

STATE OF NORTH DAKOTA
BEFORE THE INSURANCE COMMISSIONER

In the Matter of)	
)	
Karen Marie Andrews,)	ORDER REVOKING LICENSE
NPN 16223823,)	
DOB 2/15/83,)	CASE NO. AG-12-351
)	
Respondent.)	

Insurance Commissioner Adam Hamm (hereinafter "Commissioner") has determined as follows:

1. The Commissioner has authority in this matter pursuant to N.D.C.C. § 26.1-26-15, which states:

License requirement - Character. 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.

2. Karen Marie Andrews, NPN 16223823, DOB 2/15/83 (hereinafter "Respondent"), holds a North Dakota resident insurance producer license issued under N.D.C.C. chapters 26.1-26 and 26.1-26.6. Respondent is licensed as a bail bond agent.

3. Respondent applied for a North Dakota resident insurance producer license in March 2011. Respondent's application states, "1. Have you ever been convicted of, or are you currently charged with, committing a crime, whether or not adjudication was withheld? [Answer] No." The "no" answer was untruthful. A check of North Dakota court records revealed that Respondent had been convicted of Issuing a Bank Check with Insufficient Funds in 2004 and 2008. The application requires

reporting of all convictions or charges, with some exceptions. The Insufficient Funds convictions were Class B misdemeanor crimes. Respondent's convictions were not excluded from the reporting requirement. Prelicensure investigation also disclosed six outstanding judgments against Respondent that totaled approximately \$8,081.94.

4. Based on the totality of Respondent's application, the Commissioner determined that Respondent would be offered the opportunity to agree to a conditional license. On April 27, 2011, the Deputy Commissioner wrote to Respondent ("License Agreement") stating in part:

Notwithstanding the criminal convictions and your financial history, the Department will agree to offer you a conditional license. In consideration of your execution of this agreement and in consideration of the Department agreeing not to deny a license to you, the Department will issue a resident individual insurance producer license with the following conditions:

1. A conditional license will be issued with a probationary period to run 36 months from the date of issuance of the license. ...
2. You must during the time of this probation and at all times after that fully comply with all the laws of the state and lawful orders of the Insurance Commissioner. ...
3. The Department can revoke, suspend, or take such further action against the license as may be deemed necessary in the Commissioner's discretion without notice of hearing or issuance of a complaint, if ... the Department receives a complaint from any source against you and after investigation of the merits of the ... complaint and after you have been afforded the opportunity to respond in writing, and after review of other factual information necessary, the Commissioner concludes that you violated the laws of the State of North Dakota or used fraudulent, coercive, or dishonest practices or

are incompetent, untrustworthy, or financially irresponsible.

...

5. You may not handle funds in any insurance-related employment. ...

If you are in agreement with the conditions described above, please sign below, have your signature notarized, and return the agreement to the Department. After receipt of this signed and notarized agreement, the Department will then issue a conditional license.

Respondent returned the letter with her notarized signature agreeing to the conditions set out in the License Agreement on or about May 11, 2011. The Commissioner issued a license to Respondent on May 11, 2011. A copy of the signed agreement is attached to this Order as Exhibit 1.

5. On or about February 7, 2012, the North Dakota Insurance Department ("Department") received a complaint from Robert Boysen ("Boysen") on behalf of Alex Ahyai ("Ahyai") alleging Respondent and AAA Best Bail Bonds Inc. had written a bail bond for Ahyai, had accepted money sent by wire as part of the bond transaction, and had failed to refund money owed after Ahyai appeared in court. The Department wrote to Respondent on February 10, 2012, February 27, 2012, and March 29, 2012, informing her about the complaint and affording her the opportunity to respond in writing.

6. Subsequent investigation disclosed that on October 22, 2011, Respondent wrote a bail bond for Ahyai in the face amount of \$1,000 securing Ahyai's appearance in court on November 2, 2011. Also on that date, Respondent accepted \$650 from Boysen

by a Moneygram. The Commissioner has determined \$500 of the \$650 payment is cash collateral held by Respondent.

7. Ahyai appeared in McHenry County District Court on November 2, 2011, as required by the court. The bond was exonerated on that date, which terminated Respondent's liability on the bond. A bail bond agent must return collateral "immediately upon final termination of liability on the bond." N.D.C.C. § 26.1-26.6-05(1)(f). Furthermore, pursuant to N.D.C.C. § 26.1-26.6-05(g), the Commissioner may revoke a bail bond agent's license for "[w]illfully failing to return collateral security to the principal when the principal is entitled to the security." Respondent has not returned any cash collateral to Boysen or Ahyai. As of the date of this Order, approximately 181 days have elapsed since Respondent's duty to return the collateral arose. Respondent's failure to return collateral is a violation of N.D.C.C. §§ 26.1-26.6-05(1)(f) and (g).

8. Respondent agreed by signing the License Agreement that she "may not handle funds in any insurance-related employment..." Respondent's acceptance of \$650 by the Moneygram sent by Boysen constitutes handling funds within the meaning of the License Agreement. Respondent's acceptance of \$650 by the Moneygram sent by Boysen is a violation of the terms of the License Agreement for which the Commissioner may revoke Respondent's license.

9. The bail bond was issued by Respondent as attorney in fact for Bankers Insurance Company of St. Petersburg, Florida ("Bankers"), on Power of Attorney No. 560592559. Respondent did not hold an appointment with Bankers either on October 22, 2011, when the bond was written or within 30 days after, as required by N.D.C.C. § 26.1-26-13.1 which provides in part:

1. An insurance producer may not act as an agent of an insurer unless the insurance producer becomes an appointed agent of that insurer. ...
2. To appoint an insurance producer as its agent, the appointing insurer shall file a notice of appointment within thirty days from the later of the date the agency contract is executed or the first insurance application is submitted.

Respondent's issuance of the bond without an appointment is a violation of N.D.C.C. § 26.1-26-13.1.

10. N.D.C.C. § 26.1-26-33 requires all licensees to notify the Commissioner of any change in the licensee's residential or business address within 30 days of the change. "Business address" includes business location and mailing address. On February 10, 2012, the Department sent a letter to Respondent's mailing address of record. The letter was returned to the Department as undeliverable. Respondent has not informed the Commissioner of any change of mailing address. Respondent's failure to inform the Commissioner of any change of mailing address is a violation of N.D.C.C. § 26.1-26-33.

11. The Department also wrote to Respondent on February 27, 2012, and March 29, 2012, informing her about the complaint and requesting her response, including records and documentation. Respondent has not responded in any way. Pursuant to N.D.C.C. §§ 26.1-26-42(14) and 26.1-26.6-02, the Commissioner may revoke a bail bond agent's license for "refusing to respond within twenty days to a written request by the commissioner for information regarding any potential violation". Respondent's failure to respond to the Department's requests for information is a violation of N.D.C.C. § 26.1-26-42.

12. Pursuant to N.D.C.C. § 26.1-26-31, an insurance producer license “continues in force in perpetuity unless . . . the licensee voluntarily consents to the suspension, revocation, or refusal of the license...” Respondent voluntarily consented to the revocation of her resident insurance producer license upon the occurrence of certain clearly described events.

NOW, THEREFORE, IT IS HEREBY ORDERED that Respondent having agreed to revocation of her license if the Department receives a complaint from any source against her and after investigation of the merits of the complaint and after she had been afforded the opportunity to respond in writing, and after review of other factual information necessary; and the Commissioner having concluded that Respondent violated the laws of the State of North Dakota and the terms of her License Agreement; and in accordance with the terms of the License Agreement signed by Respondent, Respondent’s North Dakota resident insurance producer license is hereby **REVOKED**.

This order is effective this 8th day of May, 2012.

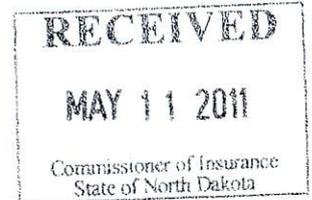

Adam Hamm
Commissioner
North Dakota Insurance Department
600 East Boulevard Avenue, Dept. 401
Bismarck, ND 58505
(701) 328-2440



North Dakota
Insurance Department

Adam W. Hamm, Commissioner

April 27, 2011



Ms. Karen Andrews
325 Third Street NW, Suite 4
Minot, ND 58701

RE: Conditional License Agreement

Dear Ms. Andrews:

The North Dakota Insurance Department has recently concluded its evaluation of your application received on March 7, 2011, for a resident individual insurance producer license. In that application you answered "no" to background question one regarding whether you have ever been convicted of a crime. A check of North Dakota court records revealed that you were convicted of Issuing a Bank Check With Insufficient Funds in 2003 and 2008 and convicted of Dog/Cat License Required in 2009.

It was also discovered that there are six outstanding judgments against you that total approximately \$8,081.94.

Your criminal convictions and financial history are grounds for denial of your application. State law provides that the Commissioner may deny a license if an applicant has been convicted of a felony or convicted of an offense determined by the Commissioner to have a direct bearing upon a person's ability to serve the public as an insurance producer. N.D.C.C. § 26.1-26-42(1), (2), (5). In addition, an applicant for an insurance producer license must be deemed by the Commissioner to be competent, trustworthy, financially responsible, and of good personal and business reputation. N.D.C.C. § 26.1-26-15. A violation of these laws is subject to a civil fine of up to \$1,000. N.D.C.C. § 26.1-26-50.

Notwithstanding the criminal convictions and your financial history, the Department will agree to offer you a conditional license. In consideration of your execution of this agreement and in consideration of the Department agreeing not to deny a license to you, the Department will issue a resident individual insurance producer license with the following conditions:

1. A conditional license will be issued with a probationary period to run 36 months from the date of issuance of the license. If, at the end of the probationary period, there is no cause to terminate the license, an unrestricted license will be issued.
2. You must during the time of this probation and at all times after that fully comply with all the laws of the state and lawful orders of the Insurance Commissioner. You will be allowed to maintain this conditional license for 36 months if you have no collection actions initiated or judgments entered against you and no criminal charges or convictions filed during the conditional period that at any time lead to a criminal conviction. Sixty-one days after expiration of this probation, the license will still be conditional so that we can check court records to determine whether you completed probation successfully.
3. The Department can revoke, suspend, or take such further action against the license as may be deemed necessary in the Commissioner's discretion without notice of hearing or issuance of a complaint, if the Department receives information that you have had a collection action initiated against you or you have been charged with a crime or convicted of a crime at any time which resulted from a charge that was filed during the probationary period, or the Department receives a complaint from any source against you and after investigation of the merits of the charge, conviction, or complaint and after you have been afforded the opportunity to respond in writing, and after review of other factual information necessary, the Commissioner concludes that you violated the laws of the State of North Dakota or used fraudulent, coercive, or dishonest practices or are incompetent, untrustworthy, or financially irresponsible.
4. During the time of the probation, you shall report to the Department within three business days after an action to collect money or a criminal charge is filed, any further collection action, criminal charge, or criminal conviction in any jurisdiction except for minor traffic offenses.
5. You may not handle funds in any insurance-related employment. During the time of your probation, you must notify the Department within three business days if you leave your current employment.
6. You must notify the Department within three business days of any checks you write that are returned for insufficient funds, whether or not it results in a criminal charge.
7. All judgments must be paid in full by the end of the probationary period before an unrestricted license will be issued.

Ms. Karen Andrews
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Please be advised that the issuance of the conditional license will result in a report to the National Insurance Producer Registry (NIPR) Producer Database (PDB) as an administrative action.

If you are in agreement with the conditions described above, please sign below, have your signature notarized, and return the agreement to the Department. After receipt of this signed and notarized agreement, the Department will then issue a conditional license. **This offer is valid for only 20 days from the date of this letter.** If we have not received your signature within that time frame, the application will be denied.

Sincerely,


Rebecca L. Ternes
Deputy Commissioner

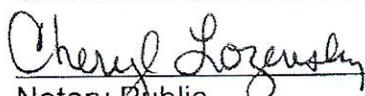
RLT/njb
cc: Agent Licensing

I agree to the conditions set out in this License Agreement.

DATED this 10th day of May, 2011.


Karen Andrews

Subscribed and sworn to before me this 10 day of May, 2011.


Notary Public

State of ND
County of Ward

My Commission Expires:

