

**STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

Before the Director of the Department of Insurance and Financial Services

In the matter of:

AAAUTO Sales of Grand Rapids, Inc.
System ID No. 0104502

Enforcement Case No. 14-12225

Applicant.
_____ /

NOTICE OF DENIAL OF APPLICATION FOR AN INSTALLMENT SELLER LICENSE
AND
NOTICE OF OPPORTUNITY FOR HEARING

On or about July 10, 2014, AAAuto Sales of Grand Rapids, Inc. (Applicant) filed with the Department of Insurance and Financial Services (DIFS), an application for licensure as an installment seller pursuant to the Motor Vehicle Sales Finance Act (MVSFA), 1950 PA 27, as amended, MCL 492.101 *et seq.* AAAuto Sales of GR, Inc. dba AAAuto Sales of Grand Rapids, Inc. was licensed from February 28, 1994, to June 30, 2014, as an installment seller under the MVSFA. At all times, Alan Anderson served as the President of AAAuto Sales of GR, Inc. dba AAAuto Sales of Grand Rapids, Inc. AAAuto Sales of GR, Inc. dba AAAuto Sales of Grand Rapids, Inc. failed to renew its installment seller license and, consequently, DIFS inactivated the license. The former licensee reapplied as required, but under a different name. Alan Anderson again serves as the President of the new Applicant, AAAuto Sales of Grand Rapids, Inc.

Section 4 of the MVSFA, MCL 492.104, provides in pertinent part that:

- (1) A person shall file an application for a new or renewal license under this act in writing, under oath, and in the form prescribed by the administrator.
- (2) A complete license application shall contain all of the following:
 - (a) The name under which the business is conducted.
 - (b) The address of the principal place of business and of each other place of business, if more than 1.
 - (c) One of the following:
 - (i) The date and place of incorporation and the name and address of all officers and directors if the applicant is a corporation.
 - (ii) The name and residence address of the owner if the applicant is an individual owner or operating under an assumed name.
 - (iii) The name and residence address of all owners, partners, or members if the applicant is a partnership, association, or limited liability company.
 - (d) An appointment under subsection (3), if applicable.
 - (e) The bond required under section 5, if applicable.
 - (f) The license fee or fees required under section 5.
 - (g) Any other information the administrator requires.

Section 8a of the MVSFA, MCL 492.108(a) provides:

The administrator may reject any application for license or any application for renewal of a license if he is not satisfied that the financial responsibility and the general fitness of the applicant and of the owners, partners or members thereof, if the applicant be a partnership or association, and of the officers and directors, if the applicant be a corporation, are such as to warrant the belief that the business for which application for license is filed will be operated in accordance with the provisions of this act.

After conducting an investigation, the MVSFA vests in the Director broad discretion to determine whether an Applicant's officers and directors possess the financial responsibility and general fitness to warrant the belief that the business for which the application for licensure is filed will be operated in accordance with the provisions of the MVSFA. Prior to the issuance of a license, the MVSFA requires the Director to be satisfied that the Applicant's financial responsibility and general fitness warrant the belief that Applicant will conduct the business of an installment seller in accordance with the provisions of the MVSFA. Only after this positive finding must the Director issue a license. Pursuant to Section 8a of the MVSFA, DIFS Staff conducted an investigation of Applicant's financial responsibility and general fitness, and has reported the results of this investigation to the Director. Based upon information developed in the course of DIFS Staff's investigation, it is believed that the general fitness of the Applicant does not warrant the belief that Applicant, and its officers will comply with the law. Specifically, correspondence and documents reviewed during DIFS Staff's investigation revealed the following:

I.
REGULATORY ACTIONS AGAINST APPLICANT

Applicant disclosed, as part of its application, an enforcement action by the State of Michigan, Department of State. A Michigan Department of State investigation into Applicant's conduct revealed several allegations of creating fraudulent documents in order to obtain financing for consumers, including Applicant's employee. The Michigan Department of State and Applicant entered into a Probation Agreement on or about October 20, 2014. The Agreement provided that Applicant would be placed on probation for a period of 24 months, and must pay a fine in the amount of \$2,500. Applicant admitted to violating MCL 257.14, MCL 257.235(1), MCL 257.249d, MCL 257.251(2), and MCL 257.251(3) by engaging in the following conduct:

- a. Failing to maintain an established place of business as required by the Michigan Vehicle Code.
- b. Failing to have properly assigned titles in immediate possession.
- c. Committing fraudulent acts in connection with selling or otherwise dealing in vehicles.
- d. Failing to maintain the police book.
- e. Failing to properly complete RD-108 Applications for title and registration.

II.
APPLICANT'S FAILURE TO COMPLY WITH THE MICHIGAN VEHICLE CODE AND ITS FRAUDULENT CONDUCT IN VIOLATION OF THE MICHIGAN VEHICLE CODE

Applicant's failure to comply with the requirements of the Michigan Vehicle Code and its fraudulent acts in connection with selling or otherwise dealing in motor vehicles, does not allow the staff to make a positive finding for licensure under the MVSFA.

Based on the foregoing, and in the considered judgment of the Director, it is not possible to make an affirmative determination of Applicant's general fitness to be licensed under the MVSFA. To the contrary, the results of the DIFS investigation reflect adversely on Applicant's fitness to be licensed. Consequently, since circumstances exist which would warrant denial of the application, this application must be denied.

NOW THEREFORE, having given careful and deliberate consideration to this matter, Applicant's application for licensure as an installment seller of motor vehicles under installment sale contracts in the state of Michigan is DENIED. Since the application has been denied, Applicant is without authority to transact any business in the state of Michigan requiring licensure under the MVSFA.

III.
APPEAL

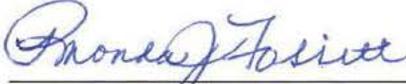
Section 8 of the MVSFA, MCL 492.108, provides in pertinent part that:

(b) Whenever the administrator rejects an application for license he shall mail a notice of such action to the applicant and the applicant may, within 30 days of the date of such notice, appeal from such action to the circuit court....

This Order of Denial is an administrative order subject to judicial review pursuant to the Michigan Constitution, MCL Const. Art. 6, § 28, and subject to the Revised Judicature Act, MCL 600.631.

DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

March 16, 2015
Date


Rhonda J. Fossitt, Senior Deputy Director