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Chief Executive Officer

*redl by
par
7-12-12*

TO: Hearings Unit
Office of Insurance Commissioner

FAX NO.: 360-664-2782

FROM: Patti Saiden

RE: 11-0282; Jeffrey S. Hollingsworth

DATE: July 12, 2012

NO. OF PAGES: ~~2~~ (including cover page)

MESSAGE: 11-0282

ATTENTION

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BEFORE THE STATE OF WASHINGTON
OFFICE OF THE INSURANCE COMMISSIONER

In the Matter of

Docket No. 11-0282

JEFFREY S. HOLLINGSWORTH,

NOTICE OF APPEARANCE

Licensee.

PLEASE TAKE NOTICE that Jason W. Anderson and Carney Badley Spellman, P.S., appear in this proceeding as attorneys for Jeffrey S. Hollingsworth, Licensee, and all future pleadings, correspondence, and notices (except original process) shall be served on them at the following address:

CARNEY BADLEY SPELLMAN, P.S.
701 Fifth Avenue, Suite 3600
Seattle, WA 98104-7010
(206) 622-8020
Anderson@carneylaw.com

DATED this 12th day of July, 2012.

CARNEY BADLEY SPELLMAN, P.S.

By 
Jason W. Anderson, WSBA No. 30512
Attorneys for Jeffrey Hollingsworth

NOTICE OF APPEARANCE - 1

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BEFORE THE STATE OF WASHINGTON
OFFICE OF THE INSURANCE COMMISSIONER

In the Matter of

JEFFREY S. HOLLINGSWORTH,

Licensee.

Docket No. 11-0282

MOTION FOR RECONSIDERATION
OF FINAL ORDER

I. RELIEF REQUESTED

Jeffrey S. Hollingsworth moves for reconsideration of the Final Order entered and filed June 26, 2012. This motion is based in part on the Declaration of Jeffrey S. Hollingsworth dated July 12, 2012, and filed with this motion.

II. AUTHORITY AND ARGUMENT

The Final Order concludes that Mr. Hollingsworth violated RCW 48.17.597 by failing to report action taken against him by the Financial Industry Regulatory Authority (FINRA). For three reasons, Mr. Hollingsworth did not violate RCW 48.17.597.

First, RCW 48.17.597 requires an insurance producer to report to the OIC "any administrative action taken against the insurance producer...in another jurisdiction or by another governmental agency in this state[.]" (Emphasis added.) FINRA is not a governmental agency. It is a private corporation that acts as a self-regulatory organization for

JEFFREY HOLLINGSWORTH'S
MOTION FOR RECONSIDERATION
OF FINAL ORDER - 1

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1 securities firms doing business in the United States.¹ As a result, Mr. Hollingsworth was not
2 required under RCW 48.17.597 to report his suspension by FINRA to the OIC and did not
3 violate that statute.

4 Second, even assuming RCW 48.17.597 applied, Mr. Hollingsworth could not report a
5 suspension notice he never received. FINRA sent the July 8, 2011, suspension notice to an
6 outdated address, contrary to a notice of change of address previously provided to FINRA.²
7 The first notice Mr. Hollingsworth received of the FINRA suspension was from the OIC.³

8 Third, again assuming RCW 48.17.597 otherwise applied, the FINRA suspension was
9 not a "final disposition" under that statute. The suspension was subject to being lifted
10 automatically upon submission of proof of satisfying of an arbitration award, which Mr.
11 Hollingsworth could have provided had he received notice.⁴ Furthermore, the suspension did
12 not preclude Mr. Hollingsworth from transacting securities business but merely from
13 associating with or receiving compensation from another FINRA member.⁵

14 The remaining violations found in the Final Order are that Mr. Hollingsworth failed to
15 update his mailing address with the OIC within 30 days (WAC 284-17-005) and to respond to
16 OIC inquiries regarding the FINRA suspension within 15 business days when he did not
17 receive the inquiries because the address on file with the OIC was outdated (RCW
18 48.17.475). Because Mr. Hollingsworth did not violate RCW 48.17.597, because there is no
19 consumer complaint at issue in this proceeding, and because Mr. Hollingsworth has no
20 history of consumer complaints or misconduct, to uphold the revocation of his license based
21

22 ¹ See www.finra.org/AboutFINRA/Leadership/ (Exh. A to *Hollingsworth Decl.*); see also
http://en.wikipedia.org/wiki/Financial_Industry_Regulatory_Authority.

23 ² *Hollingsworth Decl.* ¶ 2 & Exh. C.

24 ³ *Id.*

25 ⁴ *Hollingsworth Decl.* Exh. B.

26 ⁵ *Hollingsworth Decl.* ¶ 4 &
http://finra.complinet.com/en/display/display_main.html?rbid=2403&element_id=3890 (Exh. D to
Hollingsworth Decl.).

JEFFREY HOLLINGSWORTH'S
MOTION FOR RECONSIDERATION
OF FINAL ORDER - 2

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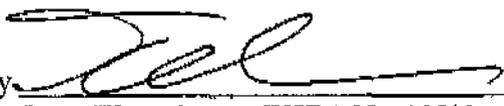
1 solely on these remaining violations would be excessive, arbitrary and capricious, and an
2 abuse of discretion. The penalty of revocation is disproportionate both to the gravity of the
3 violations and to the sanctions imposed against other licensees found to have committed
4 similar violations, thus violating due process. See *Matter of Disciplinary Proceeding against*
5 *Plumb*, 126 Wn.2d 334, 342-43, 892 P.2d 739 (1995); *Matter of Disciplinary Proceeding*
6 *against Curran*, 115 Wn.2d 747, 772, 801 P.2d 962 (1990).

7 **III. CONCLUSION**

8 Mr. Hollingsworth respectfully requests reconsideration of the Final Order and that
9 the order revoking his insurance producer's license be vacated.

10 DATED this 12th day of July, 2012.

11 CARNEY BADLEY SPELLMAN, P.S.

12 
13 By _____

14 Jason W. Anderson, WSBA No. 30512
15 Attorneys for Jeffrey S. Hollingsworth

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JEFFREY HOLLINGSWORTH'S
MOTION FOR RECONSIDERATION
OF FINAL ORDER - 3

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BEFORE THE STATE OF WASHINGTON
OFFICE OF THE INSURANCE COMMISSIONER

In the Matter of

JEFFREY S. HOLLINGSWORTH,

Licensee.

Docket No. 11-0282

DECLARATION OF JEFFREY S.
HOLLINGSWORTH

JEFFREY S. HOLLINGSWORTH declares:

1. I am the licensee who is the subject of this proceeding. I am over the age of eighteen and competent to testify.
2. The Financial Industry Regulatory Authority (FINRA) is a private corporation that self-regulates member securities firms. It is not a governmental agency. Attached as **Exhibit A** is a true and correct copy of a page from FINRA's website explaining that it is a non-governmental entity.
3. I recently obtained a copy of a July 8, 2011, letter addressed to me regarding suspension of my FINRA registration. A true and correct copy of the letter is attached as **Exhibit B**. I never previously received a copy of this letter. The letter indicates it was sent via overnight mail to 8307 214th Ave. E in Bonney Lake, WA. I no longer resided at that address and had previously provided FINRA notice of my new address at 8518 Main Street E in Bonney Lake, WA. Attached as **Exhibit C** is a true and correct copy of a certified letter from FINRA dated June 14, 2011, showing that FINRA had my then current address on Main

DECLARATION OF JEFFREY S.
HOLLINGSWORTH - 1

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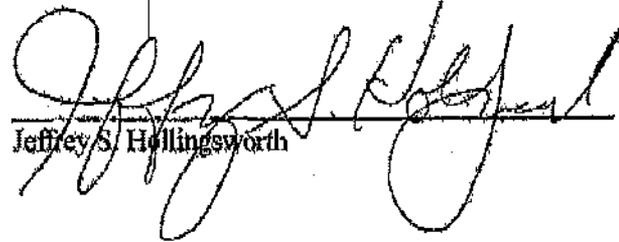
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1 Street in Bonney Lake. The first notice I received of my FINRA suspension was from the
2 Office of the Insurance Commissioner in late 2011.

3 4. Attached as Exhibit D is a true and correct copy of FINRA Rule 8311 (Effect
4 of a Suspension, Revocation, Cancellation, or Bar). It explains that sole effect of suspension
5 by FINRA is that the member may not associate or remain associated with another FINRA
6 member or receive certain salary or commissions from another member.

7 I DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE
8 STATE OF WASHINGTON THAT THE FOREGOING IS TRUE AND CORRECT TO
9 THE BEST OF MY KNOWLEDGE.

DATED this 12th day of July, 2012, at Bonney Lake, Texas.

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11 
12 Jeffrey S. Hollingsworth
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DECLARATION OF JEFFREY S.
HOLLINGSWORTH - 2

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EXHIBIT

A



About FINRA

FINRA Leadership

FINRA is the leading non-governmental regulator for all securities firms doing business with the U.S. public—about 4,400 firms employing nearly 630,020 registered representatives. Our chief role is to protect investors by maintaining the fairness of the U.S. capital markets. We carry it out by writing and enforcing rules, examining firms for compliance with the rules, informing and educating investors, helping firms pre-empt risk and stay in compliance, and providing trade reporting and other industry utilities.

- Executives
- Board of Governors
- Committees
- Former Chairmen

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B

EXHIBIT



VIA OVERNIGHT MAIL

July 8, 2011

Jeffrey Scott Hollingsworth
CRD #: 1496508
8307 214th Ave. E.
Bonney Lake, WA 98391

Subject: FINRA Dispute Resolution Arbitration Number 10-00688
LPL Financial Corporation vs. Jeffrey S. Hollingsworth

Dear Mr. Hollingsworth:

Pursuant to Article VI, Section 3 of the FINRA By-Laws and the Rule 9510 Series of the Manual, as of the date of this letter your registration has been suspended for failing to comply with the award rendered in the above-referenced matter or to satisfactorily respond to our request for information concerning the status of compliance.

The suspension will continue until you provide FINRA Dispute Resolution with documentary evidence that one or more of the following events have occurred:

1. Full payment of, or compliance with, the award;
2. The Claimants have agreed to installment payments of the amount awarded or have otherwise agreed to settle the action;
3. The award has been modified or vacated by a court;
4. A motion to vacate or modify the award is pending in a court; or
5. You have a bankruptcy petition pending in U.S. Bankruptcy Court pursuant to Title 11 of the United States Code (the Federal Bankruptcy Code), or the award in the action has been discharged by a U.S. Bankruptcy Court.

Your attention is also directed to FINRA Rule 8311, "Effect of a Suspension, Revocation, Cancellation or Bar."

If you have questions regarding the above information, please contact me.

Very truly yours,

Avichal Badash
Associate Director
212-858-4325 Fax: 301-527-4739

Investor protection. Market integrity.

Dispute Resolution
West Regional Office

900 South Grand Avenue
Suite 900
Los Angeles, CA
90071-3135

T 213 619 2680
F 213 613 2677
www.finra.org

avichai.badash@finra.org

ARS:ba1:LSD0B
idr: 09/15/2010

CC:

David S. Markun, Esq., LPL Financial Corporation
Markun Zusman & Compton LLP, 17383 W. Sunset Blvd., Suite A380, Pacific Palisades,
CA 90272

Lance Burkett, FINRA District Director

Courtney Reynolds, Office of Hearing Officers

Ray Parker, FINRA Finance

Anthony J. Cavallaro, Vice President, Central Review Group

EXHIBIT

C



Sent via First Class Mail and Certified Mail

June 14, 2011

Mr. Jeffrey Hollingsworth
8307 214th Ave. E
Bonney Lake, WA 98391
Certified Mail #: 7010 2780 0000 0332 0029

Mr. Jeffrey Hollingsworth
8518 Main St. E
Bonney Lake, WA 98391
Certified Mail #: 7010 2780 0000 0332 0036

RE: SECOND REQUEST
Examination Number: 20110267452 / RR: Hollingsworth, Jeffrey Scott
Firm: Next Financial Group, Inc. / Woodbury Financial Services, Inc.

Sincerely,

A handwritten signature in black ink, appearing to read "Justine Pearsall", is written over the typed name.

Justine Pearsall, CFE
Senior Examiner

Enclosure: Previous Letter dated May 23, 2011

Investor protection. Market integrity.

52101

NO. 2233 P. 14

Carrey Badley Spellman

JUL 12 2012 4:52PM

D

EXHIBIT



[Print](#)

8311. Effect of a Suspension, Revocation, Cancellation, or Bar

If FINRA or the SEC issues an order that imposes a suspension, revocation, or cancellation of the registration of a person associated with a member or bars a person from further association with any member, a member shall not allow such person to remain associated with it in any capacity, including a clerical or ministerial capacity. If FINRA or the SEC suspends a person associated with a member, the member also shall not pay or credit any salary, or any commission, profit, or other remuneration that results directly or indirectly from any securities transaction, that the person associated with a member might have earned during the period of suspension.

Amended by SR-FINRA-2008-021 eff. Dec. 16, 2008.

Amended by SR-NASD-97-81 eff. Jan. 16, 1998.

Adopted by SR-NASD-97-28 eff. Aug. 7, 1997.

Selected Notice: 08-57.

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STATE OF WASHINGTON
OFFICE OF THE INSURANCE COMMISSIONER

In the Matter of

JEFFREY S. HOLLINGSWORTH,

Licensee.

NO. 11-0282

CERTIFICATE OF MAILING

The undersigned certifies under the penalty of perjury under the laws of the State of Washington as follows:

I am now and at all times herein mentioned have been a citizen of the United States and a resident of the State of Washington. I am over the age of eighteen years, not a party to or interested in the above-entitled action, and competent to be a witness herein. On the date given below I caused to be served the forgoing *Motion for Reconsideration, Declaration of Jeffrey S. Hollingsworth and Notice of Appearance* on the following individuals via US Mail:

Robin Aronson, Staff Attorney, Legal Affairs Division
Office of the Insurance Commissioner
PO Box 40255
Olympia, WA 98504-0255

SIGNED this 13th day of July, 2012, at Seattle, Washington.


Patti Salden, Legal Assistant

CERTIFICATE OF MAILING - 1

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