

BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA

FILED

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INSURANCE COMMISSIONER
OKLAHOMA

STATE OF OKLAHOMA, ex rel. KIM)
HOLLAND, Insurance Commissioner,)
)
Petitioner,)
v.)
)
RICHARD R. WALLEN,)
a licensed Oklahoma Insurance Producer,)
)
Respondent.)

Case No. 08-0459-DIS

**EMERGENCY REVOCATION ORDER
AND NOTICE OF RIGHT TO BE HEARD**

COMES NOW the State of Oklahoma, ex rel. Kim Holland, Insurance Commissioner, by and through her attorney, Julie Delluomo, and alleges and states as follows:

JURISDICTION

1. Kim Holland is the Insurance Commissioner of the State of Oklahoma and is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101 *et. seq.*
2. Respondent is licensed by the State of Oklahoma as a resident insurance producer license number 81410.

ALLEGATIONS OF FACT

1. Respondent was licensed as an insurance producer by the State of Oklahoma on November 18, 1993.

2. Respondent presented Delois and Joe Bartholdi with an investment opportunity in Iowa State Bond Trust Funds in 2005. Respondent stated the bonds would yield a return of 24%. The Bartholdis gave Respondent a total of Forty Thousand Dollars (\$40,000.00) to invest in the Iowa State Bond Trust Funds during 2005 and 2006. Respondent created fake bonds on his computer and he forged and misspelled Iowa Governor Vilsack's signature on the bonds. Respondent deposited the Bartholdis' Forty Thousand Dollars (\$40,000.00) in his personal bank account and used some of the funds for his personal use to pay living expenses. Respondent never invested the Forty Thousand Dollars (\$40,000.00) on the Bartholdis' behalf.

3. Respondent provided the Bartholdis with some payments as returns on their Forty Thousand Dollar (\$40,000.00) investment. The checks Respondent provided were actually part of the Forty Thousand Dollars (\$40,000.00) the Bartholdis had given Respondent to invest on their behalf.

4. Respondent approached the Bartholdis in 2007 with an oil and gas opportunity. Respondent told the Bartholdis that if they invested One Thousand Eight Hundred Dollars (\$1,800.00) they would receive a one-time payment of Sixteen Thousand Dollars (\$16,000.00) in October 2007. Respondent deposited the One Thousand Eight Hundred Dollars (\$1,800.00) in his personal bank account for his personal use and never invested the funds. The Bartholdis never received the Sixteen Thousand Dollars (\$16,000.00).

5. Respondent sold a Midland National Insurance Company annuity to Helen Baikie on December 29, 2005. Respondent did not have any funds to make a payment to the Bartholdis. Respondent decided to use funds from Baikie's annuity account to pay the Bartholdis. On April 17, 2007, Respondent submitted a Partial Surrender Request to

Midland National Insurance Company to withdraw Nine Thousand Six Hundred Dollars (\$9,600.00) from Helen Baikie's annuity. The surrender form had a voided check for Baikie. Respondent asked that the funds be sent to a different bank account that what was on record for Baikie at Midland. The funds were to be electronically transferred to a checking account at Landmark Bank according to the surrender form.

5. Respondent told the Bartholdis they were to receive Nine Thousand Six Hundred Dollars (\$9,600.00) payment on their Forty Thousand Dollar (\$40,000.00) investment. The checking account at Landmark Bank belonged to Delois and Joe Bartholdi. An employee informed the Bartholdis that the funds transferred to them were from an account for Helen Baikie with Midland National Insurance Company. The employee further informed them that the transfer was accomplished by using a voided blank check they had provided Respondent. Baikie's name and address was superimposed over the Bartholdi's names and address on the check.

6. In October 2007, Delois Bartholdi was informed by Kristin Hardt in the Iowa Governor's office that the Iowa State Bond Trust Fund bonds were fake and that Governor Vilsack's signature on the bonds was a forgery.

7. On October 18, 2007, Betty Brown, the daughter of Helen Baikie, called Midland asking about a letter Baikie had received from Midland stating her partial withdrawal had been completed. Baikie did not know who authorized the transfer or where the voided check came from. An employee at Midland told Brown that in October 2007 a partial surrender form and voided check was received and that the partial surrender of Nine Thousand Six Hundred Dollars (\$9,600.00) was sent to Landmark Bank. Brown informed the employee that Baikie did not have a bank account at Landmark Bank.

8. In December 2007, the Bartholdis received a cashier's check in the amount of Forty One Thousand Eight Hundred Dollars (\$41,800.00) from Respondent. Respondent accomplished this by asking his mother to take out a second mortgage on her house. Midland National restored the Nine Thousand Six Hundred Dollars (\$9,600.00) into Baikie's annuity. Respondent still owes this amount to Midland National.

ALLEGED VIOLATIONS OF LAW

Respondent has violated 36 O.S. § 1435.13(A)(8) by using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state.

ORDER

IT IS THEREFORE ORDERED by the Insurance Commissioner, subject to the following paragraph, that the Respondent violated 36 O.S. § 1435.13(A)(8) and has thereby placed the welfare of the public at risk. Emergency action is justified to prevent Respondent from continuing to act as an insurance producer in Oklahoma and therefore **Respondent's license is REVOKED effective immediately.**

IT IS FURTHER ORDERED by the Insurance Commissioner that this Order is conditional. Unless the Respondent requests a hearing with respect to the Allegations of Fact set forth above within thirty (30) days of the date of mailing of this Order, this Order shall become a **FINAL ORDER** on the thirty-first day following the date of mailing of this Order. Such request for hearing, if desired, shall be made in writing addressed to Julie Delluomo, Oklahoma Insurance Department, Legal Division, Post Office Box 53408, Oklahoma City, Oklahoma 73152-3408 and must be served on the Oklahoma Insurance Department within the thirty (30) days allotted. The proceedings on any such

requested hearing will be conducted in accordance with the Oklahoma Insurance Code, 36 O.S. §§ 101 *et. seq.* and the Oklahoma Administrative Procedures Act, 75 O.S. §§ 250 through 323.

WITNESS My Hand and Official Seal this 20 day of November, 2008.

KIM HOLLAND
INSURANCE COMMISSIONER
STATE OF OKLAHOMA



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CERTIFICATE OF MAILING

I, Julie Delluomo, hereby certify that a true and correct copy of the above and foregoing Emergency Revocation Order and Notice of Right to be Heard was mailed by certified mail, postage prepaid with return receipt requested, on this 20th day of November 2008, to:

Richard R. Wallen
510 NW 21st Street, Apartment 5
Oklahoma City, OK 73109

and that a copy was delivered to:

Agents Licensing Division

and

Anti-Fraud Unit/Investigations Division



Julie Delluomo