

1 **NOTICE OF HEARING**

2 PLEASE TAKE NOTICE, that pursuant to the provision of A.R.S. §§20-161 through and
3 including 20-165, and A.R.S. Title 41, the above-captioned matter will be heard before the Director of
4 the Director's duly designated representative, on Tuesday, the 16th day of February, 1999, at 9:00 a.m.,
5 at the Office of Administrative Hearings, 1700 West Washington, Capitol Tower, West Wing, Suite 602,
6 Phoenix, Arizona (the "Hearing").

7 Motions to continue this matter shall be made in writing to the Administrative Law Judge named
8 herein, not less than five (5) business days prior to the date set for hearing. A copy of any motion to
9 continue shall be mailed or hand-delivered to the opposing party on the same date of filing with the
10 Office of Administrative Hearings.

11 A.R.S. §20-164(B) entitles any person affected by the Hearing to appear in person and by
12 counsel, to be present during the giving of all evidence, to have a reasonable opportunity to inspect all
13 documentary evidence, to examine witnesses, to present supporting evidence, and to have subpoenas
14 issued by the Director to compel attendance of witnesses and production of evidence.

15 If Respondent is represented by counsel, the attorney shall be licensed to practice law in the state
16 of Arizona, or, if the Respondent is an insurer, it may be represented by a corporate officer, pursuant to
17 A.R.S. §20-161(B).

18 Pursuant to A.R.S. §41-1092.07(D), a clear and accurate record of the proceedings will be made
19 by a court reporter or by electronic means. Any party that requests a transcript of the proceedings shall
20 pay the cost of the transcript to the court reporter or other transcriber.

1 Questions concerning issues raised in this Notice of Hearing should be directed to Assistant
2 Attorney General Michael J. De La Cruz, (602) 542-3702, 1275 West Washington Street, Phoenix,
3 Arizona 85007.

4 **NOTICE OF APPLICABLE RULES**

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

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

20 PERSONS WITH DISABILITIES MAY REQUEST REASONABLE ACCOMMODATIONS
21 SUCH AS INTERPRETERS, ALTERNATIVE FORMATS, OR ASSISTANCE WITH PHYSICAL
22 ACCESSIBILITY. REQUEST FOR ACCOMMODATIONS SHOULD BE MADE AS EARLY AS
23

1 POSSIBLE TO ALLOW TIME TO ARRANGE THE ACCOMMODATIONS. IF YOU REQUIRE
2 ACCOMMODATIONS, PLEASE CONTACT THE OFFICE OF ADMINISTRATIVE HEARINGS AT
3 542-9826.

4 The allegations supporting this Notice of Hearing are as follows:

5 1. Respondent holds, and at all material times held, a license to transact property and
6 casualty insurance business in the state of Arizona, license number 50155. The license expires effective
7 December 31, 1998.

8 2. Respondent resides in Ajo, Arizona, which is located on the border of Mexico.
9 Respondent's primary transaction of business under her license was selling tourists Mexican auto
10 insurance for their brief trips into Mexico. Respondent managed a combination insurance office/ "Mr.
11 Burger" restaurant, from which she sold the insurance.

12 3. Respondent frequently secured insurance for these consumers by asking them to pay with
13 credit or debit cards. Respondent had contracts with two credit card companies -- Novus and Delta Card
14 Service. Respondent had a credit card machine with an account established under the name of Arizona
15 Mexico Insurance Services ("AMI") and she was the sole signatory on the account. In fact, Respondent
16 was an independent contractor for John Stathis and his d.b.a. is Arizona Mexico Insurance. Respondent
17 did not have Stathis' permission to open any account using his d.b.a.

18 4. The money generated by the credit card charges was deposited to Respondent's AMI
19 account. Respondent wrote checks for personal use from this account, including a check dated October
20 14, 1998, for \$5,343.61, which was the down payment for a home in which Respondent now resides.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

COUNT I

5. On May 22, 1998, James Christian purchased a three day Mexican auto insurance policy from Respondent. Christian used his VISA debit card to pay the \$29.00 premium. This amount was paid in full in May 1998.

6. In October 1998, Christian received his Norwest bank statement that includes purchases on his VISA debit card. A \$29.00 debit on October 1 and a \$92.00 debit on October 8 to AMI appeared on Christian's statement. Christian did not purchase additional Mexican auto insurance on these dates nor did he authorize additional debits from his account.

COUNT II

7. On December 26, 1997, Fred J. Walhof purchased a four day Mexican auto insurance policy from Respondent. The insurance was purchased at "Mr. Burger" from Palm Insurance of Arizona, an unregistered d.b.a. briefly used by Respondent. Walhof used his VISA credit card to pay the \$23.35 premium. This amount was paid in full in January 1998.

8. In November 1998, Walhof received his VISA statement. The November bill reflected a \$123.35 charge from AMI on October 10, 1998. Walhof did not purchase additional Mexican auto insurance on this date nor did he authorize additional charges to his account.

COUNT III

9. On October 24, 1997, Joleen Richardson-Hall purchased a Mexican auto insurance policy from Respondent at "Mr. Burger". Richardson-Hall used her Wells Fargo CheckCard to pay the \$33.48 premium. This amount was paid in full in October 1997.

1 COPY of the foregoing mailed/hand-delivered
this 30th day of December, 1998, to:

2 Deborah Jean Baggett
3 1021 Jefferson Avenue
Ajo, AZ 85321

4 Deborah Jean Baggett
5 410 Estrella
Ajo, AZ 85321

6 Deborah Jean Baggett
7 3641 Hwy 85
Ajo, AZ 85321

8 Michael J. De La Cruz
9 Assistant Attorney General
10 1275 West Washington
Phoenix, AZ 85007

11 Sara M. Begley, Deputy Director
John D. Gagne, Assistant Director
12 Maureen Catalioto, Supervisor
Donna Futrell, Investigator
13 Arizona Department of Insurance
2910 North 44th Street, Suite 210
14 Phoenix, AZ 85018

15 Lewis Kowal
Administrative Law Judge
16 Office of Administrative Hearings
1700 West Washington, Suite 602
17 West Wing, Capitol Tower
Phoenix, AZ 85007

18 A courtesy copy of this Notice of Hearing has been mailed/delivered to the persons listed below.
19 If you are listed below, you will receive no further notices or documents concerning this matter other

20
21
22
23

1 than the Director's final order. Information about the status of this matter, including whether the hearing
2 date has been changed, may be obtained by contacting the Department of Insurance at (602) 912-8454.

3 Colonial Insurance Company of Wisconsin
4 P.O. Box 182109
5 5525 Park Center Circle
6 Columbus, OH 43218-2109

7 
8 Curvey Walters Burton
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

FEB 3 1999

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

DEPT. OF INSURANCE
BY CB

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

In the Matter of:)
)
DEBORAH JEAN BAGGETT)
)
Respondent.)
_____)

No. 98A-211-INS

**FINDINGS OF FACT, CONCLUSIONS
OF LAW AND ORDER**

On December 30, 1998, the Arizona Department of Insurance ("Department") issued an Order Summarily Suspending Licenses and Notice of Hearing ("Notice") in the above-captioned matter, a copy of which is attached and incorporated herein by this reference. The Notice required Respondent Deborah Jean Baggett ("Respondent") 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, Respondent has failed to file an answer. On February 1, 1999, counsel for the Department filed a Request for Default, and Proposed Findings of Fact, Conclusions of Law and Order. As of this date, Respondent has not responded to the Department's request. Pursuant to A.A.C. R20-6-106(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.

FINDINGS OF FACT

1. Notice was proper.
2. Respondent is in default.
3. The allegations in the Notice of Hearing are deemed admitted.

CONCLUSIONS OF LAW

1. The conduct alleged in the Notice constitutes grounds for the Director to suspend, revoke or refuse to renew Respondent's licenses to transact insurance in Arizona, pursuant to A.R.S. §20-316(A).

PAY TO THE ORDER OF ANY BANK
FOR DEPOSIT ONLY

FEB 03 1999

STATE TREASURER OF ARIZONA
INSURANCE DEPARTMENT

1 Gerrie L. Marks, Executive Assistant for Regulatory Affairs
John Gagne, Assistant Director
2 Donna D. Futrell, Investigator
Maureen Catalioto, Supervisor
3 Department of Insurance
2910 N. 44th Street, Suite 210
4 Phoenix, AZ 85018

5 Randy W. Niles
Office of Administrative Hearings
6 1700 West Washington, Suite 602
Phoenix, Arizona 85007

7 Deborah Jean Baggett
8 1021 Jefferson Avenue
Ajo, AZ 85321
9 Respondent

10 Deborah Jean Baggett
410 Estrella
11 Ajo, AZ 85321
Respondent

12 Deborah Jean Baggett
13 3641 Hwy 85
Ajo, AZ 85321

14 Colonial Insurance Company of Wisconsin
15 P.O. Box 182109
5525 Park Center Circle
16 Columbus, OH 43218-2109

17 
18 53781 [CPA99004]

19
20
21
22
23
24
25
26

NOTICE OF HEARING

1
2 PLEASE TAKE NOTICE, that pursuant to the provision of A.R.S. §§20-161 through and
3 including 20-165, and A.R.S. Title 41, the above-captioned matter will be heard before the Director of
4 the Director's duly designated representative, on Tuesday, the 16th day of February, 1999, at 9:00 a.m.,
5 at the Office of Administrative Hearings, 1700 West Washington, Capitol Tower, West Wing, Suite 602,
6 Phoenix, Arizona (the "Hearing").

7 Motions to continue this matter shall be made in writing to the Administrative Law Judge named
8 herein, not less than five (5) business days prior to the date set for hearing. A copy of any motion to
9 continue shall be mailed or hand-delivered to the opposing party on the same date of filing with the
10 Office of Administrative Hearings.

11 A.R.S. §20-164(B) entitles any person affected by the Hearing to appear in person and by
12 counsel, to be present during the giving of all evidence, to have a reasonable opportunity to inspect all
13 documentary evidence, to examine witnesses, to present supporting evidence, and to have subpoenas
14 issued by the Director to compel attendance of witnesses and production of evidence.

15 If Respondent is represented by counsel, the attorney shall be licensed to practice law in the state
16 of Arizona, or, if the Respondent is an insurer, it may be represented by a corporate officer, pursuant to
17 A.R.S. §20-161(B).

18 Pursuant to A.R.S. §41-1092.07(D), a clear and accurate record of the proceedings will be made
19 by a court reporter or by electronic means. Any party that requests a transcript of the proceedings shall
20 pay the cost of the transcript to the court reporter or other transcriber.

1 Questions concerning issues raised in this Notice of Hearing should be directed to Assistant
2 Attorney General Michael J. De La Cruz, (602) 542-3702, 1275 West Washington Street, Phoenix,
3 Arizona 85007.

4 NOTICE OF APPLICABLE RULES

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

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

20 PERSONS WITH DISABILITIES MAY REQUEST REASONABLE ACCOMMODATIONS
21 SUCH AS INTERPRETERS, ALTERNATIVE FORMATS, OR ASSISTANCE WITH PHYSICAL
22 ACCESSIBILITY. REQUEST FOR ACCOMMODATIONS SHOULD BE MADE AS EARLY AS
23

1 POSSIBLE TO ALLOW TIME TO ARRANGE THE ACCOMMODATIONS. IF YOU REQUIRE
2 ACCOMMODATIONS, PLEASE CONTACT THE OFFICE OF ADMINISTRATIVE HEARINGS AT
3 542-9826.

4 The allegations supporting this Notice of Hearing are as follows:

5 1. Respondent holds, and at all material times held, a license to transact property and
6 casualty insurance business in the state of Arizona, license number 50155. The license expires effective
7 December 31, 1998.

8 2. Respondent resides in Ajo, Arizona, which is located on the border of Mexico.
9 Respondent's primary transaction of business under her license was selling tourists Mexican auto
10 insurance for their brief trips into Mexico. Respondent managed a combination insurance office/ "Mr.
11 Burger" restaurant, from which she sold the insurance.

12 3. Respondent frequently secured insurance for these consumers by asking them to pay with
13 credit or debit cards. Respondent had contracts with two credit card companies -- Novus and Delta Card
14 Service. Respondent had a credit card machine with an account established under the name of Arizona
15 Mexico Insurance Services ("AMI") and she was the sole signatory on the account. In fact, Respondent
16 was an independent contractor for John Stathis and his d.b.a. is Arizona Mexico Insurance. Respondent
17 did not have Stathis' permission to open any account using his d.b.a.

18 4. The money generated by the credit card charges was deposited to Respondent's AMI
19 account. Respondent wrote checks for personal use from this account, including a check dated October
20 14, 1998, for \$5,343.61, which was the down payment for a home in which Respondent now resides.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

COUNT I

5. On May 22, 1998, James Christian purchased a three day Mexican auto insurance policy from Respondent. Christian used his VISA debit card to pay the \$29.00 premium. This amount was paid in full in May 1998.

6. In October 1998, Christian received his Norwest bank statement that includes purchases on his VISA debit card. A \$29.00 debit on October 1 and a \$92.00 debit on October 8 to AMI appeared on Christian's statement. Christian did not purchase additional Mexican auto insurance on these dates nor did he authorize additional debits from his account.

COUNT II

7. On December 26, 1997, Fred J. Walhof purchased a four day Mexican auto insurance policy from Respondent. The insurance was purchased at "Mr. Burger" from Palm Insurance of Arizona, an unregistered d.b.a. briefly used by Respondent. Walhof used his VISA credit card to pay the \$23.35 premium. This amount was paid in full in January 1998.

8. In November 1998, Walhof received his VISA statement. The November bill reflected a \$123.35 charge from AMI on October 10, 1998. Walhof did not purchase additional Mexican auto insurance on this date nor did he authorize additional charges to his account.

COUNT III

9. On October 24, 1997, Joleen Richardson-Hall purchased a Mexican auto insurance policy from Respondent at "Mr. Burger". Richardson-Hall used her Wells Fargo CheckCard to pay the \$33.48 premium. This amount was paid in full in October 1997.

1 COPY of the foregoing mailed/hand-delivered
this 30th day of December, 1998, to:

2 Deborah Jean Baggett
3 1021 Jefferson Avenue
Ajo, AZ 85321

4 Deborah Jean Baggett
5 410 Estrella
Ajo, AZ 85321

6 Deborah Jean Baggett
7 3641 Hwy 85
Ajo, AZ 85321

8 Michael J. De La Cruz
9 Assistant Attorney General
10 1275 West Washington
Phoenix, AZ 85007

11 Sara M. Begley, Deputy Director
John D. Gagne, Assistant Director
12 Maureen Catalioto, Supervisor
Donna Futrell, Investigator
13 Arizona Department of Insurance
2910 North 44th Street, Suite 210
14 Phoenix, AZ 85018


15 Lewis Kowal
Administrative Law Judge
16 Office of Administrative Hearings
1700 West Washington, Suite 602
17 West Wing, Capitol Tower
Phoenix, AZ 85007

18 A courtesy copy of this Notice of Hearing has been mailed/delivered to the persons listed below.
19 If you are listed below, you will receive no further notices or documents concerning this matter other

20
21
22
23

1 than the Director's final order. Information about the status of this matter, including whether the hearing
date has been changed, may be obtained by contacting the Department of Insurance at (602) 912-8454.

2 Colonial Insurance Company of Wisconsin
3 P.O. Box 182109
4 5525 Park Center Circle
Columbus, OH 43218-2109

5 
6 Curvey Walters Burton

7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23