

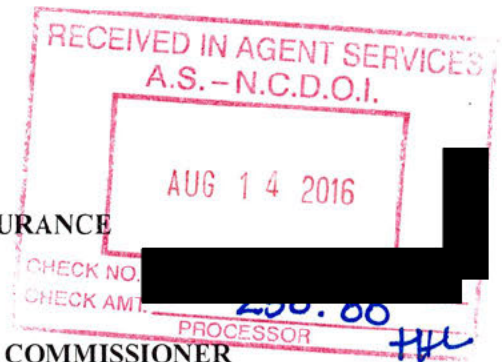
**NORTH CAROLINA DEPARTMENT OF INSURANCE
RALEIGH, NORTH CAROLINA**

**STATE OF NORTH CAROLINA
COUNTY OF WAKE**

**BEFORE THE COMMISSIONER
OF INSURANCE**

**IN THE MATTER OF
THE LICENSURE OF
DEANNA L. CARTER
LICENSE NO. 0018580964**

**VOLUNTARY SETTLEMENT
AGREEMENT**



NOW COME, Deanna Carter (hereinafter "Ms. Carter") and the North Carolina Department of Insurance (hereinafter "Department"), and hereby voluntarily and knowingly enter into the following Voluntary Settlement Agreement (hereinafter "this Agreement").

WHEREAS, the Department has the authority and responsibility for enforcement of the insurance laws of this State, and for regulating and licensing insurance agents; and

WHEREAS, Ms. Carter currently holds a resident producer's license with authority for Property and Casualty lines of insurance issued by the Department and does not hold a broker's license; and

WHEREAS, N.C. Gen. Stat. § 58-33-46(a)(4) provides that the Commissioner may place on probation, suspend, revoke, or refuse to renew any license issued under Article 33 of Chapter 58 of the General Statutes of NC for improperly withholding, misappropriating, or converting any monies or properties received in the course of doing insurance business; and

WHEREAS, 11 NCAC 04.0429 provides that the accounting records maintained by agents, brokers, and limited representatives shall be separate and apart from any other business records and demonstrate at all times that collected funds due to insurers and return premiums due to policyholders are available at all times; and

WHEREAS, 11 NCAC 04.0121 provides that all premium payment receipts and copies issued by an agent, broker, limited representative, shall be dated and contain the printed or stamped name and address of the agency or agent or agent, broker, or limited representative and the name of the insurer; Receipts shall be signed by the person accepting payment; and

WHEREAS, N.C. Gen. Stat. § 58-33-26(a) provides that no person shall act or hold himself or herself out to be an agent, broker, limited representative, adjuster, or motor vehicle damage appraiser unless duly licensed; and

WHEREAS, N. C. Gen. Stat. § 58-33-46(a)(8) provides that the Commissioner may place on probation, suspend, revoke, or refuse to renew any license issued under Article 33 of Chapter 58 of the General Statutes of NC, for using fraudulent, coercive, or dishonest practices, or demonstrating

incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this State or elsewhere; and

WHEREAS, the Department was contacted by Discovery Insurance Company (Discovery) alleging non-sufficient fund activity with respect to attempts to draft Broad Street Agency's (BSA) bank account; and

WHEREAS, as a result, a Department examination was conducted of BSA Insurance partially owned by Deanna Carter in conjunction with Napoleon Reed, an unlicensed person and former owner of Reed & Reed Insurance Agency; and

WHEREAS, Ms. Carter admitted that a draft from Discovery in the amount of \$482.08 on January 4, 2019, was not honored by the agency's bank because there were non-sufficient funds (NSF) in the account which Ms. Carter explained was the result of a black-out in New Bern; and she explained that previous NSF incidents were the result of her former bank charging fees for the use of the agency credit card machine, which was discontinued in BSA's present banking arrangement with First Citizens Bank; and

WHEREAS, the examiners reviewed bank records for the BB&T premium account from the time it was established in February 2018 through September 2018 and the First Citizens premium account from July 2018 through December 2018 and observed that the accounts were overdrawn on forty-nine (49) days resulting in overdraft fees and negative account balances and non-sufficient funds fees, and that on days when the account was negative or assessed fees, eighty-three (83) premium drafts and seven (7) premium checks were presented for payment, reflecting that premium funds were not available to carriers at all times constituting violations of N.C. Gen. Stat. § 58-33-46(a)(4) and 11 NCAC 04.0429; and

WHEREAS, an audit of the bank records of BSA's current bank (First Citizens Bank) from February 2018 through December 2018 showed multiple days when the account was overdrawn, but only one (1) day when a premium fund draft was presented for payment resulting in overdraft fees of \$36.00 and that Ms. Carter made two (2) non-premium purchases from the premium account when there were no non-premium funds available, indicating that premium funds were not available for insurers at all times and misappropriation of premium funds respectively, constituting violations of N.C. Gen. Stat. § 58-33-46(a)(4) and 11 NCAC 04.0429; and

WHEREAS, the Department examination revealed that manual receipts issued by Ms. Carter did not contain the agency name and address and were not signed by the person accepting payment, constituting a violation of 11 NCAC 04.0121; and

WHEREAS, the violations found in the course of the examination of Broad Street Agency and Ms. Carter, who is responsible for BSA's operations, demonstrate incompetence and financial irresponsibility on the part of Ms. Carter sufficient to support suspension, probation revocation or non-renewal of Ms. Carter's license as provided in N. C. Gen. Stat. § 58-33-46(a)(8); and

WHEREAS, as a result of the violations discovered by the audit, Ms. Carter was required to submit a written plan of action to prevent such occurrences in the future, which she did by a document signed on March 29, 2019 and submitted to the Department; and

WHEREAS, N. C. Gen. Stat. § 58-33-46(a)(2) provides that the Commissioner may place on probation, suspend, revoke, or refuse to issue or renew any license issued under Article 58 of the General Statutes of North Carolina for violating any insurance law of this or any other state, violating any administrative rule, subpoena, or order of the Commissioner or of another state's regulator; and

WHEREAS, Ms. Carter has agreed to settle, compromise, and resolve the matters referenced in this Agreement on behalf of herself, and the Department has agreed not to pursue additional penalties, sanctions, remedies, or restitution based on these matters against Ms. Carter; and

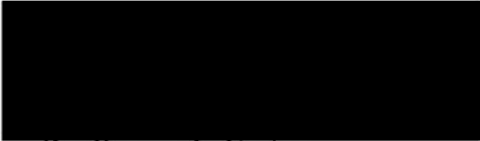
WHEREAS, the parties to this Agreement mutually wish to resolve this matter by consent before the Department initiates an administrative hearing, and have reached a mutually agreeable resolution of this matter as set out in this Agreement.

NOW, THEREFORE, in exchange for the consideration and promises and agreements set out herein, Ms. Carter and the Department hereby agree to the following:

1. Immediately upon the signing of this Agreement, Ms. Carter shall pay a civil penalty of **\$250.00** to the Department. The form of payment shall be by certified check, cashier's check or money order. The check or money order for the payment of this civil penalty shall be payable to the "North Carolina Department of Insurance." Ms. Carter shall remit the civil penalty by certified mail, return receipt requested, to the Department along with a copy of this signed Agreement. The civil penalty and the signed Agreement must be received by the Department no later than **July 31, 2019**. The civil penalty shall be subject to disbursement in accordance with the provisions of Article IX, Section 7 of the North Carolina Constitution for the benefit of public schools.
2. Ms. Carter in her written plan of action dated March 29, 2019 informed the Department that she has obtained her broker's license in February 2019 to avoid future violations of N.C. Gen. Stat. 58-33-26(a); has hand-written agency information on the remaining receipts and is in the process of purchasing a new receipt book with the agency information printed thereon, and will be signing her entire signature on such receipts as opposed to initialing them to correct the violations of 11 NCAC 04.0121, and has marked ATM cards to identify them appropriately as premium/commission accounts and has deposited a cushion amount in the premium account to avoid future negative balances and will make daily deposits to the account to correct prior occurrences of violations of 11 NCAC 04.0429, N.C. Gen. Stat. 58-33-46(4) and 58-33-46(8).
3. ~~Ms. Carter is required and agrees to maintain the procedures she has represented by preparation~~ of her written plan of action, and that she has implemented to prevent the reoccurrence of the violations set forth in this Agreement, and is required and agrees to obtain Department approval for any changes thereto; and the Department reserves the right to make any follow up examinations of Ms. Carter's agency without prior notice to assure compliance; and any non-adherence to this requirement by Ms. Carter shall constitute a violation of an Order of the Commissioner pursuant to Paragraph No. 6. below; and
4. This Agreement does not in any way affect the Department's disciplinary power in any future examination of Ms. Carter or in any other complaints involving Ms. Carter.
5. Ms. Carter enters into this Agreement, on behalf of herself, freely and voluntarily and with the knowledge of her right to have an administrative hearing on this matter. Ms. Carter understands she may consult with an attorney prior to entering into this Agreement.

6. The parties to this Agreement agree that this Agreement shall have the full force and effect of an Order of the Commissioner. Ms. Carter understands that N.C.G.S. § 58-33-46(a)(2) provides that a producer's license may be revoked for violating an Order of the Commissioner.
7. This Agreement, when finalized, will be a public record and will **not** be held confidential by the Department. Following the execution of this Agreement, any and all licenses issued by the Department to Ms. Carter shall reflect that Regulatory Action has been taken against her. The Department is free to disclose the contents of this Agreement with third parties upon request or pursuant to any law or policy providing for such disclosure. The Department routinely provides copies of voluntary settlement agreement to all companies that have appointed the licensee.
8. The parties have read and understand this Agreement and agree to abide by the terms and conditions stated herein.
9. Be aware that if a state or federal regulator other than the N. C. Department of Insurance has issued an occupational or professional license to you, that regulator may require you to report this administrative action to it. The N.C. Department of Insurance cannot give you legal advice as to the specific reporting requirements of other state or federal regulators.

N. C. Department of Insurance


By: Deanna L. Carter
License No. 0018580964


By: Angela Hatchell
Deputy Commissioner

Date: _____

8/9/19

Date: _____

8/17/19