

STATE OF WASHINGTON

Phone: (360) 725-7000

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 4th day of February, 2008  
at Tumwater, Washington.

Signed: Wendy Galloway

OFFICE OF  
INSURANCE COMMISSIONER  
HEARINGS UNIT

Fax: (360) 664-2782

FILED

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

Hearings Unit, DIC  
Patricia D. Petersen  
Wendy Galloway, Officer  
Paralegal  
(360) 725-7002  
wendyg@oic.wa.gov

**NOTICE OF RECEIPT OF DEMAND FOR HEARING**

To: Steven D. Smith  
2851 S. Parker Road  
Suite 1300, Penthouse  
Aurora, Colorado 80014

Steven D. Smith, Inc.  
2851 S. Parker Road  
Suite 1300, Penthouse  
Aurora, Colorado 80014

Dental by Design  
2851 S. Parker Road  
Suite 1300, Penthouse  
Aurora, Colorado 80014

Design Benefits, Inc.  
2851 S. Parker Road  
Suite 1300, Penthouse  
Aurora, Colorado 80014

Design Teleservices, Inc.  
2851 S. Parker Road  
Suite 1300, Penthouse  
Aurora, Colorado 80014

SDS Financial  
2851 S. Parker Road  
Suite 1300, Penthouse  
Aurora, Colorado 80014

And To: Mr. Thomas P. Rowland, Staff Attorney  
OIC Legal Affairs Division  
P.O. Box 40255  
Olympia, Washington 98504-0255

From: Patricia D. Petersen, Chief Hearing Officer

Date: February 4, 2008

Hearing: **Order to Cease & Desist, D07-0351**  
Design Savers Plan, Steven D. Smith, Inc., Steven D. Smith, Design Benefits, Inc., Dental by Design, Design Teleservices, Inc., SDS Financial, John Byars, AdovaHealth, IRA Gottlieb, Family Security Council, Inc., New Health Care Management Group, Inc., C. Murphy Leopold, Edward Demming, Robert D. Edelheit, United Group Programs, Inc., E2 Holding, Inc., War College Simulations, Inc., United Programs Worldwide, Inc., United National Workforce Association, Inc., Opti-Med, Arnold H. Katz, Jonathan Edelheit,

Unauthorized Insurers, Respondents.

Mailing Address: P.O. Box 40255 • Olympia, WA 98504-0255  
Street Address: 5000 Capitol Blvd. • Tumwater, WA 98501

Notice of Receipt of Demand for Hearing  
and Hearing Procedures  
No. D07-0351 - Page 2

This is to advise you that on January 30, 2008, the Hearings Unit received and filed your Demand for Hearing dated January 15, 2008, in the above-referenced case.

Unless a date is entered at the end of this Notice, in approximately 5 working days, you will be contacted by the Hearings Unit to schedule a date for the prehearing conference in this matter. This prehearing conference, which will be held by telephone, will include: 1) you, and/or your representative if you wish; 2) the individual who will be representing the Insurance Commissioner in this matter; and 3) the Chief Hearing Officer. The purpose of the prehearing conference is to discuss basic procedure to be followed before, during and after the hearing, as well as any issues or concerns which have arisen or which you believe will arise in your preparation for the hearing.

For your information, we have included a brief outline of hearing procedure below.

If you have any questions concerning this Notice or the prehearing conference to be scheduled, please contact Wendy Galloway, Paralegal, Hearings Unit, at the above telephone number or address.

**HEARING PROCEDURES - OFFICE OF THE INSURANCE COMMISSIONER**

The following is a brief summary of hearing procedure. Following the prehearing conference referred to above, a Notice of Hearing will be entered advising you of the date scheduled for the hearing. The specific rules which govern the hearing procedure, which include many more details, can be found primarily at Chapter 34.05 RCW (the Administrative Procedure Act) and Chapter 10-08 WAC. Your hearing will be presided over by a Hearings Judge who handles cases where actions of the Insurance Commissioner are appealed, such as yours. It will be conducted in a fairly formal manner; however, it will be as flexible as possible to accommodate the needs of the parties and any witnesses which may appear. You will be allowed to submit documents to support your version of the facts. Testimony may also be presented in the form of live witnesses, including the parties themselves; also, if requested, witnesses are allowed to testify over the telephone at the discretion of the Hearings Judge.

The hearing normally begins with each party presenting an opening statement summarizing what they intend to prove; then each party presents its case-in-chief which includes presentation of documents and testimony, subject to cross examination by the opposing party; then the hearing concludes with each party presenting its closing arguments summarizing what they believe they have shown.

The Hearings Judge is an individual who has not had any involvement with this case. The Hearings 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 Hearings Judge's final decision may 1) uphold the Commissioner's action; 2) reverse the Commissioner's action; or 3) impose penalties which are less than those contained in the Commissioner's action.

**Please Note That, Pursuant To General Rule 24, Washington Rules Of Court, Attorneys Representing Individuals Or Entities In Washington State Adjudicative Proceedings Such As This Need Not Be Licensed As An Attorney In Washington State.**