

**BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA**

FILED

JUL 21 2011

INSURANCE COMMISSIONER
OKLAHOMA

STATE OF OKLAHOMA, ex rel. JOHN D.)
DOAK, Insurance Commissioner,)
)
Petitioner,)
)
v.)
)
CHERYL A. SALMON, a licensed)
insurance producer and SALMON)
INSURANCE SERVICES LLC, a licensed)
insurance agency,)
)
Respondents.)

Case No. 11-0747-DIS

ADMINISTRATIVE ORDER OF SUSPENSION INSTANTER

COMES NOW the State of Oklahoma, ex rel. John D. Doak, Insurance Commissioner, by and through his attorney, Julie Meaders, and alleges and states as follows:

JURISDICTION

1. John D. Doak 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. Cheryl A. Salmon is a licensed resident insurance producer holding license 158757. Her address of record with the Oklahoma Insurance Department is 4182 South Rockford Place, Tulsa, OK 74105.

3. Salmon Insurance Services LLC is a licensed resident insurance agency holding license 10012747. Its address of record with the Oklahoma Insurance Department is P. O. Box 4122, Tulsa, Oklahoma 74159. The owner and designated responsible licensed producer for Salmon Insurance Services LLC is Cheryl A. Salmon.

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

5. 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. Heather McGregor, co-owner of McGregor Insurance Group, informed the Oklahoma Insurance Department (the "Department") on March 4, 2011 that her insurance agency terminated its relationship with independent producer Cheryl Salmon after discovering Salmon misappropriated premium monies.

2. McGregor informed the Department on June 20, 2011 that she reported Salmon to the Tulsa Police Department and that Salmon was currently charged with embezzling in excess of \$100,000.00 in Case CF-2011-1818 in Tulsa County District Court. Further, she informed the Department that Salmon was still contacting her former customers and writing their insurance as if she was still employed with McGregor Insurance Group.

3. Department Investigator Robert Lee was assigned to investigate McGregor's information. Tulsa Police Detective Joe Morgan confirmed to Lee that he had investigated Salmon and had filed an affidavit of probable cause against Salmon for embezzlement after subpoenaed bank records supported McGregor's allegations. Salmon's arraignment is set for July 29, 2011.

4. Lee learned through his investigation that the embezzlement was discovered by McGregor after a client of Salmon, Jerry Carter, d/b/a A-1 Rental, met with McGregor on March 3, 2011 after requesting that Salmon not be present during the meeting. Carter presented his cancelled checks for premium payments payable to McGregor Insurance Group and stated he was still receiving cancellation notices from Travelers Insurance even though he paid his premium.

5. Carter stated that he was invoiced by Salmon but that he made his checks payable to McGregor Insurance Group. McGregor and her husband, Travis, controlled the invoicing of customers' premiums and the depositing of customers' checks in the agency bank account at Oklahoma National Bank (ONB). No other person at the agency was authorized to deposit checks. McGregor reviewed one of Carter's cancelled checks and noticed that it was endorsed "McGregor Insurance Group Pay to the Order of Cheryl Salmon".

6. McGregor reviewed Salmon's file for Carter's account and determined that the premium amounts paid to Travelers were less than the premium amounts owed. She found Salmon's personal deposit of A-1's check, then a personal check from Salmon to Traveler's Insurance for A-1, for less than the amount Salmon deposited from A-1. Further research by McGregor determined that Salmon was doing the same thing with other customer's checks for premium payments.

7. McGregor also discovered that Salmon had established a post office box, P.O. Box 4122, Tulsa, Oklahoma 74105. Salmon had changed customers' mailing addresses to this post office box so the customers would not receive their billing and/or cancellation notices from insurers. The only reason Carter received a cancellation notice

from Travelers was due to Traveler's sending the cancellation notice by certified mail to A-1's physical address.

8. Travis McGregor notified Salmon that she was terminated for the billing discrepancies. Heather McGregor notified their bank, ONB, and received copies of checks from ONB that were payable to McGregor Insurance Group but deposited into another ONB bank account in the name Cheryl Salmon and/or Salmon Insurance Services. McGregor determined that Salmon made fifty-one (51) unauthorized deposits into her account at ONB totaling \$106,503.31.

9. While Salmon paid a large portion of the \$106,503.31 in customer's premiums to insurance companies, she was not authorized to receive any checks directly from clients. Detective Morgan used the \$106,503.31 figure in his affidavit because Salmon received all of the money illegally, even if she paid part of it toward legitimate insurance premiums.

10. In addition, it was discovered that Salmon devised other schemes such as using her fabricated invoices to bill customers in excess of what was due; collecting premiums without binding coverage; and paying only the minimum amount due on customers' policies when the customers thought their premiums were paid in full.

11. McGregor is still in the process of creating an accounting on the amount of money taken by Salmon due to the numerous customers, checks and fabricated invoices. McGregor estimates the amount misappropriated by Salmon is approximately \$30,000.00.

CONCLUSIONS OF LAW

1. Respondents violated 36 O.S. § 1435.13(A)(4) by improperly withholding, misappropriating, or converting any monies or properties received in the course of doing insurance business.

2. Respondents violated 36 O.S. § 1435.13(A)(7) having been found to have committed insurance unfair trade practice or fraud.

3. Respondents violated 36 O.S. § 1435.13(A)(8) by using fraudulent, coercive or dishonest practices and by demonstrating incompetence, untrustworthiness and 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 Respondents violated 36 O.S. § 1435.13(A) (4), (7) and (8) and have thereby placed the welfare of the public at risk. In accordance with 75 O.S. § 314(C)(2) and OAC § 365:1-7-9, Respondents' licenses are **SUSPENDED EFFECTIVE IMMEDIATELY**. Pursuant to 36 O.S. § 1435.13(D), Respondents' are also **FINED FIVE THOUSAND ONE HUNDRED DOLLARS (\$5,100.00)** for the fifty-one (51) unauthorized occurrences of depositing checks in their bank account, payable within thirty (30) days from the date of receipt of this order.

Respondents 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 Meaders, Assistant General Counsel, Oklahoma Insurance Department,

3625 NW 56th Street, Suite 100, Oklahoma City, OK 73112. An independent hearing examiner shall conduct the hearing. Respondents may have a court reporter transcribe the proceedings and Respondents shall be responsible for the costs. If Respondents fail to request a hearing within the required period of time, Respondents' producer licenses shall be revoked thirty days (30) days from the date of receipt of this order.

WITNESS My Hand and Official Seal this 20th day of July, 2011.





PAUL WILKENING
DEPUTY INSURANCE COMMISSIONER
STATE OF OKLAHOMA

CERTIFICATE OF MAILING

I, Julie Meaders, hereby certify that a true and correct copy of the above and foregoing Administrative Order of Suspension Instantly was mailed by certified mail with postage prepaid and return receipt requested on this 21st day of July 2011, to:

Cheryl A. Salmon
4182 South Rockford Place
Tulsa, OK 74105
CERTIFIED MAIL NO: 7008 1830 0003 9411 7941

Salmon Insurance Services LLC
P.O. Box 4122
Tulsa, OK 74159
CERTIFIED MAIL NO: 7008 1830 0003 9411 3011

and that notification was sent to:

NAIC/RIRS

and that a copy was delivered to:

Leah Scoles
Licensing Division

and

Rick Wagnon/Robert Lee
Investigations Division



Julie Meaders

7008 1830 0003 9411 7941

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none">■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.■ Print your name and address on the reverse so that we can return the card to you.■ Attach this card to the back of the mailpiece, or on the front if space permits.	<p>A. Signature <input checked="" type="checkbox"/> Cheryl Salmon <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <input type="checkbox"/> Cheryl Salmon C. Date of Delivery <input type="checkbox"/> 7/22</p>
<p>1. Article Addressed to: OKLAHOMA INSURANCE DEPARTMENT</p> <p>RECEIVED</p> <p>JUL 26 2011</p> <p>Cheryl A. Salmon 4182 South Rockford Place Legal Division Tulsa, OK 74105 sms/11-0747-DIS/Admin Ord</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number (Transfer from service label)</p>	<p>7008 1830 0003 9411 7941</p>



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 Oklahoma City, OK 73112

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Legal Division

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 Tulsa, OK 74159

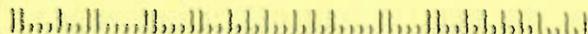
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1. Article Addressed to:

Salmon Insurance Services LLC
P.O. Box 4122
Tulsa, OK 74159
sms/11-0747-DIS/Admin Ord

2. Article Number
(Transfer from service label)

COMPLETE THIS SECTION ON DELIVERY

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X Agent
 Addressee

B. Received by (Printed Name)
OKLAHOMA INSURANCE DEPARTMENT

C. Date of Delivery
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D. Is delivery address different from item 1? Yes
YES, enter delivery address below: No
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4. Restricted Delivery? (Extra Fee) Yes

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