

STATE OF WASHINGTON

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MIKE KREIDLER
STATE INSURANCE COMMISSIONER



FILED

2012 MAY 31 A 11:56

OFFICE OF
INSURANCE COMMISSIONER

In the matter of:

GHOLAMREZA NIKZAD, and
WOOD FINANCIAL SERVICES
COMPANY,

Licensees.

Hearing Officer, OIC
Patricia D. Peterson
Chief Hearing Officer

No. 12-0130

**NOTICE OF HEARING TO
REQUEST IMPOSITION
OF A FINE AND PLACEMENT
OF LICENSES ON
PROBATIONARY STATUS**

**I. REQUEST FOR IMPOSITION OF A FINE AND PLACEMENT
OF LICENSES ON PROBATIONARY STATUS**

A. BASIS

1. Wood Financial Services Company ("Wood") is a Washington company that holds a Washington entity insurance producer license, WAOIC #171385. Gholamreza Nikzad is the owner of Wood Financial Services Company and holds a Washington insurance producer license, WAOIC #198336. The licensees' mailing address is 5200 Southcenter Blvd. Suite 200, Tukwila, WA 98188.

2. In December 2011 as a result of a complaint that Licensees had failed to remit \$1,907.56 in premium due to an insurer, the Office of Insurance Commissioner ("OIC") attempted to conduct a financial examination of the Licensees' books and records.

3. The OIC examiner determined that the Licensees did not record receipt of premiums or identify who made the payment or for what policies. Licensees did not keep records of premium payments made to companies or brokers, there was no evidence of receipts issued for funds received, and only a few bank statements were kept.

4. Mr. Nikzad was instructed by the OIC examiner to establish and maintain records and an appropriate accounting system for all premiums and return premiums and to retain all the policy documents and records. He was initially asked to obtain copies of bank records and to reconstruct his fiduciary account and operating account transactions from January 2009 through December 2010. This task was reduced at Mr. Nikzad's request to reconstructing the records for



the 2009 calendar year to be completed by June 20, 2011. Mr. Nikzad was also provided with copies of the record keeping requirements of RCW 48.17.470 and RCW 48.03.030.

5. In November 2011 the OIC financial examiner returned to the agency to conduct a follow up examination at which time she found that Mr. Nikzad had failed to reconstruct his fiduciary and operating account transactions as instructed and that the records that were supposed to have been ready in June 2011 were not prepared. Mr. Nikzad also confirmed that he had not implemented any new procedure and still had not established an adequate book keeping system.

6. By failing to produce accounts, records, and documents necessary to facilitate the examination, Licensees' violated RCW 48.03.030(1).

7. By failing to retain records of all transactions consummated under their licenses and by failing to keep such records available and open to inspection of the Commissioner for at least five years, the Licensees violated RCW 48.17.470(1) and (2).

8. By failing to account for premiums and return premiums received and failing to promptly remit to the company entitled thereto money received as payment for premiums, the Licensees violated RCW 48.17.480(1) and (2).

9. By failing to account for premiums and return premiums received in their fiduciary capacity, Licensees violated RCW 48.17.600(1) and WAC 284-12-080(8) and (9).

10. The Insurance Commissioner proposed a Consent Order imposing a fine of \$1,000 (One Thousand Dollars), and that would place the licenses of Wood Financial Services Company and Mr. Nikzad on probationary status for a period of three months on the conditions that Licensees correct the violations of the statutes that are the subject of the proposed Order and this Notice within said three month period and accurately reconstruct their operating account and fiduciary account transactions for 2009 to the present by the end of the probationary period with the proviso that if each of these conditions is not fully met by the end of the three month probationary period, their licenses will be revoked 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. Mr. Nikzad signed the proposed Consent Order but accompanied it with a letter dated May 17, 2012, requesting

an extension of time in order to be able to comply. In a follow up telephone conversation with Mr. Nikzad, Mr. Nikzad requested the opportunity to present his case to a hearing officer.

B. PENALTIES AND RELIEF REQUESTED

11. The OIC staff requests entry of an Order requiring Licensees to pay a fine of \$1,000 in lieu of revocation of the licenses of Wood Financial Services Company and Gholamreza Nikzad and placement of their licenses on probationary status for a period of three months on the conditions that Licensees correct the violations of the statutes that are the subject of this Notice within said three month period and accurately reconstruct their operating account and fiduciary account transactions for 2009 to the present by the end of the probationary period.

II. NOTICE OF HEARING

12. Chief Presiding Officer, Patricia Petersen, P.O. Box 40255, Olympia, Washington 98504-0255, (360) 725-7105, has been appointed as Presiding Officer and is requested to schedule a hearing in this matter.

13. At the hearing the OIC will present evidence as to why fines should be ordered against Licensees and why their licenses should be placed on probationary status.

14. The OIC staff will participate in this hearing through its designated representative, Charles Brown.

Dated at Tumwater, Washington, this st 31 day of May, 2012.

MIKE KREIDLER
Insurance Commissioner

By: Charles D. Brown
CHARLES D. BROWN
Staff Attorney, Legal Affairs

CERTIFICATE OF MAILING

The undersigned certifies under the penalty of perjury under the laws of the State of Washington that I am now and at all times herein mentioned, a citizen of the United States, a resident of the State of Washington, 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 foregoing NOTICE OF HEARING TO REQUEST IMPOSITION OF A FINE AND PLACEMENT OF LICENSES ON PROBATIONARY STATUS on the following individual and business via US Mail.

Gholamreza Nikzad
14404 SE 15th St
Bellevue, WA 98007

Wood Financial Services Company
5200 Southcenter Blvd, Suite 200
Tukwila, WA 98188

SIGNED this 31st day of May 2012, at Tumwater, Washington.


Chris Tribe