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OFFICE OF  
INSURANCE COMMISSIONER  
HEARINGS UNIT

2013 APR 30 P 12:14

Fax: (360) 664-2782

Patricia D. Petersen  
Chief Presiding Officer  
(360) 725-7105

Hearings Unit, OIC  
Kelly A. Cairns  
Paralegal  
(360) 725-7002  
KellyC@oic.wa.gov

BEFORE THE STATE OF WASHINGTON  
OFFICE OF INSURANCE COMMISSIONER

In the Matter of	)	<b>Docket No. 13-0084</b>
	)	
<b>EDMUND C. SCARBOROUGH and</b>	)	<b>NOTICE OF HEARING</b>
<b>WALTER W. WOLF,</b>	)	
	)	
Respondents.	)	
_____	)	

**TO:** Walter W. Wolf  
7903 E. Broadway  
Spokane Valley, WA 99212

James A. McPhee, Esq.  
Workland & Witherspoon PLLC  
601 W. Main Avenue, Suite 714  
Spokane, WA 99201

Michael Miles, Esq.  
Ballard Spahr LLP  
100 North City Parkway, Suite 1750  
Las Vegas, NV 89106-4617

Timothy J. Parker, Esq.  
Carney Badley Spellman, P.S.  
701 Fifth Avenue, Suite 3600  
Seattle, WA 98104-7010

**COPY TO:** Mike Kreidler, Insurance Commissioner  
Deborah McCurley, Acting Chief Deputy Insurance Commissioner  
John F. Hamje, Deputy Commissioner, Consumer Protection Division  
Andrea Philhower, Staff Attorney, Legal Affairs Division  
Charles Brown, Acting Deputy Commissioner, Legal Affairs Division  
Office of the Insurance Commissioner  
PO Box 40255  
Olympia, WA 98504-0255

On March 8, 2013, the Washington State Insurance Commissioner (OIC) issued a Notice of Request for Hearing for Imposition of Fines to Edmund C. Scarborough and Walter W. Wolf (collectively, "Respondents"). Said Notice of Request for Hearing proposes that the OIC take



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disciplinary action against the Respondents for alleged violations of the Insurance Code. Specifically, as stated in the Notice of Request for Hearing, the OIC alleges that by being listed and signing their names as individual sureties on a performance bond issued relative to a City of Clarkston, Washington construction project, the Respondents acted as insurers without having a proper Certificate of Authority in violation of RCW 48.05.030(1). Additionally, the OIC alleges that by soliciting and transacting insurance business in this state on behalf of an unauthorized insurer without being licensed as surplus lines brokers, the Respondents violated RCW 48.15.020 and RCW 48.15.070.

On March 27, 2013, the undersigned held a first prehearing conference in this matter, which included all parties. The OIC was represented by Andrea Philhower, Esq., Staff Attorney in the OIC's Legal Affairs Division. Mr. Wolf was represented by his attorney, James A. McPhee, Esq. of Workland & Witherspoon, PLLC, Spokane, Washington. Mr. Scarborough was represented by his attorneys Michael Miles, Esq. of Ballard Spahr, LLP, Las Vegas, Nevada, and Timothy J. Parker, Esq. of Carney Badley Spellman, P.S., Seattle, Washington. The undersigned reviewed procedure to be expected at hearing and answered all questions and concerns of the parties. The parties agreed that this hearing should be held commencing on June 3, 2013.

Accordingly, **YOU ARE HEREBY NOTIFIED that a hearing will be held commencing on Monday, June 3, 2013, at 10:00 a.m., Pacific Time.** The purpose of this hearing, which will include all parties, is to consider whether the Respondents' alleged activities, set forth in the OIC's Notice of Request for Hearing, constituted violations of the Insurance Code justifying imposition of a fine against the Respondents, or justify some other form of disciplinary action.

The OIC will appear by and through Andrea Philhower, Staff Attorney in the OIC's Legal Affairs Division. Ms. Philhower's address is Office of the Insurance Commissioner, Legal Affairs Division, P.O. Box 40255, Olympia, WA 98504-0255 and her telephone number is (360) 725-7063. Respondent Wolf will appear and will be represented by his attorney James A. McPhee of Workland & Witherspoon, PLLC. Mr. McPhee's business address is 601 W. Main Avenue, Suite 714, Spokane, WA 99201, and his telephone number is (509) 252-5682. Respondent Scarborough will appear and will be represented by his attorneys Michael Miles of Ballard Spahr, LLP, 100 North City, Parkway, Suite 1750, Las Vegas, NV 89106-4617, and Timothy J. Parker of Carney Badley Spellman, P.S., 701 Fifth Avenue, Suite 3600, Seattle, WA 98104. Mr. Miles telephone number is (702) 868-7514 and Mr. Parker's telephone number is (206) 622-8020.

Patricia D. Petersen, Esq., who serves as Chief Presiding Officer for the Office of the Insurance Commissioner, has been designated to hear and determine this matter. Her address is Office of Insurance Commissioner, P.O. Box 40255, Olympia, Washington 98504-0255. Her telephone number is (360) 725-7105. All interested individuals and entities who have questions or concerns concerning this proceeding should direct them to her Paralegal, Kelly Cairns, at the same address, at [kellyc@oic.wa.gov](mailto:kellyc@oic.wa.gov) or by telephone to (360) 725-7002.

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The hearing will be held under the authority granted by the Insurance Commissioner under Chapter 48.04 RCW. The basic facts relied upon are those specifically set forth in the OIC's Notice of Hearing.

The hearing will be governed by the Administrative Procedure Act, Chapter 34.05 RCW, and the model rules of procedure contained in Chapter 10-08 WAC. All parties may be represented at the hearing. They may examine witnesses and fully respond and present evidence and argument on all issues involved.

As required by RCW 34.05.434(2)(i), you are advised that a party who fails to attend or participate in any stage of the proceeding may be held in default in accordance with Chapter 34.05 RCW.

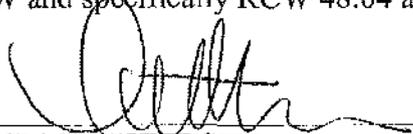
Pursuant to WAC 10-08-040(2) and in accordance with ch. 2.42 RCW, if a limited English speaking or hearing impaired or speech impaired party or witness needs an interpreter, a qualified interpreter will be appointed. There will be no cost to the party or witness therefore, except as may be provided by ch. 2.42 RCW. A Request for Interpreter form is attached to the original of this Notice, with instructions thereon.

This Notice is provided pursuant to RCW 48.04.010 and RCW 34.05.434.

Based upon the above activity,

**IT IS HEREBY ORDERED** that the adjudicative proceeding in this matter shall commence on June 3, 2013, at 10:00 a.m., Pacific Time, continuing on each successive day until terminated.

ENTERED AT TUMWATER, WASHINGTON, this 30<sup>th</sup> day of April, 2013, pursuant to Title 48 RCW and specifically RCW 48.04 and Title 34 RCW and regulations applicable thereto.

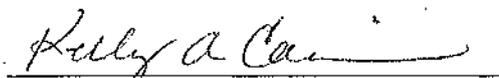


PATRICIA D. PETERSEN  
Chief Presiding Officer

Declaration of Mailing

I declare under penalty of perjury under the laws of the State of Washington that on the date listed below, I mailed or caused delivery through normal office mailing custom, a true copy of this document to the following people at their addresses listed above: Walter W. Wolf, James A. McPhee, Esq., Michael Miles, Esq., Timothy J. Parker, Esq., Mike Kreidler, Deborah McCurtley, John F. Hanje, Esq., Charles Brown, Esq., and Andrea Philhower, Esq.

DATED this 30<sup>th</sup> day of April 2013.

  
KELLY A. CAIRNS

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**HEARINGS UNIT**

Fax: (360) 664-2782

Patricia D. Petersen  
Chief Presiding Officer  
(360) 725-7105

Hearings Unit  
Paralegal  
(360) 725-7002  
[Hearings@oic.wa.gov](mailto:Hearings@oic.wa.gov)

To request an interpreter, complete and mail this form to:

Chief Presiding Officer  
Office of Insurance Commissioner  
P.O. Box 40255  
Olympia, WA 98504-0255

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**REQUEST FOR INTERPRETER**

I am a party or witness in Matter No. 13-0084, before the Insurance Commissioner. I NEED AN INTERPRETER and request that one be furnished.

Please check the statements that apply to you:

I am a non-English-speaking person. I cannot readily speak or understand the English language. My primary language is \_\_\_\_\_ (insert your primary language). I need an interpreter who can translate to and from the primary language and English.

I am unable to readily understand or communicate the spoken English language because:

- I am deaf.
- I have an impairment of hearing.
- I have an impairment of speech.

[Please state below or on the reverse side any details which would assist the Commissioner or Presiding Officer in arranging for a suitable interpreter or in providing appropriate mechanical or electronic amplification, viewing, or communication equipment.]

Date: \_\_\_\_\_

Signed: \_\_\_\_\_

Please print or type your name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_