

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

RECEIVED
INSURANCE DEPARTMENT
2013 MAY -3 PM 3:19
ADMIN HEARINGS OFFICE

IN RE: : VIOLATIONS:
: :
JOHN Y. YOO : 40 P.S. §§ 310.11(4), (5), (7), (17),
77 Arbor Circle : (19), (20), 310.74, 310.96 and
Colmar, PA 18915-9605 : 1171.5(a)(3)
: :
CORNERSTONE INSURANCE AND : Title 31, Pa. Code, Section 37.81
FINANCIAL SERVICES, INC. : :
1135 W. Cheltenham Avenue, Suite 207 : :
Elkins Park, PA 19027 : :
: :
Respondents. : Docket No. CO12-11-002

CONSENT ORDER

AND NOW, this *3rd* day of *MAY*, 2013, 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. Respondents hereby admit and acknowledge that they have received proper notice of their rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa.C.S. § 101, et seq., or other applicable law.

2. Respondents hereby waive all rights to a formal administrative hearing in this matter, and agree 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.

FINDINGS OF FACT

3. The Insurance Department finds true and correct each of the following

Findings of Fact:

- (a) Respondent is John Yehyun Yoo and maintains his residence at 77 Arbor Circle, Colmar, PA 18915-9605.
- (b) Co-Respondent is Cornerstone Insurance and Financial Services, Inc. and maintains its business address at 1135 W. Cheltenham Avenue, Suite 207, Elkins Park, PA 19027.
- (c) At all times relevant, Respondent had an active resident individual producer license that expires on May 31, 2014.
- (d) At all times relevant, Co-Respondent had an active resident producer agency license that expires on December 19, 2012.
- (e) At all times relevant, Respondent used the business address of Co-Respondent as his permanent residence on his licensing history.

- (f) On July 26, 2012, Respondent renewed his resident individual producer license and failed to update his residence address.
- (g) In December, 2011, Respondent met with an insured and prepared three (3) applications for insurance coverage with CNA Insurance Companies' subsidiaries, and collected \$9,963.00.
- (h) In December, 2011, Respondent included in the premium, additional fees of \$758.00 that were not disclosed to the applicants.
- (i) In December, 2011, Respondent only forwarded \$3,037.65 to CNA Insurance Companies, instead of the full premium collected.
- (j) In December, 2011, Respondent deposited the premium into a joint account, and his spouse, who is not a licensed producer of Co-Respondent, withdrew the funds from this commingled account.
- (k) In December, 2011, Respondent changed the insureds' addresses from Montgomeryville, PA to Co-Respondent's address at 1135 W. Cheltenham Avenue, Suite #106, for all correspondence to go to Respondent.

- (l) In April and May of 2012, all three (3) policies were cancelled for nonpayment of premium due to Respondent's actions of not forwarding the full premium, and commingling those premiums.
- (m) CNA Insurance Companies made the insured whole, and Respondent, trading as Co-Respondent, made CNA whole.
- (n) Respondent failed to make the insured whole for the undisclosed fee of \$758.00.

CONCLUSIONS OF LAW

4. 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) 40 P.S. § 310.11(4) prohibits producers from improperly withholding, misappropriating, or converting money or property received in the course of doing business.

- (c) Respondent's activities described above in paragraphs 3(h) through 3(n) constitute improperly withholding, misappropriating, or converting money or property received in the course of doing business, in violation of 40 P.S. § 310.11(4).
- (d) 40 P.S. § 310.11(5) prohibits a licensee or an applicant from intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance.
- (e) Respondent's activities described above in paragraphs 3(h) through 3(n) violate 40 P.S. § 310.11(5).
- (f) 40 P.S. § 310.11(7) prohibits a licensee or an applicant from using fraudulent, coercive or dishonest practices or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of doing business.
- (g) Respondent's activities described above in paragraphs 3(e) through 3(n) violate 40 P.S. § 310.11(7).
- (h) 40 P.S. § 310.11(17) prohibits a licensee or an applicant from committing fraud, forgery, dishonest acts or an act involving a breach of fiduciary duty.

- (i) Respondent's activities described above in paragraphs 3(e) through 3(n) violate 40 P.S. § 310.11(17).
- (j) 40 P.S. § 310.11(19) prohibits a licensee or an applicant from failing to notify the Department of a change of address within 30 days.
- (k) Respondent's activities described above in paragraphs 3(e) and 3(f) violate 40 P.S. § 310.11(19).
- (l) 40 P.S. § 310.11(20) 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.
- (m) Respondent's activities described above in paragraphs 3(e) through 3(n) violate 40 P.S. § 310.11(20).
- (n) 40 P.S. § 310.74 prohibits an insurance producer from charging a fee for the completion of an application for a contract of insurance.
- (o) Respondents' activities described above in paragraph 3(h) violate 40 P.S. § 310.74.

- (p) 40 P.S. § 310.96 and Title 31, Pa. Code, Section 37.81, the Regulations of the Insurance Department, prohibit producers from, without the express consent of the insurance entity on whose behalf the funds were received, mingle the funds with the producer's own funds or with funds held by the producer in any other capacity. The funds of each insurance entity must be reasonably ascertainable from the books of accounts and records of the insurance producer.
- (q) Respondent's activities described above in paragraphs 3(j) and 3(l) constitute a violation of 40 P.S. § 310.96, and Title 31, Pa. Code, Section 37.81.
- (r) Respondent's violations of Sections 310.11(4), (5), (7), (17), (19), (20), 310.74 and 310.96 are punishable by the following, under 40 P.S. § 310.91:
- (i) suspension, revocation or refusal to issue the license;
 - (ii) imposition of a civil penalty not to exceed five thousand dollars (\$5,000.00) for every violation of the Act;
 - (iii) an order to cease and desist; and
 - (iv) any other conditions as the Commissioner deems appropriate.
- (s) 40 P.S. §1171.5(a)(3) defines unfair methods of competition and unfair or deceptive acts or practices as making, issuing, publishing or circulating any oral or written statement which is false or maliciously critical of or derogatory

to the financial condition of any person, and which is calculated to injure such person.

- (t) Respondent's activities described above in paragraphs 3(e) through 3(n) constitute violations of 40 P.S. §1171.5(a)(3).

- (u) Respondent's violations of 40 P. S. §1171.5(a)(3) are punishable by the following, under 40 P.S. §§ 1171.8, 1171.9, and 1171.11:
 - (i) an order requiring Respondent to cease and desist from engaging in such violation and/or, if such violation is a method of competition, act or practice defined in Section 5 of this Act, suspension or revocation of Respondent's license(s);

 - (ii) commencement of an action against Respondent for the following civil penalties:
 - (1) for each method of competition, act or practice defined in Section 5 and in violation of the Act which Respondent knew or reasonably should have known was such a violation, a penalty of not more than five thousand dollars (\$5,000.00) for each violation, not to exceed an aggregate penalty of fifty thousand dollars (\$50,000.00) in any six month period;

- (2) for each method of competition, act or practice defined in Section 5 and in violation of this Act which Respondent did not know nor reasonably should have known was such a violation, a penalty of not more than one thousand dollars (\$1,000.00) for each violation, not to exceed an aggregate penalty of ten thousand dollars (\$10,000.00) in any six month period;
- (3) for each violation of an Order issued by the Commissioner pursuant to Section 9 of the Act, while such Order is in effect, a penalty of not more than ten thousand dollars (\$10,000.00).

ORDER

5. In accord with the above Findings of Fact and Conclusions of Law, the Insurance Department orders and Respondents consent to the following:

- (a) Respondents shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.
- (b) Respondents shall make restitution to the insured referenced in paragraph 3(n) within thirty (30) days from the date of this Order. Respondents shall make restitution to additional insureds if the Deputy Commissioner identifies such persons and determines that restitution is owed to them by Respondents.

Proof of restitution payment shall be provided to the Insurance Department by Respondents.

- (c) Respondents' 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 Respondents 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 seven (7) years from the date of this Order.
- (d) Respondents specifically waive the 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 Respondents 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 Respondents' written request.
- (e) At the hearing referred to in paragraph 5(e) of this Order, Respondents shall have the burden of demonstrating that they are worthy of a license.
- (f) In the event Respondents' licenses are suspended pursuant to paragraph 5(c) above, and Respondents either fail to request a hearing within thirty (30) days

or at the hearing fail to demonstrate that they are worthy of a license,
Respondents' suspended licenses shall be revoked.

6. 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.

7. 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.

8. In any such enforcement proceeding, Respondents 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.

9. Respondents hereby expressly waive any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

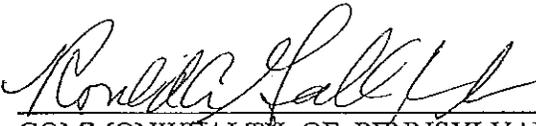
10. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

11. 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:



JOHN YEHYUN YOO, individually and on
behalf of CORNERSTONE INSURANCE
AND FINANCIAL SERVICES, INC.,
Respondents



COMMONWEALTH OF PENNSYLVANIA
By: RONALD A. GALLAGHER, JR.
Deputy Insurance Commissioner