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STATE OF ARIZONA  
DEPARTMENT OF INSURANCE

In the Matter of:

**SHERRI ANN MIDDAUGH**

Respondent.

**No. 07A-127-INS**

**ORDER**

On September 21, 2007, the Office of Administrative Hearings, through Administrative Law Judge ("ALJ") Lewis Kowal, issued an Administrative Law Judge Decision ("Recommended Decision"), received by the Director of the Department of Insurance ("Director") on September 25, 2007, a copy of which is attached and incorporated by this reference. The Director of the Department of Insurance has reviewed the Recommended Decision and enters the following Order:

1. The Recommended Findings of Fact and Conclusions of Law are adopted.
2. Respondent's license, # 866990, is revoked 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 filling a written motion with the 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.

Respondent may appeal the final decision of the Director to the Superior Court of Maricopa County for judicial review pursuant to A.R.S. § 20-166. A party filing an appeal

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...

1 must notify the Office of Administrative Hearings of the appeal within ten days after filing  
2 the complaint commencing the appeal, pursuant to A.R.S. § 12-904(B).

3 DATED this 25<sup>th</sup> day of September, 2007.

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CHRISTINA URIAS, Director  
Arizona Department of Insurance

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8 COPY of the foregoing mailed this  
28<sup>th</sup> day of September, 2007 to:

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Sherry Ann Middaugh  
576 San Marcos, #1  
Apache Junction, AZ 85278  
Respondent

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Mary E. Kosinski, Exec. Assistant for Regulatory Affairs  
Mary Butterfield, Assistant Director  
Catherine M. O'Neil, Consumer Legal Affairs Officer  
Steven Fromholtz, Licensing Supervisor  
Department of Insurance  
2910 North 44<sup>th</sup> Street, Suite 210  
Phoenix, Arizona 85018

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Lewis D. Kowal, Administrative Law Judge  
Office of Administrative Hearings  
1400 West Washington, Suite 101  
Phoenix, AZ 85007

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Lynette Evans  
Office of the Arizona Attorney General  
Consumer Protection & Advocacy Section  
1275 West Washington  
Phoenix, AZ 85007  
Attorney for the Department

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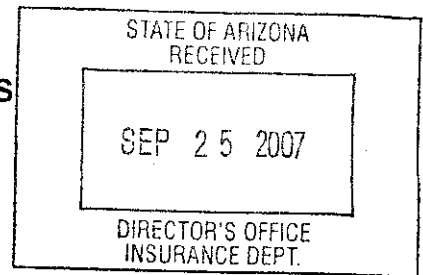
  
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IN THE OFFICE OF ADMINISTRATIVE HEARINGS



In the Matter of:  
  
SHERRI ANN MIDDAUGH  
  
Respondent.

No. 07A-127-INS  
  
ADMINISTRATIVE  
LAW JUDGE DECISION

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**HEARING:** September 6, 2007

**APPEARANCES:** Assistant Attorney General Lynette Evans for the Arizona Department of Insurance; Sherri Ann Middaugh did not appear at the hearing.

**ADMINISTRATIVE LAW JUDGE:** Lewis D. Kowal

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**FINDINGS OF FACT**

1. At all times material to this matter, Sherri Ann Middaugh ("Respondent") was and currently is licensed by the Arizona Department of Insurance ("Department") as an accident/ health and life producer.
2. On June 12, 2006, the Department issued Respondent an accident/health and life producer license, license number 866990 ("License"), which expires on June 30, 2010.
3. On August 21, 2006, the Department issued a letter to Respondent that was mailed to her address of record, informing her that her fingerprint card could not be processed and was returned by the Federal Bureau of Investigation) as illegible. In that letter, the Department requested that Respondent submit a replacement set of fingerprints and enclosed a blank replacement fingerprint form. The Department provided a deadline of September 26, 2006 for the return of the completed replacement fingerprint form.
4. Because the Department did not receive the requested replacement fingerprint form from Respondent as requested, the Department sent another letter to Respondent on December 6, 2006, certified mail, return receipt requested, giving Respondent a

Office of Administrative Hearings  
1400 West Washington, Suite 101  
Phoenix, Arizona 85007  
(602) 542-9826

1 deadline of fifteen days from the date of the letter to file a replacement fingerprint form  
2 with the Department.

3 5. The Department submitted as exhibits a copy of a receipt card and envelope  
4 containing the December 6, 2006 letter that showed that the letter was  
5 returned to the Department as unclaimed. See Exhibit 5.

6 6. Steven Fromholtz ("Mr. Fromholtz"), Producer Licensing Administrator for the  
7 Department, testified that, to date, the Department has not received any communication  
8 from Respondent in response to the above-mentioned letters and the Department has  
9 not received a replacement fingerprint form from Respondent.

10 7. Mr. Fromholtz testified that the Department has not received any change of  
11 address notification from Respondent and that the above-mentioned letters were sent  
12 to the mailing address of record the Department had for Respondent.

13 8. Mr. Fromholtz testified that when an application for a producer's license is  
14 received is processed, the fingerprint card is reviewed to make sure there are no blank  
15 spaces. The card is then forwarded to the Arizona Department of Public Safety for  
16 processing, which includes processing by the Federal Bureau of Investigation for  
17 criminal history background check to be conducted.

18 9. Respondent did not present any evidence to refute or rebut the evidence that the  
19 Department presented.

#### 20 CONCLUSIONS OF LAW

21 1. This matter is a disciplinary proceeding wherein the Department must prove by a  
22 preponderance of the evidence that Respondent violated the State's Insurance Laws.  
23 See A.A.C. R2-19-119.

24 2. During the application process, the Director of the Department required  
25 Respondent to submit a full set of fingerprints and Respondent's illegible fingerprint  
26 submission did not satisfy that requirement. See A.R.S. § 20-285(F)(2).

27 3. Respondent's conduct, as set forth above, constitutes a violation of A.R.S. § 20-  
28 295(A)(1), by having failed to provide complete information in the license application.

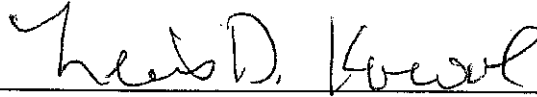
29 4. Respondent's conduct, as set forth above, constitutes the violation of any  
30 provision of A.R.S., Title 20, within the meaning of A.R.S. § 20-295(A)(2).

1 5. Grounds exist for the Director of the Department to suspend, revoke, or refuse to  
2 renew the License pursuant to A.R.S. §§ 20-295(A).

3 **ORDER**

4 Based upon the above, the License shall be revoked on the effective date of the  
5 Order entered in this matter.

6 Done this day, September 21, 2007.

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8 \_\_\_\_\_  
9 Lewis D. Kowal  
10 Administrative Law Judge

11  
12 Original transmitted by mail this  
13 24 day of September, 2007, to:

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15 Department of Insurance  
16 Christina Urias, Director  
17 2910 North 44th Street, Ste. 210  
18 Phoenix, AZ 85018

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20  
21 By  \_\_\_\_\_