

Cairns, Kelly (OIC)

From: Stickler, Marcia (OIC)
Sent: Thursday, March 08, 2012 8:15 AM
To: Cairns, Kelly (OIC)
Cc: Mendoza, Joe (OIC); 'mulsgroup@aol.com'
Subject: FW: your correspondence of Feb. 8, 2012
Attachments: ReillyConsent Order.doc

FILED

2012 MAR -8 A 9:29

Hi, Kelly. These two emails constitute Mr. Reilly and Walls Insurance School's request for a hearing. Attached is the Consent Order we offered them. Thanks.

Hocking, J. EIC
Chief Hearing Officer

From: mulsgroup@aol.com [mailto:mulsgroup@aol.com]
Sent: Wednesday, March 07, 2012 9:21 PM
To: Stickler, Marcia (OIC)
Subject: Re: your correspondence of Feb. 8, 2012

We believe we are following the statute per Joe Mendoza's instructions by waiting for his reports on discrepancies between our reports and those of the office of the Insurance Commissioner. One problem we have encountered is if a producer enters an incorrect date, we cannot enter the record because the system will not accept our entry. If we accidentally miss a record, we find out when the discrepancy report is sent to us and we have 10 days to fix the problem. This system was reiterated to me in an email last week. Frequently, the Commissioner's website has had problems. Specifically producing fields full of commas and repeating data, followed by freezing altogether and locking us out for extended periods of time because it thought we were already logged in. I worked with the IT people on several occasions. After five months they told me that your system did not support Google Chrome (one of the most used internet browsers) the internet browser used by Walls.

In summary, we are being fined for a series of clerical errors and teething problems associated with a new program. Furthermore, the proposed \$8475 fine represents almost 100% of our revenue from Continuing Education for the entire period!

-----Original Message-----

From: Stickler, Marcia (OIC) (OIC) <MarciaS@OIC.WA.GOV>
To: mulsgroup <mulsgroup@aol.com>
Sent: Wed, Mar 7, 2012 9:05 am
Subject: RE: your correspondence of Feb. 8, 2012

Mr. Reilly, you must state a reason you want a hearing, per statute. Thanks.

From: mulsgroup@aol.com [mailto:mulsgroup@aol.com]
Sent: Tuesday, March 06, 2012 8:05 PM
To: Stickler, Marcia (OIC)
Subject: your correspondence of Feb. 8, 2012

Marcia,

Per my message to you today I would like to request a hearing regarding this matter. Consider this email my written request to your order 12-0035 of February 8. If you have any questions please do not hesitate to contact me.

Scott Reilly
Walls Training

IN THE MATTER OF

WALLS INSURANCE AND SECURITIES
SCHOOL
and
M. SCOTT REILLY

Respondents.

ORDER NO. 12-0035

CONSENT ORDER
LEVYING A FINE

The Insurance Commissioner of the State of Washington, pursuant to the authority set forth in RCW 48.05:185, having reviewed the official records and files of the Office of the Insurance Commissioner ("OIC"), makes the following:

FINDINGS OF FACT:

1. Walls Insurance and Securities School ("Walls") is an approved insurance education provider, and M. Scott Reilly ("Reilly") is its owner. Reilly has been licensed as a producer of life, disability, and property and casualty insurance since 1989.
2. Insurance education providers are required to maintain a course attendee roster, consisting of sign-in and sign-out registers, for each lecture (classroom) course, and a purchase-and-complete roster for each self-study course. The insurance education provider is required to electronically submit the roster for the course to the OIC within 10 days after completion of each course presentation. The OIC has sent numerous notices and reminders of this requirement to insurance education providers, including Walls and Reilly.
3. During the period of time between January 2011 and October 2011, Walls and Reilly submitted 113 tardy classroom course attendee rosters to the OIC.

CONCLUSIONS OF LAW:

1. By submitting late class rosters to the OIC, Reilly and Walls violated WAC 284-17-272(1)(h).
2. WAC 284-17-304 states that the Commissioner may suspend or revoke a continuing insurance education provider's approval if the provider or any of its employees

involved in continuing insurance education is found to have violated any provisions of Titles 48 RCW or 284 WAC.

3. RCW 48.17.560 states that after a hearing or upon stipulation by the licensee or insurance education provider, and in addition to or in lieu of suspension, revocation, or refusal to renew any such license or insurance education provider approval, the Commissioner may levy upon the licensee or insurance education provider a fine of not more than \$1,000 per violation of the insurance code.

CONSENT TO ORDER:

Walls and Reilly, acknowledging their duty to comply fully with the applicable laws of the State of Washington, consent to the following in consideration of their desire to resolve this matter without further administrative or judicial proceedings. The Insurance Commissioner consents to settle the matter in consideration of their payment of a fine on such terms and conditions as are set forth below.

1. By agreement of the parties, the Insurance Commissioner will impose a fine of \$8,475 (Eight Thousand Four Hundred Seventy-five Dollars) and suspend \$6,475 (Six Thousand Four Hundred Seventy-five Dollars) of that, on the conditions that:

- a. Within thirty days of the entry of this Order, Walls and Reilly pay \$2,000 (Two Thousand Dollars). Responsibility for compliance with this Order and payment obligations for the fine are joint and several.
- b. Walls and Reilly commit no further violations of the regulation that is the subject of this Order for a period of two years from the date this Order is entered.
- c. Walls and Reilly understand and agree that any future failure to comply with the regulation that is the subject of this Order constitutes grounds for further penalties, which may be imposed in direct response to further violations, in addition to the imposition of the suspended portion of this fine.
- d. The suspended portion of this fine will be imposed at the sole discretion of the Insurance Commissioner according to the conditions as set forth above, without any right to hearing, appeal, or advance notice.

2. Walls and Reilly's failure to timely pay this fine and to adhere to the conditions as set forth above shall constitute grounds for revocation of Wall's approval status as an insurance education provider, and shall result in the recovery of both the suspended and unsuspended amounts

of the fine through a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

EXECUTED this ____ day of _____, 2012.

WALLS INSURANCE AND SECURITIES SCHOOL

By: _____

Printed Name: _____

Corporate Title: _____

M. SCOTT REILLY

Signature: _____

ORDER

Pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby Orders as follows:

1. Walls and Reilly shall pay a fine in the amount of \$8,475, of which amount the sum of \$6,475 is suspended on the condition that Walls and Reilly fully comply with the regulation of the State of Washington that is the subject of this Order for the next two years. Responsibility for compliance with this Order and payment obligations for the fine are joint and several.

2. Walls' and Reilly's failure to pay the unsuspended \$2,000 portion of the fine within the time limit set forth above shall result in the revocation of its approval as an insurance education provider and in the recovery of the fine through a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

ENTERED AT TUMWATER, WASHINGTON, this ____ day of _____, 2012.

MIKE KREIDLER
Insurance Commissioner

By _____
Marcia G. Stickler
Legal Affairs Division