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FILED

FEB 21 2023

**Department of Insurance
State of Idaho**

BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE

STATE OF IDAHO

IDAHO DEPARTMENT OF INSURANCE,

Complainant,

vs.

PAUL FREDRICK JOHNSON, inactive Idaho
Non-Resident Producer License No. 3658152,

Respondent.

Docket No. 18-4084-22

**STIPULATION AND FINAL
ORDER**

The Idaho Department of Insurance ("Department") and Respondent Paul Fredrick Johnson ("Johnson") (the "Parties"), enter into this Stipulation to resolve the matters at issue in Department Administrative Docket No. 18-4084-22. The parties do hereby stipulate and agree as follows:

JURISDICTION AND PROCEDURE

1. The Director of the Department ("Director") has jurisdiction over Johnson and the subject matter herein, pursuant to Idaho Insurance Code I.C. §§ 41-101 *et. seq.*, including I.C. § 41-210, which authorizes the Director to enforce the provisions of title 41 of the Idaho Code, including those governing

Respondent's activities as an insurance producer.

2. Pursuant to I.C. § 41-213, the Department may institute such proceedings as deemed necessary for the enforcement of any provision of the Idaho Insurance Code, including but not limited to suspension or revocation of insurance licenses and the imposition of administrative penalties.

3. Johnson is a resident of the state of Utah and held Idaho Non-Resident Producer License No. 3658152¹ originally issued on October 26, 2000, which is now inactive effective September 30, 2017.

FINDINGS OF FACT

4. On April 25, 2022, Johnson was served with the Verified Complaint and Notice of Right to Hearing ("Complaint") in Docket No. 18-4084-22.

5. On May 20, 2022, the Department received Johnson's written response to the allegations in the Complaint.

6. In May 2022 and again in January 2023, negotiations took place between the Department and Johnson and it was determined that in lieu of proceeding to a hearing on the Complaint, the parties agreed to resolve the matters at issue that were set forth in the Complaint through this stipulated settlement; wherefore Johnson admits to the following:

a. That on October 29, 2020, the Idaho Department of Finance ("Finance") issued an *Order to Cease and Desist* against Johnson in Finance Docket No. 2017-7-15-

B. Johnson was ordered to cease and desist from violations of the Idaho Uniform Securities Act (2004) ... to include: offering or selling unregistered securities to Idaho residents; offering or selling securities as an unregistered agent; and engaging in securities fraud (by failing to disclose material facts in connection with the offer or sale of securities to Idaho residents. Johnson was also ordered to pay a civil penalty of

¹ In October 2022, the Department changed individual producer license numbers to the National Producer Number (NPN) assigned by the Nation Association of Insurance Commissioners (NAIC). The previous assigned license numbers are referenced as "Legacy License ID" numbers. Mr. Johnson's Legacy License ID number is 80491.

\$18,000 pursuant to I.C. § 30-14-604(d);

b. That the *Order to Cease and Desist* found that in 2015, Johnson acted as an investment advisor and solicited, offered, and sold life settlement investment contracts to at least three Idaho residents for which Johnson was paid \$11,360.90 in commissions;

c. That the *Order to Cease and Desist* found that Johnson was an agent of the insurers of the investments and was effectively selling securities that were not properly registered under Idaho law;

d. That at the time Johnson was offering and selling securities to Idaho residents, he was not properly registered as an agent of the issuers as required by law;

e. That Johnson violated section 41-1016(1)(h), Idaho Code on nine occasions for his fraudulent or dishonest practices, for demonstrating incompetence, untrustworthiness, or financial irresponsibility, or being a source of injury and loss to the public or others, in Idaho or elsewhere;

f. That pursuant to section 41-1021(1), Johnson was required to report Finance's *Order to Cease and Desist* to the Director within 30 days of the final disposition; and

g. That Johnson failed to report Finance's *Order to Cease and Desist* action to the Director as required by I.C. § 41-1021(1).

AGREEMENT

7. In addition to Johnson's admissions to the above violations, the Department and Johnson stipulate and agree to the following terms and conditions in lieu of proceeding to a hearing on the Complaint:

i. That Johnson's Idaho Non-Resident Producer License No. 3658152 shall be revoked for a period of five (5) years from the date of entry of the Final Order approving this Stipulation.

- ii. An administrative penalty in the amount of \$10,000 shall be imposed against Johnson with \$9,000 of such sum suspended if Johnson fully complies with the terms and conditions of this Stipulation and the Final Order ~~or~~ in the event after the period of revocation Johnson shall make application to the Department for any license issued under title 41, Idaho Code; whereupon the full amount of suspended and non-suspended administrative fine shall be due and payable in the total sum of \$10,000.
- iii. Johnson shall not be eligible to apply for, and the Department shall not consider any application from Johnson for issuance of any license under title 41, Idaho Code, for a period of five years from entry of the Final Order, after which time Johnson will be required to appear and show: (1) good cause why the prior revocation should not be a bar to the issuance of a new license; (2) that Johnson has fully complied with the terms and conditions of this Stipulation and Final Order; and (3) the total imposed fine has been paid in full.

8. In agreeing to the above terms and conditions, Johnson knowingly and voluntarily waives any rights he may have to dispute the issues of fact and law raised in the above entitled matter, including but not limited to the rights afforded by Idaho Code § 41-232A, which provides for the right to a hearing; the right to be represented at a hearing by counsel chosen and retained by Johnson; the right to present a defense, oral and documentary evidence and to cross-examine witnesses at such hearing and the right to seek judicial review or appeal the Final Order entered herein.

9. The Department and Johnson each agree that this Stipulation is a full and final settlement of the issues raised in the above entitled matter, and they are entering into this Stipulation to resolve this matter and for no other purpose.

10. Johnson understands and acknowledges that the Department may take such lawful actions

as may be required or appropriate to investigate and determine whether Johnson is in compliance with this Stipulation and the Final Order.

11. In the event the Department does take action against Johnson for alleged violation(s) of this Stipulation and Final Order, the Stipulation and Final Order shall be fully admissible in any proceeding to adjudicate the alleged violation(s). In the event Johnson is found to be in violation of this Stipulation and Final Order by adjudication, the suspended amount of the administrative fine of \$9,000 will be unsuspended and re-imposed against Johnson.

12. After having the opportunity to consult with counsel of his choice, with full understanding of the legal consequences of entering into this Stipulation and Final Order, the Department and Johnson enter into this Stipulation freely and voluntarily.

13. Johnson agrees that, upon execution of this Stipulation, no subsequent action or assertion shall be maintained or pursued in any manner asserting the invalidity of this Stipulation and Final Order or its provisions.

14. Johnson understands that this Stipulation and Final Order is a reportable administrative order under Idaho Code § 41-1021. The Department will also report the Stipulation and Final Order to the Regulatory Information Retrieval System ("RIRS") maintained by the National Association of Insurance Commissioners ("NAIC").

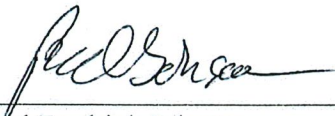
15. This Stipulation and Final Order embodies the entire agreement between the Department and Johnson, and there are no agreements, understandings, representations or warranties that are not expressly set forth herein.

16. This Stipulation is subject to approval by the Director and shall become effective and binding upon the Department and Johnson upon such approval. Should the Director decline to approve this Stipulation, the Department and Johnson shall retain all rights, claims and/or defenses, and any factual and/or legal admissions made by Johnson herein shall be withdrawn.

17. Upon the Director's entry of the Final Order approving this Stipulation, this Stipulation

and Final Order shall be a public record under the Idaho Public Records Act.

AGREED THIS 17 day of Feb, 2023.



Paul Fredrick Johnson

STATE OF Utah)
) ss
COUNTY OF Salt Lake)

On this 17 day of February, 2023, before me, the undersigned, a Notary Public in and for said state, personally appeared PAUL FREDERICK JOHNSON, known to me or identified to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

WITNESS MY HAND and official seal hereto affixed the day, month and year in this certificate first above written.



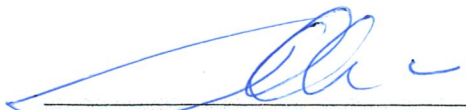

NOTARY PUBLIC
Residing at: Sandy Harrison
My Commission Expires: 4/6/26

AGREED THIS 17th day of February, 2023.


Randall M. Pipal
Bureau Chief, Consumer Services
Idaho Department of Insurance

Approved as to Form:

STATE OF IDAHO, OFFICE OF
THE ATTORNEY GENERAL


John C. Keenan
Deputy Attorney General
Counsel for Idaho Department
of Insurance

FINAL ORDER

The Director having reviewed the Stipulation herein, and having found that there is a basis in fact for the admissions therein, and in consideration of the premises;

IT IS HEREBY ORDERED that this Stipulation is APPROVED and ADOPTED in full and incorporated in this Final Order;

IT IS FURTHER ORDERED that Idaho Non-Resident Producer License No. 3658152, issued to Paul Fredrick Johnson, is hereby Revoked for a period of five (5) years;

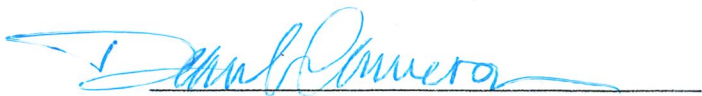
IT IS FURTHER ORDERED that an administrative penalty in the amount of \$10,000 is hereby imposed against Johnson, with the amount of \$9,000 suspended if Johnson fully complies with the terms and conditions of this Stipulation and Final Order or in the event after the period of revocation Johnson shall make application to the Department for any license issued under title 41, Idaho Code, in either event the full amount of the suspended portion and the non-suspended portion of the administrative fine shall be due and payable in the total sum of \$10,000;

IT IS FURTHER ORDERED that Johnson shall not be eligible to apply for and the Department shall not consider any application from Johnson for issuance of any new license under title 41, Idaho Code, for a period of five years from entry of this Final Order, after which time Johnson will be required to appear and show: (1) good cause why the prior revocation should not be deemed a bar to the issuance of a new license; (2) that Johnson has fully complied with the terms and conditions of this Stipulation and Final Order; and (3) the imposed fine, has been paid in full.

IT IS SO ORDERED.

DATED this 21 day of February, 2023.

STATE OF IDAHO
DEPARTMENT OF INSURANCE


Dean L. Cameron
Director

NOTIFICATION OF RIGHTS

This is a final order of the Director of the Idaho Department of Insurance and is effective immediately. Any party may file a motion for reconsideration of this final order within fourteen days of the service date of this order. The agency will dispose of the petition for reconsideration within twenty-one (21) days of its receipt, or the petition will be considered denied by operation of law. *See* Idaho Code § 67-5246(4).

Pursuant to Idaho Code §§ 67-5270 and 67-5272, any party aggrieved by this final order or orders previously issued in this case may appeal this final order and all previously issued orders in this case to district court by filing a petition in the district court of the county in which:

- i. A hearing was held,
- ii. The final agency action was taken,
- iii. The party seeking review of the order resides, or operates its principal place of business in Idaho, or
- iv. The real property or personal property that was the subject of the agency action is located.

An appeal must be filed within twenty-eight (28) days of (a) the service date of this final order, (b) an order denying petition for reconsideration, or (c) the failure within twenty-one (21) days to grant or deny a petition for reconsideration, whichever is later. *See* Idaho Code § 67-5273. The filing of an appeal to district court does not itself stay the effectiveness or enforcement of the order under appeal.

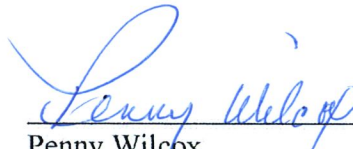
NOTIFICATION REGARDING REPORTABLE PROCEEDINGS

This is considered a reportable administrative proceeding. As such, it is a public record and is public information that may be disclosed to other states and reported to companies of which you are actively appointed. This information will be reported to the National Association of Insurance Commissioners (NAIC) and will appear in the Idaho Department of Insurance's online searchable database. Be aware that you may be required to disclose this proceeding on any license application, and you may be required to report this action to any and all states in which you hold an insurance license.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 22nd day of February 2023, I caused a true and correct copy of the foregoing STIPULATION AND FINAL ORDER to be served upon the following by the designated means:

Paul Fredrick Johnson 1095 E. Promontory Way, Apt. J104 Sandy, UT 84094-2644	<input checked="" type="checkbox"/> First Class Mail <input type="checkbox"/> Certified Mail <input type="checkbox"/> Hand Delivery <input type="checkbox"/> Facsimile <input checked="" type="checkbox"/> Email: imreadytoday@gmail.com
Karl T. Klein Deputy Attorney General Idaho Department of Insurance 700 W. State St., 3 rd Floor PO Box 83720 Boise, ID 83720-0043	<input type="checkbox"/> First Class Mail <input type="checkbox"/> Certified Mail <input type="checkbox"/> Hand Delivery <input type="checkbox"/> Facsimile <input checked="" type="checkbox"/> Email: karl.klein@doi.idaho.gov



Penny Wilcox