



1 officer of AMG and was authorized to exercise the powers of AMG's  
2 license. Ponikvar is listed as the President and sole shareholder  
3 of AMG.

4 COUNT I

5 3. Between July 13, 1993 and March 28, 1994, Respondents  
6 AMG and Ponikvar procured surety bonds for various Arizona  
7 insureds through Prestige Casualty Company ("Prestige Casualty").  
8 In procuring some of the surety bonds, Respondents executed the  
9 bonds as the attorney-in-fact for Prestige Casualty. The surety  
10 bonds were routinely accompanied by a General Power of Attorney  
11 authorizing Respondents to act on behalf of Prestige Casualty.

12 4. In connection with the procurement of the above-  
13 mentioned surety bonds, Respondent AMG also collected bond  
14 premiums on behalf of Prestige Casualty and forwarded only a  
15 portion of the premium monies owed to Prestige Casualty and/or JKM  
16 International Corporation ("JKM"), the managing general agent for  
17 Prestige Casualty. In late 1994, after Prestige Casualty was  
18 placed in receivership by the Illinois Department of Insurance,  
19 the Special Deputy Receiver for Prestige Casualty conducted an  
20 audit of AMG. The Special Deputy Receiver concluded AMG owed  
21 Prestige Casualty an additional \$15,060.60 in bond premium. In  
22 November 1995, AMG, through its President Robert Ponikvar, entered  
23 into an agreement with the Special Deputy Receiver for Prestige  
24 Casualty for the payment of \$15,060.60, with said payment to be  
25 made in monthly installments beginning in January 1996 until the  
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1 entire amount was paid. Respondent AMG has failed to remit to  
2 Prestige Casualty the full \$15,060.60 in bond premiums.

3 5. Pursuant to a Producer's Agreement entered into between  
4 JKM and AMG (the "Agreement"), Respondent AMG was required to  
5 submit to JKM any premiums AMG collected on the above-mentioned  
6 surety bonds within one week of their receipt. Under the  
7 Agreement, AMG also assumed full responsibility for all premiums  
8 on surety bonds issued on behalf of Prestige Casualty/JKM.

9 6. To date, neither JKM nor Prestige Casualty has received  
10 the full amount of the bond premiums due Prestige Casualty from  
11 Respondent AMG, as \$7,560.60 remains outstanding.

12 COUNT II

13 7. On or about December 5, 1996, the Director of the  
14 Illinois Department of Insurance ("Director of Insurance") issued  
15 an Order to Cease and Desist In the Matter of AMG Bonding &  
16 Insurance Services, Inc., et al., Hearing No. 3488 ("C&D Order").  
17 The C&D Order was based on findings that Respondents AMG and  
18 Ponikvar, et al., transacted insurance business in the State of  
19 Illinois without first procuring a Certificate of Authority from  
20 the Director of Insurance, in violation of Section 121 of the  
21 Illinois Insurance Code. Pursuant to the C&D Order, Respondents  
22 AMG and Ponikvar, et al., were ordered to cease and desist any and  
23 all practices and activities with respect to the solicitation,  
24 negotiation or effectuation of insurance coverages in the State of  
25 Illinois.

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1 knowingly conspired with others to use false certificates of title  
2 as supporting documents in surety bond packages Ponikvar and  
3 others offered to government contractors. The United States paid  
4 for these surety bond packages, via the contractors, and Ponikvar  
5 and others received monetary proceeds as a result.

6 12. On or about April 23, 1997, the United States District  
7 Court, District of Arizona, entered a Judgment in Case No. CR-96-  
8 521, convicting Ponikvar of Conspiracy to Commit an Offense  
9 Against the United States by Obtaining Monies from an Agency of  
10 the United States, from the General Services Administration (GSA),  
11 Property of the United States, a Class A Misdemeanor, in violation  
12 of 18 U.S.C. § 641.

13 CONCLUSIONS OF LAW

14 1. The Department has jurisdiction in this matter.

15 2. Respondents' conduct alleged above constitutes a record  
16 of dishonesty in business or financial matters within the meaning  
17 of A.R.S. § 20-316(A)(1) together with A.R.S. § 20-290(B)(2).

18 3. Respondents' conduct alleged above constitutes wilful  
19 violation of, or wilful noncompliance with, any provision of this  
20 title, or any lawful rule, regulation or order of the director,  
21 pursuant to A.R.S. § 20-316(A)(2).

22 4. Respondents' conduct alleged above constitutes the  
23 misappropriation or conversion to their own use or illegal  
24 withholding of monies belonging to policyholders, insurers,  
25 beneficiaries or others and received in or during the conduct of  
26

1 business under the licenses or through their use, in violation of  
2 A.R.S. § 20-316(A) (4).

3 5. Respondents' conduct alleged above constitutes a conduct  
4 of affairs under the license showing the licensees to be  
5 incompetent or a source of injury and loss to, or repeated  
6 complaint by, the public or any insurer, within the meaning of  
7 A.R.S. § 20-316(A) (7).

8 6. The license of a firm or corporation may be suspended,  
9 revoked or refused also for any of such causes as relate to any  
10 individual designated in the license to exercise its powers  
11 pursuant to A.R.S. § 20-316(B).

12 7. Grounds exist for the Director to suspend, revoke or  
13 refuse to renew Respondents' insurance licenses, impose a civil  
14 penalty upon them, and/or order restitution, pursuant to A.R.S. §  
15 20-316(A), 20-316(B) and 20-316(C).

16 ORDER

17 NOW, THEREFORE, IT IS ORDERED:

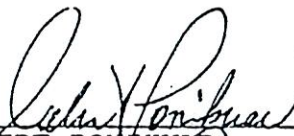
18 1. All insurance licenses held by Respondents Robert  
19 Ponikvar and AMG Bonding & Insurance Services, Inc. are revoked  
20 effective upon entry of this Order.

21 2. Respondent AMG Bonding & Insurance Services, Inc. shall  
22 make restitution to Prestige Casualty Company in the amount of  
23 \$7,560.60. Payment shall be made to the Office of the Special  
24 Deputy Receiver representing the Illinois Director of Insurance,  
25 the Domiciliary Liquidator of Prestige Casualty Co.


26



1 Date 4/27/98

  
ROBERT PONIKVAR

2  
3 Date 4/27/98

  
AMG BONDING & INSURANCE SERVICES, INC.

4  
5 COPY of the foregoing mailed  
6 this 28th day of April 1998 to:

7 Administrative Law Judge  
8 Office of Administrative Hearings  
1700 West Washington Street, Suite 602  
9 Phoenix, Arizona 85007

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11 Assistant Attorney General  
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14 Charles R. Cohen, Deputy Director  
15 Gregory Y. Harris, Executive Assistant Director  
16 John Gagne, Assistant Director  
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26 Attorneys for Respondent

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Office of the Special Deputy Receiver  
Illinois Department of Insurance  
222 Merchandise Mart Plaza, Suite 1450  
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Attention: Manuel R. Porcioncula

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