

Winter 2020

# Taking Action



To protect consumers and promote a healthy business climate



# Insurance



Solutions for failing to file required annual reports for 2017 and 2018, despite repeated requests from the division.

- **LifeShield National Insurance Company, INS-19-0060** – The division issued a cease-and-desist order and fined LifeShield National Insurance Company \$100,000 for issuing short-term health insurance policies that were in effect for periods of longer than three months. The Oregon insurance code limits short-term health insurance policies to a maximum of three months, including renewals, and new policies cannot be issued within 60 days of expiration. LifeShield issued consecutive policies without waiting the required 60 days between policies.
- **Hartford Insurance Company of the Midwest, INS-19-0067** – The division issued a cease-and-desist order and fined Hartford Insurance Company of the Midwest \$100,000 for failing to provide 19 Oregon consumers over a three-year period with written notice of the impending expiration of their third-party bodily injury claims, in violation of OAR 836-080-0235(6).
- **Benefit Transact Solutions, LLC, INS-19-0052** – The division issued a cease-and-desist order and revoked the third-party administrator license of Benefit Transact
- **ATRIO Health Plans, Inc., INS-19-0135** – The division issued a cease-and-desist order and fined ATRIO \$15,000 for failing to comply with the notice and approval procedures of the Oregon insurance code before paying an extraordinary cash dividend of more than \$2.5 million. At the time, Chicago Pacific Founders was acquiring control of ATRIO through a stock purchase agreement, and ATRIO paid the selling shareholders the dividend as an adjustment to the purchase price. ATRIO did seek retroactive approval of the extraordinary cash dividend, which the division granted.
- **Minnesota Life Insurance Company, INS-19-0127** – The division issued a cease-and-desist order and fined Minnesota Life Insurance Company \$10,000 for distributing forms in Oregon for the purchase of accidental death and dismemberment products without first filing the forms with, and getting approval from, the division to use such forms. Even after the division informed Minnesota Life of the filing requirements and the resulting violations, Minnesota Life delayed filing the forms with the division for months, and continued using the forms in the meantime.
- **Tomas E. Pedraza, INS-19-0063** – The division issued a cease-and-desist order and revoked the resident insurance producer license of Tomas E. Pedraza for using fraudulent and dishonest practices. Pedraza impersonated clients in telephone conversations with insurers, canceled policies without client consent, and submitted false insurance policy applications. In addition to revoking Pedraza's license, the division fined him \$15,000 and required that he give up the \$9,735.58 in commissions that he received as part of the fraudulent transactions.
- **Benjamin H. Omlid dba Health Options Insurance, INS-19-0062** – The division issued a cease-and-desist order and suspended the resident insurance producer license of Benjamin H. Omlid, dba





Health Options Insurance, for demonstrating incompetence, untrustworthiness, and financial irresponsibility in the conduct of his insurance business. Omlid failed to adequately supervise the activities of his employee, Tomas E. Pedraza, who engaged in various fraudulent and dishonest practices. Omlid's license will be suspended for one year, during which time he will be required to take additional ethics continuing education courses. Following the suspension period, Omlid will be granted a conditional license, which will prohibit him from supervising any other insurance agents. In addition to the suspension, the division fined Omlid \$14,000 and required that he give up the \$21,518.07 in commissions that he received as part of Pedraza's fraudulent transactions.

- **Tyson N. Miltenberger,**  
**INS-19-0119** – The division issued a cease-and-desist order against Tyson N. Miltenberger, a former Oregon-licensed resident insurance producer. Miltenberger was subject to administrative action in Arizona for violations of the Arizona Consumer Fraud Act as it related to his involvement in certain outside business activities. The division issued Miltenberger a probationary license, which prohibits him from holding an equity interest in or being an officer or director of any other licensed insurance business entities, and requires completion of additional ethics training, among other conditions.

- **Damiko Tidmore, Sr.,**  
**INS-19-0079** – The division issued a cease-and-desist order and revoked the Oregon resident insurance producer license of Damiko Tidmore Sr. for collecting premiums from a business and failing to send the payment to the insurers. Tidmore collected \$8,018.95 in premiums from an Oregon business and paid \$1,247.25 as a down payment to the insurer. Tidmore used the remaining funds to pay business expenses. Additionally, Tidmore failed to adequately respond to the director's request for information during the investigation. In addition to the license revocation, the division fined Tidmore \$4,000 and required that he give up the \$6,771.70 in misappropriated funds and commissions that he received as part of the fraudulent transactions.
- **Van B. Hipp,**  
**INS-19-0131** – The division issued a cease-and-desist order and revoked the nonresident insurance producer license of Van B. Hipp for failing to inform the division of an administrative action taken by Washington revoking Hipp's license, effective July 10, 2019.
- **Katherine B. Rebman,**  
**INS-19-0131** – The division issued an order accepting Rebman's voluntary surrender of her insurance producer license, and fining her \$1,000 for knowingly misrepresenting that an auto policy holder had not been involved in any accidents during a period of lapse in her auto policy. Rebman agreed not to seek relicensure in Oregon.



# Investments



- **Eugene Artisan Foods, LLC, dba Red Wagon Creamery, Inc.,**

**S-19-0002** – The division issued a cease-and-desist order and fined Red Wagon \$50,000 for the sale of unregistered securities, failing to timely file required reports regarding an Oregon intrastate offering of securities, making untrue statements of material fact, and omitting to state material facts, in connection the sale of securities. Red Wagon was an ice cream production and sales company based in Eugene. Red Wagon issued promissory notes and shares of stock to investors, allegedly to raise funds in order to expand the business, but failed to adequately disclose to investors the risks of the investments, the nature and extent of the debts owed by the company, and the actual use of investor funds.

- **Robert Lee Adams and SimTradePro Incorporated,**

**S-19-0047** – The division issued a cease-and-desist order against Robert Lee Adams of Bandon and his business, SimTradePro Incorporated, for unlicensed investment adviser activity. Adams and SimTradePro operated an investment club called Winning Investments, LLC in 2017 and 2018, purporting to invest funds in the foreign currency exchange market using robotic trading platforms. Adams solicited investors through seminars, referrals, and the company's website. Four investors who joined Winning Investments sent their funds totaling \$310,542 to SimTradePro,

and the funds were routed to an off-shore account. In less than one year, Adams and his companies lost 90 percent of the investors' funds. The division issued a **news release** cautioning consumers to avoid investing with Adams or any of his business ventures.

- **Daniel R. Burns and Burns Capital Investment Advisors, Inc.,**

**S-19-0077** – The division issued a cease-and-desist order and fined Oregon securities licensees Burns and his company, Burns Capital Investment Advisors, \$105,000 for selling unregistered securities to 14 clients.





The unregistered securities were mortgage investments offered by the Woodbridge Group of Companies and their various Woodbridge Mortgage Investment Funds. Woodbridge was the subject of a separate administrative order issued by the division in 2018. See [S-17-0129](#). The division agreed to suspend the civil penalties, provided that Burns repay his clients the nearly \$50,000 in commissions he charged for the sale of the unregistered securities.

- **Douglas J. Geiger, S-16-0256** – The division issued a cease-and-desist order and permanently barred Geiger from the Oregon securities industry for his role in the sale of unregistered securities, for unlicensed securities salesperson activity, for making untrue statements of material fact, and omitting to state material facts in connection the sales of securities. Geiger helped to raise funds totaling \$65,000 from five Oregon investors, supposedly to be used for a retail development project in Eugene called 99 Crossings. Geiger failed to adequately disclose the risks of the investments, and the actual use of investor funds. The promissory notes that were issued to investors went into default, and the development never got off the ground. In addition to the permanent bar, the division fined Geiger \$30,000 and denied him the use of securities exemptions.

- **Richard Wimbourne, S-19-0107** – The division issued a cease-and-desist order and fined Wimbourne \$20,000 for serving as a money mule in connection with an investment scam. Wimbourne first invested his own funds into what he believed was an investment in a marble statue of a lion that was allegedly being transported from China to a museum in New York. The scammer claimed that Wimbourne's funds would be used to help pay the shipping costs, and that he would earn a profit from the purchase of the statue once it had arrived at the museum. After making his investment, Wimbourne allowed the scammer to use his bank account as a conduit to receive and then transmit money for her, which she claimed would be used to pay fees

on an alleged large inheritance that he would benefit from. Given Wimbourne's role as both an investor and a money mule, the division suspended the \$20,000 on the condition that Wimbourne not violate the Oregon securities law.

- **Victoria G. Richard, S-19-0104** – The division issued a cease-and-desist order and fined Victoria Richard \$20,000 for serving as a money mule in connection with the same investment scam described above in the Wimbourne case. Richard funneled investments through her bank account as part of an elaborate romance scam and securities fraud case.
- **Wesleyan Investment Foundation, Inc., S-19-0081** – The division issued a cease-and-desist order and fined Wesleyan Investment Foundation \$13,500 for the sale of unregistered securities. Wesleyan sold church extension fund securities to investors between 1972 and 2019 without being properly registered with the division. While Wesleyan relied on an exemption to the securities registration requirement for the sales, the division's investigation revealed that Wesleyan did not meet the requirements for the exemption for a period of at least two years. The fine assessed equaled three times what Wesleyan should have paid as a registration fee for its Oregon sales.





# Mortgage

- **First American Home Loans, Inc.,**  
**M-19-0056** – The division issued a cease-and-desist order and fined First American Home Loans \$5,000 for failing to ensure an employee was properly licensed as a mortgage loan originator and failing to complete timely criminal records checks of its employees. First American was subject to a prior order by the division in 2018, which involved similar violations and a \$3,750 suspended fine. See **M-17-0128**. Given the repeat violations, the division reinstated the \$3,750 in suspended fines. The division discovered the new violations as part of an examination of the company following the 2018 action.
- **Iona A. Osment,**  
**M-19-0074** – The division issued a cease-and-desist order and fined Osment \$5,000

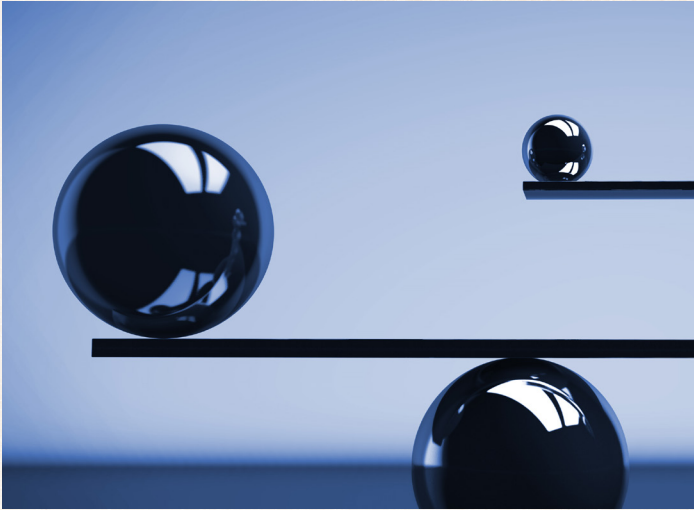
for engaging in business as a mortgage loan originator without an Oregon mortgage loan originator's license. Osment was an employee of First American Homes Loans, Inc., and her unlicensed activity was discovered as part of the above-described examination of the company.

- **William A. Kreklau,**  
**M-19-0137** – The division issued a cease-and-desist order and fined Kreklau \$5,000 for violating Nationwide Multistate Licensing System rules of conduct related to continuing education requirements for mortgage loan originator licensees. The division's investigation revealed that Kreklau allowed another person to complete certain continuing education courses on his behalf. The division allowed William Kreklau to voluntarily surrender his mortgage loan originator license, in lieu of revocation.





# Non-depository Programs



- **Debt Assistance Network, LLC.,**  
**DM-19-0096** – The division issued a cease-and-desist order and fined Debt Assistance Network \$100,000 for performing unregistered debt management services for 17 Oregon consumers, charging excessive fees, and failing to provide all required disclosures required under the Oregon debt management service provider laws.
- **Delay Group, Corp., dba The Debt Management Group,**  
**DM-19-0065** – The division issued a cease-and-desist order and fined Delay Group, Corp., dba The Debt Management Group, \$115,000 for performing unregistered debt management services for 85 Oregon consumers, and charging excessive fees. The companies refunded the Oregon consumers the entire \$95,000 in funds that the consumers were charged for the services, in exchange for the division agreeing to suspend \$105,000 of the \$115,000 fine.
- **JDT Enrollment Group LLC,**  
**DM-19-0133** – The division issued a cease-and-desist order and fined JDT Enrollment Group \$10,000 for performing unregistered debt management services for one Oregon consumer and charging excessive fees.
- **Kendall F. Rosemeyer dba Royal Mobile Estates 55 and Over Community,**  
**MSD-18-0038** – The division issued a cease-and-desist order and fined Rosemeyer and his business \$20,000 for selling at least 16 manufactured structures without a license. Rosemeyer is the absentee owner of Royal Mobile Estates. His agent and park manager operated Royal Mobile Estates for several years without a manufactured structure dealer license. After the division began its investigation, Royal Mobile Estates obtained the manufactured structure dealer license required for transferring ownership of manufactured structures in its park.
- **Innovative Home Solutions, LLC and Jeff Wehrung,**  
**MSD-18-0090** – The division issued a cease-and-desist order and fined Innovative Home Solutions and Wehrung \$20,000 for selling manufactured structures without a license and for engaging in a pattern of practice of noncompliance with the manufactured structure dealer licensing laws. Wehrung worked for a consulting company that had a contract with a manufactured home community located in Eugene called Falcon Wood Village. While working as a consultant for Falcon Wood, Wehrung formed Innovative Home Solutions, for the purpose of buying and selling manufactured structures in the Falcon Wood park. Wehrung, through Innovative Home Solutions, sold at least 15 manufactured structures without a license between 2008 and 2014.
- **Westrum Funeral Services, Inc., dba Dunes Memorial Chapel,**  
**PN-19-0076** – The division issued a cease-and-desist order, assigned probation terms to certified provider registration and fined Westrum Funeral Services, dba Dunes Memorial Chapel, \$15,000 for selling irrevocable prearrangement sales contracts without obtaining proof that the beneficiaries were on public assistance. As part of the order, Westrum is required to allow consumers who want to cancel their irrevocable contract will be permitted to do so at any time, without penalty.