

1 deposited said premium check into his personal banking account
2 and failed to forward it to any insurer.

3 6. On or about July 7, 1987, Mendelsohn and Associates
4 received \$1,430.00 from Respondent through Johnson. Mendelsohn
5 and Associates issued a check in the amount of \$1,430.00 to
6 Stockham.

7 7. On or about May 14, 1987, Richard D. Evans
8 ("Evans") gave Respondent a check in the amount of \$918.00 as an
9 annual premium for insurance coverage with The Hartford on his
10 commercial building and business property;

11 8. On or about July 2, 1987, Evans contacted
12 Mendelsohn and Associates to obtain a Contractor's Bond, at which
13 time Mendelsohn and Associates indicated that they had no record
14 of and transaction with Evans. Respondent had deposited said
15 premium check into his personal banking account and failed to
16 forward it to any insurer.

17 9. On or about July 7, 1987, Mendelsohn and Associates
18 received \$918.00 from Respondent through Johnson; said proceeds
19 were applied by Mendelsohn and Associates to an insurance policy
20 for Evans with another insurance company.

21 10. On or about May 1, 1987, Mrs. J. Madison
22 ("Madison") gave Respondent a check in the amount of \$500.00 for
23 an insurance policy covering her business. Respondent deposited
24 said premium check into his personal banking account and failed
25 to forward it to any insurer.

26 11. Upon Madison's proof of payment to Respondent,
27 Mendelsohn and Associates credited \$500.00 to an insurance policy
28 for Madison with Scottsdale Insurance Company.

1 12. On or about July 7, 1987, Mendelsohn and Associates
2 received \$500.00 from Respondent through Johnson.

3 13. On or about February 1, 1985, Charles Dipple sent
4 Respondent a check in the amount of \$250.00 for liability
5 insurance coverage. Respondent deposited said premium check into
6 his personal banking account and failed to forward it to any
7 insurer.

8 14. On or about September 16, 1987, Mendelsohn and
9 Associates issued a refund check in the amount of \$250.00 to
10 Dipple.

11 15. On or about December 30, 1985, Jane Wong ("Wong")
12 gave Respondent a check in the amount of \$3,830.00 for business
13 owners insurance coverage. Respondent deposited said premium
14 check into his personal banking account and failed to forward it
15 to any insurer.

16 16. On or about July 25, 1986, Wong gave Respondent a
17 check in the amount of \$4,126.00 for extending coverage.
18 Respondent deposited said premium check into his personal banking
19 account and failed to forward it to any insurer.

20 17. On or about July 22, 1987, Mendelsohn and
21 Associates issued Wong refund checks in the amounts of \$4,126.00
22 and \$3,830.00.

23 18. On or about June 11, 1987, Dorothy L. Harms
24 ("Harms") gave Respondent a check in the amount of \$1,900.00 as
25 an annual premium on a business insurance policy through
26 Fireman's Fund Insurance Companies. Respondent deposited said
27 premium check into his personal banking account and failed to
28 forward it to any insurer.

1 19. On or about July 20, 1987, Harms provided
2 Mendelsohn and Associates with proof of payment to Respondent, at
3 which time Mendelsohn and Associates issued a check in the amount
4 of \$1,750.00 to Giberson Fouth-Webb Agency to reinstate Harms'
5 prior insurance coverage. The remaining \$150.00 was credited to
6 Harms' automobile insurance accounts with Mendelsohn and
7 Associates;

8 20. On or about July 7, 1987, Mendelsohn and Associates
9 received \$1,900.00 from Respondent through Johnson.

10 21. On or about June 11, 1985, Howard Findley
11 ("Findley") gave Respondent a check in the amount of \$500.00 for
12 business insurance coverage. Respondent deposited said premium
13 check into his personal banking account and failed to forward it
14 to any insurer.

15 22. On or about June 6, 1987, Findley provided
16 Mendelsohn and Associates with proof of payment to Respondent at
17 which time Mendelsohn and Associates credited Findley's account
18 in the amount of \$500.00.

19 23. On or about August 13, 1986, Frank G. Basurto
20 ("Bursuto") gave Respondent a check in the amount of \$106.00 for
21 an automobile insurance policy. Respondent deposited said premium
22 check into his personal banking account and failed to forward it
23 to any insurer.

24 24. On or about October 21, 1987, Mendelsohn and
25 Associates credited Basurto's account in the amount of \$106.00.

26 25. A license bond dated June 23, 1987, issued to Ideal
27 Builders, Inc. through the American Insurance Company by
28 Respondent purports to bear the signature of Mary K. Erps, notary

1 public. The signature on this document is not that of Mary K.
2 Erps.

3 26. On or about May 21, 1987, Respondent prepared and
4 issued a bond to Ideal Builders, Inc., through The American
5 Insurance Company. Respondent did not have authority to issue or
6 prepare said bond.

7 27. On or about December 22, 1986, Respondent prepared
8 and issued a subcontract performance bond to Bar Steel, Inc.,
9 through Fireman's Fund Insurance Company. Respondent did not
10 have authority to issue or prepare said bond.

11 28. On or about March 3, 1986, Respondent prepared and
12 issued a labor and material payment bond to The Desert Makers,
13 Inc., through United States Fidelity and Guaranty Company.
14 Respondent did not have authority to issue or prepare said bond.

15 29. On December 11, 1987, the Department of Insurance
16 received a letter signed by Respondent and his attorney Jim
17 Johnston ("Johnston"). In this letter, Respondent and Johnston
18 stated that they had reviewed the Department's records, and
19 concluded that the records and information therein were
20 substantially true, and that Respondent could not and would not
21 produce testimony at the hearing to rebut, alter or negate the
22 information in the Department's files.

23 CONCLUSIONS OF LAW

24 1. Respondent has willfully violated provisions of
25 Title 20, Arizona Revised Statutes, as set forth in A.R.S. §20-
26 316(A)(2);

27 2. Respondent has misappropriated or converted to his
28 own use or illegally withheld monies belonging to policyholders

1 and insureds received in or during the conduct of business under
2 a license issued by the Department of Insurance of the State of
3 Arizona as set forth in A.R.S. §20-316(A) (4);

4 3. The Respondent has conducted his affairs under his
5 license in such a way to show that he is incompetent and a source
6 of injury and loss to the public and any insurer as set forth in
7 A.R.S. §20-316(A) (7);

8 IT IS, THEREFORE, ORDERED:


9 1. That Respondent's license to transact insurance in
10 the State of Arizona is hereby REVOKED;

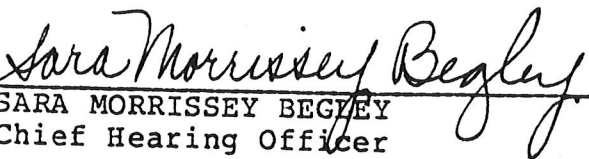
11 2. That pursuant to the provisions of A.R.S. §20-
12 316(C), Respondent is hereby assessed a civil penalty of
13 \$2,500.00 per violation, for an aggregate civil penalty of
14 \$7,500.00;

15 3. That pursuant to the provisions of A.R.S. §20-316,
16 Respondent is ordered to pay restitution to Mendelsohn and
17 Associates in the amount of \$8,596.00.

18 4. Respondent may request a rehearing with respect to
19 this Order by filing a written petition with the Director within
20 30 days of the date of this Order, setting forth the basis for
21 such relief pursuant to A.R.S. §41-1010(B), and A.C.R.R. R4-14-
22 159.

23 DATED this 23rd day of December, 1987.

24 
25 _____
26 VERN R. PIERSON, CPCU, CLU
27 Director of Insurance

28 
SARA MORRISSEY BEGLEY
Chief Hearing Officer

- 1 COPY of the foregoing mailed/delivered
2 this *23rd* day of December, 1987, to:
- 3 Jack Kelly, Esq.
4 Assistant Attorney General
402 W. Congress
Tucson, Arizona 85701
- 5 Hayden Richards, Investigator
6 Department of Insurance
402 W. Congress
Tucson, Arizona 85701
- 7
8 Robert Zielinski, Assistant Director
9 Maureen Catalioto, Supervisor
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801 E. Jefferson
Phoenix, Arizona 85034
- 10
11 James Lloyd LaFave
7712 E. Hampton
Tucson, Arizona 85715
- 12
13 Mendelsohn & Associates
4500 E. Grant Road
Tucson, Arizona 85712
- 14
15 Hartford Accident & Indemnity Company
Hartford Plaza
Hartford, Connecticut 06115
- 16
17 United States Fidelity and Guaranty Company
P.O. Box 1138
Baltimore, Maryland 21203
- 18
19 Fireman's Fund Insurance
2122 E. Highland Avenue
P.O. Box 10641
Phoenix, Arizona 85064
- 20
21 Transamerica Accidental Life Insurance Company
2101 Terminal Annex
22 Los Angeles, California 90051
- 23
24 Travelers Insurance Company
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- 25
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- 27 *Lori M. Barker*
28 Lori M. Barker