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2 LEGAL DIVISION
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9 Attorney for the Department of Insurance

10 BEFORE THE INSURANCE COMMISSIONER
11 OF THE STATE OF CALIFORNIA

12 In the Matter of the Licenses and Licensing
13 Rights of

14 SOLO INSURANCE SERVICES, INC.

15 And

16 STEPHANIE RAGER,

17 Respondents.

FIRST AMENDED ACCUSATION

File No. SD 6660-AP

File No. SD 6661-AP

FIRST AMENDED ORDER TO SHOW
CAUSE

1. Cease and Desist and Monetary
Penalty pursuant to California
Insurance Code section 790 et. seq.
2. Order prohibiting participation in the
insurance industry pursuant to
California Insurance Code section
1748.5(b)

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19
20 **JURISDICTION**

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

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1 September 4, 1998, for a total of 642.25. However, Respondents did not remit the
2 refund to Mr. Windhovel until April 2000. Further, Respondents failed to keep a record
3 of the refunds. [CIC §§ 481.5 and CCR § 2190.2(p)]

4 (14). During the approximate period of April 6, 1998 through February 28, 2000,
5 Respondents failed to refund unearned premiums to insureds within 30 days.
6 Specifically, Respondents sold Belinda Reyes auto insurance and charged a \$104.00
7 broker fee and issued a binder on April 6, 1998. However, Respondents failed to
8 submit the application to the insurer, which resulted in a rejection of her conditional
9 binder. Therefore, Ms. Reyes was never insured and did not know she was not
10 insured. Respondents did not remit her downpayment until February 28, 2000. Further
11 Respondent's employee Mike Campos, who represented Respondents in the
12 transaction, was never appointed as a solicitor for Respondents. Lastly, Respondents
13 did not keep records of the rejection notification. [CIC §§ 1704, 1727(a), 1733 and
14 1734(a) and CCR § 2190.3(d)]

15 15. During the approximate period of August 6, 1998 through May 1999,
16 Respondents failed to conduct insurance in a competent manner and refund their clients
17 as required. Specifically, Respondents sold Cynthia Abbott auto insurance and charged
18 a \$50.00 broker fee. One of Ms. Abbott's cars was not registered. Therefore, her
19 insurance was cancelled. The insurance was financed and Ms. Abbott continued to pay
20 her monthly payments to the finance company. On January 6 and January 29, 1999,
21 Respondents' received Ms. Abbott's refund. However, Respondents did not forward the
22 money or send their unearned commission to Ms. Abbott until March 15, 1999.
23 [CIC §§ 393, 481.5, 1733, 1734(a) and 1668(j)]

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2 16.(15). On or about April 14, 1999, Respondents were appointed as an
3 agent for The Vision Insurance Group yet charged Jennifer Johnson a \$310.00 broker
4 fee. Respondents did not refund the fee to Ms. Johnson until approximately
5 March 2000. [CIC §§ 1731, 1733 and 1734(a)]²

6 17.(16). During the approximate period of January 26, 1999 through
7 October 22, 1999, Respondents failed to refund unearned premiums to insureds within
8 30 days. Specifically, Respondents received a refund check for Rebekah Gates on
9 January 26, 1999 and another on February 26, 1999, for a total of \$240.44. However,
10 Respondents did not remit the refunds until September 28, 1999 and October 22, 1999.
11 [CIC § 481.5]

12 18.(17, 18 & 19). During the approximate period of January 1, 1998 through
13 February 18, 1999, Respondents failed to ensure that insureds received their refunds
14 due them. Respondents either retained unearned premium and/or failed to refund
15 unearned premiums to insureds in a timely manner. Respondents unlawfully withheld
16 approximately \$200,000.00 from their clients. This includes the following refunds that
17 were received by Respondents:

18 a. On November 2, 1998, Respondents received refunds for the
19 following 67 insureds: Michele Carter, Rene Espinoza, Dennis Emeterio,
20 Dulce PerrezBautista, Karla Zugarazo, John S. Heesch, Chris Tan, William Riley,
21 Robert Ibarra, Byron K. Warren Sr., Ramird Gonzales, Billy L. Waller,
22 Gilbert Ruiz, Tamera Fitzgerald, Cynthia Lewis, Peter Lippert, Vivian M. Aquirre,
23 Stacy L. Quezada, Dang M. Chanh, Helen Aguilar, Steven G. Utz, Courtney
24 E. Asbee, Rachael A. Pizzo, Jerome Cawley, Gilbert Leon, Jr., Henry Torres,
25

26 ² The respondents held the \$150.00 broker fee that should have been refunded since it was unearned
27 premium. Premium is defined as “the sum which insured is required to pay.” Allstate Ins. Co. v. State
28 Board of Equal. (1959) 169 Cal.App.2d 165, at 168.

1 Ronny Jamison, Luis Arreola, Willie Orr, Carlos M. Hernandez, Haruki Kaneoya,
2 Marc Holmes, Eugenia Medina, Paul D. Johnson, Lisa Gorman,
3 Bethel A. Slusher, Jordan Doran, Jason Parra, Edgard Lasalle, Laranze Shed,
4 Sandra Queiros, Donna Kerley, William P. Eastman, Sylvia Gyimesi,
5 Eddie Martinez, Angela R. Wade, Cynthia Valenzuela, Eric B. Winter,
6 Autrey L. Carr, Deanna L. Shapan, Christine Rico, Darla Rush,
7 Rodrigo Hernandez, Lamont Jones, Russ Kay, Robert Harabdian, Deana Torres,
8 Eddie Lavigueur, Anabel Valencia, Dante T. Graham, Oscar Benn Jr.,
9 Jocquiline Haney, Jeffrey D. Barnes, Teresa Real, Gamaliel Ordonez,
10 Rosaline S. Castro and Lori Tatum. However, respondents only forwarded the
11 refunds to Chris Tan and Billy L. Waller, and only after they filed customer
12 service check requests; and to Dang M. Chanh and Jerome Cawley, only after
13 they filed Request for Assistances with the Department. Chris Tan's refund was
14 sent more than fifteen days after Respondents received it. Billy L. Waller,
15 Dang M. Chanh and Jerome Cawley's refunds were sent more than thirty days
16 after Respondents received them. The other 63 insureds did not receive refunds
17 at all.

18 b. On August 7, 1998, Respondents received refunds for the following
19 35 insureds: Tricia Dick, Maria Jiminez, Lorelei Jorge, Andrew Wilson,
20 Chris Biesbrouck, Emmagene Lee, Aimie Tafolla, Stacy Traver, Jerry Pinon,
21 Charlie Rodriguez, Robert Hess, Charles Mayfield, Yolanda Godinez, Eric Nash,
22 Lee Harvey Kasper, Ayelin Biglou, Edgar Mejia, Paul Soliz, Akop Tumanyan,
23 Araksi Palyan, Benjamin Cooper, Jane Yang, Robert Pena, Darryl Doty,
24 Steve Foster, Jason Lewis, Robert Foster, Lewis White, Eugene Mildner,
25 Gregory Coleman, Pedro Hernandez, Carlos Medina, Arthur Jones, Dolores
26 Duenez and Socrates Ferido. However, respondents only forwarded the refunds
27 to Andrew Wilson, and only after they filed a customer service check request and
28 a Request for Assistance with the Department, and Socrates Ferido, only after he

1 filed a Customer Service Request. Both refunds were sent more than thirty days
2 after Respondents received them. The other thirty-two insureds did not receive
3 refunds at all.

4 c. On March 4, 1998, Respondents received refunds for the following
5 21 insureds: Jorge Garrido, Eligio Rollo, Sokhan Chhun, Carlos Lopez, Jr.,
6 Otis Simpson, Anthony Eggleston, Sammy Goodrich, Milo Blizzard,
7 Francisco Palencia, Sylvia Gunn, Jim Lukins, Andrea Griffiths, Jason Evans,
8 Kevin Erskine, David Derse, Tameka Jordan, Climtee Davis, Nathan Bell,
9 R. Lopez, and No Name. However, Respondents did not remit any of the money
10 to the insureds. [CIC §§ 393, 481.5, 1733 and 1734(a)]

11 19. During the approximate period of December 2, 1998 through February 25,
12 1999, Respondents failed to refund unearned premiums within 30 days. Specifically,
13 Respondents received \$102.91 for their client Ray Harris. However, they did not send
14 him his refund until February 25, 1999, and only after Mr. Harris filed a Request for
15 Assistance with the Department. [CIC §§ 393, 481.5, 1733 and 1734(a)]

16 20.(20). During the approximate period of January 28, 1998 through
17 March 26, 1998, Respondents failed to refund unearned premiums within 30 days.
18 Specifically, Respondents received a \$744.39 refund for Alex Apodaca on January 28,
19 1998. However, Respondents did not remit the refund to Mr. Apodaca until March 26,
20 1998. [CIC §§ 393, 481.5, 1733 and 1734(a)]

21 28.(21). On or about June 3, 1997, Respondents failed to remit premiums to
22 the insurer. Specifically, Alex Apodaca paid for his insurance policy in full. However,
23 Respondents did not remit the entire payment to the insurer. Respondents set up a
24 payment schedule with Clarendon PFC, yet did not make those payments. This
25 resulted in cancellation of Mr. Apodaca's insurance. [CIC §§ 1733 and 1734]

26 22. During the approximate period of October 24, 1998 through March 23,
27 1999, Respondents retained unearned commission. Respondents sold auto insurance
28 to Donald George which was financed through Coast Program. Mr. George's insurance

1 was cancelled October 24, 1998. Respondents did not return the unearned commission
2 to Coast Program and the interest to Mr. George until March 23, 1999. [CIC §§ 393,
3 481.5, 1668(j), 1733 and 1734(a)]

4 23. During the approximate period of October 30, 1998 through December 15,
5 1998, Respondents failed to submit refunds in a timely manner. Specifically,
6 Respondents received a refund for Cherrie Heinrich on October 30, 1998. However,
7 Respondents did not forward the money to Ms. Heinrich until December 15, 1998, and
8 only after Ms. Heinrich filed a Request for Assistance with the Department. [CIC §§ 393,
9 481.5, 1733 and 1734(a)]

10 24. During the approximate period of July 31, 1998 through November 5,
11 1998, Respondents to refund in a timely manner and failed to transact insurance in a
12 competent and trustworthy manner. Specifically, Respondents sold David Johnson auto
13 insurance on July 28, 1998. On July 31, 1998, Mr. Johnson requested in writing that his
14 insurance be canceled. Respondents never submitted the cancellation request to the
15 insurer. On August 29, 1998, the insurer cancelled the insurance for non-payment.
16 Respondents did not refund the unearned premium until November 5, 1998, after
17 Mr. Johnson filed a Request for Assistance from the Department. [CIC §§ 393, 481.5,
18 1668(j), 1733 and 1734(a)]

19 25. During the approximate period of October 1998 through December 16,
20 1998, Respondents failed to refund in a timely manner. Specifically, Respondents'
21 client Cynthia Lenzion's insurance was cancelled and the unearned premium was
22 refunded to Respondents in October 1998. Respondents did not forward the money to
23 Ms. Lenzion until December 16, 1998, and only after Ms. Lenzion filed a Request for
24 Assistance with the Department. [CIC § 393, 481.5, 1733 and 1734(a)]

25 26. During the approximate period of May 21, 1997 through May 1, 1998,
26 Respondents failed to refund in a timely manner. Specifically, Respondents sold
27 Leslie Garrett auto insurance and charged a \$50.00 broker fee. Ms. Garrett paid in full
28 for her policy. Respondents rated her incorrectly and the insurer gave her an uprate.

1 The uprate was not paid and the policy was cancelled. The insurer sent Ms. Garrett's
2 refund to Respondents on August 12, 1997. Respondents did not forward the refund to
3 Ms. Garrett. Ms. Garrett was involved in two accidents in 1998 and discovered she did
4 not have auto insurance. On May 1, 1998, after the two accidents, Respondents sent
5 Ms. Garrett her refund, and only after Ms. Garrett filed a Request for Assistance with the
6 Department. [CIC §§ 393, 481.5, 1668(j), 1733 and 1734(a)]

7 27. During the approximate period of June 24, 1998 through September 4,
8 1998, Respondents failed to refund in a timely manner. Specifically, Respondents
9 received a refund for their client Patricia Wright dated June 24, 1998. However,
10 Respondents failed to forward the refund to Ms. Wright until September 4, 1998, and
11 only after Ms. Wright filed a Request for Assistance with the Department. [CIC §§ 393,
12 481.5, 1733 and 1734(a)]

13 28. During the approximate period of May 26, 1998 through October 2, 1998,
14 Respondents failed to refund in a timely manner and perform their duties in a competent
15 and trustworthy manner. Specifically, Respondents sold auto insurance to
16 Shevette Williams and charged a \$200.00 broker fee. Respondents rated her car
17 incorrectly, which caused an uprate. Respondents received a refund for Ms. Williams
18 on July 30, 1998. However, Respondents did not forward the refund to Ms. Williams
19 until October 2, 1998, and only after Ms. Williams filed a Request for Assistance with
20 the Department. [CIC § 393, 481.5, 1668(j), 1733 and 1734(a)]

21 29. During the approximate period of March 31, 1997 through March 11, 1999,
22 Respondents failed to refund unearned premiums in a timely manner. Specifically, on
23 March 31, 1997 respondents received \$68.00 for their client Rochelle Pharner. On
24 February 6, 1998, respondents were sent a another refund for Ms. Pharner. Neither
25 refunds was forwarded to Ms. Pharner until Ms. Pharner filed a Request for Assistance
26 with the Department. Respondents issued a refund to Ms. Pharner on March 11, 1999.
27 [CIC §§ 393, 481.5, 1733 and 1734(a)]

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1 30.(22). During the approximate period of June 12, 1998 through August 20,
2 1998, Respondents failed to refund unearned premiums within 30 days. Specifically, the
3 insurer sent Respondents a \$124.10 refund for Aliz Murguz on June 12, 1998. However,
4 Respondents did not remit the money to Mr. Marguz until August 20, 1998. [CIC §§ 393,
5 481.5, 1733 and 1734(a)]

6 31. During the approximate period of March 8, 1998 through November 9,
7 1998, Respondents failed to refund as required. Specifically, on March 8, 1998,
8 Respondents' client Kevin McCallister's insurance cancelled. However, Respondents
9 did not send the unearned commission to the finance company or the interest to
10 Mr. McCallister until November 9, 1998, and only after Mr. McCallister filed a Request
11 for Assistance with the Department. [CIC §§ 393, 481.5, 1733 and 1734(a)]

12 32. During the approximate period of July 29, 1997 through March 26, 1998,
13 Respondents failed to conduct the business of insurance in a competent and forthright
14 manner. Specifically, Respondents sold Adriano Ascencio auto insurance and charged
15 a \$25.00 broker fee. Respondents failed to refund Mr. Ascencio in a timely manner.
16 Further, Respondents did not fully refund Mr. Ascencio. Mr. Ascencio submitted a
17 check for \$305.00 on July 29, 1997, which was returned for insufficient funds. He then
18 submitted a money order for \$315.00 for the downpayment, plus a \$10.00 fee. On or
19 about September 18, 1997, Respondents put through the first check, which then
20 cleared. Therefore, Mr. Ascencio paid a \$620.00 downpayment, but was only refunded
21 based upon a \$305.00 downpayment. Further, the refund was not sent to Mr. Ascencio
22 until March 26, 1998, 3 months later than required. [CIC §§ 393, 481.5, 1668(j), 1733
23 and 1734(a)]

24 33. On or about February 14, 1997, Respondents failed to transact insurance
25 in a competent and trustworthy manner and refund in a timely manner. Specifically,
26 Respondents sold Byron Bishop an annual auto insurance policy and charged a
27 \$150.00 down payment. Mr. Bishop paid in full for the Clarendon insurance policy.
28 However, Clarendon only sold six-month policies unless the policy was financed.

1 Respondents submitted a loan application signed by "Byron Bishop," even though
2 Mr. Bishop never signed a loan application. On March 4, 1997 Clarendon issued a six-
3 month policy and sent a \$777.48 refund to Respondents. On March 15, 1997,
4 Clarendon sent another refund of \$166.50 refund to Respondents. On May 6, 1997,
5 Clarendon sent a third refund of \$212.40 to Respondents. Respondents failed to fully
6 refund Mr. Bishop until July 9, 1999, and only after Mr. Bishop filed a Request for
7 Assistance with the Department. [CIC §§ 393, 481.5, 1668(j), 1733 and 1734(a)]

8 34. During the approximate period of January 5, 1998 through April 6, 1998,
9 Respondents failed to refund in a timely manner. Specifically, Respondents sold auto
10 insurance to Lisa and John Fletcher and charged a \$100.00 broker fee. The Fletchers
11 paid in full. However their insurance was cancelled for non-payment of an uprate. On
12 January 5, 1998, Respondents received a refund for the Fletcher of \$602.75.
13 Respondents did not forward the refund to the Fletchers until April 6, 1998, and only
14 after they filed a Request for Assistance with the Department. [CIC §§ 393, 481.5,
15 1668(j), 1733 and 1734(a)]

16 35. During the approximate period of September 18, 1997 through
17 December 7, 1998, Respondents failed to refund in a timely manner. Specifically,
18 Respondents sold Irene Foster auto insurance and charged Ms. Foster two 50.00
19 broker fees. Respondents did not correct their error until Ms. Foster filed a Request for
20 Assistance and failed to refund \$50.00, plus interest until December 7, 1998.
21 [CIC §§ 1668(j), 1733 and 1734(a)]

22 SUBJECT: UNFAIR PRACTICES

23 APPLICABLE LAW: California Insurance Code sections 790, 1668(e)(j)(n) and
24 (o), 1668.5(a)(2)(6) and (7), 1738 and 1739.

25 ALLEGATIONS:

26 36.(23). On or about July 26, 1999, Respondents failed to perform their
27 duties as a broker. Specifically, Respondents received a request from
28 Salvadore Hernandez to add a fifth vehicle to his insurance. Respondents incorrectly

1 informed Mr. Hernandez that his insurer, Condor Insurance, would not insure five
2 vehicles in one household. Therefore, Respondents sold Mr. Hernandez a second
3 policy for the new vehicle and two other vehicles. However, Condor Insurance does
4 allow five vehicles in a household to be insured. Respondents failed to cancel the
5 existing policy on the two vehicles, which were already insured. Lastly, Respondents
6 submitted false information to the insurer about the use of Mr. Hernandez' truck.

7 [CIC §§ 790.03(a) and (b) and 1668(j)]

8 37.(24). During the approximate period of August 17, 1999 through April
9 2000, Respondents failed to perform their duties as a broker. Specifically, Respondents
10 sold Kara Saunders a six-month policy, which was due for renewal September 25,
11 1999. Ms. Saunders could have renewed directly with the insured. However,
12 Respondents informed her that she needed to come into their office and fill out a new
13 application or her insurance would be cancelled. She was charged a \$300.00 broker
14 fee for signing up with a new insurer. She was informed her \$371.00 downpayment was
15 required by the insurer, which it was not. Further, Respondents' employee
16 Mohammad Shirazi aka Kia Arian was not endorsed to Respondents when he wrote her
17 policy and charged her the \$300.00 broker fee. [CIC §§ 790.03(a) and (b), 1668(i) and
18 (j) and 1704]

19 38.(25). During the approximate period of October 2, 1998 through
20 January 13, 1999, Respondents failed to perform their duties as a broker. Specifically,
21 Respondents sold auto insurance to Larry and Kathy Abbott and charged a \$328.00
22 broker fee. Mr. and Mrs. Abbott made a \$449.01 down payment. Respondents
23 submitted the application to the insurer with a false address in order to obtain a lower
24 premium for the Abbotts. The Abbotts did not receive bills or notices of cancellations
25 and contacted Respondents in order to put the correct address on their policy.
26 Respondents did not ensure that the address correction was done and the Abbotts
27 insurance was cancelled on November 29, 1998, for non-payment. Larry Abbott had a
28 car accident on January 13, 1999, called the Respondents who informed him that he did

1 not have insurance. Respondents instructed Mr. Abbott to come into the office and get a
2 new policy in order to cover the accident. Since the new policy was written after the
3 accident, the insurer did not cover the accident. [CIC §§ 790.03(a) and (b) and 1688(i)
4 and (j)]

5 39. During the approximate period of July 26, 1997, through November 3,
6 1997, Respondents failed to ensure that all employees who transacted insurance were
7 licensed to do so and conducted the business of insurance in a competent and
8 trustworthy manner. Specifically, Respondents sold auto insurance, including excess
9 coverage, to Tisha Green and bound coverage for her with Infinity Insurance Co.
10 However, Infinity rejected the application and Respondents never submitted the
11 application for excess coverage. Therefore, Ms. Green never had insurance.
12 Respondents even gave her identification cards that showed she had insurance. The
13 transactor was "Ruben", however the only Ruben employed by Respondents was not
14 licensed on July 26, 1997. Lastly, Respondents did not refund Ms. Green's
15 downpayment until November 3, 1997. [CIC §§ 790.03(a) and (b), 1734, 1631, 1668(j)
16 and (l)]

17 SUBJECT: FAILURE TO PROPERLY SERVICE POLICIES

18 APPLICABLE LAW: California Insurance Code sections 1668(j)(n) and (o),
19 1668.5(a)(2)(6) and (7), 1724.5, 1738 and 1739.
20 California Code of Regulations section 2694

21 ALLEGATIONS:

22 40. During the approximate period of July 9, 1997 through May 7, 2001,
23 Respondents failed to conduct insurance in a competent and trustworthy manner.
24 Specifically, Respondents sold Delia Esquivel liability insurance through Bristol West,
25 and physical damage coverage, through CenCal, two separate insurance companies.
26 Respondents failed to add the lienholder onto Ms. Esquivel's CenCal policy.
27 Vivian Olivas, Respondents' unlicensed transactor/ employee, sent the request to add
28 the lienholder request to Bristol West. Approximately, one year later, Ms. Esquivel's

1 lienholder placed coverage on her. When Ms. Esquivel attempted to resolve the
2 problem with Respondents, they said they would make the change for \$500.00, even
3 though it should have been on the policy when coverage was initially placed.

4 Ms. Esquivel was forced to take the duplicate coverage. Further, Respondents are
5 unable to locate Ms. Esquivel's file. [CIC §§ 1631, 1668(j) and 1727(a)]

6 41.(26). On or about August 28, 2000, Respondents failed to perform their
7 duties as a broker. Specifically, on August 28, 2000, Respondents sold
8 Muhammad S. Wazeer auto insurance and charged a \$250.00 broker fee. However,
9 Respondents failed to comply with the insurer's guidelines, which resulted in an uprate
10 to the insured. Further, Respondents' employee Fahim Dalal Adly used an unapproved
11 fictitious name, Zela, in the transaction. [CIC §§ 1668(j) and 1724.5]

12 42.(27). On or about May 4, 2000, Respondents failed to perform their
13 duties as a broker. Specifically, on May 4, 2000, Respondents sold Bryan Davenport
14 auto insurance and charged a \$100.00 broker fee. However, Respondents misquoted
15 the insurance and failed to comply with the insurer's guidelines, which resulted in an
16 uprate to Mr. Davenport. [CIC § 1668(j)]

17 43.(28). On or about April 28, 2000, Respondents failed to perform their
18 duties as a broker. Specifically, Respondents sold Heidi Monger an auto insurance
19 policy on September 11, 1999 and charged a \$35.00 broker fee, which Ms. Monger paid
20 in full. On April 28, 2000, Respondents sold Ms. Monger a second auto policy and
21 charged a \$100.00 broker fee. However, Respondents failed to cancel the original
22 policy until August 8, 2000. Ms. Monger did not get a refund until October 23, 2000.
23 [CIC § 1668(j)]

24 44.(29). On or about March 15, 2000, Respondents failed to perform their
25 duties as a broker. Specifically, Respondents sold Patrice Algiers auto insurance and
26 charged a \$125.00 broker fee. However, Respondents quoted Ms. Algiers a rate based
27 on having three years driving experience even though they had a copy of Ms. Algiers
28 driver's license and motor vehicle record, which clearly showed she had only been

1 licensed 13 months. Ms. Algier's was then uprated by the insurer. Ms. Algier's Request
2 for Assistance resulted in a justified complaint against Respondents. [CIC § 1668(j) and
3 CCR § 2694(a)(4)]

4 45.(30). On or about January 7, 2000, Respondents failed to perform their
5 duties as a broker. Specifically, Respondents sold Sonia Pena auto insurance and
6 charged a \$152.00 broker fee. However, Respondents used an incorrect VIN number
7 on the application, which caused the insurer to uprate the premium. Ms. Pena's
8 Request for Assistance resulted in a justified complaint against Respondents.
9 [CIC § 1668(j) and CCR § 2694(a)(3)]

10 46.(31). During the approximate period of December 9, 1999 through
11 January 28, 2000, Respondents failed to perform their duties as a broker. Specifically,
12 Respondents charged Samuel Wahnou a \$50.00 fee to add another car to his policy.
13 Respondents were supposed to send Mr. Wahnou a bill for the additional premium but
14 they did not. Mr. Wahnou received a Notice of Cancellation for failing to make a
15 payment and subsequently learned that the \$50.00 was a broker fee and not a premium
16 payment to add insurance on the car. [CIC § 1668(j)]

17 47.(32). On or about October 8, 1999, Respondents failed to ensure that the
18 insured's needs were met. Specifically, on September 8, 1999, Respondents sold auto
19 insurance to Mark Lavelle and Jennifer Mohrbacher and charged them a \$100.00 broker
20 fee. On October 8, 1999, Mr. Lavelle and Ms. Mohrbacher purchased a second car and
21 Respondents wrote a new policy for both cars, yet failed to cancel the original policy.
22 Respondents charged Mr. Lavelle and Ms. Mohrbacher another \$105.00 broker fee.
23 This resulted in Mr. Lavelle and Ms. Mohrbacher having duplicate coverage on one car.
24 Mr. Lavelle and Ms. Mohrbacher's Request for Assistance resulted in a justified
25 complaint against Respondents. [CIC § 1668(j) and CCR § 2694(a)(3)]

26 48.(33). On or about August 31, 1999, Respondents failed to perform their
27 duties as a broker. Specifically, Respondents sold auto insurance to Denisa Jones and
28 charged her a \$25.00 broker fee. However, Respondents failed to submit proof of prior

1 insurance to the insurer as required by the insurer. This resulted in an uprate for
2 Ms. Jones. [CIC § 1668(j)]

3 49.(34). During the approximate period of March 2, 1999 through May 2000,
4 Respondents failed to perform their duties as a broker. Specifically, on March 2, 1999,
5 Respondents sold auto insurance to Martha McCovery and charged a \$150.00 broker
6 fee. Respondents misquoted the policy, which resulted in an uprate. Respondents then
7 told Ms. McCovery not to pay her bill for that policy and to get a new policy.
8 Respondents then sold a second policy to Ms. McCovery. They again made a misquote
9 which resulted in another uprate. Ms. McCovery's Request for Assistance resulted in a
10 justified complaint against Respondents. [CIC § 1668(j) and 2694(a)(3)]

11 50.(35). During the approximate period of August 26, 1999 through April 20,
12 2000, Respondents failed to perform their duties as a broker. Specifically, on
13 August 26, 1999 Respondents sold auto insurance to Constance White and charged a
14 \$300.00 broker fee. However, Respondents failed to comply with the insurer's
15 guidelines and Ms. White's insurance was not effective until August 28, 1999 which
16 caused an uprate due to a lack of a persistency discount. Ms. White contacted
17 Respondents who told her they would take care of the problem. On November 9, 1999,
18 Respondents contacted Ms. White instructing her to take out a new policy and charged
19 her another \$191.00 broker fee. Ms. White's Request for Assistance resulted in a
20 justified complaint against Respondents. [CIC § 1668(j) and CCR § 2694(a)(3)]

21 51.(36). On or about April 9, 1999, Respondents failed to perform their
22 duties as a broker. Specifically, on December 12, 1997, Respondents sold
23 Angela Garayan auto insurance and charged a \$53.00 broker fee. On April 9, 1999,
24 Respondents processed a change of vehicle for Angela Garayan, effective that day.
25 Respondents charged Ms. Garayan a \$150.00 "annual fee" for a six-month policy.
26 Further, the broker form stated the annual premium was \$150.00. Ms. Garayan paid
27 \$150.00 to Respondents on April 9, 1999. Ms. Garayan was told this payment was for
28 full coverage. Ms. Garayan did not make a monthly payment for April 1999. Therefore,

1 Ms. Garayan's insurance was cancelled for non-payment on May 3, 1999. Therefore,
2 Ms. Garayan's May 11, 1999 accident was not covered. Ms. Garayan's Request for
3 Assistance resulted in a justified complaint against Respondents. [CIC § 1668(j) and
4 CCR Code § 2694(a)(3)]

5 52.(37). During the approximate period of October 23, 1998 through
6 February 26, 1999, Respondents failed to perform their duties as a broker. Specifically,
7 on October 23, 1998, Respondents sold Avelino Garcia auto insurance and charged a
8 \$20.00 broker fee. The insurer made a clerical error and put the wrong address on the
9 policy. Therefore Mr. Garcia did not get his policy or billing. In November 1998,
10 Mr. Garcia contacted Respondents who failed to correct the problem. In December
11 1998, Mr. Garcia's policy was cancelled for non-payment. On January 25, 1999,
12 Mr. Garcia called Respondents again and subsequently learned that his insurance had
13 been cancelled. Instead of correcting the problem, Respondents offered to write a new
14 policy for Mr. Garcia for another \$50.00 fee. Mr. Garcia's Request for Assistance
15 resulted in a justified complaint against Respondents. [CIC § 1668(j) and
16 CCR Code § 2694(a)(3)]

17 53.(38). During the approximate period of September 25, 1998 through
18 July 26, 1999, Respondents failed to perform their duties as a broker. Specifically,
19 Mohammad and Reza Khaknegar purchased auto insurance through Respondents.
20 Respondents charged \$569.00 in broker fees for two policies that had a combined
21 annual premium of \$603.00. On January 7, 1999, Mr. Khaknegar told Respondents to
22 cancel both policies. Respondents did not notify the insurer until February 26, 1999 to
23 cancel the policies. Mr. and Mrs. Khaknegar did not receive their full refund until
24 February 2000. [CIC §§ 481.5 and 1668(j)]

25 54.(39). On or about May 20, 1999, Respondents failed to perform their
26 duties as a broker. Specifically, Respondents sold auto insurance to Danielle Joswig
27 and charged a \$130.00 broker fee. Respondents submitted Ms. Joswig's application
28 showing three years driving experience when Ms. Joswig's motor vehicle record only

1 showed two years driving experience. Ms. Joswig insurance was then uprated by the
2 insurer. Further, Respondents' employee Mark Anthony Duran who represented
3 Respondents in the transaction, was not endorsed to Respondents at the time.

4 [CIC § 1668(j), 1704 and 1707]

5 55.(40). On or about May 14, 1999, Respondents failed to perform their
6 duties as a broker and issued a binder without authority. Specifically, Respondents sold
7 John Gee auto insurance and charged a \$90.00 broker fee. They also issued Mr. Gee
8 a binder effective May 14, 1999. However, they did not have authority from The Infinity
9 Group to do so. The coverage could not be started until May 24, 1999 when The
10 Infinity Group received the application. Further, Respondents used incorrect territory
11 and symbols for Mr. Gee's cars which resulted in an uprate. [CIC §§ 382.5(f) and
12 1668(j)]

13 56.(41). On or about February 8, 1999, Respondents failed to perform their
14 duties as a broker. Specifically, Respondents sold Aren Brockert a month to month
15 auto insurance policy and charged a \$450.00 broker fee. Mr. Brockert was informed
16 that his \$515.97 down payment, which he paid in full, covered the first two months. The
17 broker agreement states that the annual premium is \$505.85 with a \$515.97 down
18 payment. The application lists \$55.85 as a deposit premium. After Mr. Brockert
19 received a bill for the second month's coverage, he then contacted Respondents who
20 informed him that they would take care of the notice he received. They did not and his
21 insurance was cancelled. [CIC § 1668(i)]

22 57.(42). During the approximate period of February 5, 1999 through October
23 2000, Respondents failed to perform their duties as a broker. Specifically, Respondents
24 sold Frank and Leonard Ferraro auto insurance and charged a \$200.00 broker fee.
25 However, Respondents rated the wrong driver on the policy. Further, Respondents'
26 employee Serey Touch, who made the transaction, used the alias Venessa Touch.
27 Serey Touch was not endorsed by Respondents nor licensed to transact insurance.
28 Serey Touch transacted insurance for Respondents under her sister, Pauv Touch's

1 license, who formerly worked as an agent for Respondents. Therefore, Respondents
2 knew or should have known that Serey Touch and Pauv Touch were not the same
3 person. [CIC §§ 1631, 1704, 1724.5 and 1668(i)(j) and (o)]

4 58. On or about December 17, 1998, Respondents failed to conduct insurance
5 in a competent manner. Specifically, Respondents sold Rukaiyah Abdullah auto
6 insurance and charged a \$50.00 broker fee. Respondents rated Mr. Abdullah's car
7 incorrectly which caused an uprate. [1668(j)]

8 59. During the approximate period of October 20, 1998 through March 19,
9 1999, Respondents failed to transact insurance in a competent and trustworthy manner.
10 Specifically, Respondents sold Clayton Brokhausen auto insurance and charged a
11 \$90.00 broker fee. Several weeks later Mr. Brokhausen received a cancellation notice
12 for lack of payment from the insurance company, even though he had not received a bill
13 or policy. Mr. Brockhausen contacted Respondents who informed him that
14 Respondents needed to write another policy for him in order to continue coverage.
15 Based upon Respondents incorrect assertions, Mr. Brokhausen purchased a second
16 policy on December 3, 1998 and paid another broker fee of \$100.00. Mr. Brokhausen's
17 original policy was still in force, he had duplicate coverage, and Respondents did not
18 have to write a new policy to continue coverage. Mr. Brokhausen he could have paid
19 the original insurance company and his insurance would not have cancelled.
20 [CIC §§ 485, 486, 487 and 1668(j)]

21 60. During the approximate period September 2, 1998 through March 30,
22 1999, Respondents failed to transact insurance in a competent and trustworthy manner.
23 Specifically, Respondents sold Luis Rodriguez auto insurance. Respondents told
24 Mr. Rodriguez that he was purchasing an annual policy for \$707.00 and gave him a
25 copy of the agreement which did not have any broker fee included. Respondents gave
26 him an ID card that indicated that he had an annual policy. However, they actually
27 charged him a \$500.00 broker, without disclosing to him the amount of the broker fee,
28

1 and without their license number on the quote. Further, the policy was only for six-
2 months. [CIC §§ 1668(j) and 1725.5]

3 61. During the approximate period of March 24, 1998 through October 23,
4 1998, Respondents failed to transact insurance in a competent and trustworthy manner.
5 Specifically, Respondents sold Helen Doyel auto insurance at her home. Within two
6 hours she called Respondents and requested the policy be cancelled. She was told
7 they could not. Within the next two days she wrote two letters requesting the insurance
8 be cancelled. Eventually, on July 29, 1998, the insurance was flat cancelled. Ms. Doyel
9 had to pay \$99.41 to the finance company, a \$50.00 policy fee and \$52.94 in
10 miscellaneous fees. Ms. Doyel did not receive the rest of her refund from Respondents
11 until October 23, 1998. [CIC § 1668(j)]

12 62. During the approximate period of December 21, 1997 through January
13 1999, Respondents failed to transact insurance in a competent and trustworthy manner
14 and refund in a timely manner. Specifically, Respondents sold Daniel Olivera auto
15 insurance and charged a \$50.00 broker fee. Further, Mr. Olivera paid for a SR-22 filing
16 in order to show the DMV that he had insurance. On March 23, 1998, Mr. Olivera
17 requested that one vehicle be deleted from his policy. The original policy was not issued
18 until March 30, 1998. The deletion of the vehicle was not processed until June 19, 1998,
19 and the insurer did not submit the refund until December 2, 1998. Respondents did not
20 refund to Mr. Olivera their portion of the unearned commission until January 8, 1999.
21 Mr. Olivera did not get the SR-22 until December 1998. Mr. Olivera did not get any
22 relief until after he filed a Request for Assistance with the Department. [CIC §§ 393,
23 481.5 and 1668(j)]

24 63. During the approximate period of March 12, 1998 through June 29, 1998,
25 Respondents failed to transact insurance in a competent and trustworthy manner.
26 Specifically, Respondents sold auto insurance to Heros Najarian and charged a
27 \$225.00 broker fee. Their employee, Mark Orneles, who was not licensed to transact
28 insurance sold Mr. Najarian the insurance. Mr. Orneles failed to rate Mr. Najarian

1 correctly by omitting three at-fault accidents. The insurer refused to place coverage due
2 to Mr. Najarian's driving record. Further, on March 12, 1998, Respondents ran
3 Mr. Najarian's motor vehicle record, which clearly showed the three accidents and gave
4 a copy to Mr. Najarian. They kept a copy for their file. However, when the Department
5 requested information from Respondents, the motor vehicle record in Respondents' file
6 did not show the three accidents. [CIC §§ 1631 and 1668(j)]

7 64. On or about October 26, 1997, Respondents failed to transact insurance
8 in a competent and trustworthy manner and used unlicensed employees to sell
9 insurance. Specifically, Respondents sold Mary Encinas and Deanna Vela auto
10 insurance, charged a \$200.00 broker fee, and accepted a cashier's check for \$2000.00
11 as payment in full for a year of insurance coverage. On October 27, 1997, Respondents
12 refunded the insureds \$957.00. The insureds then received an uprate and their
13 insurance was cancelled on December 10, 1997 for non-payment of the uprate.
14 Ruben Wyles, who was not licensed at the time did the transaction. Respondents
15 refused to refund the broker fee. [CIC §§ 1631 and 1668(j)]

16 65. During the approximate period of August 8, 1997 through February 6,
17 1998, Respondents failed to transact insurance in a competent and trustworthy manner.
18 Specifically, Respondents sold auto insurance to Linette Fenimore and charged a
19 \$75.00 broker fee. However, Respondents did not accurately quote the price of the
20 coverage to Ms. Fenimore. Respondents submitted the application to the insurer with
21 the incorrect symbol for the car and with the Waiver of Mandatory Arbitration being
22 unsigned. This resulted in an uprate. Further, the broker fee was not filled in.
23 Respondents refused to refund the broker fee. [CIC § 1668(j)]

24 66. During the approximate period of July 25, 1998 through November 10,
25 1998, Respondents failed to transact insurance in a competent and trustworthy manner.
26 Respondents sold auto insurance to Lourdes Ferrer and charged a \$75.00 broker fee.
27 Respondents failed to give a quote using rates that were effective August 1, 1998 even
28 though Ms. Ferrer's policy was effective August 8, 1998. This resulted in an uprate for

1 Ms. Ferrer. Respondents then refused to give Ms. Ferrer a refund of her broker fee.

2 [CIC § 1668(j)]

3 67.(43). On or about October 22, 1998, Respondents failed to perform their
4 duties as a broker. Specifically, Respondents sold Theresa Bray auto insurance and
5 charged a \$163.00 broker fee. Ms. Bray specifically needed insurance and a SR-22
6 form to file with the California Department of Motor Vehicles. Respondents originally
7 wrote the application for a specified insurance company. Later that day, Respondents
8 informed Ms. Bray that the original insurance company would not cover her, but that
9 Coast Insurance Company would cover her even though she needed a SR-22 form filed
10 with the DMV. Thereafter, coverage was obtained. Respondents failed to issue the SR-
11 22 form and Ms. Bray's driver's license was suspended. Further, Respondents'
12 employee Dawn Earl, who represented Respondents in the transaction, was not
13 endorsed to their license. [CIC §§ 1668(j) and 1704]

14 68. During the approximate period of June 6, 1998 through November 5,
15 1998, Respondents failed to perform their duties as a broker. Specifically, Respondents
16 sold Haydee Garcia auto insurance and charged a \$100.00 broker fee. Respondents
17 put the wrong address on the insurance application and the Ms. Garcia never received
18 her policy or bill. Therefore, the policy was canceled for lack of payment. Respondents
19 refused to refund Ms. Garcia's broker fee. [CIC § 1668(j)]

20 69. During the approximate period of June 6, 1998 through October 5, 1998,
21 Respondents failed to perform their duties as a broker. Specifically, Respondents sold
22 auto insurance to Jim McNally and rated him as married even though he was single.
23 This caused an uprate in his insurance. Mr. McNally's problem was not resolved until
24 he filed a Request for Assistance from the Department. [CIC § 1668(j) and
25 CCR § 2694(a)(1)]

26 70.(44). During the approximate period of September 1997 through
27 January 8, 1998, Respondents failed to perform their duties as a broker. Specifically,
28 Alex Apodaca paid in full for his insurance, plus a \$50.00 broker fee, on June 3, 1997.

1 However, Respondents failed to remit the entire payment to the insurer. Respondents
2 assured Mr. Apodaca that they would take care of the problem. However, they did not.
3 Respondent did not return his calls and avoided Mr. Apodaca. As a result his policy was
4 cancelled and he was not insured. [CIC § 1668(j)]

5 71. During the approximate period of September 9, 1997 through January 18,
6 1998, Respondents failed to perform their duties as a broker. Specifically Respondents
7 sold auto insurance to Matthew Hartley and charged a \$150.00 broker fee.
8 Respondents failed to ensure that Mr. Hartley signed the driver exclusion form. The
9 insurer notified Respondents and Mr. Hartley that the insurance would be cancelled
10 without the form being signed. Mr. Hartley contacted Respondents numerous times and
11 eventually was able to get the form to sign. However, Respondents never submitted the
12 form to the insurer and the policy was cancelled. Mr. Hartley's loan company forced
13 coverage on him and his driver's license was suspended. Further, Respondents'
14 employee Timothy Russell, who represented Respondents in the transaction, was not
15 endorsed to their license. [CIC §§ 1668(j) and 1704]

16 72. During the approximate period of September 6, 1997 through March 6,
17 1998, Respondents failed to perform their duties as a broker. Specifically, Respondents
18 sold auto insurance to Maria Valencia and charged a \$130.00 broker fee. Respondents
19 included motorist protection in the insurance, which caused the premium to increase.
20 Consequently, Ms. Valencia's monthly payments were increased. Ms. Valencia
21 continued to pay the original monthly payment schedule and her insurance was
22 cancelled for non-payment. [CIC § 1668(j)]

23 73.(45). During the approximate period of March 5, 1997 through March 8,
24 1998, respondents failed to perform their duties as a broker. Specifically,
25 Shannon Thompson purchased collision and liability insurance through Respondents.
26 Ms. Thompson paid a \$200.00 broker fee. However, the insurer due to an error
27 rejected her application for collision insurance by Respondents. Ms. Thompson was
28 never notified that she was rejected and did not have collision insurance until she

1 contacted Respondents after she had an auto accident. Consequently, the insurance
2 company did not cover Ms. Thompson's accident. [CIC § 1668(j)]
3 During the approximate period of February 2, 1996 through November 1, 1996,
4 Respondents failed to transact insurance in a competent and trustworthy manner and
5 used unlicensed employees to sell insurance. Specifically, Respondents sold auto
6 insurance to Henry Flores and charged a \$30.00 broker fee. Mr. Flores received an
7 uprate because he was rated as having three years driving experience when he clearly
8 only had two years driving experience. Further, he was sold the insurance by Greg
9 Thomas who did not have a license to transact insurance. [CIC § 1631 and 1668(j)]

10 SUBJECT: UNLICENSED TRANSACTORS

11 APPLICABLE LAW: California Insurance Code sections 1631, 1668(j)(n)(o) and (p),
12 1668.5(a)(2)(6)(7) and (8), 1738 and 1739.

13 ALLEGATIONS:

14 74.(46). During the approximate period of January 1, 1998 through March
15 31, 1999, Respondents failed to ensure that all employees who transacted insurance as
16 defined by CIC section 35 were licensed to transact insurance. Specifically, the
17 following employees of respondents interviewed prospective insureds, filled out
18 application forms for automobile liability insurance coverage, advised clients on
19 insurance coverage, provided insurance quotes, charged and negotiated broker fees,
20 requested and accepted insurance premiums, provided insurance binders, provided
21 proof of insurance cards, and Respondents compensated them on a commission basis:
22 Arman Abraamyan, Jose Amaya, Christopher Barnes, Perch Bilbulyan,
23 Roubina Bouladian, Michael Campos, Dana Carr, Robert Casilla, Haik Chalian,
24 Rabecca Chavez, Evan Cohen, Jermeiy Cowley, David Davidson, Karo Davtyan,
25 Arnold De La Cruz, William Devine, Amy Driscoll, Gregory Fish, Brett Gaffney,
26 Henry Galvan, Matthew Galyon, Mark Garcia, Ricardo Garcia, Henrik Gharibian,
27 George Goryan, Jose Guzman, Jackie Gyultrashyan, Bryan Harrington, Jimmie Harvey,
28 Shane Hogan, Tom Johnston, Ruben Khachatrian, Larry Khaner, Heather Knowlan,

1 Robert Macias, Martha Marquez, Brian Martin, Guido Martinez, Jesse Munoz,
2 Bridget Orange, Shiela Paillet, Oscar Perez, Susana Rodriguez, Anthony Romero,
3 Timothy Russell, Almer Santiago, Michael Sexton, Daniel Sherrow, Jeff This,
4 Tamer Wasfi, Cody Witte, Christian Young. [CIC § 1631]

5 75. On or about September 24, 1997, Respondents failed to ensure that all
6 employees who transacted insurance were licensed to do so. Specifically,
7 John Glasson purchased auto insurance from Respondents. Almer Santiago sold
8 Mr. Glasson the insurance. Further, Respondents charged Mr. Glasson a \$200.00
9 broker fee, yet did not disclose the fee to Mr. Glasson. [CIC §§ 1631 and 1668(j)]

10 **STATEMENT OF CHARGES FOR CEASE AND DESIST**
11 **AND MONETARY PENALTY ORDER, AND**
12 **STATEMENT OF POTENTIAL LIABILITY, PURSUANT TO CIC § 790 et. seq.**

13 76.(49). The facts alleged in Paragraphs 36 through 39 constitute the
14 statement of charges of the Order to Show Cause for Cease and Desist and Monetary
15 Penalty pursuant to CIC section 790 et seq. The facts alleged in those paragraphs, both
16 individually and/or jointly constitute grounds for the Commissioner to issue the Order
17 requested in the below Petition for Discipline and Order to Show Cause to
18 Respondents. Each respondent is potentially liable under CIC section 790.035 for a
19 monetary penalty of \$10,000 for each of the acts alleged for a total of \$40,000.00.

20 **CAUSE FOR ORDER PROHIBITING PARTICIPATION IN**
21 **THE INSURANCE INDUSTRY PURSUANT TO CIC § 1748.5**

22 77.(50). Respondent Solo is a “production agency” within the meaning of
23 CIC § 1748.5(a)(1).

24 78.(51). Respondent Rager is a “production agency” and a “subject person”
25 within the meaning of CIC § 1748.5(a)(1) and (2).

26 79.(52). The facts alleged in Paragraphs 11 through 75 both individually
27 and/or jointly constitute either misconduct with respect to the business of insurance that
28 caused financial or other injury to any person; or fraudulent or willful acts or omissions

1 involving dishonesty that exposed a person to financial or other injury; and constitutes
2 conduct or practices which demonstrate unfitness to continue as a subject person
3 pursuant to CIC § 1748.5.

4 **CAUSE FOR DISCIPLINE PURSUANT TO CIC §§ 1738 AND 1668**

5 80. The facts alleged in Paragraphs 11 through 75 both individually and/or
6 jointly show that it would be against the public interest to permit Respondent Solo and
7 Respondent Rager to continue transacting insurance in the State of California and
8 constitutes grounds for the Commissioner to suspend or revoke their licenses and
9 licensing rights pursuant to CIC §§ 1668(b), 1738 and 1739.

10 81. The facts alleged in Paragraphs 11 through 75 both individually and/or
11 jointly show that Respondent Solo and Respondent Rager are lacking in integrity and
12 constitutes grounds for the Commissioner to suspend or revoke their licenses and
13 licensing rights pursuant to CIC §§ 1668(e), 1738 and 1739.

14 82. The facts alleged in paragraphs 11 through 75 show that Respondent Solo
15 and Respondent Rager have previously engaged in a fraudulent practice of act or has
16 conducted any business in a dishonest manner, and constitute grounds for the
17 Commissioner to suspend or revoke their licenses and licensing rights pursuant to CIC
18 §§ 1668(l), 1668.5(a)(1), 1738 and 1739.

19 83. The facts alleged in paragraphs 11 through 75 show that Respondent Solo
20 and Respondent Rager have demonstrated incompetence or untrustworthiness in the
21 conduct of any business or has by commission of a wrongful act or practice in the
22 course of any business exposed the public or those dealing with them to the danger of
23 loss, and constitute grounds for the Commissioner to suspend or revoke their licenses
24 and licensing rights pursuant to CIC §§ 1668(j), 1668.5(a)(2), 1738 and 1739.

25 84. The facts alleged in paragraphs 11 through 75 show that Respondent Solo
26 and Respondent Rager have failed to perform a duty expressly enjoined upon them by
27 a provision of the Insurance Code, or have committed an act expressly forbidden by
28

1 such a provision, constituting grounds for the Commissioner to suspend or revoke their
2 licenses and licensing rights pursuant to CIC §§ 1668(l), 1668.5(a)(4), 1738 and 1739.

3 85. The facts alleged in paragraphs 11 through 75 show that Respondent Solo
4 and Respondent Rager have aided or abetted a person in an act or omission that would
5 constitute grounds for the suspension, revocation, or refusal of a license issued under
6 this code to the person aided or abetted, and constitute grounds for the Commissioner
7 to suspend or revoke their licenses and licensing rights pursuant to CIC §§ 1668(n),
8 1668.5(a)(6), 1738 and 1739.

9 86 The facts alleged in paragraphs 11 through 75 show that Respondent Solo
10 and Respondent Rager have permitted a person in their employ to violate a provision of
11 the Insurance Code, and constitutes constitute grounds for the Commissioner to
12 suspend or revoke their licenses and licensing rights pursuant to CIC §§ 1668(o),
13 1668.5(a)(7), 1738 and 1739.

14 **PETITION FOR DISCIPLINE AND ORDER TO SHOW CAUSE**

15 The Department prays for issuance of an Order that:

- 16 1. Revokes the license and licensing of Respondent Solo and Respondent
17 Rager.
- 18 2. Requires both Respondent Solo and Respondent Rager to pay a
19 \$40,000.00 monetary penalty to the State of California.
- 20 3. Requires Respondents to cease and desist from further participation in the
21 insurance industry in any capacity until expressly permitted to resume
22 participation in the insurance industry by written order of the
23 Commissioner. The prohibition shall include, but not limited to:
 - 24 a. Soliciting, negotiating, executing, delivering, effecting, arranging, or
25 otherwise transacting insurance in any manner in exchange for
26 compensation of any kind. "Soliciting" means making any oral or
27 written statement with the intention or possible effect of provoking a
28 person's interest in purchasing an insurance product. "Negotiating"

1 means having any discussion with the objective arranging the
2 purchase or sale of insurance for compensation of any kind.

3 b. Having any contact whatsoever with any other person, for the
4 purpose of soliciting, negotiating, arranging, discussing, or
5 otherwise transacting insurance in any manner.

6 c. Advertising, or participating in advertising, by newspaper, telephone
7 book or listing, mail, handout, business card, or by any other written
8 or printed presentation, or in any other manner or means
9 whatsoever, whether personally or through others, which implies
10 that respondent is licensed or is engaged in the business or
11 soliciting, negotiating, executing, delivering, or furnishing insurance
12 in any manner.

13 d. Acting as an owner, partner, officer, director, shareholder,
14 stockholder, or employee, or having any interest in any insurance
15 business.

16 e. Acting as an office manager, agent, broker, general agent,
17 managing general agent, underwriter, consultant, or otherwise
18 supervising, controlling, advising, or participating in the conduct of
19 an insurance business.

20 f. Receiving money, commission, fee, rebate, payment, remuneration,
21 or any other valuable consideration whatsoever, in connection with
22 any insurance transaction, for work for, advice to, or consultation
23 with any insurance business.

24 g. Acting as an employee, agent, broker, solicitor, office clerk,
25 secretary, consultant, advisor, or otherwise providing any aid or
26 assistance whatsoever, whether on a permanent, full time,
27 temporary, or limited basis, for any insurance licensee or business.
28

- 1 h. Handling, controlling, delivering, transporting, distributing, storing,
2 maintaining, creating, completing, executing, or having access to
3 any blank insurance binder, insurance identification card, or
4 certificate of insurance.
- 5 i. Collecting, receiving, requesting, maintaining, handling, distributing,
6 refunding, returning, remitting, assigning, effecting, having access
7 to, controlling, or otherwise having anything to do with any money
8 that has anything to do with an insurance business.

9 Dated: 09/07/01.

HARRY LOW
Insurance Commissioner

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13 By /s/
14 Kathleen L. Morgan
15 Staff Counsel
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