STATE OF ARIZONA
FILED

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DEPT OF INSURANCE
BY

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

In the Matter of:

DSI GROUP, LLC
(Arizona License No. 866833)
(National Producer No. 8821994)

Respondent.

No. 15A-072-INS

ORDER

On March 11, 2016, the Office of Administrative Hearings, through Administrative Law Judge Dorinda M. Lang, issued an Administrative Law Judge Decision ("Recommended Decision"), received by the Interim Director of the Department of Insurance ("Interim Director") on March 14, 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. 866833, of **DSI Group, LLC** 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 filling 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.

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

DATED this 16th day of March, 2016.

Leslie R. Hess, Interim Director
Arizona Department of Insurance

COPY of the foregoing mailed this 17th day of March, 2016 to:

DSI Group LLC
3120 W. Carefree Hwy, Suite 1-131
Phoenix, Arizona 85086
Respondent

DSI Group, LLC
c/o Melissa McAdams
2028 W. Calle de Las Estrellas
Phoenix, Arizona 85085
Statutory Agent for Respondent

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

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

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

Maidene Scheiner

IN THE OFFICE OF ADMINISTRATIVE HEARINGS

In the Matter of the Insurance License of: DSI Group LLC (Arizona License #866833) Respondent.	**No. 15A-072-INS** **ADMINISTRATIVE LAW JUDGE DECISION**

HEARING: February 29, 2016

APPEARANCES: Liane Kido, Attorney for the Department of Insurance; Steven Fromholtz, Department 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. Effective July 1, 2014, the Department issued Respondent an insurance producer license, with an expiration date of June 30, 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 processing, which includes processing by the Federal Bureau of Investigation ("FBI")

for a criminal history background check to be conducted. The Department submits the completed fingerprint forms supplied by the applicant to DPS and DPS submits the fingerprint forms to the FBI for national processing. In this case, the fingerprints were returned because they were illegible.

4. On February 9, 2015, the Department issued a letter to Respondent by mail, informing Respondent that the fingerprint card that Respondent submitted during the application process for the License could not be processed and was returned by DPS because Respondent's member, Melissa McAdams' fingerprints were illegible. In that letter, the Department requested that Respondent submit a replacement set of fingerprints and enclosed a blank Illegible Fingerprint Replacement Form.[2]

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

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

7. Respondent did not appear at the hearing. Mr. Fromholtz testified for the Department that to date, Respondent had not responded to the above-mentioned letters and had not submitted to the Department a new set of fingerprints. The Department offered into evidence print outs of Respondent's renewal application and its filing with the Arizona Corporation Commission, showing that Melissa McAdams is still a member of Respondent.[4]

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[1] *See* Exhibit 1.
[2] *See* Exhibit 2.
[3] *See* Exhibit 3.
[4] *See* Exhibits 4 and 5.

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

CONCLUSIONS OF LAW

1. The Notice of Hearing that the Department mailed to Respondent at its address of record was reasonable and Respondent is deemed to have received notice of the hearing.

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

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

> A. The director may deny, suspend for not more than twelve months, revoke or refuse to renew an insurance producer's license or may impose 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:
> 1. Providing incorrect, misleading, incomplete or materially untrue information in the license application.
> 2. Violating any provision of this title or any rule, subpoena or order of the director.

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

> E. Before the director grants a license, the director may require the applicant to:
>
> * * *
>
> 2. Submit a full set of fingerprints to the department. The department of insurance shall submit the fingerprints to the department of public safety for the purpose of obtaining a state and 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.

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

> C. A licensee shall inform the director in writing within thirty days of any change in the licensee's:
> 1. Residential or business address.

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

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

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

RECOMMENDED DECISION

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

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

Done this day, March 11, 2016.

/s/ Dorinda M. Lang
Administrative Law Judge

Transmitted electronically to:

Leslie R. Hess, Interim Director
Arizona Department of Insurance