

**STATE OF MAINE
BUREAU OF INSURANCE**

In re: Thomas S. Osborne and
Chapman Associates, Inc.

Docket No. INS-08-231

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CONSENT AGREEMENT

Introduction

This document is a Consent Agreement concerning conduct and licensure of Thomas S. Osborne and Chapman Associates, Inc. as, respectively, an insurance producer and insurance producer business entity (agency) in the State of Maine. The parties to the Consent Agreement are Thomas S. Osborne (“Mr. Osborne”); Chapman Associates, Inc. (“Chapman”); the Maine Bureau of Insurance (“the Bureau”); and the Maine Department of Attorney General. The Consent Agreement is entered into pursuant to 10 M.R.S.A. § 8003(5)(B) and 24-A M.R.S.A. §1417(3).

Statement of Facts

1. Mr. Osborne holds Maine Bureau of Insurance Resident License PRR23700.
2. Chapman holds Maine Bureau of Insurance Resident Producer Business Entity License AGR101271.
3. Chapman is a Maine corporation, and Mr. Osborne is its only officer and shareholder.
4. During examination of Chapman, the Bureau obtained information that Mr. Osborne has:
 - a. Violated his fiduciary obligation by invading Chapman’s premium trust fund and using monies from it for impermissible purposes, a violation of 24-A M.R.S.A. § 1449; and
 - b. Failed to make timely payments of collected premiums to insurers, a violation of 24-A M.R.S.A. § 1449.
5. Mr. Osborne admits the allegations set forth in ¶ 4 above.
6. Mr. Osborne’s conduct described in ¶ 4(a) above is grounds for license revocation, pursuant to 24-A M.R.S.A. § 1420-K(1)(D).
7. Mr. Osborne’s conduct described in ¶ 4(b) above is grounds for license revocation, pursuant to 24-A M.R.S.A. § 1420-K(1)(G).
8. The Superintendent finds that Mr. Osborne has committed violations of law described in ¶ 4 above. The Superintendent finds further that Mr. Osborne has failed to conform to and comply with the standards of professional conduct for insurance producers.
9. The Superintendent finds that, as a result of violations of of 24-A M.R.S.A. § 1449, Mr. Osborne and Chapman are:
 - a. Disqualified from licensure by the Bureau;

- b. Jointly and severally liable to the State of Maine for monetary penalties of Six Thousand Dollars (\$6,000.00); and
 - c. Jointly and severally liable to the Bureau for costs of Five Hundred Dollars (\$500.00).
10. No later than January 30, 2009, Mr. Osborne and Chapman shall pay total monetary penalties of Six Thousand Dollars (\$6,000.00). Payment shall be by certified check or money order made out to "Treasurer, State of Maine" and delivered to Attorney Arthur G. Hosford, Jr. at the Bureau.
 11. No later than February 13, 2009, Mr. Osborne and Chapman shall pay investigative costs of Five Hundred Dollars (\$500.00). Payment shall be by certified check or money order made out to "Treasurer, State of Maine" and delivered to Attorney Arthur G. Hosford, Jr. at the Bureau.
 12. Effective 5:00 p.m. February 27, 2009, the Bureau revokes the licensure of both Mr. Osborne and Chapman.
 13. From the date of this Consent Agreement to February 27, 2009, Mr. Osborne shall wind up the business of Chapman and arrange for disposition of its assets. All arrangements shall be subject to approval by the Bureau. Prior to the effective date of their license revocations, Mr. Osborne and Chapman shall confine their insurance business activities strictly to the winding up of business and to such other matters which may be required to protect the interests of persons who are clients as of the time of their signatures to this Consent Agreement and any other persons to whom they are legally obligated as the result of engagement in the business of insurance. During that time, persons who approach Mr. Osborne or Chapman for any new services shall be turned away.
 14. Mr. Osborne and Chapman shall immediately take all reasonable efforts to curtail advertising related to the business of insurance.
 15. During the winding up of Chapman, the agency's premises and records shall be subject to unannounced inspection by the Bureau, to ensure compliance with this Consent Agreement. The Bureau may maintain a presence at Chapman for any period of time deemed by it to be appropriate and may exercise whatever supervisory authority deemed necessary to enforce this Consent Agreement and protect Mr. Osborne's and Chapman's clients and the public.
 16. As part of the winding up of Chapman, Mr. Osborne shall provide for the disposition of all of Chapman's records, so as to ensure their preservation and availability for three years from the date of the last signature to this Consent Agreement.
 17. During the winding up of Chapman, Mr. Osborne shall ensure that the Bureau is informed at least once every third business day of arrangements being made to fulfill the requirements of this Consent Agreement. Mr. Osborne shall make those reports by facsimile transmission to Bureau Attorney Arthur G. Hosford at (207) 624-8599 or by electronic mail to Attorney Hosford at arthur.g.hosford.jr@maine.gov.
 18. All costs associated with the winding up of Chapman's business and compliance with this Consent Agreement shall be borne by Mr. Osborne.
 19. No later than January 14, 2009, Mr. Osborne and Chapman shall provide the Bureau with a listing of the names, addresses and telephone numbers of all of Chapman's clientele as of the time of Mr. Osborne's and Chapman's signatures to this Consent Agreement.
 20. No later than March 6, 2009, Mr. Osborne and Chapman shall provide the Bureau with a final accounting of Chapman's business. The accounting will explain the status of client

accounts open as of the time of their signatures to this Consent Agreement, the disposition of all funds relating to each such client account, and the disposition of Chapman's assets. The final accounting shall contain any other information deemed relevant by the Bureau.

21. After 5:00 p.m. February 27, 2009, neither Mr. Osborne nor Chapman will conduct the business of insurance, directly or indirectly, themselves or through others, for themselves or for others. Neither Mr. Osborne nor Chapman shall serve in any adjunct or advisory capacity to any person conducting the business of insurance.
22. Except as allowed by ¶ 13 above, subsequent to their execution of this Consent Agreement, neither Mr. Osborne nor Chapman shall conduct business in the financial services industry, whether or not compensated. For purposes of this paragraph, "financial services industry" means not only the business of insurance but also any business activity, whether or not compensated, dealing with the management of money, banking, investment, debt collection, or intermediary or advisory services related to the forenamed, *e.g.*, brokerage and financial planning or counseling.
23. Except as allowed by ¶ 13 above, subsequent to their execution of this Consent Agreement, neither Mr. Osborne nor Chapman shall engage in business activity, whether or not compensated, providing an opportunity for either of them to be a custodian of monies other than his/its own.
24. Until 2011, Mr. Osborne and Chapman shall advise the Bureau twice a year in writing of the identity of the employer of each and the nature of each employment. They shall submit those reports to Attorney Arthur G. Hosford, Jr. at the Bureau between June 15 and June 30 and between December 15 and December 31 of both 2009 and 2010.
25. Failure by Mr. Osborne or Chapman to comply with any condition or term of this Consent Agreement shall make them jointly and severally liable to the State of Maine for a monetary penalty of Fifty Thousand Dollars (\$50,000.00). Such penalty shall be separate from and in addition to any other remedy available pursuant to this Consent Agreement or the law.
26. Nothing in this Consent Agreement shall be construed to excuse any obligation or duty of Mr. Osborne or Chapman to past or present clientele.
27. This Consent Agreement does not preclude the State of Maine or any of its agencies from seeking in a judicial forum any remedy for illegal conduct by Mr. Osborne or Chapman.
28. This Consent Agreement is reportable as licensee discipline, and the termination of the licenses will be reported as revocations.
29. This Consent Agreement does not restrict any right of any person not a party hereto.
30. This Consent Agreement is not subject to appeal.
31. This Consent Agreement is not subject to amendment, except by written agreement of all parties.
32. This Consent Agreement is a public record subject to provisions of the Maine Freedom of Access Law, 1 M.R.S.A. §§ 401 through 410.
33. This Consent Agreement is enforceable by an action in Maine Superior Court.
34. By their signatures on this Consent Agreement, Mr. Osborne and Chapman indicate that they have read the Agreement, that they understand the Agreement, that they have reviewed the statutory provisions they have violated, that they have had an opportunity to consult with counsel before signing the Agreement, and that they enter into the Agreement voluntarily and without coercion of any kind from any person.

Signatures

Dated: January ____, 2009

Thomas S. Osborne, for himself
personally and for Chapman
Associates, Inc.

Dated: January ____, 2009

Mila Kofman, Superintendent of
the Maine Bureau of Insurance

Dated: January ____, 2009

James M. Bowie
Assistant Attorney General