



OFFICE OF  
INSURANCE COMMISSIONER

FILED

2012 JUN 26 P 1:47

HEARINGS UNIT  
Fax: (360) 664-2782

Patricia D. Petersen  
Chief Hearing Officer  
(360) 725-7105

Kelly A. Cairns  
Paralegal  
(360) 725-7002  
KellyC@oic.wa.gov

Hearing Officer  
Patricia D. Peterson  
Chief Hearing Officer

BEFORE THE STATE OF WASHINGTON  
OFFICE OF INSURANCE COMMISSIONER

In the Matter of	)	<b>Docket No. 11-0282</b>
	)	
<b>JEFFREY S. HOLLINGSWORTH,</b>	)	<b>FINDINGS OF FACT,</b>
	)	<b>CONCLUSIONS OF LAW,</b>
Licensee.	)	<b>AND FINAL ORDER</b>
_____	)	

**TO:** Jeffrey S. Hollingsworth  
8518-D Main Street E  
Bonney Lake, WA 98391

**COPY TO:** Mike Kreidler, Insurance Commissioner  
Michael G. Watson, Chief Deputy Insurance Commissioner  
John F. Hamje, Deputy Commissioner, Consumer Protection Division  
Robin Aronson, 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 RCW 34.05.434, 34.05.461, 48.04.010 and WAC 10-08-210, 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 March 28, 2012. 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 ("OIC") appeared pro se, by and through Robin Aronson, Esq., Staff Attorney in his Legal Affairs Division. Jeffrey S. Hollingsworth appeared pro se and represented himself throughout the proceedings.



FINDINGS OF FACT, CONCLUSIONS OF LAW  
AND FINAL ORDER

11-0282

Page - 2

**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. 11-0282, entered December 5, 2011, revoking the Washington nonresident insurance producer's license of Jeffrey S. Hollingsworth ("Licensee") should be confirmed, set aside or modified. Said Order Revoking License is based on the Commissioner's allegations that the Licensee (1) failed to reply to the OIC in four separate instances, in violation of RCW 48.17.475; (2) failed to notify the OIC of a change in address within thirty days of the change as required by WAC 284-17-005; and (3) failed to report to the OIC the administrative action taken against him by the Financial Industry Regulatory Authority, in violation of RCW 48.17.597. On December 15, 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. Jeffrey Hollingsworth ("Licensee") is a fifty year old individual who is a resident of Washington and Texas. He has held a Washington nonresident life and disability producer's license, WAOIC No. 702661, issued to him by the Washington State Insurance Commissioner ("OIC") on May 15, 2007. He was also licensed to sell variable lines of insurance in Washington until September 2, 2011 when the OIC cancelled this variable lines license due to the fact that the Licensee's registration with the Financial Industry Regulatory Authority ("FINRA") was or became inactive. [Ex. 3.] The OIC sent an email to the Licensee at the email address he provided to the OIC explaining that he was no longer able to sell variable lines. [Ex. 3, p.1.]
3. The Licensee has also held a Texas resident life, accident and health producer license since May 4, 1988. He also held a Texas viatical life settlement broker's license from 2007-2010. His Texas viatical life settlement broker's license is currently inactive. [Ex. 5, Texas Insurance Department records.]
4. In August 2011, it came to the OIC's attention that the Licensee had two FINRA actions pending against him, one commenced in April 2011 and another one commencing in July 2011. The OIC also discovered that the Licensee was suspended on July 8, 2011 by FINRA for "failing to comply with an arbitration award or settlement agreement or

FINDINGS OF FACT, CONCLUSIONS OF LAW  
AND FINAL ORDER

11-0282

Page - 3

to satisfactorily respond to a FINRA request to provide information concerning the status of compliance.” [Ex. 2, FINRA Broker Check Report.]

5. On September 2, 2011, the OIC both emailed and mailed a letter to the Licensee at the email address and the Washington address he had on file with the OIC. The letter asked why he had not reported the two FINRA actions to the OIC as required by RCW 48.17.597 and whether he has sold any variable products since his variable license was cancelled on April 29. [Ex. 3, p.3.] The OIC’s email asked the Licensee why he had not reported the two FINRA actions to the OIC as required by RCW 48.17.597 and why he has a resident license in Texas and a nonresident license in Washington when his mailing address is in Washington. [Ex. 3, p.2.] The Licensee failed to respond to the OIC’s September 2 inquiries. On September 30, the OIC mailed a second letter to the Licensee, at his Texas address, advising that its first letter had been returned as “undeliverable,” citing the statute which requires a licensee to notify the OIC of any change of resident, business or mailing address within 30 days of the change, reminding the Licensee that the OIC had not received a response to its September 2 email to him (the letter having been returned to the OIC by the USPS as undeliverable although it was mailed to his registered address) and ordering him to file his written response no later than October 21. [Ex. 3, p.4, 5.] The Licensee failed to reply to this OIC inquiry as well. The Licensee finally responded to the OIC on December 12, seven days after the OIC issued its subject December 5 Order Revoking License against the Licensee.
6. On July 8, 2011, FINRA suspended the Licensee’s registration to conduct the business of securities for “failing to comply with an arbitration award or settlement agreement or to satisfactorily respond to a FINRA request to provide information concerning the status of compliance.” The status of FINRA’s suspension is final, and it prohibits the Licensee from conducting securities business in any capacity. [Ex. 2.] Further, the Licensee has been the subject of several complaints by consumers reported by FINRA [Ex. 2] one complaint received April 25, 2011 involving annuity variable life insurance which evolved into an arbitration in 2011 and as of March 2012 was still pending; one received December 2011 involving variable annuities, mutual funds and private stock which evolved into an arbitration which as of March 2012 is still pending; one received April 2011 concerning variable annuities which as of March 2012 has an arbitration pending; one received April 2011 involving variable annuities where as of March 2012 arbitration is pending; one received April 2011 involving variable annuities where as of March 2012 arbitration is pending. [Ex. 2.]
7. As of December 12, 2011, the Licensee asserts that he had just completed a very difficult divorce in which he lost everything, and, in addition, did not receive the OIC’s letters of inquiry. He also states that he owes a former employer/affiliate, LPL about \$70,000 of \$100,000 which LPL loaned him. This debt is being paid back but the Licensee does not know how much he still owes or what amount is being paid back and to

FINDINGS OF FACT, CONCLUSIONS OF LAW  
AND FINAL ORDER

11-0282

Page - 4

whom. [Testimony of Licensee.]

8. Jeff Baughman, OIC Licensing Manager, testified on behalf of the OIC. Mr. Baughman presented his testimony in a detailed and credible manner and exhibited no apparent biases.
9. The Licensee appeared as a witness called by the OIC. He presented his testimony in a manner which indicated either he chose not to answer the questions clearly or that he was unaware of very significant information which an ordinary and reasonable person would be aware of, and particularly one who is testifying before the OIC in an effort to keep his insurance producer's license.
10. Based upon the evidence presented, the arguments of the parties, and consideration of the entire hearing file, it is reasonable that the Insurance Commissioner's Order Revoking License, revoking the Washington nonresident insurance producer's license of Jeffrey Hollingsworth, should be upheld.

**CONCLUSIONS OF LAW**

Based upon the above Findings of Facts, it is hereby concluded:

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. The Order Revoking License herein was issued on December 5, 2011, and the Licensee filed his Demand for Hearing on December 15, 2011. The first prehearing conference was held, by agreement of the parties, on February 1, 2012 and during that conference the parties agreed that the hearing should be held on March 20, 2012. Thereafter, the hearing was continued until March 28, 2012. There was no agreement between the parties, or request for an order from the undersigned to the contrary, that a party could not submit briefs, or evidence proposed to be admitted at hearing, up until the time of the hearing. On March 23, 2012, the OIC filed its brief along with the exhibits it would move to have admitted at hearing to support the allegations included in its Order Revoking License. The OIC's brief and exhibits provided support only for the allegations in its Order Revoking License except for evidence concerning the Licensee's tax problems which the OIC argues provides additional support for its original allegation that the Licensee is not financially irresponsible as contemplated by RCW 48.17.530(1)(h). At the commencement of the hearing, the Licensee moved to continue the hearing based upon his argument that he had only just received the OIC's brief and proposed exhibits. In response, based upon the fact that the Licensee had notice of the allegations against him in the Order Revoking License, and the OIC's brief and proposed exhibits were in support of those allegations, the Motion was denied. However, because the Licensee's tax problems were not included in the

FINDINGS OF FACT, CONCLUSIONS OF LAW  
AND FINAL ORDER

11-0282

Page - 5

Order Revoking License, or in any Amended Order Revoking License, and even though the Licensee responded to that evidence with his own evidence, any evidence concerning the Licensee's alleged tax problems was not considered herein.

3. The Licensee failed to advise the OIC of any change in mailing address within 30 days after his address changed, and thereby violated WAC 284-17-005.

4. By failing to reply in writing to three inquiries from the OIC, the Licensee violated RCW 48.17.475 on three separate occasions.

5. By failing to report to the OIC the action taken against him by FINRA which ultimately resulted in a final suspension of his FINRA registration in July 2011, the Licensee failed to report an administrative action taken against him in another jurisdiction within 30 days of the final disposition of the matter, and thereby violated RCW 48.17.597.

6. Based upon the above Conclusions of Law, the Licensee violated provisions of the Insurance Code as contemplated by RCW 48.17.530(1)(b) and used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness, or financial irresponsibility as contemplated by RCW 48.17.530(1)(h). It is hereby concluded that pursuant to RCW 48.17.530 the OIC's Order Revoking License, revoking the nonresident insurance producer's license of Jeffrey Hollingsworth, should be upheld.

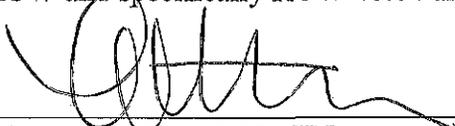
**ORDER**

On the basis of the foregoing Findings of Facts and Conclusions of Law,

**IT IS HEREBY ORDERED** that the Washington State Insurance Commissioner's Order Revoking License, revoking the Washington nonresident producer's license of Jeffrey Hollingsworth, is upheld.

**IT IS FURTHER ORDERED** that Jeffrey Hollingsworth shall return his Washington nonresident insurance producer's license certificate to the Insurance Commissioner on or before July 17, 2012 to Licensing Manager, Office of the Insurance Commissioner, P.O. Box 40257, Olympia, WA 98504-0257.

ENTERED AT TUMWATER, WASHINGTON, this 26<sup>th</sup> day of June, 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

FINDINGS OF FACT, CONCLUSIONS OF LAW  
AND FINAL ORDER

11-0282

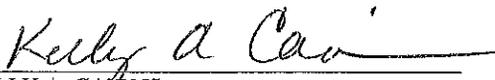
Page - 6

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: Jeffrey S. Hollingsworth, Mike Kreidler, Michael G. Watson, John F. Hamje, Esq., Robin Aronson, Esq., and Carol Sureau, Esq.,

DATED this 2<sup>nd</sup> day of July, 2012.

  
KELLY A. CAIRNS