MIKE KREIDLER
STATE INSURANCE COMMISSIONER

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 30th day of Nov 2007, at Tumwater, Washington.
Signed: Wendy Galloway

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

STATE OF WASHINGTON

OFFICE OF
INSURANCE COMMISSIONER

HEARINGS UNIT
Fax: (360) 664-2782

Phone: (360) 725-7000
www.insurance.wa.gov

FILED

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Hearings Unit, OIC
Patricia D. Petersen
Chief Hearing Officer

Wendy Galloway
Paralegal
(360) 725-7002
Wendyg@oic.wa.gov

NOTICE OF RECEIPT OF DEMAND FOR HEARING

To: C. Seth Wilkinson, Esquire
Yarmuth Wilsdon Calfo PLLC
925 Fourth Avenue, Suite 2500
Seattle, Washington 98104

And To: Arthur Cervantes
Northwest Financial Exchange, Inc.
11661 SE 1st Street, #101
Bellevue, Washington 98005

Copy To: Mike Kreidler, Insurance Commissioner
Mike Watson, Chief Deputy Commissioner
John F. Hamje, Deputy Commissioner for Consumer Protection
Carol Sureau, Deputy Commissioner, Legal Affairs
Charles D. Brown, Sr. Staff Attorney, Legal Affairs
Post Office Box 40255
Olympia, Washington 98504-0255

From: Patricia D. Petersen, Chief Hearing Officer WDfor

Date: November 30, 2007

Hearing: Arthur Cervantes and Northwest Financial Exchange, Inc.,
D07-0323– Order Revoking Licenses

This is to advise you that on Monday, November 13, 2007, the Hearings Unit received and filed your Demand for Hearing. Because your Demand for Hearing was received by the Commissioner on November 9, 2007, prior to the effective date of the revocation, the order has been stayed pending the hearing, pursuant to RCW 48.04.020.

We note that you have requested that an administrative law judge from the Office of Administrative Proceedings (OAH) conduct the hearing in this matter. Accordingly, in order to accommodate your request, administrative discretion is being used in this case to

transfer the hearing file to OAH. Per our arrangement with OAH, an administrative law judge with OAH will be appointed to hear this matter and enter an Initial, or Recommended, Order. The Initial Order, together with the entire hearing file and record of the proceedings, will then be returned by OAH to this Hearings Unit. At that time, the entire hearing file and Initial Decision entered by OAH will be reviewed by a Review Judge, who will then enter the Final Findings of Facts, Conclusions of Law and Order in this matter. The Office of Administrative Hearings is located at 2420 Bristol Court, Olympia and their phone number is (360) 664-8717. More details about this procedure appear below.

If you have any questions concerning this Notice, please contact Wendy Galloway at the above telephone number or address.

HEARING PROCEDURES – OFFICE OF THE INSURANCE COMMISSIONER

Depending on your Demand for Hearing and applicable statutes, you may have had two options available for the procedure by which your hearing will be conducted. These two options are as follows:

Option 1: Your hearing will be presided over by an Administrative Law Judge who handles appeals from actions of the Insurance Commissioner, pursuant to Title 34 RCW, the Administrative Procedures Act, and Title 48 RCW. The Administrative Law Judge is an individual who, by statute, may have no prior involvement with either the facts or any issues involved in this case. The Administrative Law Judge will hear and make the final decision in the case without any communication, input or review by the Insurance Commissioner or staff or any other individual who has knowledge of the case. The Administrative Law Judge's final decision may uphold or reverse the Commissioner's action or may instead impose any penalties, which are less than those contained in the Commissioner's action.

Option 2: Your hearing may be presided over by an Administrative Law Judge from the Office of Administrative Hearings. That Administrative Law Judge will issue an initial, or recommended, decision which will then be sent to the Insurance Commissioner along with the entire hearing file. The Insurance Commissioner, or his designee, will review the entire hearing file, and the Initial Decision, make the final decision and enter a Final Findings of Facts, Conclusions of Law and Order accordingly. The Insurance Commissioner's final decision in the case may uphold, reverse or modify the initial decision, and may thereby change the penalty which is recommended in the initial decision. In writing the final decision, the Insurance Commissioner is not bound by the findings of facts or conclusions of law which were made in the initial decision.

Based upon your request in your Demand for Hearing, your hearing will be handled under Option 2 described above.

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