STATE OF TENNESSEE
BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE

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TENNESSEE INSURANCE DIVISION, **Petitioner,**	)	
	)	**Docket No. 12.04-138717J**
vs.	)	**TID No. 16-045**
DORIS ELFRIEDE KARRAS, **Respondent.**	)	

AGREED FINAL ORDER

The Insurance Division ("Division") of the State of Tennessee Department of Commerce and Insurance ("Department"), by and through undersigned counsel, and Doris Elfriede Karras ("Respondent") hereby stipulate and agree, subject to the approval of the Commissioner of the Tennessee Department of Commerce and Insurance ("Commissioner"), as follows:

GENERAL STIPULATIONS

1. It is expressly understood that this Agreed Final Order is subject to the Commissioner's acceptance and has no force and effect until such acceptance is evidenced by the entry of the Commissioner.

2. This Agreed Final Order is executed by the parties for the purpose of avoiding further administrative action with respect to this cause. The parties stipulate to entry of the Findings of Fact stated herein for the sole purpose of settling this matter. If the Commissioner does not accept this Order, then both parties expressly reserve the right to a hearing, with the opportunity for the Division to present all available evidence of alleged violations as contained in the Notice of Hearing and Charges, and the opportunity for the Respondent to present any and all alleged factual and legal defenses to all matters raised in the Notice of Hearing and

Charges. Furthermore, should this Agreed Final Order not be accepted by the Commissioner, it is agreed that presentation to and consideration of this Agreed Final Order by the Commissioner shall not unfairly or illegally prejudice the Commissioner from further participation or resolution of these proceedings.

3. Respondent fully understands that this Agreed Final Order will in no way preclude additional proceedings by the Commissioner for acts and/or omissions not specifically addressed in this Agreed Final Order or for facts and/or omissions that do not arise from the facts or transactions herein addressed.

4. Other than this proceeding brought by the Commissioner for violations of Title 56 of the Tennessee Code Annotated addressed specifically in this Agreed Final Order, Respondent fully understands that this Agreed Final Order will in no way preclude proceedings by state or local officers, agencies, or civil or criminal law enforcement authorities against Respondent for violations of law under statutes, rules, or regulations of the State of Tennessee, which may arise out of the facts, acts, or omissions contained in the Findings of Fact and Conclusions of Law stated herein, or which arise as a result of the execution of this Agreed Final Order by Respondent.

5. Respondent expressly waives all further procedural steps, and expressly waives rights to seek judicial review of or to otherwise challenge or contest the validity of this Agreed Final Order, the stipulations and imposition of discipline contained herein, and the consideration and entry of said Agreed Final Order by the Commissioner.

6. Respondent fully understands and agrees that the Division is not required to file this Agreed Final Order with the Administrative Procedures Division of the Tennessee Secretary

of State's Office if Respondent does not deliver to the Division her first installment payment toward the civil penalty assessment in a timely manner. Should Respondent not make this first payment in a timely manner, this Agreed Final Order will not become effective and the Division will reschedule the hearing in this case on a contested docket before an Administrative Judge assigned to the Secretary of State.

AUTHORITY AND JURISDICTION

7. The Commissioner has jurisdiction over this matter pursuant to the Tennessee Insurance Law ("Law"), Title 56 of the Tennessee Code Annotated, specifically Tenn. Code Ann. §§ 56-1-101, 56-1-202, 56-2-305 and 56-6-112. The Law places on the Commissioner the responsibility of the administration of its provisions.

PARTIES

8. The Division is the lawful agent through which the Commissioner administers the Law and is authorized to bring this action for the protection of the public.

9. Respondent holds a valid Tennessee nonresident insurance producer license, number 2291977, which became active on or about November 7, 2014, and which is currently scheduled to expire on October 31, 2017. Respondent's current residential and office address on record with the Division is 24551 Del Prado Avenue, # 881, Dana Point, CA 92629.

FINDINGS OF FACT

10. In 2013, Respondent was named as one of several defendants in a civil suit filed by Transamerica in the U.S. District Court for the Central District of California, captioned *Transamerica Life Insurance Company v. Axsys Group, Inc., et al.*, Case No. SACV13-01658 AG (RNBx). Amongst other things, Transamerica alleged fraud, unjust enrichment, and

violations of the federal Racketeer Influenced and Corrupt Organizations ("RICO") Act in this suit against the defendants.

11. On or about October 20, 2014, and while this lawsuit was pending against her, Respondent submitted an application to Transamerica seeking an appointment as an insurance solicitor, wherein Respondent falsely answered "no" to the question "[h]ave you ever been a plaintiff or a defendant in any court proceeding within the last seven years?"

12. Transamerica granted Respondent's application for solicitor appointment based upon her application submitted on or about October 20, 2014.

13. On or about November 7, 2014, and while this lawsuit was pending against her, Respondent submitted a nonresident insurance producer license application to the Division, wherein she falsely answered "no" to the question "[a]re you currently a party to, or have you ever been found liable in, any lawsuit, arbitration, or mediation proceeding involving allegations of fraud, misappropriation or conversion of funds, misrepresentation or breach of fiduciary duty?"

14. The Division granted Respondent's application for a Tennessee nonresident insurance producer license on November 7, 2014, based on the content of her application.

15. On or about December 28, 2015, Respondent's Minnesota insurance producer's license was revoked based on her conduct in submitting false and fraudulent information to Transamerica and to the Minnesota Department of Commerce within her 2014 licensing application, as set out above. Respondent did not report to the Commissioner this administrative action taken against her in another jurisdiction within thirty (30) days after the final disposition of that matter.

16. On or about March 16, 2016, the New York Department of Financial Services entered into a Stipulation with Respondent. This Stipulation assessed a $1,500 civil penalty against her for submitting materially incorrect and untrue information on her 2014 New York insurance agent application, and for failing to disclose, on or about March 25, 2015, that she was named as a party to a lawsuit in an application for an appointment with an insurer.

CONCLUSIONS OF LAW

17. Respondent's actions as set forth above in the foregoing Findings of Fact, have violated Tenn. Code Ann. §§ 56-6-112(a)(1), (a)(3) & (a)(9), and 56-6-119(a) (2011), which read as follows:

Tenn. Code Ann. § 56-6-112

(a) The commissioner may place on probation, suspend, revoke, or refuse to issue or renew a license issued under this part or may levy a civil penalty in accordance with this section or take any combination of those actions, for any one (1) or more of the following causes:

(1) Providing incorrect, misleading, incomplete or materially untrue information in the license application;

....

(3) Obtaining or attempting to obtain a license through misrepresentation or fraud;

....

(9) Having an insurance producer license, or its equivalent, denied, suspended or revoked in another state, province, district, or territory[.]

Tenn. Code Ann. § 56-6-119

(a) A producer shall report to the commissioner any administrative action taken against the producer in another jurisdiction or by another governmental agency in this state within thirty (30) days of the final disposition of the matter. This report shall include a copy of any order entered or other relevant legal documents.

18. Respondent's violations of Tenn. Code Ann. §§ 56-6-112(a)(1), (a)(3), & (a)(9), and 56-6-119(a), constitute grounds for the imposition of lawful discipline, including the assessment of civil penalties, as prescribed at Tenn. Code Ann. §§ 56-6-112(g)(1), (2) & (3), which read as follows:

> (g) If . . . . the commissioner finds that any person required to be licensed, permitted, or authorized by the division of insurance pursuant to this chapter has violated any statute, rule or order, the commissioner may, at the commissioner's discretion, order:
>
> (1) The person to cease and desist from engaging in the act or practice giving rise to the violation;
>
> (2) Payment of a monetary penalty of not more than one thousand dollars ($1,000) for each violation, but not to exceed an aggregate penalty of one hundred thousand dollars ($100,000). This subdivision (g)(2) shall not apply where a statute or rule specifically provides for other civil penalties for the violation. For purposes of this subdivision (g)(2), each day of continued violation shall constitute a separate violation; and
>
> (3) The suspension or revocation of the person's license.

19. Based upon the above Findings of Fact and Conclusions of Law, the Commissioner considers that the Respondent's actions warrant the imposition of lawful discipline, to include assessment of a civil penalty in accordance with Tenn. Code Ann. § 56-6-112(g)(1), (2) & (3).

20. In order to avoid further expenses or costs associated with additional administrative litigation of this matter or judicial review, Respondent hereby acknowledges the Commissioner's authority to administer the statutes cited herein, concedes that the Commissioner's interpretation of the statutes cited in the Conclusions of Law are reasonable and

enforceable, and agrees to the entry of this Agreed Final Order including each of the following sanctions ordered by the Commissioner.

ORDER

NOW, THEREFORE, on the basis of the foregoing, and Respondent's waiver of the right to a hearing and appeal under the Law and the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-101 to 4-5-404 (2011), and Respondent's admission of jurisdiction of the Commissioner, the Commissioner finds that Respondent, for the purpose of settling this matter, admits the Findings of Fact and Conclusions of Law, agrees to the entry of this Agreed Final Order and agrees that this Order is in the public interest and is consistent with the purposes fairly intended by the Law.

IT IS ORDERED, pursuant to Tenn. Code Ann. § 56-6-112(g) that:

1. Respondent's Tennessee nonresident insurance producer license (No. 2291977) **is hereby REVOKED.**

2. Respondent **is ASSESSED a CIVIL PENALTY** in the amount of $500.00.

3. All payments to the Department toward the $500.00 civil penalty assessment shall be mailed to:

State of Tennessee
Department of Commerce and Insurance
Office of Legal Counsel
Attn: Jesse D. Joseph, Assistant General Counsel
500 James Robertson Parkway, 8th Floor
Nashville, TN 37243

4. Respondent's payment of the civil penalty to the Department shall be in five (5) $100.00 monthly installments due the 25th of each month with the first such monthly

payment to be received by the Department on October 25, 2016, and the final monthly payment to be received by March 25, 2017.

5. Respondent is permitted to pay the civil penalty assessment sooner than required by the above schedule, and in larger installment payment amounts if she chooses.

6. A payment shall be considered timely made if it is **received** by the Department within seven (7) calendar days of the date such payment is due. All payments shall include a copy of the first page of this Agreed Final Order and shall be made payable to "State of Tennessee."

7. The failure to make timely payments under the terms of this Agreed Final Order may result in additional disciplinary proceedings being brought against Respondent which may result in the assessment of additional civil monetary penalties and investigatory and hearing costs.

8. Failure to timely make any payment shall render any remaining balance under this Agreed Final Order immediately due and collectible.

9. All persons in any way assisting, aiding, or helping Respondent in any of the aforementioned violations of Tenn. Code Ann. § 56-6-112 shall **CEASE AND DESIST** from all such activities in violation of the Law.

IT IS ORDERED that this Agreed Final Order represents the complete and final resolution of, and discharge with respect to all administrative and civil, claims, demands, actions and causes of action by the Commissioner against Respondent for violations of Tenn. Code Ann. §§ 56-6-112(a)(1), (a)(3), & (a)(9), and 56-6-119(a) alleged by the Division to have occurred with respect to the transactions involving the facts contained herein.

This Agreed Final Order is in the public interest and in the best interests of the parties, and represents a compromise and settlement of the controversy between the parties, and is for settlement purposes only. By the signatures affixed below, Respondent affirmatively states she has freely agreed to the entry of this Agreed Final Order, that she waives the right to a hearing on the matters underlying this Agreed Final Order and to a review of the Findings of Fact and Conclusions of Law contained herein, and that no threats or promises of any kind have been made to her by the Commissioner, the Division, or any agent or representative thereof. The parties, by signing this Agreed Final Order, affirmatively state their agreement to be bound by the terms of this Agreed Final Order and aver that no promises or offers relating to the circumstances described herein, other than the terms of the settlement as set forth in this Agreed Final Order, are binding upon them.

ENTERED this 30 day of September, 2016.

Julie Mix McPeak, Commissioner
TN Department of Commerce and Insurance

APPROVED FOR ENTRY:

Doris Elfriede Karras, Respondent
24551 Del Prado Avenue, # 881
Dana Point, CA 92629
Phone: (949) 310-3718

Michael Humphreys
Assistant Commissioner for Insurance
TN Department of Commerce and Insurance

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Filed in the Office of the Secretary of State, Administrative Procedures Division, this 19 day of October, 2016.

J. Richard Collier

J. Richard Collier, Esq., Director, Administrative Procedures Division