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BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA
SAN FRANCISCO

In the Matter of Licenses and Licensing
Rights of

SAJJAD HUSSAIN SHAIKH, individually
and doing business as OUTSTANDING
SERVICES INSURANCE AGENCY, and
formerly doing business as YEAR 2000
INSURANCE SERVICES,

Respondent.

DECISION

File No: VA 1111 - AP

OAH No. L-2005090471

13 The attached Proposed Decision of Administrative Law Judge Christine C. McCall, dated
14 January 30, 2006, is hereby adopted by the Insurance Commissioner as his decision in this matter
15 and is ordered officially filed.

16 In accordance with Government Code section 11521, the following notice is provided to
17 you concerning reconsideration of this Decision. You may file a petition for reconsideration of
18 this Decision. However, the power to order reconsideration expires 30 days after the delivery or
19 mailing of a Decision to the Respondent, or on the date set by the Department as the effective
20 date of the Decision if that date occurs prior to the expiration of the 30-day period.

21 Petitions for reconsideration should be directed to:

22 Connie Perry
23 Deputy General Counsel
24 California Department of Insurance
45 Fremont Street, 23rd Floor
San Francisco, CA 94105

25 The Department may, but is not required to, grant a stay not to exceed 30 days for the
26 purpose of filing a petition for reconsideration. Any request for a stay must be filed within the
27 applicable time period set forth above.

28 If additional time is needed to evaluate a timely petition for reconsideration, the Department

1 may grant a stay of the expiration, for no more than 10 days and solely for the purpose of
2 considering the petition.

3 If no action is taken on a petition within the time allowed for ordering reconsideration, the
4 petition shall be deemed denied.

5 Please review the provisions of this Order and the attached Declaration of Service to
6 determine the time frames that are specifically applicable to you.

7 This Decision shall become effective thirty days from the date hereof.

8 IT IS SO ORDERED this 1st day of March, 2006.

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JOHN GARAMENDI
Insurance Commissioner

By Connie M. Perry
CONNIE M. PERRY
Deputy General Counsel

**BEFORE THE
INSURANCE COMMISSIONER OF THE
STATE OF CALIFORNIA**

**In the Matter of the Licenses
and Licensing Rights of:**

**SAJJAD HUSSAIN SHAIKH, individually,
Doing business as OUTSTANDING
SERVICES INSURANCE AGENCY, and
formerly doing business as YEAR 2000
INSURANCE SERVICES,**

Respondent.

Case No. VA 1111 - AP

OAH No. L2005090471

PROPOSED DECISION

This matter was heard by Christine C. McCall, Administrative Law Judge with the Office of Administrative Hearings, on January 6, 2006, in Los Angeles, California. The Complainant was represented by Harry J. LeVine, Staff Counsel for the Department of Insurance. Respondent Sajjad Hussain Shaikh was present and represented himself.

Oral and documentary evidence was received and argument was heard. The record was closed and the matter was submitted for decision on January 6, 2006.

FACTUAL FINDINGS

1. On August 4, 2005, Complainant John Garamendi filed the Accusation while acting in his official capacity as Insurance Commissioner of the State of California.

2. Respondent filed a Notice of Defense, requesting a hearing.

3. Respondent is licensed by the Insurance Commissioner to act as a fire and casualty broker-agent. Respondent has been so licensed since June 5, 1990.

4. On May 24, 2005, in the Superior Court for the State of California, County of Los Angeles, Case Number 5CR02443, entitled *The People of the State of California v. Sajjad Hussain Shaikh*, Respondent was convicted, on his plea of nolo contendere, of violating Penal Code section 470, subdivision (b) (unlawful forging of seal or handwriting), a misdemeanor.

5. Imposition of sentence was suspended and Respondent was placed on summary probation for three years and ordered to pay fines and penalties in the amount of \$1450 and restitution in the amount of \$1450. Respondent's probation is scheduled to end in May of 2008.

6. The facts and circumstances surrounding Respondent's conviction are as follows: Beginning in 1999 and continuing into 2003, Respondent entered into written agreements with five separate insurance companies. The agreements permitted Respondent to submit applications for property/casualty insurance in the capacity of a broker acting on behalf of applicants. Each of the agreements required Respondent to provide to the company evidence that he had professional liability insurance. To meet that obligation, Respondent provided a policy declaration page for a professional liability policy to each company with whom he had a contractual agreement. To each company, Respondent represented that the declarations page evidenced the existence of professional liability insurance that was then in effect. It was Respondent's intent to cause each insurance company to rely on the apparent genuineness of the declarations page in order that Respondent be allowed (or continue to be allowed) to submit applications for insurance. In fact, all of the declarations pages submitted by Respondent were false documents, and no insurance company had issued any professional liability policy for Respondent. In each instance, Respondent knew that the declarations pages were false documents and that he had no professional liability insurance coverage.

7. Notwithstanding his plea of nolo contendere, as set forth in Factual Finding 4, Respondent claimed in his testimony that he is innocent of all wrong-doing, the victim himself of another person's unscrupulous and criminal conduct, as follows: Respondent met "G.L." in 1999. She "knew" insurance and offered to secure for Respondent an errors and omissions (professional liability) policy at a very good price. G.L. required that Respondent pay in cash, \$300 to 400 every quarter, and she gave Respondent no receipt, no policy, and no claims information. In exchange for his cash payments, Respondent received nothing from G.L. but declarations pages. G.L. renewed Respondent's policy whenever necessary, always without any discussion with Respondent and with no documentation provided to Respondent save the declarations pages. Respondent had no knowledge that the declarations pages were fraudulent and no knowledge that he was not covered by a professional liability policy as required by his written contracts with the companies to whom he submitted applications. Indeed, according to Respondent, there was no way that he could have known that he was not insured because there was nothing to cause him to question the services G.L. was providing. Respondent asserts that he had no part in creating or forging the declarations pages. In sum, it is Respondent's statement that he did his best, but "mistakes happen." When Respondent learned, from the Department, that the declarations pages he had submitted over the course of four years were counterfeit, he made two telephone calls in an unsuccessful effort to locate G.L. Respondent has not seen or heard from G.L. in more than two years. Respondent pleaded guilty to the crime of forging only because an attorney would have been more costly than the fine to be imposed and because he could not prove his cash payments of insurance premiums to G.L.

8. Respondent's testimony, as set forth in Factual Finding 7, is not credible. Respondent has been a licensed insurance broker-agent for approximately fifteen years. It is not believable that he could have been deceived by the sham procurement of a professional liability policy in the irregular manner to which he testified.

9. A conviction "...stands as conclusive evidence of guilt of the offense charged." (*Arneson v. Fox (Dept. of Real Estate)* (1980) 28 Cal.3d 440, 449.) Thus, the fact of Respondent's conviction conclusively establishes that Respondent committed the elements of the crime.

10. Respondent offered no evidence at the hearing pertaining to mitigation and/or rehabilitation.

LEGAL CONCLUSIONS

1. Cause exists to suspend or revoke Respondent's licenses and licensing rights, pursuant to Insurance Code sections 1668, subdivision (a), and 1738, on grounds that Respondent's conduct, as set forth in Factual Finding 6, constitutes a pattern of false, misleading and improper conduct, and Respondent is therefore not qualified to hold a fire and casualty broker-agent license.

2. Cause exists to suspend or revoke Respondent's licenses and licensing rights, pursuant to Insurance Code sections 1668, subdivision (b), and 1738, on grounds that Respondent's conduct, as set forth in Factual Findings 4, 6 and 8, demonstrates that the holding of a fire and casualty broker-agent license by Respondent is against the public interest.

3. Cause exists to suspend or revoke Respondent's licenses and licensing rights, pursuant to Insurance Code sections 1668, subdivision (d), and 1738, on grounds that Respondent's conduct, as set forth in Factual Findings 4, 6 and 8, evidences that Respondent is not of good business reputation.

4. Cause exists to suspend or revoke Respondent's licenses and licensing rights, pursuant to Insurance Code sections 1668, subdivision (e), and 1738, on grounds that Respondent's conduct, as set forth in Factual Findings 4, 6 and 8, evidences that Respondent is lacking in integrity.

5. Cause exists to suspend or revoke Respondent's licenses and licensing rights, pursuant to Insurance Code sections 1668, subdivision (i), and 1738, on grounds that Respondent's conduct, as set forth in Factual Findings 4 and 6, evidences that Respondent has engaged in a fraudulent practice and has conducted business in a dishonest manner.

6. Cause exists to suspend or revoke Respondent's licenses and licensing rights, pursuant to Insurance Code sections 1668, subdivision (j), and 1738, on grounds that Respondent's conduct, as set forth in Factual Findings 4, 6 and 8, demonstrates untrustworthiness in the conduct of business.

7. Cause exists to suspend or revoke Respondent's licenses and licensing rights, pursuant to Insurance Code sections 1668, subdivision (k), and 1738, on grounds that Respondent has knowingly misrepresented the terms or effect of an insurance policy, as set forth in Factual Findings 4 and 6.

8. Given the seriousness of Respondent's actions and the lack of evidence in mitigation and/or rehabilitation, this case warrants the most stringent discipline.

ORDER

WHEREFORE, THE FOLLOWING ORDER is hereby made:

All licenses and licensing rights of Respondent, Sajjad Hussain Shaikh, are revoked.

DATED: January 30, 2006


CHRISTINE C. McCALL
Administrative Law Judge
Office of Administrative Hearings