

3. Respondent currently holds an active non-resident North Carolina

Insurance Producer License, National Producer Number 19275025, with lines of authority for Life, Accident & Health or Sickness, and Medicare Supplement/Long Term Care ("License"). Respondent's North Carolina Non-Resident Producer License was first active in North Carolina on February 17, 2021. *See* Pet'r's Exs. 3 and 4.

4. The Notice of Administrative Hearing was properly served on Petitioner pursuant to N.C. Gen. Stat. §§ 58-2-69(d) and 58-2-69(e). *See* Pet'r's Exs. 1 and 2.

5. The Notice of Administrative Hearing, and Petition for Hearing as an attached exhibit, and the Affidavit of Service were admitted into evidence as administrative exhibits. *See* Pet'r's Exs. 1 and 2.

6. Ms. Hocutt is a Complaint Analyst with ASD, and among her job responsibilities, handles enforcement files for ASD. This includes handling Personalized Information Capture System alerts ("PIC alert") received through the National Association of Insurance Commissioners ("NAIC") system. PIC alerts notify NCDOI if another state has taken administrative action against a North Carolina licensee.

7. Ms. Hocutt was assigned the PIC alert relating to the following administrative actions against Respondent: the initial Kentucky Department of Insurance action entered into the NAIC system on February 22, 2024; the second Kentucky Department of Insurance action entered into the NAIC system on January 5, 2024; and the California Department of Insurance action entered into the NAIC system on May 3, 2024. *See* Pet'r's Ex. 5. Ms. Hocutt has handled the investigation of the enforcement file from ASD through the date of the hearing.

8. During her investigation, Ms. Hocutt reviewed the contents of Respondent's enforcement file, including Respondent's Licensee Summary, (*see* Pet'r's Ex. 3); State Licensing Report, (*see* Pet'r's Ex. 4); Respondent's Report on the Regulatory Information Retrieval System ("RIRS Report"), (*see* Pet'r's Ex. 5); Respondent's National Insurance Producer Registry ("NIPR") Attachment Warehouse, (*see* Pet'r's Ex. 6); and the Enforcement Case Summary Notes, (*see* Pet'r's Ex. 7).

9. As part of her investigation, Ms. Hocutt obtained a copy of the Kentucky administrative actions from Beth Taylor, Counsel for Office of Legal Services, and Sharon Clark, the Commissioner of the Kentucky Department of Insurance. *See* Pet'r's Ex. 8. The initial Kentucky administrative action, with an effective date of July 5, 2023, was an Order of Probation and Civil Penalty causing Respondent to be placed on probation for one year and ordering her to pay a \$500 civil penalty within 60 days. The basis for this initial administrative action was that Respondent had engaged in improper or noncompliant sales practices, failed to reply timely to inquiries, and failed to maintain updated contact information with that department.

Subsequently, Respondent's Kentucky insurance license was revoked, effective October 23, 2023, based upon her disregard of and failure to respond to the July 5, 2023, Order. *Id.*

10. In addition, as part of her investigation, Ms. Hocutt obtained a copy of the California administrative action from Ricardo Lara, State of California Insurance Commissioner. *See* Pet'r's Ex. 9. The California administrative action, with an effective date of April 27, 2024, was a revocation of Respondent's California's insurance license. The decision to revoke Respondent's California license was due to her failure to report the Kentucky administrative action. *Id.*

11. A licensee is obligated to report administrative actions to NCDOI within thirty (30) days. *See* N.C. Gen. Stat. § 58-33-32(k). This requirement can be achieved either by notifying ASD directly, in this case Melody Hocutt, or by uploading a copy of the administrative action to the NIPR attachment warehouse within thirty (30) days.

12. Ms. Hocutt testified that the Respondent failed to report the July 5, 2023, Kentucky administrative action, the October 23, 2023 Kentucky administrative action, and the April 27, 2024 California administrative action within thirty (30) days of the respective effective dates, as is required by N.C. Gen. Stat. § 58-33-32(k). *See* Pet'r's Ex. 6. Furthermore, Ms. Hocutt testified that Respondent, as of the date of the hearing, had never reported any of these administrative actions. *Id.* Ms. Hocutt testified that the only items uploaded to the NIPR attachment warehouse pertained to Respondent's citizenship affidavit and identification information only. The information uploaded had nothing to do with any of her administrative actions.

13. Accordingly, ASD sent correspondence to Respondent's e-mail address of record, initially on January 10, 2024, advising the Respondent that the Kentucky administrative action, effective October 23, 2023, had not been reported to the NCDOI or uploaded to the NIPR Attachment Warehouse. *See* Pet'r's Ex. 6 and 10. Respondent was instructed to provide a written response, along with documentation regarding the administrative actions taken, within ten (10) days. *Id.*

14. Ms. Hocutt testified that the Respondent did not respond to the January 10, 2024 correspondence.

15. Additionally, on January 25, 2024, ASD sent another e-mail to Respondent's e-mail address of record. In that e-mail, it was noted that the Respondent failed to provide the documents and a written statement as requested in the January 10, 2024 initial correspondence. *See* Pet'r's Ex. 11. The January 25, 2024 correspondence gave the Respondent notice that unless she sent a copy of the administrative actions and a written statement to ASD with ten (10) days, ASD would

consider Respondent to be in violation of N.C. Gen. Stat. §§ 58-2-185 and 58-2-195. *Id.*

16. Ms. Hocutt testified that the Respondent failed to respond to the January 25, 2024 correspondence and did not provide the requested documentation within ten (10) days of the correspondence as requested.

17. Additionally, on February 27, 2024, ASD sent an e-mail to Respondent's e-mail addresses on record. That same day, a copy of the correspondence was also physically mailed to Respondent's residential address on record, as required by N.C. Gen. Stat. § 58-2-69(b), via the U.S. Postal Service on February 27, 2024. *See* Pet'r's Ex. 12. This correspondence alerted the Respondent that she appeared to be in violation of N.C. Gen. Stat. §§ 58-33-46(a)(2) and 58-33-32(k) and informed her that an informal telephonic conference had been scheduled for April 2, 2024 at 10:00 a.m. to discuss the allegations. *Id.*

18. On March 5, 2024, ASD sent an e-mail to Respondent's e-mail addresses on record to inform Respondent that they had received notice of another administrative action from the Kentucky Department of Insurance with a date of July 19, 2023. *See* Pet'r's Ex. 13. This administrative action was in addition to the administrative action that ASD already knew of from Kentucky with an effective date of October 23, 2023. *See* Pet'r's Ex. 5, 8, and 10.

19. On March 27, 2024, ASD sent another e-mail to Respondent's e-mail addresses on record to remind Respondent of the telephonic informal conference scheduled for April 2, 2024. *See* Pet'r's Ex. 14.

20. Ms. Hocutt testified that the Respondent did not respond to ASD regarding this correspondence, but did attend the informal telephonic conference on April 2, 2024. Ms. Hocutt testified that although efforts were made to resolve this matter, these efforts were unsuccessful.

CONCLUSIONS OF LAW

1. This matter is properly before the Commissioner. The Commissioner has jurisdiction over the parties and the subject matter pursuant to Chapter 58 of the North Carolina General Statutes.

2. Respondent was properly served with the Notice of Administrative Hearing and Petition for Administrative Hearing in this matter, pursuant to N.C. Gen. Stat. §§ 58-2-69(d) and 58-2-69(e). *See* Pet'r's Exs. 1 and 2.

3. N.C. Gen. Stat. § 58-33-32(k) requires an insurance producer to report to the Commissioner "any administrative action" taken against the producer by

another state “within 30 days after the final disposition of the matter.” N.C. Gen. Stat. § 58-33-32(k) further specifies that this report “shall include a copy of the order or consent order and other information or documents filed in the proceeding necessary to describe the action.”

4. Respondent failed to report the initial Kentucky administrative action taken by the Kentucky Department of Insurance (effective July 19, 2023) to the Commissioner within thirty (30) days of the action’s final disposition, as is required by N.C. Gen. Stat. §58-33-32(k).

5. Respondent failed to report the second Kentucky administrative action taken by the Kentucky Department of Insurance (effective October 23, 2023) to the Commissioner within thirty (30) days of the action’s final disposition, as is required by N.C. Gen. Stat. § 58-33-32(k).

6. Respondent failed to report the California administrative action taken by the California Department of Insurance (effective April 27, 2024) to the Commissioner within thirty (30) days of the action’s final disposition, as is required by N.C. Gen. Stat. § 58-33-32(k).

7. In addition, N.C. Gen. Stat. § 58-33-46(a)(2) states that the Commissioner may place on probation, suspend, revoke or refuse to renew the license of a licensee that has violated any insurance law of this or any other state, violated any administrative rule, subpoena, or order of the Commissioner or of another state’s insurance regulator, or violated any rule of the Financial Industry Regulatory Authority.

8. By failing to report the Kentucky administrative actions and the California administrative actions within thirty (30) days of the action’s final disposition, Respondent violated a North Carolina insurance law within the meaning of N.C. Gen. Stat. § 58-33-46(a)(2).

9. Based upon the evidence received and the applicable law, the undersigned Hearing Officer concludes that Respondent’s license should be revoked under N.C. Gen. Stat. § 58-33-46(a)(2) for violating N.C. Gen. Stat. § 58-33-32(k).

BASED UPON the foregoing Findings of Fact and Conclusions of Law, the Hearing Officer enters the following:

ORDER

It is **ORDERED** that Respondent's non-resident North Carolina Insurance Producer license is hereby **REVOKED** effective as of the date of the signing of this Order.

This the 9th day of January, 2025.



Kyle Heuser
Hearing Officer
N.C. Department of Insurance

APPEAL RIGHTS

This is a Final Agency Decision issued under the authority of N.C. Gen. Stat. § 150B, Article 3A.

Under the provisions of N.C. Gen. Stat. § 150B-45, any party wishing to appeal a final decision of the North Carolina Department of Insurance must file a Petition for Judicial Review in the Superior Court of the County where the person aggrieved by the administrative decision resides, or in the case of a person residing outside the State, the county where the contested case which resulted in the final decision was filed. The appealing party must file the petition within 30 days after being served with a written copy of the Order and Final Agency Decision. In conformity with 11. NCAC 01.0413 and N.C. Gen. Stat. § 1 A-1, Rule 5, this Order and Final Agency Decision was served on the parties on the date it was placed in the mail as indicated by the date on the Certificate of Service attached to this Order and Final Agency Decision. N.C. Gen. Stat. § 150B-46 describes the contents of the Petition, including explicitly stating what exceptions are taken to the decision or procedure and what relief the petitioner seeks, and requires service of the Petition by personal service or by certified mail upon all who were parties of record to the administrative proceedings. The mailing address to be used for service on the Department of Insurance is: Amy Funderburk, General Counsel, 1201 Mail Service Center, Raleigh, NC 27699-1201.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing **ORDER AND FINAL AGENCY DECISION** by mailing a copy of the same via certified U.S. Mail, return receipt requested; via first class U.S. mail to the licensee, at the addresses provided to the Commissioner pursuant to N.C. Gen. Stat. § 58-2-69(b); and via State Courier to Attorney for Petitioner, addressed as follows:

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This the 9th day of January, 2025.



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