

STATE OF ARIZONA

STATE OF ARIZONA
FILED

DEPARTMENT OF INSURANCE

JUL 16 1998

DEPT. OF INSURANCE
BY Kash

In the Matter of:)
)
CHARLES NICKLOY MEESE dba)
A & N INSURANCE SERVICES,)
)
Respondent.)
_____)

Docket No. 98A-050-INS

ORDER

On July 6, 1998, the Office of Administrative Hearings, through Administrative Law Judge Lewis D. Kowal submitted Recommended Decision of Administrative Law Judge ("Recommended Decision"), a copy of which is attached and incorporated by this reference. The Director of the Arizona Department of Insurance has reviewed the Recommended Decision and enters the following order:

1. The recommended findings of fact and conclusions of law are adopted.
2. All insurance licenses held by Charles Nickloy Meese are revoked.

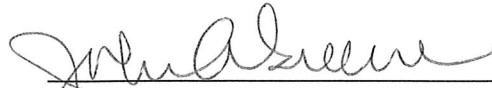
NOTIFICATION OF RIGHTS

The aggrieved party may request a rehearing with respect to this Order by filing a written petition with the Office of Administrative Hearings within 30 days of the date of this Order, setting forth the basis for such relief pursuant to A.A.C. R20-6-114(B).

The final decision of the Director may be appealed to the Superior Court of Maricopa County for judicial review pursuant to A.R.S. § 20-166. A party filing an appeal must notify the Office of

1 Administrative Hearings of the appeal within ten days after filing the complaint commencing the appeal,
2 pursuant to A.R.S. § 41-1092.10.

3 DATED this 15 of ~~June~~^{July}, 1998

4
5 
6 John A. Greene
7 Director of Insurance

8
9 A copy of the foregoing mailed
10 this 16 day of ~~June~~^{July}, 1998

11 Charles R. Cohen, Deputy Director
12 Gregory Y. Harris, Executive Assistant Director
13 John Gagne, Assistant Director
14 Catherine O'Neil, Assistant Director
15 Arnold Sniegowski, Investigations Supervisor
16 Maureen Catalioto, Supervisor
17 Department of Insurance
18 2910 N. 44th Street, Suite 210
19 Phoenix, AZ 85018

20 Office of Administrative Hearings
21 1700 W. Washington, Suite 602
22 Phoenix, AZ 85007

23 Michael J. De La Cruz
Assistant Attorney General
1275 W. Washington
Phoenix, AZ 85007

Charles Meese
2400 E. Baseline
Apache Junction, AZ 85219

Charles Meese
Insurance Strategies
5025 S. Ash Street
Tempe, AZ 85285

1 John Deere Insurance Company
3400 80th Street
2 Moline, IL 61265

3 Fireman's Fund Insurance Company
P.O. Box 33819
4 Phoenix, AZ 85067-3819

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Kathy Lender

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IN THE OFFICE OF ADMINISTRATIVE HEARINGS

In the Matter of:

No. 98A-050-INS

**CHARLES NICKLOY MEESE dba
A & N INSURANCE SERVICES,**

Respondent.

**RECOMMENDED DECISION
OF ADMINISTRATIVE
LAW JUDGE**

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HEARING: June 18, 1998

APPEARANCES: Assistant Attorney General Michael J. De La Cruz on behalf
of the Arizona Department of Insurance; Charles Nickloy Meese on his own behalf

ADMINISTRATIVE LAW JUDGE: Lewis D. Kowal

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1. At all times material to this matter, Respondent Charles Nickloy Meese ("Mr. Meese") was and is currently licensed as a property and casualty insurance agent and broker doing business as A&N Insurance Services ("A&N").
 2. On December 13, 1994, while acting as a sub-producer for Transurance Brokerage Services, Inc. ("Transurance"), Mr. Meese requested that Transurance bind motor vehicle liability coverage with Scottsdale Insurance Company ("Scottsdale Insurance") on behalf of A-1 Airport Transportation, Inc. doing business as A-1 Shuttle Service ("A-1").
 3. At all times material to this matter, Transurance had a contract with Colonial General Insurance Agency, Inc. ("Colonial"), the general agent for Scottsdale Insurance, and had authority to bind motor vehicle liability coverage with Scottsdale Insurance.
 4. As a result of Mr. Meese's request, Transurance bound insurance coverage for A-1 through Scottsdale Insurance with coverage effective December 13, 1994. Mr. Meese received from A-1 the sum of \$2,749.20 as a down payment on the premium owed to

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Phoenix, Arizona 85007
(602) 542-9826

1 Scottsdale Insurance. That money was deposited into Mr. Meese's premium trust
2 account . The balance of the premium was financed through Premium Financing
3 Specialists at the request of Mr. Meese.

4 5. During the time when Mr. Meese was acting as a subproducer for Transurance, the
5 evidence established that Transurance maintained Mr. Meese's financial business
6 records and prepared applications and financing agreements for Mr. Meese. That
7 arrangement involved Mr. Meese being responsible for obtaining the information
8 needed to complete those documents, obtain appropriate signatures and premium
9 payments which were remitted to Transurance.

10 6. The evidence of record established that due to a change in the number and type of
11 vehicles A-1 requested to be covered under the Scottsdale Insurance policy, a number
12 of endorsements were made which resulted in a change of the actual premium owed on
13 that policy.

14 7. It is undisputed that despite repeated requests made to Mr. Meese by Transurance,
15 Mr. Meese failed to forward the above-mentioned down payment to Transurance or
16 Scottsdale Insurance and, instead, maintained that money in the above-mentioned trust
17 account.

18 8. Transurance was contractually obligated to remit A-1's down payment to Colonial
19 General and did so.

20 9. On March 1, 1995, Transurance notified Mr. Meese that if it did not receive A-1's
21 down payment owed on the Scottsdale Insurance policy, it would take action to cancel
22 that policy.

23 10. As a result of Transurance not having received A-1's down payment from Mr.
24 Meese, Scottsdale Insurance issued a Notice of Cancellation for A-1 for non-payment
25 of premium and cancelled the insurance policy on March 19, 1995.

26 11. On November 7, 1995, Transurance filed a civil complaint against Mr. Meese in the
27 Scottsdale Justice Court, Transurance Brokerage Services, Inc. v. Charles Meese,
28 Case No. CV95-05172-RA ("Case No. CV 95-05172-RA") to collect the down payment
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1 Mr. Meese owed in the amount of \$1,838.71.

2 12. On September 4, 1996, a Default Judgment was entered against Mr. Meese in
3 Case No. CV 95-05172-RA in the amount of \$1,907.98. Subsequently, Mr. Meese
4 made two payments to Transurance and satisfied the above-mentioned judgment.

5 13. During the hearing, Mr. Meese admitted that he owed the above-mentioned down
6 payment to Transurance and did not present any defense to not having remitted that
7 amount to Transurance other than his contention that Transurance owed him monies.
8 However, even in maintaining that Transurance owed him monies, Mr. Meese admitted
9 that he received A-1's premium down payment, that he requested that Transurance
10 bind A-1 with motor vehicle liability insurance and that the down payment should have
11 been remitted to Transurance.

12 14. During the hearing, Mr. Meese contended that he was not conducting the business
13 of insurance for A-1 in his personal capacity but that A& N was a corporate entity
14 licensed by the Arizona Department of Insurance (the "Department"). Therefore, Mr.
15 Meese maintained that the corporate entity is the appropriate respondent to have been
16 named in this proceeding.

17 15. Arnold Sniegowski, a Supervisor of the Investigation Unit of the Department,
18 credibly testified that he conducted a search of the Department's licensing records
19 which does not contain any insurance license having ever been issued to A& N as a
20 corporation.

21 16. On July 16, 1996, Mr. Meese filed applications to renew his property and casualty
22 insurance agent and broker license (the "Renewal Applications") with the Department.

23 17. Mr. Meese answered "No" to Section IV, Question G of the Renewal Applications,
24 which asked "ARE ANY criminal, civil, administrative or other judicial or quasi-judicial
25 proceedings of any kind currently pending against you IN ANY jurisdiction?"

26 18. In the Renewal Applications, Mr. Meese failed to disclose that the above-
27 mentioned civil proceeding was pending against him.

28 19. Mr. Meese represented that the reason for such non-disclosure was that he forgot
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1 about that proceeding. According to Mr. Meese, at the time of completion the Renewal
2 Applications, Mr. Meese was in the process of moving his residence from Show Low to
3 Apache Junction and that the Court documents relating to Case No. CV 95-05172-RA
4 were lost.

5 20. On cross-examination, Mr. Meese testified that he had not had any disciplinary
6 action taken against any of his insurance licenses issued in this state or elsewhere.
7 However, the evidence shows that Mr. Meese had his insurance agent licenses revoked
8 in Nevada and Arizona and that previously his Arizona insurance agent license had
9 been suspended. Under the circumstances, the testimony provided by Mr. Meese as
10 set forth above, is determined not to be credible.

11 CONCLUSIONS OF LAW

12 1. Mr. Meese's conduct as set forth above constitutes a wilful violation of, or wilful
13 noncompliance with, any provision of A.R.S., Title 20, or any lawful rule, regulation or
14 order of the Director of the Department (the "Director") in violation of A.R.S. §20-
15 316(A)(2).

16 2. Mr. Meese's conduct as set forth above, constitutes the misappropriation or
17 conversion to his own use or illegal withholding of monies belonging to policyholders,
18 insurers, beneficiaries or others and received in or during the conduct of business
19 under the license or through its use in violation of A.R.S. §20-316(A)(4).

20 3. Mr. Meese's conduct as set forth above constitutes a conduct of affairs under his
21 insurance license showing him to be incompetent or a source of injury and loss to, or
22 repeated complaint by, the public or any insurer within the meaning of A.R.S. §20-
23 316(A)(7).

24 4. Mr. Meese' conduct as set forth above, constitutes the existence of
25 misrepresentation or fraud in obtaining or attempting to obtain any insurance license in
26 violation of A.R.S. §20-316(A)(3).

27 5. The evidence of record is insufficient to establish that Mr. Meese acted knowingly
28 with intent to defraud or diverted or attempted or conspired to divert the monies of an
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1 insurer in connection with the transaction of insurance within the meaning of A.R.S §20-
2 463(A)(4).

3 6. The conduct of Mr. Meese as set forth above, constitutes grounds for the Director to
4 suspend, revoke or refuse to renew Mr. Meese's insurance licenses and impose a civil
5 penalty upon him pursuant to A.R.S. §§20-316(A) and 20-316(C).

6 **RECOMMENDED ORDER**

7 Based on the above, it is recommended that the Director revoke all insurance
8 licenses that were issued to Charles Nickloy Meese by the Arizona Department of
9 Insurance.

10 Done this day, July 6, 1998.

11 

12 Lewis D. Kowal
13 Administrative Law Judge

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15 Original transmitted by mail this
16 7 day of July, 1998, to:

17 Mr. John A. Greene, Director
18 Department of Insurance
19 2910 North 44th Street, Ste. 210
20 Phoenix, AZ 85018

21 Attention: Curvey Burton

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23
24 By Chris Crawford Thomason
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