

I am now out my \$7,500 desposit, three months worth of insurance payments for an additional loss of \$15,039 and a renewal credit of over \$6,000.

When I received a cancellation notice from Phoenix Aviation Managers dated January 1, 2012 Bob Sorrell told me, "it's a technical glitch, you are insured and not to worry". When my policy came up for renewal I did not have a new policy to examine. Bob Sorrell had no answers, so I called Phoenix Aviation Managers and was told my policy had been cancelled due to lack of payment. I explained to Phoenix that I had made payments (with proof) to my broker, Bob Sorrell. Phoenix then told me that they had not received payments on my policy and that I could no longer be insured with Bob Sorrell as my broker.

Phoenix worked with my new broker, Regal Aviation and I acquired a new policy within one day. However, through no fault of myself, we were without insurance for over a month.

We are looking for reimbursement for our losses, but more importantly to ensure this does not happen to anyone else. Thank you for your consideration.

Jim Grant
Northway Aviation
425-742-7003

Explain what you want the insurance company to do.

We would like to be reimbursed for our losses and to ensure this does not happen to anyone else.

Supporting Documentation and Declaration Responses

Do you have supporting documents? If so, how will you send them to us?:

I want to upload supporting documents from my computer.

How did you hear about us?:

I hereby declare that I am authorized to make this complaint. I further declare that all of the information submitted in this complaint is true and accurate.

EXHIBIT 1 PAGE 2

Case #
1059860

NORTHWAY AVIATION
10108 32ND AVE W. BLDG C-3 1B
EVERETT, WA 98204
425-742-7003

12-20-11

Pay to the Order of Delta Pacific Services \$ 5013.41

Five thousand thirteen & 41/100 Dollars @

EASTSIDE COMMERCIAL BANK
173810 SE EASTGATE WAY
SUITE 410
BELLEVUE, WA 98005

[Handwritten Signature]

7512

Case #
1059860

NORTHWAY AVIATION
10108 32ND AVE W. BLDG C-3 1B
EVERETT, WA 98204
425-742-7003

7573

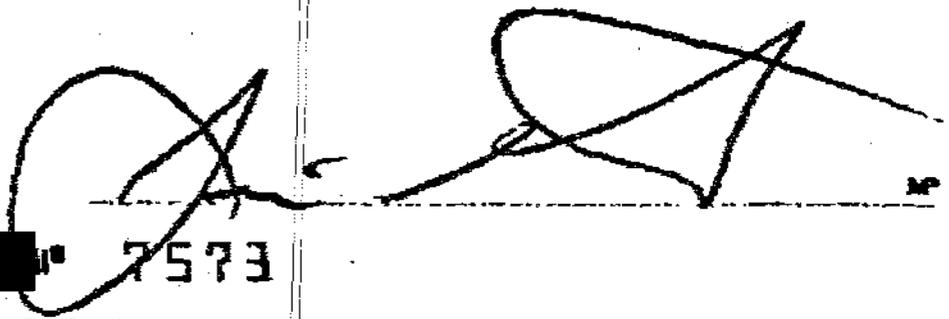
98-866/1251

12-3 2011

Pay to the Order of Delta Pacific Services Inc \$ 5013.41

Five thousand thirteen & 41/100 — Dollars  Security features are on back. Please see back.

EASTSIDE COMMERCIAL BANK
13810 SE EASTGATE WAY
SUITE 410
BELLEVUE, WA 98005



For _____

⑆ [REDACTED] 0 [REDACTED] 7573

GUARDIAN SAFETY PAPER

1
PAGE 8

MAR-12-12 09:29 AM Nr hway Aviation 425 5 8212 P.06

Case # 1059860

7543

99-86671251

11.3 2014

NORTHWAY AVIATION
10108 22ND AVE W. BLDG C-3 1B
EVERETT, WA 98204
425-742-7003

Pay to the Order of Delta Pacific Services Inc \$ 4893.85

Forty eight hundred ninety three 85/100 Dollars @ 

EASTSIDE COMMERCIAL BANK
10310 SE EASTGATE WAY
SUITE 410
BELLEVUE, WA 98005

[Handwritten Signature]

FOR DEPOSIT ONLY
7543

C250



AVIATION INSURANCE REPRESENTATIVES
A Division of Delta Pacific Services, Inc.
P.O. Box 986, Seabeck, WA 98380
avinsrep@telebyte.com

INVOICE

TO: Northway Aviation of Washington, Inc.
10108 32nd Ave W, Bldg C-8, Ste 1-B,
Everett, WA 98204

COMPANY: Phoenix Aviation Mgrs.

EFFECTIVE DATE	TERM	POLICY/QUOTE #	COVERAGE	MONTHLY PREMIUM
03/03/11 - 12	12 MOS	AVC001343-11	<u>Aircraft Liability & Hull Damage</u> \$1,000,000 BI & PD w/ \$100,000 Passenger Sub-limit. Re: Hull Coverage schedule for 11 AC. Coverage Period: 11/01/2011 - 11/30/2011 Revised MO AVR Premium.....	\$5,013.41

RL
573

12.5.2011

Please make check payable to Delta Pacific Services, Inc.

Thanks Jim

Phone 888-265-0844 / FAX (360)-830-5531

EXHIBIT 1

PAGE 11

CASE # 100 1000



AVIATION INSURANCE REPRESENTATIVES
A Division of Delta Pacific Services, Inc.
P.O. Box 988, Seabeck, WA 98380
avinsrep@telebyte.com

INVOICE

TO: Northway Aviation of Washington, Inc.
10108 32nd Ave W, Bldg C-6, Ste 1-B,
Everett, WA 98204

COMPANY: Phoenix Aviation Mgrs.

EFFECTIVE DATE	TERM	POLICY/QUOTE #	COVERAGE	MONTHLY PREMIUM
03/03/11 - 12	12 MOS	AVC001343-11	<u>Aircraft Liability & Hull Damage</u> \$1,000,000 BI & PD w/ \$100,000 Passenger Sub-limit. Re: Hull Coverage schedule for 11 AC. Coverage Period: 12/01/2011 - 12/31/2011 Revised MO AVR Premium.....\$6,013.41	

PAID
[Handwritten initials]

Please make check payable to Delta Pacific Services, Inc.

Thanks Jim

Phone 888-265-0844 / FAX (360) 888-1357

PAGE 12

Case # 105 9860



AVIATION INSURANCE REPRESENTATIVES
A Division of Delta Pacific Services, Inc.
P.O. Box 966, Seaback, WA 98380
avinsrep@telebyte.com

INVOICE

TO: Northway Aviation of Washington, Inc.
10108 32nd Ave W, Bldg C-6, Ste 1-B,
Everett, WA 98204

COMPANY: Phoenix Aviation Mgrs.

<u>EFFECTIVE DATE</u>	<u>TERM</u>	<u>POLICY/QUOTE #</u>	<u>COVERAGE</u>	<u>MONTHLY PREMIUM</u>
-----------------------	-------------	-----------------------	-----------------	------------------------

03/03/11 - 12

12 MOS AVC001343-11

Aircraft Liability & Hull Damage

\$1,000,000 BI & PD w/ \$100,000 Passenger
Sub-limit. Re: Hull Coverage schedule for 11 AC.

Coverage Period: 01/01/2012 - 01/31/2012

MO AVR Premium. \$5,013.41

pd

Please make check payable to Delta Pacific Services, Inc.

Thanks Jim

Phone 888-265-0844 / FAX (360)-830-5531

EXHIBIT / **PAGE** 13

Case # 105 7860

425-277-7407



PHOENIX AVIATION MANAGERS, INC.

MAILING ADDRESS:
555 S. Renton Village Place, Suite 560
Renton, WA 98057

STREET ADDRESS:
555 S. Renton Village Place, Suite 560
Renton, WA 98057

NOTICE OF CANCELLATION

Policy Number: **AVC 001343 11**
Company of Issue: **OLD REPUBLIC INSURANCE COMPANY
By: PHOENIX AVIATION MANAGERS, INC.**

Is cancelled to take effect at: **January 25, 2012
(Hour-Standard Time) 12:01 A.M.**

Date of Notice: **January 13, 2012**

This notice mailed to: **Northway Aviation of Washington, Inc.
10108 32nd Avenue SW Paine Field
Everett, WA 98204**

Reason for Cancellation: **Non-Payment of Premium**
Amount Due: **\$4,644.88**

You are hereby notified that in accordance with the terms and conditions of the above-mentioned policy your insurance will cease at and from the hour and date mentioned above.

If the premium has been paid, premium adjustment will be made as soon as practicable after cancellation becomes effective. If the premium has not been paid, a bill for the premium earned to the time of cancellation will be forwarded in due course.

Phoenix Aviation Managers, Inc.

By *[Signature]*

EXHIBIT 1 PAGE 14

10108 32nd Ave. W
Bldg C-3, Suite B
Everett, WA 98204
(425) 742-7003
(425) 353-8212 fax

Cessna
Pilot Center

AUTHORIZATION TO CHANGE BROKER OF RECORD

March 1, 2012

Named Insured: Jim Grant
Northway Aviation
10108 32nd Ave West, Bldg C-3
Everett, WA 98204

Effective immediately, we have appointed Regal Aviation Insurance - Oregon as our exclusive insurance broker. Please make available to them any and all information and documents pertaining to our insurance program. This authority empowers Regal Aviation Insurance to negotiate on our behalf all matters affecting our insurance program, including those which may precede this appointment. Please recognize this BOR immediately and waive any waiting period.

The original broker is responsible for all premiums and returned commissions, if applicable, transacted up to the effective date of this letter. Regal Aviation Insurance is responsible for all premiums and commissions transacted from the date of this letter.

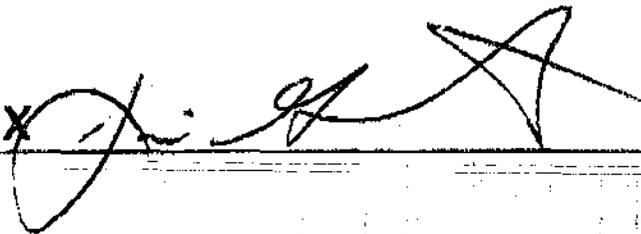
EXHIBIT 1 PAGE 15

CASE # 10010

Any deficiencies, errors or omissions created by previous insurance brokers or representatives shall not be Regal Aviation Insurance's responsibility and, in making this appointment we relieve them from such liability.

This appointment rescinds all previous appointments and shall remain in full force until canceled in writing. This appointment can only be rescinded in writing.

SIGNED: X



DATE:

3.1.2012

PRINTED:

Jim Grant

TITLE:

Owner

Case # 1054860

Regal Aviation Insurance

5625 NE Liam Young Parkway | Suite 100 | Hillsboro, OR 97124 | 800.275.7345 | Fax 503.640.3071 | www.regalaviation.com



AUTHORIZATION TO CHANGE BROKER OF RECORD

March 1, 2012

Named Insured: Jim Grant
Northway Aviation
10108 32nd Ave West, Bldg C-3
Everett, WA 98204

Effective immediately, we have appointed Regal Aviation Insurance - Oregon as our exclusive insurance broker. Please make available to them any and all information and documents pertaining to our insurance program. This authority empowers Regal Aviation Insurance to negotiate on our behalf all matters affecting our insurance program, including those which may precede this appointment.

Due to the Nature of the situation regarding this BOR and the original broker NOT paying premium on behalf of Northway, please recognize this BOR immediately and waive any waiting period for the original broker to respond.

The original broker is responsible for all premiums and returned commissions, if applicable, transacted up to the effective date of this letter. Regal Aviation Insurance is responsible for all premiums and commissions transacted from the date of this letter.

Any deficiencies, errors or omissions created by previous insurance brokers or representatives shall not be Regal Aviation Insurance's responsibility and, in making this appointment we relieve them from such liability.

This appointment rescinds all previous appointments and shall remain in full force until canceled in writing. This appointment can only be rescinded in writing.

SIGNED: X

DATE: 3/1/12

PRINTED:

Jim Grant

TITLE:

Owner

EXHIBIT 1 PAGE 17

Case # 105 7860

Northway

From: "Rusty Wissmiller" <rusty@regalaviation.com>
 Date: Thursday, March 01, 2012 2:53 PM
 To: "Northway" <northway@seanet.com>
 Cc: "Heather Brown" <heather@regalaviation.com>
 Attach: Northway Aviation Renewal.pdf
 Subject: Phoenix Quote
 Hey Jim -

OK, as we discussed, attached is the quote from Phoenix. As you can see, they have brought the premium down substantially from last year. so that should help take some of the sting out of the situation. Here's where we are at, Phoenix is out 10,003 in earned premium up to the point when your policy was cancelled. They have \$7,500 of your money already (just for this type of situation). But there is still \$2,503 owed, and they want that premium settled before they bind a new policy.

I will take a reduced commission to help you make up that \$2,503, so that will go away. But Phoenix does want \$7,500 deposit to start another monthly reporter. I will pay them that \$7,500 up front and allow you to pay me monthly (\$625/mo) for the next 12 months.

So, in essence here's how the monthly premium will break down this year vs last year.

Last Year = \$60,161 / 12 months = \$5,013.42/month

This Year = \$44,759 / 12 months = \$3,729.92/month + \$625 Deposit = \$4,354.92

All in all, while the situation with your old broker is terrible, both Dave from Phoenix and I feel badly that this happened to you. We want to work it out for you the best we both can, and I think this is a fair and reasonable solution to the problem. Things like this just aren't supposed to happen, it gives insurance a bad name, and that's not how the good people in this business want it to be.

I look forward to meeting you in person soon. I will be on vacation next week, but will come visit you when I return. Thanks.

Rusty Wissmiller
 Regal Aviation Insurance
 800-275-7345
 503-640-3071 fax
 www.regalaviation.com

Notice: This message and its attachments contain confidential information and is intended only for the individual named addressee and is protected by law under the Electronic Communications Privacy Act. If you are not the named addressee do not distribute or copy this e-mail. Notify the sender immediately and delete this e-mail from your system. E-mail transmissions cannot be guaranteed to be secure or error free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. We, Regal Aviation Insurance, cannot accept any liability for any errors or omissions.

EXHIBIT 1 PAGE 18

3/19/2012

MAR-19-12 09:40 AM NORTHWAY AVIATION

Case # 103 7860

Regal Aviation Insurance



5625 NE Blam Young Parkway | Suite 100 | Hillsboro, OR 97124 | 800.275.7345 | Fax 503.640.307 | www.regalaviation.com

AIRCRAFT BIND ORDER

DATE → March 1, 2012

COMPANY → Phoenix Aviation Managers ATTENTION → Kevin Hughes

NAMED INSURED → Northway Aviation of WA, Inc.
10108 32nd Ave West
Bldg C-3, Suite B
Everett WA 98204

EFFECTIVE DATE → 3/1/2012 TO 3/1/2013

BASED AT → (PAE) SNOHOMISH COUNTY (PAINE FLD)

FAA #	YEAR/MAKE/MODEL	SEATS	INSURED VALUE	USE	PREMIUM
N805W	1978 CESSNA 152	1+1	\$25,000	Instruction and Rental	\$2,006
N67991	1978 CESSNA 152	1+1	\$25,000	Instruction and Rental	\$2,006
N1152Z	2006 CESSNA 172S	1+3	\$221,000	Instruction and Rental	\$5,935
N2438E	2000 CESSNA 172R	1+3	\$114,000	Instruction and Rental	\$4,485
N863CP	1998 CESSNA 172R	1+3	\$108,000	Instruction and Rental	\$4,310
N686SP	1999 CESSNA 172S	1+3	\$124,500	Instruction and Rental	\$4,791
N24529	2001 CESSNA 172R	1+3	\$135,000	Instruction and Rental	\$5,098
N3526J	2001 CESSNA 172S	1+3	\$145,500	Instruction and Rental	\$5,404
N303HS	1982 CESSNA 303	1+3	\$216,000	Pleasure and Business	\$3,990
N5850W	1965 PIPER PA-28-160	1+3	\$32,400	Instruction and Rental	\$2,500
N6626S	1979 BEECH 76	1+3	\$170,000	Dual Instruction Only	\$4,234

OPW →

A. SINGLE ENGINE AIRCRAFT:

Pilots who hold a valid pilot certificate and medical certificate as required by the FAA for the flight involved and who have been approved by James Grant or his designee.

B. MULTI ENGINE AIRCRAFT:

1. Pleasure & Business Use - Any person provided he/she is a Private or Commercial pilot with a multi-engine and instrument rating, properly certificated by the FAA having a minimum of 1500 total logged flying hours, 500 of which have been in multi-engine aircraft, including not less than 15 hours in the make/model aircraft insured herein.

2. Dual Flight Instruction - Any person provided he/she is a Private or Commercial pilot properly certificated by the FAA and is accompanied at all times by a CFI.

3. Sales Demo Use - Any person provided he/she is a Commercial pilot, with multi engine and instrument rating, properly certificated by the FAA having a minimum of 1500 total logged flying hours, 500 of which have been in multi engine aircraft, including not less than 25 hours in the make/model aircraft insured herein.

C. NON OWNED AIRCRAFT: Pilots who are your employee who hold a valid pilot certificate and medical certificate as required by the FAA for the flight involved.

*ALL pilots exceeding seventy (70) years of age must have in his/her possession a valid FAA medical certificate issued within the preceding six (6) calendar months.

EXHIBIT 1 PAGE 19

Case # 1007860

Regal Aviation Insurance

5625 NE Elam Young Parkway | Suite 100 | Hillsboro, OR 97124 | 800.275.7345 | Fax 503.640.3071 | www.regal-aviation.com



COVERAGES →

Aircraft Liability

\$1,000,000 Each Occurrence / \$100,000 Each Passenger

Aircraft Medical Payments

\$5,000 Each Person

Aircraft Hull-All Risk Ground and Flight

See aircraft table above for insured values

Deductibles: \$250 Not In Motion / \$1,000 In Motion

Automatic Attachment

Single engine, fixed wing, land, piston powered aircraft, not exceeding six (6) total seats including crew, certified gross weight not in excess of 12,500 lbs, \$300,000 maximum hull value, less than 25 years old and must bear a standard airworthiness certificate.

Baggage Coverage

\$1,000 Each Person

Non Owned - Physical Damage

\$50,000 Insured Value

Deductibles: \$2,500 Each and Every Loss

Non Owned - Liability

\$1,000,000 Each Occurrence / \$100,000 Each Passenger

Non Owned Aircraft Provisions

Limited to single-engine, fixed wing, land, piston powered aircraft not exceeding six (6) total seats including crew of 12,500 lbs and must bear a standard airworthiness certificate. Provisions exclude charter.

Profit Sharing Credit

70% of the final earned physical damage premium minus claims/claims expenses paid, multiplied by 15%. Must renew with Phoenix.

Search and Rescue

\$10,000 Each Occurrence

Spares Coverage

\$25,000 Each Occurrence

Deductibles: \$1,000 Each and Every Loss

Student/Renter Liability

\$100,000 Each Occurrence

Fixed Cost Reimbursement

\$300 any one day per aircraft

\$15,000 any one aircraft

\$45,000 maximum for the policy period

Minimum ten (10) day waiting period

Unearned Premium Insurance

Independent Contractors Liability

TRIA COVERAGE IS DECLINED BY INSURED.

ADD'L INSURED(S) →

Please forward certificates as per the previous policy

PREMIUM →

Reporting Form / Minimum Deposit - \$7,500

REMARKS →

Please confirm all coverages BOUND as requested

CSR →

Heather Brown

PRODUCER →

Rusty Wlssmiller

EXHIBIT

PAGE

20

In Re the Matter of:

Robert Sorrell/Delta Pacific Services,
Inc

OIC Case #: 1059860

DECLARATION OF JIM GRANT

I, Jim Grant, do voluntarily provide this declaration, and state under penalty of perjury under the laws of the State of Washington, that the following facts are personally known to me, and, if called upon to do so, I could and would testify competently to them.

1. Mr. Robert Sorrell of Delta Pacific Services, Inc was the Broker of Record for my company Northway Aviation of Washington, Inc, from December 1998 to March 1, 2012.

2. Robert Sorrell negotiated all matters related to my insurance policy with Phoenix Aviation Managers, Inc from December 1998 to March 1, 2012.

3. I made monthly insurance premium payments to Delta Pacific Services, Inc. which was to be applied to my company insurance policy with Phoenix Aviation Managers, Inc.

4. The payments I made to Delta Pacific Services, Inc on December 5, 2011 in the amount of \$5013.41, on December 31, 2011 in the amount of \$5013.41, and on February 3, 2012 in the amount of \$5013.41 were deposited to account #080211854 in the name of Delta Pacific Services, Inc, but were never applied towards my insurance premiums with Phoenix Aviation Managers, Inc.

5. I received a letter dated January 13, 2012 from Phoenix Aviation Managers, Inc that stated my commercial insurance policy (AVC 001343 11) would be cancelled effective January 25, 2012 due to non-payment of premiums in the amount of \$4844.88. I phoned Robert Sorrell and he told me everything was okay "it was just a glitch" and not to worry.

6. On March 1, 2012 due to the fact I did not receive my insurance renewal policy to review and Mr. Sorrell was not returning my calls about the issue I contacted Phoenix Aviation Managers, Inc directly.

7. I do not recall the name of the person I spoke with at Phoenix Aviation Managers, Inc, but I was told that my company's insurance coverage had been cancelled on January 25, 2012 due to non-payment of the premiums.

8. I assured them I had made the required payments to Robert Sorrell the broker of record for the policy. Phoenix Aviation Manager's Inc confirmed the payments had not been forwarded to them and I would need to find a new broker before they would renew my insurance policy.

9. On March 1, 2012 I had to ground all aircraft associated with my flight school until I could secure a new insurance broker of record and renew the insurance coverage for my business.

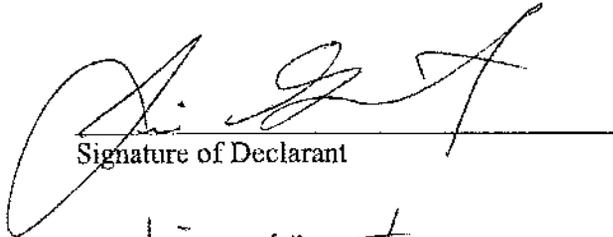
10. As a result of Robert Sorrell's actions, failure to forward the insurance premiums I paid to him my business, Northway Aviation of Washington, Inc a flight school for which the FAA requires continuous insurance coverage, went without insurance coverage from January 25, 2012 to March 1, 2012.

11. In addition to the loss of the premiums not forwarded by Mr. Sorrell I suffered the additional financial loss of my \$7500.00 deposit and \$6000.00 renewal credit with Phoenix Aviation Managers, Inc as a result of the non-payment of insurance premiums.

12. Mr. Robert Sorrell stated to me he was "having troubles" but would see that I received a refund of the money paid to his insurance agency and not forwarded to Phoenix Aviation Managers, Inc., as of the date of this signed declaration I have not received any financial reimbursement from Mr. Robert Sorrell.

I DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF WASHINGTON STATE THAT THE FOREGOING IS TRUE AND CORRECT.

Dated this 8 day of APRIL, 2012.



Signature of Declarant

Jim Grant
Printed Name of Declarant

Best Regards,
Jackie A. Ramey
Accounts Receivable Coordinator



PHOENIX AVIATION
MANAGERS INC.

(770) 590-4950
(678) 569-2367 (Fax)
jramey@pamav.com

Phoenix Aviation Managers is a paperless company. We request that all communications to our attention be in electronic format. In those instances when it is necessary to provide a paper/ hard copy document, they should be directed to our corporate headquarters located at Phoenix Aviation Managers Inc. P. O. Box 440757, Kennesaw, GA 30160, unless otherwise instructed.

Thank you for your cooperation.

From: Bob Sorrell [mailto:avinsrep@telebyte.com]
Sent: Tuesday, March 06, 2012 3:09 PM
To: Jackie Ramey
Subject: Fw: Acct Mo. Jan 2012

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

From: Bob Sorrell
To: Jackie Ramey
Sent: Tuesday, March 06, 2012 11:57 AM
Subject: Re: Acct Mo. Jan 2012

Jackie,

I was gone yesterday (two medical appointments, took most of the day). Sorry, I wasn't able to respond to your email until today. Please confirm that the payment of \$4,172.88 (paid on 02/20 was for December). There are two transactions for Acct Mo January; one for \$4,844.88 (I thought was paid, but you say that was for November) (I wasn't able to do that monthly report as I was still laid-up, so I don't know how January's report was calculated)

Please clarify that the premium for January for \$4,844.88, is for 26 days. I understand that the coverage was cancelled on Jan 26th; although, I was told prior to the cancellation that if \$4,172.88 was paid prior to 01/25, then there would not be a cancellation on 01/26. The coverage was cancelled regardless, although that payment cleared my bank on 01/20.

The premium paid for 31 days of coverage in December was \$4,172.88. Please advise why January's premium of \$4,844.88 is just for 26 days of coverage? The second transaction on 01/26 is for \$3,907.78, for what month? Since I've hardly been able to work on my business priorities, with all the medical interruptions, have sure made keeping on top of what transpired, has caused all this difficulty. I'll wait for your clarifications per the above; in the meantime, I'll send the premium for \$2,187.50 for Whidbey Hangers, so that it not be deducted from the Northway credit

Thank You,
Bob@AIR
888-265-0844

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

From: Jackie Ramey
To: ROBERT P. SORRELL
Sent: Tuesday, March 06, 2012 5:46 AM
Subject: FW: Acct Mo. Jan 2012

COPY

EXHIBIT 3 PAGE 1

Bob Sorrell

From: "Jackie Ramey" <JRamey@pamav.com>
To: "ROBERT P SORRELL" <AVINSREP@telebyte.com>
Sent: Thursday, April 12, 2012 9:45 AM
Subject: RE: Northway Aviation AVC001343-11
You are paid in full

*Best Regards,
Jackie A. Ramey
Accounts Receivable Coordinator*

COPY


PHOENIX AVIATION
MANAGERS INC.
(770) 590-4950
(678) 569-2367 (Fax)
jramey@pamav.com

Phoenix Aviation Managers is a paperless company. We request that all communications to our attention be in electronic format. In those instances when it is necessary to provide a paper/ hard copy document, they should be directed to our corporate headquarters located at Phoenix Aviation Managers Inc. P. O. Box 440757, Kennesaw, GA 30160, unless otherwise instructed.

Thank you for your cooperation.

From: Bob Sorrell [mailto:avinsrep@telebyte.com]
Sent: Thursday, April 12, 2012 1:29 PM
To: Jackie Ramey
Subject: Northway Aviation AVC001343-11

We are in the process of doing a reconciliation on this account, as to any balance that may be due to Phoenix. Please issue a final statement.

Thank You,
Bob Sorrell
888-265-0844

EXHIBIT 3 PAGE 2



OFFICE OF
INSURANCE COMMISSIONER

In The Matter of

ROBERT P. SORRELL

Licensee.

ORDER NO. 12-0241
NPN 11569683
WAOIC 114939

ORDER SUSPENDING LICENSE
AND LEVYING A FINE

To: Robert P. Sorrell
Delta Pacific Services, Inc.
P. O. Box 966
Seabeck, Washington 98380

IT IS ORDERED AND YOU ARE HEREBY NOTIFIED that your Washington State insurance producer license is **SUSPENDED**, effective September 15, 2012, pursuant to RCW 48.17.530 and RCW 48.17.540(2) for a period of **30 (thirty) days**. In addition, pursuant to RCW 48.17.560, a fine in the amount of \$1,000.00 (One Thousand Dollars) is being levied upon you.

THIS ORDER IS BASED ON THE FOLLOWING:

Robert P. Sorrell ("Sorrell" or "Licensee") is the sole owner of licensed insurance agency Delta Pacific Services, Inc. Complainant, owner of a flight training school, has been a client of Sorrell for over 10 years. The flight training school has approximately 11 aircraft in service. Delta Pacific Services, Inc. was the producer of the flight school's commercial insurance policies, which were brokered through Phoenix Aviation Managers for insurer Old Republic Insurance Company.

The school paid its regularly scheduled monthly insurance premium payment of \$5,013.41 for insurance policy AVC 001343-11 to Delta Pacific Services on the following dates: on December 5, 2011 for the November 2011 premium, on December 31, 2011 for the December 2011 premium, and on February 3, 2012 for the January 2012 premium.

Complainant received a notice dated January 13, 2012 from Phoenix Aviation Managers stating that his commercial insurance policy AVC 001343-11 with Old Republic Insurance Company would be cancelled effective January 25, 2012 for non-payment of premium. Complainant contacted Sorrell and was told by Sorrell that it was a glitch in the system and the payments had been made, so the complainant should disregard the notice.

Complainant, knowing that the flight school's commercial insurance policy was due for renewal on March 3, 2012, made attempts to contact Sorrell in February 2012. When he couldn't contact Sorrell on March 1, 2012, he decided to contact Phoenix Aviation Managers directly to review

EXHIBIT 4 **PAGE** 1

his policy. Complainant learned during the contact that the flight school's commercial insurance policy, AVC 001343-11 had already been cancelled on January 26, 2012, for non-payment of premiums. Thus, complainant had unknowingly been operating his flight school without insurance from January 26, 2012 to March 1, 2012. On March 1, 2012 he immediately grounded all planes associated with his business until he was able to find a new insurance policy through another insurance broker. The school resumed operations on March 2, 2012.

Sorrell did receive the three insurance premium payments in question, and all three were deposited into Licensee's premium account. But Sorrell did not forward those insurance premiums to the broker, Phoenix Aviation Managers, in a timely manner. The December 5th payment was not received by Phoenix Aviation Managers until January 19, 2012, the December 31st payment was not received until February 27, 2012, and the February 3rd payment was not received until February 28, 2012, a month after the policy had been cancelled.

During the course of the investigation, it was also discovered that Sorrell failed to affiliate himself with his agency, Delta Pacific Services, so his agency has been and is still transacting ~~insurance business since April 14, 2011 without an affiliated individual licensee.~~

Applicable Law:

RCW 48.17.480(2) and (3) require that all premium monies must be accounted for and paid to the party entitled to the funds promptly.

RCW 48.17.530(1)(b) states that the Commissioner may place on probation, suspend, revoke a producer's license for violating any insurance laws, or violating any rule, subpoena, or order of the commissioner or of another state's insurance commissioner.

RCW 48.17.560 allows the Commissioner to impose a fine in lieu of or in addition to a suspension or revocation in an amount up to \$1,000 per offense.

WAC 284-17-473 states that individual licensees that represent a business entity or act on its behalf must be affiliated with the licensed business entity. A business entity must have at least one affiliated individual licensee in order to transact insurance business. Each business entity must provide the commissioner with the names of all individual licensees authorized to represent the business entity and act on its behalf by electronic submission and pay the applicable fees.

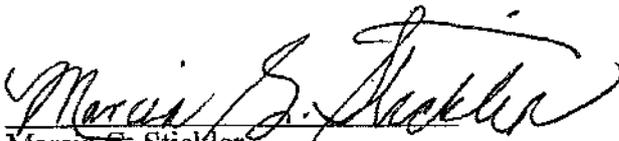
IT IS FURTHER ORDERED that you pay a fine of \$1,000.00 (One Thousand Dollars) to the Office of the Insurance Commissioner within thirty days of the date of the entry of this Order. Your failure to pay the fine within the time limit set forth above shall result in the revocation of your producer license 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. Make your check payable to the Office of the Insurance Commissioner and mail to Delia Zebroski, Fiscal Analyst, Operations Division, PO Box 40255, Olympia, WA 98504-0255 or deliver to 5000 Capitol Blvd., Tumwater, Washington.

IT IS FURTHER ORDERED that you return your insurance producer license certificate to the Commissioner on or before the effective date of the suspension of your license, as required by RCW 48.17.530(4). Return your license to: Licensing Manager, Office of the Insurance Commissioner, PO Box 40257, Olympia, WA 98504-0257.

ENTERED AT TUMWATER, WASHINGTON, this 27th day of August, 2012.

MIKE KREIDLER
Insurance Commissioner

By:



Marcia G. Stickler
Legal Affairs Division

NOTICE OF YOUR RIGHT TO A HEARING

If you are aggrieved by this Order, RCW 48.04.010 permits you to demand a hearing. Pursuant to that statute and others: You must demand a hearing, in writing, within 90 days after the date of this Order, which is the day it was mailed to you, or you will waive your right to a hearing. Your demand for a hearing must specify the reasons why you think this Order should be changed. Upon receipt of your demand for hearing, you will be contacted by an assistant of the Chief Hearing Officer to schedule a teleconference with you and the Insurance Commissioner's Office to discuss the hearing and the procedures to be followed.

Please send any demand for hearing to:

Office of the Insurance Commissioner
Attention Patricia D. Petersen, Chief Hearing Officer
Hearings Unit
P.O. Box 40255
Olympia, WA 98504-0255

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 ORDER SUSPENDING LICENSE AND LEVYING A FINE on the following individuals via US Mail.

Robert P. Sorrell
Delta Pacific Services, Inc.
P. O. Box 966
Seabeck, Washington 98380

SIGNED this 27th day of August, 2012, at Tumwater, Washington.

Jodie Thompson
Jodie Thompson

Sept. 7, 2012

FILED

TO: Office of the Insurance Commissioner State of Washington

FROM: Robert Sorrell, Delta Pacific Services, Inc.

2012 SEP 11 A 2 54

REFERENCE: DEMAND FOR A HEARING

ORDER NO. 12-0241

NPN 11569683

WAOIC 114939

Patricia D. Fursten
Chief Hearing Officer

This is in reply to above mentioned ORDER #12-0241. A HEARING is requested by Robert P. Sorrell, Licensee.

The reasons are following:

- 1) Mr. Sorrell had been ill for sometime prior to Nov. 2011. On Dec. 2, 2011, he was admitted to Harrison Hospital Emergency room. On Dec. 5, 2011, he underwent a 5 bypass, open heart surgery, which resulted in severe complications. After a month (Dec. 2011) in the cardiac unit, he was transferred to a Rehab Center and was confined for 3 weeks, released on Jan. 21, 2012 to go home. This was followed by weekly Home Nursing Care and many Doctor appointments. He again had to return 3 times to Harrison Emergency to draw fluid on his lungs. A lung was punctured during the draining of his lungs which caused a further set back. After 2 months of Home Nursing Care, he then had to have weekly lab work done at Group Health in Silverdale. He continues to this day to be under the care of a cardiologist and pulmonary doctor.
- 2) The business (Delta Pacific Services, Inc) suffered not only while he was in the hospital, but after he was home, due to pain and the many medications.
- 3) Concerning the Affiliations, he did not know they were not renewed until this notice was received.
- 4) Further details of facts need to be presented by Mr. Sorrell as to what actually transpired resulting in this situation with the flight school.

Thank you for your consideration of a Hearing.



Robert P. Sorrell

MASTER RECORD PRINTOUT

Individual Information

License No. 0000000000
Resident Yes

Full Name: DELTA PACIFIC SERVICES INC
CRD Number: 0000000000

Mailing Address:

DELTA PACIFIC SERVICES INC
PO BOX 966
SEABECK WA 98380
Tel: 360-830-5530 Ext:
Email: avinsrep@telebyte.com

Business Address:

DELTA PACIFIC SERVICES INC
PO BOX 966
SEABECK WA 98380
Tel: 360-830-5530 Ext:
Email: avinsrep@telebyte.com

Residence Address:

13784 NW CANVASBACK COURT
BREMERTON WA 98312

License Details

License No.	License Product	Effective Date	Cancel Date	Status
0000000000	0000000000	00/00/00		Active

Thompson, Jodie (PRODUCTION WEB 1)

LICENSEE MASTER INQUIRY

WAOIC # 114939

Licensee Details

Name SORRELL, ROBERT P **WAOIC #** 114939 **CIC / PIC #** SORRERP644CS
DBA Name

Documents Online Documents

Mailing Address

DELTA PACIFIC SERVICES INC
 PO BOX 966
 SEABECK WA, 98380
 Tel:360-830-5530
 Fax:
 email:avinsrep@telebyte.com

Business Address

DELTA PACIFIC SERVICES INC
 PO BOX 966
 SEABECK WA, 98380
 Tel:360-830-5530
 Fax:
 email:avinsrep@telebyte.com

License Type	Lines	Effective Date	Expiry Date	Cancel Date	Formed Date	Status
Insurance Producer	L, D, P, C	04/11/2011	02/10/2013		04/11/2011	Active
Insurance Producer		07/01/2009	02/10/2011	04/11/2011	04/11/2011	Cancelled
Agent		07/05/1995	02/10/2011	07/01/2009	04/11/2011	Moved to Producer

Cases by Division	2008	2009	2010	2011	2012	Total till Date
Total Cases	0	0	0	0	1	1
Consumer Advocacy	0	0	0	0	1	1
Investigation	0	0	0	0	0	1

Taxable Premium Volume	2008	2009	2010	2011	2012
Taxable Premium Volume	N/A	N/A	N/A	N/A	N/A

Cases by Division

- Total Cases count displays the number of unique cases closed for that year.
- The division counts display the number of closed cases assigned to that division. If the case was assigned to multiple divisions, the case will be included in each of the division counts.
- Total till Date is the count for both Closed and the Open Cases.

Orders Division

- Count against the years in the Orders Division is the count for the Orders Issued.
- Total till Date in the Orders Division is the Count for the total Orders.

MASTER RECORD PRINTOUT

License Details
 License Type: Insurance Producer Effective Date: 07/01/2009 Cancel Date: 04/11/2011
 License Number: 01000000000000000000 Expiry Date: 07/01/2009 Status: Canceled
 Specialty:

Appointments:

Company Name	License No.	App. Type	Effective Date	Expiration Date	Cancel Date
AMERICAN GENERAL LIFE INSURANCE COMPANY	81	RAP	07/01/2009	08/01/2011	04/11/2011
AMERICAN HOME ASSURANCE COMPANY	85	RAP	07/01/2009	01/18/2013	04/11/2011
INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA THE	642	RAP	07/01/2009	01/20/2013	04/11/2011
NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA	927	RAP	07/01/2009	03/03/2013	04/11/2011
OLD REPUBLIC INSURANCE COMPANY	1012	RAP	07/01/2009	08/03/2011	09/27/2010
RELIASTAR LIFE INSURANCE COMPANY	984	RAP	07/01/2009	03/04/2011	08/21/2010
TRANSAMERICA LIFE INSURANCE COMPANY	955	RAP	07/01/2009	10/21/2011	04/11/2011

Affiliations:

Licensee	NAOL#	Effective Date	Expiry Date	Cancel Date
COCHRANE AGENCY INC	8520	07/23/2009	02/08/2012	04/11/2011
DELTA PACIFIC SERVICES INC	152302	07/01/2009	04/14/2011	04/11/2011

EXHIBIT 6 PAGE 3

Calhoun, Deb (OIC)

From: Jackie Ramey [JRamey@pamav.com]
Sent: Friday, April 13, 2012 6:13 AM
To: Calhoun, Deb (OIC)
Subject: Delta Pacific - Bob Sorrell
Attachments: do-not-reply@pamav.com_20120413_081344.pdf

Importance: High

Debbie,

Attached is a payment printout for Northway Aviation. If you have any questions, please call.

Best Regards,
Jackie A. Ramey
Accounts Receivable Coordinator

(770) 590-4950
(678) 569-2367 (Fax)
jramey@pamav.com

Phoenix Aviation Managers is a paperless company. We request that all communications to our attention be in electronic format. In those instances when it is necessary to provide a paper/ hard copy document, they should be directed to our corporate headquarters located at Phoenix Aviation Managers Inc. P. O. Box 440757, Kennesaw, GA 30160, unless otherwise instructed.

Thank you for your cooperation.

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

From: PAMUser On Behalf Of do-not-reply@
Sent: Friday, April 13, 2012 9:14 AM
To: Jackie Ramey
Subject: Scanned image from MX-M453N

Reply to: do-not-reply@pamav.com <do-not-reply@pamav.com> **Device Name:** Phoenix Aviation
Device Model: MX-M453N
Location: Kennesaw

File Format: PDF MMR(G4)
Resolution: 200dpi x 200dpi

Attached file is scanned image in PDF format.

Use Acrobat(R)Reader(R) or Adobe(R)Reader(R) of Adobe Systems Incorporated to view the document.

Adobe(R)Reader(R) can be downloaded from the following URL:

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<http://www.adobe.com/>

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EXHIBIT 7 PAGE 7

Any views expressed in this message are those of the individual sender, except where the sender specifies and with authority, states them to be the views of Phoenix Aviation Managers, Inc.

EXHIBIT 7 PAGE 2

ACCOUNT # OR AVC 001343 INSURED NORTHWAY AVIATION OF WA, INC BILL CODE AC00
 AMOUNT DUE .00 AMOUNT O/S .00 AMOUNT PAID 53605.15

TRANS DATE	EFF DATE	TRANS AMOUNT	TRANS ITEM	DATE DUE/PAID	AMOUNT DUE/PAID
<u>03102011</u>	<u>03032011</u>	<u>7500.00</u>	DEP 000	<u>05012011</u> date due	<u>6562.50</u>
			PAY 000	<u>05262011</u> date paid	<u>6562.50</u>
<u>01302012</u>	<u>01242012</u>	<u>-7500.00</u>	DEP 000	<u>03012012</u>	<u>-6562.50</u>
			PAY 000	<u>04042012</u> date paid	<u>-6562.50</u>
<u>04262011</u>	<u>03312011</u>	<u>5723.00</u>	END 002	<u>06012011</u>	<u>5007.63</u>
			PAY 002	<u>06232011</u> date paid	<u>5007.63</u>
<u>05232011</u>	<u>04302011</u>	<u>5920.00</u>	END 003	<u>07012011</u>	<u>5180.00</u>
			PAY 003	<u>07212011</u> date paid	<u>5180.00</u>
<u>06202011</u>	<u>05312011</u>	<u>6118.00</u>	END 004	<u>08012011</u>	<u>5353.25</u>
			PAY 004	<u>08232011</u>	<u>5353.25</u>
<u>07152011</u>	<u>06302011</u>	<u>5920.00</u>	END 005	<u>09012011</u>	<u>5180.00</u>
			PAY 005	<u>09152011</u>	<u>5180.00</u>
<u>08172011</u>	<u>07312011</u>	<u>6118.00</u>	END 006	<u>10012011</u>	<u>5353.25</u>
			PAY 006	<u>10182011</u>	<u>5353.25</u>
<u>09212011</u>	<u>08312011</u>	<u>6027.00</u>	END 007	<u>11012011</u>	<u>5273.63</u>

INQUIRY

ACCOUNT # OR AVC 001343 11 INSURED NORTHWAY AVIATION OF WA, INC BILL CODE AC00
 AMOUNT DUE .00 AMOUNT O/S .00 AMOUNT PAID 53605.15

TRANS DATE	EFF DATE	TRANS AMOUNT	TRANS ITEM	DATE	AMOUNT DUE/PAID
10212011	09302011	5128.00	PAY 007	11212011	5273.63
			END 008	12012011	due date 4487.00
11172011	10312011	5537.00	PAY 008	01192012	date paid 4487.00
			END 009	01012012	due date 4844.88
12292011	11302011	4769.00	PAY 009	02272012	date paid 4844.88
			END 010	02012012	4172.88
01252012	12312011	5537.00	PAY 010	02282012	4172.88
			END 011	03012012	4844.88
01252012	01252012	4466.00	PAY 011	04042012	4844.88
			END 012	03012012	3907.75
01312012	01262012		PAY 012	04042012	3907.75
			CANCL 013	03012012	

Questions for Phoenix Aviation Managers:

- 1) How/when did you notify Delta Pacific Services of the monthly premium amount due on Northway Aviation's policy? (mail, email)
We email "account current" statements on the first of each month; we also include an invoice with every policy we issue and mail to the agent. See attached statements for specifics to Northway.
- 2) Example; if you were notifying Delta Pacific Services of premium payments due for January, when would that notice go out and when would it be due? Is there grace period involved?
For transactions that occurred in January, they are billed February 1st. Payment would be due to us by February 28th (last day of the month). See attached invoices.
- 3) Have there been issues in the past 2 years where a portion of Northway Aviations deposit was used to cover past due premiums? Yes, Delta Pacific Services had historically applied the deposit premium to subsequent balances due.
- 4) Was the policy for Northway Aviation actually canceled in 2012 due to non-payment of premiums or was the deposit used to keep it active until new policy was written?
The policy was cancelled effective 1/26/12 for non-payment of premium. At the time of cancellation, all credit from the initial deposit premium had been exhausted being applied to subsequent Northway's monthly balances due.
- 5) Who is notified of the actual cancellation of the policy? What dates were those notifications made?
Notices were sent January 13th, 2012 to Northway Aviation, Delta Pacific Services and all additional Insureds as required by the policy. See attached cancellation notice and certified mail receipts.
- 6) What was the exact amount of past due premiums on the date the policy was cancelled?
\$4,844.88 and \$3,907.75 (\$8,752.63 Total)
- 7) If cancelled, what were the specific dates that Northway Aviation operated without insurance coverage? (Please provide cancellation notices or other communications that support the policy was cancelled)
The policy was cancelled effective 1/26/12 and remained cancelled until the new policy was written with Regal Aviation effective 3/1/12. Please see attached cancellation notices.
- 8) Is it Phoenix Aviation Managers that offer the renewal credit that Northway Aviation receives each year when they renew their policy? If so, how is the amount of the credit calculated?
Phoenix Aviation does offer a "Cessna Pilot Center" endorsement (form AV-459) and had in the past offered this to Northway. We returned \$5,869.00 for the 03/03/2010-2011 policy term (see attached AV-602). The AV-459 was provided for the 03/03/2011-2012 policy term, however, due to the policy cancelling for non-payment of premium and not remaining in force for the full annual policy term, no profit commission was paid.
- 9) Did Northway Aviation receive a renewal credit in 2012? If so what was the amount? If you are referring to the return for the 2010-2011 policy term, yes- see attached AV-602 for \$5,869.00.

Exhibit 8 p. 1

- 10) When did you receive the first payment from Regal Aviation for Northway's new Insurance policy? And what was that amount? **We billed Regal \$7,500 (deposit premium) for Northway's 2012-2013 policy on 04/01/2012. We were paid by Regal on 04/20/2012. See attached.**
- 11) In Regal Aviations communication with Northway Avlation on 3/1/12 they indicate Phoenix is out \$10,003.00 in earned premiums. What is meant by that?
I do not have that communication in file and can't factually speak to Regal's intent but they may be referring to a past balances due prior to the policy being cancelled?

Exhibit 8 p. 2.



PHOENIX AVIATION MANAGERS, INC.

MAILING ADDRESS:
Post Office Box 440757
Kennesaw, GA 30160

STREET ADDRESS:
1990 Vaughn Road, Suite 350
Kennesaw, GA 30144

June 12, 2012

Office of the Insurance Commissioner
Attn: Debbie Calhoun
Legal Affairs Division
P.O. Box 40256
Olympia, WA 98504

Dear Ms. Calhoun:

My apologies for the delay in replying to your inquiry, I am responsible for coordinating the response to you and was out on vacation the past 10 days.

In response to your inquiry regarding Delta Pacific Services/Northway Aviation please see our responses to your questions and supporting documentation (14 pages total).

If I can answer any additional questions please let me know.

Sincerely,

Gordon L. Murray III
Senior Vice President



PHOENIX AVIATION
MANAGERS, INC.

(770) 590-4950 RECEPTION
(678) 569-2180 DIRECT
(770) 590-0599 FAX
gmurray@pamav.com

Exhibit 8 p. 3

Premium Due to Phoenix from Debra

Premium Due to Debra from Northwest

Premium Appro to Debra on Nov 7th/11

Premium Paid to Phoenix from Debra

Premium Received by Phoenix from Debra

Date	Amount	Description	Balance
4/2/11	5007.63	Premium Due to Phoenix from Debra	5007.63
5/31/11	5180.00	Premium Due to Debra from Northwest	5180.00
6/7/11	5353.25	Premium Appro to Debra on Nov 7th/11	5353.25
7/5/11	5180.00	Premium Paid to Phoenix from Debra	5180.00
7/8/11	5353.25	Premium Received by Phoenix from Debra	5353.25
7/11/11	5180.00	Premium Due to Phoenix from Debra	5180.00
7/31/11	5353.25	Premium Appro to Debra on Nov 7th/11	5353.25
8/1/11	5180.00	Premium Paid to Phoenix from Debra	5180.00
8/3/11	5353.25	Premium Received by Phoenix from Debra	5353.25
8/11/11	5180.00	Premium Due to Phoenix from Debra	5180.00
8/23/11	5353.25	Premium Appro to Debra on Nov 7th/11	5353.25
8/31/11	5180.00	Premium Paid to Phoenix from Debra	5180.00
9/1/11	5353.25	Premium Received by Phoenix from Debra	5353.25
9/4/11	5180.00	Premium Due to Phoenix from Debra	5180.00
9/9/11	5353.25	Premium Appro to Debra on Nov 7th/11	5353.25
9/15/11	5180.00	Premium Paid to Phoenix from Debra	5180.00
9/18/11	5353.25	Premium Received by Phoenix from Debra	5353.25
9/28/11	5180.00	Premium Due to Phoenix from Debra	5180.00
10/3/11	5353.25	Premium Appro to Debra on Nov 7th/11	5353.25
10/5/11	5180.00	Premium Paid to Phoenix from Debra	5180.00
10/12/11	5353.25	Premium Received by Phoenix from Debra	5353.25
10/21/11	5180.00	Premium Due to Phoenix from Debra	5180.00
10/31/11	5353.25	Premium Appro to Debra on Nov 7th/11	5353.25
11/4/11	5180.00	Premium Paid to Phoenix from Debra	5180.00
11/9/11	5353.25	Premium Received by Phoenix from Debra	5353.25
11/12/11	5180.00	Premium Due to Phoenix from Debra	5180.00
11/21/11	5353.25	Premium Appro to Debra on Nov 7th/11	5353.25
11/27/11	5180.00	Premium Paid to Phoenix from Debra	5180.00
12/7/11	5353.25	Premium Received by Phoenix from Debra	5353.25
12/11/11	5180.00	Premium Due to Phoenix from Debra	5180.00
12/15/11	5353.25	Premium Appro to Debra on Nov 7th/11	5353.25
12/27/11	5180.00	Premium Paid to Phoenix from Debra	5180.00
1/4/12	5353.25	Premium Received by Phoenix from Debra	5353.25
1/12/12	5180.00	Premium Due to Phoenix from Debra	5180.00
1/15/12	5353.25	Premium Appro to Debra on Nov 7th/11	5353.25
1/21/12	5180.00	Premium Paid to Phoenix from Debra	5180.00
1/27/12	5353.25	Premium Received by Phoenix from Debra	5353.25
2/7/12	5180.00	Premium Due to Phoenix from Debra	5180.00
2/15/12	5353.25	Premium Appro to Debra on Nov 7th/11	5353.25
2/18/12	5180.00	Premium Paid to Phoenix from Debra	5180.00
2/26/12	5353.25	Premium Received by Phoenix from Debra	5353.25
2/27/12	5180.00	Premium Due to Phoenix from Debra	5180.00
2/28/12	5353.25	Premium Appro to Debra on Nov 7th/11	5353.25

44412
 8752.63
 - 2190.13 Debra Room 3/29/12
 6562.50
 3907.75
 1/25/12

WHAT WAS USED FOR THIS IF POLICY CANCELLED 1/25/12

?
 (2190.13 3/29/12)

Exhibit 9

REVISED ANSWERS TO QUESTION # 3

02/07/2013

3) Date Due to Delta Pacific Services	Rec'd From Northway Avia.	Check #	Average Premium
01/31/2011	02/03/2011	7170	\$ 6,071.86
02/28/ 2011	03/15/2011	no copy	6,071.86
03/31/2011	04/05/2011	7236	6,071.86
04/30/2011	05/03/2011	7281	427.50
05/31/2011	06/07/2011	7325	6,071.86
06/30/2011	07/05/2011	7364	6,296.50
07/31/2011	08/03/2011	7423	6,296.50
08/31/2011	09/06/2011	7475	6,296.50
09/30/2011	10/05/2011	7507	5,432.06
10/31/2011	11/04/2011	* 7543	* 4,893.85
11/30/2011	12/07/2011	7573	5,013.41
12/31/2011	01/04/2012	* 7611	* 5,013.41
01/31/2012	02/07/2012	* 7641	* 5,013.41

* = revised either date or amount from original document.
 No invoice was sent for 12/31/2012, only phone request
 By Mrs. Sorrell

Ref. Check Numbers Above

#7281 Premium less due to Phoenix credit
 PCOR refund

#7325, 7364, 7475: Additional aircraft
 added to insurance schedule

#7507 Airplane removed from coverage,
 credited back with lower premium

✓ A-H.
 Exhibit (A)

1

Bob Sorrell

From: "Bob Sorrell" <avinsrep@telebyte.com>
To: "Jackie Ramey" <JRamey@pamav.com>
Sent: Tuesday, February 05, 2013 11:33 AM
Subject: Re: Northway Aviation

Jackie,

3

Thanks for getting back to me. If you would please send a copy of the January 2012 statement, that would be appreciated. Our copy is out of file. According to your records for what month do you show that a payment was short? I don't have that information as to why this may have occurred and the credit had to be applied.

Also, the PCOR credit was not provided to the insured, although the coverage was renewed by another agency. Previously, when I had applied for the PCOR credit it had always been issued. The cancellation was done, although the payment that was due no later than 01/25/12, was paid and cleared my bank on 01/20/12. I was still in the hospital during this time, but I do remember speaking to you on the phone, when you advised that payment had to be received by 01/25/12 to avoid cancellation. Again, the check cleared my bank on 01/20/12.

My recollection is, I requested this information three times in January 2012, as to why the coverage was cancelled, regardless that payment was made? No response was received. Then in February 2012, the Renton office said the cancellation was final. They showed that the payment due by 01/25/12 was paid after that date? These are issues that we wish to resolve and your assistance would be very much appreciated. Please advise as soon as possible.

Thank You,
Bob Sorrell
Delta Pacific Services, Inc.
888-265-0844

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

From: Jackie Ramey
To: ROBERT P. SORRELL
Sent: Tuesday, February 05, 2013 8:15 AM
Subject: Northway Aviation

2

Bob,
The deposit was issued on your January 2012 account current. The credit was used to pay open items for Northway Aviation and you paid the balance as to what was left open after the deposit was used.

Best Regards,
Jackie A. Ramey
Accounts Receivable Coordinator

EXHIBIT (B)

2

2/5/2013

Bob Sorrell

From: "Jackie Ramey" <JRamey@pamav.com>
To: "ROBERT P. SORRELL" <AVINSREP@telebyte.com>
Sent: Tuesday, February 05, 2013 11:51 AM
Subject: RE: Northway Aviation

This could take some time as the file are in storage. I will do what I can.

*Best Regards,
 Jackie A. Ramey
 Accounts Receivable Coordinator*



PHOENIX AVIATION
 MANAGERS, INC.
 (770) 590-4950
 (678) 569-2367 (Fax)
jramey@pamav.com

4

Phoenix Aviation Managers is a paperless company. We request that all communications to our attention be in electronic format. In those instances when it is necessary to provide a paper/ hard copy document, they should be directed to our corporate headquarters located at Phoenix Aviation Managers Inc. P. O. Box 440757, Kennesaw, GA 30160, unless otherwise instructed.

Thank you for your cooperation.

From: Bob Sorrell [mailto:avinsrep@telebyte.com]
Sent: Tuesday, February 05, 2013 2:34 PM
To: Jackie Ramey
Subject: Re: Northway Aviation

Jackie,

Thanks for getting back to me. If you would please send a copy of the January 2012 statement, that would be appreciated. Our copy is out of file. According to your records for what month do you show that a payment was short? I don't have that information as to why this may have occurred and the credit had to be applied.

Also, the PCOR credit was not provided to the insured, although the coverage was renewed by another agency. Previously, when I had applied for the PCOR credit it had always been issued. The cancellation was done, although the payment that was due no later than 01/25/12, was paid and cleared my bank on 01/20/12. I was still in the hospital during this time, but I do remember speaking to you on the phone, when you advised that payment had to be received by 01/25/12 to avoid cancellation. Again, the check cleared my bank on 01/20/12.

My recollection is, I requested this information three times in January 2012, as to why the coverage was cancelled, regardless that payment was made? No response was received. Then in February 2012, the Renton office said the cancellation was final. They showed that the payment due by 01/25/12 was paid after that date? These are issues that we wish to resolve and your assistance would be very much appreciated. Please advise as soon as possible.

Thank You,
 Bob Sorrell
 Delta Pacific Services, Inc.
 888-265-0844

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

From: Jackie Ramey
To: ROBERT P. SORRELL
Sent: Tuesday, February 05, 2013 8:15 AM
Subject: Northway Aviation

EXHIBIT(C)

3

2/5/2013

Bob Sorrell

From: "Bob Sorrell" <avinsrep@telebyte.com>
To: "Jackie Ramey" <JRamey@pamav.com>
Sent: Monday, January 28, 2013 2:30 PM
Subject: Northway Aviation AVC 001341-11

1

Dear Jackie,

The above policy was cancelled on 01/25/12. This happened on the same date that I had been released from the hospital after open heart surgery. After almost two months in the hospital I was still in totally incapacitated was unable to attend to my agency operations and was being treated by nurses at home until early March. My only recollection, about the middle of January of 2012, that I had a phone conversation with you that you must receive a payment due on the account by no later than 01/25/2012 or, the coverage would be cancelled.

The check was mailed for me and my bank shows that it cleared on 01/20/2012 the policy was cancelled regardless on 01/25/2012 I thought that the cancellation was is error as that payment was made as required and that the cancellation would be rescinded. I think it was later in February, per the Phoenix West office, that I was advised that the cancellation was final. There was no further explanation forth coming.

The coverage was renewed, via another agency, on 03/02/2012. It's been brought to my attention that the POOR credit that should have been provided to the insured upon renewal, had not been issued; although, no claims were made during the previous 12 months ? Per your email on 04/12/2012 you advised that my account was paid in full. I've gone back through my file on payments for 2011 and 2012 and all are accounted for. It's my understanding that the initial deposit paid over 10 years ago of \$7,500 was not credited to the renewal on 03/02/2012 as had been on previous renewals?

I know that this is now old business, but your record of what had transpired during that time period, would be most appreciated. Please advise at your earliest convenience.

Thank You,
Bob@AIR
888-265-0844

EXHIBIT (D)

4

1/28/2013

Bob Sorrell

From: "Bob Sorrell" <avinsrep@telebyte.com>
To: "Jackie Ramey" <JRamey@pamav.com>
Sent: Thursday, April 12, 2012 10:21 AM
Subject: Re: Northway Aviation AVC001343-11

We have compiled a list of payments received from Northway Aviation for 2011 -2012 and our payments to Phoenix during the same time period. We wish to send this list to you for verification, see to that it coincides with your file. Please advise that we may forward the list to you accordingly.

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

From: Jackie Ramey
To: ROBERT P SORRELL
Sent: Thursday, April 12, 2012 9:45 AM
Subject: RE: Northway Aviation AVC001343-11

You are paid in full

*Best Regards,
 Jackie A. Ramey
 Accounts-~~Receivable~~ Coordinator*



PHOENIX AVIATION
 MANAGERS INC.

(770) 590-4950

(678) 569-2367 (Fax)

jramey@pamav.com

Phoenix Aviation Managers is a paperless company. We request that all communications to our attention be in electronic format. In those instances when it is necessary to provide a paper/ hard copy document, they should be directed to our corporate headquarters located at Phoenix Aviation Managers Inc. P. O. Box 440757, Kennesaw, GA 30160, unless otherwise instructed.

Thank you for your cooperation.

From: Bob Sorrell [mailto:avinsrep@telebyte.com]
Sent: Thursday, April 12, 2012 1:29 PM
To: Jackie Ramey
Subject: Northway Aviation AVC001343-11

We are in the process of doing a reconciliation on this account, as to any balance that may be due to Phoenix. Please issue a final statement.

Thank You,
 Bob Sorrell
 888-265-0844

EXHIBIT(E)

5

11/21/2012

Bob Sorrell

From: "Bob Sorrell" <avinsrep@telebyte.com>
To: <jramey@phoenixaviationmgrs.com>
Sent: Tuesday, March 06, 2012 12:09 PM
Subject: Fw: Acct Mo. Jan.2012

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

From: Bob Sorrell
To: Jackie Ramey
Sent: Tuesday, March 06, 2012 11:57 AM
Subject: Re: Acct Mo. Jan 2012

Jackie,

I was gone yesterday (two medical appointments, took most of the day). Sorry, I wasn't able to respond to your email until today. Please confirm that the payment of \$4,172.88 (paid on 02/20 was for December). There are two transactions for Acct Mo January; one for \$4,844.88 (I thought was paid, but you say that was for November) (I wasn't able to do that monthly report as I was still laid-up, so I don't know how January's report was calculated)

Please clarify that the premium for January for \$4,844.88, is for 26 days. I understand that the coverage was cancelled on Jan 26th; although, I was told prior to the cancellation that if \$4,172.88 was paid prior to 01/25, then there would not be a cancellation on 01/26. The coverage was cancelled regardless, although that payment cleared my bank on 01/20.

The premium paid for 31 days of coverage in December was \$4,172.88. Please advise why January's premium of \$4,844.88 is just for 26 days of coverage? The second transaction on 01/25 is for \$3,907.75, for what month? Since I've hardly been able to work on my business priorities, with all the medical interruptions, have sure made keeping on top of what transpired, has caused all this difficulty. I'll wait for your clarifications per the above; in the meantime, I'll send the premium for \$2,187.50 for Whidbey Hangers, so that it not be deducted from the Northway credit

Thank You,
Bob@AIR
 888-265-0844

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

From: Jackie Ramey
To: ROBERT P SORRELL
Sent: Tuesday, March 06, 2012 5:46 AM
Subject: FW: Acct Mo. Jan 2012

Bob,

EXHIBIT (F)

6

3/6/2012

Bob Sorrell

From: "Kevin Hughes" <khughes@pamav.com>
To: "ROBERT P SORRELL" <AVINSREP@telebyte.com>
Sent: Tuesday, March 06, 2012 1:34 PM
Subject: RE: Acct Mo. Jan 2012

Bob,

Good afternoon.

The payments that were due based on the month of the reports are as follows:

September 2011: \$4487.00 (Due 12/1, Paid 1/19)	
October 2011: \$4844.88 (Due 1/1, Paid 2/27)	
November 2011: \$4172.88 (Due 2/1, Paid 2/28)	Check #3072 \$4,487.00 cleared Timberland Bank 01/20/2012
December 2011: \$4844.88 (Due 3/1)	Check # 3077 \$4,844.88 Cleared Timberland Bank 02/23/2012
January (26 Days): \$3907.75 (Due 3/1)	Check # 10458 \$4,172.88 Cleared Timberland Bank 02/27/2012

Any months that we did not receive reports for, were based on the daily rate of the last report received times the number of days covered.

Additional to this there is also the M&D amount on the account still out there that I think you have previously discussed with Jackie.

I hope this helps with clearing up the timetable.

Kevin Hughes

Underwriter



PHOENIX AVIATION
MANAGERS INC.
425) 277-7407 TEL
425) 277-0112 FAX
khughes@pamav.com

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Thank you for your cooperation.

From: Jackie Ramey
Sent: Tuesday, March 06, 2012 12:17 PM
To: Kevin Hughes
Subject: FW: Acct Mo. Jan 2012

Kevin,

Please see if you can answer Bob's questions on Northway.

EXHIBIT (G)

7

3

DELTA PACIFIC SERVICES INC.
P O BOX 908
SEABECK, WA 99390

99-7075/2011
02021154

3072

DATE 1/12/2013

FAY TO THE
ORDER OF

Praxis Christian Ministry Inc. \$ 4,487.00

Four thousand four hundred eighty seven and 00/100 DOLLARS



MEMO *AW138* AYC 001343 *Barbara Schmitt*

3072 #0000448700#

01/20/2012

3072

\$4,487.00

FOR NW

EXHIBIT (H)

8