

STATE OF ARIZONA  
FILED

OCT 30 2017

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPT OF INSURANCE  
BY JMS

In the Matter of:

**ESCARCEGA, DAVID JOSEPH**  
(National Producer Number 6748792)  
(Legacy License ID 106753)

No. 17A-090 -INS

**CONSENT ORDER**

**Respondent.**

The State of Arizona Department of Insurance ("Department") has received evidence that **David Joseph Escarcega** violated provisions of Title 20, Arizona Revised Statutes. Respondent wishes to resolve this matter without the commencement of formal proceedings, and admits the following Findings of Fact are true and consents to entry of the following Conclusions of Law and Order.

**FINDINGS OF FACT**

1. David Joseph Escarcega ("Escarcega" or "Respondent") is, and was at all material times, licensed as an Arizona resident insurance producer with lines of authority in accident and health or sickness, life and variable life/variable annuity, National Producer Number 6748792, which expires April 30, 2020. Escarcega first became licensed with the Department on February 9, 2001 (life and accident and health or sickness) and April 19, 2001 (variable life/variable annuity).

2. Escarcega's address of record with the Department is: 4939 W. Ray Road, Ste 4-331, Chandler, AZ 85226 (business and mailing).

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1 **FINRA ACTION**

2 3. On or about July 20, 2017, the Financial Industry Regulatory Authority (FINRA)  
3 rendered a Decision in Complaint No. 2012034936005, In the Matter of Department of  
4 Enforcement vs. David Joseph Escarcega ("FINRA Decision").

5 4. The FINRA Decision affirmed a February 29, 2016 Hearing Panel Decision  
6 finding:

- 7 a. Escarcega made fraudulent misrepresentations to customers;
- 8 b. Escarcega made unsuitable recommendations to customers; and
- 9 c. Escarcega caused his firm to maintain inaccurate books and records.

10 5. The FINRA Decision barred Escarcega in all capacities and ordered  
11 disgorgement of \$52,270 in commissions.

12 6. On April 25, 2016, Escarcega reported the pending FINRA action to the  
13 Department in his license renewal action and reported the final disposition on August 29,  
14 2017.

15 **ARIZONA CORPORATION COMMISSION ACTION**

16 7. On or about December 5, 2016, the Arizona Corporation Commission ("ACC")  
17 entered an Order to Cease and Desist, Order of Revocation, Order of Denial, Order for  
18 Administrative Penalties and Consent to Same by Respondent David J. Escarcega, In the  
19 Matter of David J. Escarcega (CRD 4367584), Docket No. S-20956A-16-0090, Decision No.  
20 75820 ("ACC Order").

21 8. The ACC Order revoked Escarcega's securities registration, ordered Escarcega  
22 to cease and desist violating the Securities Act, ordered and ordered payment of an  
23

1 administrative penalty of \$100,000. The ACC Order also denied Escarcega's application for  
2 licensure as an investment advisor.

### 3 CONCLUSIONS OF LAW

4 1. The Interim Director has jurisdiction over this matter.

5 2. Respondent's conduct, as described above, constitutes failure to report,  
6 immediately, the imposition of any disciplinary sanction, including the suspension or expulsion  
7 of the insurance producer from membership, or suspension, revocation or denial of the  
8 insurance producer's registration by any national securities exchange, national securities  
9 association or federal, state or territorial agency that has jurisdiction over securities or variable  
10 contracts, within the meaning of A.R.S. § 20-2662(D).

11 3. Respondent's conduct, as described above, constitutes a violation of any  
12 provision of Title 20 or any rule, subpoena or order of the Director, within the meaning of  
13 A.R.S. § 20-295(A)(2).

14 4. Respondent's conduct, as described above, constitutes using fraudulent,  
15 coercive or dishonest practices, or demonstrating incompetence, untrustworthiness or financial  
16 irresponsibility in the conduct of business in this state or elsewhere, within the meaning of  
17 A.R.S. § 20-295(A)(8).

18 5. Respondent's conduct, as described above, constitutes having an insurance  
19 producer license, or its equivalent, denied, suspended or revoked in any state, province,  
20 district or territory, within the meaning of A.R.S. § 20-295(A)(9).

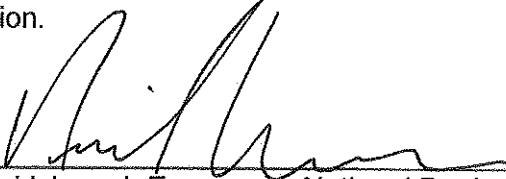
21 6. Grounds exist for the Interim Director to deny, suspend for not more than twelve  
22 months, revoke, or refuse to renew an insurance producer's license pursuant to A.R.S. §§ 20-  
23 295(A) and 20-2662(E).



1 agency, including the Department, officer, or subdivision of this state or this agency from  
2 instituting civil or criminal proceedings as may be appropriate now or in the future.

3 6. Respondent acknowledges that this Consent Order is an administrative action  
4 the Department will report to the National Association of Insurance Commissioners (NAIC).  
5 Respondent further acknowledges that he must report this administrative action to  
6 any and all states in which he holds an insurance license and must disclose this administrative  
7 action on any license application.

8  
9 10/15/17  
Date

  
\_\_\_\_\_  
David Joseph Escarcega, National Producer No. 6748794

10  
11 COPIES of the foregoing mailed/delivered  
this 30<sup>th</sup> day of October, 2017, to:

12 ~~Paul J. Roshka, Jr.~~  
13 ~~Craig Markham-Waugh~~  
14 ~~Polsinelli PC~~  
15 ~~1 E. Washington St., Ste 1200~~  
16 ~~Phoenix, AZ 85004-2568~~  
17 ~~Attorneys for Respondent~~

18 Mary E. Kosinski, Regulatory Legal Affairs Officer  
19 Catherine M. O'Neil, Consumer Legal Affairs Officer  
20 Steven Fromholtz, Assistant Director – Consumer Affairs Division  
21 Aqueelah Currie, Licensing Manager  
22 Sharyn Kerr, Consumer Affairs Division  
23 Department of Insurance  
2910 North 44<sup>th</sup> Street, Suite 210  
Phoenix, Arizona 85018

  
\_\_\_\_\_  
Maidene Scheiner

1 COPIES of the foregoing mailed/delivered  
this 30<sup>th</sup> day of October, 2017, to:

2 David Joseph Escarcega  
3 4939 W. Ray Rd., Suite 4-331  
4 Chandler, Arizona 85226  
Respondent

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6 Maidene Scheiner  
Maidene Scheiner

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