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Insurance Department  
2 Office of the Commissioner of Securities and Insurance  
Montana State Auditor's Office  
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Helena, MT 59601  
4 Telephone: (406) 444-5223

5 Attorney for the Insurance Department

6  
7 BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE  
OFFICE OF THE STATE AUDITOR  
8 STATE OF MONTANA

9  
10 IN THE MATTER OF THE PROPOSED )  
AGENCY ACTION REGARDING THE )  
INSURANCE PRODUCER LICENSE OF )  
11 EDWARD B. DUPUIS, License #740189, )  
12 Respondent. )

Case No. 2011-52

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NOTICE OF PROPOSED  
AGENCY ACTION AND  
OPPORTUNITY FOR HEARING  
(Revocation of License)

14 TO: Edward B. Dupuis  
15 P.O. Box 59  
16 Melrose, MT 59743

17 PLEASE TAKE NOTICE:

18 Staff of the Insurance Department in the office of the Commissioner of Securities and  
19 Insurance, Montana State Auditor, (Commissioner), by and through legal counsel, Jennifer  
20 Massman, and pursuant to the authority of the Montana Insurance Code, Mont. Code Ann. § 33-  
21 1-101, *et seq.*, is proposing that the Commissioner take disciplinary action against the insurance  
22 producer license of Edward B. Dupuis for violations of Title 33, Chapter 17 of the Montana Code  
23 Annotated. Specifically, staff is proposing revocation of the individual insurance producer  
24 license. The Commissioner has authority to take such action under the provisions of Mont. Code  
25 Ann. §§ 33-1-311, 33-1-314, 33-1-317, 33-17-211, 33-17-1001, and 33-17-1002.

26 Service of process is effective by mail pursuant to Mont. Code Ann. § 33-1-314.

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1 Stipulation and Consent further states that Dupuis' actions constitute "a breach of his fiduciary  
2 duty," involve "personal dishonesty," and demonstrate "willful or continuing disregard by  
3 Dupuis for the safety or soundness of the Association [Pioneer Federal Savings and Loan  
4 Association]." See Stipulation and Consent, page 3.

#### 5 CONCLUSIONS OF LAW

6 1. The State Auditor is the Commissioner of Insurance pursuant to Mont. Code Ann.  
7 § 2-15-1903.

8 2. The Montana Insurance Department (Department) is under the control and  
9 supervision of the Commissioner of Insurance pursuant to Mont. Code Ann. §§ 2-15-1902 and  
10 33-1-301.

11 3. The Commissioner of Insurance shall administer the Department to protect  
12 insurance consumers pursuant to Mont. Code Ann. § 33-1-311.

13 4. Pursuant to Mont. Code Ann. § 33-1-102, a person or entity may not transact a  
14 business of insurance in Montana or a business relative to a subject resident, located, or to be  
15 performed in Montana without complying with the applicable provisions of the Montana  
16 Insurance Code.

17 5. Pursuant to Mont. Code Ann. § 33-17-201, an insurance producer license from the  
18 Department must be obtained prior to holding oneself out to be an insurance producer or acting  
19 as an insurance producer for subjects of insurance located, residing, or to be performed in  
20 Montana.

21 6. Pursuant to Mont. Code Ann. § 33-17-1001(1)(a), the Commissioner may  
22 suspend, revoke, refuse to renew, or refuse to issue an insurance producer's license and/or may  
23 levy a civil penalty in accord with Mont. Code Ann. § 33-1-317 if a producer or applicant has  
24 engaged in any act or practice for which issuance of the license could have been refused.

25 7. Pursuant to Mont. Code Ann. § 33-17-211(1)(f), the Commissioner may refuse to  
26 issue a producer license if the applicant is not competent, trustworthy and of good reputation.

27 8. The Stipulation and Consent and the Order of Prohibition issued by the OTS in  
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1 regard to Dupuis' actions while employed as a loan officer at Pioneer Federal Savings and Loan  
2 Association indicate that Dupuis is not competent, trustworthy and of good reputation.

3 9. Dupuis is in violation of Mont. Code Ann. §§ 33-17-1001(1)(a) and 33-17-  
4 211(1)(f) based on the Stipulation and Consent and the Order of Prohibition issued by the OTS.  
5 Accordingly, the Commissioner may suspend, revoke, refuse to renew, or refuse to issue an  
6 insurance producer's license and/or may levy a civil penalty in accord with Mont. Code Ann. §  
7 33-1-317 against Dupuis.

### 8 **RELIEF REQUESTED**

9 For violating provisions of the Montana Code Annotated, the Department seeks the  
10 revocation of Dupuis's insurance producer license in accordance with Mont. Code Ann. § 33-17-  
11 1001.

### 12 **STATEMENT OF RIGHTS**

13 You, the Respondent, are entitled to a hearing and to respond to this Notice and present  
14 evidence and arguments on all issues involved in this case. You may have a formal hearing  
15 before a hearing examiner appointed by the Commissioner as provided in the Montana  
16 Administrative Procedure Act. Mont. Code Ann. § 2-4-601, *et seq.*

17 You have a right to be represented by an attorney at any and all stages of this proceeding.

18 If you wish to resist the proposed action under the jurisdiction of the Commissioner, you  
19 must submit a written request for a hearing within twenty (20) days of the date you receive this  
20 Notice to Jennifer Massman, Attorney for the Insurance Department, Office of the Commissioner  
21 of Securities and Insurance, State Auditor's Office, 840 Helena Ave, Helena, Montana 59601.  
22 While so advising Ms. Massman, your written notice must clearly indicate whether you request a  
23 hearing, or whether you waive formal proceedings and, if so, what informal proceedings you  
24 prefer for handling this case. Pursuant to Mont. Code Ann. § 2-4-603(2), you may not request to  
25 proceed informally if the action could result in suspension, revocation or any other adverse action  
26 against a professional license. If you request a hearing, you will be given notice of the date, time,  
27 and place of the hearing.



CERTIFICATE OF SERVICE

I hereby certify that on the 28 day of FEBRUARY, 2011, I served a true and accurate copy of the foregoing Notice of Proposed Agency Action and Opportunity for Hearing upon the Respondent, by first class mail, postage prepaid, at the following address:

Edward B. Dupuis  
P.O. Box 59  
Melrose, MT 59743

Daala Sautter

# **Exhibit A**

**UNITED STATES OF AMERICA**  
**Before The**  
**OFFICE OF THRIFT SUPERVISION**

In the Matter of	)	Order No.: DC 10-052
	)	
EDWARD B. DUPUIS	)	Effective Date: December 28, 2010
Former Loan Officer	)	
Institution-Affiliated Party of	)	
Pioneer FS & LA	)	
Deer Lodge., Montana	)	
OTS Docket No. 03583	)	

**STIPULATION AND CONSENT TO THE ISSUANCE OF AN**  
**ORDER OF PROHIBITION**

**WHEREAS**, the Office of Thrift Supervision (OTS), acting by and through its Deputy Director of Examinations, Supervision and Consumer Protection (Deputy Director), and based upon information derived from the exercise of its regulatory and supervisory responsibilities, has informed Edward B. Dupuis (DUPUIS), a former loan officer of Pioneer FS & LA, Deer Lodge, Montana, OTS Docket No. 03583 (Pioneer or the Association), that grounds exist to initiate an administrative prohibition proceeding against him pursuant to 12 USC § 1818(e); and

**WHEREAS**, the Deputy Director, pursuant to delegated authority, is authorized to issue Orders of Prohibition where the individual has consented to the issuance of an order; and

**WHEREAS**, DUPUIS desires to cooperate with OTS and to avoid the time and expense of such administrative prohibition proceeding by entering into this Stipulation and Consent to the Issuance of an Order of Prohibition (Stipulation) and, without admitting or denying that such

Issuance of an Order of Prohibition (Stipulation) and, without admitting or denying that such grounds exist, or the Findings of Fact or opinions and conclusions of OTS, but only admitting the statements and conclusions in Paragraph 1 below concerning Jurisdiction, hereby stipulates and agrees to the following:

1. **Jurisdiction.**

- a. The PIONEER is a “savings association” within the meaning of 12 USC § 1813(b) and 12 USC § 1462(4). Accordingly, the Association is an “insured depository institution” as that term is defined in 12 USC § 1813(c);
- b. DUPUIS is a former loan officer of the Association and is an “institution-affiliated party” as defined in 12 USC § 1813(u) and served in such capacity within six (6) years of the Effective Date as shown on the first page (see 12 USC § 1818(i)(3)); and
- c. Pursuant to 12 USC § 1813(q), the Director of OTS is the “appropriate Federal banking agency” with jurisdiction to maintain an administrative prohibition proceeding against savings associations and institution-affiliated parties. Therefore, DUPUIS is subject to the jurisdiction of OTS to initiate and maintain an administrative prohibition proceeding against him pursuant to 12 USC § 1818(e).

2. **OTS Findings of Fact.**

In November 2010, while DUPUIS was a loan officer at Pioneer, DUPUIS fraudulently and without authorization, altered and by forgery created a \$230,000.00 residential loan and supporting loan documents of a customer. Accordingly:

- a. DUPUIS has, directly or indirectly, violated (as defined in 12 USC § 1813(v)) a law or regulation, and/or a final cease-and-desist order, and/or a condition imposed in writing by a Federal banking agency in connection with the grant of an application or other request by the Association, and/or any written agreement between the Association and OTS; and/or engaged or participated in any unsafe or unsound practices in connection with the Association; and/or committed or engaged in any act, omission, or practice which constitutes a breach of his fiduciary duty;
- b. And, by reason of such violation, practice, or breach by DUPUIS, Pioneer has suffered or will probably suffer financial loss or other damage; and/or the interests of the Association's depositors have been or could be prejudiced; and/or DUPUIS has received financial gain or other benefit by reason of such violation, practice, or breach;
- c. And, such violation, unsafe or unsound practice, or breach by DUPUIS: involves personal dishonesty on the part of DUPUIS; and/or demonstrates willful or continuing disregard by DUPUIS for the safety or soundness of the Association.

3. **Consent.**

DUPUIS consents to the issuance by OTS of the accompanying Order of Prohibition (Order). DUPUIS further agrees to comply with the terms of the Order upon the Effective Date of the Order and stipulates that the Order complies with all requirements of law.

4. **Finality.**

The Order is issued by OTS under 12 USC § 1818(e) and upon the Effective Date it shall be a final order, effective and fully enforceable by OTS under the provisions of 12 USC § 1818(i).

5. **Waivers.**

DUPUIS waives the following:

- a. The right to be served with a written notice of OTS's charges against him as provided by 12 USC § 1818(e) and 12 CFR Part 509;
- b. The right to an administrative hearing of OTS's charges against him as provided by 12 USC § 1818(e) and 12 CFR Part 509;
- c. The right to seek judicial review of the Order, including, without limitation, any such right provided by 12 USC § 1818(h), or otherwise to challenge the validity of the Order; and
- d. Any and all claims against OTS, including its employees and agents, and any other governmental entity for the award of fees, costs or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, federal statutes or otherwise.

6. **OTS Authority Not Affected.**

Nothing in this Stipulation or accompanying Order shall inhibit, estop, bar or otherwise prevent OTS from taking any other action affecting DUPUIS if at any time OTS deems it appropriate to do so to fulfill the responsibilities placed upon OTS by law.

7. **Other Governmental Actions Not Affected.**

DUPUIS acknowledges and agrees that his consent to the issuance of the Order is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 6 above, and

does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of DUPUIS that arise pursuant to this action or otherwise, and that may be or have been brought by any governmental entity other than OTS.

8. **Acknowledgment of Criminal Sanctions.**

DUPUIS acknowledges that the Stipulation and Order are subject to the provisions of 12 USC § 1818(j), which includes potential imprisonment of not more than five (5) years and/or a fine of not more than \$1,000,000 for his knowing participation, directly or indirectly, in any manner, in the conduct of the affairs of an institution as set forth in the Order.

9. **Miscellaneous.**

- a. The laws of the United States of America shall govern the construction and validity of this Stipulation and the Order;
- b. If any provision of this Stipulation and/or the Order is ruled to be invalid, illegal, or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion determines otherwise;
- c. All references to OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns;
- d. The section and paragraph headings in this Stipulation and the Order are for convenience only and shall not affect the interpretation of this Stipulation or the Order;

- e. The terms of this Stipulation and the Order represent the final agreement of the parties with respect to the subject matters hereof, and constitute the sole agreement of the parties with respect to such subject matters; and
- f. This Stipulation and the Order shall remain in effect until terminated, modified, or suspended in writing by OTS, acting through its Regional Director, or other authorized representative.

WHEREFORE, DUPUIS executes this Stipulation.

Accepted by:

**EDWARD B. DUPUIS**

/s/

By:

Edward B. Dupuis

**OFFICE OF THRIFT SUPERVISION**

/s/

By:

Thomas A. Barnes  
Deputy Director

Date: See Effective Date on page 1

## **Exhibit B**

**UNITED STATES OF AMERICA**  
**Before The**  
**OFFICE OF THRIFT SUPERVISION**

In the Matter of	)	Order No.: DC 10-052
	)	
EDWARD B. DUPUIS	)	Effective Date: December 28, 2010
	)	
Former Loan Officer and	)	
Institution-Affiliated Party of	)	
Pioneer FS & LA	)	
Deer Lodge, Montana	)	
OTS Docket No. 03583	)	

**ORDER OF PROHIBITION**

**WHEREAS**, Edward B. Dupuis (DUPUIS) has executed a Stipulation and Consent to the Issuance of an Order of Prohibition (Stipulation); and

**WHEREAS**, DUPUIS, by executing the Stipulation, has consented and agreed to the issuance of this Order of Prohibition (Order) by the Office of Thrift Supervision (OTS), pursuant to 12 USC § 1818(e); and

**WHEREAS**, pursuant to delegated authority, the OTS Deputy Director of Examinations, Supervision and Consumer Protection (Deputy Director), is authorized to issue Orders of Prohibition where the individual has consented to the issuance of an order.

**NOW, THEREFORE, IT IS ORDERED that:**

**Prohibition.**

1. DUPUIS, except upon the prior written consent of OTS (acting through its Director or an authorized representative thereof) and any other “appropriate Federal financial institutions regulatory agency,” for purposes of 12 USC § 1818(e)(7)(B)(ii), shall not:
  - a. hold any office in, or participate in any manner in the conduct of the affairs of, any institution or agency specified in 12 USC § 1818(e)(7)(A), including, but not limited to:
    - i. any insured depository institution as defined in 12 USC § 1813(c);
    - ii. any institution treated as an insured depository institution under 12 USC §§ 1818(b)(3) and 1818(b)(4) and any subsidiary thereof, or treated as a savings and loan holding company under 12 USC § 1818(b)(9) and any subsidiary thereof;
    - iii. any insured credit union under the Federal Credit Union Act (12 USC §§ 1751 et seq.);
    - iv. any institution chartered under the Farm Credit Act of 1971 (12 USC §§ 2001 et seq.);
    - v. any appropriate Federal depository institution regulatory agency, within the meaning of 12 USC § 1818(e)(7)(D); and
    - vi. the Federal Housing Finance Board and any Federal Home Loan Bank;

- b. solicit, procure, transfer, attempt to transfer, vote, or attempt to vote any proxy, consent, or authorization with respect to any voting rights in any institution described in 12 USC § 1818(e)(7)(A);
- c. violate any voting agreement previously approved by the "appropriate Federal banking agency" within the meaning of 12 USC § 1813(q); or
- d. vote for a director, or serve or act as an "institution-affiliated party," as that term is defined at 12 USC § 1813(u), for an insured depository institution.

**Effective Date, Incorporation of Stipulation.**

2. This Order is effective on the Effective Date as shown on the first page. The Stipulation is made a part hereof and is incorporated herein by this reference.

**Duration.**

3. This Order shall remain in effect until terminated, modified or suspended, by written notice of such action by OTS, acting by and through its authorized representatives.

**Compliance.**

4. DUPUIS shall promptly respond to any request from OTS for documents to demonstrate compliance with this Order.

**IT IS SO ORDERED.**

**OFFICE OF THRIFT SUPERVISION**

By: \_\_\_\_\_

Thomas A. Barnes  
Deputy Director

/s/

Date: See Effective Date on page 1