

FILED

2019 SEP 24 P 2:59

**BEFORE THE STATE OF WASHINGTON
OFFICE OF THE INSURANCE COMMISSIONER**

HEARINGS UNIT
OFFICE OF
INSURANCE COMMISSIONER

In the Matter of:

EDWARD CHADWICK & KELT, LLC,

Licensee.

Docket Nos. 19-0059, 19-0060

**FINAL ORDER ON SUMMARY
JUDGMENT**

This matter, having been heard at the Office of Administrative Hearings, and an Initial Order Granting the OIC's Motion for Summary Judgment entered by ALJ Martin, comes before the Presiding Officer at OIC for review and entry of a Final Order.

ISSUES

1. Whether a genuine issue of material fact exists as to whether Edward Chadwick and Kelt, LLC ("Appellants") used fraudulent Lexington Insurance policies in order to secure a number of premium finance loans in violation of RCW 48.17.530(1)(d), RCW 48.17.530(1)(g), RCW 48.17.530(1)(h), RCW 48.17.530(1)(j), RCW 48.17.480, RCW 48.30.190, RCW 48.17.600, WAC 284-12-080 and RCW 48.30.090?
2. Whether a genuine issue of material fact exists as to whether Appellants failed to respond in writing to an inquiry of the Office of the Insurance Commissioner ("OIC") in violation of RCW 48.17.475?
3. If there are no genuine issues of material facts, then whether summary judgment should be granted in favor of the OIC?
4. If so, is revocation the appropriate penalty?

ORDER SUMMARY

1. No genuine issue of material fact exists as to whether Appellants used fraudulent Lexington Insurance policies in order to secure a number of premium finance loans, in violation of RCW 48.17.530(1)(d), RCW 48.17.530(1)(g), RCW 48.17.530(1)(h), RCW 48.17.530(1)(j), RCW 48.17.480, RCW 48.30.190, RCW 48.17.600, WAC 284-12-080 and RCW 48.30.090.

2. No genuine issue of material fact exists as to whether Appellants failed to respond in writing to an inquiry of the Office of the Insurance Commissioner in violation of RCW 48.17.475.
3. Because there are no genuine issues of material facts, as a matter of law, the OIC's Motion for Summary Judgment is granted.
4. Revocation is the appropriate penalty.

BACKGROUND

1. On February 1, 2019, the OIC issued two orders regarding the licenses of Appellants: the Order Suspending Licenses Pending Revocation No. 19-0059 ("Order Suspending"), and the Order Revoking Licenses No. 19-0060 ("Order Revoking"). The Order Suspending had an effective date of February 6, 2019. The Order Revoking had an effective date of February 19, 2019.
2. On March 12, 2019, Appellants filed a Demand for Hearing with the OIC Hearings Unit requesting a hearing to contest the Order Suspending and the Order Revoking.
3. On March 14, 2019, the Hearings Unit sent the Appellants a Notice of Receipt of Demand for Hearing, acknowledging the OIC's receipt of his/its demand. On that same date, the Hearings Unit transmitted the Demand and Licensee's case to the Office of Administrative Hearings ("OAH"), and requested that an Administrative Law Judge ("ALJ") from OAH be assigned as presiding officer to conduct an evidentiary hearing and issue an initial order in this matter.
4. On April 24, 2019, Jessica Creager, counsel for Appellants, filed a Request for Discretionary Stay with the OIC Hearings Unit, asking that the suspension and revocation of Appellants' licenses be stayed pending the outcome of the hearing.
5. On May 6, 2019, Sofia Pasarow, Insurance Enforcement Specialist with the OIC, filed the "OIC's Opposition to Appellants' Request for Discretionary Stay of Orders Suspending and Revoking Licenses." On that same day, Ms. Creager filed a "Supplemental Motion for Request for Discretionary Stay of Orders."
6. On May 8, 2019, Presiding Officer Julia Eisentrout issued the "Order Denying Petition for Stay," which denied the request for stay of the suspension and revocation. Hearing proceedings then continued at OAH.
7. On July 21, 2019, ALJ Martin of OAH, granted the OIC's Motion for Summary Judgment ("Motion"), and entered an Initial Order on Summary Judgment Motion ("Initial Order") in this matter which contained facts for the purpose of summary judgment, as well as conclusions of law.

this matter which contained facts for the purpose of summary judgment, as well as conclusions of law.

8. ALJ Martin's Initial Order was transmitted to the Presiding Officer at the OIC to act as Reviewing Officer, for review of the matter and entry of a Final Order, pursuant to RCW 34.05.464.
9. The parties were given until August 30, 2019 to submit written argument. Licensee filed his written argument via e-mail on August 15, 2019. Ms. Pasarow filed written argument on August 30, 2019.
10. The undersigned has reviewed and considered the record in this matter, including the evidence presented to ALJ Martin, and any written argument submitted, and has reviewed ALJ Martin's Initial Order under the summary judgment standard articulated in WAC 10-08-135, applicable to adjudicative proceedings before the OIC per WAC 284-02-070(2)(a).

FACTS FOR PURPOSES OF SUMMARY JUDGMENT

I adopt the Facts for Purpose of Summary Judgment in the Initial Order.

CONCLUSIONS OF LAW

I adopt the Conclusions of Law in the Initial Order, with the following additions and/or amendments:

Amend:

5.1 The undersigned has jurisdiction over the persons and subject matter of this case based on RCW 48.04, RCW 34.05.467, and WAC 284-02-070(2)(d)(i).

5.11 The Appellant did not provide any response to the OIC's Motion for Summary Judgment. He did submit written argument for consideration upon review of the Initial Order.

Add:

5.11A Appellant namely discusses the previous enforcement actions in his written argument. In summary, he argues that in 1996, he did not own the Al Chadwick Insurance Agency, and had no control of accounting of the business. In 2002, he argues that although he owned the agency at that time, he was "out of trust" and did not have the accounting books audited. He added that when audited they worked toward a sale of the book to bring the agency in compliance. In 2012, he argues that he unknowingly violated the law by sending invitations to an annual conference and offering to pay the cost of hotel and flight. Once he found out, he withdrew his offer and elected to pay the fine the OIC issued instead of requesting a hearing. He adds that his offer did not induce anyone to obtain insurance. Finally, Appellant argues that in 2019, he did not fail to timely and

FINAL ORDER ON SUMMARY JUDGMENT

Nos. 19-0059 and 19-0060

Page 3

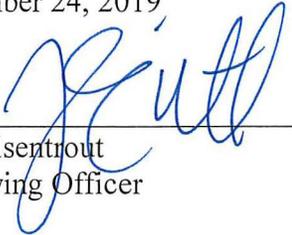
sufficiently respond to the OIC. He argues that “[s]ince the Tepco complaint I have been open and communicating with all parties involved before and after my revocation.” Finally, Appellant adds that he does not believe he has a history of causing damage to the public he has served for over 35 years, that no consumers have made complaints against him, and that he had an agreement to repay Tepco before they filed the complaint. He adds that the revocation of his license has limited his ability to support his family, and would like to continue selling insurance and is “open to maintaining [his] license under probation status per OIC conditions.”

5.28 Appellant does not contest that he fraudulently obtained premium finance loans. He admits that he forged a client’s signature and also created a fictitious person and numerous fictitious companies and signed loan documents as that fictitious person. He admits that he provided false policy numbers and used one expired policy in order to obtain the loans. Even without considering any past violations, the actions in this case warrant revocation. He repeatedly falsified loan documents and did so for an extended period of time, and likely would not have stopped but for Tepco’s discovery and report to the OIC.

ORDER

Based on the foregoing Facts for Purposes of Summary Judgment and Conclusions of Law, as detailed in the Initial Order on Summary Judgment Motion, there are no genuine issues of material fact, and the Office of the Insurance Commissioner is entitled to summary judgment as a matter of law. It is ordered that Edward Chadwick and Kelt, LLC’s Washington producer licenses remain revoked, and the OIC’s Order Revoking Licenses No. 19-0060 is affirmed.

September 24, 2019



Julia Eisentrout
Reviewing Officer

Pursuant to RCW 34.05.461(3), the parties are advised that they may seek reconsideration of this order by filing a request for reconsideration under RCW 34.05.470 with the undersigned within 10 days of the date of service (date of mailing) of this order. Further, the parties are advised that, pursuant to RCW 34.05.514 and 34.05.542, this order may be appealed to Superior Court by, within 30 days after date of service (date of mailing) of this order, 1) filing a petition in the Superior Court, at the petitioner’s option, for (a) Thurston County or (b) the county of the petitioner’s residence or principal place of business; and 2) delivery of a copy of the petition to the Office of the Insurance Commissioner; and 3) depositing copies of the petition upon all other parties of record and the Office of the Attorney General.

CERTIFICATE OF SERVICE

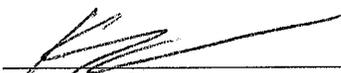
The undersigned certifies under the penalty of perjury under the laws of the state of Washington that I am now and at all times herein mentioned, a citizen of the United States, a resident of the state of Washington, over the age of eighteen years, not a party to or interested in the above-entitled action, and competent to be a witness herein.

On the date given below I caused to be filed and served the foregoing Final Order on Summary Judgment on the following people at their addresses listed below:

Edward Chadwick, and
KELT, LLC
406 S 70th Ave
Yakima, WA 98908
ed@keltinsurance.com

Sofia Pasarow, Insurance Enforcement Specialist
Office of the Insurance Commissioner (OIC), Legal Affairs Division
P.O. Box 40255
Olympia, Washington 98504-0255
(360) 725-7181
SofiaP@oic.wa.gov

Dated this 24th day of September, 2019, in Tumwater, Washington.



Rebekah Carter
Paralegal
Hearings Unit