

STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE
ROBERT B. ATWOOD BUILDING
550 WEST SEVENTH AVENUE, SUITE 1560
ANCHORAGE, ALASKA 99501-3567
PHONE: (907) 269-7900
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STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE

In the Matter of:)
)
TRACY M. RILEY, Compliance Officer, and)
ALASKA PACIFIC INSURANCE, LLC,)
)
Licensees.)
_____)

Case No. D 03-13

STIPULATED AGREEMENT AND ORDER

The Division of Insurance (division) and Tracey M. Riley (Ms. Riley) and Alaska Pacific Insurance, LLC (API), the licensees in this case, and Beverly I. Geiger (Ms. Geiger), an additional licensee in this matter, stipulate and agree to the following.

BACKGROUND:

- A. An investigation of API and Ms. Riley resulted in the Stipulated Agreement and Order (the agreement) attached hereto as Exhibit 1.
- B. Ms. Riley failed to meet the terms of the agreement and, accordingly, an order summarily suspending API's and her license was issued.
- C. Ms. Riley and API requested reconsideration of the suspension order. The central basis for the reconsideration request was that Ms. Riley has found an experienced licensed insurance producer, Ms. Geiger, who is ready and willing to become API's compliance officer.
- D. The division is willing to stipulate to the granting of the reconsideration request and the withdrawal of the suspension order on the following terms and conditions.

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TERMS OF AGREEMENT:

1. Ms. Geiger must obtain her license as compliance officer for API and must stipulate and agree to be bound by the terms of this agreement. As compliance officer, Ms. Geiger will be responsible for ensuring that API and all individuals affiliated with API transact business in compliance with the insurance laws and regulations of Alaska at all times.

2. Ms. Riley may not be licensed as the compliance officer of API or any other firm for a period of three years from the date this agreement and order is signed by the director. Ms. Riley will be given a license as an individual in the firm, API, concurrently with the issuance of Ms. Geiger's compliance officer license.

3. Within 90 days of the date this agreement and order is signed by the director, Ms. Geiger and API will:

a) implement proper procedures and controls so that API becomes fully compliant with AS 21.27.350, 21.27.360, and 21.27.560. Ms. Geiger must provide a certification, under oath, to the division that attests that API is in compliance with AS 21.27.350, 21.27.360, and 21.27.560 within that time period;

b) implement agency guidelines on API's insurance agency operations consistent with the Alaska insurance laws and regulations.

c) acquire and implement a computerized agency management system and transactional filing system. The agency management system will include such things as a database of all clients for both accounting and client policy records. It should also aim at having API clients being billed directly from the insurers and having the clients make payments to the insurers rather than to API. The agency management system should de-emphasize API's past practice of accepting payments from clients, especially cash payments.

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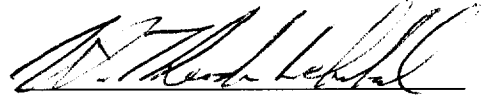
4. The division will re-examine API approximately six months from the date this agreement and order are signed by the director. If the division finds that API is not in compliance with Alaska insurance laws and regulations, the division may summarily suspend the API firm license, which would affect all licenses issued in affiliation with API. Ms. Geiger and Ms. Riley agree that the suspension may occur at the division's discretion, without formal accusation and without a hearing.

5. By signing this agreement, Ms. Riley, Ms. Geiger, and API understand and agree that any failure to comply with the conditions of this agreement will be grounds to revoke, suspend, or not renew, their Alaska insurance licenses.

6. Ms. Riley, Ms. Geiger, and API understand that this agreement is not binding on the parties unless and until the director signs the order approving the agreement.


DATED: 4/12/04

DIVISION OF INSURANCE

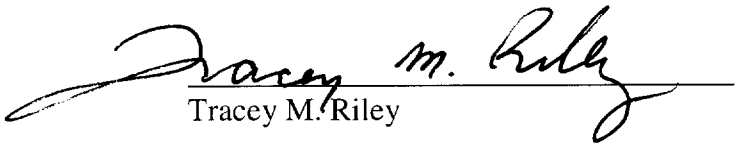
By: 
H. Theodore Lehrbach
Chief Examiner, Market Conduct

DATED: 4/12/04

ALASKA PACIFIC INSURANCE, LLC

By: 
Tracey M. Riley
Owner

DATED: 4/12/04


Tracey M. Riley

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DATED: 4/12/04

Beverly I. Geiger
Beverly I. Geiger

Approved as to form and content:

DATED: 4/12/04

GREGG D. RENKES
ATTORNEY GENERAL

By: Nathaniel B. Atwood
Nathaniel B. Atwood
Assistant Attorney General

ORDER

Based on the stipulation of the parties, IT IS ORDERED that the Request for Reconsideration is granted. The Suspension Order dated March 6, 2004 is hereby withdrawn and this Stipulated Agreement and Order is adopted in full resolution of the issues in this case. To the extent that they are not contrary to this agreement, the terms of the Stipulated Agreement and Order dated October 31, 2003, attached as Exhibit 1, are incorporated herein and made part of this agreement and order.

DATED this 13th day of April, 2004.

Linda S. Hall
Linda S. Hall
Director of Insurance

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STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE

In the Matter of:)
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TRACY M. RILEY, Compliance Officer, and)
ALASKA PACIFIC INSURANCE, LLC,)
)
Licensees.)
_____)

Case No. D 03-13

ADDENDUM TO
STIPULATED AGREEMENT AND ORDER

On October 31, 2003, the director signed an order adopting a stipulated agreement between the Division of Insurance (division) and Tracey M. Riley (Ms. Riley) and Alaska Pacific Insurance, LLC (API), the licensees in this case, in the above-referenced matter.

On April 13, 2004, the director signed an additional order in the above-referenced case whereby a suspension order of the director dated March 6, 2004 was withdrawn and the licensees' request for reconsideration of the suspension order was granted. The March order also adopted additional terms under a stipulated agreement that was signed by the above parties and by Beverly I. Geiger (Ms. Geiger), who agreed to become the compliance officer of API.

Effective August 31, 2004, Ms. Geiger left the employment of API and, beginning September 1, 2004, Spring H. Faris (Ms. Faris) assumed the responsibilities of compliance officer for API.

On October 4, 2004, a license was issued to Alaska Pacific Insurance Agency, Inc. (APIA) under number 41258 and API's employees are now licensed under the new firm, with Ms. Faris as its compliance officer.

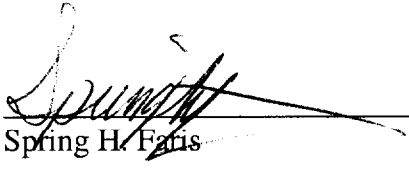
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Ms. Faris, by her signature below, acknowledges receipt of copies of the two Stipulated Agreements and Orders referenced above. Ms. Faris further agrees, effective September 1, 2004, to accept the responsibilities and conditions of the compliance officer of API and API's successor, APIA, under those agreements and as outlined in the Alaska insurance laws and regulations.

By signing this addendum, Ms. Faris understands and agrees that any failure to comply with the conditions of this addendum will be grounds to revoke, suspend, or not renew her Alaska insurance license.

DATED: 10/15/2004


Spring H. Faris

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STATE OF ALASKA

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

In the Matter of:)
)
TRACY M. RILEY, Compliance Officer, and)
ALASKA PACIFIC INSURANCE, LLC,)
)
Licensees.)
_____)

Case No. D 03-13

ADDENDUM TO
STIPULATED AGREEMENT AND ORDER

On October 31, 2003, the director signed an order adopting a stipulated agreement between the Division of Insurance (division) and Tracey M. Riley, now Tracey M. Parrish, and Alaska Pacific Insurance, LLC (API), the licensees in this case, in the above-referenced matter. On April 13, 2004, the director signed an additional order in the above-referenced case whereby a suspension order of the director dated March 6, 2004 was withdrawn and the licensees' request for reconsideration of the suspension order was granted. The March order also adopted additional terms under a stipulated agreement that was signed by the above parties and by Beverly I. Geiger (Ms. Geiger), who agreed to become the compliance officer of API.

Effective August 31, 2004, Ms. Geiger left the employment of API and, beginning September 1, 2004, Spring H. Faris (Ms. Faris) assumed the responsibilities of compliance officer for API.

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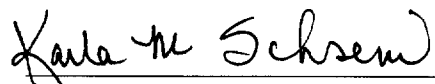
On October 4, 2004, a license was issued to Alaska Pacific Insurance Agency, Inc. (APIA) under number 41258 and API's employees are now licensed under the new firm, with Ms. Faris as its compliance officer.

Effective April 14, 2006, Ms. Faris left the employment of APIA and, beginning April 14, 2006, Karla M. Schoeni (Ms. Schoeni) assumed the responsibilities of compliance officer for APIA. Ms. Schoeni holds license number 22575.

Ms. Schoeni, by her signature below, acknowledges receipt of copies of the two Stipulated Agreements and Orders referenced above. Ms. Schoeni further agrees, effective April 14, 2006, to accept the responsibilities and conditions of the compliance officer of API's successor, APIA, under those agreements and as outlined in the Alaska insurance laws and regulations.

By signing this addendum, Ms. Schoeni understands and agrees that any failure to comply with the conditions of this addendum will be grounds to revoke, suspend, or not renew her Alaska insurance license.

DATED: 4/14/06



Karla M. Schoeni

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STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE

In the Matter of:)
)
TRACEY M. RILEY, Compliance Officer, and)
ALASKA PACIFIC INSURANCE, LLC,)
)
Licensees.)
_____)

Case No. D 03-13

SUSPENSION ORDER

On October 31, 2003, the director signed an order adopting a stipulated agreement in the above-captioned matter, signed by the parties on October 29, 2003.

Included in the terms of the agreement were:

1. The division will suspend Ms. Riley's license as compliance officer of API for one year, conditioned upon the following:
 - a. Within 75 days of the date this agreement and order is signed by the director, Ms. Riley and API will hire a fully competent licensed insurance producer to act as the firm's compliance officer. This individual will assist in the implementation of proper procedures and controls so that API becomes fully compliant with AS 21.27.350, 21.27.360, and 21.27.560.
 - b. Once the new compliance officer is in place at API, the division will reissue Ms. Riley's license designating her as an individual in the firm.

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c. In the event that Ms. Riley and API are unable to hire a new compliance officer within the time limits described in subparagraph a, the division may summarily suspend the API firm license, which would in effect suspend Ms. Riley's license as well. Ms. Riley agrees that the suspension may occur at the division's discretion without issuance of a formal accusation and without a hearing.

Ms. Riley and API were unable to hire a new compliance officer by January 14, 2004, which was 75 days after the director signed the order, nor have they hired a new compliance officer since that date.

THEREFORE, IT IS HEREBY ORDERED:

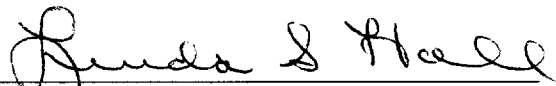
A. The firm license of Alaska Pacific Insurance, LLC, number 25266, is summarily suspended for one year effective April 6, 2004.

B. License number 13630, of Tracey M. Riley as compliance officer for Alaska Pacific Insurance, LLC is also suspended for one year effective April 6, 2004.

C. If, within 30 days of April 6, 2004, Ms. Riley notifies the division of a new place of employment as required under AS 21.27.025, the division will issue her an individual in a firm license.

D. All other terms of the above-referenced agreement, including the civil penalty, remain in force.

DATED this 6th day of March, 2004.


Linda S. Hall
Director of Insurance

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STATE OF ALASKA
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DIVISION OF INSURANCE

In the Matter of:)
)
TRACEY M. RILEY, Compliance Officer, and)
ALASKA PACIFIC INSURANCE, LLC,)
)
Licensees.)
_____)

Case No. D 03-13

STIPULATED AGREEMENT AND ORDER

The Division of Insurance (division) and Tracey M. Riley (Ms. Riley) and Alaska Pacific Insurance, LLC (API), the licensees in this case, stipulate and agree to the following.

BACKGROUND:

A. Ms. Riley originally obtained Alaska insurance producer license number 13630 on February 17, 1996. She was first licensed as the compliance officer for Alaska Pacific Insurance, Inc. on November 25, 1998 and continued in that capacity for its successor, API, beginning September 4, 2001. She is currently licensed as compliance officer for API under license number 13630.

B. API holds firm producer license number 25266, which was first issued September 4, 2001. Ms. Riley is currently the sole owner of API.

C. Upon receipt of a consumer complaint, the division conducted an investigation of the books, records, and business practices of API and the producers who

1 worked at this firm. The division investigated the activities that occurred during the
2 approximate period of June 2002 through July 2003. Joseph Riley (Mr. Riley) was a co-owner
3 and producer of API until January 2003.
4

5 D. The division's investigation revealed many violations of Alaska's
6 insurance laws, mainly attributable to the actions of Mr. Riley.

7 E. The division found that there was a general failure to properly document
8 and maintain records regarding each insurance transaction, as required by AS 21.27.350 and
9 21.27.360. Ms. Riley, as compliance officer, has the ultimate responsibility to ensure that
10 API's records comply with AS 21.27.350 and 21.27.360, and therefore, both she and the firm
11 are in violation of these statutes.

12 F. The division found two instances where Ms. Riley held client funds for
13 premiums for more than 10 working days, in violation of AS 21.27.560(b). The division
14 recognizes that Ms. Riley subsequently refunded the funds to the clients.
15

16 G. This agreement does not resolve any issues regarding Joseph Riley.

17 TERMS OF AGREEMENT:

18 1. The division will suspend Ms. Riley's license as compliance officer of
19 API for one year, conditioned upon the following:

20 a. Within 75 days of the date this agreement and order is signed by
21 the director, Ms. Riley and API will hire a fully competent licensed insurance producer to act as
22 the firm's compliance officer. This individual will assist in the implementation of proper
23 procedures and controls so that API becomes fully compliant with AS 21.27.350, 21.27.360,
24 and 21.27.560.
25

1
2 b. Once the new compliance officer is in place at API, the division
3 will reissue Ms. Riley's license designating her as an individual in the firm.

4 c. In the event that Ms. Riley and API are unable to hire a new
5 compliance officer within the time limits described in subparagraph a, the division may
6 summarily suspend the API firm license, which would in effect suspend Ms. Riley's license as
7 well. Ms. Riley agrees that the suspension may occur at the division's discretion without
8 issuance of a formal accusation and without a hearing.

9 d. Presuming that a new compliance officer is hired, the division
10 will re-examine API within approximately nine months from the date this agreement and order
11 is signed by the director. Contingent upon the results of the completed re-examination, the
12 division may allow Ms. Riley to be reinstated as the compliance officer for API.

13
14 2. Ms. Riley and API agree to pay a civil penalty under AS 21.27.440 of
15 \$18,000, with \$15,000 suspended. The unsuspended portion of the penalty is due and payable
16 within six months from the date this agreement and order is signed by the director.

17 3. In the event Ms. Riley and API violate the insurance code or applicable
18 regulations during the next two years, the suspended portion of the fine referenced in paragraph
19 2 will be reinstated. Ms. Riley and API also will be subject to any and all sanctions authorized
20 by the insurance code including imposition of additional fines or penalties.

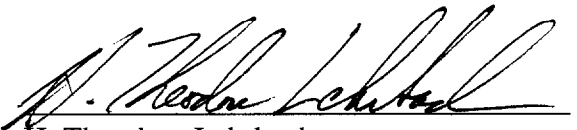
21 4. By signing this agreement, Ms. Riley and API understand and agree that
22 any failure to comply with the conditions of this agreement will be grounds to revoke, suspend,
23 or not renew Alaska licenses #13630 and #25266.
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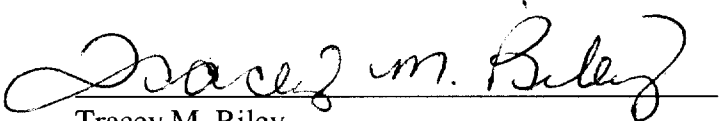
5. Ms. Riley and API understand that this agreement is not binding on the parties unless and until the director signs the order approving the agreement.

DATED: 10/29/03

DIVISION OF INSURANCE

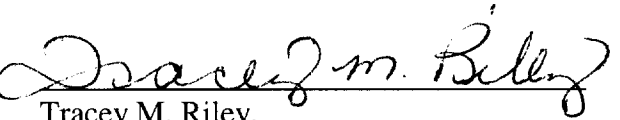
By: 
H. Theodore Lehrbach
Chief Examiner, Market Conduct

DATED: 10/29/03


Tracey M. Riley

DATED: 10/29/03

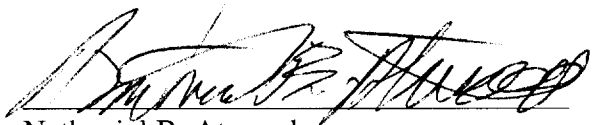
ALASKA PACIFIC INSURANCE, LLC

By: 
Tracey M. Riley,
Owner and Compliance Officer

Approved as to form and content:

DATED: 10/29/03

GREGG D. RENKES
ATTORNEY GENERAL

By: 
Nathaniel B. Atwood
Assistant Attorney General

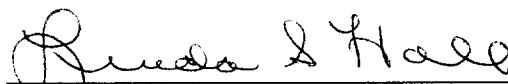
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ORDER

IT IS ORDERED that this Stipulated Agreement and Order is adopted in full resolution of the issues in this case, and shall constitute the final order in this matter.

DATED this 31st day of October, 2003.



Linda S. Hall
Director of Insurance

STATE OF ALASKA
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