

**FILED**

**BEFORE THE INSURANCE COMMISSIONER OF THE STATE OF OKLAHOMA** **OCT 29 2024**

**INSURANCE COMMISSIONER  
OKLAHOMA**

STATE OF OKLAHOMA, ex rel. )  
GLEN MULREADY, Insurance Commissioner, )  
 )  
Petitioner, )  
v. )  
 )  
DAVID SHEELEY, )  
a licensed insurance producer, )  
 )  
Respondent. )

Case No. 24-0199-DIS

**AGREED AMENDED FINAL ADMINISTRATIVE ORDER**

COMES NOW, Petitioner, State of Oklahoma, ex rel. Glen Mulready, Insurance Commissioner, by and through counsel, Tyler P. Trammell, Assistant General Counsel for the Oklahoma Insurance Department and Respondent, David Sheeley, by and through counsel, Adam J. Singer and the law firm of Derryberry & Naifeh, LLP, and states as follows:

This matter was heard as a disciplinary proceeding under the Oklahoma Producer Licensing Act. 36 O.S. §§ 1435.1 et seq. On August 28, 2024, a show cause hearing was held at the Oklahoma insurance Department (the "OID") on the OID's *Statement of Charges and Notice of Hearing* ("Notice"), filed June 19, 2024. The hearing was held virtually via TEAMS before Independent Hearing Examiner Stephan Mathis. Present at the hearing was Tyler P. Trammell, Assistant General Counsel for the OID and Respondent, David Sheeley ("Respondent") appearing *pro se*. Witnesses were sworn and testified, exhibits were admitted, and argument of the parties heard.

On September 18, 2024, Adam J. Singer, with the law firm Derryberry & Naifeh, LLP filed an Entry of Appearance for the Respondent.

On October 4, 2024, Respondent timely filed a Motion for Rehearing pursuant to OAC

365:1-7-7, citing Respondent's lack of retention of Counsel to adequately develop facts essential to a proper decision, and lack of supporting testimony in support of the allegations presented.

The Parties have conferred and agree that while properly plead as an allegation of fact, there was insufficient supporting testimony presented by the State regarding the allegation of fraud and/or abusive conduct in the Federally Facilitated Marketplace.

The Parties have conferred and additionally agree that Respondent's non-resident insurance producer license with the State of Oklahoma will remain revoked as a result of the August 28, 2024 show cause hearing.

Therefore, the Parties submit this Agreed Amended Final Administrative Order, correcting the Findings of Fact as follows:

#### **FINDINGS OF FACT**

1. That OID has jurisdiction over the subject matter of this action pursuant to 36 O.S. §§ 101- 7401, including the Oklahoma Producer Licensing Act, 36 O.S. §1435.1 et seq.
2. The Insurance Commissioner may place on probation, censure, suspend, revoke or refuse to issue or renew a license issued pursuant to the Oklahoma Producer Licensing Act 36 O.S. § 1435.13(A).
3. That the Insurance Commissioner has the authority to render an Order concerning the above styled matter and has lawfully appointed Independent Hearing Examiner, Stephan Mathis, who shall sit as a quasi-judicial officer pursuant to 36 O.S. § 319.
4. Respondent, holding license number 3000895408, was licensed by the State of Oklahoma as a non-resident insurance producer as defined and required by 36 O.S. § 1435.2(7). His address of record is [REDACTED]
5. Petitioner afforded Respondent an opportunity for hearing by sending the Notice

by certified mail return receipt requested and by electronic mail on June 19, 2024. The Notice stated the matters asserted, and stated the time, place and nature of the hearing, cited legal authority and jurisdiction, and referred to particular sections of the statutes involved.

6. Upon request of the Respondent the hearing was continued from August 14, 2024, to August 28, 2024.

7. The hearing was recorded electronically by an employee of the Oklahoma Insurance Department, Sherry Standerfer.

8. The following exhibits were introduced and admitted:

- a) Petitioner's Exhibit 1: CMS notification E-Mail to OID regarding Respondent termination from the Federal-Facilitated Marketplace, dated March 25, 2024.
- b) Petitioner's Exhibit 2: CMS letter to Respondent regarding suspension from the Federal-Facilitated Marketplace, dated October 26, 2023.
- c) Petitioner's Exhibit 2-A: Attachment to October 26, 2023, letter with Investigative Findings and Determinations.
- d) Petitioner's Exhibit 3: CMS letter to Respondent regarding termination from the Federal-Facilitated Marketplace, dated February 8, 2024.
- e) Petitioner's Exhibit 4: CMS Case Summary and Overview of Respondent.

9. The following witnesses were sworn and testified under oath:

- a) Courtney Khodabakhsh, Oklahoma Insurance Department, Licensing Division
- b) David Sheeley, Respondent

10. On March 25, 2024, the Centers for Medicare & Medicaid Services (hereinafter "CMS") notified the Oklahoma Insurance Department that CMS, as of February 8, 2024, had terminated its Federally Facilitated Marketplace agreement with Respondent. (See, Petitioner's



Exhibits 1 thru 4; Testimony of Khodabakhsh).

11. Respondent testified that he was under the belief that he was only suspended for three (3) years from the Federally-Facilitated Marketplace and that no attempt to appeal that decision was made. (*See, Testimony of Sheeley*).

12. Respondent further testified that he denied the allegations which formed the basis of the suspension from the Federally Facilitated Marketplace ("FFM"). (*Id.*) He testified that he believes, that the FFM utilizes General Dynamic's Artificial Intelligence to look for anomalies in licensing statistics. (*Id.*) He further testified that he has two or three independent contractors working for him who would utilize his FFM number to process applications, because there was no prohibition on such a relationship at the time. (*Id.*) Respondent's employ of these independent contractor's increased the number of applications which he was able to submit. (*Id.*) He testified that he has submitted approximately 7,800 applications and has only received approximately 180 complaints, which is less than three percent (3%). (*Id.*)

**CONCLUSIONS OF LAW**

13. That OID has jurisdiction over this matter and the Respondent pursuant to 36 O.S. § 1435.1 et seq.

14. That the Respondent was licensed by the OID as a non-resident producer pursuant to 36 O.S. § 1435.1 et seq.

15. That the Respondent was provided adequate notice and a hearing pertaining to the *Statement of Charges and Notice of Hearing* filed on June 19, 2024, in accordance with the Oklahoma Insurance Code and the Oklahoma Administrative Procedures Act.

16. Based upon the above provided findings of fact there is clear and convincing evidence to find that the Respondent violated 36 O.S. §1435.13(A)(9), by having an insurance

producer license, or its equivalent, denied, suspended, censured, placed on probation or revoked in any other state, province, district, or territory.

17. The Insurance Commissioner may place on probation, censure, suspend, revoke or refuse to issue or renew a license issued pursuant to the Oklahoma Producer Licensing Act. 36 O.S § 1435.13(A)


**ORDER**

**IT IS THEREFORE ORDERED** that Respondent, David Sheeley's, non-resident insurance producer license number 3000895408 is hereby **REVOKED**. The Insurance Commissioner shall notify all appointing insurers of the revocation and shall notify the Central Office of the National Association of Insurance Commissioners of the Respondent's revocation.


WITNESS My Hand and Official Seal this 23<sup>rd</sup> day of October, 2024




**GLEN MULREADY  
INSURANCE COMMISSIONER  
STATE OF OKLAHOMA**

  
STEPHAN MATHIS  
INDEPENDENT HEARING EXAMINER  
OKLAHOMA INSURANCE DEPARTMENT

AGREED TO FORM:

  
Tyler P. Trammell, OBA No. 32885  
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*Attorney for Respondent, David Sheeley*

**CERTIFICATE OF MAILING**

I, Tyler P. Trammell, hereby certify that a true and correct copy of the above and foregoing *Agreed Amended Final Administrative Order* was sent by certified mail with postage prepaid and return receipt requested on this 29<sup>th</sup> day of October, 2024 to:

Adam J. Singer, OBA No. 33272  
DERRYBERRY & NAIFEH, LLP  
4800 N. Lincoln Blvd.  
Oklahoma City, Oklahoma 73105  
[asinger@derryberrylaw.com](mailto:asinger@derryberrylaw.com)  
*Attorney for Respondent, David Sheeley*

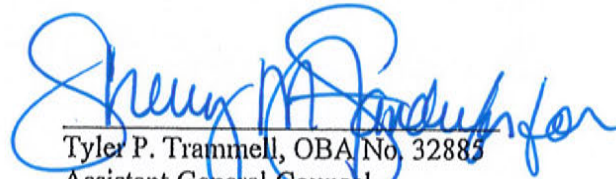
**CERTIFIED MAIL NO.**  
**9589 0710 5270 2178 8043 71**

And that notification was sent to:

NAIC/IRIS

And that a copy was delivered to:

Licensing Division



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