

OCT 30 1992

DEPARTMENT OF INSURANCE
By Aut.

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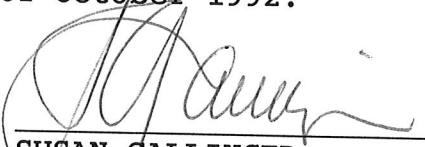
STATE OF ARIZONA
DEPARTMENT OF INSURANCE

In the Matter of:)	
GREGORY W. NAYLOR dba)	No. 7893
SUN CITY ASSOCIATION FOR RETIRED)	
CITIZENS)	ORDER SUMMARILY SUSPENDING
)	LICENSE AND NOTICE OF
Respondents.)	OPPORTUNITY FOR HEARING

The Department of Insurance ("Department") alleging below that Respondent has violated the provisions of A.R.S. Title 20, and the Director of Insurance ("Director") finding that the public health, safety and welfare imperatively require emergency action;

IT IS HEREBY ORDERED summarily suspending Respondent's Arizona insurance license, effective immediately, pending the proceedings for revocation commenced this date.

DATED this 30th day of October 1992.



SUSAN GALLINGER
Director of Insurance

Pursuant to Titles 20 and 41 of the Arizona Revised Statutes, Respondent is hereby notified that the Department alleges the following grounds to suspend, revoke or refuse to renew Respondent's insurance license, and that Respondent is entitled to request a hearing to contest said allegations. Such a request must be in writing and received at the following address within thirty (30) days from the date hereof:

1
2 Arizona Department of Insurance
3 Hearing Division
4 3030 North Third Street, Suite 1100
5 Phoenix, Arizona 85012

6 Upon receipt of a timely written request for hearing, the
7 Director will issue a statement setting the time and place of the
8 hearing. If no timely written request for hearing is received,
9 the Director will enter the following allegations as findings of
10 fact and conclusions of law, and will order the revocation of
11 Respondent's insurance license together with appropriate civil
12 penalties and restitution as allowed by the law.

13 The Department alleges:

14 1. Gregory W. Naylor ("Respondent") is currently
15 licensed as a life and health insurance agent in the State of
16 Arizona (License No. 519251).

17 COUNT I

18 2. Respondent, at all material times, operated under
19 the name Sun City Association for Retired Citizens ("Sun City
20 Association"). Respondent failed to file a Certificate of
21 Assumed Business Name with the Department for the Sun City
22 Association as required by A.R.S. § 20-318.

23 Count II

24 3. On November 16, 1989 Respondent received check #237
25 in the amount of \$20,000 from Vance and Margaret Plank ("Plank")
26 to purchase a single premium annuity from Travelers Insurance
Company of Hartford ("Travelers").

4. Respondent gave the Plank's a "policy" with a

1
2 Travelers cover sheet. Respondent represented that the "policy"
3 was with the Sun City Association but fully insured by Travelers.

4 5. Respondent never obtained the annuity and instead
5 endorsed and cashed the Plank's check and misappropriated and/or
6 converted the funds to his own use.

7 COUNT III

8 6. On November 20, 1989 Respondent received a check in
9 the amount of \$21,000 from Wilma Nixon ("Nixon") to purchase a
10 single premium annuity from Travelers.

11 7. Respondent gave Nixon a "policy" with the Travelers
12 cover sheet. Respondent represented that the "policy" was with
13 the Sun City Association but fully insured by Travelers.

14 8. Respondent never purchased the annuity on behalf of
15 Nixon from the Travelers but instead endorsed and cashed her
16 check and misappropriated and/or converted the funds to his own
17 use.

18 COUNT IV

19 9. On August 29, 1989 Respondent received from Barbara
20 Domres ("Domres") a certified check in the amount of \$17,000 to
21 purchase a single premium annuity from Equitable Life Insurance
22 Company ("Equitable").

23 10. Under the agreement with Respondent, Domres
24 received monthly cash payments of interest in the amount of
25 \$133.00. Bank records indicate that deposits had been made to
26 Domres account in cash and had not been deposited by Equitable.

1
2 11. Respondent gave Domres a "single premium
3 certificate" under the name of Sun City Association.

4 12. Respondent failed to purchase the annuity on
5 behalf of Domres and instead cashed the check and
6 misappropriated and/or converted the funds to his own use.

7 COUNT V

8 13. On December 18, 1989 Respondent received a check
9 in the amount of \$30,000 from Ruth and Fred Nickell ("Nickell")
10 to purchase a single premium annuity from Travelers.

11 14. Respondent failed to purchase the annuity from
12 Travelers and instead cashed the check and misappropriated
13 and/or converted the funds to his own use.

14 COUNT VI

15 15. On December 18, 1989 Respondent received a check
16 in the amount of \$11,049.60 from Verna and Robert Williams
17 ("Williams") to purchase a single premium annuity from
18 Travelers.

19 16. Respondent failed to purchase the annuity on
20 behalf of the Williams' and instead cashed the check and
21 misappropriated and/or converted the funds to his own use.

22 COUNT VII

23 17. On July 31, 1991 Respondent entered into various
24 contracts with Frieda C. Lennoye and Frieda M. Lennoye. Some
25 of these contracts purported to be for the purchase of single
26 premium annuities from Travelers. Some of these contracts were
for the purchase of sports memorabilia through the Sun City

1 Association. Respondent guaranteed the Lennoye's a return
2 interest rate of at least 12%. Both of the Lennoye's paid
3 \$15,000 each on three contracts of \$5,000.00 each. Respondent
4 received a total of \$30,000.00 from the Lennoye's.
5

6 18. Respondent never purchased any annuities on
7 behalf of either of the Lennoyes. Respondent misappropriated
8 and/or converted the funds to his own use.

9 COUNT VIII

10 19. On October 5, 1988 Respondent received a check in
11 the amount of \$10,000 from Rolline Weiler ("Weiler") to
12 purchase a single premium annuity from Fidelity Bankers Life
13 ("Fidelity"). This check was made payable to the Sun City
14 Association. Respondent failed to give Weiler a copy of the
15 policy.

16 20. In August of 1992 Weiler received a statement
17 from the Midland Mutual Life Company ("Midland") for the period
18 of August 1981 through August 1982 showing the activity on her
19 annuity account.

20 21. Weiler never filled out an application for,
21 purchased, or gave anyone authority to purchase, a Midland
22 annuity in her name. Weiler never signed an application for a
23 Midland policy.

24 22. Respondent misappropriated or converted to his
25 own use Weiler's \$10,000 from October 1988 until August 1,
26 1991. Weiler received no interest on her funds during that
time period.

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2 23. Respondent's conduct described above constitutes
3 the existence of any cause for which original issuance or any
4 renewal of an insurance license could have been refused such
5 that Respondent's license may be suspended or revoked under
6 A.R.S. § 20-316(A)(1), together with 20-290(B)(2).

7 24. Respondent's above-alleged conduct constitutes
8 misappropriation, conversion or illegal withholding of monies
9 belonging to policyholders, insurers, beneficiaries or others,
10 in violation of A.R.S. § 20-316(A)(4).

11 25. Respondent's conduct described above constitutes
12 a conduct of affairs under his license showing him to be
13 incompetent or a source of injury and loss to the public or any
14 insurer, in violation of A.R.S. § 20-316(A)(7).

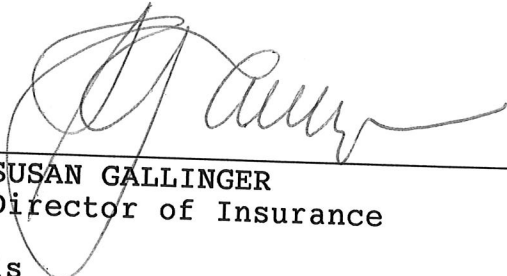
15 26. Respondent's conduct described above constitutes
16 a misrepresentation of the terms of any policy issued or to be
17 issued or the benefits or advantages promised or the dividends
18 or share of the surplus to be received in violation of A.R.S.
19 § 20-443.

20 27. Respondent's conduct described above constitutes
21 a use of any name or title of any policy or class of policies
22 misrepresenting the true nature of such policy in violation of
23 A.R.S. § 20-443(4).

24 WHEREFORE, if and Naylor does not request a hearing to
25 contest the above allegations, or if after hearing the Director
26 makes a finding of one or more of the above-alleged violations,
she may suspend, revoke or refuse to renew Naylor's insurance

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2 license, impose civil penalties and order restitution, pursuant
3 to A.R.S. §§ 20-290(B), 20-316(A) and 20-316(C). The Director
4 may further after hearing, order Naylor to cease and desist
5 from any proscribed acts or practices and impose civil
6 penalties, pursuant to A.R.S. § 20-456.

7 DATED in Phoenix, Arizona this 26th day of October,
8 1992.

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11 _____
12 SUSAN GALLINGER
13 Director of Insurance

14 COPY of the foregoing mailed this
15 30th day of October, 1992, to:

16 Kathryn Leonard
17 Assistant Attorney General
18 1275 West Washington, Room 259
19 Phoenix, Arizona 85007

20 Joseph M. Hennelly, Jr., Deputy Director
21 Maureen Catalioto, Supervisor
22 Jay Rubin, Assistant Director
23 Department of Insurance
24 3030 North Third Street, Suite 1100
25 Phoenix, Arizona 85012

26 Gregory Naylor
16436 N. Ponderosa Dr.
Glendale, AZ 85306

Sun City Association for Retired Citizens
10147 West Grand Ave.
Sun City, AZ 85351

Rolline Weiler
10102 Denham Drive
Sun City, AZ 85351

Barbara Domres
12831 Seville Drive
Sun City, AZ 85375

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Wilma Nixon
10157 Palmer Drive
Sun City, AZ 85351

Vance & Margaret Plank
11025 Connecticut Ave.
Sun City, AZ 85351

Frieda C. Lennoye
14202 Purple Sage Ct.
Sun City, AZ 85351

Frieda M. Lennoye
14202 Purple Sage Ct.
Sun City, AZ 85351

Anna Jellz
8807C