

STATE OF ARIZONA
Department of Insurance and Financial Institutions
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FILED October 17, 2023 by AS
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DEPT OF INSURANCE &
FINANCIAL INSTITUTIONS

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STATE OF ARIZONA

DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS

In the Matter of an Appeal by:
KAREN ZAHN
(National Producer No. 19107671)

No. 23A- 075 - INS
CONSENT ORDER

Petitioner.

The Arizona Department of Insurance and Financial Institutions (“Department”) has received evidence that Karen Zahn (“Petitioner”) violated provisions of Arizona Revised Statutes (“A.R.S.”) Title 20. Petitioner wishes to resolve this matter without the commencement of formal proceedings, and admits the following Findings of Fact are true, and consents to the entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. On or about September 17, 2019, the Department issued an Arizona non-resident insurance producer license, number 19107671, to Petitioner. Petitioner’s license was scheduled to expire on September 30, 2023.
2. On or about August 15, 2023, Petitioner submitted to the Department an application for a renewal of her Arizona insurance producer license through the National Insurance Producer Registry (the “Application”).
3. While completing the Application, under Background Questions, Petitioner answered “No” to the following question, quoted in part, “[h]ave you ever been named or involved as a party in an administrative proceeding, including FINRA sanction or

1 arbitration proceeding regarding any professional or occupational license or registration?
2 "Involved" means having a license censured, suspended, revoked, canceled, terminated; or,
3 being assessed a fine, a cease and desist order, a prohibition order, a compliance order,
4 placed on probation, sanctioned or surrendering a license to resolve an administrative
5 action. "Involved" also means being named as a party to an administrative or arbitration
6 proceeding, which is related to a professional or occupational license, or registration.
7 "Involved" also means having a license, or registration application denied or the act of
8 withdrawing an application to avoid a denial. INCLUDE any business so named because of
9 your actions in your capacity as an owner, partner, officer or director, or member or
10 manager of a Limited Liability Company."

11 4. Petitioner answered "Yes" to the Attestation section of the Application.

12 5. Petitioner's professional background check revealed that:

- 13 • On or about September 27, 2022, the Louisiana Department of Insurance
14 issued an action against Petitioner revoking her insurance producer license.
15 • On or about October 6, 2022, Petitioner entered into a Consent Order with
16 the South Carolina Department of Insurance.

17 6. On or about August 20, 2023, the Department sent a letter to Petitioner
18 informing her that her license application was denied due to "[p]roviding incorrect,
19 misleading, incomplete or materially untrue information in the license application" and/or
20 "[o]btaining or attempting to obtain a license through misrepresentation or fraud."

21 7. On or about August 31, 2023, Petitioner appealed the Department's denial and
22 subsequently requested an informal settlement conference ("ISC").

1 8. The ISC was held on September 28, 2023, during which the parties agreed to a
2 settlement.

3 **CONCLUSIONS OF LAW**

4 9. The Director has jurisdiction over this matter.

5 10. Petitioner’s conduct, as described above, constitutes a violation of Title 20 or
6 any rule, subpoena or order of the Director. A.R.S. § 20-295(A)(2).

7 11. Petitioner’s conduct, as described above, constitutes providing incorrect or
8 incomplete information in the license application. A.R.S. § 20-295(A)(1).

9 12. Grounds exist for the Director to deny an insurance producer license. A.R.S.
10 § 20-295(A).

11 13. Grounds exist, in addition to or instead of any suspension or revocation for the
12 Director to impose a civil penalty of not more than \$250.00 for each unintentional failure or
13 violation up to an aggregate civil penalty of \$2,500.00, or impose a civil penalty of not more
14 than \$2,500.00 for each intentional failure or violation, up to an aggregate civil penalty of
15 \$15,000.00. A.R.S. § 20-295(F).

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ORDER

IT IS HEREBY ORDERED THAT:

Karen Zahn shall immediately pay to the Department a civil money penalty in the amount of two hundred fifty dollars (\$250.00).

Effective this 17th day of October, 2023.

Barbara D. Richardson

Barbara D. Richardson
Cabinet Executive Officer
Executive Deputy Director
Arizona Department of Insurance and Financial Institutions

CONSENT TO ORDER

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1. Petitioner acknowledges that it has been served with a copy of the foregoing Consent Order in the above-referenced matter, has read it, is aware of its right to an administrative hearing in this matter and has knowingly and voluntarily waived that right.

2. Petitioner accepts the personal and subject matter jurisdiction of the Department over it in this matter.

3. Petitioner acknowledges that no promise of any kind or nature has been made to induce it to sign the Consent to Order and it has done so knowingly and voluntarily.

4. Petitioner acknowledges and agrees that the acceptance of this Consent to Order by the Director is solely to settle this matter and does not preclude the Department from instituting other proceedings as may be appropriate now or in the future. Furthermore, and notwithstanding any language in this Consent Order, this Consent Order does not preclude in any way any other state agency or officer or political subdivision of this state from instituting proceedings, investigating claims, or taking legal action as may be appropriate now or in the future relating to this matter or other matters concerning Petitioner, including but not limited to violations of Arizona's Consumer Fraud Act. Petitioner acknowledges that, other than with respect to the Department, this Consent Order makes no representations, implied or otherwise, about the views or intended actions of any other state agency or officer or political subdivision of the state relating to this matter or other matters concerning Petitioner.

5. Petitioner acknowledges and agrees that failure to correct the violations set forth above in this Consent Order, or any repeat findings of the above violations in the

1 future, can result in disciplinary action which may include a greater civil money penalty and
2 suspension or revocation of its license.

3 6. Petitioner waives all rights to seek an administrative or judicial review or
4 otherwise to challenge or contest the validity of this Consent Order and its accompanying
5 parts before any court of competent jurisdiction.

6 7. Petitioner acknowledges that this Consent Order is an administrative action
7 that the Department will report to the National Association of Insurance Commissioners
8 (NAIC). Petitioner further acknowledges that it must report this administrative action to
9 any and all states in which Petitioner holds an insurance license and must disclose this
10 administrative action on any license application.

11
12 10-09-2023
DATE

11 Karen Zahn
12 **KAREN ZAHN**
13 (National Producer No. 19107671)

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1 **COPY** of the foregoing delivered via email
this 17th day of October, 2023, to:

2
3 Karen Zahn
4 kazmlm@yahoo.com
5 Petitioner

6 **COPY** of the foregoing delivered/mailed same date, to:

7 Deian Ousounov, Assistant Director
8 Gio Espinosa, Regulatory Legal Affairs Officer
9 Ana Starcevic, Paralegal Project Specialist
10 Cathy O'Neil, Consumer Regulatory Affairs Officer
11 Steven Fromholtz, Division Manager, Licensing
12 Linda Lutz, Legal Assistant, Licensing
13 Aqueelah Currie, Licensing Supervisor
14 Arizona Department of Insurance and Financial Institutions
15 100 North 15th Avenue, Suite 261
16 Phoenix, Arizona 85007-2630

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Ana Starcevic