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State of Idaho
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FILED

SEP 17 2014

Department of Insurance
State of Idaho

Attorneys for the Department of Insurance

BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE

STATE OF IDAHO

STATE OF IDAHO, DEPARTMENT OF
INSURANCE,

Complainant,

vs.

JOHN PAUL GUTSCHLAG, SR.,
Non-Resident Producer License No. 30492,

Respondent.

Docket No. 18-2959-14

**ORDER OF DEFAULT REVOKING
NON-RESIDENT PRODUCER
LICENSE**

The Director of the Idaho Department of Insurance ("Director") has reviewed the record of the above-captioned case. Respondent John Paul Gutschlag, Sr., has been lawfully served the Verified Complaint and Notice of Right to Hearing, a copy of which is attached hereto as Exhibit A. As evidenced from the Affidavit of Brandon Karpen, Gutschlag has failed to file an answer to the Complaint and failed to request a hearing. Accordingly, having found that Gutschlag has waived his rights regarding the opportunity for hearing,

IT IS HEREBY ORDERED that Non-Resident Producer License No. 30492 issued to John Paul Gutschlag, Sr., is hereby REVOKED. Gutschlag shall immediately return Non-Resident Producer License No. 30492 to the Idaho Department of Insurance, P.O. Box 83720, Boise, Idaho 83720-0043.

IT IS SO ORDERED.

DATED this 16TH day of September, 2014.

STATE OF IDAHO
DEPARTMENT OF INSURANCE


WILLIAM W. DEAL
Director

NOTIFICATION REGARDING REPORTABLE PROCEEDINGS

This is considered a reportable administrative proceeding. As such, it is a public record and is public information that may be disclosed to other states and reported to companies of which you are actively appointed. This information will be reported to the National Association of Insurance Commissioners (NAIC) and will appear in the Idaho Department of Insurance's online searchable database. Be aware that this proceeding must be disclosed on any license application and must be reported to any and all states in which you hold an insurance license.

NOTIFICATION OF RIGHTS

This constitutes a final order of the agency. Any party may file a motion for reconsideration of this final order within fourteen (14) days of the service date of this order. The agency will dispose of the petition for reconsideration within twenty-one (21) days of its receipt, or the petition will be considered denied by operation of law. *See Idaho Code § 67-5246(4).*

Pursuant to Idaho Code §§ 67-5270 and 67-5272, any party aggrieved by this final order may appeal it by filing a petition for judicial review in the district court of the county in which: (1) the hearing was held; or (2) the final agency action was taken; or (3) the aggrieved party resides or operates its principal place of business in Idaho; or (4) the real property or personal property that was the subject of the agency decision is located. An appeal must be filed within twenty-eight (28) days of: (a) the service date of this final order, or (b) an order denying a petition for reconsideration, or (c) the failure within twenty-one (21) days to grant or deny a petition for reconsideration, whichever is later. See Idaho Code § 67-5273. The filing of a petition for judicial review to the district court does not itself stay the effectiveness or enforcement of the order under appeal.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that, on this 17th day of September, 2014, I caused a true and correct copy of the foregoing ORDER OF DEFAULT REVOKING NON-RESIDENT PRODUCER LICENSE to be served upon the following by the designated means:

John Paul Gutschlag, Sr.
6629 Rockridge Trail
Aubrey, TX 76227-7092


- first class mail
- certified mail
- hand delivery
- via facsimile



Teresa Jones

LAWRENCE G. WASDEN
Attorney General

BRANDON KARPEN, ISB No. 7956
Deputy Attorney General
State of Idaho
Department of Insurance
700 W. State Street, 3rd Floor
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AUG 21 2014

Department of Insurance
State of Idaho

Attorneys for the Department of Insurance

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STATE OF IDAHO

STATE OF IDAHO, DEPARTMENT OF
INSURANCE,

Complainant,

vs.

JOHN PAUL GUTSCHLAG, SR., Non-
Resident Producer License No. 30492,

Respondent.

Docket No. 18-2959-14

**VERIFIED COMPLAINT AND
NOTICE OF RIGHT TO HEARING**

COMES NOW the State of Idaho, Department of Insurance (“Department”), by and through its undersigned counsel, to complain and allege as follows:

JURISDICTION

1. Jurisdiction is founded in the Idaho Insurance Code, Idaho Code § 41-101 *et seq.*, including Idaho Code § 41-1016, which authorizes the Department to initiate a contested case against an Idaho-licensed insurance producer, seeking revocation of an insurance producer’s

EXHIBIT

A

license, as well as the imposition of administrative penalties.

2. Jurisdiction is also proper pursuant to Idaho Code § 41-213, which authorizes the Department to institute such proceedings as deemed necessary for the enforcement of any provision of the Idaho insurance code.

RESPONDENT

3. JOHN PAUL GUTSCHLAG, SR., is a licensed insurance producer, currently holding Idaho Non-resident Insurance Producer License No. 30492. The license was issued on September 11, 1992, and expires March 31, 2015. Department records reflect that Gutschlag was formerly a resident producer in the state of Texas, where he voluntarily surrendered his license.

FACTUAL ALLEGATIONS

4. On April 8, 2013, Gutschlag was indicted in the United States District Court for the Western District of Virginia (Case No. 1:13-cr-00015-JPM, Dkt. No. 5). The indictment alleged that Gutschlag had “devised a scheme to defraud colleges and universities, as well as students ... by providing false and fraudulent claims reports and other misrepresentations designed to ... personally enrich John Paul Gutschlag, Sr., and his confederates....”

5. In the indictment, the United States Attorneys Office for the District of Virginia charged Gutschlag with 57 felonies, including racketeering, conspiracy, wire fraud, mail fraud, money laundering, and a forfeiture claim.

6. On May 21, 2014, Gutschlag pled guilty to conspiracy to violate the Racketeering Act and to two counts of money laundering by engaging in monetary transactions involving property derived from wire and mail fraud, and was ordered to pay \$1.2 million in restitution.

7. On May 27, 2014, Gutschlag voluntarily surrendered his insurance license in his home state of Texas.

8. On June 24, 2014, the State of Florida revoked Gutschlag's non-resident insurance license.

COUNT ONE: VIOLATION OF IDAHO CODE § 41-1016(1)(f)

9. Paragraphs 1-8 are re-alleged as if set forth in full.

10. Idaho Code § 41-1016(1)(f) states that a violation of the insurance code occurs by “[b]eing convicted of or pleading guilty to any felony, or to a misdemeanor which evidences bad moral character, dishonesty, a lack of integrity and financial responsibility, or an unfitness and inability to provide acceptable service to the consuming public.”

11. Gutschlag's felony guilty plea is a direct violation of Idaho Code § 41-1016(1)(f), and gives the Department cause to seek an order revoking Gutschlag's license.

COUNT TWO: VIOLATION OF IDAHO CODE § 41-1016(1)(i)

12. Paragraphs 1-12 are re-alleged as if set forth in full.

13. Idaho Code § 41-1016(1)(i) permits the Department to seek an order that suspends or revokes the license of any producer who has had “an insurance license denied, suspended or revoked in any other state, providence, district or territory.”

14. The revocation of Gutschlag's insurance license in Florida is in violation of Idaho Code § 41-1016(1)(i), and gives the Department cause to seek an order that revokes Gutschlag's non-resident license.

COUNT THREE: VIOLATION OF IDAHO CODE § 41-1016(1)(b)

15. Paragraphs 1-15 are re-alleged as if set forth in full.

16. Idaho Code § 41-1016(1)(b) states that violation of “any provision of title 41, Idaho Code, department rule, subpoena or order of the director or of another state's insurance director” authorizes the Department to seek an order that revokes the license of any producer.

17. Idaho Code § 41-1009(1)(a) requires all non-resident insurance producers to be “currently licensed as a resident and in good standing in his or her home state.”

18. Gutschlag is not currently licensed by his claimed home state of Texas, in violation of Idaho Code § 41-1009(1)(a).

19. Gutschlag’s failure to comply with Idaho Code § 41-1009(1)(a) is in violation of Idaho Code § 41-1016(1)(b), which gives the Department cause to seek an order that suspends or revokes Respondent’s non-resident license.

REQUEST FOR RELIEF

Based upon the foregoing facts and allegations, the Department prays for entry of an order revoking Gutschlag’s non-resident insurance producer license.

NOTICE OF RIGHT TO A HEARING

Pursuant to Idaho Code § 41-232A(2), prior to revocation, Respondent has the right to a hearing on this matter. In order to exercise this right, a written request for a hearing, including the basis for objecting to revocation, must be filed and served upon the Department within 21 days after service of this Complaint. Failure to file and serve a written request for a hearing upon the Department within the 21-day time period shall be deemed a waiver of the opportunity for a hearing and to contest the allegations in the Complaint, pursuant to Idaho Code § 41-232A(2).

Any written request for a hearing shall be served on the Director of the Idaho Department of Insurance, addressed as follows:

William W. Deal, Director
Idaho Department of Insurance
P.O. Box 83720
Boise, ID 83720-0043


A copy shall also be provided to the Department’s counsel in this matter, Brandon Karpen, Deputy Attorney General, at the following address:

Brandon Karpen
Deputy Attorney General
Idaho Department of Insurance
P.O. Box 83720
Boise, ID 83720-0043

In lieu of a hearing, this matter may be resolved by negotiation, stipulation, agreed settlement, or consent order, pursuant to Idaho Code § 67-5241. Should you wish to discuss these options, please contact the undersigned deputy attorney general. If Respondent fails to submit a timely written response to the allegations within 21 days of the service of this complaint, a final order will be entered imposing the relief described above.

DATED this 21st day of August, 2014.

OFFICE OF THE ATTORNEY GENERAL


By: BRANDON KARPEN
Deputy Attorney General
Attorney for the Department of Insurance

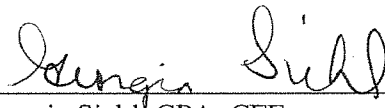
VERIFICATION

STATE OF IDAHO)
 : ss.
County of Ada)

Georgia Siehl, Bureau Chief, Company Activities, for the Department of Insurance, State of Idaho, being first duly sworn, deposes and says:

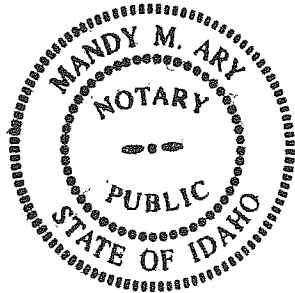
I have read the foregoing Verified Complaint and Notice of Right to Hearing and know the contents thereof, and the same are true to the best of my knowledge and belief and based on the records of the Department.

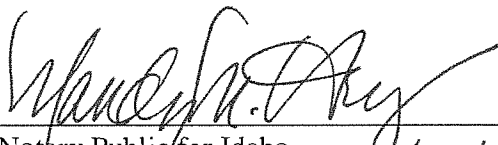
DATED this 21 day of August, 2014.



Georgia Siehl, CPA, CFE
Bureau Chief / Chief Examiner
Idaho Department of Insurance

SUBSCRIBED AND SWORN to before me this 21st day of August, 2014.





Notary Public for Idaho
My commission expires on 7/24/2018

IDAHO CODE § 41-232A CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have, on this 21st day of August, 2014, and in compliance with Idaho Code § 41-232A, caused a true and correct copy of the foregoing VERIFIED COMPLAINT AND NOTICE OF RIGHT TO HEARING to be served upon the following by the designated means:

John Paul Gutschlag, Sr.
6496 Lebanon Rd.
Frisco, TX 75034-6741

- first class mail
- certified mail
- hand delivery
- via facsimile

John Paul Gutschlag, Sr.
6629 Rockridge Trail
Aubrey, TX 76227-7092

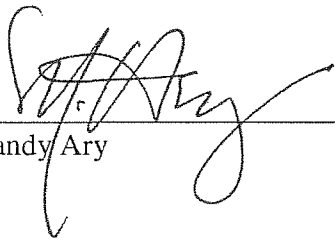
- first class mail
- certified mail
- hand delivery
- via facsimile

Life Insurance Company of North America
Two Liberty Place
1601 Chestnut St
Philadelphia, PA 19192-2362

- first class mail
- certified mail
- hand delivery
- via facsimile

Time Insurance Company
501 W Michigan St
Milwaukee, WI 53203

- first class mail
- certified mail
- hand delivery
- via facsimile



Mandy Ary