

FEB 18 2016

DEPT OF INSURANCE
BY MS

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

In the Matter of:

REECE, ELIZABETH
(Arizona License No. 1084679)
(National Producer No. 17346097)

No. 15A-158-INS

ORDER

Respondent.

On February 10, 2016, the Office of Administrative Hearings, through Administrative Law Judge Dorinda M. Lang, issued an Administrative Law Judge Decision ("Recommended Decision"), received by the Director of the Department of Insurance ("Director") on February 11, 2016, a copy of which is attached and incorporated by this reference. The Interim Director of the Department of Insurance has reviewed the Recommended Decision and enters the following Order:

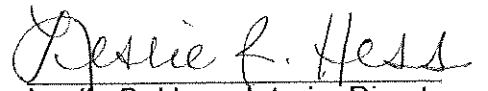
1. The Interim Director adopts the Recommended Findings of Fact and Conclusions of Law.
2. The Interim Director revokes the Arizona resident insurance producer license, No. 1084679, of **Elizabeth Reece** effective immediately.

NOTIFICATION OF RIGHTS

Pursuant to Arizona Revised Statutes ("A.R.S.") § 41-1092.09, Respondent may request a rehearing with respect to this order by filing a written motion with the Interim Director of the Department of Insurance within 30 days of the date of this Order, setting forth the basis for relief under A.A.C. R20-6-114(B). Pursuant to A.R.S. § 41-1092.09, it is not necessary to request a rehearing before filing an appeal to Superior Court.

1 Respondent may appeal the final decision of the Interim Director to the Superior
2 Court of Maricopa County for judicial review pursuant to A.R.S. § 20-166. A party filing an
3 appeal must notify the Office of Administrative Hearings of the appeal within ten days after
4 filing the complaint commencing the appeal, pursuant to A.R.S. § 12-904(B).

5 DATED this 16th day of February, 2016.

6
7 
8 Leslie R. Hess, Interim Director
Arizona Department of Insurance

9 COPY of the foregoing mailed this
10 18 day of February, 2016 to:

11 Elizabeth Reece
c/o Humana, Inc.
12 2231 E. Camelback Rd., Suite 300
Phoenix, AZ 85016
13 Respondent

14 Mary Kosinski, Executive Assistant for Regulatory Affairs
Catherine O'Neil, Consumer Legal Affairs Officer
15 Steven Fromholtz, Licensing Director
Arizona Department of Insurance
16 2910 North 44th Street, Suite 210
Phoenix, Arizona 85018

17 Liane Kido
18 Assistant Attorney General
1275 West Washington Street
19 Phoenix, Arizona 85007-2926

20 Office of Administrative Hearings
1400 West Washington, Suite 101
21 Phoenix, Arizona 85007

22 
23 Maidene Scheiner

24
25
26

RECEIVED

FEB 11 2016

AZ. DEPT. OF INSURANCE
ADMINISTRATIVE SERVICES

IN THE OFFICE OF ADMINISTRATIVE HEARINGS

In the Matter of:

No. 15A-158-INS

ELIZABETH REECE
(Arizona License #1084679)

ADMINISTRATIVE
LAW JUDGE DECISION

Respondent.

HEARING: February 2, 2016

APPEARANCES: Liane Kido, Attorney for the Department of Insurance; Steven Fromholtz, witness

ADMINISTRATIVE LAW JUDGE: Dorinda M. Lang

In a hearing set to consider Respondent's failure to submit a legible set of fingerprints with the application for an insurance producer's license, Respondent failed to appear. Based on the evidence offered by the Arizona Department of Insurance, the Administrative Law Judge finds that it is appropriate to revoke Respondent's license.

FINDINGS OF FACT

1. Respondent submitted an application for a license as an insurance producer to the Arizona Department of Insurance ("Department"). The application requires all applicants to submit fingerprints with the application, which are ultimately forwarded to the Federal Bureau of Investigation ("FBI") for a criminal background check. However, because of the time the process takes, the Department issues the licenses to applicants who are otherwise qualified.

2. On August 14, 2014, the Department issued Respondent an insurance producer license ("License"), which expires on July 31, 2018.¹

3. According to Steven Fromholtz, Producer Licensing Administrator of the Licensing Section of the Department, when an application for a license is received and processed, it is forwarded to the Arizona Department of Public Safety ("DPS") for

¹ See Exhibit 2.

1 processing, which includes processing by the Federal Bureau of Investigation ("FBI")
2 for a criminal history background check to be conducted. The Department submits the
3 completed fingerprint forms supplied by the applicant to DPS and DPS submits the
4 fingerprint forms to the FBI for national processing. In this case, the fingerprints were
5 returned because they were illegible.

6 4. On February 9, 2015, the Department issued a letter to Respondent by
7 mail, informing her that the fingerprint card that Respondent submitted during the
8 application process for the License could not be processed and was returned by DPS
9 as illegible. In that letter, the Department requested that Respondent submit a
10 replacement set of fingerprints and enclosed a blank Illegible Fingerprint Replacement
11 Form.²

12 5. Because the Department did not receive the requested replacement
13 fingerprint form from Respondent as requested, the Department sent another letter to
14 Respondent dated June 9, 2015, giving Respondent a deadline of July 9, 2015, to file
15 with the Department an Illegible Fingerprint Replacement Form with a new set of
16 fingerprints or submit a Voluntary Surrender of Insurance License Form. The
17 Department indicated that the failure to respond to the letter would result in the
18 initiation of disciplinary action being taken against the License.³

19 6. The Department sent another letter warning Respondent that it was
20 preparing to take administrative action against her license and requesting a legible
21 fingerprint card on June 24, 2015.⁴

22 7. On July 31, 2015, the Department sent Respondent yet another letter
23 requesting legible prints.⁵

24 8. When no response was received, the Department issued a Notice of
25 Hearing to Respondent's address of record informing Respondent that the issue of
26 whether the failure to submit legible fingerprints was a violation of the statutes
27 governing Respondent's license and the matter was set for hearing.

28 ² See Exhibit 3.

29 ³ See Exhibit 4.

30 ⁴ See Exhibit 5.

⁵ See Exhibit 6.

1 9. Respondent did not appear at the hearing. Mr. Fromholtz testified for the
2 Department that to date, Respondent had not responded to the above-mentioned
3 letters and had not submitted to the Department a new set of fingerprints.

4 10. By failing to appear for the hearing, Respondent was unable to present
5 any evidence to refute or rebut the evidence presented by the Department.

6 **CONCLUSIONS OF LAW**

7 1. The Notice of Hearing that the Department mailed to Respondent at her
8 address of record was reasonable and she is deemed to have received notice of the
9 hearing.⁶

10 2. This matter is a disciplinary proceeding wherein the Department must
11 prove by a preponderance of the evidence that Respondent violated the State's
12 Insurance Laws.⁷

13 3. A.R.S. § 20-295(A)(1) and (2) provide as follows:

14 A. The director may deny, suspend for not more than twelve
15 months, revoke or refuse to renew an insurance producer's license
16 or may impose a civil penalty in accordance with subsection F of
17 this section or any combination of actions for any one or more of
18 the following causes:

- 19 1. Providing incorrect, misleading, incomplete or materially untrue
20 information in the license application.
- 21 2. Violating any provision of this title or any rule, subpoena or order
22 of the director.

23 4. A.R.S. § 20-285(E)(2) provides as follows:

24 E. Before the director grants a license, the director may require the
25 applicant to:

26 * * *

27 2. Submit a full set of fingerprints to the department. The
28 department of insurance shall submit the fingerprints to the
29 department of public safety for the purpose of obtaining a state and
30 federal criminal records check pursuant to section 41-1750 and
Public Law 92-544. The department of public safety may exchange
this fingerprint data with the federal bureau of investigation.

⁶ See A.R.S. §§ 41-1092.04; 41-1092.05(D).

⁷ See A.A.C. R2-19-119.

1 5. A.R.S. § 20-286(C)(1) provides as follows:

2 C. A licensee shall inform the director in writing within thirty days of
3 any change in the licensee's:

4 1. Residential or business address.

5 6. During the application process, the Director of the Department required
6 Respondent to submit a full set of fingerprints. Failure to do so was a violation of A.R.S.
7 § 20-285(E)(2), which authorizes the Department to revoke Respondent's license
8 pursuant to A.R.S. § 20-295(A)(2).

9 7. Respondent's conduct, as set forth above, constitutes a violation of
10 A.R.S. § 20-295(A)(1) by having failed to provide complete information in the license
11 application.

12 8. Based on the violations committed by Respondent by failing to submit
13 legible fingerprints, A.R.S. § 20-295(A)(1) and (2) authorize the Department to revoke
14 Respondent's license.

15 **RECOMMENDED DECISION**

16 Based upon the foregoing considerations, the undersigned Administrative Law
17 Judge hereby recommends that on the effective date of this order, the Respondent's
18 License shall be revoked.

19
20 *In the event of certification of the Administrative Law Judge Decision by the*
21 *Director of the Office of Administrative Hearings, the effective date of the Order will be*
22 *five (5) days from the date of certification.*

23 Done this day, February 10, 2016.

24
25 /s/ Dorinda M. Lang
26 Administrative Law Judge

27 Transmitted electronically to:

28
29 Andy Tobin, Director
30 Arizona Department of Insurance