that his life expectancy is about 15 years. He was told that he  
13 wouldn’t have any out of pocket expenses when he bought the policy.  
14

15 46. Vartanian said that he was planning on selling the policy, but that ProLinks  
16 canceled it because he “caused a ruckus” with ProLinks. He said that he didn’t like dealing with  
17 ProLinks because they did everything in secret and wouldn’t answer his questions.

18 47. Vartanian acknowledged that a third party paid the premiums on his policy. He  
19 further acknowledged that his policy was canceled for non-payment in June of 2005.  
20

21 48. As part of the application process, an “Inspection Report” was required by  
22 the insurer. The “inspection” telephone call purportedly between Vartanian and an InfoLink  
23 representative on or about September 9, 2004 was not recorded. Vartanian advised the  
24 Department that he did not remember if he ever spoke with InfoLink Services by phone.

25 49. Vartanian filed for Chapter 11 bankruptcy in 1993; Chapter 7 bankruptcy  
26 in 1994, and Chapter 13 bankruptcy in 1995. When he applied for his life policy in 2004,  
27 Vartanian owned two pieces of property, one in North Hollywood and the other in Woodland  
28

1 Hills. According to a Life Financial Supplement that Gazazian submitted to Nationwide Life  
2 Insurance Company as part of the application process, Vartanian's annual income was \$850,000  
3 in 2004 and his net worth was \$6.95 million. When the Department interviewed Vartanian he  
4 advised that the income information was too high, and that the net worth estimate was a  
5 "fabrication." According to his Inspection Report Vartanian had an annual income of \$350,000  
6 consisting of a salary of \$200,000 and dividends worth \$150,000. He also reported business  
7 assets worth \$7 million, real estate worth \$500,000, stocks and bonds worth \$100,000, cash in the  
8 amount of \$200,000, autos worth \$150,000, and personal effects worth \$70,000. Vartanian told  
9 the Department that this information was not true.  
10

11 **16. AGRINPINA MANALO POLICY**

12 50. In or around December of 2004, 80 year old Agripina Manalo applied for a \$5  
13 million Jefferson Pilot life insurance policy #JF5512091 from Gazazian. The beneficial interest  
14 in this policy was not purchased by the CAP Trust. The Department interviewed Manalo's  
15 daughter, on May 30, 2008 and learned the following:  
16

17 51. She acknowledged that her mother had a \$5 million Jefferson Pilot policy. She  
18 said that she was present when her mother bought the policy from "Tigran" and Moses Gazazian.  
19

20 52. She was the beneficiary on her mother's policy. She said that the policy was sold  
21 after 2 or 3 years. After the policy was sold, she received a check for \$121,000.00.  
22

23 53. Agripina Manalo used to run a "buy and sell" business in the Philippines. She has  
24 not worked at all in the United States. A check of California property records did not produce a  
25 match for Manalo. According to an application, dated October 2, 2005, and Financial  
26 Supplement that Gazazian submitted to Jefferson Pilot Insurance Company, Manalo's occupation  
27 was listed as "retired real estate investor." Manalo had an annual income of \$504,000, and a net  
28 worth of \$6.8 million. When the Department interviewed Manalo's daughter, she said that this

1 information was not true. She was unaware the untrue information had been put on her mother's  
2 policy paperwork. According to her Inspection Report, Manalo was retired after owning a real  
3 estate investment company for 15 years. She reportedly had unearned income in the amount of  
4 \$504,000.00, and a net worth of \$6.8 million.

5  
6 **17. LUZ CARPINA POLICY**

7 54. In or around November of 2004, 70 year-old Luz Carpina applied for a \$5 million  
8 Travelers life insurance policy #7467106 sold by Gazazian. The beneficial interest in this policy  
9 was not purchased by the CAP Trust.

10 55. Department records reveal that Carpina was licensed as a life agent from 1998 to  
11 2008. The Department interviewed Carpina on May 14, 2008 and October 16, 2008 and learned  
12 the following:

13  
14 56. Carpina initially said that she purchased her Travelers policy from Gazazian. She  
15 later stated that she never actually met Gazazian and that she bought the policy from Paul Emata.  
16 Carpina said that she still owns her policy, but that she would like to sell it. She said that  
17 ProLinks is not involved with the potential sale of her policy, and that she plans on doing it  
18 herself.

19 57. Carpina said that she did some work for ProLinks. She explained that she did not  
20 actually sell any policies, and that her job was simply to refer people to ProLinks. She said that  
21 she did not complete any applications for the people she referred to ProLinks, and that her job  
22 was to pre-qualify people by obtaining information about their health and their assets. Carpina  
23 said that she received a very small commission, about \$10,000, from ProLinks for the referrals.  
24 Carpina said that during a meeting at ProLinks, she heard another agent say that "Tigran" was  
25 exaggerating the financial information he was putting on the policy forms. Carpina said that  
26 when she spoke up about this, she was told that she could leave if she couldn't stomach it.  
27  
28

1           58.     Carpina is a retired DWP employee. Carpina owns a residential property in  
2 Glendale that she estimated to be worth \$800,000.00. She said that she also owns apartment  
3 buildings in the Philippines that she estimated to be worth \$3 million. Information about  
4 Carpina’s personal finances was included in “Life Financial Supplement” that Gazazian  
5 submitted to Travelers Life Insurance Company. Carpina, advised the Department that the  
6 financial information on this form was not accurate. She believed that this document was  
7 completed by “Tigran.” Carpina signed this document, but she said that nobody went over it with  
8 her when it was filled out and sent in to the insurance company. According to her Inspection  
9 Report, Carpina was retired after working for DWP for 33 years. Her last position there was  
10 account manager. Her annual income was \$588,000. She owned real estate worth \$2.6 million,  
11 and other assets worth \$8.98 million. Her net worth was reported to be \$11.4 million.

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14     **18.     IN ADDITION TO STEALING FUNDS, MISREPRESENTING THE NET**  
15 **WORTH OF APPLICANTS, AND FRONTING PREMIUM PAYMENTS IN VIOLATION**  
16 **OF ITS AGREEMENTS, THE RESPONDENTS AND EACH OF THEM**  
17 **MISREPRESENTED THEMSELVES AS THE “AGENT OF RECORD”**

18           60.     Khrlobian, Gazazian and their partner Khachatourians misrepresented themselves  
19 as the “agent of record” on a number of policies ostensibly sold by ProLinks. Additionally, the  
20 agents who met with the applicants on behalf of ProLinks were not listed as solicitors or  
21 endorsees on ProLinks license.

22  
23           60.     Khrlobian admitted to the Department that he did not regularly meet with  
24 applicants to complete their policy applications and/or to get their signatures. He said that he  
25 might have met with an applicant at ProLinks office once or twice. He said that he wasn’t going  
26 to waste his time meeting with people until he knew that their policies had been accepted by a  
27 carrier. He asserted that independent agents met with the applicants to complete the applications,  
28

1 and then brought the applications to ProLinks to be signed. Khrlobian said that the first time he  
2 met with an applicant was when an applicant came into the ProLinks office to sign the Deutsche  
3 Bank paperwork. With regard to his practice of not meeting with applicants to complete their  
4 applications, Khrlobian said, "I did a wrong thing."  
5

6 61. Khachatourians advised the Department that he never personally met with any of  
7 ProLinks' life insurance clients. He said that all of the paperwork was completed by the  
8 independent agents, and that none of the applicants visited ProLinks office in Burbank. He stated  
9 that he had been the agent of record for two Lincoln policies because he thought it had been okay  
10 for him to sign the policies as a representative of ProLinks on behalf of the agents who actually  
11 sold the policies.  
12

13 62. Dorotea Villanueva - According to an application that was submitted to Lincoln  
14 Financial Group on behalf of Dorotea Villanueva, Khachatourians was the agent of record. When  
15 the Department interviewed Khachatourians, he admitted that he never met with Villanueva and  
16 stated that he had no idea who completed her application. Khachatourians said that he signed her  
17 application because he had a contract with Lincoln Financial.  
18

19 63. Solhenreit Villamor - According to an application that was submitted to Lincoln  
20 Financial Group on behalf of Solhenreit Villamor, Khachatourians was the agent of record.  
21 Khachatourians admitted that he never met with Villamor. He said that Villamor's application  
22 was completed by somebody else, but that he signed it because he had a contract with Lincoln  
23 National Insurance Company. He said that he had no idea who wrote the financial information on  
24 her application. According to Khrlobian, an individual named Arnel Paran was involved with the  
25 sale of Villamor's policy.  
26

27 64. Norma Mapaye - According to an application that was submitted to Lincoln  
28 Financial Group on behalf of Norma Mapaye, Khachatourians was the agent of record.

1 Khachatourians confirmed that he signed Mapaye's application, but said that he didn't prepare it.  
2 Khachatourians confirmed that he signed a two-page agent report that was submitted to the  
3 insurance company along with Mapaye's application. Information found within this document  
4 indicates that he had known Mapaye for 2 years. He admitted that this information was not  
5 correct, and he admitted that he never met with Mapaye. He said that he did not complete this  
6 document and that all he did was sign it.  
7

8 65. Ben Cabal - According to an application that was submitted to American National  
9 Insurance Company on behalf of Ben Cabal, Khrlobian was the agent of record. Khrlobian  
10 confirmed that he signed Cabal's application. When asked if he met with Cabal, Khrlobian  
11 responded, "I don't remember these people by heart." Cabal said that his agent was Frank  
12 Nazario. According to CDI records, Nazario has never been authorized to transact insurance for  
13 American National  
14

15 66. Rosie Abule - According to an application that was submitted to Axa Equitable  
16 Insurance Company on behalf of Rosie Abule, Khrlobian was the agent of record. Khrlobian  
17 confirmed that he signed Abule's application, but said that he didn't write it. He said that an  
18 independent agent named Ramon Fortun met with Abule about this policy.  
19

20 67. Arturo & Ramona Aragon - According to the applications that were submitted to  
21 Jefferson Pilot Insurance Company (i.e. Lincoln Financial Group) on behalf of Arturo and  
22 Ramona Aragon, Khrlobian was the agent of record. Arturo Aragon advised the Department that  
23 he never met Khrlobian and that the only person he dealt with when he bought his policy was a  
24 woman named Nancy Balzomo. He said that he met with Balzomo in his home and that they  
25 spoke in Tagalog.  
26  
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1           68     Luz Carpina - According to an application that was submitted to Travelers Life &  
2 Annuity Company on behalf of Luz Carpina, Gazazian was the agent of record. Carpina stated  
3 that she never met with Gazazian and that another CDI licensee, Paul Emata, sold her the policy.

4           **19.     IN ADDITION TO STEALING FUNDS, MISREPRESENTING THE NET**  
5           **WORTH OF APPLICANTS, FRONTING PREMIUM PAYMENTS IN VIOLATION OF**  
6           **ITS AGREEMENTS, MISREPRESENTING THEMSELVES AS THE “AGENT OF**  
7           **RECORD,” THE RESPONDENTS MISREPRESENTED THE INTENT OF THE**  
8           **INSUREDS**

9           69.     During the course of this investigation, the Department corresponded with a  
10           number of insurers regarding their policies governing the sale of stranger owned life insurance  
11           (STOLI)/investor driven life insurance (IOLI). Each insurer informed the Department that they  
12           do not permit agents to sell stranger originated and/or investor driven life insurance. These  
13           insurers include:  
14

- 15           ●   AIG
- 16           ●   Nationwide
- 17           ●   Travelers/MetLife
- 18           ●   Indy Life
- 19           ●   Principal Life
- 20           ●   Transamerica
- 21           ●   Axa Equitable
- 22           ●   Lincoln Financial Group
- 23           ●   Lincoln Benefit Life

24           70.     Gazazian, Khrlobian and Khachatourians failed to disclose to insurers that life  
25           insurance policies had been purchased with the sole intent of selling the beneficial interest to a  
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1 third party investor. Both Khrlobian and Khachatourians stated that 20 days after a policy went  
2 into effect, Deutsche Bank (i.e. the CAP Trust) called the trust beneficiaries see if they were  
3 interested in selling their beneficial interest in the policies. Khrlobian admitted that this whole  
4 process was disclosed up front to the customer. He acknowledged that at the time of application,  
5 the customer was told that the Bank would be calling them to purchase a beneficial interest in  
6 their policy. (Further, as referenced throughout the First Amended Accusation, both Khrlobian  
7 and Khachatourians admitted that (contrary to their written agreement with the CAP Trust) they  
8 personally paid the initial premiums for each policy until such time that the beneficial interest was  
9 purchased by the CAP Trust. No premiums were paid by the insured.)  
10

11           71.     Dorotea Villanueva - Villanueva recalled being told that an “investor” would pay  
12 her policy premiums. Her Lincoln Financial Group policy revealed that her application contains  
13 the following questions:  
14

15 #22 “Will you, the proposed insured and/or beneficiary, and/or any entity on your behalf, receive  
16 any compensation, whether via the form of cash, property, an agreement to pay money in the  
17 future, a percentage of the death benefit, or otherwise, if this policy is issued?” This question was  
18 answered “No.”

19 #23 “Have you, the proposed insured, been involved in any discussion about the possible sale or  
20 assignment of this policy or a beneficial interest in a trust, LLC or other entity created or to be  
21 created on your behalf?” This question was answered “No.”

22 #24 “Have you, the proposed insured, ever sold a policy to a life settlement, viatical or other  
23 secondary market provider, or are you in the process of selling a policy?” This question was  
24 answered “No.”

25 #25 “Is this policy being funded via a premium financing loan or with funds borrowed, advanced  
26 or paid from another person or entity?” This question was answered “No.”  
27  
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1           72.     Solhenreit Villamor -Villamor said that she couldn't afford the premium payments  
2 and that she never paid anything for the policy. She said that she thought that "somebody else"  
3 was going to pay for the policy. Her Lincoln Financial Group policy revealed that her application  
4 contains the following questions:

5 #22 "Will you, the proposed insured and/or beneficiary, and/or any entity on your behalf, receive  
6 any compensation, whether via the form of cash, property, an agreement to pay money in the  
7 future, a percentage of the death benefit, or otherwise, if this policy is issued?" This question was  
8 answered "No."

9 #23 "Have you, the proposed insured, been involved in any discussion about the possible sale or  
10 assignment of this policy or a beneficial interest in a trust, LLC or other entity created or to be  
11 created on your behalf?" This question was answered "No  
12

13 #24 "Have you, the proposed insured, ever sold a policy to a life settlement, viatical or other  
14 secondary market provider, or are you in the process of selling a policy?" This question was  
15 answered "No."  
16

17 #25 "Is this policy being funded via a premium financing loan or with funds borrowed, advanced  
18 or paid from another person or entity?" This question was answered "No."  
19

20           73.     Norma Mapaye – The Lincoln Financial Group policy belonging to Norma  
21 Mapaye revealed that her application contains the following questions:

22 #22 "Will you, the proposed insured and/or beneficiary, and/or any entity on your behalf, receive  
23 any compensation, whether via the form of cash, property, an agreement to pay money in the  
24 future, a percentage of the death benefit, or otherwise, if this policy is issued?" This question was  
25 answered "No." The Department asked Khrlobian if he believed that this question had been  
26 answered honestly. He responded by saying, "My feeling is now, it's not honest."  
27  
28

1 #23 “Have you, the proposed insured, been involved in any discussion about the possible sale or  
2 assignment of this policy or a beneficial interest in a trust, LLC or other entity created or to be  
3 created on your behalf?” This question was answered “No.”

4 #24 “Have you, the proposed insured, ever sold a policy to a life settlement, viatical or other  
5 secondary market provider, or are you in the process of selling a policy?” This question was  
6 answered “No.”

7  
8 #25 “Is this policy being funded via a premium financing loan or with funds borrowed, advanced  
9 or paid from another person or entity?” This question was answered “No.” Khrlobian admitted  
10 that Mapaye did not pay the initial premiums due on her policy, and that the premiums were paid  
11 by ProLinks.

12  
13 74. Ben Cabal - Cabal said that when he met with agent Frank Nazario, he was offered  
14 an opportunity to get some life insurance that wouldn’t cost him anything. Cabal said that he did  
15 not pay any of the premiums for his American National policy. The “Premiums Funding Intent  
16 Form” that was submitted to American National Insurance Company revealed that it was signed  
17 by Cabal and Khrlobian. Cabal confirmed that he signed this document. He said that he did not  
18 fill it out or read it before he signed it. He did not answer any of the questions on this form. This  
19 form contains the following questions:

20  
21 #1 “Do you intend to transfer ownership of the life insurance policy to a third party (i.e. life  
22 settlement company, charity or investor group)?” This question was answered “No.”

23 #2 “Have you been offered any direct or indirect inducement to encourage you to apply for this  
24 life insurance policy, such as a cash payment, gifts, or loan proceeds in excess of funds necessary  
25 to fund the policy?” This question was answered “No.”

26  
27 #3 “Is it intended that the policy be directly or indirectly owned by a charity or by an entity for  
28 the purpose of the investment?” This question was answered “No.”

1 #4 “Will the source of funds for premium payments involve premium financing?” This question  
2 was answered “No.”

3 75. Rosie Abule - Abule was not asked to answer any written questions about what she  
4 intended to do with her policy. Abule said that Khrlonian told her that if she was willing to be  
5 insured, she wouldn’t have to pay any premiums. She was also told that he would find a  
6 “financier” to buy her policy if she wanted to settle it. Abule said that she did not pay any of the  
7 premiums.  
8

9 76. Arturo Aragon - Aragon stated that “the bank” was paying his policy premiums.  
10 His Jefferson Pilot policy revealed that his application contains the following questions:

11 #63 “Have you been involved in any discussion about the possible sale or assignment of this  
12 policy to a life settlement, viatical or other secondary market provider?” This question was  
13 answered “No.”  
14

15 #64 “Have you in the past two years sold a policy to a life settlement, viatical or other secondary  
16 market provider?” This question was answered “No.”

17 77. Ramona Aragon -The Jefferson Pilot policy belonging to Ramona Aragon revealed  
18 that her application contains the following questions:

19 #63 “Have you been involved in any discussion about the possible sale or assignment of this  
20 policy to a life settlement, viatical or other secondary market provider?” This question was  
21 answered “No.”  
22

23 #64 “Have you in the past two years sold a policy to a life settlement, viatical or other secondary  
24 market provider?” This question was answered “No.”

25 78. Van Vartanian - Vartanian was not asked to answer any written questions about  
26 what he intended to do with her policy. Vartanian advised that a third party paid the premiums on  
27 his policy.  
28

1           79.     Agripina Manalo - Manalo was not asked to answer any written questions about  
2 what she intended to do with her policy. Manalo's daughter (Elizabeth Noble) advised that a  
3 "trust" was responsible for paying the premiums. She didn't know who put money into the trust.

4           80.     Luz Carpina - Carpina said that she is personally paying all of the premiums on her  
5 policy. She said that she still owns the policy, but that she would like to sell it. She said that  
6 ProLinks is not involved with the potential sale of her policy, and that she plans on doing it  
7 herself. A "Statement of Client Intent" bearing her signature and the signature of Gazazian was  
8 submitted to Travelers Life & Annuity Insurance Company. This document contains the  
9 following questions:  
10

11 #1 "Do you intend to execute a collateral assignment of the applied for life insurance policy?"

12 This question was answered "No."

13 #2 "Do you intend to sell the applied for life insurance policy in the future?" This question was  
14 answered "No."

15 #3 "Have you ever sold a life insurance policy that you owned to a third party?" This question  
16 was answered "No."

17 #4 "Have you spoke with an individual or a company offering to pay you money to purchase life  
18 insurance?" This question was answered "No."

19 #5 "Have you spoken with an individual or a company offering free life insurance?" This  
20 question was answered "No."

21 Life agent Paul Emata said that he had nothing to do with a "Statement of Client Intent" for  
22 Carpina's policy.

## 23 **20.     VIOLATIONS**

24           81.     The Department has alleged misconduct by Respondents in paragraphs 7  
25 through 80. The Respondent's acts are in violation of CIC 1668 (e) [lacking integrity];  
26  
27  
28

1 1668 (I) [dishonesty]; 1668 (j) [untrustworthy]; 1734 [failure to remit fiduciary funds];  
2 1733 [premium theft]; 10110 [insurable interest misrepresentations].

3  
4 **21. CAUSE FOR DISCIPLINE**

5 82. The facts alleged in Paragraph Numbers 1 through 81 constitute grounds  
6 for the Insurance Commissioner to suspend or revoke the Respondents' licenses and  
7 licensing rights pursuant to Insurance Code Section 1738 and 1742. Further, the conduct alleged  
8 constitutes grounds for an order under Insurance Code Section 1748.5 that Respondents cease  
9 and desist from further participation in the insurance industry in any capacity until expressly  
10 permitted to resume participation in the insurance industry by written order of the Commissioner.

11 **22. PETITION FOR DISCIPLINE**

12 The Department prays for issuance of an Order that:

13 The Department prays for issuance of an Order that:

- 14 1. Revokes the license and licensing of Respondent.
- 15 2. Pursuant to California Insurance Code Section 1748.5, requires Respondent to  
16 cease and desist from further participation in the insurance industry in any  
17 capacity until expressly permitted to resume participation in the insurance  
18 industry by written order of the Commissioner. The prohibition shall include, but  
19 not limited to:
  - 20 a. Soliciting, negotiating, executing, delivering, effecting, arranging, or  
21 otherwise transacting insurance in any manner in exchange for  
22 compensation of any kind. "Soliciting" means making any oral or written  
23 statement with the intention or possible effect of provoking a person's  
24 interest in purchasing an insurance product. "Negotiating" means having  
25 any discussion with the objective arranging the purchase or sale of  
26 insurance for compensation of any kind.

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- b. Having any contact whatsoever with any other person, for the purpose of soliciting, negotiating, arranging, discussing, or otherwise transacting insurance in any manner.
- c. Advertising, or participating in advertising, by newspaper, telephone book or listing, mail, handout, business card, or by any other written or printed presentation, or in any other manner or means whatsoever, whether personally or through others, which implies that respondent is licensed or is engaged in the business or soliciting, negotiating, executing, delivering, or furnishing insurance in any manner.
- d. Acting as an owner, partner, officer, director, shareholder, stockholder, or employee, or having any interest in any insurance business.
- e. Acting as an office manager, agent, broker, general agent, managing general agent, underwriter, consultant, or otherwise supervising, controlling, advising, or participating in the conduct of an insurance business.
- f. Receiving money, commission, fee, rebate, payment, remuneration, or any other valuable consideration whatsoever, in connection with any insurance transaction, for work for, advice to, or consultation with any insurance business.
- g. Acting as an employee, agent, broker, solicitor, office clerk, secretary, consultant, advisor, or otherwise providing any aid or assistance whatsoever, whether on a permanent, full time, temporary, or limited basis, for any insurance licensee or business.
- h. Handling, controlling, delivering, transporting, distributing, storing, maintaining, creating, completing, executing, or having access to any blank insurance binder, insurance identification card, or certificate of insurance.
- i. Collecting, receiving, requesting, maintaining, handling, distributing, refunding, returning, remitting, assigning, effecting, having access to,

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controlling, or otherwise having anything to do with any money that has  
anything to do with an insurance business.

Dated: March 7, 2011

Dave Jones  
Insurance Commissioner

By: -s-\_\_\_\_\_  
Michael T. Tancredi  
Sr. Staff Counsel