

STATE OF WASHINGTON

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OFFICE OF  
INSURANCE COMMISSIONER

HEARINGS UNIT  
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Patricia D. Petersen  
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Wendy Galloway  
Paralegal  
(360) 725-7002  
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MIKE KREIDLER

STATE OF WASHINGTON  
**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 of a true copy of this document to parties listed below  
DATED this 25th day of May 2007 at Tumwater, Washington.

Signed: Wendy Galloway

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

BEFORE THE STATE OF WASHINGTON  
OFFICE OF INSURANCE COMMISSIONER

In the Matter of:	)	
	)	No. D06-302
MICHAEL R. LEAVERTON,	)	
	)	FINAL ORDER TERMINATING
Licensee.	)	PROCEEDING
_____	)	

TO: Michael R. Leaverton  
714 E. Edison, Ste. B  
Sunnyside, Washington 98944

T. Jeffrey Keane PLLC  
Attorney at Law  
14205 S.E. 36<sup>th</sup> Street, Suite 325  
Bellevue, Washington 98006

**COPY TO:** Mike Kreidler, Insurance Commissioner  
Michael G. Watson, Chief Deputy Insurance Commissioner  
Carol Sureau, Deputy Commissioner, Legal Affairs Division  
Andrea Philhower, Staff Attorney, Legal Affairs Division  
John Hamje, Deputy Commissioner, Consumer Protection Division  
Office of the Insurance Commissioner  
PO Box 40255  
Olympia, WA 98504-0255

On October 23, 2006, Michael Leaverton (Licensee), by and through his attorney, T. Jeffrey Keane, Esq., 14205 SE 36th Street, Suite 325, Bellevue, Washington, filed a Demand for Administrative Hearing in the above captioned matter. The purpose of the Licensee's Demand for Hearing was to contest the Commissioner's (OIC) Order



FINAL ORDER TERMINATING PROCEEDING  
D06-302, Page 2

Revoking License, D06-302, entered on October 6, 2006. The OIC appeared pro se by and through Andrea L. Philhower, Staff Attorney in his Legal Affairs Division. As requested in the Demand for Hearing, on October 27, 2006, this matter was transferred to the Office of Administrative Hearings for an initial decision.

On December 7, 2006 a prehearing conference was held scheduling a hearing to commence on April 9 and 10, 2007. Prior to the date upon which the hearing was ultimately scheduled, the parties entered into a Consent and Order Levying a Fine, and a recommended Order Terminating Proceedings was entered by the Office of Administrative Proceedings on May 4, 2007. The parties agreed that the Consent and Order was in lieu of Licensee's Order Revoking License, Number D06-302, for the conduct described in said Consent and Order. A copy of the Consent and Order Levying a Fine and Order Terminating Proceedings, OAH Docket No. 2006-INS-0019 and OIC Order No. D07-129, is attached hereto and is by this reference incorporated herein.

Subsequently, on May 9, 2007, the Office of Administrative Hearings forwarded the hearing file back to the undersigned to enter a Final Order in this matter. It should be noted that, although the Consent Order Levying a Fine includes "Conclusions of Fact" and "Conclusions of Law," this matter was never adjudicated and therefore these "Conclusions of Fact" and "Conclusions of Law" should only be treated as agreements between the parties.

Based upon the above activity:

**IT IS HEREBY ORDERED** that pursuant to RCW 48.17.530 and 48.17.560, and by agreement of the parties, the proceedings in this matter, Order Revoking License No. D06-302, is hereby terminated.

ENTERED this 25<sup>th</sup> day of May, 2007, at Tumwater, Washington.



PATRICIA D. PETERSEN  
Chief Hearing Officer



OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of	)	OAH Docket No. 2006-INS-0019
	)	OIC Order No. D07-129
MICHAEL R. LEAVERTON,	)	CONSENT AND ORDER LEVYING A
	)	FINE
Resident Licensee	)	

Pursuant to RCW 34.05.060 and WAC 10.08.230(2) (b), the parties hereby stipulate to the entry of the following Stipulation and Order to resolve this matter:

Michael R. Leaverton, ("licensee") hereby stipulates to the payment of a fine in the total amount of \$7,500, with \$3,750 suspended as further set forth below. Provided licensee complies with this Order he will remain an agent in good standing in Washington State. Based on the following facts which are hereby acknowledged, licensee further stipulates and agrees that he will comply with Washington insurance laws and regulations in the future.

**CONCLUSIONS OF FACT**

1. Michael R. Leaverton ("Licensee") is a licensed agent authorized to sell life and disability insurance in Washington.
2. OIC entered an Order Revoking License in October, 2006 revoking this license. OIC, by Washington statute, cannot unilaterally revoke an agent's license or impose a fine without the opportunity for a hearing. Pursuant to RCW 48.04.040, Licensee objected to the OIC's order and timely requested an administrative hearing which, pursuant to RCW 48.04.020, meant that the Order Revoking License was stayed during the balance of this proceeding and Licensee maintained his license throughout.
4. In response to an inquiry by OIC, a joint response dated April 6, 2005 was received from both licensee Michael R. Leaverton and his wife, licensee Barbara C. Leaverton. In their response, the licensees admit that they solicited Washington residents, in Washington, to purchase annuities that were not approved for sale in this State but were approved for sale in Idaho.

8. Michael Leaverton traveled to Idaho for the purpose of signing applications for some of these non-approved annuities. He admits that he and his wife personally drove some Washington residents to Idaho for this purpose, while the balance drove themselves to Idaho to sign the applications in the presence of Licensee.

9. The licensee sold non-approved Allianz annuities to two Washington residents within the State of Washington. These applicants did not travel to Idaho. These applicants were the licensee's parents. The applications for both falsely state that they were signed in Coeur d' Alene, Idaho.

10. The licensee admits that he was the agent who sold every one of the Allianz policies on which his wife, Barbara Leaverton, signed as sales agent. She was generally not present during the completion of many of the applications. The licensee admits that he was not currently appointed to sell these annuities and that, because his wife was so appointed, she signed the applications, many of which were for consumers she had never met.

11. Most of the non-approved Allianz annuities sold to Washington residents by licensee and his wife were delivered within Washington.

12. From August, 2004 through May, 2005, the licensee sold five annuities from ING USA Annuity and Life Insurance Company to Washington customers. The licensee admits that he was not currently appointed to sell these annuities and that, because his wife was so appointed, she signed the applications, many of which were for consumers she had never met.

## CONCLUSIONS OF LAW

A.) The above conduct by licensee violated RCW 48.30.010 in the following ways:

- i. By engaging in the marketing and sale of annuities not approved for sale in Washington;
- ii. By transporting or arranging for Washington residents to transport themselves out of state in order to complete the purchase of nonapproved annuities;
- iii. By misrepresenting the place applications were signed in order to conceal the sale of nonapproved annuities to Washington residents in Washington; and
- iv. By misrepresenting that his wife was the selling agent when he made sales of annuities which he was not currently appointed to sell.

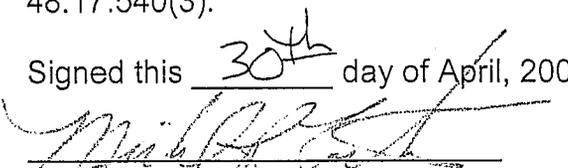
B.) The licensee violated RCW 48.30.040 in the following ways:

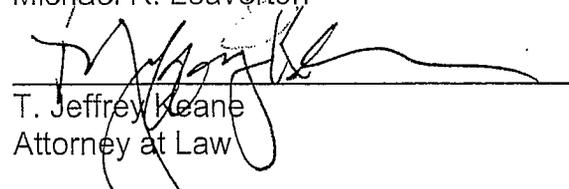
- i.) By initially denying, but later admitting without compulsion during an OIC investigation that he had:

- a.) Marketed nonapproved annuities to Washington residents in Washington;
  - b.) Instructed and assisted at least two Washington consumers to falsely claim they had signed annuity applications in Idaho when in fact they were signed in Washington; and
    - ii. By falsely claiming that Barbara Leaverton had been the selling agent for annuities which he had sold and which he was not appointed to sell.
- D.) The licensee knowingly violated several provisions of this code as set forth above, violating RCW 48.17.530(1)(b).

The licensee has engaged in practices that are not in accord with the standards set out in the Insurance Code of Washington. Accordingly, the licensee enters this Stipulation to the following Order voluntarily and with the understanding that such fine is in lieu of any suspension or revocation of the licensee's license for such conduct. The facts described above, and the fact of this stipulation, will be considered by the Commissioner in the event of any future administrative actions regarding licensee. Licensee agrees and understands that if the conditions set forth in the Order are not fully met, the Insurance Commissioner may revoke his license pursuant to RCW 48.17.540(3).

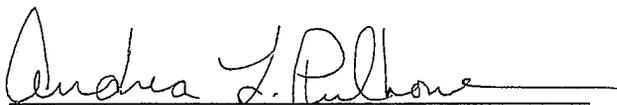
Signed this 30<sup>th</sup> day of April, 2007.

  
\_\_\_\_\_  
Michael R. Leaverton

  
\_\_\_\_\_  
T. Jeffrey Keane  
Attorney at Law

Counsel for Licensee

Office of the Insurance Commissioner

  
\_\_\_\_\_  
Andrea L. Philhower  
OIC Staff Attorney

Counsel for the Office of the Insurance  
Commissioner

### ORDER

IT IS ORDERED that pursuant to RCW 48.17.530, and the foregoing Stipulated Facts and Law and Consent to Order that:

1. Payment of Fine. A fine in the amount of \$7,500 (Seven-Thousand Five-Hundred Dollars) is assessed against Mr. Leaverton. \$3,750 (Three-Thousand Seven-Hundred and Fifty Dollars) of this amount is suspended on condition that Mr. Leaverton cooperates fully with OIC in any further actions relating to this matter. The unsuspended portion of the fine shall be paid in four equal \$937.50 (Nine-Hundred Thirty-Seven Dollars and Fifty Cents) installments: one 90 days after entry

of this order, and another each 90 (ninety) days thereafter, with the last payment being made on or before the first anniversary of the entry of this order by the administrative law judge. In the event the fine or any installment thereof goes unpaid as agreed, the Commissioner may elect to revoke the license of licensee and the fine will be recoverable in a civil action brought on behalf of the Insurance Commissioner by the Attorney General.

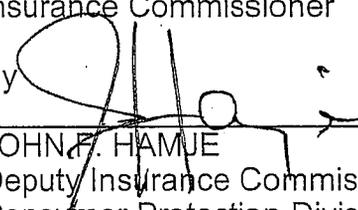
2. Previous Order Of Revocation Vacated. Order Revoking License No. D06-302 is vacated and of no force or effect.

3. Future Actions. Mr. Leaverton shall not engage in any of the insurance practices outlined above or in similar practices hereafter. Mr. Leaverton will cooperate with OIC in any further actions relating to this matter.

ENTERED AT TUMWATER, WASHINGTON, this 30<sup>th</sup> day of April, 2007.

MIKE KREIDLER  
Insurance Commissioner

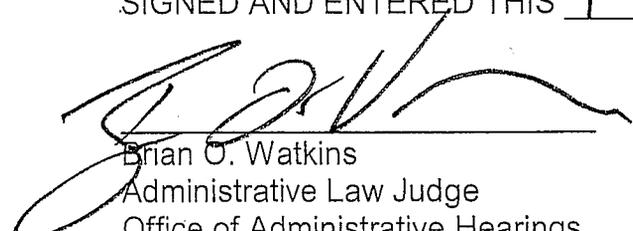
By

  
\_\_\_\_\_  
JOHN F. HAMJE  
Deputy Insurance Commissioner  
Consumer Protection Division

### ~~INITIAL~~ ORDER TERMINATING PROCEEDINGS

This matter having come before Administrative Law Judge Brian O. Watkins, pursuant to the foregoing Stipulation and Order and the Administrative Law Judge deeming himself fully advised in the premises, it is hereby ordered pursuant to RCW 48.17.530 and 48.17.560 that OAH Docket Number D 06-120 is hereby closed and dismissed as settled.

SIGNED AND ENTERED THIS 4<sup>th</sup> day of ~~April~~, 2007.  
*May 2007*

  
\_\_\_\_\_  
Brian O. Watkins  
Administrative Law Judge  
Office of Administrative Hearings