

STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE
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IF YOU NEED HEARING ASSISTANCE, PLEASE CALL ALASKA RELAY AT 711

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STATE OF ALASKA

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

In the Matter of:)
)
DANIEL LEVI SEATON AND LEVI)
SEATON INSURANCE AGENCY)
)
Licensees)
_____)

Case No. D 15-15

ORDER OF REVOCATION

1. Daniel Levi Seaton (Mr. Seaton) was issued resident producer license # 44806 on or about March 11, 2005.
2. On or about February 1, 2017 Mr. Seaton's license will expire.
3. Levi Seaton Insurance Agency (LSIA) was issued producer license #63174 on or about June 19, 2007.
4. On or about June 19, 2015, LSIA's license did expire.
5. The records of the Division of Insurance identify Mr. Seaton as being the Designated Responsible Person for Levi Seaton Insurance Agency.
6. In February 2013, Mr. Seaton was contacted by Charles Madsen (Mr. Madsen), owner of Kodiak Diesel Services, Inc. dba Engine Room Supply (KDSI) for the purposes of obtaining worker's compensation insurance coverage for his employees.
7. In March 2013, Mr. Madsen gave KDSI check #1207 to Mr. Seaton in the amount of \$1,510.00 payable to LSIA for payment of his employee's worker's compensation coverage.

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8. Mr. Madsen did not receive any additional notice of coverage or cancellation notices from either the insurer, Traveler's, or Mr. Seaton/LSIA regarding the policy. Mr. Madsen thought his worker's compensation insurance was in force and that his employees were covered.

9. In July 2013, Mr. Madsen was contacted by David Plant (Mr. Plant), Investigator for the State of Alaska Department of Labor Worker's Compensation Division. Mr. Plant advised Mr. Madsen that there was no worker's compensation insurance in effect for Mr. Madsen's business, KDSI.

10. Mr. Madsen informed Mr. Plant there was worker's compensation insurance coverage in force with Traveler's through Mr. Seaton and LSIA. Mr. Plant then contacted Mr. Seaton.

11. Mr. Plant contacted Mr. Seaton six times between July 12, 2013 and September 9, 2013, about obtaining a copy of the proof of worker's compensation insurance for KDSI. Mr. Seaton promised to provide the proof of coverage to Mr. Plant, but failed to do so.

12. On or about October 10, 2013, Mr. Seaton did provide Mr. Plant with proof of worker's compensation coverage through Alaska National Insurance Company (ANIC) for the employees of KDSI.

13. In March 2014, Mr. Madsen tried to renew his worker's compensation insurance, as the normal policy period was from March to March. However, Mr. Madsen was advised by Mr. Seaton that his policy was not due for renewal until September 2014.

14. Mr. Madsen contacted another insurance agent about the status of his workers' compensation insurance policy and learned that his workers' compensation coverage was placed through ANIC and not Traveler's, as he believed.

15. Mr. Madsen did not want coverage through ANIC.

1 16. A review of the records of LSIA's Wells Fargo Bank account # 9941211915
2 revealed that on March 7, 2013, the KDSI check in question was deposited into the LSIA
3 account. The review indicated that during the next twelve days there were sixteen
4 purchases/withdrawals from the account at various restaurants, hotels, bars and other
5 businesses in the Kodiak, AK area. The review indicated no withdrawal or transfer of
6 premium funds to Traveler's or ANIC for workers' compensation coverage for the employees
7 of KDSI.

8
9 17. On May 5, 2015, the State of Alaska Division of Insurance received a complaint
10 from Rachel Yunk (Ms. Yunk), Vice President Imperial Premium Finance Service (IPFS).
11 Ms. Yunk advised that IPFS financed a liability insurance policy, #SC00006637, for LSIA
12 client Ricky Preddy that was canceled for non-payment of premium effective January 2, 2015.

13 18. Ms. Yunk said a review of the records of the IPFS account revealed that in
14 October, 2014, an endorsement credit in the amount of \$2,118.00 was due to IPFS from
15 LSIA. Ms. Yunk advised that Charter Lakes Insurance (Charter Lakes), the insurer, had sent
16 LSIA and Mr. Seaton an invoice reflecting the \$2,118.00 endorsement credit and had advised
17 Mr. Seaton to forward that amount to IPFS. (This resulted in LSIA's account with Charter
18 Lakes being credited with \$2,118.00 against other funds that were due Charter Lakes by
19 LSIA. A review of the records of LSIA at Charter Lakes reflects the aforementioned
20 transactions. Mr. Seaton was advised by the Charter Lakes staff that the \$2,118.00 was due to
21 IPFS.)

22
23 19. Ms. Yunk said that IPFS staff attempted to contact Mr. Seaton on several
24 occasions about the funds due (\$2,118.00). Ms. Yunk advised that on those occasions when
25 contact was successful, Mr. Seaton stated that he would "look into it and call me back."

26 20. A review of the records by the Division of Insurance of the policy in question,

1 #SC00006637, indicated that on July 6, 2014, a total of \$4,431.00 in premium was financed
2 through IPFS. It was also noted that the mailing address for the insured, Ricky Preddy (Mr.
3 Preddy), was listed as being 1227 Mill Bay Road Kodiak, AK. Said address is known to be
4 that of LSIA.

5 21. In a statement by Sally Preddy (Mrs. Preddy), the wife of Mr. Preddy, Mrs.
6 Preddy stated that the Preddy's always paid cash for their business insurance policies in full
7 and never financed a premium.

8 22. Mrs. Preddy said she verified that on or about June 18, 2014, Wells Fargo check
9 #1292 issued to Levi Seaton Insurance in the amount of \$3,322.00 was drawn from their
10 business account, Rooster Charters Ricky Preddy checking account #6044686837, as payment
11 for their commercial liability insurance premium.

12 23. Mrs. Preddy stated they did not use the LSIA address of 1227 Mill Bay Road
13 Kodiak, AK.

14 24. Mrs. Preddy stated that in March 2015, she talked to her insurance company,
15 Charter Lakes, and learned that their policy had been canceled for non-payment and that
16 Charter Lakes agreed to reinstate it.

17 25. A review of the records of LSIA Wells Fargo Bank account # 3729714604
18 revealed that on June 18, 2014, the Preddy's check #1292 was deposited into the LSIA
19 account.
20

21 26. A Division of Insurance review revealed that between June, 2014 and December,
22 2014, there were 232 purchase/withdrawal of funds transactions utilizing the account's check
23 card totaling \$9,213.10. It was noted that the transactions were for purchases at restaurants,
24 bars, grocery stores, gas stations, coffee kiosks, and the internet. The review did not reveal
25 evidence of the Preddy's funds being transferred to either IPFS or Charter Lakes.
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27. The Division of Insurance investigation revealed that Mr. Seaton had misapplied and converted to his own use the premium payments of the above mentioned clients/insured of LSIA. The investigation revealed there was a total of premium in excess of \$4,800.00 misapplied by Mr. Seaton during the time period of March, 2013 through December, 2014. These actions are violations of AS 21.27.410(a)(4) and (8) and AS 21.36.360(b)(5).

28. On September 4, 2015 the Division of Insurance mailed, by certified mail with return receipt requested, an accusation alleging the above facts to Mr. Seaton's and LSIA's address of record on file with the Division of Insurance. The Division of Insurance received a signed delivery receipt dated September 11, 2015. More than 15 days have elapsed since delivery of the accusation and the Division of Insurance has not received a request for a hearing from Mr. Seaton or LSIA. As explained in the notice attached to the accusation failure to respond to the accusation within 15 days will result in the allegations being deemed admitted.

29. Mr. Seaton's violations as described above are grounds to revoke his license under AS 21.27.410 (a)(4) and (8), AS 21.36.360(b)(5), and AS 21.27.440.

IT IS ORDERED:

Under AS 21.27.410(a)(4) and (8), AS 2136.360(b)(5), and AS 21.27.440, the resident producer license # 44806 issued to Daniel Levi Seaton and the producer license # 63174 issued to the Levi Seaton Insurance Agency are hereby permanently REVOKED. This order shall constitute the final order in these matters. Pursuant to AS 21.06.230 and Alaska Appellate Rule 602(a)(2), you may appeal this final decision within 30 days. See the attached Notice of Final Order and Appeal Rights.

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1 Dated and effective October 2nd, 2015.

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Lori Wing-Heier
Director of Insurance