

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

<b>In the Matter of</b>	)	
	)	<b>CONSENT ORDER</b>
<b>Jeffrey David Neppl,</b>	)	
<b>NPN 131914,</b>	)	
<b>Respondent.</b>	)	<b>CASE NO. AG-11-296</b>

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

1. As a result of information obtained by the North Dakota Insurance Department (“Department”) regarding the conduct of Jeffrey David Neppl, NPN 131914 (“Respondent”), the Commissioner has considered scheduling a formal hearing to determine whether Respondent’s conduct as alleged constitutes a basis for imposition of a civil penalty or any other action the Commissioner deems necessary. As more fully described below, Respondent’s conduct is alleged to be in violation of N.D.C.C. §§ 26.1-26-15 and 26.1-26-42(6) and (10).

2. 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.

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

**26.1-26-42. License suspension, revocation, or refusal - Grounds.** 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.

4. The Commissioner has information that Respondent knowingly and intentionally engaged in deceitful and dishonest practices against residents of the State of North Dakota. In his actions from approximately November 1997 to the present of accepting money and converting to his own use moneys belonging to insurance clients, Respondent improperly withheld, misappropriated, or converted to his own use, moneys belonging to policyholders.

5. At all times relevant to this Order, Respondent held a resident insurance producer license issued by North Dakota.

6. 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.

7. 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.

8. 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.

9. K.R. reported the issue to the Fargo Police Department and the matter was 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. Respondent stated that he took the money and put it into his businesses but he intended to pay all the money back. He admitted that he knew he was deceiving L.R. and K.R. and that he used the money for his businesses. In April 2011, Respondent was charged with felony misapplication of entrusted property.

10. The application of the money received from insurance clients to Respondent's 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) and N.D. Admin. Code § 45-02-02-14.1 and are grounds for revocation of Respondent's individual insurance producer license.

11. Respondent acknowledges that at the time of signing the Consent to Entry of Order, he was aware of or had been advised of the right to a hearing in this matter, to

consult an attorney, to present argument to the Commissioner, to appeal from any adverse determination after a hearing, and Respondent expressly waives those rights.

12. Respondent has agreed to informal disposition of this matter, without a hearing, as provided under N.D.C.C. § 28-32-22.

13. For purposes of resolving this matter without further administrative proceedings, Jeffrey David Nepl has agreed to enter into the following order.

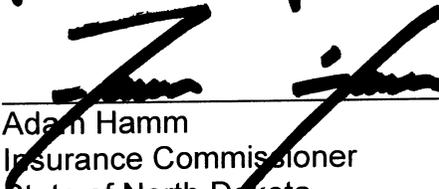
NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. Respondent Jeffrey David Nepl's individual insurance producer license is hereby **REVOKED** effective upon the Commissioner's execution of this Order.

2. No administrative fine or other civil penalty is imposed.

3. The use of this Consent Order for competitive purposes by an insurance producer or agency holding a license in the State of North Dakota, or by any company holding a Certificate of Authority, or by anyone on their behalf, may be deemed unfair competition and be grounds for suspension or revocation of said license or authority.

DATED at Bismarck, North Dakota, this 7<sup>th</sup> day of September, 2011.

  
\_\_\_\_\_  
Adam Hamm  
Insurance Commissioner  
State of North Dakota

#### CONSENT TO ENTRY OF ORDER

The undersigned, **Jeffrey David Nepl**, states that he has read the foregoing Consent Order, that he knows and fully understands its contents and effect; that he has been advised of the right to a hearing in this matter, the right to be represented by legal counsel, the right to present evidence and arguments to the Commissioner, and the

right to appeal from an adverse determination after hearing; and that by the signing of this Consent to Entry of Order he waives those rights in their entirety, and consents to entry of this Order by the Commissioner. It is further expressly understood that this Order constitutes the entire settlement agreement between the parties, there being no other promises or agreements, either expressed or implied.

DATED this 3 day of June, 2011.

STATE OF NORTH DAKOTA )

) ss.  
)

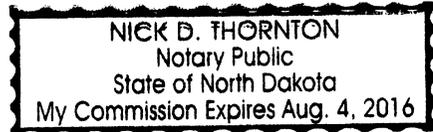
Jeffrey David Neppi  
Jeffrey David Neppi

COUNTY OF CASS

As to the Consent to Entry of Order,  
Subscribed and sworn to before me

this 3<sup>rd</sup> day of June, 2011.

[Signature]  
Notary Public



My commission expires: Aug. 4, 2011