

STATE OF NORTH DAKOTA
BEFORE THE INSURANCE COMMISSIONER

In the Matter of)	
)	
Lisa S. Johnston,)	CEASE AND DESIST ORDER
NPN 12831562,)	AND NOTICE OF
DOB 2/15/1973,)	OPPORTUNITY FOR HEARING
)	
Respondent.)	CASE NO. AG-11-309

TO: Lisa S. Johnston, a/k/a Lisa S. Wilson, a/k/a Lisa S. Sandborn, 789 Promenade Court, Grand Forks, ND 58201

Insurance Commissioner Adam Hamm (“Commissioner”) has determined as follows:

1. N.D.C.C. § 26.1-01-03.1 authorizes the Commissioner to issue an order to cease and desist when it appears that any person or business entity is or has engaged in an act or practice which violates or may lead to a violation of the North Dakota Century Code.
2. N.D.C.C. Chapter 26.1-26 regulates the licensing of insurance producers.
3. Lisa S. Johnston, NPN 12831562, DOB 2/15/1973 (“Johnston”), is presently and has been at all times pertinent to this action a licensed North Dakota resident insurance producer.
4. N.D.C.C. § 26.1-26-15 states:

An applicant for any license under this chapter must be deemed by the commissioner to be competent, trustworthy,

financially responsible, and of good personal and business reputation.

5. N.D.C.C. § 26.1-26-42 states, in part:

The commissioner may suspend, revoke, place on probation, or refuse to continue or refuse to issue any license issued under this chapter if, after notice to the licensee and hearing, the commissioner finds as to the licensee any of the following conditions:

...

4. Any cause for which issuance of the license could have been refused had it then existed and been known to the commissioner at the time of issuance.

...

6. In the conduct of affairs under the license, the licensee has used fraudulent, coercive, or dishonest practices, or has shown oneself to be incompetent, untrustworthy, or financially irresponsible.

...

10. An improper withholding of, misappropriating of, or converting to one's own use any moneys belonging to policyholders, insurers, beneficiaries, or others received in the course of one's insurance business.

6. N.D.C.C. § 26.1-02.1-02.1 states, in part:

A person may not commit a fraudulent insurance act.

7. The Commissioner has come into information which alleges that Johnston has knowingly and intentionally engaged in deceitful and dishonest practices against residents of the State of North Dakota by improperly converting money belonging to insurance clients. By these actions Johnston has also shown herself to be incompetent, untrustworthy, or financially irresponsible in the conduct of affairs under the license.

8. At all times relevant to this Order, Johnston is or was employed by Brian Larson Agency, an insurance agency located in Grand Forks, North Dakota. Johnston worked there for approximately six years and was authorized to service customers but did not routinely sell insurance in this capacity. Johnston was responsible for collecting deposits, including cash payments that customers made for their insurance premium payments, and taking them to the bank for deposit. She was also in charge of the agency's sweep accounts that were used to deposit the premiums paid by customers and in turn pay them on to the appropriate insurance company.

9. In approximately March 2011, Johnston's employer checked its bank records. At about this same time, the employer received notice that a policy premium payment of \$17,000 that had been made by the insured in October 2010 to the agency was not paid in its entirety to the insurer. The policyholder learned this when it received notice from the insurer that there was an outstanding balance of \$8,418 due on the policy.

10. During a discussion with an Insurance Department investigator, Johnston admitted to taking money from her employer. She admitted that she would take the cash that came into the agency and would then pay only enough out of the sweep account to keep the policy current. She estimated that she has taken between \$20,000 and \$22,000 from her employer since October 2010.

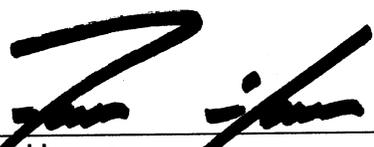
11. Johnston stated that she used the money to pay her bills. Johnston's application of the money received from insurance consumers to her personal use constitutes violations of N.D.C.C. §§ 26.1-02.1-02.1, 26.1-26-15, and 26.1-26-42(6) and (10).

NOW, THEREFORE, IT IS HEREBY ORDERED pursuant to N.D.C.C. § 26.1-01-03.1 that Johnston, whether acting in the State of North Dakota as an insurer, a risk retention group, a purchasing group, an insurance producer, a business entity, or otherwise engaging in the business of insurance, either directly or indirectly through named and unnamed persons, entities, agents, or otherwise, shall immediately **CEASE AND DESIST** from soliciting, transacting, or otherwise engaging in the business of insurance.

IT IS FURTHER ORDERED pursuant to N.D.C.C. § 26.1-01-03.1 that Johnston may make a written request for a hearing on this matter within 30 days of the date of this Order.

If Johnston fails to request a hearing in writing within 30 days after being served with a copy of this Cease and Desist Order, the Commissioner shall make the Cease and Desist Order permanent, as the facts require.

DATED this 25th day of April, 2011.



Adam Hamm
Commissioner
North Dakota Insurance Department
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Bismarck, ND 58505
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