

STATE OF WASHINGTON

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STATE INSURANCE COMMISSIONER

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*In The Matter of*

Jeffrey S. Hollingsworth,

Licensee.

DOCKET NO. 11-0282  
Peggy O. Peterson  
Chief Hearing Officer  
OIC MEMORANDUM IN  
RESPONSE TO MOTION FOR  
RECONSIDERATION OF FINAL  
ORDER

The Insurance Commissioner submits this Memorandum in Response to the licensee's Motion for Reconsideration of Final Order. For the reasons set forth below, the Final Order should be upheld.

**I. LEGAL AUTHORITY AND ARGUMENT**

The licensee violated RCW 48.17.597 by failing to report action taken against him by the Financial Industry Regulatory Authority (FINRA). The licensee argues that FINRA is not a governmental agency and therefore he was not required to report the FINRA suspension to the OIC. The licensee ignores that part of RCW 48.17.597 which states the requirement that an insurance producer must report to the OIC "any administrative action" taken against the insurance producer in another jurisdiction. FINRA comes under federal jurisdiction. A suspension by FINRA is an administrative action. FINRA's power to initiate a disciplinary action originates from federal law, 15 U.S.C. § 78o-3 et seq. FINRA is an approved regulatory body per 15 U.S.C. § 78s of the Securities Exchange Act. Mr. Hollingsworth failed to report his suspension by FINRA to the OIC in clear violation of RCW 48.17.597. Moreover, the underlying reasons for the FINRA action support the revocation of Mr. Hollingsworth's producer license under RCW 48.17.530(1)(h).



As evidenced by Exhibit C in the licensee's Motion for Reconsideration, FINRA made an attempt on May 23, 2011 to communicate with Mr. Hollingsworth. A second attempt was made on June 14, 2011 at which time FINRA sent a certified letter to each of two addresses for Hollingsworth (Licensee Exhibit C). Mr. Hollingsworth did not respond to either letter, thereafter resulting in FINRA's July 8 letter notifying him of the suspension. Mr. Hollingsworth claims that he notified FINRA of his change in address to Main Street in Bonney Lake, yet he did not respond to FINRA's June 14, 2011 certified letter sent to that location.

Mr. Hollingsworth's self serving declaration that he notified FINRA of his address change is contradictory to testimony given at time of hearing as to why he didn't receive the letters from FINRA. His testimony at time of hearing was that his ex-wife destroyed his mail; there was no testimony that he had changed his address with FINRA and in fact he offers no independent proof of such to date. Similarly, Mr. Hollingsworth made no attempts over several months to contact the OIC when requested to do so and made no effort on his own to update his addresses with the OIC, in violation of WAC 284-17-005 and RCW 48.17.475. Even the OIC's hearing materials were returned as undeliverable when Mr. Hollingsworth changed his address during the course of the proceedings and did not notify the OIC. Mr. Hollingsworth seeks to avoid contact with regulatory agencies.

The evidence submitted by the Commissioner supports and justifies that the revocation should be upheld.

## II. CONCLUSION

For the conduct described herein and in accordance with the above cited violations of the insurance code, the OIC urges the Hearing Officer to uphold the Final Order and Order Revoking License.

Respectfully Submitted this 31<sup>st</sup> day of July, 2012.

MIKE KREIDLER  
Insurance Commissioner

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