


AUG 22 1995

DEPARTMENT OF INSURANCE
By 

1 6565c
2 CPA95-087

3 STATE OF ARIZONA
4 DEPARTMENT OF INSURANCE

5	In the Matter of:)	
6	GARY VEARL SANDERS, dba)	No. 95-078
7	SANDERS BROKERAGE SERVICE,)	
8	Respondent.)	CONSENT ORDER

9 An Order Summarily Suspending Licenses and Notice of
10 Hearing was issued by the Director ("Director") of the
11 Department on April 21, 1995, wherein the Department made
12 certain allegations of violations of A.R.S. Title 20 committed
13 by Respondent. On or about May 3, 1995, an Amended Notice of
14 Hearing Upon Summary Suspension of Licenses was issued by the
15 Director of the Department. Respondent has been advised of his
16 rights to a hearing in this matter, which he waives.

17 Respondent admits the following Findings of Fact are
18 true and consents to the entry of the following Conclusions of
19 Law and Order.

20 FINDINGS OF FACT

21 1. Respondent Gary Vearl Sanders ("Sanders") is
22 presently, and was at all times material to this Notice,
23 licensed as a resident life and disability insurance agent,
24 property and casualty broker and surplus lines broker holding
25 license number 435657. At all times material, Sanders was
26 doing business as Sanders Brokerage Services.

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COUNT I

2. On or about June 24, 1994, Golseth and Gregson Insurance Agency ("G & G") received an application for insurance from Lohmans Automotive ("Lohmans") for an insurance policy for underground storage tanks located on their property.

3. On or about August 16, 1994, G & G obtained a quote from Sanders Brokerage Services for coverage of the underground storage tanks through the brokerage of Sedgwick James of Pennsylvania, Inc. ("Sedgwick") in the amount of \$1,612.50.

4. On or about August 25, 1994, G & G forwarded Lohmans' insurance application and a G & G check in the amount of \$1,612.50 to Sanders for insurance coverage for the underground storage tanks through Sedgwick.

5. Sanders failed to forward Lohmans application and premium to Sedgwick.

6. To date, Sanders has failed to return Lohmans' premium.

COUNT II

7. On or about March 23, 1994, G & G received an application for insurance from Pantano Exxon ("Pantano") for an insurance policy for underground storage tanks located on their property.

8. On or about April 5, 1994, G & G obtained a quote from Sanders Brokerage Services for coverage of the underground storage tanks through Sedgwick in the amount of \$1,800.00.

1 number UST6064590. That policy was ultimately cancelled for
2 nonpayment of premium.

3 18. Sanders failed to forward HRH's premium to
4 Sedgwick.

5 19. To date, Sanders has failed to return Tuba City's
6 premium.

7 COUNT IV

8 20. On or about April 27, 1994, Policy Writers
9 Insurance Agency ("Policy Writers") received an application for
10 insurance from Apache Sands Automotive ("Apache") for an
11 insurance policy for underground storage tanks located on their
12 property.

13 21. Policy Writers obtained a quote from Sanders
14 Brokerage Services for coverage of the underground storage
15 tanks through Sedgwick in the amount of \$7,019.37.

16 22. On or about August 18, 1994, Policy Writers
17 forwarded Apache's insurance application and a Policy Writers'
18 check in the amount of \$7,019.37 to Sanders for insurance
19 coverage for the underground storage tanks through Sedgwick.

20 23. Sanders failed to forward Apache's application
21 and premium to Sedgwick.

22 24. To date, Sanders has failed to return Apache's
23 premium.

24 Count V

25 25. On or about July 1994, Acordia of Arizona
26 ("Acordia") obtained a quote from Respondent on behalf of Lake

1 Havasu Marina ("Marina") for an insurance policy for
2 underground storage tanks located on their property.

3 26. Acordia obtained a quote from Sanders Brokerage
4 Services for coverage of the underground storage tanks in the
5 amount of \$5,845.25.

6 27. Sanders failed to forward Marina's application
7 and premium to the insurer.

8 28. To date, Sanders has failed to return Marina's
9 premium.

10 COUNT VI

11 29. On or about January 20, 1995, Sanders appeared at
12 the Department pursuant to a Subpoena to provide a statement
13 under oath regarding the complaints described above.

14 30. During the statement under oath, Sanders failed
15 to account for the applications and/or premium funds described
16 in Counts I through IV above.

17 31. Subsequently, the Department ordered Sanders to
18 produce his bank account numbers by January 25, 1995. Sanders
19 failed to produce the bank account numbers as ordered.

20 32. On or about February 1, 1995, the Department
21 issued a Subpoena for the production of the bank account
22 numbers and ordered Sanders to provide the information to the
23 Department by February 19, 1995. To date, Sanders has failed
24 to produce the requested information.

25 COUNT VII

26 33. On or about March 16, 1995, the Colorado

1 Department of Insurance issued a Cease and Desist Order against
2 Sanders Brokerage Services, Gary Sanders and others for the
3 marketing and sale of unauthorized workers compensation
4 insurance products which constituted the unauthorized
5 transaction of insurance in Colorado, in violation of
6 §§ 10-3-105 and 10-3-903, C.R.S. (1994).

7 COUNT VIII

8 34. On or before March 1, 1995, Sanders was required
9 to file an annual statement reflecting all surplus line
10 insurance transacted by him during the calendar year of 1994.
11 Sanders failed to file an annual statement as required by
12 A.R.S. § 20-415.

13 35. On or before March 1, 1994, Sanders was required
14 to remit to the state treasurer, through the Director, a three
15 percent (3%) tax on the premiums, exclusive of sums collected
16 to cover federal and state taxes and examination fees, on
17 surplus line insurance subject to tax transacted by him during
18 the calendar year of 1994, as shown by his annual statement
19 filed with the Director, pursuant to A.R.S. § 20-416 (the
20 "surplus line tax").

21 36. Respondent knowingly failed to file the required
22 surplus line broker's annual statement and remit the surplus
23 line tax, as required by A.R.S. §§ 20-415 and 20-416.

24 COUNT IX

25 37. On or about June 3, 1988, a Notice of Hearing of
26 Suspension or Revocation of Surplus Line Broker's License and

1 Fine (the "Notice") was filed In the Matter of Gary V. Sanders,
2 Arizona Department of Insurance No. 6700. In the Notice, the
3 Department alleged that Sanders failed to timely file his 1986
4 annual statement and remit his 1986 premium tax with the
5 Director on or before March 2, 1987 as required by A.R.S.
6 §§ 20-415 and 20-416.

7 38. On or about November 29, 1988, a hearing was held
8 In the Matter of Gary V. Sanders, Arizona Department of
9 Insurance No. 6700.

10 39. On or about December 27, 1988, the Director
11 entered an Order with Findings of Facts and Conclusions of Law
12 filed by the Hearing Officer, In the Matter of Gary V. Sanders,
13 Arizona Department of Insurance No. 6700. In the Findings of
14 Fact and Conclusions of Law, the Hearing Officer found that
15 Sanders failed to timely file his 1986 annual statement and
16 remit his 1986 premium tax with the Director on or before
17 March 2, 1987. Subsequently, the Director ordered Sanders to
18 pay a civil penalty in the amount of \$1,740 and that his
19 surplus lines license be suspended for a period of five
20 continuous business days beginning January 23, 1989.

21 COUNT X

22 40. On or about July 5, 1989 Sanders submitted proof
23 of a surplus line broker bond, through State Surety Company,
24 bond #1023154, ("bond") in favor of the State of Arizona, in
25 the amount of \$20,000.00.

26 41. On or about July 5, 1990 the bond was cancelled

1 by State Surety Company.

2 42. Respondent failed to replace and maintain the
3 bond in violation of A.R.S. § 20-411(C).

4 CONCLUSIONS OF LAW

5 1. The Director has jurisdiction over this matter.

6 2. The above Findings of Fact constitute conclusions
7 of law as applicable.

8 3. Sander's conduct described above constitutes a
9 record of dishonesty in business or financial matters under
10 A.R.S. § 20-290(B)(2).

11 4. Sanders' conduct described above constitutes the
12 existence of any cause for which original issuance or any
13 renewal of an insurance license could have been refused such
14 that Sanders' licenses may be suspended or revoked under A.R.S.
15 § 20-316(A)(1), together with 20-290(B)(2).

16 5. Sanders' conduct described above constitutes a
17 wilful violation of, or wilful noncompliance with, any
18 provision of A.R.S. Title 20 or any lawful rule, regulation or
19 order of the Director, within the meaning of A.R.S.
20 § 20-316(A)(2).

21 6. Sanders' conduct alleged above constitutes
22 misappropriation or conversion to his own use or illegal
23 withholding of monies belonging to policyholders, insurers,
24 beneficiaries or others and received in or during the conduct
25 of business under the license or through its use, in violation
26 of A.R.S. § 20-316(A)(4).

1 7. Sanders has a record of suspension or revocation
2 of an insurance license in any jurisdiction, in violation of
3 A.R.S. § 20-316(A)(5).

4 8. Sanders' conduct described above constitutes a
5 conduct of affairs under his license showing him to be
6 incompetent or a source of injury and loss to the public or any
7 insurer, in violation of A.R.S. § 20-316(A)(7).

8 9. Sanders' failure to file the required surplus
9 line broker's annual statement and remit the surplus line tax
10 constitute violations of A.R.S. §§ 20-418 and 20-417.

11 10. Sanders' failure to replace and maintain a
12 surplus lines broker bond constitutes a violation of A.R.S.
13 § 20-411(C).

14 ORDER

15 NOW, THEREFORE, IT IS ORDERED:

16 1. All insurance licenses held by Respondent shall
17 be revoked upon the entry of this Consent Order.

18 2. Respondent shall deliver his original licenses to
19 the licensing section of the Department within 5 days of entry
20 of this order pursuant to A.R.S. § 20-317(C).

21 3. Respondent shall be liable for restitution in the
22 amounts and to the agencies set forth below. Respondent shall
23 provide acceptable proof of payment of the restitution to the
24 Department within 60 days of entry of this consent order.
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a.	Golseth and Gregson	\$3,225.00
b.	Hilb Rogal & Hamilton	4,837.50
c.	Policy Writers Insurance Agency	7,019.37
d.	Acordia of Arizona	5,845.25
	TOTAL	\$20,927.12

4. Respondent shall remit surplus line tax to the Department in the amount of \$23,786.36 for surplus line insurance transacted by him during the calendar year of 1994.

5. The hearing set for August 2, 1995 at 9:00 a.m. is vacated by entry of this order.

DATED this 22nd day of August, 1995


CHRIS HERSTAM, Director
Arizona Department of Insurance

CONSENT TO ORDER

1. The undersigned acknowledges that he has read the foregoing Findings of Fact, Conclusions of Law and Order and is aware of his right to an administrative hearing in these matters and waives same.

2. The undersigned admits the jurisdiction of the Department and admits the foregoing Findings of Fact and consents to the foregoing Conclusions of Law and Order.

3. The undersigned states that no promises were made to him to induce him to enter into this Consent Order and declares that he has entered into this Consent Order voluntarily.

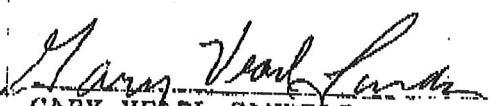
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4. The undersigned acknowledges that acceptance of this Consent Order is for the purpose of settling this litigation as against him and does not preclude the Department or any other agency or officer of this State, or subdivisions thereof, from instituting other civil or criminal proceedings as may be appropriate now or in the future.

5. The undersigned waives all rights to challenge these Findings of Fact, Conclusions of Law and Order in any way or otherwise, and agrees to be bound by the foregoing Order.

GARY VEARL SANDERS, aka
SANDERS BROKERAGE SERVICE

Date: 8-1-95


GARY VEARL SANDERS, Respondent

COPY of the foregoing mailed this
22nd day of August, 1995, to:

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