

STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Ali J. Hammoud
System ID No. 0645408

Enforcement Case No. 14-12243

Respondent.

_____ /

Issued and entered
on October 27, 2016
By Teri L. Morante
Chief Deputy Director

ORDER ACCEPTING STIPULATION

Based upon the Stipulation to Entry of Order and the files and records of the Department of Insurance and Financial Services (DIFS) in this matter, the Chief Deputy Director finds and concludes that:

1. Pursuant to Executive Order 2013-1, all authority, powers, duties, functions, and responsibilities of the Commissioner of the Office of Financial and Insurance Regulation (Commissioner) have been transferred to the Director of DIFS.
2. The Chief Deputy Director has jurisdiction and authority to adopt and issue this Order Accepting Stipulation in this proceeding pursuant to the Michigan Administrative Procedures Act of 1969 (APA), as amended, MCL 24.201 *et seq.*, and the Michigan Insurance Code of 1956 (Code), MCL 500.100 *et seq.*
3. All required notices have been issued in this case, and the notices and service thereof were appropriate and lawful in all respects.
4. Acceptance of the Stipulation to Entry of Order is reasonable and in the public interest.
5. All applicable provisions of the APA have been met.
6. At all relevant times, Ali J. Hammoud (Respondent) was a licensed resident insurance producer in the state of Michigan with qualifications in property and casualty since July 17, 2014, and his license is currently active. Respondent was appointed with State Farm Fire and Casualty Company and State Farm Mutual Automobile Insurance Company (State Farm).
7. On September 3, 2014, Respondent admitted, during a State Farm internal audit interview, to creating approximately 46 fictitious AAA Michigan letters of experience

(letters used to verify prior auto insurance coverage). Respondent admitted he knew the letters of prior insurance were fictitious at the time they were submitted to State Farm, but submitted the documents because he could not afford to miss his sales goals. At the conclusion of the interview, Respondent submitted a written confession stating that he was aware of what he was doing, but could not stop himself.

8. On or about September 12, 2014, State Farm's Internal Audit department completed its investigation, which confirmed that Respondent knowingly submitted fictitious letters of experience related to auto insurance policies from February through August of 2014.
9. On or about October 7, 2014, State Farm notified DIFS that Respondent's appointment as a licensed representative had been terminated for cause based on State Farm's findings that Respondent created and submitted "fraudulent proof of insurance on 60 plus auto policies."
10. As a licensee, Respondent knew or had reason to know that Section 1239(1)(h) of the Code, MCL 500.1239(1)(h), states that:

(1) In addition to any other powers under this act, the commissioner may place on probation, suspend, or revoke an insurance producer's license or may levy a civil fine under section 1244 or any combination of actions, and the commissioner shall refuse to issue a license under section 1205 or 1206a, for any 1 or more of the following causes:

(h) Using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.

11. Respondent has provided justification for sanctions, pursuant to Section 1239(1)(h) of the Code, MCL 500.1239(1)(h), by knowingly submitting fictitious verification letters related to auto insurance policies in order to meet sales goals.
12. Based upon the actions listed above, Respondent has committed acts that provide justification for the Director to order the payment of a civil fine, and/or other licensing sanctions, including revocation of licensure.

Now therefore, based upon the Stipulation to Entry of Order and the facts surrounding this case, **IT IS ORDERED THAT:**

13. Respondent cease and desist from operating in a manner that violates the Code.
14. Respondent cease and desist from all insurance activity.

15. Respondent's resident insurance producer license (System ID No. 0645408) is hereby REVOKED.
16. The Chief Deputy Director retains jurisdiction over the matters contained herein and has the authority to issue such further order(s) as shall be deemed just, necessary, and appropriate in accordance with the Code. Failure to abide by the terms and provisions of the Stipulation to Entry of Order and this Order may result in the commencement of additional proceedings.



Teri L. Morante
Chief Deputy Director

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

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Ali J. Hammoud
System ID No. 0645408

Enforcement Case No. 14-12243

Respondent.

_____ /

STIPULATION TO ENTRY OF ORDER

Ali J. Hammoud (Respondent) stipulates to the following:

1. On or about May 15, 2015, the Department of Insurance and Financial Services (DIFS) served Respondent with a Notice of Opportunity to Show Compliance (NOSC) alleging that Respondent violated provisions of the Insurance Code of 1956 (Code), MCL 500.100 *et seq.*
2. Respondent is a licensed resident insurance producer in the state of Michigan with qualifications in property and casualty since July 17, 2014, and his license is currently active. Respondent was appointed with State Farm Fire and Casualty Company and State Farm Mutual Automobile Insurance Company (State Farm).
3. On September 3, 2014, Respondent admitted, during a State Farm internal audit interview, to creating approximately 46 fictitious AAA Michigan letters of experience (letters used to verify prior auto insurance coverage). Respondent admitted he knew the letters of prior insurance were fictitious at the time they were submitted to State Farm, but submitted the documents because he could not afford to miss his sales goals. At the conclusion of the interview, Respondent submitted a written confession stating that he was aware of what he was doing, but could not stop himself.
4. On or about September 12, 2014, State Farm's Internal Audit department completed its investigation, which confirmed that Respondent knowingly submitted fictitious letters of experience related to auto insurance policies from February through August of 2014.
5. On or about October 7, 2014, State Farm notified DIFS that Respondent's appointment as a licensed representative had been terminated for cause based on State Farm's findings that Respondent created and submitted "fraudulent proof of insurance on 60 plus auto policies."
6. As a licensee, Respondent knew or had reason to know that Section 1239(1)(h) of the Code, MCL 500.1239(1)(h), states that:

(1) In addition to any other powers under this act, the commissioner may place on probation, suspend, or revoke an insurance producer's license or may levy a civil fine under section 1244 or any combination of actions, and the commissioner shall refuse to issue a license under section 1205 or 1206a, for any 1 or more of the following causes:

(h) Using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.

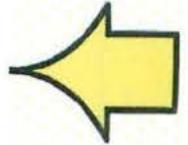
7. Respondent has provided justification for sanctions, pursuant to Section 1239(1)(h) of the Code, MCL 500.1239(1)(h), by knowingly submitting fictitious verification letters related to auto insurance policies in order to meet sales goals.
8. Based upon the actions listed above, Respondent has committed acts that provide justification for the Director to order revocation of licensure.
9. Respondent and DIFS conferred for the purpose of resolving this matter.
10. Respondent waives the right to an opportunity to show compliance pursuant to the Michigan Administrative Procedures Act (APA), MCL 24.201 *et seq.*
11. At all pertinent times, Respondent was licensed with DIFS as resident insurance producer pursuant to the Code.
12. All parties have complied with the procedural requirements of the APA and the Code.
13. Respondent agrees that he will cease and desist from operating in a manner that violates the Code and from all insurance activity.
14. Respondent's Michigan resident insurance producer license (System ID No. 0645408) shall be revoked.
15. Respondent has had an opportunity to review this Stipulation to Entry of Order and the proposed Order Accepting Stipulation and have the same reviewed by legal counsel.
16. Respondent understands and agrees that this Stipulation to Entry of Order will be presented to the Chief Deputy Director for approval.
17. The Chief Deputy Director may, in her sole discretion, decide to accept or reject this Stipulation to Entry of Order. If the Chief Deputy Director accepts the Stipulation to Entry of Order, Respondent waives the right to a hearing in this matter and consents to the entry of the Order Accepting Stipulation. If the Chief Deputy Director does not accept

the Stipulation to Entry of Order, Respondent waives any objection to the Director holding a formal administrative hearing and making her decision after such hearing.



Ali J. Hammoud
System ID No. 0645408

10-17-2016
Date



DIFS Staff approve this Stipulation and recommend that the Chief Deputy Director accept it and issue an Order Accepting Stipulation.



Conrad L. Tatnall (P69785)
DIFS Staff Attorney

10-25-16
Date