

STATE OF ARIZONA
Department of Insurance and Financial Institutions
FILED June 7, 2024 by AS

STATE OF ARIZONA

DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS

In the Matter of:

MICHAEL SCHNEIDER

No. 24A-004-INS

ORDER

Petitioner.

On May 21, 2024, the Office of Administrative Hearings, through Administrative Law Judge Adam D. Stone, issued an Administrative Law Judge Decision (“Recommended Decision”). The Arizona Department of Insurance and Financial Institutions’ (“Department”) Executive Deputy Director (“EDD”) received the Recommended Decision on the same date, a copy of which is attached and incorporated by reference. Petitioner failed to accept the Recommended Decision within ten days of receipt. Therefore, the EDD has reviewed the Recommended Decision and enters the following:

1. The Department ADOPTS the Findings of Fact;
2. The Department ADOPTS the Conclusions of Law;
3. The Department ADOPTS the Recommended Order; and
4. The Department ORDERS that:
 - Michael Schneider’s appeal is dismissed, and
 - The Department’s denial of Michael Schneider’s insurance producer license application is upheld.

NOTIFICATION OF RIGHTS

Pursuant to Arizona Revised Statutes (“A.R.S.”) § 41-1092.09, Petitioner may request a rehearing or review with respect to this Order by filing a written motion with the Department within 30 days after the date of this Order, setting forth the basis for relief under Arizona

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Administrative Code 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 the Superior Court.

Petitioner may appeal the final decision of the Department to the Superior Court of Maricopa County for judicial review, pursuant to A.R.S. § 20-166. A party filing an appeal must notify the Office of Administrative Hearings of the appeal within ten days after filing the complaint commencing the appeal, pursuant to A.R.S. § 12-904(B).

DATED and EFFECTIVE this 7th day of June, 2024.

Barbara D. Richardson

Barbara D. Richardson
Cabinet Executive Officer
Executive Deputy Director
Arizona Department of Insurance and Financial Institutions

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ORIGINAL of the foregoing filed electronically
this 10th day of June, 2024, to:

Adam D. Stone, Administrative Law Judge
<https://portal.azoah.com/submission>
Office of Administrative Hearings

COPY of the foregoing delivered the same date, to:

Deian Ousunov, Chief Financial Deputy Director
Alena Caravetta, Regulatory Legal Affairs Officer
Ana Starcevic, Unit Project Specialist
Steven Fromholtz, Licensing Division Manager
Linda Lutz, Legal Assistant
Aqueelah Currie, Licensing Supervisor
Arizona Department of Insurance and Financial Institutions
100 North 15th Avenue, Suite 261
Phoenix, Arizona 85007

COPY mailed the same date by U.S First Class and
Certified Mail, Return Receipt Requested, to:

Michael Schneider
4390 E. Rosemonte Drive
Phoenix, AZ 85050
Petitioner 9489 0090 0027 6599 3045 63

COPY sent via electronic mail the same date, to:

Michael Schneider
michael@adamid.com
Petitioner

Zachary Howard, Assistant Attorney General
Zachary.Howard@azag.gov
AdminLaw@azag.gov
Attorney for the Department

Ana Starcevic

STATE OF ARIZONA
Department of Insurance and Financial Institutions
RECEIVED May 21, 2024 by AS

IN THE OFFICE OF ADMINISTRATIVE HEARINGS

In the Matter of:

No. 24A-004-INS

MICHAEL SCHNEIDER

**ADMINISTRATIVE LAW JUDGE
DECISION**

Petitioner

HEARING: March 21, 2024 and May 6, 2024

APPEARANCES: Petitioner Michael Schneider appeared on his own behalf. Assistant Attorney General Zachary Howard appeared on behalf of the Arizona Department of Insurance.

EXHIBITS ADMITTED INTO EVIDENCE: Department Exhibits 1-7 were admitted, and Petitioner's Exhibit A was admitted into evidence.

FINDINGS OF FACT

1. On December 6, 2023, Michael Schneider (Petitioner), submitted an application to the Arizona Department of Insurance (Department) for an Arizona resident insurance producer license through the National Insurance Producer Registry (Application).¹

2. In the Application, under the "Background Questions" section, Petitioner responded "Yes" to Question 5, which asked:

5: Are you currently a party to, or have you ever been found liable in, any lawsuit, arbitrations or mediation proceeding involving allegations of fraud, misappropriation or conversion of funds, misrepresentation or breach of fiduciary duty? If you answer yes, you must attach to this application: a) a written statement summarizing the details of each incident, b) a copy of the Petition, Complaint or other document that commenced the lawsuit, arbitration, or mediation proceedings, and c) a copy of the official documents, which demonstrates the resolution of the charges or any final judgment.²

¹ See Department's Exhibit 1.

² Id. at Bates 002.

1 3. Question 5 also required applicant to attach a written statement
2 summarizing the details of each incident; a copy of the Petition, Complaint of other
3 document that commenced the lawsuit arbitration, or mediation proceedings; and a copy
4 of the official documents, which demonstrated the resolution of the charges or any final
5 judgment.³ Petitioner complied with this requirement.

6 4. On or about December 29, 2023, the Department, through Aqueelah Currie,
7 Licensing Supervisor, sent a License Denial Letter⁴ to Petitioner. The letter stated, in
8 pertinent part:

9 Pursuant to Arizona Revised Statutes §§ 20-295 A 8. without
10 limitation, your application for an insurance license is hereby denied.
11 **20-295A8. Using fraudulent, coercive or dishonest practices, or**
12 **demonstrating incompetence, untrustworthiness or financial**
13 **irresponsibility in the conduct of business in this state or**
14 **elsewhere. . .**⁵

15 5. Petitioner field an appeal regarding the denial, and the matter was referred
16 to the Office of Administrative Hearings for an evidentiary hearing.

17 6. The hearing took place on March 21, 2024 and May 6, 2024.

18 7. At hearing, the Department presented the testimony of Ms. Currie.

19 8. Ms. Currie testified that she reviewed the information provided by Petitioner
20 concerning a Complaint filed by Scott Goldstone against Petitioner. The Complainant
21 was filed with JAMS arbitration services on February 9, 2022.⁶

22 9. Ms. Currie testified further that on August 14, 2023, JAMS Arbitration Final
23 Award (Award) was entered.⁷

24 10. As to the Award, Ms. Currie testified that the arbitrator made several
25 findings which included:

26 a. Petitioner concealed from Mr. Goldstone his plan to terminate Mr.
27 Goldstone and purchase Mr. Goldstone's share for less than pennies on
28 the dollar.⁸

29 ³ See id.

30 ⁴ See Department's Exhibit 7.

⁵ Id.

⁶ See Department's Exhibit 2.

⁷ See Department's Exhibit 3.

⁸ Id. at Bates 045.

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- b. Petitioner induced Ms. Goldstone to give him all of the passwords to the accounts so Petitioner could set up new accounts in the corporation's name, and did not include Mr. Goldstone.⁹
- c. Mr. Goldstone "was damaged as a result of Respondent's concealment. He was terminated from any position in the company which meant that he lost his entire source of income at that time and in addition, his roughly 50% share of the company which he had founded, was purchased for only \$45."¹⁰
- d. Petitioner breached the fiduciary duty he owed to Mr. Goldstone, as Petitioner conspired with two other people "to fraudulently induce Goldstone to sign the corporate documents so that he could terminate complainant immediately upon the signing and acquire his 4.5 million shares for \$45."¹¹

11. Ms. Currie testified that the Department had a duty to protect the public even though this incident did not include insurance issues, Petitioner was found to have committed fraud during the course of his business dealings.

12. Finally, Ms. Currie testified that based upon the findings from the arbitrator, the Department chose to deny the Application because Petitioner exhibited poor business practices, despite there being no criminal proceeding from this business dispute.

13. Petitioner testified on his own behalf. He testified that this dispute was a private judgment and not a criminal action, and that the Department did not show that he would be a risk to the public.

14. In addition, Petitioner testified that every action he took was upon the advice of the best attorneys, and that while he may have cut some corners, it was not a "money grab."

CONCLUSIONS OF LAW

1. Petitioner bears the burden of persuasion. See Arizona Revised Statutes (A.R.S.) § 41-1092.07(G)(1).

⁹ *Id.* at Bates 046.

¹⁰ *Id.* at Bates 047.

¹¹ *Id.* at Bates 051.

1 2. The standard of proof on all issues in this matter is that of a preponderance
2 of the evidence. Arizona Administrative Code § R2-19-119.

3 3. A preponderance of the evidence is:

4 The greater weight of the evidence, not necessarily established
5 by the greater number of witnesses testifying to a fact but by
6 evidence that has the most convincing force; superior
7 evidentiary weight that, though not sufficient to free the mind
8 wholly from all reasonable doubt, is still sufficient to incline a fair
9 and impartial mind to one side of the issue rather than the other.

8 BLACK'S LAW DICTIONARY 1373 (10th ed. 2014).

9 4. The preponderance of the evidence shows that Petitioner used fraudulent
10 and dishonest practices in the conduct of business in Arizona and elsewhere, which is a
11 violation of A.R.S. § 20-295(A)(8).¹²

12 5. Consequently, the Department's Director has discretion to deny Petitioner's
13 application based on A.R.S. § 20-295(A).

14 6. Petitioner failed to demonstrate by a preponderance of the evidence that
15 the Department's decision to deny his application should be overturned.

16 7. Therefore, Petitioner's appeal should be dismissed.

17 **ORDER**

18 **IT IS ORDERED** that Michael Schneider's appeal is dismissed.

19
20 ***Pursuant to A.R.S. § 41-1092.08(I), the licensee may accept the***
21 ***Administrative Law Judge Decision by advising the Office of Administrative***
22 ***Hearings in writing not more than ten (10) days after receiving the decision. If the***
23 ***licensee accepts the Administrative Law Judge Decision, the decision shall be***
24 ***certified as the final decision by the Office of Administrative Hearings.***

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27 _____
28 ¹² A.R.S. § 20-295(A)(8) provides, "[t]he director may deny, suspend for not more than twelve months,
29 revoke or refuse to renew an insurance producer's license or may impose a civil penalty in accordance with
30 subsection F of this section or any combination of actions for any one or more of the following causes: . . .8.
 Using fraudulent, coercive or dishonest practices, or demonstrating incompetence, untrustworthiness or
 financial irresponsibility in the conduct of business in this state or elsewhere.

In the event of certification of the Administrative Law Judge Decision by the Director of the Office of Administrative Hearings, the effective date of the Order will be forty (40) days from the date of that certification.

Done this day, May 21, 2024.

/s/ Adam D. Stone
Administrative Law Judge

Transmitted by either mail, e-mail, or facsimile to:

Barbara D. Richardson,
Department of Insurance and Financial Institutions - Insurance

Michael Schneider
michael@adamid.com

Zachary Howard
zachary.howard@azag.gov

By: OAH Staff

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