

STATE OF WASHINGTON

MIKE KREIDLER  
STATE INSURANCE COMMISSIONER

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FILED

OFFICE OF  
INSURANCE COMMISSIONER

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HEARINGS UNIT  
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BEFORE THE STATE OF WASHINGTON  
OFFICE OF INSURANCE COMMISSIONER

In the Matter of )  
 )  
**Chad M. Verginia,** )  
 )  
Licensee. )

**Docket No. 11-0239**  
**FINDINGS OF FACT,**  
**CONCLUSIONS OF LAW,**  
**AND FINAL ORDER**

**TO:** Chad M. Verginia  
314 Avenue J #8  
Snohomish, WA 98290

**COPY TO:** Mike Kreidler, Insurance Commissioner  
Michael G. Watson, Chief Deputy Insurance Commissioner  
John F. Hamje, Deputy Commissioner, Consumer Protection Division  
Charles Brown, Senior Staff Attorney, Legal Affairs Division  
Carol Sureau, Deputy Commissioner, Legal Affairs Division  
Office of the Insurance Commissioner  
PO Box 40255  
Olympia, WA 98504-0255

Pursuant to Title 48 RCW and particularly RCW 48.04.010; Title 34 RCW and particularly 34.05.434, 34.05.461 and, for good cause shown, 34.05.458(8); and regulations applicable thereto, and after notice to all interested parties and persons the above-entitled matter came on regularly for hearing before the Washington State Insurance Commissioner commencing at 10:00 a.m. on December 15, 2011. All persons to be affected by the above-entitled matter were given the right to be present at such hearing during the giving of testimony, and had reasonable opportunity to inspect all documentary evidence. The Insurance Commissioner appeared pro se, by and through Charles Brown, Esq., Senior Staff Attorney in his Legal Affairs Division. Chad M. Verginia appeared pro se and represented himself throughout the proceedings.



### NATURE OF PROCEEDING

The purpose of the hearing was to take testimony and evidence and hear arguments as to whether the Insurance Commissioner's Order Revoking License No. 11-0239 issued on October 18, 2011, revoking the Washington resident insurance producer's license of Chad M. Verginia (Licensee), should be confirmed, set aside or modified. The Insurance Commissioner's Order Revoking License, entered October 18, 2011, is based primarily on the Commissioner's determination that the Licensee made a false representation on his application for an insurance producer's license by answering "No" to the question regarding criminal history when subsequent results of a law enforcement criminal background check indicated the Licensee had at least two criminal convictions on his criminal record. On November 3, 2011, the Licensee filed a Demand for Hearing to contest the Commissioner's Order.

### FINDINGS OF FACT

Having considered the evidence and arguments presented at the hearing, and the documents on file herein, the undersigned presiding officer designated to hear and determine this matter finds as follows:

1. The hearing was duly and properly convened and all substantive and procedural requirements under the laws of the state of Washington have been satisfied. This Order is entered pursuant to Title 48 RCW and specifically RCW 48.04; Title 34 RCW; and regulations pursuant thereto.

2. Chad M. Verginia ("Licensee") is an approximately 27 year old individual who held a producer's license issued by the Washington State Office of the Insurance Commissioner ("OIC") in 2002 to conduct personal lines. He held this license for a few years. He then did not hold said license for a period of time, and in February 2011 he decided to apply again for a Washington resident producer's license. [Testimony of the Licensee, Chad M. Verginia.]

3. On February 3, 2011, the Licensee submitted an Application for a Washington resident insurance producer's license to the OIC. Question No. 1 in that Application asks *Have you ever been convicted of a crime, had a judgment withheld or deferred, or are you currently charged with committing a crime?* In response to that question the Licensee replied "No." [Ex. 1, Licensee's Application for a Washington resident producer's license dated February 3, 2011.]

4. Based upon the Licensee's answers in his Application, the OIC issued the Licensee a Washington resident insurance producer's license on February 9, 2011, License No. WAOIC#230519. Testimony of Jeff Baughman, OIC Licensing Manager.]

5. After the OIC issued the Licensee a resident producer's license, the OIC received the results of a law enforcement criminal background check which reflects that the Licensee was

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convicted in August 2008 in Kirkland Municipal Court of the crime of Criminal Trespass and the Licensee was also convicted in the Superior Court of Washington for King County in May 2000 of the crime of Communication with a Minor for Immoral Purposes under RCW 9.68A.090 [Court Documents, Exs. 5 and 6; Testimony of Baughman.] While the OIC questioned the Licensee in February 2011 about these crimes, the Licensee was not cooperative in providing the court documents required by the OIC. [Ex. 4, February 25 and 28, March 11 and 23, April 6 and 27 and May 2, 2011 emails to and from the OIC and the Licensee.] In addition, while on March 23, 2011, the OIC advised the Licensee that the FBI background information revealed additional charges of rape of a child on 2/25/1999 and residential burglary on 9/2/2007 [Ex. 3, FBI Report] and advised the Licensee that he was required to provide to the OIC the court documents pertaining to these charges including payment of fines, time served, and completion of probation [Ex. 4, March 23, 2011 email from the OIC to the Licensee], it appears that the Licensee did not comply with these requirements and chose to ignore these charges in his various responses to the OIC. [Ex. 4, emails from the OIC to the Licensee dated March 23 and April 27, 2011, emails from the Licensee to the OIC dated April 26 and 27 and May 2, 2011.] The Licensee is currently required to register as a sex offender in the city in which he resides. [Testimony of Licensee, Chad M. Verginia.]

6. By falsely answering "No" to Question No. 1 in his Application for a Washington resident producer's license, the Licensee knowingly made a false representation in his Application for a producer's license and obtained a license through fraud or misrepresentation and provided incorrect and materially untrue information in a license application.

7. By reason of his conduct in obtaining an insurance producer's license in Washington, the Licensee has shown himself to be, and is so deemed to be, untrustworthy and a source of injury and loss to the public and not qualified to be an insurance producer in Washington.

8. Jeff Baughman, Licensing Manager of the OIC and author of the emails included in Ex. 4 herein, appeared as the sole witness for the OIC. Mr. Baughman presented his testimony in a detailed and credible manner and exhibited no apparent biases.

9. The Licensee, Chad M. Verginia, appeared as the sole witness on his own behalf. Mr. Verginia's testimony was not credible. While he stated that "I can't deny that I did it" and "I skipped over a bunch of convictions that I did not know I had to report" it did not appear that his omissions in his Application for a producer's license were other than intentional, particularly when considered with Ex. 4 where the Licensee appears to have never provided the OIC with the court documents concerning his charges for Rape of a Child and for Residential Burglary as was specifically required by the OIC.

10. It is reasonable that the OIC's Order Revoking License of Chad M. Verginia be upheld.

**CONCLUSIONS OF LAW**

Based upon the above Findings of Facts, the undersigned makes the following conclusions:

1. By answering "No" to Question No. 1 on his Application for a Washington resident producer's license the Licensee knowingly made a false representation in his application for an insurance producer's license, and in so doing knowingly made a false representation relative to the business of insurance or relative to any person engaged therein, and thereby violated RCW 48.30.040.

2. RCW 48.17.530(1) authorizes the OIC to place on probation, suspend, revoke, or refuse to issue or renew a producer's license for (a) providing incorrect or materially untrue information in the license application, (b) violating any insurance laws, (c) obtaining a license through misrepresentation or fraud, or (h) demonstrating incompetence or untrustworthiness in this state. By answering "No" to Question No. 1 on his application for a Washington resident producer's license, the Licensee violated RCW 48.17.530(1)(a)(b), (c) and demonstrated his untrustworthiness in this state as contemplated by (h), and therefore it is hereby concluded that the Licensee's Washington resident producer's license should be revoked pursuant to RCW 48.17.530(1).

3. Based upon the above Findings of Facts and Conclusions of Law, the Licensee should be required to surrender his Washington resident producer's license within ten days of the date of entry of the Order herein, pursuant to RCW 48.17.530(4).

**ORDER**

On the basis of the foregoing Findings of Facts and Conclusions of Law, to the effect that the Licensee has violated RCW 48.30.040, committed acts contemplated by RCW 48.17.530(1)(a), (b), and (c), and has thereby demonstrated untrustworthiness in this state as contemplated by RCW 48.17.530(1)(h), and that the Licensee's Washington resident producer's license should therefore be revoked pursuant to RCW 48.17.530(1),

**IT IS HEREBY ORDERED** that the Washington State Insurance Commissioner's Order Revoking License, No. 11-0239, revoking the Washington resident insurance producer's license of Chad M. Verginia, is UPHELD.

**IT IS FURTHER ORDERED** that the Licensee, Chad M. Verginia, shall surrender his Washington resident insurance producer's license certificate to the Office of the Insurance Commissioner, 5000 Capitol Blvd., Tumwater, WA, 98501, within ten (10) days of the date of this Order.

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ENTERED AT TUMWATER, WASHINGTON, this 15<sup>th</sup> day of March, 2012, pursuant to Title 48 RCW and specifically RCW 48.04 and Title 34 RCW, and regulations applicable thereto.

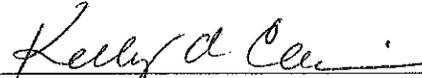
  
\_\_\_\_\_  
PATRICIA D. PETERSEN  
Chief Hearing Officer  
Presiding Officer

Pursuant to RCW 34.05.461(3), the parties are advised that they may seek reconsideration of this order by filing a request for reconsideration under RCW 34.05.470 with the undersigned within 10 days of the date of service (date of mailing) of this order. Further, the parties are advised that, pursuant to RCW 34.05.514 and 34.05.542, this order may be appealed to Superior Court by, within 30 days after date of service (date of mailing) of this order, 1) filing a petition in the Superior Court, at the petitioner's option, for (a) Thurston County or (b) the county of the petitioner's residence or principal place of business; and 2) delivery of a copy of the petition to the Office of the Insurance Commissioner; and 3) depositing copies of the petition upon all other parties of record and the Office of the Attorney General.

Declaration of Mailing

I declare under penalty of perjury under the laws of the State of Washington that on the date listed below, I mailed or caused delivery through normal office mailing custom, a true copy of this document to the following people at their addresses listed above: Chad M. Verginia, Mike Kreidler, Michael G. Watson, John F. Hamje, Esq., Charles Brown, Esq., and Carol Sureau, Esq.,

DATED this 15<sup>th</sup> day of March, 2012.

  
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KELLY A. CAIRNS