

STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE
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STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, & ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE

In the Matter of:)
)
A & M MOTORS, INC., d/b/a)
A & M RV CENTER, and)
MICHAEL P. GAILEY,)
COMPLIANCE OFFICER,)
)
Licensees.)
_____)

Case No. D 07-02

STIPULATED AGREEMENT AND ORDER

The Division of Insurance (division) and A & M Motors, Inc., d/b/a A & M RV Center, (A & M) and Michael P. Gailey, Compliance Officer, (Mr. Gailey) the licensees in this case, stipulate and agree that the unlicensed activity that occurred during the time licenses #14278 and #14279 were in lapse status is resolved as follows:

1. A & M and Mr. Gailey were first issued the above-referenced licenses in 1996.
2. On or about April 20, 2006, the division notified Mr. Gailey his license had lapsed for failure to renew. The firm was also notified that its license would lapse because Mr. Gailey as its compliance officer had allowed his license to lapse. When A & M tried to renew its license in May, Mr. Gailey and the firm were notified that the firm license could not be renewed until Mr. Gailey's license was reactivated or until another compliance officer was designated. Both were reminded that they should not transact insurance business until their

1 licenses were reinstated. Mr. Gailey's and the firm license were reinstated effective June 14,
2 2006.

3 3. As required by the division, a notarized statement was submitted listing
4 whether business had been transacted while the licenses were in lapse status. The statement
5 indicated that unlicensed activity had occurred between April 20, 2006 and June 3, 2006.

6 4. In 1998, the firm license was not renewed timely, and in 2004, Mr.
7 Gailey allowed his license to lapse. The division wrote a letter to Mr. Gailey on August 12,
8 1998 admonishing him and the firm about unlicensed activity and noncompliance with Alaska
9 insurance law. One policy was issued in 2004 when Mr. Gailey was not properly licensed but
10 the division did not penalize Mr. Gailey at that time.

11 5. Because of the lapsed license history of A & M and Mr. Gailey and the
12 repeated warnings against unlicensed activity, the division considers the policies written in
13 2006 before the licenses were reinstated a wilful violation of the Alaska insurance licensing
14 laws.

15 6. A & M and Mr. Gailey agree to pay a civil penalty under AS 21.27.440
16 of \$1,706, which equals the amount of commission earned for the unlicensed activity that
17 occurred between April 20, 2006 and June 3, 2006 and an additional penalty of \$10,000 for
18 wilfully violating the insurance code with \$5,000 suspended. The \$1,706 and the \$5,000
19 unsuspended penalty would be payable within three months from the date A & M and Mr.
20 Gailey are notified that the director has signed the order approving this agreement; however,
21 Mr. Gailey submitted \$6,706 to the division on December 19, 2006 and the check was
22 processed before this agreement was executed.

23 7. In the event A & M or Mr. Gailey violates the insurance code or
24 applicable regulations during the next two years, the suspended portion of the penalty
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referenced in paragraph 6 will be reinstated. The firm and Mr. Gailey also will be subject to any and all sanctions authorized by the insurance code including imposition of additional fines or penalties.

8. By signing this agreement, A & M and Mr. Gailey understand and agree that any failure to comply with the conditions of this agreement will be grounds to revoke, suspend, or not renew Alaska insurance licenses #14278 and #14279.

9. A & M and Mr. Gailey understand that this agreement is not binding on the parties unless and until the director signs the order approving the agreement.

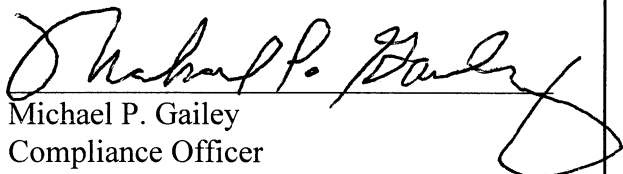
DATED: 1-26-07

DIVISION OF INSURANCE

By: 
Linda Brunette
Program Coordinator

DATED: 1-22-07

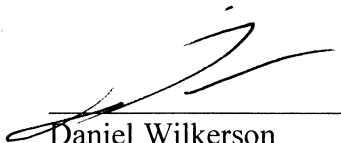
A & M MOTORS, INC., d/b/a
A & M RV CENTER

By: 
Michael P. Gailey
Compliance Officer

Approved as to form and content:

DATED: 1/30/07

TALIS J. COLBERG
ATTORNEY GENERAL

By: 
Daniel Wilkerson
Assistant Attorney General

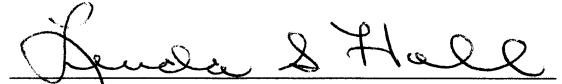
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ORDER

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 5th day of February, 2007.



Linda S. Hall
Director of Insurance