

remitting his premium payments to Union Mutual. The complaint included copies of invoice statement sent by Respondent for the three policies that directed the complainant to send premium payments directly to the Agency.

5. The Department initiated an investigation of Respondent following receipt of the Complaint.

6. The Department's investigation revealed, among other things, that:¹

a.) Union Mutual has never issued a policy of any kind for the complainant.

Union Mutual further stated that the Agency is not authorized to accept premium payments on its behalf.

b.) Respondent signed binders for the complainant stating that he had insurance coverage through Union Mutual ("fabricated policies"). Respondent faxed a copy of a fabricated binder to Passumpsic Bank, and sent two emails to Passumpsic Bank that attached copies of fabricated binders.

c.) Respondent paid approximately \$32,000.00 out of the Agency checking account to the complainant in response to a claim that he filed pursuant to one or more of the fabricated policies.

d.) Respondent failed to cash or remit at least five premium checks from clients that were written directly to the Agency and date back to 2011.

e.) Respondent is the subject of a default judgment for a breach of contract lawsuit filed in April 2016 in Vermont Superior Court, Civil Division, Caledonia Unit (the "lawsuit") related to her failure to make payments as required by the purchase and sale agreement for the Agency purchase. As a result, Respondent owes monetary

¹ Further details of the Department's investigation are provided in the Affidavit of Marcia Violette attached to the Department's motion.

damages exceeding \$284,000 and a writ of possession was awarded to the plaintiff in the lawsuit that includes all of the assets of the Agency.

f.) Respondent failed to withhold Social Security taxes for an Agency employee, and the employee had at least one compensation check from the Agency returned for insufficient funds.

g.) Respondent failed to pay property taxes for the Agency for a period of at least two years.

h.) Respondent failed to maintain business insurances for the Agency, including workers' compensation, business liability, errors and omissions, and health insurance.

i.) Respondent has not picked up mail for the Agency from the post office for over a year, resulting in the closure of the post office box by the Postal Service.

j.) Respondent failed to answer Agency phone calls or return phone messages.

6.) In sum, Respondent knowingly falsified insurance documents by issuing fabricated binders of coverage to the complainant and reimbursing claims when in fact no policy of coverage existed, failed to obtain necessary business insurance coverages for the Agency, breached fiduciary duties to clients by failing to remit premium payments, failed to make required payments for purchase of the Agency and is the subject of a default judgment, failed to pay property and income taxes and withhold payroll taxes, and does not monitor Agency mail or phone communications.

7.) Respondent's actions create an imminent danger to consumers who wish to purchase insurance. Her disregard for the law and potential to continue to violate the

law, including to mislead clients into believing they have insurance coverage when they do not, constitutes the necessity for taking emergency action to immediately suspend Respondent's Vermont resident producer insurance license.

8.) Summary suspension, as authorized by 3 V.S.A. § 814(c) and Department Regulation 82-1 (Revised) at Section 13, will immediately serve to prevent Respondent from continuing to conduct insurance business in Vermont and will thereby protect consumers from harm to their financial safety and welfare.

II. CONCLUSIONS OF LAW

1. Respondent violated 8 V.S.A. § 4723(12) based on her failure to act as a fiduciary.

2. Respondent violated 8 V.S.A. § 4804(a)(3) by failing to comply with the insurance laws or regulations of the state of Vermont by engaging in unfair or deceptive trade practices in violation of 8 V.S.A. § 4723(12).

3. Respondent violated 8 V.S.A. § 4804(a)(9) by using fraudulent or dishonest practices, and has shown herself to be incompetent, untrustworthy or financially irresponsible.

4. Respondent's violations of 8 V.S.A. §§ 4723(12) and 4804(a)(3) and (9) subject her to suspension or revocation in the state of Vermont.

5. 8 V.S.A. § 4724(5)(C) provides that it is an unfair or deceptive act or practice in the business of insurance to knowingly conceal, withhold or destroy, mutilate, alter, or by any means falsify any documentary material in the possession, custody or control of any person after that person has received a complaint to which that documentary material is directly relevant, or knows that the documentary material is

relevant to an investigation or an examination of that person being made by the Commissioner. Respondent is currently under investigation pursuant to statutory authority, including under 8 V.S.A. § 4726.

6. Pursuant to the authority contained in 3 V.S.A. § 814(c) and Department Regulation 82-1 (Revised) at Section 13, the Commissioner finds that the public health, safety or welfare requires emergency action before a hearing can be held upon proper notice to the Respondent, based upon the Findings of Fact.

III. ORDER

PURSUANT TO THE AUTHORITY CONTAINED IN 3 V.S.A. § 814(c) AND DEPARTMENT REGULATION 82-1 (REVISED) AT SECTION 13 AND PURSUANT TO 8 V.S.A. §§ 4726 and 4804(a), **IT IS HEREBY ORDERED THAT:**

The Vermont resident producer license # 90350 of Respondent Deborah Lefaiivre is summarily suspended.

Respondent shall not conceal, withhold or destroy, mutilate, alter, or by any means falsify any documentary material in her possession, custody or control that is related to the Agency or to her activities as a producer.

Entered at Montpelier, Vermont this 13th day of September, 2016.


Kaj Samsom, Acting Commissioner
Department of Financial Regulation

NOTICE OF RIGHT TO REQUEST HEARING

DOCKET NO. 16-036-I

Deborah Lefaiivre is given **NOTICE** that a hearing in this matter will be afforded if she so requests in accordance with the Vermont Department of Financial Regulation Regulation No. 82-1 (Revised) ("Regulation 82-1") within thirty (30) days from the date of mailing of this Notice. Any such hearing request must be delivered to the attention of the Docket Clerk, Diane Lewis, Vermont Department of Financial Regulation, 89 Main Street, Montpelier, Vermont 05620-3101. The Department is located at 89 Main Street, City Center, 2nd Floor, Montpelier, Vermont.

Any hearing in this matter will be conducted in accordance with the contested case procedures described in 3 V.S.A. § 809 *et seq.* and Regulation No. 82-1. All parties have the right to represent themselves or be represented by counsel.

Failure to request a hearing in a timely manner or to attend a hearing that has been scheduled may result in the entry of default judgment against you or for the relief requested by the Department.