

OCT 25 1995

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPARTMENT OF INSURANCE  
By *[Signature]*

In the Matter of )  
 )  
 **MARVIN SCHALLMAN,** )  
 )  
 Applicant. )  
 \_\_\_\_\_ )

Docket No. 95-173

**ORDER**

On October 19, 1995, a hearing took place in the above-referenced matter. Assistant Attorney General Hugh Hegyi appeared on behalf of the Arizona Department of Insurance ("Department"). Applicant Marvin Schallman ("Mr. Schallman") did not appear at the hearing.

Based upon the entire record, including all pleadings, motions, testimony, and exhibits, Administrative Law Judge Lewis D. Kowal prepared the following Findings of Fact, Conclusions of Law, and Order for consideration and approval by the Director of the Department (the "Director"). The Director adopts and enters the following Findings of Fact, Conclusions of Law and enters the following Order:

**FINDINGS OF FACT**

1. On June 13, 1995, Mr. Schallman submitted to the Department an application for an individual life and disability insurance agent license ("the Application").
2. On July 11, 1995, the Department denied the Application.
3. On July 28, 1995, Mr. Schallman filed with the Department a timely request for hearing.
4. In this proceeding, Mr. Schallman had the burden of proof to demonstrate his qualifications to have the

1 Application granted and for the issuance of an individual life  
2 and disability insurance agent license.

3 5. In Section F, questions number 2 and 3 of the  
4 Application, Mr. Schallman disclosed that he had pled guilty to  
5 three felonies.

6 6. On August 31, 1976, Mr. Schallman was indicted by  
7 the Grand Jury on a ninety-five count indictment (the  
8 "Indictment") in the case of the State of Arizona v. Marvin  
9 Schallman, Maricopa County Superior Court, State of Arizona,  
10 Case Number CR94-231 SGJ ("CR94-231").

11 7. On August 22, 1977, in CR94-231, Mr. Schallman  
12 pled guilty to Count 7 of the Indictment, A.R.S. §44-2066.03,  
13 Sale of Real Property Securities by Unlicensed Dealer, a Felony,  
14 Count 28 of the Indictment, A.R.S. §44-1841, Sale of Unregistered  
15 Securities, a Felony, and Count 60 of the Indictment, A.R.S.  
16 §44-1991, Securities Fraud, a Felony.

17 8. Within Count 60 of the Indictment in CR94-231,  
18 Mr. Schallman pled guilty to the first eight paragraphs of Count  
19 One including Paragraphs 5(e) which alleged that Mr. Schallman  
20 falsely and fraudulently misrepresented and overstated certain  
21 financial statements and reports of Combined Equity Assurance  
22 Company which he filed with the Department.

23 9. On February 7, 1978, based upon Mr. Schallman's  
24 Plea Agreement in CR94-231, Mr. Schallman was sentenced to not  
25 less than six nor more than seven years at the Arizona State  
26 Prison.

27 10. At the hearing, there was no showing made by Mr.  
28 Schallman as to why the Application should be granted. Mr.

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Schallman failed to prove that he qualifies for the issuance of an insurance license.

CONCLUSIONS OF LAW

1. Mr. Schallman received notice of this proceeding as prescribed by A.R.S. §§20-163 and 41-1061.

2. The Director has jurisdiction over this matter pursuant to A.R.S. §§20-161 and 20-290.

3. Moral turpitude is defined as acts adversely reflecting one's honesty, integrity or personal values. Dean v. Dolny, 161 Ariz. 297, 778 P.2d 1193 (Ariz. 1984).

4. Mr. Schallman's criminal conviction in CR94-231 constitutes a record of conviction by final judgment of a felony involving moral turpitude within the meaning of A.R.S. §20-290(B)(6) and supports the Department's denial of Mr. Schallman's June 13, 1995 license application.

5. Mr. Schallman did not meet his burden of proof and failed to establish his qualifications for the issuance of an insurance license.

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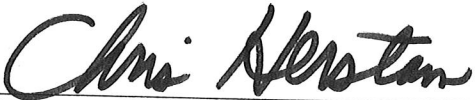
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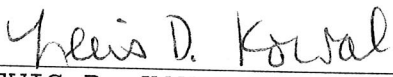
ORDER

IT IS ORDERED:

Denying the application for a life and disability insurance agent license Applicant Marvin Schallman submitted to the Arizona Department of Insurance on June 13, 1995.

EFFECTIVE this 25th day of October, 1995.

  
CHRIS HERSTAM  
Director of Insurance

  
LEWIS D. KOWAL  
Chief Administrative Law Judge

NOTIFICATION OF RIGHTS

The aggrieved party may request a rehearing with respect to this Order by filing a written petition with the Administrative Law Division 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.

COPY of the foregoing mailed/delivered this 25th day of October, 1995, to:

Charles R. Cohen, Deputy Director  
Gregory Y. Harris, Executive Assistant Director  
Maureen Catalioto, Supervisor, Licensing  
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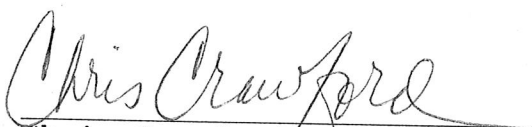
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Chris Crawford