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OFFICE OF
INSURANCE COMMISSIONER

Hearings Unit, DIC
Patricia D. Polson
Chief Hearing Officer

<i>In the Matter of</i>)	No. D 10-0045
)	
Ralph R. Bargabos,)	ORDER REVOKING LICENSE
)	
<i>Resident Licensee</i>)	

To: Ralph R. Bargabos 1110 5 th St. Ste. #2 Marysville, WA 98270	2902 – 178 th St. NE Marysville, WA 98271-4779
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IT IS ORDERED AND YOU ARE HEREBY NOTIFIED that your license is **REVOKED**, effective March 22, 2010, pursuant to RCW 48.17.530(1)(b),(d),(e),(g),(h), and (j); and 48.17.540(2).

THIS ORDER IS BASED ON THE FOLLOWING:

1. Ralph R. Bargabos (“the Licensee”) was licensed to sell life, disability, property and casualty insurance in Washington on August 19, 1991.
2. In 2009, Ralph Bargabos was owner of an insurance agency called RRB Marketing, Inc. The agency was having financial problems and Mr. Bargabos had to live and operate his agency on his credit. He sought and expected to obtain loans from three different sources, but each fell through for various reasons.
3. At one or more points during these financial troubles, Mr. Bargabos took more out of his premium account than he was entitled to for commissions.
4. Mr. Bargabos had been financing premiums for some of his insureds with Capital Premium Finance Company, and had noted that the finance company was sending checks for the premiums to his agency rather than the insurer.
5. In September 2009, Mr. Bargabos created four finance agreements for fictitious clients which he sent to Capital Premium Finance Company. All purported to be for coverage through Umialik Insurance Co. (“Umialik”), although no policies were actually issued to these fictitious clients listed on the finance agreements. The total amount of money advanced to Mr. Bargabos through three of these fraudulent loans was approximately \$24,700. The fourth finance agreement was never funded because the scheme was revealed.



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6. On September 14, 2009, Mr. Bargabos deposited \$10,657.50 received from Capital Premium Finance Company into his bank account. He used some of these funds to replace the money he had taken out of his premium account for other uses. He also used the money to make payments back to Capital Premium Finance Company. He used the remaining approximately \$14,000 received from Capital Premium Finance Company for agency and personal expenses.

7. Mr. Bargabos made one month's payment on each finance agreement – payments of \$1052.85, \$1069.05, and \$1239.10 - on September 29, 2009. However, Mr. Bargabos could not make the October 2009 payments. Therefore, on October 19, 2009, he emailed Garn Kemp at Capital Premium Finance Company, admitting that he had submitted the three fraudulent financing agreements.

8. Mr. Bargabos requested to work out a payment schedule for repaying Capital Premium Finance Company for the three agreements, and signed a promissory note to this effect. The balance owed on the loans at that time was \$21,321.72. The payment schedule is \$500 per month with a balloon payment of \$18,164.60 due November 15, 2010.

9. OIC Financial Investigator Ken Combs received a complaint from Tessa Wilson, an employee of Umialik. Mr. Combs investigated and determined that all premiums for the year 2009 that had been paid to the licensee had been paid to the insurers.

10. The licensee has now merged his business with Degginger, McIntosh & Associates, Inc. He informed Mr. Combs that he is not an owner but an associate of that agency and that he does not handle any of the agency's money except for some down payments. The checks for these down payments are payable to the agency.

11. The licensee violated the following regulations and provisions of the insurance code:

- a.) By receiving funds from insureds to be paid to insurers as premiums, but using those funds instead for personal and business expenses, the licensee violated RCW 48.17.480(3).
- b.) By diverting funds to his own use which he had received in a fiduciary capacity and to which he was not lawfully entitled, the licensee violated RCW 48.17.480(4).
- c.) By making, publishing, and disseminating false, deceptive and misleading representations in the conduct of the business of insurance, the licensee violated RCW 48.30.040.

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By reason of his conduct, and his violations of the Insurance Code, Ralph R. Bargabos has shown himself to be, and is so deemed by the Commissioner, untrustworthy and a source of injury and loss to the public and not qualified to be an insurance agent in the State of Washington. Accordingly, Ralph R. Bargabos's license is revoked pursuant to RCW 48.17.530 and RCW 48.17.540(2).

IT IS FURTHER ORDERED that Ralph R. Bargabos return his insurance agent's license certificate to the Commissioner on or before the effective date of the revocation of that license, as required by RCW 48.17.530(4).

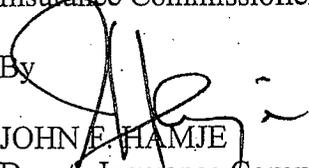
NOTICE CONCERNING YOUR RIGHT TO A HEARING. Please note that a detailed summary of your right to contest this Order is attached. Briefly, if you are aggrieved by this Order, RCW 48.04.010 permits you to demand a hearing. Pursuant to that statute and others: You must demand a hearing, in writing, within 90 days after the date of this Order, which is the day it was mailed to you, or you will waive your right to a hearing. Your demand for a hearing must specify briefly the reasons why you think this Order should be changed. If your demand for a hearing is received by the Commissioner before the effective date of the revocation, then the revocation will be stayed (postponed) pending the hearing, pursuant to RCW 48.04.020. Upon receipt of your demand for hearing, you will be contacted by an assistant of the Chief Hearing Officer to schedule a teleconference with you and the Insurance Commissioner's Office to discuss the hearing and the procedures to be followed.

Please send any demand for hearing to Insurance Commissioner, attention John Hamje, Deputy Insurance Commissioner, Office of the Insurance Commissioner, P.O. Box 40257, Olympia, WA 98504-0257.

ENTERED AT TUMWATER, WASHINGTON, this 2nd day of March, 2010.

MIKE KREIDLER
Insurance Commissioner

By


JOHN E. HAMJE
Deputy Insurance Commissioner
Consumer Protection Division

cc: Ken Combs, Investigator

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DECLARATION OF MAILING

I certify under penalty of perjury under the laws of the State of Washington that on the date listed below, I mailed or caused delivery of a true copy of this document to **Ralph R. Bargabos**.

Dated: March 2, 2010
At Tumwater, Washington


Victoria Estrada

NOTICE OF YOUR RIGHT TO A HEARING

You have the right to demand a hearing to contest this Order. During this hearing, you can present your argument that the Order should not have been entered for legal and/or factual reasons and/or to explain the circumstances surrounding the activities which are the subject of this Order. You may be represented by an attorney if you wish, although in some hearings before this agency parties do choose to represent themselves without an attorney.

Your Demand for Hearing should be sent to John F. Hamje, Deputy Insurance Commissioner, Office of the Insurance Commissioner, P.O. Box 40257, Olympia, WA 98504-0257, and must briefly state how you are harmed by this Order and why you disagree with it. You will then be notified both by telephone and in writing of the time and place of your hearing. If you have questions concerning filing a Demand for Hearing or the hearing process, please telephone the Hearings Unit, Office of the Insurance Commissioner, at 360/725-7002.

Your Demand for Hearing must be made within 90 days after the date of this Order, which is the date of mailing, or your Demand will be invalid and this Order will stand. If your Demand for Hearing is received before the effective date of this Order, the penalties contained in the Order will be stayed (postponed) until after your hearing.

It is important to know that if you demand a hearing, you will have two options for how it will be handled:

Option 1: Unless you specifically request Option 2, your hearing will be presided over by an administrative law judge from the Office of the Insurance Commissioner. Under this option, upon receipt of your Demand for Hearing, the Insurance Commissioner may refer the case to an administrative law judge. The administrative law judge is an individual who has not had any involvement with this case. The administrative law judge will hear and make the final decision in the case without any communication, input or review by the Insurance Commissioner or staff or any other individual who has knowledge of the case. This administrative law judge's final decision may uphold or reverse the Commissioner's action or may instead impose any penalties which are less than those contained in the Order.

Option 2: If you elect, your hearing will be presided over by an administrative law judge from the Office of Administrative Hearings. That administrative law judge will issue an initial or recommended decision which will then be sent to the Insurance Commissioner. The Insurance Commissioner, or his designee, will review the initial decision and make the final decision. The Insurance Commissioner's final decision in the case may uphold, reverse or modify the initial decision, thereby changing the penalty which is recommended in the initial decision. In writing the final decision, the Insurance Commissioner is not bound by the findings of facts or conclusions of law which were made in the initial decision.