

BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA

FILED

MAR 05 2009

STATE OF OKLAHOMA, ex rel. KIM)
HOLLAND, Insurance Commissioner,)
)
Petitioner,)
v.)
)
KENNETH J. QUIST, a Resident Producer;)
and PREMERE GENERAL AGENCY, INC., a)
Resident Producer Firm)
)
Respondents.)

INSURANCE COMMISSIONER
OKLAHOMA

Case No. 09-0232-DIS

ADMINISTRATIVE ORDER OF SUSPENSION INSTANTER

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. Karl F. Kramer is the Deputy Insurance Commissioner of the State of Oklahoma and as such, by order of Insurance Commissioner, is authorized to issue orders and take actions administering and enforcing the provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101 *et seq.*, including the authority to issue orders relating to Oklahoma Producer Licensing Act. 36 O.S. §§ 1435.1 *et seq.*

3. Respondent Kenneth J. Quist is licensed by the State of Oklahoma as a resident insurance producer holding license number 59241. His address of record is 7463 South 227TH East Avenue, Broken Arrow, and Oklahoma 74014.

4. Respondent Premere General Agency Inc. was licensed by the State of Oklahoma as a resident firm producer holding license number 13098. It failed to renew its producer license on October 31, 2008. Its address of record is 6161 S 33rd W. Ave Ste.132 Tulsa , Oklahoma 74132.

5. The Insurance Commissioner may place on probation, censure, suspend, revoke or refuse to issue or renew a license issued pursuant to the Producer Licensing Act and/or may levy a civil penalty of \$100.00 to \$1,000.00 for each violation of the Producer Licensing Act. 36 O.S. § 1435.13(A).

6. If the Insurance Commissioner finds that the public health, safety or welfare imperatively requires emergency action, and incorporates a finding to the effect in its order, summary suspension of a license may be ordered pending proceedings for revocation or other action. 75 O.S. §§ 314(C)(2), 314,1, OAC 365:1-7-9(a).

ALLEGATIONS OF FACT

1. Respondent Kenneth J. Quist is a licensed Oklahoma producer holding license number 59241. Quist was president of the Oklahoma corporation and insurance agency Premere General Agency, Inc., license number 13098, which failed to renew its agency license on October 31, 2008.

2. On April 30, 2007, ACSIA Long Term Care, Inc. entered into a Loan and Security Agreement with Premere, wherein ACSIA agreed to loan \$308,150.36 to Premere. Quist executed the Loan and Security Agreement with ACSIA in his capacity

as President of Premere. Quist also executed the Loan and Security Agreement on behalf of himself personally.

3. Premere and Quist, on behalf of Premere, and himself personally, agreed that it/he would not “and will not sell, pledge, assign or transfer to any person, or grant, create, incur, assume or suffer to exist any lien, or any interest in, to or under the collateral” Further, Premere and Quist, on behalf of Premere agreed not to “assign, transfer, or convey by operation of law or otherwise, any of its obligations, duties or assets under this Loan Agreement without the prior written consent of ACSIA.

4. During the time Premere and Quist were in negotiation for this loan, Quist was actively engaged in negotiations with Alan Parker, a licensed Texas insurance producer, for the purchase of Premere. Quist failed to inform Parker that he had mortgaged his agency and book of business to ACSIA on April 30, 2008. Quist sold Premere to Parker on May 7, 2007, seven days after entering into the loan agreement with ACSIA for \$400,000.00

5. Premere and Quist defaulted on the loan in April 2008. ACSIA filed a Complaint in the United States District Court for the Northern District of Oklahoma, case number 08-CV-285-GKF-PJC on May 14, 2008. An Agreed Journal Entry of Judgment was entered on November 4, 2008 for \$289,418.63 through October 29, 2008, together with pre-judgment interest accruing thereafter at a daily rate of \$114.72, together with post-judgment interest, costs, and attorney fees from Quist. (Exhibit A).

6. ACSIA contacted Parker to attempt an equitable settlement of the ownership of the mortgaged agency and book of business. Parker was required to pay

ACCSIA an additional \$70,000.00 for ACSIA to withdraw its claim against the disputed book of business.

7. Quist has not paid anything to ACSIA on the judgment against him to date. Quist's actions in selling his mortgaged agency and book of business to Parker while encumbered to ACSIA is a crime under Oklahoma law. Unlawful Disposal of Encumbered Property. 21 O.S. § 1834.

ALLEGED VIOLATIONS OF LAW

Such conduct by Thomas as alleged above is in violation of 36 O.S. § 1435.13(A)(8); using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state.

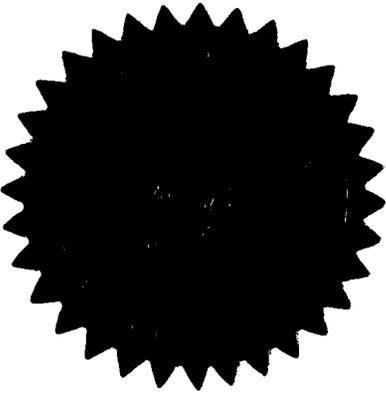
ORDER

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. In accordance with 75 O.S. § 314(C)(2) and OAC § 365:1-7-9, Respondent's license is suspended effective immediately.

Respondent may request a hearing be held regarding this emergency action. OAC 365:1-7-9(a). Such request for hearing shall be received within thirty (30) days from the date of receipt of this order. A request for hearing shall be made in writing addressed to Julie Delluomo, Assistant General Counsel, Oklahoma Insurance Department, Post Office Box 53408, Oklahoma City, Oklahoma 73152-3408. Upon such request for hearing, the Insurance Department shall conduct the hearing within ten (10) days of receipt of the request.

An independent hearing examiner shall conduct the hearing. Respondent may have a court reporter transcribe the proceedings and Respondent shall be responsible for the costs. If Respondent fails to request a hearing within the required period of time, Respondent's producer license shall be revoked thirty days (30) days from the date of receipt of this order.

WITNESS My Hand and Official Seal this 4th day of March, 2009.



KARL F. KRAMER
DEPUTY INSURANCE COMMISSIONER
STATE OF OKLAHOMA

CERTIFICATE OF MAILING

I, Julie Delluomo, hereby certify that a true and correct copy of the above and foregoing Administrative Order of Suspension Instantly was mailed by certified mail, postage prepaid with return receipt requested, on this 5th day of March 2009, to:

Kenneth J. Quist
7463 South 227th East Avenue
Broken Arrow, OK 74014

Premere General Agency, Inc.
6161 S. 33rd W. Ave., Ste 132
Tulsa, OK 74132

and that a copy was delivered to:

Agents Licensing Division

and

Anti-Fraud Unit/Investigations Division


Julie A. Delluomo
Julie A. Delluomo

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OKLAHOMA

ACSIA LONG TERM CARE, INC.,

Plaintiff,

v.

KENNETH J. QUIST,

Defendant.

Case No. 08-CV-285-GKF-PJC

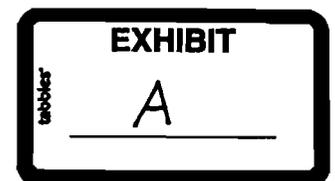
The Honorable Gregory K. Frizzell

AGREED JOURNAL ENTRY OF JUDGMENT

Before the Court for consideration is the Complaint of Plaintiff ACSIA Long Term Care, Inc. (ACSIA) [DKT No. 2], filed against Defendant Kenneth J. Quist (Quist).

WHEREAS, in the interests of avoiding further litigation, expense, and delay, and in the best interests of the parties hereto, ACSIA and Quist, by and through their undersigned counsel, agree to enter into the following Agreed Journal Entry of Judgment, subject to the following recitations:

1. The Agreed Journal Entry of Judgment has been drafted, reviewed, authorized, and approved by the parties hereto;
2. Quist has confessed ACSIA's Motion for Partial Summary Judgment on ACSIA's breach of contract claim [DKT Nos. 12, 19], and agrees to judgment being entered against him on that claim only.
3. ACSIA and Quist stipulate to the dismissal without prejudice of ACSIA's remaining claims against Quist for deceit and misrepresentation.

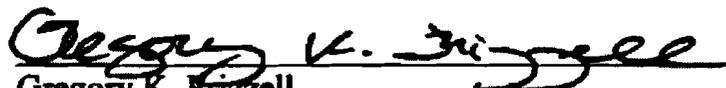


IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED that final judgment is entered in favor of ACSIA Long Term Care, Inc., and against Defendant Kenneth J. Quist on ACSIA's claim for breach of contract only.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Plaintiff ACSIA Long Term Care, Inc., is entitled to recover the sum of \$289,418.63 through October 29, 2008, together with pre-judgment interest accruing thereafter at a daily rate of \$114.72, together with post-judgment interest, costs, and attorney fees from Defendant Kenneth J. Quist.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that ACSIA Long Term Care, Inc.'s remaining claims against Defendant Kenneth J. Quist for deceit and misrepresentation are hereby dismissed without prejudice to their re-filing.

IT IS SO ORDERED THIS 4th day of November, 2008.


Gregory K. Frizzell
United States District Judge
Northern District of Oklahoma