

OCT 15 1996

DEPT. OF INSURANCE  
BY KHL

STATE OF ARIZONA  
DEPARTMENT OF INSURANCE

In the Matter of:	)	Docket No. 96A-130-INS
	)	
WILLIAM HAYDEN SCHACK	)	<b>ORDER</b>
	)	
Respondent.	)	
	)	
	)	

On October 8, 1996, the Office of Administrative Hearings, through Administrative Law Judge Lewis D. Kowal submitted "Recommended Decision on Default of Respondent and Order Vacating Hearing," a copy of which is attached and incorporated by this reference. The Director of the Arizona Department of Insurance has reviewed the recommendation, and enters the following order:

1. The recommended findings of fact and conclusions of law are adopted.
2. All insurance licenses issued to William Hayden Schack by the Department are immediately revoked.

NOTIFICATION OF RIGHTS

The aggrieved party may request a rehearing with respect to this Order by filing a written petition with the Office of Administrative Hearings within 30 days of the date of this Order, setting forth the basis for such relief pursuant to A.A.C. R20-6-114(B).

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1 The final decision of the Director may be appealed to the Superior Court of Maricopa  
2 County for judicial review pursuant to A.R.S. § 20-166.

3 EFFECTIVE this 15<sup>th</sup> day of October, 1996

4  
5   
6 John King  
7 Director of Insurance

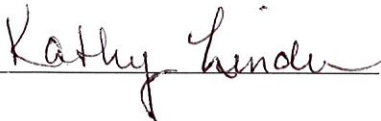
8 A copy of the foregoing mailed  
9 this 15<sup>th</sup> day of October, 1996

10 Charles R. Cohen, Deputy Director  
11 Catherine O'Neil, Assistant Director  
12 John Gagne, Assistant Director  
13 Robert Hill, Investigator  
14 Maureen Catalioto, Supervisor  
15 Arizona Department of Insurance  
16 2910 North 44th Street, Suite 210  
17 Phoenix, AZ 85018

18 Office of Administrative Hearings  
19 1700 West Washington, Suite 602  
20 Phoenix, AZ 85007

21 Kathryn Leonard  
22 Assistant Attorney General  
23 1275 West Washington  
Phoenix, AZ 85012

William H. Schack  
18 S. Tiago Drive  
Gilbert, AZ 85233









ORDER

The Administrative Law Judge has recommended that the Director of the Department deem the allegations of the Amended Notice admitted.

Under the circumstances, **IT IS ORDERED** that the hearing of this matter scheduled for October 16, 1996, is vacated from the calendar of the Office of Administrative Hearings.

Done this day October 8, 1996.

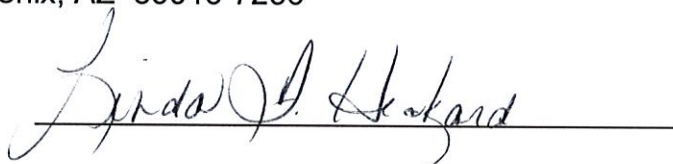


**LEWIS D. KOWAL**  
ADMINISTRATIVE LAW JUDGE

Original of the foregoing mailed this 9<sup>th</sup> day of October, 1996, to:

John C. King, Director  
Attn: Curvey Burton  
Department of Insurance  
2910 North 44th Street, Suite 210  
Phoenix, AZ 85018-7256

By:



96A-130-INS

AUG 23 1996

STATE OF ARIZONA  
DEPARTMENT OF INSURANCE

DEPT. OF INSURANCE  
BY WLB

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In the Matter of:	)	
	)	No. 96A-130
WILLIAM HAYDEN SCHACK,	)	
	)	AMENDED NOTICE OF HEARING
Respondent.	)	
_____	)	

PLEASE TAKE NOTICE, that pursuant to the provisions of Arizona Revised Statutes ("A.R.S.") §§ 20-161 through and including 20-165 and 41-1061, 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 16th day of October, 1996, at 9:00 o'clock a.m., at Office of Administrative Hearings, 1700 West Washington, Suite 602, Phoenix, Arizona (the "Hearing").

Motions to continue this matter shall be made in writing to the Administrative Law Judge not less than five (5) business 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 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 evidence in support of his/her interests, and to have subpoenas issued by the Administrative Law Judge to compel attendance of

1 witnesses and production of evidence on the person's behalf.

2 Questions concerning issues raised in this Notice of Hearing  
3 should be directed to Assistant Attorney General KATHRYN LEONARD  
4 (602) 542-7719, 1275 West Washington, Phoenix, Arizona 85007.

5 NOTICE OF APPLICABLE RULES

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

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

25 PERSONS WITH DISABILITIES MAY REQUEST REASONABLE  
26 ACCOMMODATIONS SUCH AS INTERPRETERS, ALTERNATIVE FORMAT, OR



1 ASSISTANCE WITH PHYSICAL ACCESSIBILITY. REQUESTS FOR  
2 ACCOMMODATIONS MUST BE MADE WITH 72 HOURS PRIOR NOTICE. IF YOU  
3 REQUIRE ACCOMMODATIONS, PLEASE CONTACT THE OFFICE OF  
4 ADMINISTRATIVE HEARINGS AT (602) 542-0887.

5 The allegations supporting this Notice of Hearing are as  
6 follows:

7 1. William Hayden Schack ("Schack") is currently licensed  
8 as a life and disability insurance agent (License #102260). That  
9 license is due to expire January 31, 1997.

10 2. On or about November 16, 1995, an Indictment was filed  
11 in Maricopa County Superior Court, State of Arizona v. William  
12 Hayden Schack, case No. CR95-93176, charging Schack with  
13 Fraudulent Schemes and Artifices, a Class 2 Felony and Theft, a  
14 Class 2 Felony.

15 3. On March 20, 1996, Schack entered into a Plea Agreement  
16 and pleaded guilty in case number CR95-93176 to Fraudulent Schemes  
17 and Artifices, a Class 2 Felony, in violation of A.R.S. § 13-2310,  
18 701, 702, 801 & 812.

19 4. On April 17, 1996, the Court entered Judgment and Order  
20 in case number CR95-93176, convicting Schack of Fraudulent Schemes  
21 and Artifices, a Class 2 Felony, in violation of A.R.S. § 13-2310,  
22 701, 702, 801 & 812.

23 5. Schack's conduct alleged above constitutes a record of  
24 dishonesty in business or financial matters, in violation of  
25 A.R.S. § 20-316(A)(1) together with A.R.S. § 20-290(B)(2).

26 6. Schack has a conviction by final judgment of a felony



1 involving moral turpitude, in violation of A.R.S. § 20-316(A)(6).

2 7. Grounds exist for the Director to suspend, revoke or  
3 refuse to renew Schack's insurance license, impose a civil penalty  
4 upon Schack, and/or order restitution, pursuant to A.R.S.  
5 § 20-316(A) and §20-316(C).

6 WHEREFORE, if after hearing, the Director makes a finding of  
7 one or more of the above-described allegations the Director may  
8 suspend, revoke or refuse to renew Schack's insurance license,  
9 impose a civil penalty and order restitution, pursuant to A.R.S.  
10 §§ 20-316(A) and 20-316(C).

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

21 Pursuant to Arizona Revised Statutes § 41-1092.01, your  
22 Hearing will be conducted by the Office of Administrative  
23 Hearings, an independent agency. Please find enclosed a copy of  
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26 . . .

1 the procedures to be followed.

2 DATED in Phoenix, Arizona this 23<sup>rd</sup> day of August, 1996.

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4

  
\_\_\_\_\_  
JOHN C. KING, Director  
Arizona Department of Insurance

5  
6

7 COPY of the foregoing mailed  
8 this 23rd day of August,  
9 1996, to:

8

9 Kathryn Leonard  
10 Assistant Attorney General  
11 1275 West Washington, Room 259  
12 Phoenix, AZ 85007

11 Charles R. Cohen, Deputy Director  
12 John Gagne, Assistant Director  
13 Robert Hill, Investigator  
14 Maureen Catalioto, Supervisor  
15 Department of Insurance  
16 2910 North 44th Street  
17 Suite 210  
18 Phoenix, AZ 85018

15 William H. Schack  
16 18 S Tiago Drive  
17 Gilbert, AZ 85233

17 Administrative Law Judge  
18 Office of Administrative Hearings  
19 1700 W. Washington, Suite 602  
20 Phoenix, AZ 85007

20

21 A courtesy copy of this Notice of Hearing has been  
22 mailed/delivered to the persons listed below. If you  
23 are listed below, you will receive no further notices  
24 or documents concerning this matter other than the Director's  
25 final order. Information about the status of this matter,  
including whether the hearings date has been changed, may be  
obtained by contacting the Department of Insurance at  
(602) 912-8454 or the Assistant Attorney General identified  
above, at (602) 542-7719.

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1 American Community Mutual  
Insurance Company  
2 39210 Seven Mile Road  
Livonia, MI 48152

3  
4 Gem Insurance Company  
PO Box 449  
Salt Lake City, UT 84110-0449

5  
6 Golden Rule Insurance Company  
712 Eleventh Street  
Lawrenceville, IL 62439

7  
8 MidAmerica Mutual Life Insurance Company  
1801 West County Road B  
Roseville, MN 55113

9  
10 Provident Indemnity Life Insurance Company  
2500 Dekalb Pike  
Norristown, PA 19404

11  
12 Union Bankers Insurance Company  
PO Box 655433  
Dallas, TX 75265-5433

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*Corney Walters Buter*  
4724:CPA96-203

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