

August 7, 2014

Earl C. Dennis
1113 A Ave. S
Edmonds, WA 98020

FILED

2014 AUG -7 P 2:24

State of Washington Office of the Insurance Commissioner
Hearing Unit
Office of the Insurance Commissioner
PO Box 40255
Olympia, WA 98504

Re: Order No. 14-0153
WAOIC No. 10731
NPN No. 665067

Dear Sirs and Madams:

Allow this letter (email) to serve as official notice of a request (demand) for a hearing regarding the above referenced case. The information provided in the order is incomplete and does not begin to tell the whole nor truly accurate story. Parts of the accusations are inaccurate or incomplete; I need to be able to clarify areas I feel are lacking in truth. In essence, I need to be able to defend myself.

I have been a licensed agent in Washington for 31 years. To have my license revoked would put me in a position of (probably) forced bankruptcy. I would be unable to earn a living. My life would be ruined. Please acknowledge receipt of this email. Thank you.

Sincerely:

Earl C. Dennis/10731

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3
4 **STATE OF WASHINGTON**
5 **OFFICE OF THE INSURANCE COMMISSIONER**
6

7 *In the Matter of*

8
9 **EARL C. DENNIS**

10
11 Licensee.

Order No. 14-0153

WAOIC No. 10731

NPN No. 665067

ORDER REVOKING
LICENSE

12
13 To: Earl C. Dennis
14 1113 A. Ave
15 Edmonds, WA 98020
fisherman150@comcast.net

16 **IT IS ORDERED AND YOU ARE HEREBY NOTIFIED** that
17 your Washington State insurance producer license is **REVOKED**,
18 effective **August 11, 2014**, pursuant to RCW 48.17.530 and RCW
48.17.540(2).

19 **BASIS:**

20
21 1. EARL C. DENNIS ("Mr. Dennis") holds a Washington
22 resident insurance producer's license.

23 2. On February 10, 2012, Mr. Dennis borrowed \$210,000 from
24 his insurance client Margaret Barrett ("Mrs. Barrett") (a widow) after
25 selling her three Forethought Life annuities on May 12, 2011, and May
26 20, 2011, when Mrs. Barrett was 79 years old. Mr. Dennis also sold Mrs.

ORDER REVOKING LICENSE
ORDER NO. 14-0153
1124837

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State of Washington
Office of Insurance Commissioner
Insurance 5000 Building
PO Box 40255
Olympia, WA 98504-0255

1 Barrett one Forethought Life annuity at her age of 80 on February 13,
2 2012.

3 3. As part of the loan agreement, Mr. Dennis agreed to repay
4 the loan over an eight (8) year period with an interest rate of 2%. Mr.
5 Dennis and Mrs. Barrett signed a promissory loan agreement for the
6 \$210,000 loan to Mr. Dennis, in which Mr. Dennis promised to secure the
7 loan by means of a deed of trust on his residence.

8 4. While Mr. Dennis received the \$210,000 in loan funds, Mr.
9 Dennis did not record a deed of trust in favor of Mrs. Barrett, nor secure
10 Mrs. Barrett's loan in any other manner.

11 5. Of the loan funds, \$30,000 was deposited into Mr. Dennis'
12 personal account and \$180,000 was deposited in an account in Mrs.
13 Barrett's name, to be accessed by Mr. Dennis via a power of attorney
14 executed by Mrs. Barrett.

15 6. Barbara Peterson, Mrs. Barrett's daughter, became involved in
16 her mother's affairs and discovered the loan and annuities. Ms. Peterson
17 was able to close the account and recovered approximately \$108,000 of the
18 remaining funds.

19 7. In order to purchase the Forethought annuities, on Mr. Dennis'
20 advice, Mrs. Barrett surrendered two Western National annuities that were
21 outside of the surrender penalty period, and had a minimum guaranteed
22 interest rate of 3.00%.

23 8. The purchased Forethought annuities had ten (10) full years of
24 surrender penalties and had a minimum guaranteed interest rate of 1.00%.
25 Mrs. Barrett had complete access to the two Western National contracts
26 without incurring any surrender penalties, but now, if she accesses more

1 than 10% of the Forethought contract value, she will incur a penalty on the
2 amount in excess of the first 10% of the value, which is penalty-free for
3 withdrawals.

4 9. The Forethought annuities are not in Mrs. Barrett's best
5 interest because Mrs. Barrett now has limited access to the funds and
6 because the replaced investments and annuities that were used to fund the
7 Forethought annuities had a better guaranteed return and were accessible
8 without penalty.

9 10. RCW 48.17.530(1)(m) gives the Insurance Commissioner
10 authority to revoke the license of a licensee who obtains a loan from an
11 insurance client that is not a financial institution and who is not related to
12 the insurance producer by birth, marriage, or adoption.

13 11. By obtaining a loan from Mrs. Barrett, who is Mr. Dennis'
14 insurance client, and who is not a financial institution nor related to Mr.
15 Dennis by birth, marriage, or adoption, Mr. Dennis violated RCW
16 48.17.530(1)(m), justifying the revocation of his license.

17 12. RCW 48.17.530(1)(h) gives the Insurance Commissioner
18 authority to revoke the license of a licensee who is found to be using
19 fraudulent, coercive, or dishonest practices, or demonstrating
20 incompetence, untrustworthiness, or financial irresponsibility in this state
21 or elsewhere.

22 13. By obtaining a personal loan of \$210,000, at 2% interest over
23 eight years, from Mrs. Barrett, who is Mr. Dennis' insurance client and
24 was 79 and 80 years old at the time of the transaction, and by failing to
25 secure the loan as he agreed to do, Mr. Dennis has used fraudulent,
26 coercive, or dishonest practices, or demonstrated incompetence,

1 untrustworthiness, or financial irresponsibility, justifying the revocation of
2 his license under RCW 48.17.530(1)(h).

3 14. RCW 48.23.015 and WAC 284-23-390 require that an
4 insurance producer recommending and executing the exchange of an
5 annuity must have reasonable grounds to believe that both the particular
6 annuity and the transaction as a whole recommendation are suitable for
7 the particular consumer, that the consumer has been reasonably informed
8 of the potential surrender period and surrender charge, any potential tax
9 penalty, limitations on interest returns, insurance and investment
10 components, and market risk, among other factors, and that the exchange
11 or replacement is suitable including taking into consideration whether,
12 among other factors, the consumer will be subject to the commencement
13 of a new surrender period or will lose existing benefits.

14 15. By advising Mrs. Barrett to surrender two Western National
15 annuities that were outside of the surrender penalty period and accessible
16 without penalty, and which had a better guaranteed minimum rate of
17 return, in exchange for the Forethought annuities that had ten (10) full
18 years of surrender penalties and a lower guaranteed interest rate, and,
19 when asked to disclose other short or long-term negative consequences of
20 the exchange, by writing only "none known - consult a CPA or an
21 attorney with questions," Mr. Dennis violated RCW 48.23.015 and WAC
22 284-23-390.

23 16. RCW 48.17.530(1)(b) gives the Insurance Commissioner
24 authority to revoke the license of a licensee for violating any insurance
25 laws, or violating any rule, subpoena, or order of the Commissioner.
26

1 17. Mr. Dennis' violations of RCW 48.23.015 and WAC 284-23-
2 390 justifies the revocation of his license under RCW 48.17.530(1)(b).

3
4 **IT IS FURTHER ORDERED** that you return your insurance
5 producer license certificate to the Insurance commissioner on or before
6 the effective date of the revocation, as required by RCW 48.17.530(4).
7 Return your license to:

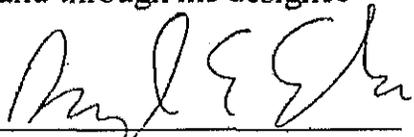
8
9 Licensing Manager
10 Office of the Insurance Commissioner
11 P O Box 40257
12 Olympia, WA 98504-0257.

13 EXECUTED this 23rd day of July, 2014 in Tumwater, Washington.

14
15 

16 MIKE KREIDLER
17 Insurance Commissioner

18 By and through his designee

19 

20
21 Darryl E. Colman
22 Insurance Enforcement Specialist
23 Legal Affairs Division

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25
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1 **NOTICE OF YOUR RIGHT TO A HEARING**

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3 If you are aggrieved by this Order, RCW 48.04.010 permits you to
4 demand a hearing. You must demand a hearing in writing within 90 days
5 after the date of this Order Revoking License or you will waive your right
6 to a hearing.

7
8 *If the Insurance Commissioner receives your demand for a*
9 *hearing before the effective date listed on the order revoking your*
10 *license, the revocation will be automatically stayed (postponed) and your*
11 *license will remain in effect pending the hearing.*

12
13 Your demand for a hearing should be sent to the following address
14 and must briefly state how you are harmed by this decision and why you
15 disagree with it:

16
17 Hearing Unit
18 Office of the Insurance Commissioner
19 PO Box 40255
20 Olympia, WA 98504

21 You will be notified of the time and place of your hearing.

22 If you have questions about filing a demand for hearing or the hearing
23 process, please telephone the Hearing Unit at (360) 725-7002 or send an
24 email to HearingsU@OIC.wa.gov.

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CERTIFICATE OF MAILING

The undersigned certifies under the penalty of perjury under the laws of the Sate 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 REVOKING LICENSE on the following individual via US mail and Email.

Earl C. Dennis
1113 A. Ave
Edmonds, WA 98020
fisherman150@comcast.net

Dated this 23rd day of July, 2014 in Tumwater, Washington.

Signed by: Christine M. Tribe
Christine M. Tribe
Paralegal