

JUL 12 1993

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPARTMENT OF INSURANCE
By

In the Matter of)	Docket No. 8123
)	
COLLETTE JEAN CARTER and)	
PRO-LINES INSURANCE AGENCY,)	ORDER
INC.,)	
)	
Respondents.)	
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On June 9, 1993, the Director issued a notice of hearing in the above-captioned matter. The notice of hearing was mailed to Respondents at their addresses of last record. A copy of the notice of hearing is attached hereto and incorporated herein by reference.

The notice of hearing required Respondents to provide a written answer to the allegations set forth in the notice within twenty days of the issuance of the notice. As of this date, Respondents have failed to file an answer. On July 1, 1993, counsel for the Department filed a Request for Default. As of this date, Respondents have not responded to the Department's request.

Pursuant to A.A.C. R4-14-106(C), a party that fails to file an answer within the time provided shall be deemed to be in default and one or more of the allegations in the notice of hearing may be deemed to be admitted.

IT IS HEREBY ORDERED that

1. The allegations in the notice of hearing are deemed to be admitted.

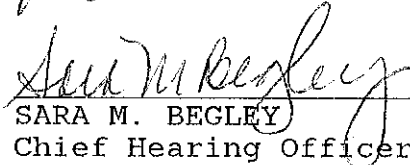
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. . .

1 2. Any and all of Respondents' insurance licenses are
2 revoked effective immediately.

3 DATED this 12th day of July, 1993.

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5 
6 _____
7 SUSAN GALLINGER
8 Director of Insurance

9 
10 _____
11 SARA M. BEGLEY
12 Chief Hearing Officer

13 COPY of the foregoing mailed/delivered
14 this 12th day of July, 1993, to:

15 Kathryn Leonard, Esq.
16 Assistant Attorney General
17 1275 W. Washington
18 Phoenix, Arizona 85007

19 Jay Rubin, Assistant Director
20 Maureen Catalioto, Supervisor
21 Department of Insurance
22 3030 N. 3rd Street, Suite 1100
23 Phoenix, Arizona 85012-3098

24 Collette Jean Carter
25 3520 W. Dunlap, #187
26 Phoenix, Arizona 85051

27 Pro-lines Insurance Agency, Inc.
28 8650 N. 35th Ave., Suite 112
Phoenix, Arizona 85051

29 
30 _____
31 Chris Crawford

1 present evidence in support of his/her interests, and to have
2 subpoenas issued by the Director to compel attendance of
3 witnesses and production of evidence on the person's behalf.

4 Questions concerning issues raised in this Notice of
5 Hearing should be directed to Assistant Attorney General, Kathryn
6 Leonard (602-542-3702), 1275 West Washington, Phoenix, Arizona
7 85007.

8 NOTICE OF APPLICABLE RULES

9 On January 23, 1992, the Arizona Department of Insurance
10 adopted A.A.C. R4-14-101 through R4-14-115, setting forth the
11 rules of practice and procedure applicable in contested cases
12 before the Director of Insurance. The hearing will be conducted
13 pursuant to these rules.

14 PURSUANT TO A.A.C. R4-14-106 RESPONDENTS SHALL FILE A
15 WRITTEN ANSWER WITH THE DEPARTMENT, 3030 NORTH 3RD STREET, SUITE
16 1100 PHOENIX, ARIZONA, 85012 WITHIN TWENTY (20) DAYS AFTER
17 ISSUANCE OF THIS NOTICE OF HEARING AND SHALL MAIL OR DELIVER A
18 COPY OF THE ANSWER TO THE ASSISTANT ATTORNEY GENERAL AT 1275 W.
19 WASHINGTON STREET, PHOENIX, ARIZONA, 85007 DESIGNATED ABOVE. THE
20 ANSWER SHALL STATE RESPONDENTS' POSITION OR DEFENSE AND SHALL
21 SPECIFICALLY ADMIT OR DENY EACH ASSERTION IN THE NOTICE OF
22 HEARING. ANY ASSERTION NOT DENIED SHALL BE DEEMED TO BE
23 ADMITTED. ANY DEFENSE NOT RAISED IN THE ANSWER SHALL BE DEEMED
24 WAIVED. IF AN ANSWER IS NOT TIMELY FILED, THE RESPONDENTS SHALL
25 BE DEEMED IN DEFAULT AND THE DIRECTOR MAY DEEM THE ALLEGATIONS
26 ARE TRUE, AND TAKE WHATEVER ACTION IS APPROPRIATE, INCLUDING

1 SUSPENSION, REVOCATION, DENIAL OF A LICENSE, OR RENEWAL OF A
2 LICENSE, IMPOSITION OF A CIVIL PENALTY AND/OR ORDER RESTITUTION
3 TO ANY PARTY INJURED.

4 The Director has cause to believe:

5 1. Pro-lines Insurance Agency, Inc., ("Pro-lines")
6 located at 8659 N. 35th Avenue, Suite 112, Phoenix, Arizona, at
7 all material times held a life and casualty agent's license which
8 expires May 31, 1994. Pro-lines was a corporation registered
9 with the Arizona Corporation Commission ("Commission") from April
10 12, 1989, until February 10, 1993, at which time the Commission
11 revoked Pro-lines corporate status for failure to file an annual
12 report for the fiscal year ending December 31, 1991. Pro-lines
13 failed to register its trade name with the Department and failed
14 to notify the Department that its corporate status was revoked by
15 the Commission in violation of A.R.S. § 20-295.

16 2. Collette Jean Carter ("Carter") was at all material
17 times licensed as a property and casualty broker in the State of
18 Arizona, license number 0734598; that license expires November
19 30, 1994. Carter is President and co-owner of Pro-lines and
20 designated by Pro-lines to exercise its powers.

21 3. On or about October 4, 1992, Carter received check
22 number 1718 in the amount of \$681.00 from Janice M. Zerfas
23 ("Zerfas") for six months premium for auto insurance from Empire
24 Fire and Marine ("Empire"), written through a managing general
25 agent, CenCal Insurance Services ("CenCal"). The policy was to
26 be effective October 30, 1992 to April 30, 1993.

1 4. On or about October 30, 1992, Carter wrote check
2 number 4795, drawn on the Pro-lines account, in the amount of
3 \$710.85 payable to CenCal for Zerfas' premium and forwarded the
4 check and application to CenCal for processing.

5 5. On or about December 16, 1992, CenCal sent Carter a
6 letter informing her check number 4795 was returned by the bank
7 "unpaid". The letter also informed Carter the check must be
8 replaced within 10 days.

9 6. Carter failed to replace the check as requested by
10 CenCal, but instead misappropriated or converted the funds to her
11 own use.

12 7. On or about October 6, 1992, Carter received
13 \$376.00 cash from Andrew P. Orozco ("Orozco") for auto insurance
14 from Empire written through CenCal. The policy was to be
15 effective October 8, 1992 to November 8, 1993.

16 8. On or about October 8, 1992, Carter wrote check
17 number 4724, drawn on the Pro-lines account, in the amount of
18 \$381.90 to CenCal for Orozco's insurance premium and forwarded
19 the check and application to CenCal for processing.

20 9. On or about November 16, 1992, CenCal sent Carter a
21 letter informing her check number 4724 was returned by the bank
22 "unpaid". The letter also informed Carter the check must be
23 replaced within 10 days.

24 10. Carter failed to replace the check as requested by
25 CenCal, but instead misappropriated or converted the funds to her
26 own use.

1 11. On or about October 9, 1992, Carter received
2 \$270.00 cash from Rosario Yanez ("Yanez") for auto insurance from
3 Empire written through CenCal. The policy was to be effective
4 November 3, 1992 to May 3, 1993.

5 12. On or about November 4, 1992, Carter wrote check
6 number 4808, drawn on the Pro-lines account, in the amount of
7 \$234.00 payable to CenCal for Yanez's premium and forwarded the
8 check and application to CenCal for processing.

9 13. On or about December 10, 1992, CenCal sent Carter a
10 letter informing her check number 4808 was returned by the bank
11 "unpaid". The letter also informed Carter the check must be
12 replaced within 10 days.

13 14. Carter failed to replace the check as requested by
14 CenCal, but instead misappropriated or converted the funds to her
15 own use.

16 15. On or about March 23, 1993, Carter submitted check
17 number 5223, drawn on the Pro-lines account, made payable to
18 CenCal, in the amount of \$1,326.75 to replace the returned checks
19 numbered 4795, 4724 and 4808.

20 16. Carter's conduct described above constitutes a
21 record of dishonesty in business or financial matters under
22 A.R.S. § 20-290(B)(2).

23 17. Carter's conduct described above constitutes the
24 existence of any cause for which original issuance or any renewal
25 of an insurance license could have been refused such that
26 Carter's licenses may be suspended or revoked pursuant to A.R.S.
§ 20-316(A)(1), together with 20-290(B)(2).

1 18. The conduct of Carter described above constitutes a
2 willful violation of, or willful noncompliance with, any
3 provision of this title, or any lawful rule, regulation or order
4 of the Director, within the meaning of A.R.S. § 20-316(A)(2).

5 19. Carter's conduct alleged above constitutes
6 misappropriation or conversion to her own use or illegal
7 withholding of monies belonging to policyholders, insurers,
8 beneficiaries or others and received in or during the conduct of
9 business under the license or through its use, in violation of
10 A.R.S. § 20-316(A)(4).

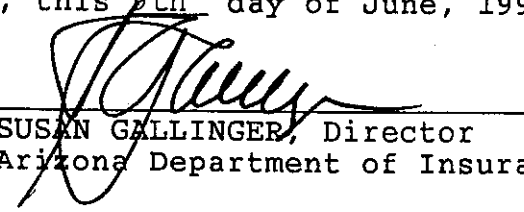
11 20. The above-referenced conduct of Carter constitutes
12 the conduct of affairs under the license showing the Carter to be
13 incompetent or a source of injury and loss to, or repeated
14 complaint by, the public or any insurer in violation of A.R.S.
15 § 20-316(A)(7).

16 WHEREFORE, if after hearing, the Director makes a
17 finding of one or more of the above-described violations, she may
18 suspend, revoke or refuse to renew the Respondent's insurance
19 license, or impose a civil penalty upon Respondent, or both,
20 pursuant to A.R.S. §§ 20-316(A), 20-290(C)

21 Pursuant to A.R.S. § 20-150, the Director herewith
22 delegates all of her authority, powers, duties and functions,
23 whether ministerial or discretionary, with which she is vested as
24 Director of Insurance of the State of Arizona, whether implied or
25 expressed, to SARA M. BEGLEY for the purpose of acting as hearing
26

1 officer in this matter. This delegation of authority shall
2 continue until specifically revoked.

3 DATED at Phoenix, Arizona, this 9th day of June, 1993.

4
5 
6 SUSAN GALLINGER, Director
7 Arizona Department of Insurance

8 COPY of the foregoing
9 mailed this 9th day
10 of June, 1993, to:

11 Kathryn Leonard
12 Assistant Attorney General
13 1275 West Washington, Room 259
14 Phoenix, AZ 85007

15 Joe Hennelly, Deputy Director
16 Jay Rubin, Assistant Director
17 Department of Insurance
18 3030 North 3rd Street, Suite 1100
19 Phoenix, AZ 85012

20 Collette Jean Carter
21 3520 W. Dunlap, #187
22 Phoenix, Arizona 85051

23 Pro-lines Insurance Agency, Inc.
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