

STATE OF NORTH DAKOTA
BEFORE THE COMMISSIONER OF INSURANCE

In the Matter of)	CEASE AND DESIST ORDER
)	AND NOTICE OF
Jeffrey David Nepl,)	OPPORTUNITY FOR HEARING
NPN 131914,)	
)	CASE NO. AG-11-296
Respondent.)	

TO: Jeffrey David Nepl, 2626 South Bay Drive, Fargo, ND 58103

Insurance Commissioner Adam W. 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. Jeffrey David Nepl, NPN 131914 (“Respondent”), 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:

...

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. Admin. Code § 45-02-02-14.1 states:

45-02-02-14.1. Client loans to licensed producers and consultants prohibited - Exceptions. A licensed insurance producer or consultant may not solicit or accept a loan from an individual with whom the insurance producer or consultant came into contact in the course of the person's insurance business, or sold an insurance policy to, within the past ten years. This does not prohibit a licensed insurance producer or consultant from accepting loans from financial institutions; immediate family members, which shall mean only a spouse, parents, siblings, and children; or other loans upon the prior written approval of the insurance commissioner.

7. The Commissioner has come into information which alleges that Respondent has knowingly and intentionally engaged in the conduct of deceit and fraud against residents of the State of North Dakota in his actions of accepting money and converting to his own use moneys belonging to insurance clients.

8. In November and December 1997, Respondent sold three annuities to husband and wife, L.R. and L.R. They made one-time payments totaling \$215,242.86 for two of the annuities and paid an initial premium of \$10,000 for the third annuity. They were 85 and 81 years of age at the time of the sale. The husband died in 2001. In 2007,

Respondent visited the surviving wife and convinced her to surrender the three annuities. Checks in the amount of \$350,419.10 were issued to her from the insurance companies that had issued the annuities, which were then endorsed over to Respondent.

9. In the spring of 2008, Respondent visited K.R., L.R.'s adult son, at his home and presented two policies that Respondent said L.R. had purchased. One was a \$10,000 life insurance policy in K.R.'s name and the other was a \$340,000 Midland National annuity policy that Respondent said would pay \$2,000 per month for 20 years. Later that spring, L.R. died.

10. Just after L.R.'s death, Respondent told K.R. that all of L.R.'s assets were in the annuity with Midland National. K.R. began checking on the insurance policies and called Midland National only to discover that the \$340,000 annuity policy did not exist. The company only had record of the \$10,000 life insurance policy.

11. K.R. reported the issue to the Fargo Police Department and the matter is being investigated. On February 23, 2011, a Fargo Police Department Detective interviewed Respondent during which time Respondent confessed to deceiving L.R. and K.R. regarding the \$340,000. Neppi stated that he took the money and put it into his businesses. Neppi said he intended to pay all the money back. Neppi admitted that he knew he was deceiving L.R. and K.R. Neppi stated he was going to use some of the money for his business and ultimately, all of the money ended up in his business accounts. Neppi said he told L.R. she was going to be getting \$10,000 each year for her taxes but said she did not know it was going to be coming from Neppi's business. Neppi admitted that his intention was to deceive her so he could get the money to hold him over until he could get his business running again.

12. Respondent's conduct of taking an insurance client's money while being dishonest about where it was going to be placed, using the money for a loan for his own

personal businesses, and losing the money constitutes violations of N.D. C.C §§ 26.1-26-15 and 26.1-26-42(6) and (10), and N.D. Admin. Code § 45-02-02-14.1.

NOW, THEREFORE, IT IS HEREBY ORDERED pursuant to N.D.C.C. § 26.1-01-03.1 that Respondent, whether acting in the State of North Dakota as an insurer, a risk retention group, a purchasing group, an insurance producer, 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 with residents of the State of North Dakota.

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

If the Respondent 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 7th day of March, 2011.



Adam Hamm
Commissioner
N.D. Insurance Department
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Bismarck, ND 58505
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