STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION

In the Matter of **Robert L. Scharnhorst**	)	**FINAL ORDER**
	)	Case No. INS 04-09-012

History of the Proceeding

The Director of the Oregon Department of Consumer and Business Services (director) commenced this administrative proceeding, pursuant to Oregon Revised Statutes (ORS) 731.256, to take enforcement action against Robert L. Scharnhorst (Scharnhorst).

On 10/4/04, the director notified the party that they were entitled to a hearing pursuant to ORS 183.415.

The director did not receive a request for a hearing, and did not hold a hearing because the director determined that the record of the proceeding proved a *prima facie* case and no further evidence was needed.

Therefore, the director now makes the following final decision in this proceeding.

Findings of Fact and Conclusions of Law

Licensing Information

Scharnhorst has been licensed in Oregon as a nonresident insurance agent from 1/26/89 to 1/31/90, and since 2/8/94.

Convicted of Crime Pursuant to 18 U.S.C. §1033

Scharnhorst is subject to enforcement action pursuant to ORS 731.428(4) in one instance because of the following circumstances. ORS 731.428(4) requires the director to revoke, suspend, or refuse to renew, the Oregon insurance agent license issued to a person that has been convicted either (1) of a felony involving dishonesty or a breach of trust as defined in Oregon Administrative Rules (OAR) 836-071-0323(7), or (2) of a crime pursuant to 18 U.S.C. §1033, unless the person applies for and the director gives written consent for the person to engage in the business of insurance pursuant to ORS 731.428 and OAR 836-071-0323 *et seq*. On 8/10/04, Scharnhorst was convicted, based on a plea of guilty, by the United States District

Court, District of Idaho, in the criminal case entitled *United States vs. Robert Lloyd Scharnhorst*, number CR 04-073-S-EJL, of six counts of the crime of insurance fraud, a felony, pursuant to 18 U.S.C.§ 1033(b)(1)(b). Scharnhorst committed the above crime by executing a scheme, in a number of ways, to defraud insurance companies that he sold products on behalf of and his clients whom he sold insurance products to. Scharnhorst obtained approximately $353,000.00 by defrauding insurers and consumers. The director has not received from Scharnhorst an application for written consent to engage in the business of insurance and does not intend to issue any such consent.

Order

Pursuant to ORS 744.074(1) and 731.438(4), Scharnhorst's Oregon nonresident insurance agent license is revoked on the date of this order.

Notice of Right to Judicial Review

The party may have the right to appeal the order to the Oregon Court of Appeals pursuant to ORS 183.480 and 183.482. If a party wants to appeal the order, the party must file a petition for judicial review with the Court of Appeals within 60 days from the date this order was served on the party. If the order was personally delivered to a party, then the date of service is the day the party received the order. If the order was mailed to a party, then the date of service is the day the order was mailed to the party, not the day the party received the order. If a party does not file a petition for judicial review within the 60-day time period, then the party will loose the right to appeal this order. If a party appeals the order, the party should also send a copy of the petition to the Insurance Division.

Dated November 9, 2004

/s/ Joel Ario
Joel Ario
Administrator
Insurance Division
Department of Consumer and Business Services

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