

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
LORETTA MORRIS
(NPN # 16850954)

ORDER
AND FINAL
AGENCY DECISION

Docket Number: 2083

Respondent.

THIS MATTER came on for hearing on August 10, 2022, in the Albemarle Building, located at 325 North Salisbury Street, Raleigh, North Carolina, before the undersigned Hearing Officer, as designated by the Commissioner of Insurance pursuant to N.C. Gen. Stat. § 58-2-55.

Rebecca E. Lem, Assistant Attorney General, represented the North Carolina Department of Insurance, Agent Services Division ("Petitioner" or "ASD") in this matter. Respondent Loretta Morris ("Respondent") did not appear at the hearing.

Petitioner's Exhibit 2 was entered into evidence, but with allegations in Paragraphs 7 and 8 relating to Louisiana administrative action stricken. Petitioner's Exhibit 1 and Exhibits 3 through 12, including all subparts, were entered into the Record with no limitations.

Lisa Webb, a Complaint Analyst, testified for Petitioner in this matter.

Based on the allegations set forth in the Notice of Hearing in this matter, as well as documentary and testimonial evidence introduced at the hearing, the undersigned Hearing Officer hereby makes the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. The North Carolina Department of Insurance ("NCDOI") is a state agency responsible, in accordance with Chapter 58 of the North Carolina General Statutes, for enforcement of the insurance laws of North Carolina and for regulating and licensing insurance producers.

2. The Notice of Administrative Hearing was properly served on Respondent pursuant to N.C. Gen. Stat. § 58-2-69(b) and Rule 4 of the North Carolina Rules of Civil Procedure. *See* Pet'r's Exs. 1 and 2.

3. Respondent is a resident of Illinois and holds a North Carolina Non-Resident Producer License with lines of authority in Property and Casualty. *See* Pet'r's Ex. 3. Respondent was first licensed in North Carolina on or about August 29, 2018. *Id.*

4. Lisa Webb is a Complaint Analyst with ASD. Ms. Webb testified that this matter came to ASD's attention in the fall of 2019 through a report from the Regulatory Information Retrieval System ("RIRS"), which is an automatic notification system through the National Association of Insurance Commissioners ("NAIC"). The 2019 RIRS report showed that Respondent had been denied a license in the State of Florida due to her criminal history.

5. Ms. Webb testified that, after confirming that Respondent had not reported the Florida action to the Department within thirty (30) days of the effective date of that action as required by N.C. Gen. Stat. § 58-33-32(k), she contacted Respondent via email on October 18, 2019, and asked for a written response and documentation regarding the Florida administrative action and her criminal history within ten days. *See* Pet'r's Ex. 6A.

6. Respondent responded to Ms. Webb that same day via email but did not provide documentation regarding her Florida administrative action or her criminal records. Respondent claimed she had not submitted her Florida license application, and that she was not aware that she needed to report a misdemeanor she had received prior to receiving her insurance license. *See* Pet'r's Ex. 6B.

7. Ms. Webb testified that the Florida denial would not have appeared on the RIRS report had Respondent not submitted a license application.

8. Respondent's North Carolina insurance application screening questions were also admitted into evidence as Petitioner's Exhibit 8. The application shows that Respondent submitted her North Carolina insurance application on August 29, 2018, and answered "No" to both questions regarding prior criminal history, indicating that she had never been convicted of either a felony or misdemeanor. *See* Pet'r's Ex. 8.

9. On April 20, 2020, Respondent appeared via telephone for an informal conference with ASD and agreed to a settlement. *See* Pet'r's Ex. 10A. Ms. Webb confirmed her agreement to the terms of the settlement and transmitted a copy of the Florida administrative action in an email dated April 28, 2020. *See* Pet'r's Ex. 11.

10. Petitioner did not follow up with Respondent again until February 15, 2021, when Ms. Webb emailed Respondent requesting that she again confirm the terms of settlement that had been discussed in the April 20, 2020, informal conference, *see* Pet'r's Ex. 6J, which she did in an email dated February 16, 2021. *See* Pet'r's Ex. 6K.

11. On February 25, 2021, Ms. Webb sent Respondent a draft Voluntary Settlement Agreement (or "VSA"), which Respondent was to sign and return along with a monetary penalty. *See* Pet'r's Ex. 6M.

12. However, on March 4, 2021, Respondent emailed Ms. Webb back stating that she would not sign the draft VSA in its then-current form as it stated that Respondent had been convicted of a felony while Respondent reported that her conviction had been a misdemeanor. *See* Pet'r's Ex. 6N.

13. On March 5, 2021, Ms. Webb replied to Respondent via email informing her that ASD would not edit the language of the VSA, noting that the Florida administrative action stated that Respondent had a felony conviction. *See id.* In that email, Ms. Webb extended the deadline to April 26, 2021, for Respondent to return the signed VSA and to pay the monetary penalty agreed upon therein. *See id.*

14. On April 22, 2021, Respondent forwarded correspondence from her attorney and documents related to her criminal convictions to Ms. Webb. *See* Pet'r's Ex. 9.

15. A review of Respondent's criminal history indicates that, on or about September 21, 2010, Respondent entered a guilty plea in the U.S. District Court for the Northern District of Illinois, Eastern Division, Case No. 10 CR 465-1, to two counts of "Conversion of Public Money" in violation of 16 U.S.C. § 641 by collecting unemployment insurance benefits while also working and earning wages. *See id.*

16. The factual basis of the plea indicates that Respondent converted \$950 of funds belonging to the United States, *see* Pet'r's Ex. 9, which according to 16 U.S.C. § 641 is punishable by a fine and/or imprisonment of no more than one year, i.e. a misdemeanor. *See* 16 U.S.C. § 641.

17. Ultimately, Respondent failed to disclose *any* criminal conviction on her original application for licensure, which inquired about both felonies and misdemeanors. *See* Pet'r's Ex. 8.

18. Respondent did not return the VSA to the Department by of April 26, 2021, nor did she pay the monetary penalty outlined in the VSA and agreed upon during the April 20, 2020, informal conference.

19. Petitioner took no further action in this matter until September 21, 2021, when Ms. Webb sent an informal conference notice to Respondent for October 26, 2021, after receiving reports of two additional administrative actions against Petitioner, one of which had not reported within the thirty days prescribed by law. *See* Pet'r's Ex's 6Q, 7A, 12B–D.

20. On October 11, 2021, Ms. Webb again notified Respondent by email about the additional administrative actions that had not been reported and attached the informal conference notice once more. *See* Pet'r's Ex. 6R.

21. Respondent attended the October 26, 2021, informal conference and once again asserted that her conviction had been for a misdemeanor and referred to the documents relating to the criminal matter that she had previously sent Ms. Webb on April 21, 2021. *See* Pet'r's Ex. 10B.

22. After being informed of her failure to report administrative actions in other states during the October 26, 2021, informal conference, Respondent still failed to upload copies of all administrative actions to the NIPR Attachment Warehouse, which would have fulfilled her obligation to notify ASD of said administrative actions, though more than thirty days since the effective dates of the actions had passed.

23. A RIRS report for Respondent dated June 30, 2022, showed that, in addition to the Florida denial, there were twelve regulatory actions against Respondent between 2020 and 2022 from Louisiana, Virginia, Pennsylvania, Indiana, Oregon, Washington, Wisconsin, and South Dakota. *See* Pet'r's Ex. 5.

24. A printout of the NIPR Attachment Warehouse screenshot for Respondent showed that Respondent did upload a copy of a Louisiana administrative action, an unsigned and undated copy of a Pennsylvania Consent Order, and documents related to her criminal record, including a written explanation of her criminal conviction. *See* Pet'r's Ex. 7.

25. However, after the April 2021 informal conference, Respondent still failed to notify ASD about the following administrative actions:

- a. A March 9, 2021, Settlement Order from the Virginia Department of Insurance; *see* Pet'r's Ex. 12-C1;
- b. A December 7, 2021, Revocation from the Virginia Department of Insurance, for failure to pay the fine agreed upon in the March 9, 2021, Settlement Order and for failure to timely request a hearing; *see* Pet'r's Ex. 12-C2;

- c. A June 22, 2021, Notice of Revocation from the Pennsylvania Department of Insurance for failure to pay a fine agreed upon in a March 24, 2021, Settlement Order (Respondent did upload a copy of the unexecuted March 24, 2021, Settlement Order, to the NIPR Attachment Warehouse, *see* Pet'r's Ex. 7, but later failed to report the Notice of Revocation.) *see* Pet'r's Ex. 12-D;
- d. An April 14, 2021, Administrative Order and Notice of Nonrenewal of License from the Indiana Department of Insurance related to Respondent's failure to disclose her criminal conviction on her license application and for failure to timely report the Florida administrative action; *see* Pet'r's Ex. 12-E;
- e. A September 7, 2021, Revocation from the Washington Department of Insurance related to Respondent's failure to disclose the April 14, 2021, Indiana administrative action and for failure to respond to its request for a response; *see* Pet'r's Ex. 12-F;
- f. A November 3, 2021, Forfeiture Assessment of \$1,000 from the Washington Department of Insurance related to Respondent's failure to timely report the three 2021 administrative actions she received in Indiana, Oregon, and Washington; *see* Pet'r's Ex. 12-G.

26. Petitioner requested that Respondent's licenses be revoked pursuant to N.C. Gen. Stat. §§ 58-33-32(k), 58-33-46(a)(1), and 58-33-46(a)(2). Revoked pursuant to nc gfen stat

CONCLUSIONS OF LAW

1. This matter is properly before the Commissioner, and the Commissioner has jurisdiction over the parties and the subject matter pursuant to Chapter 58 of the North Carolina General Statutes.

2. The Notice of Administrative Hearing was properly served on Petitioner pursuant to Rule 4 of the North Carolina Rules of Civil Procedure.

3. Respondent answered "No" to questions on her North Carolina license application inquiring about past criminal convictions despite knowledge of her misdemeanor conviction in Case No. 10 CR 465-1 in the U.S. District Court for the Northern District of Illinois, Eastern Division. As such, Respondent provided materially incorrect, misleading, incomplete, or untrue information on her license application, which is a basis for disciplinary action against her license, up to and

including revocation of her license, pursuant to N.C. Gen. Stat. § 58-33-46(a)(1).

4. Respondent was required to report the administrative actions in Florida, Pennsylvania, Indiana, Washington, Wisconsin, and Virginia within thirty (30) days of the effective dates of those actions pursuant to N.C. Gen. Stat. § 58-33-32(k).

5. Respondent's failure to timely report administrative actions in Florida, Pennsylvania, Indiana, Washington, Wisconsin, and Virginia constitutes violations of N.C. Gen. Stat. § 58-33-32(k).

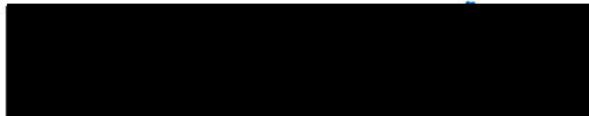
6. N.C. Gen. Stat. § 58-33-46(a)(2) empowers the Commissioner to suspend, revoke, or refuse to renew any license issued under this Article for violating any insurance law of this or any other state. Respondent's license is thus subject to suspension or revocation under N.C. Gen. Stat. § 58-33-46(a)(2) for her failure to report the Florida, Pennsylvania, Indiana, Washington, Wisconsin, and Virginia administrative actions to the Department in violation of N.C. Gen. Stat. § 58-33-32(k).

Based on the foregoing Findings of Fact and Conclusions of Law, the Hearing Officer enters the following:

ORDER

It is ordered that Respondent's licenses issued by the North Carolina Department of Insurance are hereby REVOKED effective as of the date of the signing of this order.

This the 20th day of September, 2022.



Erin E. Gibbs
Hearing Officer
N.C. Department of Insurance

APPEAL RIGHTS

This is a Final Agency Decision issued under the authority of N.C. Gen. Stat. § 150B, Article 3A.

Under the provisions of N.C. Gen. Stat. § 150B-45, any party wishing to appeal a final decision of the North Carolina Department of Insurance must file a Petition for Judicial Review in the Superior Court of the county where the person aggrieved by the administrative decision resides, or in the case of a person residing outside the State, the county where the contested case which resulted in the final decision was filed. The appealing party must file the petition within 30 days after being served with a written copy of the Order and Final Agency Decision. In conformity with 11. NCAC 01.0413 and N.C. Gen. Stat. § 1 A-1, Rule 5, this Order and Final Agency Decision was served on the parties on the date it was placed in the mail as indicated by the date on the Certificate of Service attached to this Order and Final Agency Decision. N.C. Gen. Stat. § 150B-46 describes the contents of the Petition, including explicitly stating what exceptions are taken to the decision or procedure and what relief the petitioner seeks, and requires service of the Petition by personal service or by certified mail upon all who were parties of record to the administrative proceedings. The mailing address to be used for service on the Department of Insurance is: A. John Hoomani, General Counsel, 1201 Mail Service Center, Raleigh, NC 27699-1201.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing **ORDER AND FINAL AGENCY DECISION** by mailing a copy of the same via certified U.S. Mail, return receipt requested; via first class U.S. mail to the licensee, at the addresses provided to the Commissioner pursuant to N.C. Gen. Stat. § 58-2-69(b); and via State Courier to Attorney for Petitioner, addressed as follows:

Loretta Morris
908 East 100th Place
Chicago, IL 60628
(Respondent)

Certified Mail Tracking Number: 70200640000031857906

Loretta Morris
30 N La Salle St.
Suite 2500
Chicago, IL 60602-2514
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Rebecca E. Lem
Assistant Attorney General
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(Attorney for Petitioner)

This the 20th day of September, 2022.


Mary Faulkner
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