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FILED
OCT 21 2015
Department of Insurance
State of Idaho

Attorneys for the Department of Insurance

BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE

STATE OF IDAHO

STATE OF IDAHO, DEPARTMENT OF
INSURANCE,

Complainant,

vs.

JAMES LEE CARPENTER,
Nonresident Producer License No. 27404,

Respondent.

Docket No. 18-3088-15

ORDER OF DEFAULT

The Director of the Idaho Department of Insurance (“Director”) having reviewed the record herein; and JAMES LEE CARPENTER, Nonresident Producer License No. 27404, having been lawfully served the Verified Complaint and Notice of Right to Hearing, a copy of which is attached hereto as Exhibit A and incorporated herein, and, as evident from the Affidavit of Richard B. Burleigh, having failed to file an answer thereto and having failed to request a hearing regarding said Verified Complaint; and the Director having found as a result thereof that

JAMES LEE CARPENTER has waived his rights regarding the opportunity for hearing; and in consideration of the premises;

IT IS HEREBY ORDERED that Nonresident Producer License No. 27404 issued to JAMES LEE CARPENTER is REFUSED CONTINUANCE;

IT IS FURTHER ORDERED that JAMES LEE CARPENTER shall immediately return Nonresident Producer License No. 27404 to the Idaho Department of Insurance, P.O. Box 83720, Boise, Idaho 83720-0043;

IT IS SO ORDERED.

DATED this 21st day of October, 2015.

STATE OF IDAHO
DEPARTMENT OF INSURANCE


DEAN L. CAMERON
Director

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 this proceeding must be disclosed on any license application and must be reported to any and all states in which you hold an insurance license.

NOTIFICATION OF RIGHTS

This constitutes a final order of the agency. Any party may file a motion for reconsideration of this final order within fourteen (14) 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 may appeal it by filing a petition for judicial review in the district court of the county in which: (1) the hearing was held; or (2) the final agency action was taken; or (3) the aggrieved party resides or operates its principal place of business in Idaho; or (4) the real property or personal property that was the subject of the agency decision is located. An appeal must be filed within twenty-eight (28) days of: (a) the service date of this final order, or (b) an order denying a 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 a petition for judicial review to the district court does not itself stay the effectiveness or enforcement of the order under appeal.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have, on this 21 day of October, 2015, caused a true and correct copy of the foregoing ORDER OF DEFAULT to be served upon the following by the designated means:

James Lee Carpenter
JL Carpenter & Associates
312 Oak Point, Ste. 204
Central Point, OR 97502-2542

- first class mail
- certified mail
- hand delivery
- via facsimile

Jackson National Life Insurance Company
1 Corporate Way
Lansing, MI 48951-1001

- first class mail
- certified mail
- hand delivery
- via facsimile

Lincoln Benefit Life Company
5600 N. River Drive, Ste. 300
Columbia Center 1
Rosemont, IL 60018

- first class mail
- certified mail
- hand delivery
- via facsimile

Pacific Life Insurance Company
700 Newport Center Drive
Newport Beach, CA 92660

- first class mail
- certified mail
- hand delivery
- via facsimile

The Penn Insurance and Annuity Company
600 Dresher Road
Horsham, PA 19044

- first class mail
- certified mail
- hand delivery
- via facsimile

The Penn Mutual Life Insurance Company
600 Dresher Road
Horsham, PA 19044

- first class mail
- certified mail
- hand delivery
- via facsimile



Kelly Grady

LAWRENCE G. WASDEN
Attorney General

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Attorneys for the Department of Insurance

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SEP 18 2015 *WMA*

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State of Idaho

BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE

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**VERIFIED COMPLAINT AND
NOTICE OF RIGHT TO HEARING**

The Idaho Department of Insurance (“**Department**”) complains and allege as follows:

JURISDICTION

1. Jurisdiction in this matter is founded in the Idaho Insurance Code, Idaho Code § 41-101 *et seq.*, including Idaho Code § 41-210, which authorizes the Director of the Department of Insurance (“**Director**”) to enforce the provisions of title 41 of the Idaho Code, including those governing the activities of JAMES LEE CARPENTER (“**CARPENTER**”),

EXHIBIT

A

Nonresident Producer License No. 27404, as an insurance producer licensed under title 41, Idaho Code.

2. Jurisdiction is further founded in Idaho Code § 41-213, which authorizes the Department to institute such proceedings as deemed necessary for the enforcement of any provision of the Idaho Insurance Code, including but not limited to suspension, revocation, or refusal to issue or continue a license and the imposition of administrative penalties.

3. This pleading also serves as notice to CARPENTER of his right to contest the allegations, of the requested relief, and of his right to hearing.

CONTROLLING LAW

4. This action is brought pursuant to Idaho Code § 41-1016(1), which defines the causes and violations that can lead to the imposition of administrative penalties, and suspension, revocation, or refusal to issue or continue an insurance license.

5. Idaho Code § 41-1016(1)(h) permits the Director to the impose administrative penalties, and suspend, revoke, or refuse to issue or continue an insurance license where an individual demonstrates “incompetence, untrustworthiness or financial irresponsibility, or [is] a source of injury and loss to the public or others, in the conduct of business in this state or elsewhere.”

RESPONDENT

6. CARPENTER is a nonresident insurance producer, currently holding Idaho Nonresident Insurance Producer License No. 27404. The license was originally issued on March 22, 1991, and expires on September 30, 2015.

7. According to Department records, CARPENTER conducts business as JL Carpenter & Associates in Central Point, Oregon.

8. Business registry records of the Oregon Secretary of State reflect that JL Carpenter & Associates, Inc. (“**Carpenter’s Corporation**”), was incorporated on January 4, 2005, and administratively dissolved March 4, 2011, and identify CARPENTER as president of the corporation.

9. The name JL Carpenter & Associates is also an assumed business name for Skies Unlimited LLC, an Oregon limited liability company owned and operated by CARPENTER. However records of the Oregon Secretary of State reflect that the assumed business name was not renewed and expired as of May 2013.

FACTUAL ALLEGATIONS

10. On or about September 3, 2015, CARPENTER timely submitted to the Department an application to renew Idaho Nonresident Insurance Producer License No. 27404 (“**Renewal Application**”).

11. Following receipt of CARPENTER’s Renewal Application, the Department, as part of its ordinary conduct, ordered and reviewed, among other information, a FINRA BrokerCheck Report (“**FINRA Report**”) updated as of September 4, 2015.

12. The FINRA Report identified numerous tax liens against CARPENTER, including:

- a. Arizona Department of Revenue Lien ID #10169115, filed against CARPENTER with the Arizona Secretary of State on March 9, 2015, reflecting a total unpaid assessment of \$37,660.52;
- b. United States tax lien, Serial No. 700488610, filed against CARPENTER with the Oregon Secretary of State on September 24, 2010, reflecting a total unpaid assessment of \$46,271.73.

13. In addition, the FNRA Report identified numerous tax liens against Carpenter's Corporation for which CARPENTER was the president, including:

- a. United States tax lien, Serial No. 504776508, filed against Carpenter's Corporation with the Oregon Secretary of State on January 13, 2009, reflecting a total unpaid assessment of \$57,134.84;
- b. United States tax lien, Serial No. 527246909, filed against Carpenter's Corporation with the Oregon Secretary of State on April 2, 2009, reflecting a total unpaid assessment of \$51,114.71;
- c. United States tax lien, Serial No. 540737709, filed against Carpenter's Corporation with the Oregon Secretary of State on May 6, 2009, reflecting a total unpaid assessment of \$2,986.61; and
- d. United States tax lien, Serial No. 572295309, filed against Carpenter's Corporation with the Oregon Secretary of State on August 17, 2009, reflecting a total unpaid assessment of \$13,147.46.

14. Other documents reviewed by the Department in connection with CARPENTER's Renewal Application reflect that a default judgment in the amount of \$48,929.69 was entered against CARPENTER on February 19, 2015, in the Seventh Judicial District Court of Idaho, Bingham County, in the matter of *Scott v. Carpenter, et al.*, Case No. CV-2014-0001469. According to information furnished by CARPENTER in the FINRA Report, this judgment is being paid via garnishment and the balance owed is \$22,491.00.

15. Other documents reviewed by the Department in connection with CARPENTER's Renewal Application also reflect that a default judgment was entered against CARPENTER on April 29, 2015, in the matter of *Feher v. Carpenter*, United States District Court for the Central

District of California, Case No. 2:15-cv-00676-SVW-FFM. According to information in the FINRA Report and in court records, this litigation stemmed from a customer complaint against CARPENTER and others in which the customer seeks to recover damages in the amount of Three Million Dollars (\$3,000,000.00).

16. Not including the \$3,000,000 default judgment, CARPENTER, either directly or through his corporation, has liens and judgments against him in excess of \$230,800.00.

COUNT ONE: VIOLATIONS OF IDAHO CODE § 41-1016(1)(h)

17. Paragraphs 1-16 are re-alleged as if set forth in full.

18. Idaho Code § 41-1016(1)(h) permits the Department to seek an order that revokes or refuses continuance of the license of any producer who is deemed to have “demonstrate[d] incompetence, untrustworthiness or financial irresponsibility, or [to have been] a source of injury and loss to the public or others, in the conduct of business in this state or elsewhere.”

19. The numerous tax liens and money judgments detailed above cause the Department to conclude that CARPENTER has demonstrated incompetence, untrustworthiness or financial irresponsibility and that CARPENTER has been a source of injury and loss to the public or others in the conduct of business.

20. CARPENTER’s actions violate Idaho Code § 41-1016(1)(h).

21. As a result of the violation of Idaho Code § 41-1016(1)(h), the Department has cause and is entitled to an order that refuses continuance of CARPENTER’s Idaho nonresident insurance producer license.

REQUEST FOR RELIEF

Based upon the foregoing facts and allegations, unless the Department receives a written objection from CARPENTER, including the basis for the objection and a demand for hearing, within twenty-one (21) days following service of this verified complaint and notice, the

Department intends to submit a proposed order to the Director whereby the Director shall refuse to continue CARPENTER's Idaho nonresident insurance producer license.

NOTICE OF RIGHT TO A HEARING

Pursuant to Idaho Code § 41-232A, CARPENTER has the right to a hearing on this matter. In order to exercise this right, a written request for a hearing must be filed and served upon the Department within 21 days after service of this Complaint. Failure to file and serve a written request for a hearing upon the Department within the 21-day time period shall be deemed a waiver of the opportunity for a hearing and to contest the allegations in the Complaint, pursuant to Idaho Code § 41-232A(2).

Any written request for a hearing shall be served on the Director of the Idaho Department of Insurance, addressed as follows:

Dean L. Cameron, Director
Idaho Department of Insurance
P.O. Box 83720
Boise, ID 83720-0043

A copy shall also be provided to the Department's counsel in this matter, Richard Burleigh, Lead Deputy Attorney General, at the following address:

Richard Burleigh
Lead Deputy Attorney General
Idaho Department of Insurance
P.O. Box 83720
Boise, ID 83720-0043

In lieu of a hearing, this matter may be resolved by negotiation, stipulation, agreed settlement, or consent order, pursuant to Idaho Code § 67-5241. Should you wish to discuss these options, please contact the undersigned Deputy Attorney General. If you fail to submit a timely written response to the allegations within 21 days of the service of this complaint, a final order will be entered imposing the relief described above.

DATED this 18th day of September, 2015.

OFFICE OF THE ATTORNEY GENERAL



By: Richard B. Burleigh
Lead Deputy Attorney General
Attorney for the Department of Insurance

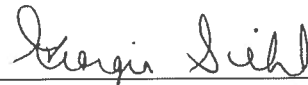
VERIFICATION

STATE OF IDAHO)
 : ss.
County of Ada)

Georgia Siehl, Bureau Chief, Company Activities, for the Department of Insurance, State of Idaho, being first duly sworn, deposes and says:

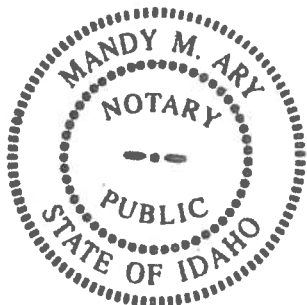
I have read the foregoing Complaint and Notice of Right to Hearing and know the contents thereof, and the same are true to the best of my knowledge and belief and based on the records of the Department.

DATED this 18th day of September, 2015.



Georgia Siehl
Bureau Chief, Company Activities
Idaho Department of Insurance

SUBSCRIBED AND SWORN to before me this 18th day of September, 2015.



Notary Public for Idaho
My commission expires on 7/24/2018

IDAHO CODE § 41-232A CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have, on this 18th day of September, 2015, and in compliance with Idaho Code § 41-232A, caused a true and correct copy of the foregoing VERIFIED COMPLAINT AND NOTICE OF RIGHT TO HEARING to be served upon the following by the designated means:

James Lee Carpenter
JL Carpenter & Associates
312 Oak Point, Ste. 204
Central Point, OR 97502-2542

- first class mail
- certified mail
- hand delivery
- via facsimile

James Lee Carpenter
20250 SW Finnigan Hill Road
Hillsboro, OR 97123-8840

- first class mail
- certified mail
- hand delivery
- via facsimile

Jackson National Life Insurance Company
1 Corporate Way
Lansing, MI 48951-1001

- first class mail
- certified mail
- hand delivery
- via facsimile

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5600 N. River Drive, Ste. 300
Columbia Center 1
Rosemont, IL 60018

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700 Newport Center Drive
Newport Beach, CA 92660

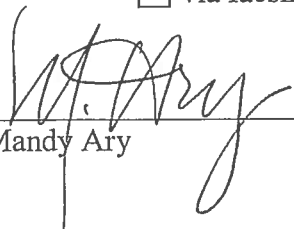
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- hand delivery
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- hand delivery
- via facsimile



Mandy Ary