

**STATE OF VERMONT
DEPARTMENT OF FINANCIAL REGULATION**

APR 16 2014

IN RE: REDONDA LAWRENCE RUSSELL)
) DOCKET NO. 13-056-I
)

DEFAULT JUDGMENT AND ORDER

Findings of Fact

1. Redonda Lawrence Russell (“Respondent”) is a licensed non-resident producer in Vermont.
2. Respondent, a Texas resident, held insurance license(s) in her resident state until on or about June 23, 2013. On or about this date, Respondent’s license(s) were cancelled in Texas for failure to renew.
3. A notarized letter dated October 3, 2013 from the Licensing Supervisor at Transamerica, notified the Insurance Division that Respondent, “Redonda Russell was terminated for Fraudulent Activity by Monumental Life Insurance Company on September 26, 2013.”
4. Monumental Life Insurance Company (“MLIC”) is part of Transamerica Agency, Inc.
5. Respondent, with assistance from family members, falsified and forged ownership changes on at least two existing MLIC life insurance policies. Shortly after the falsified ownership changes were submitted on the policies, MLIC received loan disbursement request forms. MLIC then generated and mailed disbursement checks totaling \$10,085.45.
6. Respondent was employed as an insurance agent by First Command Financial Services (“First Command”). First Command offers financial services and insurance products to members of the military and their families.

7. On or about July 23, 2013, First Command contacted and alerted MLIC as to Respondent's fraudulent activity forging ownership change request forms on at least two MLIC life insurance policies and taking subsequent loans in the form of cash proceeds as disbursements from those policies.

8. On or about February 21, 2013, MLIC received a change of ownership form designating Sheila Russell as the new owner of a life insurance policy owned by the insured "Mr. M"¹ and signing "Mr. M's" name authorizing the change. Sheila Russell's address designated on the form is the same as the Respondent's address of record.

9. On or about March 5, 2013, MLIC received a form signed by Sheila Russell requesting a loan for the maximum amount permissible on the policy previously owned by "Mr. M." Sheila Russell's designated address on the loan request form is the same as Respondent's address of record. The telephone number listed on the loan request form is Respondent's personal cell phone number.

10. On March 6, 2013, MLIC issued a check in the amount of \$2,584.45 to Sheila Russell at Respondent's record address as a loan on "Mr. M's" policy.

11. On August 5, 2013, "Mr. M" signed an affidavit of forgery attesting, among other things, that he did not transfer ownership of his policy to Sheila Russell, he did not sign the change of ownership form, he did not receive any of the benefits of the loan amount distributed from the policy and that in fact he did not know who Sheila Russell was.

12. On or about June 29, 2012, MLIC received a change of ownership form replacing "Ms. P" (the insured and owner of her life insurance policy) with Charles Russell as the new owner of "Ms. P's" life insurance policy. "Ms. P's" name was signed on the form authorizing the

¹ Noting that the victims in this matter are not named and instead are designated as "Mr. M." and "Ms. P." A sealed confidential attachment envelope includes their identities.

change. Charles Russell is Respondent's son's name and the designated address for Charles Russell on the change form is Respondent's son's address.

13. On or about June 29, 2012, the same date as the change of ownership form for "Ms. P's" policy, MLIC received a loan request form signed by Charles Russell for a loan on the policy in the amount of \$7,500.00. The address listed on the loan request form is Respondent's son's address. The telephone number listed on the loan request form is Respondent's personal cell phone number.

14. The rationale given for the loan and change of ownership occurring on the same date was that "Ms. P" and Charles Russell "were planning to marry and are in the process of moving. The policy loan is needed as part of a down payment on their home." In fact "Ms. P" had no idea who Charles Russell was and therefore this statement was untrue.

15. On July 5, 2012, MLIC issued a check in the amount of \$7,500.00 to Mr. Charles Russell as a loan on "Ms. P's" policy.

16. On September 23, 2013, the Sr. Forensic Investigator for MLIC sent a letter and an email to "Ms. P" to confirm if she signed and authorized the change of ownership on her life insurance policy to Charles Russell.

17. On October 9, 2013, "Ms. P" signed a forgery affidavit attesting, among other things, that she did not transfer ownership of her policy to Charles Russell, she did not sign the change of ownership form, she did not receive any of the benefits of the loan amount distributed from the policy and in fact she did not know who Charles Russell was.

18. MLIC designated ownership back to the previous and rightful owners for each of the respective policies, and reversed the loans on both policies.

19. On February 28, 2014, the Insurance Division (“Division”) served upon Respondent the Petition for Revocation of License and Notice of Right to Request Hearing in this action.

20. Respondent has not filed an answer to date.

21. The Division filed and served a Motion for Default Judgment on April 1, 2014.

Conclusions of Law

22. Respondent violated 8 V.S.A. § 4804(a)(11) by forging the policy owners’ names on change of ownership forms and on subsequent loan request forms in order to fraudulently take cash disbursements from two life insurance policies.

23. Respondent violated 8 V.S.A. § 4804(a)(5) by converting for her own use money through loan disbursements on the aforementioned insurance policies.

24. Respondent violated 8 V.S.A. § 4804(a)(3) by not holding an insurance license in her resident state of Texas, a condition of her non-resident license in Vermont.

25. Respondent violated 8 V.S.A. § 4804(a)(3) by not complying with the insurance laws of the state of Vermont or those of another state by engaging in fraudulent insurance activities.

26. Respondent’s violations of 8 V.S.A. §§ 4804(a)(3), (5), and (11) subjects Respondent to suspension or revocation in the State of Vermont. 8 V.S.A. § 4804(a) provides that the Commissioner may suspend, revoke or refuse to continue or renew any license issued under Chapter 131 of Title 8 if, after notice and opportunity for hearing, she finds that the Respondent is in violation of one or more applicable conditions listed under § 4804 (a).

27. Pursuant to 8 V.S.A. § 15 the Commissioner may issue orders necessary to the administration of and to carry out the purposes of Title 8 of the Vermont Statutes.

28. Respondent, pursuant to Section 5(a) of Regulation 82-1 (Revised) (“Regulation 82-1”), was required to file an answer no later than 30 days after the date of service of the petition in this contested case.

29. Section 12 of Regulation 82-1 provides that where a Respondent, against whom a pleading initiating a contested case has been properly served, fails to answer within the time period specified in Section 5(a) or fails to defend the charge, the Petitioner may move for a decision by default. The Commissioner may render a decision by default at any time after the passage of ten days from the date of filing and service of the motion for default, whereupon the Commissioner may issue any applicable order.

30. Section 5(b) of Regulation 82-1 provides that if a Respondent fails to serve an answer timely, the allegations contained in the pleading that initiated the contested case will be treated as proven and a default judgment may be entered as provided in Section 12 of this regulation.

31. Respondent has failed to respond to the Division’s Motion for Default Judgment and ten (10) days has passed since the time of the filing and service of the motion.

ORDER

IT IS ORDERED THAT:

1. A Default Judgment is entered against Respondent pursuant to Section 12 of Regulation No. 82-1 and a decision by default is rendered.

2. The non-resident producer license of Redonda Lawrence Russell, #316193, is revoked, effective immediately.

3. Respondent shall, pursuant to 8 V.S.A. § 4806, forthwith deliver her license to the Department.

Dated at Montpelier, Vermont this 16th day of April, 2014.

A handwritten signature in black ink, appearing to read 'D. Provost', written over a horizontal line.

David Provost, Acting Commissioner
Vermont Department of Financial Regulation