M. GALE LEMMON #4363
Assistant Attorney General
JOHN E. SWALLOW #5802
Attorney General
Attorneys for Utah Insurance Department
160 East 300 South, Fifth Floor
P.O. Bos 147840
Salt Lake City, Utah 84114-0874
Telephone: 801-366-0375

BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF UTAH

COMPLAINANT: UTAH INSURANCE DEPARTMENT **RESPONDENTS:** MILLENIUM AUTO NETWORK License # 425669 JAMES ARBON License #422600 PAUL ANDERSON Application Pending 13203 S. Minuteman Drive Draper, UT 84020	**STIPULATION AND ORDER** Docket No. 2013-024 LC, 025 LC & 026 LC Enf. Case Nos. 3248, 3249, 3250

STIPULATION

1. Respondent Millenium Auto Network ("Millenium") is a resident limited lines insurance producer in the State of Utah, License No. 424669. Respondent James Arbon, is a

resident limited lines insurance producer in the State of Utah, License No. 422600. Respondent Paul Anderson is not licensed as an insurance producer in the State of Utah, but has a Utah limited lines producer application pending.

2. Respondents stipulate with the Complainant, Utah Insurance Department, as follows:

a. If a hearing were held, witnesses called by the Complainant could offer and introduce evidence that would support the Findings of Fact herein;

b. Respondents admit the Findings of Fact and Conclusions made therefrom;

c. Respondents stipulate to the summary entry of the Order herein which shall be in lieu of other administrative proceedings by Complainant in this matter; and

d. Respondents and Complainant have negotiated the terms of the Order entered herein and Respondents agree to its entry and further agree to be bound by all its terms.

3. Respondents are aware of their right to a hearing at which they may be represented by counsel, present evidence, and cross-examine witnesses. Respondents have irrevocably waived their right to such hearing and to any appeal related thereto.

4. Respondents admit the jurisdiction of the State of Utah Insurance Commissioner as to all matters herein.

5. Respondents are acting herein free from any duress or coercion of any kind or nature, having been advised fully as to their rights set forth herein.

6. Respondents acknowledge that the issuance of this Order by the Commissioner is solely for purpose of disposition of the matter entitled herein.

DATED this 15 day of February, 2013.

MILLENIUM AUTO NETWORK
Travis Ward, Owner

JAMES ARBON

PAUL ANDERSON

UTAH INSURANCE DEPARTMENT
M. Gale Lemmon, Assistant Attorney General

Based upon the foregoing Stipulation and information in the file, the Presiding Officer makes the following Findings of Fact:

FINDINGS OF FACT

1. At the time of the Department investigation, beginning July 18, 2012, Respondent Millenium Auto Network was providing GAP waivers coverage to customers without an agency license.

2. In an August 21, 2012 email to the Market Conduct Division, Respondent James Arbon stated that he and Respondent Paul Anderson sold GAP waivers for Millenium. He also stated that the agency had provided GAP waivers for the past four years and wrote approximately two to four policies a month.

3. On September 30, 2012, a market conduct examiner visited the agency and met with owner Travis Ward. Mr. Ward thought that James Arbon was previously licensed, although Arbon had not completed the licensing process. Mr. Ward stated that James Arbon and Paul Anderson were then in the process of obtaining their licenses, and that he did not realize the agency, needed to be licensed.

4. On October 20, 2012, Travis Ward provided the examiner with a document explaining the agency operations. The agency had been providing GAP waivers since June 2, 2008. Since that date, Randy Hayes, no longer employed with Millenium, wrote 50 GAP waivers. James Arbon wrote 44 GAP waivers, and Paul Anderson wrote two.

5. Respondent Millenium received its limited lines agency license effective October 1, 2012.

6. Respondent James Arbon received his limited line producer license effective September 4, 2012.

7. Respondent Paul Anderson's license application dated September 27, 2012 is pending as of the date of this Order.

8. Respondent Millenium has agreed to an administrative forfeiture in the amount of $6,000.

9. Respondent James Arbon has agreed to an administrative forfeiture in the amount of $2,000.

10. Respondent Paul Anderson has agreed to an administrative forfeiture in the amount of $1,000.

Based upon the foregoing Stipulation and Findings of Fact, the Presiding Officer enters the following Conclusions of Law:

CONCLUSIONS OF LAW

1. Utah Code Annotated Section 31A-23a 103 states:

> (1)(a) Unless exempted from the licensing requirement under Section 31A-23a-201 or 31A-23a-207, a person may not perform, offer to perform, or advertise any service as a producer, limited line producer customer representative, consultant, managing general agent, or reinsurance intermediary in Utah, without a valid individual or agency license issued under this chapter.
>
> (b) A valid license includes at least one license type and one line of authority pertaining to that license type.
>
> (c) A person may not utilize the services of another as a producer, limited line producer, customer service representative, consultant,

managing general agent, or reinsurance intermediary if that person knows or should know that the other does not have a license as required by law.

(2) This part may not be construed to require an insurer to obtain an insurance producer license.

(3) An insurance contract is not invalid as a result of a violation of this section.

2. Utah Code Annotated Section 31A-23a-302(1) and (2) addresses agency designations:

(1) An agency shall designate an individual that has an individual producer, surplus lines producer, limited line producer, consultant, managing general agent, or reinsurance intermediary license to act on the agency's behalf in order for the licensee to do business for the agency in this state.
(2) An agency shall report to the commissioner, at intervals and in the form the commissioner establishes by rule:
(a) a new designation; and
(b) a terminated designation.

3. Utah Code Annotated Section 31A-6b-201 states:

(1) Except as provided in Subsection (2), on and after July 1, 2010, a person may not sell, offer to sell, or otherwise provide a guaranteed asset protection waiver to a borrower in this state unless the person:
(a) (i) is:
(A) a creditor; or
(B) an administrator; and
(ii) is registered in accordance with this part; or
(b) (i) is an individual who sells vehicles at retail; and
(ii) holds a limited line producer license in accordance with Section 31A-23a-103.

(2) (a) Subject to the other provisions of this Subsection (2), an entity retail seller of a vehicle may sell, offer to sell, or otherwise provide a guaranteed asset protection waiver to a borrower without

being registered under this chapter if the retail seller assigns finance agreements within 90 days.
(b) The commissioner may assess each retail seller described in Subsection (2)(a) that is located in this state an annual assessment in accordance with this Subsection (2).

4. Respondent Millenium violated the above statutory provision by failing to obtain an agency license as required and by failing to designate licensed producers/individuals to it.

5. Respondent, James Arbon violated Utah statutes by failing to obtain a limited line producer's license before writing GAP waiver policies for Millenium.

6. Respondent Paul Anderson violated Utah statutes by failing to obtain a limited line producer's license prior to writing GAP waiver policies for Millenium.

7. An administrative forfeiture in the amount of $6,000.00 to be paid over four months assessed against Millenium Auto Network is appropriate in this matter.

8. An administrative forfeiture of $2,000.00 assessed against James Arbon is appropriate in this matter.

9. An administrative forfeiture of $1,000.00 assessed against Paul Anderson is appropriate in this matter.

Based upon the foregoing Stipulation, Findings of Fact and Conclusions of Law, the Presiding Officer herewith enters the following Order:

ORDER

IT IS HEREBY ORDERED:

1. Respondent Millenium Auto Network is assessed an administrative forfeiture in the amount of $6,000.00 to be paid to the Department as follows:

$1,500.00 shall be paid shall be paid within 30 days of the date of this Order;
$1,500.00 shall be paid within 60 days of the date of this order;
$1,5000.00 shall be paid within 90 days of the date of this Order; and
$1,500.00 shall be paid within 120 days of the date of this Order.

2. Respondent James Arbon is assessed an administrative forfeiture in the amount of $2,000.00 to be paid to the Department within 30 days of the date of this Order.

3. Respondent Paul Anderson is assessed an administrative forfeiture in the amount of $1,000.00 to be paid within 30 days of the date of this Order.

DATED this 6th day of March, 2013.

TODD E. KISER
Insurance Commissioner

MARK E. KLEINFIELD
Administrative Law Judge
Utah Insurance Department
State Office Building, Room 3110
Salt Lake City, Utah 84114
Telephone: (801) 538-3800

NOTIFICATION

You are hereby notified that a failure to obey an Order of the Commissioner may subject you to further penalties, including forfeiture of up to $5,000.00 per violation for a licensed organization and unlicensed persons, and of up to $2,500.00 per violation for a licensed individual, and the suspension or revocation of your licenses and the filing of an action in district court, which may impose forfeitures of up to $10,000 per day for continued violation.

You are further notified that other jurisdictions in which you may be licensed may require that you report this action to them.

CERTIFICATE OF MAILING

I do hereby certify that on this date I mailed, by regular mail postage prepaid, a true and correct copy of the attached:

STIPULATION
&
ORDER

To the following:

Millenium Auto Network
13203 S. Minuteman Drive
Draper, UT 84020
&
James Arbon
13203 S. Minuteman Drive
Draper, UT 84020
&
Paul Anderson
13203 S. Minuteman Drive
Draper, UT 84020

DATED this 6Th day March, 2013

Linda Hardy
Market Conduct
Utah Department of Insurance
State Office Building, Room 3110
Salt Lake City, UT 84114-6901
801-538-3860

UTAH
Invoice - Original

Printed Date:	March 06, 2013
Invoice Date:	March 06, 2013
Balance Due:	$6,000.00
Due Date:	April 05, 2013
Invoice ID:	624881
Payor ID:	170309

MILLENIUM AUTO NETWORK
13203 S MINUTEMAN DR
DRAPER UT 84020

Item Description		Amount
3/6/2013	Monetary Penalty Agency	$6,000.00
	E-Case 3248 Docket 2013-024 LC With payments to made as follows: 4-5-13 $1,500.00, 5-5-13 $1,500.00, 6-5-13 $1,500.00, 7-5-13 $1,500.00	
	Original Amount Due	$6,000.00
Payments Received		
	Balance Due	

UTAH
Invoice - Original

Invoice Date:	March 06, 2013
Balance Due:	$6,000.00
Due Date:	April 05, 2013
Invoice ID:	624881
Payor ID:	170309
Payor Name:	MILLENIUM AUTO NETWORK

Make checks payable to: Utah Insurance Department

Send payment to:

Utah Insurance Department
3110 State Office Building
Salt Lake City, UT 84114-6901

UTAH
Invoice - Original

Printed Date:	March 06, 2013
Invoice Date:	March 06, 2013
Balance Due:	$2,000.00
Due Date:	April 05, 2013
Invoice ID:	624882
Payor ID:	1364252

ARBON JAMES
13203 S MINUTEMAN DR
DRAPER UT 84020

Item Description		Amount
3/6/2013	Monetary Penalty Individual	$2,000.00

E-Case 3249 Docket 2013-025 LC

Original Amount Due	$2,000.00

Payments Received

Balance Due

UTAH
Invoice - Original

Invoice Date:	March 06, 2013
Balance Due:	$2,000.00
Due Date:	April 05, 2013
Invoice ID:	624882
Payor ID:	1364252
Payor Name:	ARBON, JAMES

Make checks payable to: Utah Insurance Department

Send payment to:

Utah Insurance Department
3110 State Office Building
Salt Lake City, UT 84114-6901

UTAH
Invoice - Original

Printed Date:	March 06, 2013
Invoice Date:	March 06, 2013
Balance Due:	$1,000.00
Due Date:	April 05, 2013
Invoice ID:	624883
Payor ID:	1430888

ANDERSON PAUL
14062 MULE DEER DRIVE
DRAPER UT 84020

Item Description		Amount
3/6/2013	Monetary Penalty Individual	$1,000.00
	E-Case 3250 Docket 2013-026 LC	
	Original Amount Due	$1,000.00
Payments Received		
	Balance Due	

UTAH
Invoice - Original

Invoice Date:	March 06, 2013
Balance Due:	$1,000.00
Due Date:	April 05, 2013
Invoice ID:	624883
Payor ID:	1430888
Payor Name:	ANDERSON, PAUL

Make checks payable to: Utah Insurance Department

Send payment to:

Utah Insurance Department
3110 State Office Building
Salt Lake City, UT 84114-6901