

BEFORE THE STATE OF WASHINGTON
OFFICE OF INSURANCE COMMISSIONER

FILED

2015 FEB 11 A 11:24

In the Matter of)
)
 KARLA PADILLA REYNA,)
)
 Licensee.)
 _____)

Docket No. 14-0196
NOTICE OF HEARING

TO: Karla Padilla Reyna
10050 Mieras Road
Yakima, WA 98901

COPY TO: Mike Kreidler, Insurance Commissioner
James T. Odiorne, J.D., CPA, Chief Deputy Insurance Commissioner
John F. Hamje, Deputy Commissioner, Consumer Protection Division
Darryl Colman, Insurance Enforcement Specialist, Legal Affairs Division
AnnaLisa Gellermann, Deputy Commissioner, Legal Affairs Division
Office of the Insurance Commissioner
PO Box 40255
Olympia, WA 98504-0255

This Notice is provided pursuant to RCW 48.04.010 and RCW 34.05.434.

On October 13, 2014, the Office of the Insurance Commissioner ("OIC") issued an Order Revoking License, No. 14-0196 ("Order Revoking"), effective October 31, 2014, revoking the Washington State insurance producer license of Karla Padilla Reyna.

The Order Revoking was pursuant to RCW 48.17.530(1)(b), (d) and (h) and RCW 48.17.540(2), based in substantial part upon allegations that Ms. Padilla Reyna: 1) failed to forward to State Farm a down payment for a general liability insurance policy issued to one of her business customers, resulting in cancellation of the policy, of which the customer did not receive notice because Ms. Padilla Reyna had entered the customer's address incorrectly; 2) cashed a reimbursement check related to this general liability insurance policy that she had erroneously been sent and ignored requests for repayment until the insurer threatened an OIC complaint; 3) on numerous occasions, retained cash and checks that her clients paid her for insurance coverage, instead of forwarding the cash or checks to the insurer or using the funds to pay the premiums for clients' policies; 4) utilized unlicensed producers in her agency to generate quotes or submit applications; and 5) incorrectly wrote policies.

On January 2, 2015, Ms. Padilla Reyna submitted a letter requesting a hearing ("Demand"), asserting that the information set forth in the Order Revoking is inaccurate and comes from false accusations made by State Farm after she left. Ms. Padilla Reyna asserts that she worked to set up a payment system to eliminate cash payments; that she always gave receipts to her customers regardless of method of payment; that she used her office address for clients only when they did not have their own addresses (which practice her field manager approved); and that any incorrect information entered on policies was a result of an honest mistake.

On February 10, 2015, the undersigned held a first prehearing conference. The OIC was represented by Darryl Colman, Attorney at Law, Insurance Enforcement Specialist, OIC Legal Affairs Division. Ms. Padilla Reyna appeared pro se (and stated that she expects to continue to represent herself).

After considering the views of the Parties, I enter the following Order:

Ms. Padilla Reyna orally moved for a stay of her producer license revocation pending the evidentiary hearing. Ms. Padilla Reyna asserted that the Order Revoking had been erroneously mailed to her previous address, despite OIC being on notice of her current address, and that she had not received the Order Revoking until late November 2014. I denied the oral motion without prejudice to re-submittal. (The denial was based on the fact that even if Ms. Padilla Reyna learned of the Order Revoking in late November, as she asserts, she would not be entitled to an automatic stay, because her Demand was still untimely).

By February 17, 2015, Ms. Padilla Reyna shall serve and file (email acceptable) on the Hearings Unit and Mr. Colman a written Motion for stay, with supporting documents, if any. By February 24, 2015, the OIC shall serve and file its Response to such Motion. By February 26, 2015, Ms. Padilla Reyna shall serve and file her Reply to such Response. I expect to rule on the Motion without oral argument as soon as possible after briefing is complete.

By February 17, 2015, the Parties shall exchange their lists of witnesses they plan to call at the hearing.

A hearing will be held at the Office of the Insurance Commissioner, 5000 Capitol Blvd., Tumwater, WA, beginning on March 16, 2015, at 10:00 AM, Pacific Daylight Time. The hearing is expected to end by March 17, 2015, but the parties will reserve March 18, 2015, as a possible spillover hearing date. The hearing will continue until completed. The purpose of the hearing is to consider whether OIC's Order Revoking should be upheld, modified or set aside.

The hearing will be governed by the Administrative Procedure Act, Chapter 34.05 RCW, and the model rules of procedure contained in Chapter 10-08 WAC. All parties may be represented and may examine witnesses, respond, and present evidence and argument on all relevant issues. The parties may present witnesses by telephone or other remote means.

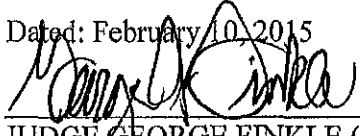
A party who fails to attend or participate in the hearing or another stage of this proceeding may be held in default in accordance with Chapter 34.05 RCW. *See*, RCW 34.05.434(2)(i).

Judge George Finkle (Ret.), Presiding Officer, has been designated by the Insurance Commissioner to hear this matter. The hearing will be held under the authority granted by the Insurance Commissioner under Chapter 48.04 RCW.

Pursuant to WAC 10-08-040(2) and in accordance with Ch. 2.42 RCW, if a limited English speaking or hearing impaired or speech impaired party or witness needs an interpreter, a qualified interpreter will be appointed. There will be no cost to the party or witness therefore, except as may be provided by Ch. 2.42 RCW. A Request for Interpreter form, with instructions, is attached to the original of this Notice.

All case related documents and correspondence shall be directed to the Hearings Unit, Office of Insurance Commissioner, P.O. Box 40255, Olympia, Washington 98504-0255. All interested individuals and entities who have questions or concerns concerning this proceeding should direct them to the Hearings Unit paralegal, Kelly Cairns, at the same address. Ms. Cairns' telephone number is (360) 725-7002.

Dated: February 10, 2015



JUDGE GEORGE FINKLE (Ret.)
Presiding Officer

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 through normal office mailing custom, a true copy of this document to the following people at their addresses listed above: Karla Padilla Reyna, Mike Kreidler, James T. Odiorne, J.D., CPA, John F. Hamje, Darryl Colman, and AnnaLisa Gellermann.

DATED this 11th day of February 2015.



KELLY A. CAIRNS

OFFICE OF INSURANCE COMMISSIONER
HEARINGS UNIT
Fax: (360) 664-2782

To request an interpreter, complete and mail this form to:

Presiding Officer
Hearings Unit
Office of Insurance Commissioner
P.O. Box 40255
Olympia, WA 98504-0255

REQUEST FOR INTERPRETER

I am a party or witness in Matter No. 14-0196 before the Insurance Commissioner. I NEED AN INTERPRETER and request that one be furnished.

Please check the statements that apply to you:

I am a non-English-speaking person. I cannot readily speak or understand the English language. My primary language is _____ (insert your primary language). I need an interpreter who can translate to and from the primary language and English.

I am unable to readily understand or communicate the spoken English language because:

- I am deaf.
- I have an impairment of hearing.
- I have an impairment of speech.

[Please state below or on the reverse side any details which would assist the Commissioner or Presiding Officer in arranging for a suitable interpreter or in providing appropriate mechanical or electronic amplification, viewing, or communication equipment.]

Date: _____

Signed: _____

Please print or type your name: _____

Address: _____

Telephone: _____