

JUL 3 2003

DEPT. OF INSURANCE  
BY [Signature]

STATE OF ARIZONA  
DEPARTMENT OF INSURANCE

In the Matter of:

**ROBERT WESLEY FANSLER; AMERICAN  
FINANCIAL INSURANCE BROKERS,  
L.L.C.; REGENCY GROUP 2000, INC.;  
REGENCY INSURANCE AGENCY, INC.;  
AND ROBERT WESLEY FANSLER DBA  
REGENCY INSURANCE GROUP, INC. AND  
REGENCY INSURANCE GROUP 2000, INC.,**

Respondents.

Docket No. 03A-088-INS

**FINDINGS OF FACT, CONCLUSIONS  
OF LAW AND ORDER**

On June 6, 2003, the Arizona Department of Insurance ("Department") issued a Notice of Hearing (the "Notice") in the above-captioned matter, a copy of which is attached and incorporated by this reference. The Notice required Robert Wesley Fansler; American Financial Insurance Brokers, L.L.C.; Regency Group 2000, Inc.; Regency Insurance Agency, Inc.; and Robert Wesley Fansler dba Regency Insurance Group, Inc. and Regency Insurance Group 2000, Inc., ("Respondents") to provide a written answer to the allegations set forth in the Notice within twenty days of the issuance of the Notice. As of this date, Respondents have failed to file an answer. On June 30, 2003, counsel for the Department filed a Request for Default, and Proposed Findings of Fact, Conclusions of Law and Order. As of this date, Respondents have not responded to the Department's request. Pursuant to A.A.C. R20-6-106(D), a party that fails to file an answer within the time provided shall be deemed to be in default and one or more of the allegations in the Notice of Hearing may be deemed to be admitted.

**FINDINGS OF FACT**

1. Notice was proper.
2. Respondents are in default.
3. The allegations in the Notice are deemed admitted.

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CONCLUSIONS OF LAW

1. The conduct alleged in the Notice constitutes grounds for the Director to suspend, revoke or refuse to renew Respondents' licenses to transact insurance in Arizona, pursuant to A.R.S. §20-295 (A), (B) and (F).

ORDER

IT IS ORDERED:

1. The insurance licenses held by Respondents are revoked effective upon the issuance of this Order.

2. The hearing set for July 8, 2003, at 9:00 a.m. shall be vacated.

DATED this 3<sup>rd</sup> day of July, 2003.

  
\_\_\_\_\_  
CHARLES R. COHEN, Director  
Arizona Department of Insurance

COPY of the foregoing mailed this 3<sup>rd</sup> day of July, 2003, to:

Lewis D. Kowal  
Administrative Law Judge  
Office of Administrative Hearings  
1400 West Washington, Suite 101  
Phoenix, Arizona 85007

Jennifer Boucek  
Assistant Attorney General  
1275 West Washington  
Phoenix, Arizona 85007  
Attorney for the Department

Gerrie L. Marks, Acting Deputy Director for Regulatory Affairs  
Mary Butterfield, Assistant Director  
Catherine O'Neil, Consumer Legal Affairs Officer  
Rebecca Sanchez, Licensing Administrator  
Bob Hill, Investigator  
Arizona Department of Insurance  
2910 North 44th Street, Suite 210  
Phoenix, Arizona 85018

1 Robert Wesley Fansler  
1502 E. Estrid Avenue  
2 Phoenix, Arizona 85022  
Respondent


3  
4 Robert Wesley Fansler  
709 East Rose Marie Lane  
Phoenix, Arizona 85022  
5 Respondent

6 Robert Wesley Fansler  
American Financial Insurance Brokers L.L.C.  
7 Regency Group 2000, Inc.  
Regency Insurance Agency, Inc.  
8 428 E. Thunderbird #747  
Phoenix, Arizona 85022  
9 Respondent

10 American Financial Insurance Brokers L.L.C.  
c/o Robert Wesley Fansler  
11 3770 N. 7th Street  
Phoenix, Arizona 85014  
12 Respondent

13 Christopher M. McNichol, Statutory Agent for  
American Financial Insurance Brokers, L.L.C.  
14 c/o Gust Rosenfeld PLC  
201 E. Washington, #800  
15 Phoenix, AZ 85004-2327

16 Regency Insurance Agency, Inc.  
Regency Group, 2000, Inc.  
17 c/o Robert Wesley Fansler  
709 East Rose Marie Lane  
18 Phoenix, AZ 85022

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20 798159 [CPA02-285]

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DEPARTMENT OF INSURANCE

In the Matter of:

**ROBERT WESLEY FANSLER; AMERICAN  
FINANCIAL INSURANCE BROKERS,  
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AND ROBERT WESLEY FANSLER DBA  
REGENCY INSURANCE GROUP, INC. AND  
REGENCY INSURANCE GROUP 2000, INC.,**

Respondents.

Docket No. 03A-088-INS

NOTICE OF HEARING

PLEASE TAKE NOTICE that pursuant to the provisions of Arizona Revised Statutes ("A.R.S.") §§ 20-161 through and including 20-165, and 41-1092 *et seq.*, the above-captioned matter will be heard before the Director of Insurance of the State of Arizona (the "Director") or his duly designated representative, on the 8th day of July, 2003, at 9:00 a.m., at the Office of Administrative Hearings, 1400 West Washington Street, Suite 101, Phoenix, Arizona 85007 (the "Hearing").

Motions to continue this matter shall be made in writing to the Administrative Law Judge not less than fifteen (15) days prior to the date set for the hearing. A copy of any motion to continue shall be mailed or hand-delivered to the opposing party on the same date of filing with the Office of Administrative Hearings.

A.R.S. § 20-164(B) entitles any person affected by this Hearing to appear in person and by counsel, to be present during the giving of all evidence, to have a reasonable opportunity to inspect all documentary evidence, to examine witnesses, to present supporting evidence in support of his interests, and to have subpoenas issued by the Administrative Law Judge to compel attendance of witnesses and production of evidence.

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1 If Applicant is represented by counsel, the attorney shall be licensed to practice law in the State  
2 of Arizona or, if applicant is an insurer, it may be represented by a corporate officer, pursuant to  
3 A.R.S. § 20-161(B).

4 Pursuant to A.R.S. § 41-1092.07(E), a clear and accurate record of the proceedings will be  
5 made by a court reporter or by electronic means. Any party that requests a transcript of the proceeding  
6 shall pay the cost of the transcript to the court reporter or other transcriber.

7 Questions concerning issues raised in this Notice of Hearing should be directed to Assistant  
8 Attorney General Jennifer Boucek, (602) 542-7725, 1275 West Washington Street, Phoenix, Arizona  
9 85007-2926.

#### 10 NOTICE OF APPLICABLE RULES

11 On January 23, 1992, the Arizona Department of Insurance adopted A.A.C. R20-6-101 through  
12 R20-6-115, setting forth the rules of practice and procedure applicable in contested cases before the  
13 Director of Insurance. The hearing will be conducted pursuant to these rules.

14 PURSUANT TO A.A.C. R20-6-106, RESPONDENT SHALL FILE A WRITTEN ANSWER  
15 WITHIN 20 DAYS AFTER ISSUANCE OF THIS NOTICE OF HEARING AND SHALL MAIL OR  
16 DELIVER A COPY OF THE ANSWER TO THE ASSISTANT ATTORNEY GENERAL  
17 DESIGNATED ABOVE. THE ANSWER SHALL STATE PETITIONER'S POSITION OR  
18 DEFENSE AND SHALL SPECIFICALLY ADMIT OR DENY EACH ASSERTION IN THE  
19 NOTICE OF HEARING. ANY ASSERTION NOT DENIED SHALL BE DEEMED TO BE  
20 ADMITTED. ANY DEFENSE NOT RAISED IN ANSWER SHALL BE DEEMED WAIVED. IF AN  
21 ANSWER IS NOT TIMELY FILED, PETITIONER SHALL BE DEEMED IN DEFAULT AND THE  
22 DIRECTOR MAY DEEM THE ALLEGATIONS ARE TRUE, AND TAKE WHATEVER ACTION  
23 IS APPROPRIATE, INCLUDING SUSPENSION, REVOCATION, DENIAL OF A LICENSE, OR  
24 RENEWAL OF A LICENSE, IMPOSITION OF A CIVIL PENALTY AND/OR ORDER  
25 RESTITUTION TO ANY PARTY INJURED.

1 PERSONS WITH DISABILITIES MAY REQUEST REASONABLE ACCOMMODATIONS  
2 SUCH AS INTERPRETERS, ALTERNATIVE FORMATS, OR ASSISTANCE WITH PHYSICAL  
3 ACCESSIBILITY. REQUESTS FOR ACCOMMODATIONS SHOULD BE MADE AS EARLY AS  
4 POSSIBLE TO ALLOW TIME TO ARRANGE THE ACCOMMODATIONS. IF YOU REQUIRE  
5 ACCOMMODATIONS, PLEASE CONTACT THE OFFICE OF ADMINISTRATIVE HEARINGS  
6 AT 542-9826.

7 The allegations supporting this Notice of Hearing are as follows:

8 1. Respondent Robert Wesley Fansler ("Fansler") is, and was at all material times licensed  
9 to transact property, casualty, life, accident and health insurance as a producer, Arizona license number  
10 69414. This license expires October 31, 2004.

11 2. Respondent American Financial Insurance Brokers, L.L.C. ("American Financial") was  
12 licensed to transact property, casualty, life, accident and health insurance until its license expired on  
13 March 31, 2002. American Financial's license number was 61138. Fansler was American Financial's  
14 manager. Mary Anne Rothe ("Rothe"), C. Gary Huntoon ("Huntoon") and Rachelle A. Smith  
15 ("Smith") were members of American Financial.

16 3. Respondent Regency Group 2000, Inc. ("Regency Group 2000") is, and was at all  
17 material times licensed to transact property, casualty, life, and disability insurance, Arizona license  
18 number 98189. This license expires August 31, 2004. Fansler is Regency Group 2000's president,  
19 and Rothe its vice president and treasurer. Regency Group 2000 was dissolved by the Arizona  
20 Corporation Commission ("ACC") on July 11, 2002. Fansler submitted Regency Group 2000's license  
21 renewal application to the Arizona Department of Insurance ("Department") on September 12, 2002,  
22 but failed to disclose that the corporation had been dissolved.

23 4. Respondent Regency Insurance Agency, Inc. ("Regency Insurance Agency") is, and was  
24 at all material times licensed to transact property, casualty, life, and disability insurance, Arizona  
25 license number 81979.

26

1 This license expires September 30, 2003. Fansler is Regency Insurance Agency's president. Regency  
2 Insurance Agency was dissolved by the ACC on April 30, 2003.

3 5. Respondent Robert Wesley Fansler also conducted business under the names of  
4 Regency Insurance Group, Inc. and Regency Insurance Group 2000, at all material times, while failing  
5 to comply with statutory requirements to notify the Director prior to using the names.

6 **Count I**

7 6. On or about November 8, 2001, a request for payment was sent by Chubb & Son  
8 ("Chubb"), a division of Federal Insurance Company ("Federal"), to Muhamed Becovic ("Becovic")  
9 requesting payment of \$1100 for the insurance policy on property Becovic owned at 54-55 Ruin Hill  
10 Loop in Pine, Arizona.

11 7. On or about February 6, 2002, the Department received a complaint from Becovic. The  
12 complaint stated that on September 14, 2001, Becovic closed on property located at 54-55 Ruin Hill  
13 Loop in Pine, Arizona. Pioneer Title was the escrow agent and, upon distribution of funds, Pioneer  
14 issued check #080297 in the amount of \$1049 to American Financial, Federal's agent, for homeowners  
15 insurance coverage. American Financial, however, failed to forward the premium to Federal as  
16 Becovic had instructed/arranged.

17 8. On or about August 27, 2002, the Department received a letter from Connie Brown,  
18 Accounting Services Manager at Chubb. The letter stated that Chubb tried to contact American  
19 Financial to no avail and that the agency contract/agreement had been canceled by Chubb effective  
20 February 1, 2002. The letter further stated that Chubb accepted responsibility for the \$1049 payment  
21 Pioneer made to American Financial, and had credited that amount to Becovic's policy.

22 9. On or about August 20, 2002, the Department issued a subpoena to Bank One, N.A.  
23 requesting signature cards, deposit slips and bank account statements for account #2111-1674 and  
24 accounts for Rothe, Fansler and American Financial.

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1           10.    On September 16, 2002, the Department received copies of the signature cards from  
2 Bank One, N.A. as requested for account #20111-1674. The signature cards were dated April 1, 1998,  
3 November 1, 1999 and October 16, 2001. The April 1, 1998 and November 1, 1999 signature cards  
4 showed that Fansler, Rothe and Shana Fansler had access to the account. The October 16, 2001  
5 signature card only lists Robert Fansler and Shana Fansler. Bank One also provided a copy of the  
6 September 18, 2001 checking account deposit slip for American Financial in the amount of \$1049 to  
7 account #2111-1674 and a copy of the Pioneer Title Agency check #60297 in the amount of \$1049.

8           11.    The September 18, 2001 bank account statement for account #2111-1674 shows a  
9 deposit on September 18, 2001 in the amount of \$1049.

#### 10                                Count II

11           12.    On or about July 22, 2002, a Notice of Conditional Renewal was sent to Mobile  
12 Insurance Services, Inc., by E&O Professionals, a division of Financial & Professional Risk Solutions,  
13 Inc. ("E&O"), regarding their Insurance Professionals Errors and Omissions Liability Claims Made  
14 Policy, Number AN 009764.

15           13.    On or about November 12, 2002, the Department received a complaint from Tony P.  
16 Nardozza of Mobile Insurance Services, Inc. In his complaint, Nardozza stated that he had been  
17 dealing with Fansler for five years through American Financial Insurance Brokers and Regency  
18 Insurance Agency. Nardozza further stated that on October 1, 2002, he personally gave to Fansler,  
19 check number 3156, in the amount of \$2200, payable to "Regency," for the purpose of renewing his  
20 errors and omissions insurance policy with National Casualty Company, E&O's carrier. The check  
21 was deposited by Fansler on October 2, 2002; however, Fansler failed to forward Nardozza's check  
22 and renewal application to the insurance carrier.

23           14.    On or about November 11, 2002, after repeated unsuccessful attempts to contact  
24 Fansler, Nardozza contacted E&O regarding the status of the renewal. Nardozza was informed that  
25 neither the renewal application nor the check had been submitted, and as a result the errors and  
26 omissions insurance coverage for Mobile Insurance Services, Inc. had expired.



1 15. On or about November 19, 2002, the Department issued a subpoena to Bank One, N.A.,  
2 requesting signature cards and bank account statements for account #2111-1674 and/or any other  
3 account numbers held by Fansler, American Financial Insurance Brokers, LLC and/or Regency Group  
4 2000, Inc., and the deposit slip regarding check #3156.

5 16. On or about November 19, 2002, the Department issued a subpoena to Robert Wesley  
6 Fansler, License Number 69414, Regency Group 2000, Inc., License Number 98189, and Regency  
7 Insurance Agency, Inc., License Number 81979, requesting Fansler to personally appear at the  
8 Department for an examination under oath ("EUO") on December 12, 2002, and requesting Fansler  
9 to produce numerous business records pertaining to Regency Group 2000 and Regency Insurance  
10 Agency. The subpoena was served by certified mail upon Fansler at his business and home addresses  
11 of record. The U.S. Postal Service returned the subpoena mailed to Fansler's home address, marked  
12 undeliverable as addressed. Fansler failed to appear at the Department for the scheduled EUO on  
13 December 12, 2002, and failed to produce the subpoenaed documents.

14 17. On or about December 12, 2002, the Department received a certified copy of Fansler's  
15 deposit slip, dated October 1, 2002, in the amount of \$2200, for account #24320017 from Bank One,  
16 Arizona, N.A.

17 18. On or about December 17, 2002, the Department received a copy of Fansler's  
18 September 14 - October 11, 2002 bank statement for account #24320017, which was established in  
19 the name of Fansler and his wife, from Bank One Arizona, N.A., showing a deposit, dated October  
20 1, 2002, in the amount of \$2200.

21 **Count III**

22 19. On or about January 8, 2003, the Department received a complaint from Sheila E.  
23 Graham of Squaw Peak Restoration Services, Inc. ("Squaw Peak Restoration") In her complaint,  
24 Graham stated that on September 13, 2002, her company issued a check, number 10140, in the amount  
25 of \$7447, to Fansler and his agencies Regency Insurance Group/American Financial Insurance  
26 Brokers, for the purpose of paying a premium to initiate a Workers Compensation insurance policy  
with (AIG) Commerce and Industry Insurance Company.



1           27. Respondents' conduct, as alleged above, constitutes using fraudulent, coercive, or  
2 dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in  
3 the conduct of business, within the meaning of A.R.S. § 20-295(A)(8).

4           28. Respondents' conduct, as alleged above, constitutes failure to inform the director in  
5 writing within thirty days of any change in the licensee's residential or business address, within the  
6 meaning of A.R.S. § 20-286(C)(1).

7           29. Respondents' conduct, as alleged above, constitutes failure to notify the director of an  
8 insurance producer doing business under any name other than the producer's legal name, on a form  
9 prescribed by the director before using the assumed name, within the meaning of A.R.S. § 20-297(A).

10          30. Grounds exist for the Director to suspend, revoke, or refuse to renew Fansler's and  
11 American Financial's insurance licenses, impose a civil penalty and/or order restitution pursuant to  
12 A.R.S. § 20-295(A), (B) and (F).

13           WHEREFORE, if after hearing, the Director makes a finding of one or more of the above-  
14 described allegations the Director may suspend, revoke, or refuse to renew Respondents' insurance  
15 licenses, impose a civil penalty and/or order restitution pursuant to A.R.S. § 20-295(A), (B) and (F).

16           Pursuant to A.R.S. § 20-150, the Director of Insurance delegates the authority vested in the  
17 Director of Insurance of the State of Arizona, to the Director of the Office of Administrative Hearings  
18 or his designee to preside over the hearing of this matter as the Administrative Law Judge, to make  
19 written recommendations to the Director of Insurance consisting of proposed findings of fact, proposed  
20 conclusions of law, and a proposed order. This delegation does not include delegation of the authority  
21 of the Director of Insurance to make the order on hearing or other final decision in this matter.

22           Pursuant to A.R.S. § 41-1092.01, your hearing will be conducted through the Office of  
23 Administrative Hearings, an independent agency.


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1 Please find enclosed a copy of the procedures to be followed.

2 DATED this 6<sup>th</sup> day of June, 2003.

3  
4   
5 SARA M. BEGLEY, Deputy Director  
Arizona Department of Insurance

6 COPY of the foregoing mailed this  
7 6<sup>th</sup> day of June, 2003, to:

8 Lewis D. Kowal, Administrative Law Judge  
9 Office of Administrative Hearings  
1400 West Washington, Suite 101  
Phoenix, Arizona 85007

10 Sara M. Begley, Deputy Director  
11 Gerrie L. Marks, Executive Assistant for Regulatory Affairs  
12 Mary M. Butterfield, Assistant Director  
Catherine M. O'Neil, Consumer Legal Affairs Officer  
13 Rebecca Sanchez, Licensing Administrator  
Bob Hill, Investigator  
Arizona Department of Insurance  
2910 North 44th Street, Suite 210  
14 Phoenix, Arizona 85018

15 Jennifer Boucek  
16 Assistant Attorney General  
1275 West Washington  
Phoenix, Arizona 85007  
17 Attorney for the Department

18 Robert Wesley Fansler  
1502 E. Estrid Avenue  
19 Phoenix, Arizona 85022  
Respondent

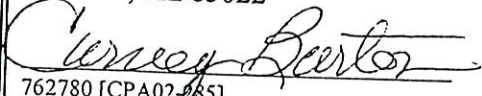
20 Robert Wesley Fansler  
21 709 East Rose Marie Lane  
Phoenix, Arizona 85022  
22 Respondent

23 Robert Wesley Fansler  
American Financial Insurance Brokers L.L.C.  
24 Regency Group 2000, Inc.  
Regency Insurance Agency, Inc.  
25 428 E. Thunderbird #747  
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1 American Financial Insurance Brokers L.L.C.  
c/o Robert Wesley Fansler  
2 3770 N. 7th Street  
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3 Respondent

4 Christopher M. McNichol, Statutory Agent for  
American Financial Insurance Brokers, L.L.C.  
5 c/o Gust Rosenfeld PLC  
201 E. Washington, #800  
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7 Regency Insurance Agency, Inc.  
Regency Group, 2000, Inc.  
8 c/o Robert Wesley Fansler  
709 East Rose Marie Lane  
9 Phoenix, AZ 85022

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