

MAY 4 2009

DEPT OF INSURANCE  
BY 

STATE OF ARIZONA  
DEPARTMENT OF INSURANCE

In the Matter of:

**TED RAYMOND HALLETT,**  
Petitioner.

**No. 09A-014-INS**  
**ORDER**

On April 27, 2009, the Office of Administrative Hearings, through Administrative Law Judge ("ALJ") Diane Mihalsky, issued an Administrative Law Judge Decision ("Recommended Decision"), received by the Director of the Department of Insurance ("Director") on April 29, 2009, a copy of which is attached and incorporated by this reference. The Director of the Department of Insurance has reviewed the Recommended Decision and enters the following Order:

1. The Director adopts the Recommended Findings of Fact and Conclusions of Law.
2. The Director affirms the Department's denial of Petitioner's application for a resident life and accident/health or sickness insurance producer's license.

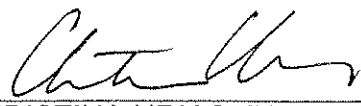
NOTIFICATION OF RIGHTS

Pursuant to Arizona Revised Statutes ("A.R.S.") § 41-1092.09, Petitioner may request a rehearing with respect to this order by filling a written motion with the Director of the Department of Insurance within 30 days of the date of this Order, setting forth the basis for relief under A.A.C. R20-6-114(B). Pursuant to A.R.S. § 41-1092.09, it is not necessary to request a rehearing before filing an appeal to Superior Court.

Petitioner may appeal the final decision of the Director to the Superior Court of Maricopa County for judicial review pursuant to A.R.S. § 20-166. A party filing an appeal

1 must notify the Office of Administrative Hearings of the appeal within ten days after filing  
2 the complaint commencing the appeal, pursuant to A.R.S. § 12-904(B).

3 DATED this 30<sup>th</sup> day of April, 2009.

4  
5   
6 CHRISTINA URIAS, Director  
Arizona Department of Insurance

7 COPY of the foregoing mailed this  
8 4<sup>th</sup> day of May, 2009 to:

9 Mary Kosinski, Executive Assistant for Regulatory Affairs  
10 Catherine O'Neil, Consumer Legal Affairs Officer  
11 Steven Fromholtz, Licensing Director  
Arizona Department of Insurance  
2910 North 44th Street, Suite 210  
Phoenix, Arizona 85018

12 Alyse Meislik  
13 Assistant Attorney General  
1275 West Washington Street  
Phoenix, Arizona 85007-2926

14 Ted Raymond Hallett  
15 38658 N. Schnepf Road  
Queen Creek, Arizona 85240  
16 Petitioner

17 Office of Administrative Hearings  
1400 West Washington, Suite 101  
18 Phoenix, Arizona 85007

19   
20 Curvey Burton

APR 29 2009

DIRECTOR'S OFFICE  
INSURANCE DEPT.

IN THE OFFICE OF ADMINISTRATIVE HEARINGS

In the Matter of:

No. 09A-014-INS

TED RAYMOND HALLETT,

ADMINISTRATIVE  
LAW JUDGE DECISION

Petitioner.

**HEARING:** April 6, 2009 at 1:30 p.m.

**APPEARANCES:** Petitioner Ted Raymond Hallett appeared on his own behalf; the Arizona State Department of Insurance appeared through Alyse C. Meislik, Esq., Assistant Attorney General.

**ADMINISTRATIVE LAW JUDGE:** Diane Mihalsky

**FINDINGS OF FACT**

**THE APPLICATION**

1. On December 5, 2008, Petitioner Ted Raymond Hallett submitted an application to the Arizona Department of Insurance ("the Department") to be licensed as a life insurance producer and an accident and health or sickness producer. In Section V of the application, Mr. Hallett admitted to having been convicted of a felony but denied that any case was pending against him in any jurisdiction that accused him of "[c]onducting business in an incompetent, untrustworthy or financially irresponsible manner."

2. The instructions that applicants receive to fill out the form license application required that, if the applicant answered "yes" to any of the questions in Section V, the applicant must submit the following to the Department:

- a. A SIGNED statement describing **in detail** all incidents including
  - names of all parties involved,
  - dates and locations, . . . **AND**

1 b. Copies of any and all indictments, complaints, plea  
2 agreements, orders of conviction, notices of hearing or  
3 trial, sentencing orders, suspension/revocation orders  
4 and any other information that relates to each matter. If  
5 certified copies are not available, you must provide as a  
6 part of this application a letter from the clerk of the  
7 pertinent court or the official involved stating the records  
8 are not available and the reason.

9 [Emphasis in original.]

10 3. The Department returned the application because Mr. Hallett had not  
11 provided all the court documents relating to his felony conviction or a statement from  
12 the clerk of the court that the documents were no longer available. The Department  
13 specifically requested the "charging & final disposition" documents.

14 4. On December 16, 2008, Mr. Hallett resubmitted the application with some of  
15 the court documents that related to his felony conviction.

16 5. Mr. Hallett explained the conviction in a letter attached to the original  
17 application and resubmitted application, in relevant part as follows:

18 Over 13 years ago in 1995 I was charged with providing a  
19 false statement on a farm loan bank application. I did not  
20 believe it was false. However they thought it was and the  
21 court agreed with them. I was sentenced to 16 months in a  
22 federal camp in Boron California. While in the camp I was  
23 put in charge of the landscape of the facility which included  
24 23 homes. I was awarded an accommodation [sic] by the  
25 warden and the director of operation and given a cash award  
26 for my work and improvement of the system which saved  
27 them thousands of dollars a month in equipment and water  
28 costs. Boron is in the Mohave Desert. This camp is a  
29 converted Air Force Radar base. No fences and low  
30 security. I was released early in 11 months and served 3  
years probation without incident and was discharged in May  
of 2000.

6. Mr. Hallett attached to his application copies of the court documents, which  
are described below.

6.1 A judgment dated October 26, 1995 in United States District Court for the  
District of Arizona in Case No. CR 95-148-01 PHX that found Mr. Hallett guilty of the  
crime of bankruptcy fraud, in violation of 18 U.S.C. § 152(3), a felony offense (Count 3

1 of the indictment) pursuant to his guilty plea. Mr. Hallett was sentenced to a term of  
2 imprisonment of 16 months and, upon release from prison, a term of supervised  
3 release of 36 months.

4 6.2 The judgment also required Mr. Hallett to pay a fine of \$10,000 and to pay  
5 restitution of \$53,195 jointly and severally to Farm Credit Services Southwest and  
6 Desert Sky Cattle. If the restitution was not paid immediately, the judgment required  
7 Mr. Hallett to begin making monthly installment payments on the restitution 60 days  
8 after release from prison, with the full amount to be paid 90 days prior to the expiration  
9 of the supervised release.

10 6.3 A criminal docket for Case No. CR 95-148-01 showed the counts that the  
11 government had dismissed pursuant to Mr. Hallett's plea agreement, including three  
12 counts of false statements under 18 U.S.C. § 1014 (Counts 1, 2, and 4) and one count  
13 of misuse of a social security number under 42 U.S.C. § 408(a)(7)(B) (Count 5).

14 6.4 A printout of a Supervision Summary for Mr. Hallett, showed that his  
15 supervised release in Case No. CR 95-148-01-PHX had been closed on March 18,  
16 2000 due to "[s]uccessful expiration of term."

17 6.5 Mr. Hallett did not provide any indictment or other charging document in  
18 Case No. CR 95-148-01-PHX that alleged the factual bases of the crimes with which he  
19 had been charged.

20 7. Between December 19, 2008 and December 24, 2008, Mr. Hallett exchanged  
21 e-mails with Steven Fromholtz, the Department's Producer Licensing Administrator for  
22 the Licensing Division. In the exchange, Mr. Hallett expressed increasing frustration  
23 with Mr. Fromholtz' requests for additional documentation relating to the 1995  
24 bankruptcy fraud conviction and delay in processing his application and in granting his  
25 application for licensure.

26 8. On December 24, 2008, Mr. Fromholtz informed Mr. Hallett that, because he  
27 had disclosed a felony conviction on his application, which had resulted in "significant  
28 restitution as well as a fine," the application had been held for a licensing decision by a  
29 body that met approximately once a month. Mr. Fromholtz informed Mr. Hallett that a  
30 decision on the application would be made by the end of January 2009 at the latest.

1           9. On December 24, 2008, Mr. Hallett responded to Mr. Fromholtz' e-mail, in  
2 relevant part as follows:

3           The fact that I had a felony conviction 13 years ago with a  
4 fine and restitution was disclosed in my application as  
5 submitted in person to your office on December 5<sup>th</sup>, 2008  
6 and accepted as complete by your staff. After review by you  
7 on at least 4 different occasions between submission and  
8 now, why have you waited until now to tell me that my  
9 application in being held for review by a body that makes  
10 these decisions! I know Mr. Fromholtz that you make the  
11 decision on whether you want to approve or pass the buck.  
12 Now 20 days later you pass the buck. For you to insinuate  
13 that my felony was of a very serious nature is laughable.  
14 The only person or entity that this case has seriously  
15 affected is my family and me. In my case I did nothing  
16 dishonest nor did I harm anyone. My mistake was a  
17 technical disagreement. If I knew then, what I know now I  
18 would have fought to my last breath.

19           I use[d] to trust and believe in the system and people in  
20 government but I have discovered that in America you are  
21 not innocent until proven guilty, when you agree to admit to  
22 guilt or are guilty you will never have redemption and that  
23 innocence or the extent of guilt is indirect correlation with  
24 how much money you have at the time.

25           No matter what you pay in time or money as punishment, no  
26 matter how sincere you are in your restitution of time and  
27 money, no matter how much you do to go beyond the order  
28 of the court for restitution there are [*sic*] always the  
29 ignorance of the masses, of which most work for the  
30 government in one form or another, that ignore the fact,  
unless they themselves are experiencing the same, that you  
have paid the price and that the wrong whether technical or  
otherwise was made whole.

          There is no redemption when people like yourself and  
agency like the one you work for continue to oppress and  
punish good people beyond what is agreed on and ordered  
by the court.

          Truly, a world of indifference, unaccountability and deception  
operating behind a façade of legitimacy.

1 Never again will I set aside what I believe to be true and be  
2 a coward in the face of adversity.

3 Have a Merry Christmas Mr. Fromholtz. My gift to you is  
4 only a prayer that you will experience and truly feel the  
5 anguish and pain my family and I have felt over the last 13  
6 years after paying the agreed upon price for my error only to  
7 be continually oppressed and persecuted by people like you.  
8 This I know, you have told a lie in your life. I assume based  
9 on your positioning that it would be just for me and everyone  
10 else, for that matter, including your piers [sic] to call you a  
11 filthy no good liar for the rest of your life.

12 10. On January 27, 2009, the Department informed Mr. Hallett via certified mail  
13 that it denied his application for an insurance license based on information contained in  
14 the application pursuant to A.R.S. § 20-295(A)(6) and (8), "without limitation."

15 11. On February 5, 2009, the Department received Mr. Hallett's appeal.

16 12. The Department referred the matter to the Office of Administrative  
17 Hearings, an independent agency.

18 13. On March 2, 2009, the Department issued a Notice of Hearing, which  
19 alleged grounds to deny Mr. Hallett's application A.R.S. § 20-295(A)(1), (6), and (8).

20 14. A hearing was held on April 6, 2009. The Department presented Mr.  
21 Fromholtz' testimony and submitted fourteen exhibits. Mr. Hallett testified on his own  
22 behalf and submitted seventeen exhibits.

#### 23 **OTHER EVIDENCE PRESENTED AT THE HEARING**

##### 24 **Mr. Fromholtz**

25 15. Mr. Fromholtz testified that A.A.C. R20-6-708 allowed the Department 120  
26 days to determine whether an application for licensure is administratively complete and  
27 an additional 60 days to conduct a substantive review of the license applicant's  
28 qualifications. Mr. Fromholtz explained that the Department usually does not take the full  
29 time allowed to determine whether to grant or to deny a license application.

30 16. Mr. Fromholtz testified that the Department's administrative staff at the  
licensing counter is authorized to grant a license if the applicant answers "no" to all the  
questions on Section V, which concerns the applicant's criminal, licensing, and civil  
litigation history. If the applicant discloses a crime such as DUI that does not concern

1 fraud or misconduct related to business or financial matters, staff can approve the  
2 application.

3 17. Mr. Fromholtz explained that licensed life and health insurance producers  
4 have access to clients' personal information. Licensed producers also have a fiduciary  
5 relationship to their clients and must ensure that monies for premiums are accounted for  
6 and applied properly to the clients' accounts. An applicant's history of fraud or lack of  
7 responsibility related to business or financial matters may indicate a danger that the  
8 license applicant will breach his fiduciary duty to clients or will be irresponsible in handling  
9 the clients' monies.

10 18. Mr. Fromholtz testified that the Department "had no idea" of the  
11 circumstances of bankruptcy fraud to which Mr. Hallett had pled guilty in 1995.

12 19. Mr. Fromholtz testified that Mr. Hallett also had not disclosed whether he had  
13 paid the restitution order or the fine. None of the documents that Mr. Hallett had  
14 submitted to the Department indicated whether the restitution and fine had been paid.  
15 Mr. Fromholtz testified that Mr. Hallett's December 24, 2008 e-mail, quoted above,  
16 implied that the restitution and fine had been paid.

17 20. The Department submitted a sworn affidavit from Assistant United States  
18 Attorney Gerald S. Frank, the supervisor of the Financial Litigation Unit. According to the  
19 affidavit, as of March 12, 2009, the unpaid balance of the "criminal debt" that Mr. Hallett  
20 had been ordered to pay in Case No. CR 95-148-PHX was \$42,450. The criminal fine of  
21 \$10,000 was "still outstanding."

22 21. The Department also submitted a printout of the payment history of the  
23 criminal debt that Mr. Hallett had been ordered to pay in Case No. CR 95-148-PHX. Mr.  
24 Hallett or his wife had made payments in varying amounts from April 1996 to June 2008.  
25 The total of the payments was \$9,345.

26 22. The Department also submitted a civil complaint in Maricopa County Superior  
27 Court Case No. CV2008-023091, which had been filed on September 22, 2008 by the  
28 National Bank of Arizona against numerous named and unnamed defendants, including  
29 Paradise Home Builders, LLC, Thomas W. Bilyea, and Mr. Hallett. The claims were  
30 based on a deed of trust that Paradise Home Builders, LLC had executed on February  
20, 2007 to secure a debt to National Bank of Arizona in the amount of \$275,000. Mr.



1 Bilyea and Mr. Hallett had executed a commercial guarantee on that same date to  
2 guarantee payment of Paradise Home Builders, LLC's debt obligation.

3 23. The Department also submitted a printout from the Arizona Corporation  
4 Commission Public Access System, which showed that Mr. Bilyea and Mr. Hallett were  
5 the only members of Paradise Home Builders, LLC. Paradise Home Builders, LLC's  
6 statutory agent had resigned on December 24, 2008.

7 24. The Department also submitted an Affidavit of Service of Process by a private  
8 process server that she had served a copy of the complaint in Case No. CV2008-023091  
9 on Paradise Home Builders, LLC's statutory agent Thomas W. Bilyea on October 4, 2008  
10 at his residence.

11 25. The Department also submitted an expedited motion for alternative service in  
12 Case No. CV2008-023091, to which was attached the private process server's affidavit  
13 that, between September 22, 2008 and October 31, 2008, she had made numerous  
14 attempts to serve Mr. Hallett with the complaint. The process server allegedly had  
15 attempted service at Mr. Hallett's residence at 9229 South 156<sup>th</sup> Place, Gilbert, Arizona,  
16 and found the property occupied and the dog barking. She also allegedly had attempted  
17 service at Mr. Hallett's residence at 39658 N. Schnepf Rd. in Queen Creek, Arizona,  
18 where she had seen several vehicles parked in front of the property that were registered  
19 to Mr. Hallett or his wife, but no one had responded. The process server opined that Mr.  
20 Hallett was avoiding service.

21 26. Mr. Fromholtz testified that the Department felt that Mr. Hallett knew about  
22 the civil lawsuit in Case No. CV2008-023091 on December 5, 2008 and December 16,  
23 2008, when he submitted and resubmitted the application, and should have disclosed it in  
24 Section V.

25 27. Mr. Fromholtz testified that, even if Mr. Hallett had not been personally served  
26 with the complaint in Case No. CV2008-023091, as one of the two members of Paradise  
27 Home Builders, LLC, proper service on the statutory agent constituted notice to both  
28 members. The Department's position was that Mr. Hallett should have been involved in  
29 and responsible for the limited liability company's affairs as long as he was one of its  
30 members.

1 28. Mr. Fromholtz testified that the Department denied Mr. Hallett's license  
2 application under the charged statutes for the following reasons: (1) A.R.S. § 20-  
3 295(A)(1) because he had failed to disclose the pending civil lawsuit in Case No.  
4 CV2008-023091 and because he had implied to the Department that he had paid the  
5 restitution and fine in Case No. CR 95-148-01-PHX; (2) A.R.S. § 20-295(A)(6) because  
6 he had been convicted of a felony in Case No. CR 95-148-01-PHX; and (3) A.R.S. § 20-  
7 295(A)(8) because the civil complaint in Case No. CV2008-023091 and criminal  
8 conviction in Case No. CR 95-148-01-PHX both involved fraudulent or dishonest  
9 practices or incompetence or financial irresponsibility in business.

10 **Mr. Hallett**

11 29. Mr. Hallett pointed out that the Department's employees had never  
12 specifically asked him about the status of his payment of restitution and the fine in Case  
13 No. CR 95-148-01-PHX. If they had, he would have answered honestly. The terms of  
14 the plea agreement that he had provided the Department clearly required him to pay  
15 restitution and a fine.

16 30. Mr. Hallett testified that he had successfully completed his term of  
17 imprisonment and supervised release. He was nearly current on his payment of  
18 restitution and the fine, which he considered to be a single financial obligation. He owes  
19 about \$300 under the payment plan, but is currently unable to make a payment.

20 31. Mr. Hallett testified that, when he had written that "no matter how much you  
21 do to go beyond the order of the court for restitution there are [*sic*] always the ignorance  
22 of the masses," he was referring to the fact that his payments on his restitution were  
23 current and up to date. Mr. Hallett testified that he understood his responsibility to pay  
24 restitution to be a loan obligation, not part of his criminal sentence.

25 32. Mr. Hallett testified that he provided all the documents on Case No. CR 95-  
26 148-01-PHX that the court still had available, including the docket listing.

27 33. Mr. Hallett testified that he was not aware of the civil complaint in Case No.  
28 CV2008-023091 when he submitted his application to the Department.

29 34. Mr. Hallett testified that, although initially he had been active in managing the  
30 affairs of Paradise Home Builders, LLC, when the real estate market started slowing, his  
partner Mr. Bilyea took complete responsibility. He knew that "there were issues" with

1 National Bank of Arizona, but did not know about the lawsuit. Mr. Hallett testified that he  
2 was not served with the complaint until he received it in the mail in January 2009.

3 35. Mr. Hallett testified that he is not in regular contact with his former partner Mr.  
4 Bilyea.

5 36. Mr. Hallett testified that National Bank of Arizona's civil claim in Case No.  
6 CV2008-023091 arose in the context of Paradise Home Builders, LLC's construction of a  
7 spec home. Although Paradise Home Builders, LLC's had the home under contract for  
8 sale, "due to the bank's lack of cooperation, the buyer ran." In addition, the housing  
9 market "went into the toilet." Mr. Hallett has since learned that the house was sold for  
10 \$271,000, not the \$71,000 that National Bank of Arizona alleged in its complaint. Mr.  
11 Hallett has moved to dismiss the complaint for lack of jurisdiction and improper venue.

12 37. Mr. Hallett denied having avoided service of the complaint in Case No.  
13 CV2008-023091. He had admitted into evidence photographs of his house in Queen  
14 Creek, which showed a tall chain link fence with a locked gate surrounding a large  
15 property. Several vehicles are visible. Mr. Hallett testified that the photographs showed  
16 "what that house looks like when no one is home."

17 38. Mr. Hallett testified that, with respect to the conviction in Case No. CR 95-  
18 148-01-PHX, he was in the cattle business and looking to expand. He obtained a bridge  
19 loan from Farm Credit Services Southwest. Unfortunately, the market for beef crashed  
20 and Mr. Hallett was unable to repay the loan.

21 39. Mr. Hallett testified that he was "already down to his last nickel because the  
22 loan had been strung out." The bankruptcy trustee thought that he was "pigeon-holing  
23 money, which was not true."

24 40. Mr. Hallett denied having made any misrepresentations in his bankruptcy.  
25 The charge to which he had pled guilty in Case No. CR 95-148-01-PHX was based on his  
26 use of his children's social security numbers on the loan documents. As a result of his  
27 conviction, he has learned to be careful about using other people's social security  
28 numbers on loan documents.

29 41. Mr. Hallett testified that he was an exemplary prisoner in the minimum  
30 security facility at which he was incarcerated. He was put in charge of a program to

1 recondition the grounds and equipment at the facility. As a result of his work, he was  
2 given a commendation and cash award of \$50. He was released after 11 months.

3 42. Mr. Hallett testified that he lived in a half-way house during his supervised  
4 release. There were no incidents.

5 43. Mr. Hallett testified that after he completed supervised release, he went to  
6 school for training and had worked as a home inspector for Tony Hecht Enterprises. Mr.  
7 Hallett submitted a letter of reference from Mr. Hecht dated January 24, 2003. Mr. Hallett  
8 testified that, when Arizona started requiring home inspectors to be licensed, he had to  
9 find other employment because a person who had been on supervised release within the  
10 last five years could not be licensed.

11 44. Mr. Hallett testified that he had then gone to work for Shea Homes in  
12 construction and customer relations. He had been in charge of taking care of customers  
13 who had purchased new homes. He submitted several certificates of recognition and  
14 achievement, as well as letters from satisfied customers praising his customer care.

15 45. Mr. Hallett also had admitted into evidence a letter dated April 2, 2009 from  
16 Robert Heafey and Jenny Heafey at Health Benefits Group, LLC/Independent Producers  
17 of America, in relevant part as follows:

18 From the moment that we first interviewed him, Ted has  
19 displayed a high degree of integrity, responsibility, and  
20 character. He is highly motivated, persistent, and consistently  
21 completes any task at hand with the highest quality. Even  
22 though Ted is not yet licensed to sell our insurance products,  
23 he has been a true team player. Ted demonstrates his  
24 leadership ability by always staying positive and has  
25 participated in all of our marketing events and is an integral  
26 part of our team building meetings.

27 Ted has been nothing but forthright and honest about his  
28 licensing situation and we are eagerly awaiting his licensing  
29 approval.

30 Mr. Hallett testified that Mr. and Mrs. Heafey would supervise him if he were licensed.

#### APPLICABLE LAW

A.R.S. § 20-295(A) provides in relevant part:

The director may deny . . . an insurance producer's license . .  
. for any one or more of the following causes:



1           5. The legislature has not required denial of Mr. Hallett's license application but  
2 has afforded the Director of Department some discretion to grant or deny his license  
3 application.<sup>5</sup>

4           6. It is possible for a professional to be rehabilitated after a conviction for a  
5 serious criminal offense involving dishonesty like bankruptcy fraud and, following  
6 rehabilitation, to obtain a license.<sup>6</sup> The Department therefore allows an applicant an  
7 opportunity to demonstrate rehabilitation.

8           7. Mr. Hallett did not provide to the Department a copying indictment or other  
9 charging document to provide the factual circumstances that led to Mr. Hallett's plea  
10 agreement in Case No. CR 95-148-01-PHX. His explanation that he had carelessly  
11 used his children's social security numbers in the loan application is not credible,  
12 especially since Count 5 for misuse of a social security number in violation of 42 U.S.C.  
13 § 408(a)(7)(B) was dismissed under the plea agreement. It does not appear that Mr.  
14 Hallett has yet accepted responsibility for the acts that led to his imprisonment.

15           8. Case No. CR 95-148-01-PHX and Case No. CV2008-023091 arose out of Mr.  
16 Hallett's conduct of his business of construction and cattle, respectively. Although  
17 economic cycles may wreak havoc with businesses, Mr. Hallett has a history of over-  
18 extending his businesses' resources and loan defaults.

19           9. Because Mr. Hallett has demonstrated "incompetence, untrustworthiness or  
20 financial irresponsibility in the conduct of business in this state or elsewhere," additional  
21 cause exists under A.R.S. § 20-295(A)(8) to deny his application.

22           10. Mr. Hallett also has not demonstrated sufficient rehabilitation to be  
23 entrusted with clients' personal information and monies. Mr. Hallett's testimony showed  
24 that he still has not accepted any personal responsibility for either of his failures to  
25 repay business loans. He admits that he had no involvement in Paradise Home

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26 <sup>4</sup> See *In re Marquardt*, 161 Ariz. 206, 213, 778 P.2d 241, 248 (1989).

27 <sup>5</sup> See, e.g., *Brooke v. Moore*, 60 Ariz. 551, 553-54, 142 P.2d 211 (1943).

28 <sup>6</sup> See, e.g., *Matter of Rivkind*, 164 Ariz. 154, 160-61, 791 P.2d 1037, 1043-44 (1990) ("[C]ourts are  
29 uniformly impressed by an attorney's sincere efforts at rehabilitation and contrition, especially if such  
30 efforts demonstrate that the public and the legal system are unlikely to suffer a risk of future  
misconduct."); *Application of Spriggs*, 90 Ariz. 387, 388-90, 368 P.2d 456 (1962) (where 4 years had  
passed since conviction for income tax evasion and evidence showed rehabilitation, applicant readmitted  
to bar without being required to pass bar exam again); *Ulrich v. Board of Funeral Service*, 289 Mont. 407,

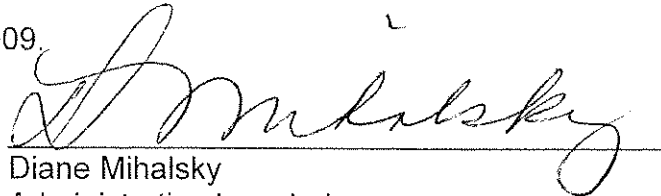
1 Builders, LLC's affairs, even though he personally guaranteed a loan made while he  
2 was involved in and hoping to profit from its business.

3 11. No evidence shows that Mr. Hallett knew about the complaint in Case No.  
4 CV2008-023091 when he submitted and resubmitted his license application. No  
5 evidence established that he knew or should have known that he should disclose to the  
6 Department in his application the status of his payments on his criminal debt in Case  
7 No. CR 95-148-01-PHX. Unfortunately, the parties' relationship had substantially  
8 deteriorated by the time the Department actually considered Mr. Hallett's application  
9 and determined to deny it, which prevented a direct inquiry by the Department.  
10 Additional cause does not exist under A.R.S. § 20-295(A)(1) to deny Mr. Hallett's  
11 license application.

12 **RECOMMENDED ORDER**

13 Based on the foregoing, it is recommended that, at this time, the Department  
14 affirm its denial of Mr. Hallett's application for an insurance producer's license and  
15 dismiss this appeal.

16 Done this day, April 27, 2009.

17 

18 Diane Mihalsky  
19 Administrative Law Judge

20 Original transmitted by mail this  
21 27 day of April, 2009, to:

22 Christina Urias, Director  
23 Department of Insurance  
24 2910 North 44th Street, Ste. 210  
25 Phoenix, AZ 85018

26 By 