

**STATE OF NORTH DAKOTA**  
**BEFORE THE INSURANCE COMMISSIONER**

<b>In the Matter of</b>	)	
	)	
<b>Janet M. Lulay,</b>	)	<b>CEASE AND DESIST ORDER</b>
<b>NPN 5741368,</b>	)	<b>AND NOTICE OF</b>
<b>DOB 10/15/1950,</b>	)	<b>OPPORTUNITY FOR HEARING</b>
	)	
<b>Respondent.</b>	)	<b>CASE NO. AG-10-281</b>

**TO: Janet M. Lulay, 3201 20<sup>th</sup> Street South, Apt. 223, Fargo, ND 58104**

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. Janet M. Lulay, NPN 5741368, DOB 10/15/1950 (“Lulay”), 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 Lulay has knowingly and intentionally engaged in deceitful and dishonest practices against residents of the State of North Dakota by accepting money and improperly converting money belonging to insurance clients. By these actions Lulay 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, Lulay is or was employed as an insurance producer for First International Insurance in Fargo, North Dakota. In this capacity, Lulay sold property and casualty insurance including homeowners and motor vehicle insurance and collected premium for policies she sold.

9. On July 31, 2010, a First International Insurance customer, E.R., gave a check in the amount of \$1,127.65 to Lulay to pay premiums on a homeowner's policy but left the payee line blank. The memo line of the check reads "Insurance". Lulay's name was later written on the payee line in penmanship that differs from that on the rest of the check. Lulay's signature appears on the back of the check as endorser and it was deposited into Lulay's personal bank account on August 6, 2010. Lulay's signature also appears on the deposit slip dated August 6, 2010, that was used to deposit the check. During a subsequent interview, Lulay admitted to her employer that she deposited E.R.'s premium payment into her personal bank account to cover her personal expenses.

10. Lulay applied the money received from an insurance consumer to her personal use and her conduct 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).

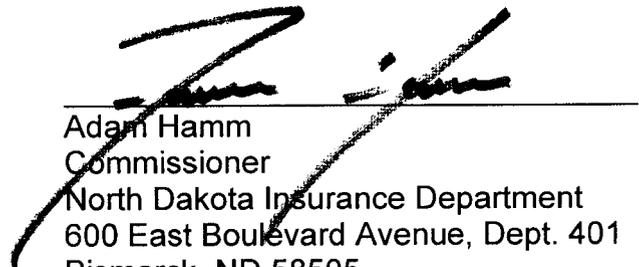
NOW, THEREFORE, IT IS HEREBY ORDERED pursuant to N.D.C.C. § 26.1-01-03.1 that Lulay, whether acting in the State of North Dakota as an insurer, a risk retention group, a purchasing group, an insurance producer, a business entity, or otherwise engaging in the business of insurance, either directly or 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 Lulay may make a written request for a hearing on this matter within 30 days of the date of this Order.

If Lulay 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 9<sup>th</sup> day of September, 2010.



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Adam Hamm  
Commissioner  
North Dakota Insurance Department  
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Bismarck, ND 58505  
(701) 328-2440