

NORTH
Dakota | Administrative Hearings
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February 6, 2024

Johannes Palsgraaf
Special Assistant Attorney General
North Dakota Insurance Department
600 East Boulevard Avenue
Bismarck, ND 58505

Re: Natasha Lafrenz
OAH File No. 20230446

Dear Mr. Palsgraaf:

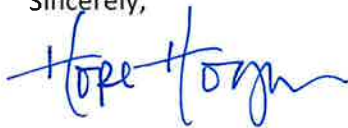
Enclosed are the original Recommended Findings of Fact, Conclusions of Law, and Order, as well as the proposed final Order in regard to the above-titled matter. If the Commissioner agrees with my recommendations, he may sign the proposed final Order and serve it on the parties. Alternatively, the Commissioner may issue his own separate order based on my recommended findings, or he may issue his own findings of fact and conclusions of law and his own separate order based on them.

Please send me a copy of the signed proposed final Order, if the Commissioner elects to sign it. If the Commissioner does not sign it, please send me a copy of the final order issued by the Department in this matter. Also, please send me a copy of the findings of fact and conclusions of law upon which the order is based, if they are different from my recommended findings and conclusions.

Please send me a copy of any decision or order issued by the district court or the Supreme Court as a result of an appeal of this matter.

I am closing our file and returning that portion of the record I have in my possession to you for filing with the official agency record of this matter, as appropriate. Also enclosed are the digital recordings from the proceedings.

Sincerely,



Hope L. Hogan
Administrative Law Judge

Encl.

cc: Natasha Lafrenz

Timothy J. Dawson DIRECTOR

2911 North 14th Street - Suite 303 | Bismarck, North Dakota 58503

PHONE 701-328-3200 | FAX 701-328-3254 | oah@nd.gov | nd.gov/oah

STATE OF NORTH DAKOTA
INSURANCE DEPARTMENT

IN THE MATTER OF: Natasha Lafrenz))))))	RECOMMENDED FINDINGS OF FACT, CONCLUSIONS OF LAW, AND RECOMMENDED ORDER OAH File No. 20230446
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[1] On December 29, 2023, the Office of Administrative Hearings (OAH) received a request from the North Dakota Insurance Department (Department) for the appointment of an Administrative Law Judge to preside in Natasha Lafrenz’s appeal of a December 19, 2023 decision to deny her application for a resident insurance producer license. On December 29, 2023, OAH designated Administrative Law Judge Hope L. Hogan (ALJ) to conduct a hearing and prepare recommended findings of fact, conclusions of law, and a recommended order.

[2] A prehearing conference was held on January 10, 2024. A Notice of Hearing and Prehearing Order dated January 11, 2024 was served on the parties setting the hearing for January 22, 2024. The hearing commenced, as scheduled, on January 22, 2024 at the Office of Administrative Hearings in Bismarck, North Dakota. At the hearing, the parties agreed that appropriate notice was given for the hearing.

[3] The hearing was held in accordance with N.D.C.C. ch. 28-32 and N.D.C.C. §§ 26.1-26-15, 26.1-26-40, 26.1-26-42(1), (2), and (5), and 26.1-02.1-02.1(3)(a). The issue identified for hearing was whether the denial of Ms. Lafrenz’s application for a resident insurance producer license was proper. The Department had the burden of proof to show by a preponderance of the evidence that the denial was proper.

[4] Natasha Lafrenz appeared personally without an attorney and representing herself. The Department appeared by and through its legal counsel Johannes Palsgraaf and Santana Edison.

[5] Ms. Lafrenz testified on her own behalf. The Department called one witness to testify - Janelle Middlestead, Department Produced Licensing/Property and Casualty Division Director. The Board submitted exhibits labeled 1 through 17 and Ms. Lafrenz submitted exhibits labeled 18 and 19. The parties stipulated to admission of the exhibits and exhibits 1-19 were admitted into the record.

[6] At the close of testimony, the parties made oral closing arguments. The record was closed on January 22, 2024.

RECOMMENDED FINDINGS OF FACT

[7] On November 14, 2023, Natasha Lafrenz (Lafrenz) submitted to the Department an application for an individual resident insurance producer license (License). Ex. 1. Lafrenz electronically signed an attestation in which she certified, under the penalty of perjury, that her answers were true and complete and granted permission to verify the information provided. Ex.

16. On the application, Lafrenz answered yes to the following background questions:

1a. Have you ever been convicted of a misdemeanor, had a judgment withheld or deferred, or are you currently charged with committing a misdemeanor?

1b. Have you ever been convicted of a felony, had a judgment withheld or deferred, or are you currently charged with committing a felony?

Ex. 1, pp. 1-2. Attached to the application was a personal statement in which Lafrenz states in part:

. . . . I'm writing to explain these 2 charges for the felony charge I was given fake money I didn't know they were fake and tried putting the cash onto my card where they were discovered to be fake. On the 2nd charge that was true but I've gone through 14 months treatment Discipleship program at NDATC where I also interned and worked for 6 months. I'm not the same person I've been completely freed of my past and I'm really trying to move forward and start my life over. . . .

Id. at p. 5. Lafrenz also submitted two documents with her personal statement. The first document was a copy of the Probable Cause Affidavit in support of felony charge of forgery or counterfeiting in Case No. 08-2019-CR-3663, and the second document was a copy of the Criminal Information in Case No. 08-2021-CR-03981 with misdemeanor charges of possession of a controlled substance, namely methamphetamine, and possession of drug paraphernalia.

[8] A background check is performed on each License applicant. The following criminal cases were found:

- Burleigh County Case No. 08-2019-CR-03663, Felony C charge of counterfeiting – utters or possession of counterfeit or forged writing. Lafrenz pled guilty to the charge, was sentenced on March 12, 2021, was placed on supervised probation, and ordered to pay a fine and abide by certain nonmonetary conditions;
- Burleigh County Case No. 08-2021-CR-03981, misdemeanor A charges of possession of a controlled substance methamphetamine and unlawful possession of drug paraphernalia. Lafrenz pled guilty to both charges, was sentenced on September 9, 2022, and placed on supervised probation, and ordered to pay a fine and abide by certain nonmonetary conditions;
- Sioux County Case No. 43-2020-CR-00019, misdemeanor A charges of violation of a protection order and possession of a controlled substance schedule II. Lafrenz pled guilty to the first charge, was sentenced on August 27, 2021 and placed on unsupervised probation, and ordered to pay a fine and abide by certain nonmonetary conditions; and
- Sioux County Case No. 43-2022-CR-00007, misdemeanor A charge of possession of a controlled substance methamphetamine. Lafrenz was found guilty, was sentenced on

April 18, 2022 and placed on supervised probation, and ordered to pay a fine and abide by certain nonmonetary conditions.

Lafrenz did not disclose the Sioux County criminal convictions on her application.

[9] In Burleigh County Case No. 08-2019-CR-03663, Lafrenz attempted to use counterfeit \$20 bills to load onto prepaid gift cards. Ex. 1, p. 6. Lafrenz initially denied knowing the bills were fake but later admitted that she knew they were counterfeit. *Id.* In the personal statement she submitted with her application, Lafrenz again claimed she did not know the bills were fake. Ex. 1, p. 5.

[10] The background check also revealed five civil judgments against Lafrenz. Those being:

- Sioux County Civil No. 43-2022-CR-0007 in the amount of \$325;
- Morton County Civil No. 30-2015-CV00288 in the amount of \$9,472.76;
- Morton County Civil No. 30-2021-CV-00922 in the amount of \$49,420;
- Morton County Civil No. 30-2019-CV-00448 in the amount of \$1,143.50; and
- Morton County Civil No. 30-2021-CV-01014 in the amount of \$866.06.

None of the five judgments have been satisfied.

[11] On December 19, 2023, the Department issued a notice letter to Lafrenz informing her that the Department was denying her application for a License. Ex. 3. The authority for the denial was listed as N.D.C.C. §§ 26.1-26-15 and 26.1-26-42(5). The letter also states that “your administrative actions are evidence of your lack of trustworthiness and good personal reputation as required by N.D.C.C. § 26.1-26-15 and includes an offense as described in N.D.C.C. § 26.1-26-42(5).” *Id.*

[12] Lafrenz requested a hearing on December 26, 2023.

[13] On January 4, 2024, the Department issued another notice letter to Lafrenz with additional authority and rationale for the denial. Ex. 4. The additional rationale and authority were stated as providing a materially untrue statement (authority N.D.C.C. § 26.1-26-42(1)), and attempting to acquire a License through misrepresentation (authority N.D.C.C. 26.1-26-42(2)) because of her failure to disclose her full criminal history.

[14] On January 17, 2024, the Department issued another notice letter notice to Lafrenz with additional authority and rationale for the denial. Ex. 17. The additional authority was N.D.C.C. § 26.1-02.1-02.1(3)(a)). The letter explains that the Department is prohibited from granting her a License because her conviction for counterfeiting is a crime of dishonesty or breach of trust. A second rationale was stated as Lafrenz's outstanding civil judgments which the Department reasoned demonstrates a lack of financial responsibility and good personal and business reputations as described by N.D.C.C. § 26.1-26-15.

[15] Janelle Middlestead (Middlestead), Department Produced Licensing/Property and Casualty Division Director, reviewed Lafrenz's application and made the decision to deny it. Middlestead explained the multiple reasons for the denial of Lafrenz's application. First, Middlestead stated that an applicant must be deemed competent, trustworthy, financially responsible and of good personal and business relationship. These characteristics are important because if licensed, an applicant will be handling consumer personal financial information, be responsible for insurance coverage of consumers' property, and potentially managing or handling large sums of money. As such, Middlestead stated that Lafrenz's unpaid civil judgments were concerning because it reflects her personal financial responsibility and raising the risk for possible abuse of consumer finances and funds she may handle.

[16] Middlestead also explained the Department's concerns with Lafrenz's criminal convictions. Lafrenz was convicted of counterfeiting which is, by definition, a direct bearing offense for which the Commissioner is required to deny the application. As part of her sentence in Case No. 43-2022-CR-00007, Lafrenz was placed on supervised probation when sentenced on April 18, 2022. Lafrenz violated her probation when she pled guilty to the charge in File No. 08-2021-03981 and was sentenced on September 9, 2022. Middlestead explained this created a concern about Lafrenz's trustworthiness. Middlestead also noted that Lafrenz's failure to disclose all her criminal history also caused concerns about her trustworthiness. Finally, Middlestead also stated that the criminal affidavit provided in Case No. 08-2019-CR-3663 explained the basis for the counterfeiting charges did not match Lafrenz's explanation that she provided in her personal statement. Again, causing concerns about Lafrenz's trustworthiness.

[17] Lafrenz testified at the hearing and acknowledged her past behaviors and offenses. Lafrenz explained that she successfully completed the teen challenge program and that she has turned her life around. Lafrenz stated that she is not the same person that she used to be when she committed those offenses. Lafrenz also explained that she believed she provided all the documentation and information regarding her criminal history. Lafrenz went to the Burleigh County Courthouse and requested all records and provided that information. Lafrenz completed probation in October 2023 and was hired by Aflac on October 31, 2023 as an insurance agent. Lafrenz has taken and passed her exam and needs to be licensed to keep her position as an insurance agent.

[18] Lafrenz provided into evidence two letters of support. The first is from Duane Johnson (Johnson), her parole officer. Ex. 18. Johnson's letter indicates that Lafrenz successfully completed the teen challenge program and that the program which lasts over one year and is not

an easy program. Mr. Johnson states that Lafrenz graduated from the program and even worked there while she transitioned back into the community. Johnson also states Lafrenz has had no violations while on probation and successfully completed probation.

[19] The second letter submitted by Lafrenz is from Lynn Koch (Koch). Ex. 19. The letter indicates that Lafrenz has navigated some difficult times and has stayed strong and that Lafrenz is a conscientious employee. Koch states that if Lafrenz is given a chance, she believes Lafrenz will “make every effort to take direction well and will be eager to learn what is necessary to be a reliable employee.” *Id.*

RECOMMENDED CONCLUSIONS OF LAW

[20] An individual cannot sell, solicit, or negotiate insurance in North Dakota unless the individual is licensed. N.D.C.C. § 26.1-26-03. An individual seeking a License must apply to the Department. N.D.C.C. § 26.1-26-13.3(1).

[21] A person convicted of a felony involving “dishonesty or breach of trust” is prohibited from participating in the business of insurance. N.D.C.C. § 26.1-02.1-02.1(3)(a). “The commissioner shall deny an application for license under chapter 26.1-26 if the commissioner finds the applicant or licensee has been convicted of a felony involving dishonesty or breach of trust.” *Id.* “Dishonesty” is defined as:

a criminal act, including an offense constituting or involving perjury, bribery, arson, knowingly receiving or possession of stolen property, forgery or falsification of documents, counterfeiting, knowingly issuing a bad check, false or misleading oral or written statements, false pretenses, deception, fraud, schemes or artifices to deceive or defraud, material misrepresentations, or the failure to disclose material facts.

N.D.C.C. § 26.1-02.1-01(3).

[22] Lafrenz pled guilty to counterfeiting in Case No. 08-2019-CR-03663 which is a criminal act of dishonesty. N.D.C.C. § 26.1-02.1-02.1(3)(a) states the Commissioner “shall deny” a

license to an applicant who has been convicted of a criminal act of dishonest. The use of shall means the Commissioner does not have discretion. Therefore, the greater weight of the evidence supports the Departments denial of Lafrenz's application on these grounds.

[23] The Commissioner also has discretionary authority under N.D.C.C. § 26.1-26-42(5) to deny a license to an applicant convicted of a felony or offense that has a direct bearing on the person's ability to serve the public and the person is not sufficiently rehabilitated. A conviction for counterfeiting has a direct bearing on a person's ability to serve as an insurance producer.

Factors to consider whether an application is sufficiently rehabilitated are:

- a. The nature of the offense and whether it has a direct bearing upon the qualifications, functions, or duties of the specific occupation, trade, or profession.
- b. Information pertaining to the degree of rehabilitation of the convicted person.
- c. The time elapsed since the conviction or release. Completion of a period of five years after final discharge or release from any term of probation, parole or other form of community corrections, or imprisonment, without subsequent conviction shall be deemed prima facie evidence of sufficient rehabilitation.

N.D.C.C. § 12.1-33-02.1(2). While not specifically addressed by the Department in this case, Lafrenz filed her License application within weeks of completing probations and not the five years as specified by the statute. Therefore, the Department was within its discretion to deem Lafrenz not sufficiently rehabilitated.

[24] Before approving an application, the Department must verify certain requirements including that the applicant has not committed any act that constitutes grounds for denial, suspension, or revocation as set forth under N.D.C.C. § 26.1-26-42. *Id.* N.D.C.C. § 26.1-26-42 lists the conditions for which the Commissioner may refuse to issue any license. The following conditions are applicable to this case:

1. A materially untrue statement in the license application.
2. An acquisition or attempt to acquire a license through misrepresentation or fraud.

5. The applicant or licensee has been convicted of a felony or convicted of an offense, as defined by section 12.1-01-04, determined by the commissioner to have a direct bearing upon a person's ability to serve the public as an insurance producer, insurance consultant, or surplus lines insurance producer, or the commissioner finds, after conviction of an offense, that the person is not sufficiently rehabilitated under section 12.1-33-02.1.

N.D.C.C. § 26.1-26-42 (1), (2), and (5). An insurance producer is defined as, “a person required to be licensed under the laws of this state to sell, solicit, or negotiate insurance.” N.D.C.C. § 26.1-26-02(6).

[25] Under this authority, the Department found that Lafrenz’s misstatements regarding the circumstances of the counterfeiting charges were materially false statements, and her actions could be inferred as an attempt to acquire a license through misrepresentation. The greater weight of the evidence establishes that Lafrenz attempted to minimize her criminal history and nature of the counterfeiting conviction. The evidence does not establish that her intent was to use fraudulent means to obtain a License. Lafrenz however did make materially untrue statement son her application mainly by omitting information which under the statute is sufficient grounds to deny a License.

[26] The Department also denied Lafrenz’s application under N.D.C.C. § 26.1-26-15 which requires the commissioner to deem an applicant competent, trustworthy, financially responsible, and of good moral and business reputation. The Department found Lafrenz’s criminal history and civil judgments concerning. The Century Code does not define the terms competent, trustworthy, financially responsible, or moral or business reputation. When considering the ordinary meaning for such characteristics, personal judgment is required to determine whether an applicant possesses these qualities. The greater weight of the evidence supports the Departments judgment and assessment given the nature of Lafrenz’s criminal history, the recency of some of

the charges, the fact that she committed additional offenses while on supervised probation, and the failure to self-report all her criminal history. Lafrenz's testimony that she sought her criminal history from Burleigh County and was not provided the documentation regarding the Sioux County charges is credible and understandable. However, the Sioux County cases were recent enough that Lafrenz should have remembered these charges and self-reported the information she remembered.

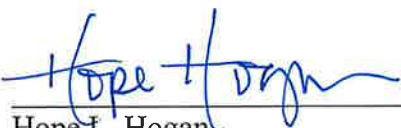
[27] The greater weight of the evidence supports the Departments denial of Lafrenz's license.

RECOMMENDED ORDER

[28] The Decision denying Natasha Lafrenz's a resident insurance producer license should be **AFFIRMED.**

Dated at Bismarck, North Dakota, this 6 day of February 2024.

State of North Dakota
Insurance Department

By: 

Hope L. Hogan
Administrative Law Judge
Office of Administrative Hearings
2911 North 14th Street – Suite 303
Bismarck, North Dakota 58503
Telephone: (701) 328-3200

EXHIBIT LIST

Matter	In the Matter of: Natasha Lafrenz ND Insurance Department – license denial		OAH File No. 20230446				
Hearing	January 22, 2024	Dept – ND Insurance Department NL – Natasha Lafrenz					
No.	Description	Mkd	Idd	Ofd	W/D	Adm	Note
1	Application for ND Individual Residence Insurance Producer License and attachments	X		Dept		X	
2	Department and Lafrenz emails	X		Dept		X	
3	Department denial letter dated 12/19/23	X		Dept		X	
4	Department denial letter dated 01/04/24	X		Dept		X	
5	Burleigh County criminal judgment (Case No. 08-2019-CR-03663)	X		Dept		X	
6	Burleigh County criminal judgment (Case No. 08-2021-CR-03981)	X		Dept		X	
7	Sioux County criminal judgment (Case No. 43-2020-CR-00019)	X		Dept		X	
8	Sioux County criminal judgment (Case No. 43-2022-CR-00007)	X		Dept		X	
9	Sioux County criminal judgment (Case No. 43-2022-CR-00059)	X		Dept		X	
10	Department and Lafrenz emails	X		Dept		X	
11	Request for appointment of ALJ	X		Dept		X	
12	Civil Judgment (Case No. 30-2015-CV-288)	X		Dept		X	
13	Civil Judgment (Case No. 30-2021-CV-922)	X		Dept		X	
14	Civil Judgment (Case No. 30-2019-CV-448)	X		Dept		X	
15	Civil Judgment (Case No. 30-2021-CV-1014)	X		Dept		X	
16	Application for ND Individual Residence Insurance Producer License attestation page	X		Dept		X	

STATE OF NORTH DAKOTA
INSURANCE DEPARTMENT

IN THE MATTER OF:

Natasha Lafrenz

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ORDER

OAH File No. 20230446

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The evidence of record has been considered and appraised. The administrative law judge's recommended findings are adopted. The December 19, 2023 determination denying Natasha Lafrenz a residence insurance producer license is AFFIRMED.

Dated at Bismarck, North Dakota this ____ day of _____, 2024.

Jon Godfreed
Insurance Commissioner

STATE OF NORTH DAKOTA
INSURANCE DEPARTMENT

IN THE MATTER OF:

Natasha Lafrenz

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**CERTIFICATE
OF SERVICE**

OAH File No. 20230446

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The undersigned certifies that the original **RECOMMENDED FINDINGS OF FACT, CONCLUSIONS OF LAW, AND RECOMMENDED ORDER** and proposed final **ORDER** were mailed, inside mail, at the State Capitol on the 6 day of February 2024 to:

Johannes Palsgraaf
Santana Edison
Legal Counsel – Insurance Department
600 East Boulevard Avenue
Bismarck, ND 58505

and that a true and correct copy of the above document was mailed, regular mail, on the 6 day of February 2024 to:

Natasha Lafrenz
3108 Devon Drive
Bismarck, ND 58504

OFFICE OF ADMINISTRATIVE HEARINGS
Hope L. Hogan, Administrative Law Judge



Louise Wetzel

STATE OF NORTH DAKOTA
INSURANCE DEPARTMENT

IN THE MATTER OF:

Natasha Lafrenz

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ORDER

OAH File No. 20230446

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The evidence of record has been considered and appraised. The administrative law judge's recommended findings are adopted. The December 19, 2023 determination denying Natasha Lafrenz a residence insurance producer license is AFFIRMED.

Dated at Bismarck, North Dakota this 31st day of February, 2024.



Jon Godfread
Insurance Commissioner