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STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE

In the Matter of:)
)
SHAUN SPARKS AND SPARKS INC.)
d/b/a INTEGRA INSURANCE SERVICES)
)
Licensees)
)

Case No. D 14-05

STIPULATED AGREEMENT AND ORDER

The Division of Insurance (division), and Shaun Sparks (Sparks) and Sparks Inc., d/b/a Integra Insurance Services (Integra), the licensees in this case, stipulate and agree to the following:

I. BACKGROUND

- A. Sparks obtained Alaska insurance producer license No. 29692 on September 19, 2002 which is due to expire on April 7, 2014.
- B. Integra obtained Alaska insurance producer license No. 86143 on May 8, 2010 which is due to expire on May 8, 2014.
- C. Integra was previously doing business as (dba) Tyler and Tyler, Inc., under Alaska license No. 16215. Sparks was licensed and affiliated with Tyler and Tyler, Inc., from November 28, 2003 until May 1, 2010.
- D. The records of the division identify Sparks as being the compliance officer for Integra.

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E. In response to Sparks and Integra's self-report of possible misconduct by an employee, named Ashli Tryon, made on May 3, 2012, the division opened investigation No. I12.1411 AF.

F. In the course of the investigation, the division discovered violations of AS.21.36.360, AS 21.27.410(a) (8), and AS 21.36.390 by Sparks and Integra.

G. The investigation of the records of the Alaska Division of Corporations, Business and Professional Licensing revealed Sparks being listed as the President, Director, 100% Shareholder, Secretary, and Treasurer of Integra.

H. The investigation revealed that in July, 2010 while employee Ashli Tryon was on vacation, four consumers complained to Sparks that they had received late payment or cancelation notices for lack of payment of the premium for funds totaling \$823.95 for their respective policies and each related that they had paid the premiums in cash to Tryon who had given them a receipt for the payment.

I. The investigation revealed that Sparks allowed Tryon to repay the funds without her losing her job and that for a time period of six months from the date Sparks discovered the misappropriation of funds. Tryon was not allowed to have her own cash box. Sparks and Integra did not report the incident to the division as required under AS 21.36.390.

J. The division's investigation revealed that Tryon had misappropriated and converted to her own personal use premium payments of 88 clients of Integra between August 1, 2007 and April 9, 2012. The investigation revealed that there was a total in excess of \$20,000.00 in premiums collected and misappropriated by Tryon during that time period.

K. The parties agree and stipulate these insurance law violations be resolved by the following agreement.

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2 II. TERMS OF AGREEMENT

3 1. Sparks and Integra agree they violated AS 21.27.360(b), AS 21.27.410(a)(8),
4 AS 21.36.390, and 3 AAC 23.710. These violations, which concern the management of Integra
5 and its supervision of its employees, are a source of potential injury or loss to the public
6 authorizing the division, under AS 21.27.410(a)(2) and (b), and under AS 21.36.360(b)(1) and
7 (n), to take action on, and condition Sparks and Integra's licenses for two (2) years, under the
8 following terms:

9 a. No later than 30 days after the director adopts this agreement, Sparks
10 and Integra shall retain and pay for the services of an independent auditor. The auditor
11 will be agreed upon by the parties. If the parties are unable to agree upon an
12 independent auditor, the division will appoint an auditor. The auditor shall assess
13 Integra's compliance with applicable Alaska insurance laws and regulations and
14 internal controls of Integra immediately upon appointment. The auditor shall provide
15 the findings and its recommendations to Sparks, Integra, and the division.

16 b. Sparks and Integra shall immediately implement all
17 recommendations.

18 c. Sparks and Integra shall develop a compliance plan to ensure
19 compliance with all applicable Alaska insurance laws and regulations.

20 d. The auditor shall confirm Sparks' and Integra's implementation of all
21 recommendations by completing a compliance audit within six months of the initial
22 audit report. The auditor shall provide the compliance audit report to Sparks, Integra,
23 and the division. Sparks and Integra will take any required corrective action(s)
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immediately. The division will require Sparks and Integra to undergo further audits as the division deems necessary to ensure compliance.

2. Sparks and Integra agree to pay a civil penalty under AS 21.27.440(a) of \$10,000 with \$9,000 suspended. The unsuspended penalty of \$1,000 will be payable at the time Sparks and Integra are notified that the director has signed the order adopting this agreement.

3. Sparks and Integra agree to cooperate in the prosecution of the person(s) connected with the questioned Tryon transactions.

4. Sparks and Integra's Alaska insurance licenses will be suspended for a period of six months with that entire suspension suspended.

5. The terms of this agreement will remain in effect for two years, starting on the date this agreement is adopted by the director.

6. In the event Sparks and Integra violate Alaska's insurance laws or regulations or the terms of this agreement during the next two years, the suspended portions of the penalty referenced in paragraphs two and four will be reinstated. Sparks and Integra also will be subject to any and all sanctions authorized by the insurance laws including imposition of additional penalties.

7. By signing this agreement, Sparks and Integra understand and agree that any failure to comply with the conditions of this agreement will be grounds to revoke, suspend, or not renew Alaska insurance producer licenses No. 29692 and No. 86143.

8. Sparks and Integra understand that this agreement is not binding on the parties unless and until the director signs the order adopting the agreement.

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DATED: 2/25/2014

DIVISION OF INSURANCE

By: Alex M. Romero
Alex Romero
Chief Investigator

DATED: 2/25/14

SHAUN SPARKS AND SPARKS INC.,
d/b/a INTEGRA INSURANCE
SERVICES

By: Shaun Sparks
Shaun Sparks
President and Compliance Officer

Approved as to form and content:

DATED: 2/26/14

MICHAEL C. GERAGHTY
ATTORNEY GENERAL

By: Daniel Wilkerson
Daniel Wilkerson
Assistant Attorney General

ORDER

IT IS ORDERED that this Stipulated Agreement and Order is adopted in full resolution of the issues in this case, and shall constitute the final order in this matter.

DATED this 27th day of February, 2014.

Lori Wing-Heier
Lori Wing-Heier
Director