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2014 DEC 17 A 9:46

In The Matter of GHOLAMREZA NIKZAD, and WOOD FINANCIAL SERVICES COMPANY, Licensees.	OIC No. 13-0222 OAH Docket No. 2013-INS-0006 OIC STAFF RESPONSE TO LICENSEES' PETITION FOR REVIEW

This case involves a hearing demanded by a licensed Washington insurance producer, Gholamreza Nikzad, and his licensed Washington insurance agency, Wood Financial Services Company, to contest an order entered by the Office of Insurance Commissioner on July 23, 2013 revoking their licenses. The Order revoking the insurance licenses of Mr. Nikzad and his agency was predicated upon the Findings of Fact, Conclusions of Law, and Final Order in the matter of Gholam Reza Nikzad and Wood Financial Services Company, OIC Docket No. 12-0130, entered November 5, 2012. No judicial review was sought following entry of said Final Order and licensees and licensees are bound by its terms.

As set forth by Office of Administrative Hearings Administrative Law Judge, Lisa N. W. Dublin, in her Findings of Fact, Conclusions of Law, and Initial Order in this proceeding (Conclusion 5.4):

> On November 5, 2012, Chief Presiding Officer Patricia Petersen issued a Final Order to Appellants, clearly identifying several tasks Appellants needed to complete within specified timeframes in order to avoid losing their insurance producer licenses. Although Appellants complied with part of the Final Order, i.e. they paid the $1,000.00 fine, they admittedly failed to comply with the rest, and in fact intentionally disregarded and defied the remainder of the Final Order. Instead of divesting themselves of their agency-billed accounts by the end of 2012, Appellants renewed and issued more. Instead of

> establishing a proper accounting system within the next three months to track premiums, Appellants continued to commingle funds, make untraceable deposits to the premium account, overdraw their premium account, and otherwise mismanage client funds in violation of Chapter 48.17 RCW. Although Appellants may believe that license revocation is too harsh, and although appellants may have now completed other tasks assigned by the Final Order, the Final Order unequivocally required full compliance by the established deadlines. Because Appellants did not fully comply by the established deadlines, Appellants' insurance producer licenses are hereby revoked under RCW 48.17.530(3).

Licensees do not challenge this Conclusion or any of Judge Dublin's Findings of Fact or Conclusions of Law, all of which are fully supported by the evidence.

Instead, licensees challenge a relevance ruling excluding evidence regarding licensee's financial practices after the deadlines set forth in Judge Petersen's Final Order had come and gone and after the Order revoking their license had been entered. Boiled down, licensees' argument is that Judge Dublin erred by respecting the Final Order entered by Judge Petersen on November 5, 2012, which clearly spells out not only the deadlines for bringing licensees' operation into Insurance Code compliance, but the consequences of failing to comply, providing in pertinent part on page 9 as follows:

> ...that if each of the conditions set forth in this Order is not fully met as described and within the time frames stated, the Washington resident insurance producer's licenses of Gholam Reza Nikzad and Wood Financial Services Company shall be, at the sole discretion of the OIC, revoked without advance notice."

Exactly what is the evidence licensees claim was improperly excluded and how does it justify disregarding Judge Petersen's Final Order? Licensees offer no intelligible explanation. The only specific evidentiary reference in licensees' Petition for Review is to an Agency follow-up examination report attached to OIC's list of pre-filed exhibits as Exhibit No. 9. This report does not mitigate anything, How its exclusion supposedly prejudice licensees is a mystery to the OIC staff. It documents that at the end of September, 2013, licensees were still commingling fiduciary account funds, overdrawing their premium fiduciary account, failing to account for

premiums received and owed, and otherwise continuing to violate Judge Petersen's Order and the Insurance Code provisions on which it was based. Excluding this report on relevance grounds surely caused no prejudice to licensees.

Judge Dublin's was correct to respect and give effect to Judge Petersen's final Order of November 5, 2012. Her evidentiary ruling on post revocation evidence was both correct and harmless. Her Findings of Fact, Conclusions of Law, and Initial Order accurately reflect the evidence and record. The OIC staff therefore respectfully requests that her Findings of Fact, Conclusions of Law, and Initial Order be affirmed.

Submitted this 17th day of December, 2014.

Charles D. Brown
OIC Insurance Enforcement Specialist
Legal Affairs Division

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 **OIC STAFF RESPONSE TO LICENSEES' PETITION FOR REVIEW** on the following individual(s) via Hand Delivery, US Mail and e-mail at the below indicated addresses:

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SIGNED this 17th day of December, 2014, at Tumwater, Washington.

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