

**NORTH CAROLINA DEPARTMENT OF INSURANCE
RALEIGH, NORTH CAROLINA**

**STATE OF NORTH CAROLINA
COUNTY OF WAKE**

**BEFORE THE COMMISSIONER
OF INSURANCE**

**IN THE MATTER OF THE LICENSURE
OF JEFF DEMO
NPN No. 2354322**

**VOLUNTARY SETTLEMENT
AGREEMENT**

NOW COME Jeff Demo (hereinafter "Mr. Demo") and the North Carolina Department of Insurance (hereinafter ADepartment@), and hereby voluntarily and knowingly enter into the following Voluntary Settlement Agreement (hereinafter Athis Agreement@):

WHEREAS, the Department has the authority and responsibility for enforcement of the insurance laws of this State, and for regulating and licensing insurance agents; and

WHEREAS, Mr. Demo is a North Carolina resident with an active license issued by the Department in the areas of Property, Accident & Health or Sickness, Casualty, and Life, and his National Producer Number is 2354322; and

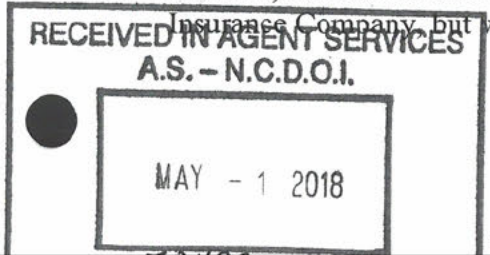
WHEREAS, on or about 2006, Mr. Demo declared bankruptcy which he failed to report to the Department in violation of N.C.G.S. § 58-33-46(c); and

WHEREAS, sometime prior to 2003, the owners of Reeger Builders, Inc. and Kitchen Creations of Gastonia, Inc. purchased insurance coverage through Erie Insurance Company on their building from Leatherman insurance agency; and

WHEREAS, sometime after 2003 and prior to 2006, Jeff Demo's insurance agency purchased the book of business from the Leatherman Agency which contained the Reeger Builders, Inc. and Kitchen Creations of Gastonia, Inc policy; and

WHEREAS, thereafter, through Jeff Demo's employee Christina Shuford, the policy with Erie Insurance Company was cancelled and the coverage moved to Central Mutual Insurance Company; and

WHEREAS, on or about June 2006, a fire occurred which damaged the property of Reeger Builders, Inc. and Kitchen Creations of Gastonia, Inc., and they filed a claim with Central Mutual Insurance Company, but were not satisfied with their compensation from the insurance company



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and subsequently filed a lawsuit in 2008 in Gaston County Superior Court File No. 08 CVS 5609 against Jeff Demo, his insurance agency, and Central Mutual Insurance Company; and

WHEREAS, the substance of the allegations of the plaintiffs' complaint in the Gaston County Superior Court File No. 08 CVS 5609 were that the plaintiffs' insurance policy was misrepresented to them by Mr. Demo at the time they entered into it or at some subsequent time prior to the 2006 fire, causing the plaintiffs to believe they had more coverage on their building than they in fact did; and

WHEREAS, the plaintiffs subsequently entered into a settlement with Central Mutual Insurance Company and dismissed the insurance company from their lawsuit; and

WHEREAS, on or about September 23, 2011, a default judgment with a monetary award was entered against Mr. Demo and his incorporated insurance agency in Gaston County Superior Court File No. 08 CVS 5609; and and

WHEREAS, in April 2017, approximately 11 years after the initial 2006 fire claim, 9 years after the filing of the 2008 Gaston County civil lawsuit, and six years after entry of the civil judgment in that lawsuit, the Department received a complaint from the owners of Reeger Builders, Inc., and Kitchen Creations of Gastonia, Inc. through their attorney concerning the same factual allegations underlying their Gaston County legal action in Gaston County Superior Court File No. 08 CVS 5609, and also complaining about the resulting unpaid 2011 judgment; and

WHEREAS, the Department has reviewed all documentation contained in the Gaston County court file and the 2010 deposition of Mr. Demo from that same action, and the Department has also interviewed Mr. Demo and obtained additional documentation from Mr. Demo; and

WHEREAS, Mr. Demo admits that he has an unpaid judgment related to the Gaston County lawsuit, but denies the substantive allegations underlying the lawsuit, claiming that he never met with the plaintiffs at any time and that the plaintiffs' business was handled by another employee, Christina Shuford, who was not named in the lawsuit and who was never interviewed or deposed in connection with the lawsuit; and

WHEREAS, Mr. Demo explained to the Department that after spending approximately \$50,000 on legal fees to defend the Gaston County lawsuit, he did not have the ability to pay for additional legal fees and lost his legal counsel while this civil action was still ongoing. Mr. Demo thereafter attempted to defend the legal action *pro se* as to the lawsuit against himself but had difficulties due to his lack of formal legal procedural knowledge, and Mr. Demo was not allowed to legally represent his companies, and subsequently a default judgment was entered; and

WHEREAS, Gaston Co. court documents revealed that plaintiffs later successfully brought an action to "pierce the veil" of the corporate defendants in in Gaston County Superior Court File No. 08 CVS 5609 and thus the monetary judgment became Mr. Demo's responsibility; and

WHEREAS, the monetary judgment remains unpaid; and

WHEREAS, Mr. Demo's unpaid civil judgment from Gaston County Superior Court File No. 08 CVS 5609 constitutes financial irresponsibility pursuant to N.C.G.S. § 58-33-46(a)(8); and

WHEREAS, Mr. Demo's violations of N.C.G.S. § 58-33-46(c) relating to his unreported bankruptcy and N.C.G.S. § 58-33-46(a)(8) related to his unpaid civil judgment are violations of the insurance laws for which his license could be revoked pursuant to N.C.G.S. § 58-33-46(a)(2); and

WHEREAS, a review of the Department's records show that Mr. Demo has had no other consumer complaints or administrative actions related to his North Carolina insurance licenses since he was licensed by the Department in 1996; and

WHEREAS, Mr. Demo has agreed to settle, compromise, and resolve the matters referenced in this Agreement, and the Department has agreed not to pursue additional penalties, sanctions, remedies, or restitution based on these matters against Mr. Demo; and

WHEREAS, pursuant to N.C.G.S. § 58-2-70(g), the Commissioner of Insurance and the Department have the express authority to negotiate a mutually acceptable agreement with any person as to the status of the person's license or certificate or as to any civil penalty or restitution; and

WHEREAS, the parties to this Agreement mutually wish to resolve this matter by consent before the Department initiates an administrative hearing concerning this matter; and

WHEREAS, the parties to this Agreement have reached a mutually agreeable resolution of this matter as set out in this Agreement;

NOW, THEREFORE, in exchange for, and in consideration of the promises and agreements set out herein, the Department and Mr. Demo hereby agree to the following:

1. Mr. Demo agrees to pay a civil penalty of **five hundred dollars (\$500.00)** to the Department. The civil penalty must be in the form of a check, cashier's check or money order, and must be received by the Department contemporaneously with the executed Voluntary Settlement Agreement, signed by Mr. Demo, no later than **April 30, 2018**.
2. Mr. Demo enters into this Agreement freely and voluntarily and with knowledge of his right to have an administrative hearing on this matter. Mr. Demo understands that he may consult with an attorney prior to entering into this Agreement.

3. This Agreement does not in any way affect the Department's disciplinary power in any future examinations of Mr. Demo or in any other complaints involving Mr. Demo.
4. The parties to this Agreement agree that this Agreement shall have the full force and effect of an Order of the Commissioner. Mr. Demo understands that N.C.G.S. 58-33-46(a)(2) provides that his licenses may be revoked for violating an Order of the Commissioner.
5. Mr. Demo has read and understands this Agreement and agrees to abide by the terms and conditions stated herein.
6. This Agreement, when finalized, will be a public record and is not confidential. Any and all licenses issued by the Department to the licensee shall reflect that Regulatory Action has been taken against the licensee following the execution of this Agreement. The Department is free to disclose the contents of this Agreement with third parties upon request or pursuant to any law or policy providing for such disclosure. The Department routinely provides copies of voluntary settlement agreements to the NAIC and all companies that have appointed the licensee.
7. This Voluntary Settlement Agreement shall become effective when signed and attested to by Mr. Demo and the Department.

This the 22nd day of May, 2018.

NORTH CAROLINA DEPARTMENT OF
INSURANCE


Jeff Demo

By: 

Teresa Knowles /
Senior Deputy Commissioner