Government of the District of Columbia
Department of Insurance, Securities and Banking
810 First St., N.E., Suite 701
Washington, D.C. 20002

IN THE MATTER OF:	
District of Columbia Department of Insurance, Securities and Banking Petitioner	
v.	Order No. SC # IB-05-05
Rica J. Rich Respondent	

DECISION AND ORDER

JURISDICTION

This matter, SC# IB-05-05, came before Leslie E. Johnson, Hearing Officer, District of Columbia Department of Insurance, Securities and Banking (hereinafter "Department" or "Government") on Wednesday, February 8, 2006 pursuant to the Producer Licensing Act of 2002, D.C. Official Code § 31-1131.12 for the purpose of considering whether the insurance producer license (No. 0191501) of Rica J. Rich should be revoked.

PROCEDURAL HISTORY

A Notice of Hearing to Show Cause was sent to Respondent Rica J. Rich on August 18, 2005, informing her of the charges against her and setting a hearing date of September 28, 2005. The Respondent subsequently contacted the Hearing Officer and requested a continuance due to health issues arising out of an auto accident. After receiving

documentation of the automobile accident and Respondent's condition, the Hearing Officer postponed the hearing. The Hearing Officer rescheduled the hearing for February 8, 2006 and an Official Notice of Hearing was sent to the parties.

After notice was duly given, a Show Cause hearing was held on Wednesday, February 8, 2006 at the Department of Insurance, Securities and Banking, 810 First Street, NE, Washington, D.C., 20002. J. Joseph Cohen represented the Government (hereinafter Petitioner). Rica Rich (hereinafter Respondent) represented herself. The hearing was conducted for the purpose of considering whether Respondent violated D.C. Official Code § 31-1131.12 (a) (7) (8) and (10) and whether the license of Respondent should be revoked.

At the conclusion of the hearing, the parties were instructed to submit a Proposed Decision and Order by close of business February 24, 2006, both parties made submissions.

BACKGROUND

The Department initiated its investigation upon a complaint from Americo in August 2004. Americo alleged that a false application for life insurance had been submitted by Respondent in the name of Marilyn Alexander. Investigator Cheek then made inquiries to other companies regarding applications submitted by Respondent. The issues in this case involve applications for life insurance related to two companies – Americo Financial Life (hereinafter Americo) and Annuity Insurance Company and American National Life Insurance Company (hereinafter American National). All the insurance forms and affidavits in this investigation were obtained from Americo and American National. The Petitioner alleges that Respondent forged four policyholders' names to five applications and related documents without authority and that she engaged in poor business practices resulting in her owing substantial sums to Americo and American National. The Respondent admits that she was wrong in signing the policyholders' names to the documents in question, and presented conflicting testimony as to whether she had authority from the policyholders. Respondent contends that there were mitigating circumstances as to why she signed the documents and why she owed money to the companies.

ISSUES CONSIDERED

1. Whether Respondent violated D.C. Official Code §31-1131.12 (a) (7) (8) and (10)?

2. Whether the Respondent's license should be revoked for violation of D.C. Official Code § 31-1131.12?

EVALUATION AND ANALYSIS OF THE EVIDENCE

Evaluation

D.C. Code Official Code §31-1131.12(a) (7) (8) and (10) state:

"(a) The Commissioner may place an insurance producer on probation; suspend, revoke, or refuse to issue or renew an insurance producer's license, may levy a civil penalty in accordance with subsection (f) of this section; or take any combination of these actions if an insurance producer:

(7) Admits committing, or is found to have committed, any insurance unfair trade practice or fraud;

(8) Uses fraudulent, coercive, or dishonest practices, or demonstrates incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in the District or elsewhere; . . .

(10) Forges another's name to an application for insurance or to any document related to an insurance transaction; . . ."

The first witness to testify on behalf of the Petitioner was Mr. Garland Cheek, Investigator for the Enforcement and Investigations Bureau of the Department of Insurance, Securities and Banking (hereinafter DISB).

Investigator Cheek testified that his investigation revealed that Keith Raynor was an officer with the Metropolitan Police. (Officer Raynor was subpoenaed, but was unable to attend the hearing.) Mr. Cheek testified that an application for life insurance in Officer Raynor's name had been submitted to Americo and American National dated September 3, 2003 (Govt. Ex. 3). He stated Mr. Raynor indicated the application was not signed by him nor was it in his handwriting. Mr. Raynor told Mr. Cheek while some of the information was accurate, other information was not current as of the date of the application. The investigation by Investigator Cheek included an interview with Officer Raynor and a signed affidavit that Officer Raynor had submitted to the insurance company. (Govt. Ex. 2). The insurance producer listed on the application was the Respondent.

Secondly, Investigator Cheek testified that his investigation revealed that an application for life insurance and related forms submitted in the name of Patricia E. Thomas to American National Insurance Company dated December 18, 2003 were not signed by Ms. Thomas (Govt. Ex. 8, 12-14). The documents included an authorization to obtain medical records. (Govt. Ex. 10) Investigator Cheek stated that he interviewed Ms. Thomas in March 2005. She stated that the applications and related documents were not

completed by her. Ms. Thomas indicated that information on the forms was accurate, but some of it was not current. During Ms. Thomas' testimony she stated that she discovered that someone other than herself had signed the application when she noticed an unauthorized deduction was being taken out of her payroll check. (Ms. Thomas had secured life insurance from Respondent from Americo, not American National on an earlier occasion in 2002, but had previously cancelled that coverage.)

During the course of Mr. Cheek's and Ms. Thomas' testimony, other documents purporting to be Ms. Thomas' signature, but not signed by her allowing payroll deductions of premium were also entered into evidence, i.e. Direct Deposit Sign-Up Form 1199A and B-4 Payroll Deduction Authorization. (Govt. Ex. 9, 11) The testimony revealed that Respondent was the insurance producer involved in these transactions.

Thirdly, Investigator Cheek testified that his investigation (that included a telephone interview of Ms. Alexander) revealed that there were two signed applications in the name of Marilyn Alexander, that Ms. Alexander had not signed. (Mr. Cheek testified that he sent the documents in question to Ms. Alexander for her review.) One was dated February 1, 2006 and submitted to American National. (Govt. Ex. 16). The other was dated July 25, 2003 and submitted to Americo. (Govt. Ex. 18). In both cases, Ms. Alexander submitted affidavits to the companies stating the applications were fraudulent and not authorized by her. (Govt. Ex. 15 & 17). In the case of American National, there were a number of related documents containing signatures that were not Ms. Alexander's, such as an authorization to obtain medical information. (Govt. Ex. 16, pgs. 1-7) In both cases, the insurance producer was Respondent. Ms. Alexander met the Respondent in 1999 in connection to purchasing what she thought was a retirement plan. She discovered that her payroll deduction was being paid to American National and not the company she had applied to - Golden State. (Golden State obtained premium financing since no premium had been received.) Neither company provided a retirement plan to Ms. Alexander as she had requested, instead she was provided life insurance. Mr. Cheek testified that Ms. Alexander indicated she had never been to Washington, D.C. where the forms were allegedly signed.

Lastly, Investigator Cheek testified that he interviewed Queen E. Stanch by telephone regarding an application for insurance to Americo dated August 24, 2003. (Govt. Ex. 19) (Mr. Cheek sent Ms. Stanch the documents in question for her review.) Ms. Stanch advised Mr. Cheek in a telephone interview on March 2, 2005 that the application contained her name but she had not signed it nor authorized the signature. She also advised Mr. Cheek that she is a resident of California and had never been to Washington D.C. to sign the application as indicated. Additionally, Ms. Stanch initially told the insurance company that the signature on the application was authorized because of telephone conversations she had had with Respondent in which Respondent asked her to state that she had signed the application. Ms. Stanch subsequently advised the company that this was not the case and that she in fact had not signed the application. Ms. Stanch said that Respondent had requested $5,000.00 from her, but she had not given it to her because she could not determine exactly how she intended to use it.

The next witness to testify on behalf of the Petitioner was Cathy Hunt. Ms. Hunt testified by speakerphone from her Americo office in Kansas. (Respondent made no objection to this form of testimony.) Ms. Hunt indicated that the investigation of Respondent by Americo began as a result of applications being received by Americo with no premiums being paid, duplicative applications, and six applications alleged not to have been completed by the applicants. These actions resulted in advanced commissions being paid requiring a subsequent charge back to the Respondent. Ms. Hunt testified that the Respondent was terminated by the company by letter dated December 11, 2003 due to advanced commissions that were paid but not earned on approximately 91 policies. Respondent signed a promissory note (Govt. Ex. 21) in the amount of $27,882.30 on January 19, 2004 that was subsequently reduced to a court judgment in the amount of $30,889.65 in favor of Americo. The Respondent made four payments ($75, $75, $675, $75) on this judgment in 2004. The judgment is still outstanding, but the upline for Respondent, Martin Browder, paid the debt to the company.

In the case of Officer Raynor and Ms. Alexander, Ms. Hunt's testimony confirmed the findings of Investigator Cheek's investigation that in fact both of them complained that the signatures on their applications were not written or authorized by them. (Govt. Ex 2 & 17). In the case of Ms. Stanch, Ms. Hunt testified that Ms. Stanch's statements to the company were inconsistent. Recently discovered company records indicate that Ms. Stanch initially stated the application was fraudulent, but then changed her statement in a later interview and said that the application was legitimate.

The next witness to testify for the Petitioner was Eric Minor. He is the Director for Life Producer Services for American National. (Mr. Minor testified by speakerphone. There was no objection by Respondent.) Mr. Minor testified that Petitioner currently owes $36,626.99 to the company for advanced commission debt. However, he testified that this advanced debt is not unusual for an insurance producer. He also testified that he was not aware of any terminations related to Respondent.

Franklin James Gerren, Vice-President of the Independent Marketing Group for American National also testified for the Petitioner. (Mr. Gerren testified by speakerphone. There was no objection by Respondent.) Mr. Gerren stated that Respondent was terminated from the company on September 1, 2004 due to both "persistency" and "placement". These are concepts related to life insurance business being placed with the company by the Respondent that was not sustaining business. This resulted in debt by Respondent for unearned commission that was paid to her. As a result of this debit balance for which the upline is responsible, the upline requested that Respondent be reinstated. The upline advised that Respondent would be better monitored on reinstatement. Mr. Gerren testified that Respondent has been reinstated, reduced her debit balance from her date of termination and improved her business.

The last individual to testify for the Petitioner was Jerry Bozeman. He is a Senior Investigator with the Corporate Investigation Staff of American National. (Mr. Bozeman testified by speakerphone. There was no objection by Respondent.) Mr. Bozeman confirmed that the company's investigation concluded that the applications in question

submitted under the names of Marilyn Alexander and Patricia Thomas were not signed by the respective individuals. Mr. Bozeman testified that he secured an affidavit from Ms. Alexander that indicated that the application submitted to American National did not contain her signature and that the signature on it was not authorized by her. (Govt. Ex. 15) Mr. Bozeman also testified that Respondent owed $23,350.00 to American National as of June 23, 2005. (Govt. Ex. 20).

The Respondent made no objections to the evidence submitted by the Petitioner. Respondent represented herself and was her only witness. The Respondent requested that several documents be moved and made a part of the record, as evidence of her good character. (Respondent's Exhibits 1 – 10) The documents were accepted into the record with no objection by Petitioner.

Respondent began her case in chief by admitting that she signed the applications placed into evidence, but testified that she did so with the consent of her clients. She testified that this was done to expedite the application process because at the time she was the caregiver and only source of income for her elderly and ill parents, her 3 children and her youngest daughter's brother.

Respondent testified that she was trying to obtain better benefits for her clients. She stated that she could remember all of the clients referenced in the Petitioner's case, except for Marilyn Alexander. Respondent also testified that Mr. Raynor was not her client, but was the client of her upline, Mr. Robinson. She said she spoke with Mr. Raynor twice on the phone and although she tried to meet with Mr. Raynor, the meeting never took place. She also testified that Mr. Robinson gave her authority to sign the application, after Mr. Robinson stated he had met with Mr. Raynor.

Respondent testified that Ms. Thomas had also given her consent. She testified that Ms. Thomas was upset because there was some confusion in the money being deducted from her paycheck, but not actually going to American National. An intermediary, Tower, had received the premium, but for some reason, American National had not received the money. Respondent indicated that she did not tie up any loose ends with regard to this transaction after being contacted by Ms. Thomas because of time constraints dealing with her parents.

Respondent also testified that she called Ms. Stanch and she was given authority to change her policy. Respondent had discussed $5000.00 with Ms. Stanch relating to a new life insurance policy. Respondent testified that her upline, Martin Browder, called and advised her that Ms. Stanch told the company she had not signed the application. According to Respondent, (which could not be confirmed by Ms. Hunt), Americo fired her. Respondent called Ms. Stanch and told her that she was fired due to her statements. Ms. Stanch denied having said that the application was not signed by her. Ms. Stanch advised the company after talking to Respondent that she had signed the application. Americo then rehired Respondent. After Respondent was rehired by Americo, she did not want to write business for them due to bad feelings about the way she was treated by the company and her time limitations with her caretaker duties.

Respondent testified that she was terminated by Americo a second time. She thought this termination was for lack of production, not for submitting questionable business practices. Respondent testified that she did not turn in 91 applications to Americo, contrary to the testimony of Ms. Hunt. She stated she would not have turned in fraudulent applications, because the company conducts random personal history interviews with insureds.

Respondent also testified that she contacted Americo and their attorney by telephone and letter about the money she owed. She stated that she made payments by check with the first payment probably in the amount of $75 and two subsequent payments in the amount of $500 each. Respondent's testimony is not clear as to a payment of $675.00. Respondent testified that her mother died during this period of time and that she became extremely depressed and stopped writing much of her business. June 2005 Respondent began to feel better and began writing her business again; this was about the same time she met and was interviewed by Investigator Cheek. The upline, Martin Browder, stayed in contact with Respondent. She stated that he suggested she write for another company. Respondent testified that after she was terminated, Americo kept sending her policies with her name as agent. She indicated she had no connection with these policies and they were a mistake.

During Respondent's testimony she stated that she had some paperwork in storage such as cancelled checks paid to Americo, a women's name that contacted her due to mistaken policies by Americo and possibly some other file material. She also stated she would have obtained this information if she knew that she may need it for the hearing.

Respondent testified that she owed American National $23,000.00 for her termination. Although Respondent's testimony is not clear on this point, it appears that she stated that this debt was incurred in the course of business prior to her termination for poor business placement. She also stated that $17,000 of this debt has been paid as a result of her business arrangement with the company as part of her compensation package. Respondent stated the remainder would be paid by the end of March 2006, since she was rehired.

Respondent testified that she sent duplicative applications to Americo because the original applications were not completed correctly. She was instructed by her upline, Martin Browder, to resubmit the applications. She testified that she had explained the situation to the company.

Towards the end of her testimony, the Respondent changed her earlier testimony and admitted to signing the applications with her client's names. Additionally, during cross-examination Respondent testified that she had nothing in writing from any of the clients giving her authority to sign the applications. Respondent also stated that she should probably be disciplined, but that her license should not be revoked.

Analysis

Violation of D.C Official Code § 31-1131.12 (a) (7)

The Respondent signed four (4) policyholder's names to five (5) applications without their permission. The Respondent through her testimony at the hearing and during the investigation of this matter admitted the commission of fraud by representing she had authority to sign her client's names when she did not. In her initial testimony at the hearing she stated she signed applications and other documents with the permission of her clients, but later testified that she signed them without their authority. Respondent also made these same inconsistent statements at various stages during the investigation of this matter. In so doing, Respondent clearly admitted the commission of fraud by falsely representing a matter of fact by false allegations that intended to deceive another.

The Petitioner presented overwhelming evidence on the issue of fraud and unfair trade practice through the testimony or statements (affidavits) of Respondent's clients who all said they did not sign their names to the applications in question nor gave permission or authorization to Respondent to do so. (See Evaluation for detailed discussion)

Additionally, the evidence revealed that the fraudulent conduct by Respondent was carried out with such frequency as to indicate an insurance unfair trade practice. Respondent submitted all five applications in question for life insurance as an insurance producer after forging the signatures of the insureds. In the cases of Keith Raynor, Patricia E. Thomas, and Marilyn Alexander (two applications), these applications were submitted without authority or consent of the insureds. In the case of Queen E. Stanch, the testimony is inconsistent regarding lack of authority. Whether four or five applications are considered, Respondent made sufficient false or fraudulent statements or representations as to indicate such conduct that constitutes an insurance unfair trade practice. In addition, although Respondent denied the charge (and provided no proof of her contention), Ms. Hunt from Americo testified that the company's investigation revealed approximately 91 applications had been submitted with no premiums paid. Problems with this many applications, also supports the allegation that Respondent committed fraud with such frequency as to constitute an insurance unfair trade practice.

Accordingly, the Hearing Examiner finds that Respondent violated D.C Official Code § 31-1131.12 (a) (7) by admitting committing fraud by representing she had authority to sign her client's applications and other documents when she did not and committing fraud and forgery with such frequency as to constitute an insurance unfair trade practice.

Violation of D.C Official Code § 31-1131.12 (a) (8))

Petitioner's testimony revealed that Respondent was terminated from the appointment as an insurance producer with Americo on December 11, 2003. Although the testimony of Respondent indicates the termination letter was not specific, Ms. Hunt testified that Respondent was terminated as an agent due to her questionable business practices such as

duplicative applications, applications with no premiums paid and applications that applicants claim were not submitted by them. As a result, Americo secured a judgment against Respondent in the amount of $30,889.65 for unearned commission that was paid to her. Respondent made some payments on this debt, a total amount of less than $2000.00. Her upline, Mr. Browder paid this debt to Americo. However, whether owed to the company or her upline, Respondent failed to make substantial payments to reduce this debt and her conduct indicates that she was incompetent, untrustworthy and financially irresponsible. Respondent presented no credible or persuasive evidence to rebut the Petitioner's arguments.

Petitioner's testimony also indicates that American National terminated Respondent because her business with that company was not acceptable. The testimony indicates that she owed American National $23,350.00 when she was terminated. Although Respondent has been rehired at the request of those who would be responsible for the debt and she has substantially reduced her debt under a more supervised program, her poor business practices resulted in a substantial debt to the company.

Accordingly, the Hearing Officer finds that Respondent has violated D.C. Official Code §31-1131.12(a)(8) by committing fraud, engaging in dishonest practices, demonstrating incompetence, being untrustworthy and being financially irresponsible in her conduct of business in the District of Columbia.

Violation of D.C Official Code § 31-1131.12 (a) (10)

Respondent admits that she signed the signatures of all five applications in question without the authority or permission of her clients. This conduct constitutes forgery.

Although there is inconsistency in Ms. Stanch's case, all of the applicants including Ms. Stanch, have stated that Respondent did not have authority to sign the forms. Further, the evidence shows that Respondent not only signed the forms, but also completed the other information on them. Much of the information was out of date. It appears that Respondent may have used information that she had obtained from earlier contact with the clients. This conduct is further aggravated because not only were applications forged, but false documents having other consequences were also submitted by Respondent including authorizations to obtain medical records (Govt. Ex. 10 & 16) and payroll deduction forms (Govt. Ex 9 & 11).

Accordingly, the Hearing Examiner finds that Respondent violated D.C. Official Code §31-1131.12(a)(10) by forging the names of her clients to applications for insurance and to documents related to insurance transactions.

Revocation for Violation of D.C Official Code § 31-1131.12

The Petitioner contends that Respondent's license should be revoked for violations of D.C. Official Code § 31-1131.12. This section of the Code gives the Commissioner the

authority to take a single or combination of actions against an insurance producer who violates its provisions.

Respondent contends that her license should not be revoked, but that some type of disciplinary action should be taken against her. The Respondent testified as to her hardship in taking care of elderly parents and others. In addition, she presented other evidence in mitigation of her wrongdoing, including letters of good character. The Hearing Officer finds these arguments and evidence unpersuasive, particularly in light of the severity and gravity of Respondent's conduct.

Petitioner presented substantial evidence that Respondent acted in violation of D.C. Official Code § 31-1131.12 (a) (7) (8) and (10). Respondent on at least five occasions knowingly signed the applications for insurance and other insurance related documents with the names of her clients without their permission, thereby committing forgery; engaged in dishonest practices, demonstrated incompetence, was untrustworthy and financially irresponsible in her conduct of business in the District of Columbia in her dealings with Americo and American National and her clients; and committed fraud and forgery with such frequency as to constitute an insurance unfair trade practice.

Accordingly, the Hearing Examiner finds Respondent's insurance producer license should be revoked for violation of DC Official Code § 31-1131.12 (a) (7) (8) and (10).

FINDINGS OF FACT

The Hearing Officer makes the following findings of fact based on the record as a whole:

1. A Notice of Hearing to Show Cause was sent to Respondent Rica J. Rich on August 18, 2005, informing her of the charges against her and setting a hearing date of September 28, 2005. The Respondent subsequently contacted the Hearing Officer and requested a continuance due to health issues arising out of an auto accident. After receiving documentation of the automobile accident and Respondent's condition, the Hearing Officer postponed the hearing. The Hearing Officer rescheduled the hearing for February 8, 2006 and an Official Notice of Hearing was sent to the parties.

2. After notice was duly given, a Show Cause hearing was held on Wednesday, February 8, 2006 at the Department of Insurance, Securities and Banking, 810 First Street, NE, Washington, D.C., 20002. J. Joseph Cohen represented the Government (hereinafter Petitioner). Rica Rich (hereinafter Respondent) represented herself. The hearing was conducted for the purpose of considering whether Respondent violated DC Official Code § 31-1131.12 (a) (7) (8) and (10) and whether the license of Respondent Rica J. Rich should be revoked.

3. At the conclusion of the hearing, the parties were instructed to submit a Proposed Decision and Order by close of business February 24, 2006, both parties made submissions.

4 The first witness to testify on behalf of the Petitioner was Mr. Garland Cheek, Investigator for the Enforcement and Investigations Bureau of the Department of Insurance, Securities and Banking (hereinafter DISB).

5. Investigator Cheek testified that his investigation revealed that Keith Raynor was an officer with the Metropolitan Police. (Officer Raynor was subpoenaed, but was unable to attend the hearing.) Mr. Cheek testified that an application for life insurance in Officer Raynor's name had been submitted to Americo and American National dated September 3, 2003 (Govt. Ex. 3). He stated Mr. Raynor indicated the application was not signed by him nor was it in his handwriting. Mr. Raynor told Mr. Cheek while some of the information was accurate, other information was not current as of the date of the application. The investigation by Investigator Cheek included an interview with Officer Raynor and a signed affidavit that Officer Raynor had submitted to the insurance company. (Govt. Ex. 2). The insurance producer listed on the application was the Respondent.

6. Secondly, Investigator Cheek testified that his investigation revealed that an application for life insurance and related forms submitted in the name of Patricia E. Thomas to American National Insurance Company dated December 18, 2003 were not signed by Ms. Thomas.(Govt. Ex. 8, 12-14) The documents included an authorization to obtain medical records. (Govt. Ex. 10) Investigator Cheek stated that he interviewed Ms. Thomas in March 2005. She stated that the applications and related documents were not completed by her. Ms. Thomas indicated that information on the forms was accurate, but some of it was not current. During Ms. Thomas' testimony she stated that she discovered that someone other than herself had signed the application when she noticed an unauthorized deduction was being taken out of her payroll check. (Ms. Thomas had secured life insurance from Respondent from Americo, not American National on an earlier occasion in 2002, but had previously cancelled that coverage.)

7 During the course of Mr. Cheek's and Ms. Thomas' testimony, other documents purporting to be Ms. Thomas' signature, but not signed by her allowing payroll deductions of premium were also entered into evidence, i.e. Direct Deposit Sign-Up Form 1199A and B-4 Payroll Deduction Authorization. (Govt. Ex. 9, 11) The testimony revealed that Ms. Rich was the insurance producer involved in these transactions.

8. Thirdly, Investigator Cheek testified that his investigation (that included a telephone interview of Ms. Alexander) revealed that there were two signed applications in the name of Marilyn Alexander, that Ms. Alexander had not signed. (Mr. Cheek testified that he sent the documents in question to Ms. Alexander for her review.) One was dated February 1, 2006 and submitted to American National. (Govt. Ex. 16). The other was dated July 25, 2003 and submitted to Americo. (Govt. Ex. 18). In both cases, Ms. Alexander submitted affidavits to the companies stating the applications were fraudulent

and not authorized by her. (Govt. Ex. 15 & 17) In the case of American National, there were a number of related documents containing signatures that were not Ms. Alexander's, such as an authorization to obtain medical information. (Govt. Ex. 16, pgs. 1-7) In both cases, the insurance producer was Respondent. Ms. Alexander met the Respondent in 1999 in connection to purchasing what she thought was a retirement plan. She discovered that her payroll deduction was being paid to American National and not the company she had applied to - Golden State. (Golden State obtained premium financing since no premium had been received). Neither company provided a retirement plan to ms. Alexander as she requested, instead she was provided life insurance. Mr. Cheek testified that Ms. Alexander indicated she had never been to Washington, D.C. where the forms were allegedly signed.

9. Lastly, Investigator Cheek testified that he interviewed Queen E. Stanch by telephone regarding an application for insurance to Americo dated August 24, 2003. (Govt. Ex. 19) (Mr. Cheek sent Ms. Stanch by mail the documents in question for her review.) Ms. Stanch advised Mr. Cheek in a telephone interview on March 2, 2005 that the application contained her name but she had not signed it nor authorized the signature. She also advised Mr. Cheek that she is a resident of California and had never been to Washington D.C. to sign the application as indicated. Additionally, Ms. Stanch initially told the insurance company that the signature on the application was authorized because of telephone conversations she had had with Respondent in which Respondent asked her to state that she had signed the application. Ms. Stanch subsequently advised the company that this was not the case and that she in fact had not signed the application. Ms. Stanch said that Respondent had requested $5000.00 from her, but she had not given it to her because she could not determine exactly how she intended to use it.

10. The next witness to testify on behalf of the Petitioner was Cathy Hunt. Ms. Hunt testified by speakerphone from her Americo office in Kansas. (Respondent made no objection to this form of testimony.) Ms. Hunt indicated that the investigation of Respondent by Americo began as a result of applications being received by Americo with no premiums being paid, duplicative applications, and six applications alleged not to have been completed by the applicants. These actions resulted in advanced commissions being paid requiring a subsequent charge back to the Respondent. Ms. Hunt testified that the Respondent was terminated by the company by letter dated December 11, 2003 due to advanced commissions that were paid but not earned on approximately 91 policies. Respondent signed a promissory note (Govt. Ex. 21) in the amount of $27, 882.30 on January 19, 2004 that was subsequently reduced to a court judgment in the amount of $30, 889.65 in favor of Americo. The Respondent made four payments ($75, $75, $675, $75) on this judgment in 2004. The judgment is still outstanding, but the upline for Respondent, Martin Browder, paid the debt to the company.

11. In the case of Officer Raynor and Ms. Alexander, Ms. Hunt's testimony confirmed the findings of Investigator Cheek's investigation that in fact both of them complained that the signatures on their applications were not written or authorized by them. (Govt. Ex. 2 & 17). In the case of Ms. Stanch, Ms. Hunt testified that Ms. Stanch's statements to the company were inconsistent. Recently discovered company records indicate that Ms.

Stanch initially stated the application was fraudulent, but then changed her statement in a later interview and said that the application was legitimate.

12. The next witness to testify for the Petitioner was Eric Minor. He is the Director for Life Producer Services for American National. (Mr. Minor testified by speakerphone. There was no objection by Respondent.) Mr. Minor testified that Petitioner currently owes $36, 626.99 to the company for advanced commission debt. However, he testified that this advanced debt is not unusual for an insurance producer. He also testified that he was not aware of any terminations related to Respondent

Franklin James Gerren, Vice-President of the Independent Marketing Group for American National also testified for the Petitioner. (Mr. Gerren testified by speakerphone. There was no objection by Respondent.) Mr. Gerren stated that Respondent was terminated from the company on September 1, 2004 due to both "persistency" and "placement". These are concepts related to life insurance business being placed with the company by the Respondent that was not sustaining business. This resulted in debt by Respondent for unearned commission that was paid to her. As a result of this debit balance for which the upline is responsible, the upline requested that Respondent be reinstated. The upline advised that Respondent would be better monitored on reinstatement. Mr. Gerren testified that Respondent has been reinstated, reduced her debit balance from her date of termination and improved her business.

13. The last individual to testify for the Petitioner was Jerry Bozeman. He is a Senior Investigator with the Corporate Investigation Staff of American National. (Mr. Bozeman testified by speakerphone. There was no objection by Respondent.) Mr. Bozeman confirmed that the company's investigation concluded that the applications in question submitted under the names of Marilyn Alexander and Patricia Thomas were not signed by the respective individuals. Mr. Bozeman testified that he secured an affidavit from Ms. Alexander that indicated that the application submitted to American National did not contain her signature and that the signature on it was not authorized by her. (Govt. Ex. 15) Mr. Bozeman also testified that Respondent owed $23,350.00 to American National as of June 23, 2005. (Govt. Ex. 20)

14. The Respondent made no objections to the evidence submitted by the Petitioner. Respondent represented herself and was her only witness. The Respondent requested that several documents be moved and made a part of the record, as evidence of her good character. (Respondent's Exhibits 1 – 10) The documents were accepted into the record with no objection by Petitioner.

14. Respondent began her case in chief by admitting that she signed the applications placed into evidence, but testified that she did so with the consent of her clients. She testified that this was done to expedite the application process because at the time she was the caregiver and only source of income for her elderly and ill parents, her 3 children and her youngest daughter's brother.

15. Respondent testified that she was trying to obtain better benefits for her clients. She stated that she could remember all of the clients referenced in the Petitioner's case, except for Marilyn Alexander. Respondent also testified that Mr. Raynor was not her client, but was the client of her upline, Mr. Robinson. She said she spoke with Mr. Raynor twice on the phone and although she tried to meet with Mr. Raynor, the meeting never took place. She also testified that Mr. Robinson gave her authority to sign the application, after Mr. Robinson stated he had met with Mr. Raynor.

16. Respondent testified that Ms. Thomas had also given her consent. She testified that Ms. Thomas was upset because there was some confusion in the money being deducted from her paycheck, but not actually going to American National. An intermediary, Tower, had received the premium, but for some reason, American National had not received the money. Respondent indicated that she did not tie up any loose ends with regard to this transaction after being contacted by Ms. Thomas because of time constraints dealing with her parents.

17. Respondent also testified that she called Ms. Stanch and she was given authority to change her policy. Respondent had discussed $5000.00 with Ms. Stanch relating to a new life insurance policy. Respondent testified that her upline, Martin Browder, called and advised her that Ms. Stanch told the company she had not signed the application. According to Respondent, (which could not be confirmed by Ms. Hunt), Americo fired her. Respondent called Ms. Stanch and told her that she was fired due to her statements. Ms. Stanch denied having said that the application was not signed by her. Ms. Stanch advised the company after talking to Respondent that she had signed the application. Americo then rehired Respondent. After Respondent was rehired by Americo, she did not want to write business for them due to bad feelings about the way she was treated by the company and her time limitations with her caretaker duties.

18. Respondent testified that she was terminated by Americo a second time. She thought this termination was for lack of production, not for submitting questionable business practices. Respondent testified that she did not turn in 91 applications to Americo, contrary to the testimony of Ms. Hunt. She stated she would not have turned in fraudulent applications, because the company conducts random personal history interviews with insureds.

19. Respondent also testified that she contacted Americo and their attorney by telephone and letter about the money she owed. She stated that she made payments by check with the first payment probably in the amount of $75 and two subsequent payments in the amount of $500 each. Respondent's testimony is not clear as to a payment of $675.00. Respondent testified that her mother died during this period of time and that she became extremely depressed and stopped writing much of her business. June 2005 Respondent began to feel better and began writing her business again, this was about the same time she met and was interviewed by Investigator Cheek. The upline, Martin Browder, stayed in contact with Respondent. She stated that he suggested she write for another company.

Respondent testified that after she was terminated, Americo kept sending her policies with her name as agent. She indicated she had no connection with these policies and they were a mistake.

20. During Respondent's testimony she stated that she had some paperwork in storage such as cancelled checks paid to Americo, a women's name that contacted her due to mistaken policies by Americo and possibly some other file material. She also stated she would have obtained this information if she knew that she may need it for the hearing.

21. Respondent testified that she owed American National $23,000.00 for her termination. Although Respondent's testimony is not clear on this point, it appears that she stated that this debt was incurred in the course of business prior to her termination for poor business placement. She also stated that $17,000 of this debt has been paid as a result of her business arrangement with the company as part of her compensation package. Respondent stated the remainder would be paid by the end of March 2006, since she was rehired.

22. Respondent testified that she sent duplicative applications to Americo because the original applications were not completed correctly. She was instructed by her upline, Martin Browder, to resubmit the applications. She testified that she had explained the situation to the company.

23. Towards the end of her testimony, the Respondent changed her earlier testimony and admitted to signing the applications with her client's names. Additionally, during cross-examination Respondent testified that she had nothing in writing from any of the clients giving her authority to sign the applications. Respondent also stated that she should probably be disciplined, but that her license should not be revoked.

CONCLUSIONS OF LAW

After a careful evaluation of the evidence and findings of fact, the Hearing Officer concludes, as a matter of law:

1. Respondent violated D.C Official Code § 31-1131.12 (a) (7) by admitting committing fraud by representing she had authority to sign her client's applications and other documents when she did not and committing fraud and forgery with such frequency as to constitute an insurance unfair trade practice.

2. Respondent violated D.C. Official Code §31-1131.12(a) (8) by committing fraud, engaging in dishonest practices, demonstrating incompetence, being untrustworthy and being financially irresponsible in her conduct of business in the District of Columbia.

3. Respondent violated D.C. Official Code §31-1131.12(a) (10) by forging the names of her clients to applications for insurance and to documents related to insurance transactions

ORDER

IT IS HEREBY ORDERED that the license of Rica Jenee Rich is **HEREBY REVOKED** for violations of D.C Official Code § 31-1131.12.

Leslie E. Johnson
Hearing Officer
Department of Insurance, Securities and Banking

Dated: This 28th day of June, 2006

X **Approved** _____**Disapproved**

Thomas E. Hampton
Commissioner
Department of Insurance, Securities and Banking

Dated: This 28th day of June, 2006

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Proposed Decision and Order was sent by Certified U.S. Mail, return receipt requested, to Rica J. Rich, 435 21st Street, N.E., Washington, DC 20002 on this 28th day of June, 2006.

Michelle Mathis
Legal Assistant