

Arkansas Insurance Department

Asa Hutchinson
Governor



Allen Kerr
Commissioner

October 15, 2015

Delivered by First Class Mail and Certified Mail,
Parcel No. 7009 1680 0002 2606 2001

CSI PEO INC.
C/O Patricia Nielsen, President
1404 W. Dove Ave
McAllen TX 78504
pen@corpsolpeo.com

NOTICE OF HEARING

Dear Mrs. Nielsen:

You are hereby notified that an administrative hearing has been scheduled pursuant to Ark. Code Ann. § 23-61-303 and other applicable provisions of Arkansas law, before Insurance Commissioner Allen Kerr, as Hearing Officer, or his designee, on November 24, 2015, at 10:00 a.m. in the First Floor Hearing Room, Arkansas Insurance Department ("Department"), 1200 West Third Street, Little Rock, Arkansas. The respondent, CSI PEO INC., has the right to be represented by legal counsel of your own choosing at this proceeding. Additionally, the Commissioner will obtain a competent reporter to record the hearing. You may avail yourself of other privileges, including the Department's assistance to subpoena any needed witnesses or records.

The allegations against you CSI PEO INC include:

- 1) CSI PEO Inc., is an incorporated professional employer organization operating in Arkansas.
- 2) No person shall provide, advertise, or otherwise hold itself out as providing professional employer services in Arkansas unless the person is licensed as a professional service organization. Ark. Code Ann. § 23-92-404.
- 3) CSI PEO, Inc., License Number E9424 was issued a certificate of registration to operate in Arkansas on May 7, 2013.
- 4) On May 9, 2013, CSI PEO, Inc., was informed it must renew its license by May 7, 2015.

- 5) CSI PEO, Inc., did not renew its professional employer organization license by May 7, 2015.
- 6) Becky Harrington, a compliance officer with the Arkansas Insurance Department sent CSI PEO, Inc., a letter on June 8, 2015, advising that a renewal application and fee were due June 22, 2015, to avoid the company's license becoming void.
- 7) Becky Harrington sent a second email reminding CSI PEO to renew its license on July 10, 2015.
- 8) Becky Harrington sent a letter to CSI PEO, Inc., on July 16, 2015, informing the company that its license was void and that it may be subject to penalties if it continued to operate in Arkansas without a license.
- 9) There was no response to the emails or letters sent from the Arkansas Insurance Department to CSI PEO, Inc., as of July 22, 2015.
- 10) On July 22, 2015, CSI PEO, Inc.'s license had not been renewed for thirty days and therefore was void as per Ark. Code Ann § 23-92-404(d)(3).
- 11) On September 2, 2015, Sabrina Lee, an employee of CSI PEO, Inc. emailed Mrs. Harrington and informed her that the company currently had two clients in Arkansas: Timberline Oilfield Services. and Fidelity National Environmental Solutions.
- 12) On September 10, 2015, Mrs. Harrington sent an email to Melissa Hinojosa-Zamora with CSI PEO, Inc., asking "How many employees/ clients did CSI have in AR between May 7, 2015 and present?" There was no response to this request for information.
- 13) Ark. Code Ann. § 23-92-410 authorizes the Arkansas Insurance Commissioner to suspend, revoke, or levy a fine for violations of the Arkansas Personal Employment Act.
- 14) Ark. Code Ann. § 23-92-412 authorizes the Arkansas Insurance Commissioner to levy a fine no less than \$250.00 and no more than \$5,000 for each day that a professional employer services person or corporation engages in the business of providing professional employer services without a license.
- 15) CSI PEO, Inc., has engaged in the business of professional employer services since July 22, 2015, without a license in violation of Arkansas law.

Each of these issues shall be presented at your hearing, but the Department is not limited to only these allegations may our investigations uncover further wrongdoing.

Your verbal or written notification that you have received this notice of hearing must be received in this office within ten (10) days of your receipt. If your notification is not received by the Department within ten (10) days, any and all expenses incurred by the Department in continuing the hearing or in notification of witnesses, including but not limited to, phone calls, issuance of subpoenas and postage, will be charged to the party or parties requesting such continuance. If you

or your attorney determines that a continuance is necessary, or you have questions or concerns, please contact me at (501) 371-2829.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Gray Turner". The signature is fluid and cursive, with the first name "Gray" and the last name "Turner" clearly distinguishable.

Gray Allen Turner
Associate Counsel, Legal Division