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BEFORE THE INSURANCE COMMISSIONER ADMIN HEARINGS OFFICE
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE:	:	VIOLATIONS:
	:	
LOUIS A. SANDS	:	Sections 611-A(5), (20) and
909 South Harvard Drive	:	671-A(a) of Act 147 of 2002
Palatine, IL 60067	:	(40 P.S. §§ 310.11 and 310.71)
	:	
	:	
Respondent.	:	Docket No. CO06-11-031

CONSENT ORDER

AND NOW, this *1st* day of *May*, 2007, this Order is hereby issued by the Insurance Department of the Commonwealth of Pennsylvania pursuant to the statutes cited above and in disposition of the matter captioned above.

1. Respondent hereby admits and acknowledges that he has received proper notice of his rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa.C.S. § 101, et seq., or other applicable law.

2. Respondent hereby waives all rights to a formal administrative hearing in this matter, and agrees that this Consent Order, and the Findings of Fact and Conclusions of Law contained herein, shall have the full force and effect of an Order duly entered in accordance with the adjudicatory procedures set forth in the Administrative Agency Law, supra, or other applicable law.

3. Without admitting the allegations of fact and conclusions of law contained herein, Respondent neither admits nor denies that it violated any law or regulation of the Commonwealth.

FINDINGS OF FACT

4. The Insurance Department finds true and correct each of the following Findings of Fact:

- (a) Respondent is Louis A. Sands, and maintains his address at 909 South Harvard Drive, Palatine, Illinois 60067.
- (b) Respondent possessed a Pennsylvania producer license between July 22, 1998 and July 22, 2002.

- (c) Between 2001 and 2005, Respondent procured insurance from Penn-Star Insurance Company for approximately 125 Pennsylvania risks that were members of the National Association of Mobile Entertainers.
- (d) Penn-Star Insurance Company, an admitted insurer domiciled in Pennsylvania, issued the insurance to Pennsylvania risks on a surplus lines basis through the National Association of Mobile Entertainers and did not use forms and rates approved by the Pennsylvania Insurance Department.
- (e) Penn-Star Insurance Company, being an admitted insurer, should have issued the insurance to the Pennsylvania risks under forms and rates approved by the Pennsylvania Insurance Department.
- (f) Respondent did not possess an appointment as a producer for Penn-Star Insurance Company.
- (g) The 125 Pennsylvania risks were issued their insurance as certificate holders under master policy number PAC6227529 and PAC6288208.
- (h) Respondent maintained the address of the master policies, #PAC6227529 and #PAC6288208, for the National Association of Mobile Entertainers at his address in Illinois.

- (i) The National Association of Mobile Entertainers was owed by Bruce Keslar, the complainant, and was domiciled in Willow Grove, Pennsylvania, and managed its operations through that location.

- (j) Respondent claimed that the National Association of Mobile Entertainers acknowledged and consented to the use of his address in Illinois as the association's address.

- (k) Respondent acted as the retail producer on behalf of the National Association of Mobile Entertainers, while procuring the master policy through G.A. Mavon & Company, Hinsdale, Illinois.

- (l) G.A. Mavon & Company remitted the surplus lines taxes of approximately \$4,151.25 it received through the Respondent from Pennsylvania certificate holders to the state of Illinois.

- (m) Penn-Star Insurance Company did not collect taxes from the aforementioned policyholders and remit them to the Pennsylvania Department of Revenue as an admitted insurer in Pennsylvania.

- (n) G.A. Mavon & Company acknowledged that Penn-Star Insurance Company was an admitted insurer in Pennsylvania and should have remitted the taxes to

the Pennsylvania Department of Revenue in lieu of remitting them to the state of Illinois.

CONCLUSIONS OF LAW

5. In accord with the above Findings of Fact and applicable provisions of law, the Insurance Department concludes and finds the following Conclusions of Law:
- (a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.
 - (b) Section 611-A(5) of Act 147 of 2002 prohibits a licensee from intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance (40 P.S. § 310.11).
 - (c) Respondent's activities described above in paragraphs 3(c) through 3(n) violate Section 611-A(5) of Act 147 of 2002
 - (d) Section 611-A(20) of Act 147 of 2002 prohibits a licensee from demonstrating a lack of general fitness, competence or reliability sufficient to satisfy the department that the licensee is worthy of licensure (40 P.S. § 310.11).

- (e) Respondent's activities described above in paragraphs 3(c) through 3(n) violate Section 611-A(20) of Act 147 of 2002.

- (f) Section 671-A(a) of Act 147 of 2002 prohibits a licensee from acting on behalf of or as a representative of the insurer unless the insurance producer is appointed by the insurer (40 P.S. § 310.71).

- (g) Respondent's activities described above in paragraphs 3(c) through 3(n) violate Section 671-A(a) of Act 147 of 2002.

- (h) Respondent's violations of Sections 611-A(5), (20) and 671-A(a) of Act 147 of 2002 are punishable by the following, under Section 691-A of Act 147 of 2002 (40 P.S. § 310.91):
 - (i) suspension, revocation or refusal to issue the certificate of qualification or license;
 - (ii) imposition of a civil penalty not to exceed five thousand dollars (\$5,000.00) for each violation of the Act;
 - (iii) an order to cease and desist; and
 - (iv) any other conditions as the Commissioner deems appropriate.

ORDER

6. In accord with the above Findings of Fact and Conclusions of Law, the Insurance Department orders and Respondent consents to the following:

- (a) Respondent shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.

- (b) Respondent shall pay a civil penalty of One Thousand Dollars (\$ 1,000.00) to the Commonwealth of Pennsylvania. Payment of this penalty shall be made by certified check or money order, payable to the Commonwealth of Pennsylvania. Payment should be directed to Sharon L. Fraser, Administrative Assistant, Bureau of Enforcement, 1227 Strawberry Square, Harrisburg, Pennsylvania 17120. Payment may be enclosed with the Consent Order, but must be paid in any event no later than thirty (30) days after the date of the Consent Order.

- (c) Respondent's certificates and licenses may be immediately suspended by the Department following its investigation and determination that (i) any terms of this Order have not been complied with, or (ii) any complaint against Respondent is accurate and a statute or regulation has been violated. The

Department's right to act under this section is limited to a period of five (5) years from the date of this Order.

(d) Respondent specifically waives his right to prior notice of said suspension, but will be entitled to a hearing upon written request received by the Department no later than thirty (30) days after the date the Department mailed to Respondent by certified mail, return receipt requested, notification of said suspension, which hearing shall be scheduled for a date within sixty (60) days of the Department's receipt of Respondent's written request.

(e) At the hearing referred to in paragraph 5(d) of this Order, Respondent shall have the burden of demonstrating that he is worthy of a license.

(f) In the event Respondent's certificates and licenses are suspended pursuant to paragraph 5(c) above, and Respondent either fails to request a hearing within thirty (30) days or at the hearing fails to demonstrate that he is worthy of a license, Respondent's suspended certificates and licenses shall be revoked.

7. In the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, based upon the Findings of Fact and Conclusions of Law contained herein, the Department may pursue any and all legal remedies available, including but not limited to the following: The Department may enforce the

provisions of this Order in an administrative action pursuant to the Administrative Agency Law, supra, or other relevant provision of law; or, if applicable, the Department may enforce the provisions of this Order in any other court of law or equity having jurisdiction.

8. Alternatively, in the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, the Department may declare this Order to be null and void and, thereupon, reopen the entire matter for appropriate action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

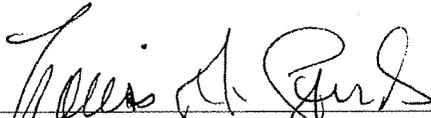
9. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

10. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

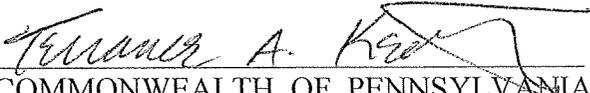
11. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

12. This Order shall be final upon execution by the Insurance Department. Only the Insurance Commissioner or a duly authorized delegee is authorized to bind the

Insurance Department with respect to the settlement of the alleged violations of law contained herein, and this Consent Order is not effective until executed by the Insurance Commissioner or a duly authorized delegee.

BY: 

LOUIS A. SANDS, Respondent



COMMONWEALTH OF PENNSYLVANIA
By: Terrance A. Keating
Deputy Chief Counsel