



State of Tennessee
Department of State
Administrative Procedures Division
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June 30, 2015

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RE: In the Matter of: Callie M. Ford

Docket No. 12.01-123512J

Enclosed is an Initial Order rendered in connection with the above-styled case.

Administrative Procedures Division
Tennessee Department of State

/aem
Enclosure

**BEFORE THE COMMISSIONER OF THE TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE**

IN THE MATTER OF:

CALLIE M. FORD

DOCKET NO. 12.01-123512J

NOTICE

ATTACHED IS AN INITIAL ORDER RENDERED BY AN ADMINISTRATIVE JUDGE WITH THE ADMINISTRATIVE PROCEDURES DIVISION.

THE INITIAL ORDER IS NOT A FINAL ORDER BUT SHALL BECOME A FINAL ORDER UNLESS:

1. THE ENROLLEE FILES A WRITTEN APPEAL, OR EITHER PARTY FILES A PETITION FOR RECONSIDERATION WITH THE ADMINISTRATIVE PROCEDURES DIVISION NO LATER THAN **July 15, 2015.**

YOU MUST FILE THE APPEAL, PETITION FOR RECONSIDERATION WITH THE ADMINISTRATIVE PROCEDURES DIVISION. THE ADDRESS OF THE ADMINISTRATIVE PROCEDURES DIVISION IS:

SECRETARY OF STATE
ADMINISTRATIVE PROCEDURES DIVISION
WILLIAM R. SNODGRASS TOWER
312 ROSA PARKS AVENUE, 8th FLOOR
NASHVILLE, TENNESSEE 37243-1102

IF YOU HAVE ANY FURTHER QUESTIONS, PLEASE CALL THE ADMINISTRATIVE PROCEDURES DIVISION, **615/741-7008 OR 741-5042, FAX 615/741-4472.** PLEASE CONSULT APPENDIX A AFFIXED TO THE INITIAL ORDER FOR NOTICE OF APPEAL PROCEDURES.

BACKGROUND INFORMATION

1. This case primarily involves the sale of disability insurance to resident physicians at the University of Tennessee College of Medicine (UT) located in Memphis, Tennessee. Disability insurance provides coverage against loss of income that can result from being unable to work due to personal injury. Disability insurance is particularly attractive to young professionals such as resident physicians who earn a limited salary but have high earning potential.

2. Disability insurance is offered in two forms: group and individual. Group insurance is typically offered by an employer to an employee with the policy owned by the employer. Payment for the policy is typically withdrawn from the employee's check. The employee does not generally undergo a medical screening to become eligible. An employee cannot cancel group insurance but loses the insurance upon leaving employment with the employer. In insurance industry parlance, group insurance is known by the abbreviation "LTD" for "Long Term Disability."

3. In contrast to group disability insurance, individual insurance is owned by the insured. Individual insurance is usually paid for by an automatic withdrawal from the insured's bank account. The policy can be changed or altered as desired by the insured. Individual insurance can be cancelled by the insured at any time and is portable, meaning that the individual maintains insurance coverage regardless of employment status. Typically, an exam or medical questions are required for individual disability coverage. In insurance industry parlance, individual disability insurance is known by the designation "D1."

4. As disability insurance provides income protection based on the person's current income, there are public policy concerns that a policyholder may become "over-insured" – i.e. a

policyholder could potentially secure several disability policies through multiple providers whereby disablement could result in a total benefit that is higher than the actual income of the beneficiary. To avoid the risk of over-insurance, insurance companies cap available disability benefits at a percentage of the insured's total monthly income.

5. Northwestern Mutual Insurance Company (Northwestern) sells disability insurance in Tennessee. While Northwestern generally enforces over-insurance limits, it does provide an exception called "Beginning Professional Limits." Northwestern is willing to over-insure young professionals whose expected future income is projected to rise significantly in the future. For Beginning Professional Limits, group disability insurance is irrelevant to Northwestern's underwriting department when determining the amount of disability insurance to offer a young professional.

6. Physicians in the residency program at UT are required to obtain disability insurance. At the time relevant to these proceedings UT offered *individual* disability insurance which was sold to the residents through the Barnett Group (Barnett), an employee benefits provider. During this time period the residents were required to buy disability insurance with one of three benefit amounts: \$1,500, \$2,500 or \$4,000 per month. UT offered a stipend to the residents to help cover the cost of their disability insurance premiums.

FINDINGS OF FACT

7. The Respondent is a financial planner and insurance agent licensed to sell insurance in Tennessee. She has worked for Northwestern since 2009 when she began as a college agent. She became a full time agent with Northwestern on September 23, 2010. In August 2010, the Respondent was introduced to Dr. Whitney Sanders, then the Chief Resident of the UT residency program. Dr. Sanders and the Respondent discussed Dr. Sanders' financial

planning goals and her existing insurance benefits, including whether Dr. Sanders had existing disability insurance. Dr. Sanders informed the Respondent that she had signed up for the mandatory disability insurance through UT during a group enrollment session at the beginning of her residency. Dr. Sanders indicated that she did not have to take a medical exam to be eligible for her disability policy through UT. Dr. Sanders stated that while no one from UT or Barnett explained the nature of the disability policy to the new residents, it was her understanding that her existing disability insurance was a group policy. Dr. Sanders produced to the Respondent a copy of her paystub which listed her disability policy as "LTD," which as previously stated is the industry term for group insurance.

8. As both Dr. Sanders and the Respondent were operating under the misconception that the disability policy Dr. Sanders had obtained through UT was a group policy, the Respondent recommended she purchase an individual disability policy through Northwestern, which the Respondent believed offered superior coverage to the policy offered through UT. Dr. Sanders agreed with the recommendation and with the Respondent's assistance she prepared and submitted an application to Northwestern on August 25, 2010.

9. Question #12 on the Northwestern application form requires the applicant to list any existing disability insurance policy the applicant may have in effect at the time of the application. Dr. Sanders indicated on the application in response to the question that she had a *group* disability plan, again reflecting the mistaken belief that she and the Respondent had about the nature of her existing disability insurance.

10. After becoming a full-time agent with Northwestern, the Respondent was mentored by Tim Campbell, an insurance broker with more than 20 years of experience. With the assistance of Dr. Sanders, the Respondent and Mr. Campbell were invited to give a benefits

presentation to large group of UT residents. In advance of that meeting, Mr. Campbell and the Respondent discussed the benefits offered by UT, including Mr. Campbell's experience that the vast majority of residency programs offered group disability benefits to their residents. Mr. Campbell was also under the impression that the UT policy offered to the residents was a group plan. During the presentation on September 22, 2010, made to approximately 40 residents, the nature of the UT disability policy as a group product was discussed. No resident questioned the representations made regarding the disability policy or disagreed that it was anything but a group product.

11. In early October 2010, the Respondent met with a second UT resident physician, Dr. Ashley Shirah. They discussed Dr. Shirah's financial planning goals and her existing insurance benefits, including whether she had existing disability insurance. Dr. Shirah also confirmed to the Respondent that she believed her disability insurance through UT was a group policy. Dr. Shirah chose to apply for individual disability insurance through Northwestern. On her application Question #12 was completed and reflected both the Respondent's and Dr. Shirah's belief that Dr. Shirah had an existing group disability policy.

12. During the underwriting process for Drs. Sanders and Shirah, Northwestern's underwriting department contacted the Respondent and informed her that as resident physicians both were eligible for the Beginning Professional Limits over-insurance exception, and therefore their existing group policies were irrelevant for the purposes of calculating their coverage eligibility. Both doctors' disability applications were approved by Northwestern and both were authorized for the maximum available individual coverage limits.

13. Following these discussions with Northwestern regarding the Beginning Professional Limits exception and its application to the UT residents' existing group disability

policy, the Respondent reached the conclusion that she did not need to include the applicant's group disability policy through UT when completing Question #12 because the information was irrelevant and would not be considered by Northwestern underwriting. The Respondent now acknowledges this was an error in judgment.

14. Over the next year the Respondent continued to meet and develop relationships with UT residents. She found the majority of the residents were confident in the belief that their existing disability policy through UT was a group policy. No UT resident ever communicated to the Respondent that they carried an individual disability policy with UT. When the Respondent met with UT residents to discuss their disability insurance options, she used Northwestern approved comparison documents which highlighted the benefits of Northwestern's policy over the policy offered through UT. From January 19, 2011, through March 15, 2012, an additional 23 UT residents applied for individual insurance benefits through Northwestern with the assistance of the Respondent. On each of these 23 applications, the Respondent did not include the resident's UT disability policy when completing Question #12, based on her understanding of the Beginning Professional Limits exception offered through Northwestern.

15. Chirag Chauhan testified both as an expert and a fact witness on behalf of the Division. Mr. Chauhan is a partner and director of financial services for Barnett and as such is a direct competitor of both the Respondent and Northwestern.

16. Mr. Chauhan would participate in an orientation session each year with the new UT residents to explain the disability insurance options available to them. Part of Mr. Chauhan's annual presentation was to explain to the residents the difference between group disability insurance and the individual insurance that they would purchase.

17. During 2011 and 2012, some of the residents that had purchased disability

insurance with Northwestern through the Respondent began to contact Barnett for the purpose of cancelling their existing disability insurance coverage previously purchased through Barnett. Mr. Chauhan began contacting the residents to discuss their insurance options and to make sure they were aware of the consequences of their actions. Upon reviewing copies of the Northwestern applications completed by the Respondent, Mr. Chauhan noted that all the applications contained what appeared to be false information. Specifically he noted that Question #12 was left blank, which suggested that the applicant had no existing disability insurance when in fact they did.

18. Dr. Mathew Roberts was a resident physician at UT in 2011 and 2012. After meeting with the Respondent, on December 6, 2011, he submitted an application for individual disability insurance with Northwestern. As was the case with the other residents at UT, Dr. Roberts was not exactly sure what type of disability insurance he had purchased through the Barnett Group and UT. It was his understanding that the Northwestern policy would supplement his existing policy. Dr. Roberts stated that the Respondent did not ask to see his existing policy purchased through UT. Dr. Roberts further stated the Respondent filled out the entire application without reviewing each question with him and that the only portion of the application that he personally completed was his signature on the last page. When Dr. Roberts asked the Respondent about Question #12 he was told to disregard the question because it was not relevant.

19. Mr. Chauhan contacted Dr. Roberts about possible discrepancies in his insurance coverage. After an exchange of information, Mr. Chauhan encouraged Dr. Roberts to contact the Respondent and her supervisors for clarification. Mr. Chauhan told Dr. Roberts that he did not need the Northwestern policy because he was already covered under his existing policy purchased through UT. On March 19, 2012, Dr. Roberts contacted David Gilbert, the

Respondent's compliance officer, with his concerns about whether the Respondent had misrepresented the nature of his existing disability insurance through UT for the purpose of selling him a disability policy through Northwestern. Dr. Roberts was also concerned about whether the Northwestern policy would pay off if he became disabled due to the fact that he now believed he had an individual policy through UT and he may be considered over-insured. Mr. Gilbert, as well as several subject matter experts at Northwestern, investigated the benefits being offered by UT and initially concluded that UT offered a group disability policy to the residents. However, after additional investigation Northwestern personnel ultimately determined that the disability insurance offered by UT was in fact an individual policy. Dr. Roberts cancelled his Northwestern policy and was refunded the amount of premiums he had paid.

20. While Dr. Roberts believes that the Respondent's inexperience may have led her to make an honest mistake, he stated that Mr. Chauhan continued to insist to him that he believed the Respondent engaged in a "gross misrepresentation." Dr. Roberts did not file a complaint with the Division as a result of this matter.

21. After completion of the company's investigation of the matter concerning Dr. Roberts, during which the true nature of the insurance purchased by the residents was finally determined, Northwestern notified the Respondent that she was mistaken in her belief that the UT disability policies were group rather than individual and that she had filled out the applications incorrectly by not having the applicants complete Question #12 concerning their existing insurance coverage. The Respondent immediately began to contact the 23 residents whose applications had been filled out incorrectly to notify them of the mistake and to clarify the nature of the disability policy they had through UT. All of these 23 residents were given the option to cancel their Northwestern policy and receive a complete refund plus interest, or to keep

their existing Northwestern policy. Furthermore, despite the fact that the insureds were technically over-insured because they had stacked a Northwestern individual disability policy on top of their existing individual policy through UT, Northwestern confirmed that the residents would be eligible for the full amount of their policies in the event a claim was made.

22. The majority of the UT residents chose to maintain their Northwestern policy and to continue with the Respondent as their agent. Only 7 of the 23 UT residents are no longer clients of the Respondent. For those individuals who canceled their policies, the Respondent's commissions were rescinded.

23. In March 2012, Mr. Chauhan initiated contact with the Division's investigators about the Respondent's activity alleging that she was misrepresenting information to the UT residents. He assembled a packet of information, traveled to Nashville to meet with representatives of the Division, and encouraged them to open an investigation. Over the next several months Mr. Chauhan repeatedly contacted the Division and continued to provide it with information about the Respondent and the UT residents.

24. Northwestern opened an investigation into Ms. Ford's conduct with respect to the UT resident applications. The investigation was managed primarily by Sue Becker, the sales practices consultant for Northwestern. Northwestern's investigators performed a complete and thorough review of the Respondent's documentation, record keeping and applications, including applications of other clients unrelated to UT. Northwestern also evaluated the information that had been provided to the Respondent about the UT benefits package and what evidence was publicly available.

25. Based on its review, Northwestern concluded that while the Respondent had made mistakes with respect to the 23 applications, she did not intentionally misrepresent information.

Northwestern's experts found the UT benefit offerings to be confusing and contradictory and therefore the Respondent's mistakes while not acceptable, were somewhat understandable given the circumstances.

26. According to Ms. Becker, had the Respondent been suspected of fraudulent conduct she would have been terminated. Instead, the Respondent was placed on a seven point corrective action plan beginning on July 26, 2012. Corrective action plans are used by Northwestern when there is a belief that mistakes have been made but that the agent can be rehabilitated through additional education and training. The corrective action plan was facilitated by David Gilbert, the chief compliance officer for nine Northwestern offices. The Respondent was required to undergo a significant amount of continuing education on a wide variety of topics including the completion of applications and improved documentation. For the initial 90 days of the plan, Mr. Gilbert reviewed every application submitted by the Respondent. After the expiration of the 90 day period Mr. Gilbert performed a random sampling of the Respondent's applications to confirm that they were accurate and complete. Her mail continues to be opened every day to confirm that no blank applications have been sent or received. Mr. Gilbert periodically contacts the Respondent's clients to confirm that she is using best practices in her interview and application completion process. Additionally, the Respondent and Mr. Gilbert meet on a monthly basis for face-to-face mentoring. The Respondent continues to be on the corrective action plan at the present time.

27. On July 21, 2011, the Respondent prepared two life insurance policies for Peter Clifford. As Mr. Clifford's information on both policies was identical, the Respondent had Mr. Clifford sign the completed application as well as a blank application form with the intention of simply copying the same information onto the signed blank form at a later time. When this was

subsequently brought to the attention of her superiors at Northwestern, she was counseled against such practices. The Respondent admits that this was an error on her part and states that she has never again had a client sign a blank application form.

28. On October 10, 2013, the Respondent assisted Dr. Lihong Shen with her application for disability insurance with Northwestern. On the application form she listed Dr. Shen, who is a citizen of China, as a United States citizen. Although the Respondent stated she did not know Dr. Shen's country of origin, she was aware that Dr. Shen had a "green card" that allowed her legal residence in the United States. The Respondent stated that she listed on the application that Dr. Shen was a United States citizen rather than the possessor of a green card because Northwestern treated the two situations as the same for underwriting purposes and therefore there was no need to differentiate on the application. The Respondent now concedes that this action was inappropriate.

APPLICABLE LAW

Tenn. Code Ann. § 56-6-112(a) provides in pertinent part that the commissioner:

[M]ay place on probation, suspend, revoke or refuse to issue or renew a license issued under this part or may levy a civil penalty in accordance with § 56-2-305 or take any combination of those actions, for any one (1) or more of the following causes:

(5) Intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance; [and]

...

(8) Using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere[.]

CONCLUSIONS OF LAW

29. The Division's alleges that the Respondent engaged in fraudulent and dishonest practices by the manner in which she marketed and sold Northwestern individual disability insurance policies to the medical residents at UT by intentionally misrepresenting to the residents the nature of the disability policies they had previously purchased. The Division also contends that the manner in which the Respondent filled out the residents' insurance applications: omitting information about existing disability insurance, having Peter Clifford sign a blank application and listing on Dr. Shen's application that she was a United States citizen when she was a Chinese citizen with a green card, constituted intentional misrepresentation and incompetence. **It is determined that the Division has failed to carry its burden of proof** to establish that Ms. Ford engaged in actions of a fraudulent or dishonest manner or intentionally misrepresented any information contained in the insurance applications that are the subject of this proceeding. **However, it is further determined that the Division has carried its burden of proof** that the Respondent actions constituted incompetence in certain aspects of her work.

30. An analysis of the proof in this case must begin with an evaluation of the testimony of Chirag Chauhan. Mr. Chauhan was the Division's witness, offered both as an expert and fact witness. It is determined that Mr. Chauhan's testimony, both as an expert and a fact witness, should be given little weight in this case. Mr. Chauhan clearly lacks objectivity in this matter as he is a direct financial competitor of the Respondent. The Respondent's success at attracting the UT residents to the Northwestern disability insurance policies posed a direct financial challenge to Mr. Chauhan. The evidence is clear that without Mr. Chauhan it is highly questionable whether this matter would have ever come to the attention of the Division, much less pursued to the extent that it has been. Mr. Chauhan initiated contact with some of the UT

residents, including Dr. Roberts, to express his concern and to gather information about the Respondent's activity. Mr. Chauhan contacted the Division about the Respondent's actions and provided it with information. He went so far as to travel to Nashville to meet with Division investigators, encouraged them to pursue the matter, and frequently made contact with the Division as he continued to provide what he believed was pertinent information. Mr. Chauhan must be viewed as a financial competitor of the Respondent who went to great lengths to damage if not destroy her career. Mr. Chauhan cannot be viewed as an objective or disinterested expert but rather as a partisan witness with a direct financial interest in the outcome of the case. In addition to his lack of objectivity, Mr. Chauhan's competence is called into question based upon the record in this case. Mr. Chauhan discussed industry standards and aspects of group and individual disability policies that in his view all insurance agents should be aware. Mr. Chauhan himself provided the UT residents with information about the disability policies available to them at an annual orientation session he participated in. And yet despite Mr. Chauhan's "expertise" on a subject that all insurance agents should understand, **not one** of the over two dozen medical residents that purchased disability insurance through the Respondent that are at issue in this case understood the nature of the insurance they had purchased through UT and Mr. Chauhan. That all of these residents, individuals that one must presume are highly educated and sophisticated, misunderstood the type of disability insurance they had purchased through UT, suggests one of two alternatives. Either the question of what type of disability insurance was available to the residents through UT is much more complicated than Mr. Chauhan would like one to believe, or Mr. Chauhan is not competent to explain the details of the policies, or perhaps both. For all of the reasons set forth above, Mr. Chauhan's testimony should be afforded little weight in this case.

31. The Respondent's belief and statements to the UT residents that they had group disability policies rather than individual policies was an honest misunderstanding of a confusing situation, not an intentional misrepresentation of the facts. It is clear from the record that the nature of the disability policies purchased by the residents through UT was extremely confusing. As previously stated, none of the residents understood the type of policy they owned. Numerous pieces of information about the residents' policies were consistent with group disability insurance: the residents did not have to undergo medical evaluations before receiving insurance, the premiums were deducted from their pay checks rather than individual bank accounts and the residents' paystubs listed the disability benefits as "LTD," which is industry parlance for group insurance. Tim Campbell, the Respondent's supervisor at Northwestern, was also under the mistaken impression that the residents had group rather than individual policies. At an informational session presented by the Respondent and Mr. Campbell to approximately 40 UT residents in September 2010, not one resident questioned the misunderstanding apparently held by all in attendance that the insurance offered through UT was a group rather than an individual policy. David Gilbert, the Respondent's compliance officer who investigated the dispute concerning Dr. Roberts, also initially believed that the UT policies were group policies. Sue Becker, Northwestern's sales practice consultant who managed the internal investigation into the Respondent's activity that was conducted in 2012, as well as other experts at Northwestern, found UT's policies to be extremely confusing. When viewed in this context, the Respondent's misunderstanding of the nature of the UT policies is certainly understandable.

32. The Division contends that the Respondent's failure to list the residents' existing disability insurance on Question #12 on the Northwestern applications was an act of intentional misrepresentation. However, a review of the record leads to an opposite conclusion, that it was a

mistake the Respondent made based upon her incorrect understanding of the type of insurance the residents had through UT. On the first two applications the Respondent filed for UT residents, those of Drs. Sanders and Shirah, she listed their existing policies as **group** policies in answer to Question #12. The Respondent was advised by the underwriters with Northwestern that due to the company's Beginning Professional Limits over-insurance exception, the applicant's existing group policy was irrelevant. As a result, the Respondent believed it no longer necessary to list this insurance on the subsequent applications she submitted. While clearly incorrect on the Respondent's part, both in her belief as to the type of insurance possessed by the residents as well in her failure to list the insurance on the application form, her actions were careless mistakes rather than fraudulent, dishonest or intentionally misrepresentative in nature.

33. Likewise, the issues with the insurance applications for Peter Clifford and Dr. Shen appear to again demonstrate the Respondent's inexperience and careless work rather than any intentional misrepresentation. The Respondent acknowledged her error when she had Mr. Clifford sign a blank life insurance form that she intended to complete by transferring information from another application she had filled out for Mr. Clifford and had him sign in a proper fashion. As for Dr. Shen's application, the Respondent listed her as a United States citizen when the Respondent was aware that Dr. Shen was not a citizen of this country and that she had a green card. Even if the Respondent took this action because Northwestern made no distinction between a citizen and someone who possessed a green card in determining eligibility for insurance, it was inappropriate for the Respondent act in this manner.

34. All of these actions by the Respondent with regard to Dr. Shen, Mr. Clifford and her failure to correctly answer Question #12 on the residents' insurance applications, suggest an

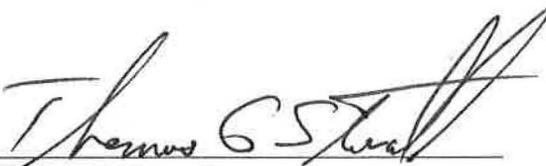
inexperienced and perhaps over-zealous agent who was looking for the “quick and easy” way to complete and process her prospective clients’ insurance applications rather than the more measured and thorough approach that would hopefully be taken by a more seasoned and professional insurance agent. However, “rookie mistakes” and careless work, while serious and in this case rising to the level of incompetence, do not constitute fraud, dishonesty or intentional misrepresentation.

35. As it has been determined that while the Respondent did not engage in fraudulent or dishonest activity or intentional misrepresentation, she has demonstrated incompetence in violation of the law, and therefore disciplinary action pursuant to Tenn. Code Ann. § 56-6-112(a) must be considered. When determining disciplinary action the primary consideration is the safety and welfare of the public and whether it is appropriate for an individual to be allowed to maintain licensure as an insurance agent in Tennessee. There is nothing to suggest that permitting the Respondent to continue to practice her profession creates a danger to the public. If it had been established that the Respondent had committed fraud, dishonesty or had engaged in intentional misrepresentation, or there was a likelihood that she would engage in such activity in the future, revocation of her license would be warranted. Such is not the case in this instance. Just as Northwestern did not find cause to terminate the Respondent’s employment after investigating her actions, revocation or suspension of her license by this tribunal would not be an appropriate sanction. However, the actions taken by Northwestern in response to this situation are very pertinent to this analysis. The Respondent remains on an extremely thorough corrective action plan monitored by her superiors at Northwestern that commenced three years ago. It is obvious that the Respondent is no longer engaging in the practices that resulted in the allegations against her that form the basis of this action. If she were, it would become immediately apparent

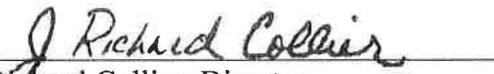
to Northwestern and it is fair to assume she would no longer be employed by that company.

36. When all factors in this case are considered it is determined that the appropriate sanction to be imposed against the Respondent is to place her license on probation for a period of one year. The Respondent shall also be assessed a civil monetary penalty in the amount of \$1,000.00, payable within thirty (30) days of the date when the Order issued in this case becomes final. Costs of this proceeding shall not be assessed against the Respondent.

This Initial Order entered and effective this 30th day of JUNE, 2015.


Thomas G. Stovall
Administrative Judge

30th Filed in the Administrative Procedures Division, Office of the Secretary of State, this day of JUNE, 2015.


J. Richard Collier, Director
Administrative Procedures Division

APPENDIX A TO INITIAL ORDER
NOTICE OF APPEAL PROCEDURES

Review of Initial Order

This Initial Order shall become a Final Order (reviewable as set forth below) fifteen (15) days after the entry date of this Initial Order, unless either or both of the following actions are taken:

(1) A party files a petition for appeal to the agency, stating the basis of the appeal, or the agency on its own motion gives written notice of its intention to review the Initial Order, within fifteen (15) days after the entry date of the Initial Order. If either of these actions occurs, there is no Final Order until review by the agency and entry of a new Final Order or adoption and entry of the Initial Order, in whole or in part, as the Final Order. A petition for appeal to the agency must be filed within the proper time period with the Administrative Procedures Division of the Office of the Secretary of State, 8th Floor, William R. Snodgrass Tower, 312 Rosa L. Parks Avenue, Nashville, Tennessee, 37243-1102. (Telephone No. (615) 741-7008). See Tennessee Code Annotated, Section (T.C.A. §) 4-5-315, on review of initial orders by the agency.

(2) A party files a petition for reconsideration of this Initial Order, stating the specific reasons why the Initial Order was in error within fifteen (15) days after the entry date of the Initial Order. This petition must be filed with the Administrative Procedures Division at the above address. A petition for reconsideration is deemed denied if no action is taken within twenty (20) days of filing. A new fifteen (15) day period for the filing of an appeal to the agency (as set forth in paragraph (1) above) starts to run from the entry date of an order disposing of a petition for reconsideration, or from the twentieth day after filing of the petition, if no order is issued. See T.C.A. §4-5-317 on petitions for reconsideration.

A party may petition the agency for a stay of the Initial Order within seven (7) days after the entry date of the order. See T.C.A. §4-5-316.

Review of Final Order

Within fifteen (15) days after the Initial Order becomes a Final Order, a party may file a petition for reconsideration of the Final Order, in which petitioner shall state the specific reasons why the Initial Order was in error. If no action is taken within twenty (20) days of filing of the petition, it is deemed denied. See T.C.A. §4-5-317 on petitions for reconsideration.

A party may petition the agency for a stay of the Final Order within seven (7) days after the entry date of the order. See T.C.A. §4-5-316.

YOU WILL NOT RECEIVE FURTHER NOTICE OF THE INITIAL ORDER BECOMING A FINAL ORDER

A person who is aggrieved by a final decision in a contested case may seek judicial review of the Final Order by filing a petition for review in a Chancery Court having jurisdiction (generally, Davidson County Chancery Court) within sixty (60) days after the entry date of a Final Order or, if a petition for reconsideration is granted, within sixty (60) days of the entry date of the Final Order disposing of the petition. (However, the filing of a petition for reconsideration does not itself act to extend the sixty day period, if the petition is not granted.) A reviewing court also may order a stay of the Final Order upon appropriate terms. See T.C.A. §4-5-322 and §4-5-317.