

Iowa Department of Inspections and Appeals
Division of Administrative Hearings
Wallace State Office Building – Third Floor
Des Moines, Iowa 50319

IN THE MATTER OF) Docket No. 11IID026
)
DOUGLAS INLAY,) **DEFAULT ORDER**
CRD No. 4770488.)

The parties to this proceeding are the Iowa Insurance Division (“Division”) and Douglas Inlay. Inlay holds a securities registration in Iowa. Inlay was previously licensed as an insurance producer in Iowa. Inlay’s insurance producer’s license was revoked in November 2010 following a contested case hearing. The order found Inlay had engaged in a pattern and practice of misrepresentation, unfair or deceptive acts and practices, unethical conduct, forgoing of documents and incompetency over a number of years. Inlay appealed the order to the Insurance Commissioner. The Commissioner issued a final decision upholding the findings of the administrative law judge and revoking Inlay’s insurance producer’s license. Inlay did not seek further review of the decision.

The Division prepared a Statement of Charges in August 2011, which was attached to a Notice of Telephone Hearing, scheduling a contested case hearing for October 17, 2011 at 1:30 p.m. Inlay was served with the Notice of Hearing and Statement of Charges on September 1, 2011.

Attorney John Leonhart appeared on behalf of the Insurance Division on October 17, 2011. Inlay did not appear. I waited 5 minutes for Inlay to join the call before releasing Leonhart. I also waited an additional 10 minutes to accommodate a late call from Inlay. He did not call.

CONCLUSIONS OF LAW

Iowa has adopted the Iowa Uniform Securities Act, which governs the offering and sale of securities in Iowa.¹ The Insurance Commissioner administers the Iowa Uniform Securities Act.²

If the Insurance Commissioner determines a person has engaged in, is engaging in, or is about to engage in an act, practice, or course of business constituting a violation of Iowa Code chapter 502, the Insurance Commissioner may proceed with civil or administrative enforcement.³ The Division elected to proceed with an administrative action.

¹ Iowa Code chapter 502.

² *Id.* § 502.601.

³ *Id.* §§ 502.603, .604.

The Insurance Commissioner may revoke, suspend, condition or limit the registration of a registrant for violating Iowa Code section 502.412(4).⁴ In the Statement of Charges the Division seeks revocation of Inlay's registration based on alleged violations of Iowa Code sections 502.412(4)e(5), *l*, and *m*. A registrant may be disciplined under: (1) Iowa Code section 502.412(4)e(5) if the registrant is the subject of an order, issued after notice and opportunity for hearing of an insurance regulator of a state revoking registration as an insurance agent or insurance producer; (2) Iowa Code section 502.412(4)*l* if the registrant is the subject of a cease and desist order issued under the insurance laws of a state; and (3) Iowa Code section 502.412(4)*m* if the registrant has engaged in dishonest or unethical practices in the securities, commodities, investment, franchise, banking, finance or insurance business within the previous ten years.

Inlay received proper notice of the hearing, but did not appear. The administrative law judge may enter a default decision if a party fails to appear at a contested case hearing after receiving proper notice.⁵ The Insurance Division seeks to revoke Inlay's Iowa securities registration. Based upon Inlay's failure to appear at hearing after receiving proper notice, entry of default is proper.

ORDER

Inlay is in default because he failed to appear at the October 17, 2011 contested case hearing. Inlay's Iowa securities registration is hereby revoked. The Insurance Division shall take any steps necessary to implement this decision.

Dated this 18th day of October, 2011.



Heather L. Palmer
Administrative Law Judge
515-281-7183

cc: Christina Hazelbaker and John Leonhart (*via electronic mail*)
Douglas Inlay

NOTICE

A default decision becomes final agency action 15 days from the date the decision was mailed unless a motion to vacate the default decision is filed within that time period.⁶ A motion to vacate must state all the facts upon which the moving party relies to establish good cause for failure to appear or participate at the contested case proceeding. Each fact must be substantiated by at least one affidavit by a person with personal knowledge of the fact, and the affidavit must be attached to the motion.

⁴ *Id.* § 502.412(2).

⁵ 191 IAC 3.22(1).

⁶ *Id.* 3.22(3).