

STATE OF NORTH DAKOTA
BEFORE THE INSURANCE COMMISSIONER

In the Matter of)	
)	
Lisa S. Johnston,)	FINDINGS OF FACT,
NPN 12831562,)	CONCLUSIONS OF LAW,
DOB 2/15/73,)	AND DEFAULT ORDER
)	
Respondent.)	CASE NO. AG-11-309

On October 3, 2011, a Complaint for Revocation of License was filed with the Insurance Commissioner by Rebecca L. Ternes, Deputy Commissioner for the North Dakota Insurance Department, alleging Lisa S. Johnston, NPN 12831562, DOB 2/15/73 (“Respondent”), committed various violations of North Dakota insurance statutes. The Complaint was mailed to Respondent at the address on file with the Department via certified U.S. mail, return receipt requested, on October 3, 2011. Respondent accepted delivery of the certified mail on October 13, 2011. Proof of service of the Complaint is annexed to these Findings. Respondent failed to answer the Complaint within 20 days as required under N.D.C.C. § 28-32-21(1)(e). As such, on November 15, 2011, the Complainant made an Application for Default Order deeming the allegations made in the Complaint to be admitted pursuant to N.D.C.C. § 28-32-30.

Based on the allegations made in the Complaint and on the evidence presented in the Affidavits filed in support of the Complainant’s Application for Default Order, the following Findings of Fact, Conclusions of Law, and Default Order are entered:

FINDINGS OF FACT

I

Respondent is presently, and has at all times pertinent to this action, been an insurance producer licensed in North Dakota.

II

On October 3, 2011, the Complaint of Rebecca L. Ternes was mailed to Respondent at her last known address. Respondent accepted delivery of the Complaint on October 13, 2011.

III

Respondent has not answered the Complaint within 20 days as required under N.D.C.C. § 28-32-21(1)(e).

IV

Respondent knowingly and intentionally engaged in deceitful and dishonest practices against residents of the State of North Dakota. In her actions between August 2010 and at least through April 2011, of accepting money and converting to her own use moneys belonging to insurance clients, Respondent improperly withheld, misappropriated, or converted to her own use, moneys belonging to policyholders.

V

Respondent was employed by Brian Larson Agency, an insurance agency located in Grand Forks, North Dakota. Respondent was responsible for collecting deposits, including cash payments that customers made for their insurance premium payments, and taking them to the bank for deposit. She was also in charge of the agency's sweep accounts that were used to deposit the premiums paid by customers and in turn pay them on to the appropriate insurance company.

VI

In March 2011, Respondent's employer checked its bank records. At about this same time, the employer received notice that a policy premium payment of \$17,000 that had been made by the insured in October 2010 to the agency was not paid in its entirety to the insurer. The policyholder learned this when it received notice from the insurer that there was an outstanding balance of \$8,418 due on the policy.

VII

During a discussion with an Insurance Department investigator, Respondent admitted to taking money from her employer. She admitted that she would take the cash that came into the agency and would then pay only enough out of the sweep account to keep the policy current. She stated that she has taken between \$20,000 and \$22,000 from her employer since October 2010.

VIII

Respondent stated that she used the money to pay her bills. The application of the money received from insurance consumers 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 are grounds for revocation of Respondent's individual insurance producer license.

IX

On October 3, 2011, the Department mailed to Respondent, by certified mail, a letter and Complaint for Revocation of License. Respondent accepted delivery of the Complaint on October 13, 2011. Respondent failed to provide a written response to the Complaint.

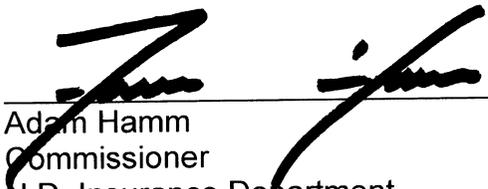
CONCLUSIONS OF LAW

1. Respondent was properly served with the Complaint in accordance with the North Dakota Rules of Civil Procedure.
2. Because of her failure to answer the Complaint within 20 days of its proper service, Respondent is in default under N.D.C.C. § 28-32-30.
3. Because Respondent is in default, the allegations in the Complaint are deemed admitted pursuant to N.D.C.C. § 28-32-30.
4. The application of the money received from insurance consumers 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 are grounds for revocation of Respondent's individual insurance producer license.
5. Under N.D.C.C. § 26.1-26-42, the Commissioner of Insurance has authority to revoke Respondent's producer license for the violations cited above.

DEFAULT ORDER

Based on the foregoing Findings of Fact and Conclusions of Law, IT IS ORDERED that the North Dakota insurance producer license of Lisa S. Johnston, NPN 12831562, DOB 2/15/73, be **REVOKED** effective after the time for filing a motion to vacate a Default Order pursuant to N.D.C.C. 28-32-30 expires.

DATED at Bismarck, North Dakota, this 15th day of November, 2011.


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

Ms. Lisa S. Johnston
TO: 789 Promenade Court
Grand Forks, ND 58201

SENDER: Nancy Brady

REFERENCE: Lisa Johnston

7196 9008 9040 0499 8298

PS Form 3800, January 2005

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	Restricted Delivery	0.00
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10/3/11



Date Produced: 10/17/2011

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Signature of Recipient:

A handwritten signature in black ink, appearing to read "Lisa Johnston".

Lisa Johnston

Address of Recipient:

2051 36th
Rues
134

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Sincerely,

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