

AUG 14 2017

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

DEPT OF INSURANCE
BY MS

In the Matter of:

MORGAN, DONALD WOODROW
(National Producer Number 677602)
(Arizona Legacy License No. 71482),

and

MORGAN INS LLC
(National Producer Number 16916319)
(Arizona Legacy License No. 1064460)

Respondents.

No. 16A-162-INS

ORDER

On August 7, 2017, the Office of Administrative Hearings, through Administrative Law Judge Suzanne Marwil, issued an Administrative Law Judge Decision ("Recommended Decision"), received by the Interim Director of the Department of Insurance ("Interim Director") on August 7, 2017, 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 non-resident insurance producer license of **Donald Woodrow Morgan** effective immediately.
3. The Interim Director revokes the Arizona non-resident insurance producer license of **Morgan Ins LLC** effective immediately.

1 **NOTIFICATION OF RIGHTS**

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

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

11 DATED this 11th day of August, 2017.

12
13 
14 Leslie R. Hess, Interim Director
Arizona Department of Insurance

15 COPY of the foregoing mailed this
16 14th day of August, 2017, to:

17 Donald Woodrow Morgan
Morgan Ins LLC
18 7135 286th Street NW
Stanwood, Washington 98292
19 Respondents

20 Mary Kosinski, Regulatory Legal Affairs Officer
Catherine O'Neil, Consumer Legal Affairs Officer
21 Steven Fromholtz, Assistant Director – Consumer Protection Division
Aqueelah Currie, Licensing
22 Sharyn Kerr, Consumer Protection Division
Arizona Department of Insurance
23 2910 North 44th Street, Suite 210
Phoenix, Arizona 85018

24 Liane Kido
25 Assistant Attorney General
1275 West Washington Street
26 Phoenix, Arizona 85007-2926

1 Office of Administrative Hearings
1400 West Washington, Suite 101
2 Phoenix, Arizona 85007

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4 *Maidene Scheiner*
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AUG 07 2017

IN THE OFFICE OF ADMINISTRATIVE HEARINGS

DEPT. OF INSURANCE

BY: MSK

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3 In the Matter of:

No. 16A-162-INS

4 Morgan, Donald W.
5 (Arizona License #71482)
6 (National Producer #677602) and
7 Morgan Ins., LLC,
8 Respondents.

ADMINISTRATIVE LAW JUDGE
DECISION

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11 **HEARING:** July 25, 2017

12 **APPEARANCES:** Donald W. Morgan appeared via telephone. The Arizona
13 Department of Insurance was represented by Assistant Attorney General Liane C. Kido.

14 **ADMINISTRATIVE LAW JUDGE:** Suzanne Marwil

15
16 The issue in this matter is whether Respondents Donald W. Morgan's and Morgan
17 Ins. LLC's non-resident insurance producer's licenses should be disciplined. Based on
18 the evidence presented by the Arizona Department of Insurance (Department), the
19 Administrative Law Judge recommends that the Director of the Department revoke
20 Respondents' licenses for the reasons set forth in the following Findings of Fact and
21 Conclusions of Law.

22 **FINDINGS OF FACT**

23 1. Respondent Donald W. Morgan was issued nonresident property and
24 casualty producer's License No. 71482 on December 7, 1998. This license expires on May
25 31, 2018.

26 2. Mr. Morgan's address of record with the Department is: 5705 95th PI SW,
27 Mukilteo, WA 98275.

28 3. Morgan Ins. LLC is licensed as an Arizona non-resident property and
29 casualty insurance producer, license number 1064460, which expires on November 30,
30 2017. Morgan Insurance LLC is listed as the president of Morgan Ins. LLC. Mr. Morgan is
the designated producer for Morgan Ins. LLC.

1 4. Morgan Ins. LLC's address of record with the Department is: 5705 95th PI
2 SW, Mukilteo, WA 98275.

3 5. On April 4, 2016, the Office of the Insurance Commissioner of the State of
4 Washington issued a final order that revoked Mr. Morgan's and Morgan Insurance
5 LLC's resident licenses effective that same day.

6 6. On March 15, 2017, the Department issued a Notice of Hearing and
7 Complaint on its intent to penalize Respondents' non-resident insurance producer's
8 licenses under A.R.S. § 20-287(A)(1), A.R.S. § 20-295(A)(2), and A.R.S. § 20-295(A)(9).

9 7. Initially, the parties reached an agreement whereby Mr. Morgan would
10 voluntarily surrender both of Respondents licenses, but the Department never received the
11 signed documents and chose to proceed with the administrative hearing.

12 8. Mr. Morgan testified that he had moved several times in the last ninety days
13 and believed he had sent the Department the signed consent to voluntarily surrender
14 documents it requested. Mr. Morgan indicated that he was no longer transacting insurance
15 because the state of Washington had taken away his resident license based on unproven
16 allegations. He noted that his counsel told him it would cost \$20,000.00 to proceed with the
17 administrative hearing in Washington state and that he would likely not prevail if the state
18 of Washington wanted his license. Based on this advice, he elected not to pursue an
19 administrative hearing to challenge the revocation of the insurance licenses in Washington
20 state. Mr. Morgan believed that the allegations underlying that investigation were baseless,
21 unproven and the result of intimidation by an investigator.

22 9. Agueelah Currie, Licensing Supervisor with the Department, testified that to
23 hold a nonresident license, an insurance producer must have a valid resident's license.
24 Because Respondents no longer had valid residents' licenses in their home state of
25 Washington, it was the Department's position that Respondents were no longer entitled to
26 nonresident producer licenses in Arizona.

CONCLUSIONS OF LAW

27 1. This matter lies within the jurisdiction of the Department. See A.R.S. §§ 20-
28 281 to 302.

29 2. The Department bears the burden of proof and must establish cause to
30 revoke or otherwise penalize Respondents' nonresident insurance producer's licenses by

1 a preponderance of the evidence. See A.R.S. § 41-1092.07(G)(2); A.A.C. R2-19-119; see
2 also *Vazanno v. Superior Court*, 74 Ariz. 369, 372, 249 P.2d 837 (1952).

3 3. "A preponderance of the evidence is such proof as convinces the trier of fact
4 that the contention is more probably true than not." MORRIS K. UDALL, ARIZONA LAW OF
5 EVIDENCE § 5 (1960). A preponderance of the evidence is "[t]he greater weight of the
6 evidence, not necessarily established by the greater number of witnesses testifying to a fact
7 but by evidence that has the most convincing force; superior evidentiary weight that, though
8 not sufficient to free the mind wholly from all reasonable doubt, is still sufficient to incline a
9 fair and impartial mind to one side of the issue rather than the other." BLACK'S LAW
10 DICTIONARY at 1220 (8th ed. 1999).

11 4. A.R.S. § 20-287 provides, in relevant part:

12 A. Unless the director denies a license pursuant to section 20-295, the
13 director shall issue a nonresident person a nonresident insurance producer
license if all of the following apply:

14 1. The person is currently licensed as a resident and in good standing in the
15 person's home state.

16 5. The evidence established that Mr. Morgan lacks a resident license, which a
17 violation of A.R.S. § 20-287(A)(1). Similarly, Morgan Insurance LLC, the president of
18 Morgan Ins. no longer has a resident's license and thus is not eligible for a nonresident's
19 license pursuant to A.R.S. § 20-287(A)(1).

20 6. A.R.S. § 20-295(A) provides, in pertinent part:

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

24
25 2. Violating any provision of this title or any rule, subpoena or order of the
director.

26
27 9. Having an insurance producer license, or its equivalent, denied,
suspended or revoked in any state, province, district or territory.

28 7. Respondents' had their resident's licenses revoked in the state of
29 Washington, which violates A.R.S. § 20-295(A)(2) and (9).
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