

STATE OF NORTH DAKOTA
BEFORE THE INSURANCE COMMISSIONER

In the Matter of)	CEASE AND DESIST ORDER
)	AND NOTICE OF
Robert H. Medhus, NPN 42944, and)	OPPORTUNITY FOR HEARING
Medhus Company, NPN 654691,)	
)	CASE NO. AG-12-365
Respondents.)	

TO: Robert H. Medhus, NPN 42944, 4194 58th Street South, Fargo, ND 58104-4254
Medhus Company, NPN 654691, P.O. Box 2163, Fargo, ND 58107

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. title 26.1 regulates the business of insurance and N.D.C.C. chapter 26.1-26 regulates the licensing of insurance producers. The Commissioner has authority in this matter pursuant to N.D.C.C. title 26.1.

3. Robert H. Medhus, NPN 42944, is presently and has been at all times pertinent to this action, a licensed North Dakota resident insurance producer. Medhus Company, NPN 654691, is presently and has been at all times pertinent to this action, a licensed North Dakota business entity producer. Robert H. Medhus is an owner of and

is the designated responsible producer for Medhus Company. Robert H. Medhus and Medhus are hereinafter referred to collectively as "Respondents".

4. N.D.C.C. § 26.1-26-15 states:

26.1-26-15. 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.

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. C.C. § 26.1-26-45.1 states, in part:

26.1-26-45.1. Reporting of actions.

1. An insurance producer shall report to the commissioner any administrative action taken against the insurance producer's license in another jurisdiction or by another governmental agency in this state within thirty days of the final disposition of the matter. This report must include a copy of the order, consent to order, or other relevant legal documents.

7. The Commissioner has a reasonable basis to believe that the Respondents have engaged in, are engaging in, or are about to engage in, an act or practice as more fully described below which violates or may lead to a violation of N.D.C.C. title 26.1. It is necessary and appropriate in the public interest and for the protection of insurance consumers to restrain these acts or practices of Respondents.

8. Respondent Robert H. Medhus holds a North Dakota resident insurance producer license with his principal place of business in Fargo, ND. Respondent Medhus Company holds a North Dakota business entity producer license with its principal place of business in Fargo, ND.

9. Respondent Robert H. Medhus was a securities agent registered with the North Dakota Securities Department through Associated Financial Services, Inc., until the suspension by the North Dakota Securities Commissioner of its registration as a broker-dealer on December 6, 2011. Robert H. Medhus is the controlling officer of Associated Financial Services, Inc. None of the Respondents reported to the North Dakota Insurance Commissioner (Commissioner) this administrative action, which is a violation of N.D.C.C. § 26.1-26-45.1. Respondent Robert H. Medhus was a securities agent registered with the North Dakota Securities Department through Associated Financial Services, Inc., until the suspension of its registration as a broker-dealer. The revocation of the registration of Associated Financial Services, Inc. also revoked the registration of all of Associated Financial Services, Inc. agents, including Robert H. Medhus.

10. On June 21, 2012, the North Dakota Securities Commissioner issued a Cease and Desist Order against Respondents alleging that Respondents falsely reported to an investor that the bulk of the investor's retirement assets had been rolled

over into an IRA account and that as part of a scheme to defraud the investor, Respondent Robert H. Medhus issued a forged 1099-R form indicating a mandatory distribution to the investor from the IRA of \$17,100 for tax year 2011. Respondent Robert H. Medhus attempted to pay the “distribution” with a \$17,100 check but there were insufficient funds in the account to honor the check. When the investor requested liquidation of the Retirement Plan assets, Respondent Robert H. Medhus issued a check in the amount of \$319,125 to the investor. There were insufficient funds in the account to honor this check and Respondents have been unable to account for the investor’s Retirement Plan assets.

11. Respondents’ conduct shows that they have used fraudulent, coercive, or dishonest practices, or have shown themselves to be incompetent, untrustworthy, or financially irresponsible which constitute violations of N.D.C.C §§ 26.1-26-15 and 26.1-26-42 .

12. Pursuant to N.D.C.C. § 26.1-01-03.1, the Commissioner has the authority to order that a person cease and desist from violations of N.D.C.C. title 26.1.

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

If the Respondents fail 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 26th day of June, 2012.



Adam Hamm
Commissioner
N.D. Insurance Department
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Bismarck, ND 58505
(701) 328-2440