

STATE OF ILLINOIS



Department of Financial and Professional Regulation Division of Insurance

IN THE MATTER OF THE
REVOCAION OF LICENSING
AUTHORITY OF:

JOSE R. GONZALES
14047 SMITH RD.
LOCKPORT, IL 60441

and

LA MEXICANA INSURANCE AGENCY
3315 WEST 55TH STREET
CHICAGO, IL 60632

ORDER OF REVOCATION

I, Michael T. McRaith, Director of Insurance, Illinois Department of Financial and Professional Regulation, Division of Insurance, hereby revoke the license of Jose R. Gonzales (Licensee) and the license of La Mexicana Insurance Agency (Business Entity) to take effect 30 days from the date of mailing of this Order pursuant to Section 500-70 of the Illinois Insurance Code (215 ILCS 5/500-70).

Based upon an investigation and review of the Licensee and the Business Entity by the Producer Section of the Division of Insurance, the Director alleges that:

- A. The Business Entity and the Licensee collected \$4,197.59 in premiums from five consumers and failed to forward the monies or applications to the carriers.

The Business Entity and the Licensee improperly withheld premium monies, which are required to be held in a fiduciary capacity in violation of Section 500-115(a) of the Illinois Insurance Code (215 ILCS 5/500-115(a)), which is a ground for revocation pursuant to Section 500-70(a)(4) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(4)).

By the above action, the Business Entity and Licensee have violated an Illinois insurance law which is a ground for revocation pursuant to Section 500-70(a)(2) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(2)) and have demonstrated incompetence, untrustworthiness and financial irresponsibility which are grounds for revocation pursuant to Section 500-70(a)(8) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(8)).

- B. A review of the canceled checks from the Premium Fund Trust Account #5200663291 at the LaSalle Bank N.A., for the period of March 1, 2004, to December 31, 2004, revealed that the Business Entity and Licensee issued 18 improper disbursements from the PFTA totaling \$6,112.00 in violation of 50 Ill. Adm. Code 3114.40(h).

By the above action, the Business Entity and Licensee have violated a rule of the Director which is a ground for revocation pursuant to Section 500-70(a)(2) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(2)) and have demonstrated incompetence, untrustworthiness and financial irresponsibility which are grounds for revocation pursuant to Section 500-70(a)(8) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(8)).

- C. As mentioned in B above, the Business Entity and the Licensee issued 18 improper disbursements, which included six checks that were issued for rent and three checks that were issued for car payments.

The Business Entity and the Licensee used the Premium Fund Trust Account as an operating account in violation of 50 Ill. Adm. Code 3113.40(i).

By the above action, the Business Entity and Licensee have violated a rule of the Director which is a ground for revocation pursuant to Section 500-70(a)(2) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(2)) and have demonstrated incompetence, untrustworthiness and financial irresponsibility which are grounds for revocation pursuant to Section 500-70(a)(8) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(8)).

- D. The examination determined that the Business Entity and Licensee maintained deposit slips with no consumers' name or policy number on it. The Business Entity and Licensee did not maintain the proper records to trace specific deposits.

The fiduciary review could not be performed because specific deposits could not be traced. The Business Entity and Licensee did not maintain books and records, which reflected all insurance transactions, specifically in regard to premiums and other monies received and deposited into the PFTA in violation of 50 Ill. Adm. Code 3113.50(a).

By the above action, the Business Entity and Licensee have violated a rule of the Director which is a ground for revocation pursuant to Section 500-70(a)(2) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(2)).

ance Code (215 ILCS 5/500-70(a)(2)) and have demonstrated incompetence, untrustworthiness and financial irresponsibility which are grounds for revocation pursuant to Section 500-70(a)(8) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(8)).

- E. The Business Entity and Licensee provided the Division of Insurance with some binders, which were used for the cash receipts register. The entry date begins at 03/02/04 to 07/07/04 then skips to 09/09/04 thru 12/22/04.

The cash receipts register included the date, name of the insured, and amount received. Most cash receipts did not give a policy number to where the cash receipts were applied.

By the failing to consistently maintain a cash receipts register the Business Entity and Licensee have violated 50 Ill. Adm. Code 3113.50(d).

By the above action, the Business Entity and Licensee have violated a rule of the Director which is a ground for revocation pursuant to Section 500-70(a)(2) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(2)) and have demonstrated incompetence, untrustworthiness and financial irresponsibility which are grounds for revocation pursuant to Section 500-70(a)(8) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(8)).

- F. The Business Entity and Licensee did not maintain a running balance in the check register nor was the balance reflected in the check stubs after every transaction. Additionally, the Division Examiner noted negative balances on 22 separate days in the Business Entity and Licensee's bank statements covering the time period of March 1, 2004 through December 31, 2004.

The Business Entity and the Licensee did not maintain a positive running balance in the check stubs after each entry in violation of 50 Ill. Adm. Code 3113.50(h).

By the above actions, the Business Entity and Licensee have violated a rule of the Director which is a ground for revocation pursuant to Section 500-70(a)(2) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(2)) and have demonstrated incompetence, untrustworthiness and financial irresponsibility which are grounds for revocation pursuant to Section 500-70(a)(8) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(8)).

- G. A review of the fiduciary account for the period of March 1, 2004, to December 31, 2004, revealed that the Business Entity and Licensee did not reconcile the financial institution account for the entire period.

By failing to prepare and maintain a monthly financial institution reconciliation of the PFTA the Business Entity and Licensee have violated 50 Ill. Adm. Code 3113.50(g).

By the above action, the Business Entity and Licensee have violated a rule of the Director which is a ground for revocation pursuant to Section 500-70(a)(2) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(2)) and have demonstrated incompetence, untrustworthiness and financial irresponsibility which are grounds for revocation pursuant to Section 500-70(a)(8) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(8)).

H. Documentation obtained during the examination revealed that the checks to the fiduciary account number 5200663291 were labeled LaMexicana Insurance.

By failing to properly designate the fiduciary account as Premium Fund Trust Account on the checks, the Business Entity and the Licensee have violated 50 Ill. Adm. Code 3113.40(b).

By the above action, the Business Entity and Licensee have violated a rule of the Director which is a ground for revocation pursuant to Section 500-70(a)(2) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(2) and have demonstrated incompetence, untrustworthiness and financial irresponsibility which are grounds for revocation pursuant to Section 500-70(a)(8) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(8)).

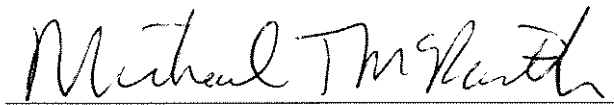
This Order of Revocation shall take effect 30 days from the date of mailing but shall be stayed if within the 30-day period a written request for hearing is filed with the Director. Any correspondence concerning this Order of Revocation shall be addressed to the Division of Insurance, Producer Section, 320 West Washington Street, Springfield, Illinois 62767-0001.

50 Ill. Adm. Code 2402 governs hearings before the Division of Insurance. Section 408(5)(a) of the Illinois Insurance Code (215 ILCS 5/408) and 50 Ill. Adm. Code 2402.270(d) provide that the costs of a hearing may be assessed against the parties.

DEPARTMENT OF FINANCIAL AND
PROFESSIONAL REGULATION of the State of
Illinois; DEAN MARTINEZ, ACTING
SECRETARY

DIVISION OF INSURANCE

Date: 10/27/05



Michael T. McRaith
Director of Insurance

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