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STATE OF VERMONT
DEPARTMENT OF FINANCIAL REGULATION

IN RE: John P. Gutschlag,)
VT License No. 84088) DOCKET NO. 14-087-I
)
)

DEFAULT JUDGMENT AND ORDER

Findings of Fact

1. John P. Gutschlag ("Respondent") is a licensed insurance producer, currently holding Vermont Non-resident Insurance Producer License No. 84088.

2. On April 8, 2013, Respondent 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 Respondent 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[.]"

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

4. On May 21, 2014, Respondent 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.

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

6. On May 29, 2014, Respondent voluntarily surrendered his non-resident insurance agent license in the Commonwealth of Virginia.

7. On June 18, 2014, the Florida Department of Financial Services revoked Respondent's non-resident insurance producer license.

8. On September 17, 2014, the Idaho Department of Insurance revoked Respondent's non-resident insurance producer license.

9. On October 21, 2014, the Insurance Division ("Division") served upon Respondent the Petition for Revocation of License and Notice of Right to Request Hearing in this action.

10. Respondent has not filed an answer to date.

11. The Division filed and served a Motion for Default Judgment on January 2, 2015.

Conclusions of Law

12. Respondent violated 8 V.S.A. § 4804(a)(3) by not complying with the insurance laws of Vermont or those of another state, including the laws of Virginia, Texas, Florida and Idaho; and for failing to report the administrative actions including the aforementioned revocations within 30 days pursuant to 8 V.S.A. § 4813o (a).

13. Respondent violated 8 V.S.A. § 4804(a)(5) by converting to his own use moneys belonging to others in the course of his insurance business.

14. Respondent violated 8 V.S.A. § 4804(a)(7) for conviction of a felony involving moral turpitude.

15. Respondent violated § 4804(a)(9) for using fraudulent, coercive or dishonest practices or showing himself in the conduct of his affairs to be incompetent, untrustworthy or financially irresponsible.

16. Respondent violated § 4804(a)(10) since his producer license(s) have been surrendered, suspended, or revoked in other states, including in Virginia, Texas, Florida and Idaho.

17. Respondent's violations of 8 V.S.A. §§ 4804(a)(3), (5), (7), (9) and (10) subjects Respondent to suspension or revocation in the State of Vermont. 8 V.S.A. § 4804(a) provides that the Commissioner may suspend, revoke or refuse to continue or renew any license issued under Chapter 131 of Title 8 if, after notice and opportunity for hearing, she finds that the Respondent is in violation of one or more applicable conditions listed under § 4804 (a).

18. Pursuant to 8 V.S.A. § 15 the Commissioner may issue orders necessary to the administration of and to carry out the purposes of Title 8 of the Vermont Statutes.

19. Respondent, pursuant to Section 5(a) of Regulation 82-1 (Revised) ("Regulation 82-1"), was required to file an answer no later than 30 days after the date of service of the petition in this contested case.

20. Section 12 of Regulation 82-1 provides that where a Respondent, against whom a pleading initiating a contested case has been properly served, fails to answer within the time period specified in Section 5(a) or fails to defend the charge, the Petitioner may move for a decision by default. The Commissioner may render a decision by default at any time after the passage of ten days from the date of filing and service of the motion for default, whereupon the Commissioner may issue any applicable order.

21. Section 5(b) of Regulation 82-1 provides that if a Respondent fails to serve an answer timely, the allegations contained in the pleading that initiated the contested case will be treated as proven and a default judgment may be entered as provided in Section 12 of this regulation.

22. Respondent has failed to respond to the Division's Motion for Default Judgment and ten (10) days has passed since the time of the filing and service of the motion.

ORDER


IT IS ORDERED THAT:

1. A Default Judgment is entered against Respondent pursuant to Section 12 of Regulation No. 82-1 and a decision by default is rendered.

2. The non-resident producer license of John P. Gutschlag #84088, is revoked, effective immediately.

3. Respondent shall, pursuant to 8 V.S.A. § 4806, forthwith deliver his license to the Department.

Dated at Montpelier, Vermont this 5th day of March, 2015.



Susan L. Donegan, Commissioner
Vermont Department of Financial Regulation