

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

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Desmond Garfield Francis,

Enforcement Case No. 13-11817

Respondent.

_____ /

Issued and entered,
this 16th day of September, 2013
by Annette E. Flood,
Chief Deputy Commissioner

**ORDER TO CEASE AND DESIST
WITH STATEMENT OF FINDINGS
AND
OPPORTUNITY FOR HEARING**

Pursuant to Section 251 of the Michigan Insurance Code (Code), MCL 500.251, and after reviewing evidence of the conduct described in the attached Statement of Findings; and

WHEREAS, 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 the Department of Insurance and Financial Services (Director).

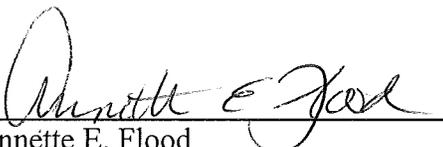
WHEREAS, the Director finds that immediate action is necessary and appropriate in the public interest for the protection of the public health, safety, and welfare and consistent with the purposes fairly intended by public policy and provisions of the Code;

IT IS THEREFORE ORDERED that:

1. The Respondent shall immediately **CEASE AND DESIST** from all activities in violation of the Code as described in the Statement of Findings.
2. A copy of this Order shall be immediately served upon Respondent. This Order shall be effective upon the date of service.
3. Respondent will have 30 calendar days after the service of this Order to contest it by requesting a hearing. Within 10 calendar days after receiving the request, the hearing

process shall commence. This Order shall remain in effect until further order of the Director. Any request for a hearing should be addressed to the Office of Financial and Insurance Regulation, Attention: Mary A. Hamilton, Hearings Clerk, P.O. Box 30220, Lansing, MI 48909-7720 or faxed to 517-373-1224.

4. Any such hearing held shall address the following issues:
 - a) The facts set forth in the Statement of Findings.
 - b) The continuation of the Order to Cease and Desist.
 - c) Restitution to be paid by the Respondent.
5. If a hearing is requested, an administrative law judge from the Michigan Administrative Hearing System shall preside over any such hearing.
6. The Director retains jurisdiction of the matters contained herein and the authority to issue such further Orders as shall be deemed just, necessary, and appropriate.
7. A person who violates or otherwise fails to comply with an Order to Cease and Desist is subject to one or more of the following:
 - a) Payment of a civil fine of not more than \$1,000 for each violation not to exceed an aggregate civil fine of \$30,000. However, if the person knew or reasonably should have known the conduct was in violation of the cease and desist order, the person shall be subject to a civil fine of not more than \$25,000 for each violation not to exceed an aggregate civil fine of \$250,000.
 - b) Suspension or revocation of the person's license or certificate of authority.
 - c) Complete restitution, in the form, amount, and within the period determined by the Commissioner, to all persons in Michigan damaged by the violation or failure to comply.


Annette E. Flood
Chief Deputy Commissioner

STATEMENT OF FINDINGS

1. The authority to issue the cease and desist order is found in Section 251(1) of the Code, which states:

In the reasonable exercise of discretion, the commissioner may issue a cease and desist order if the commissioner finds any of the following:

(a) A person is conducting transactions of insurance for which a certificate of authority is required by this act without having obtained a certificate of authority.

(b) A person is acting as an insurance agent, solicitor, adjuster, or counselor without a license as required by this act.

(c) A person is engaged in an act or practice in the business of insurance for which authority from or notification to the commissioner is required by this act and the person has not received authority or given notification.

(d) A person authorized to engage in the business of insurance under this act is engaged in conduct that presents an immediate danger to public health, safety, or welfare. MCL 500.251(1).

2. A review of the Department of Insurance and Financial Services' (DIFS) records revealed that Respondent is not licensed under the Code.
3. Under Section 1201a of the Code, it is a violation for a person to sell, solicit, or negotiate insurance in this state for any line of insurance without first obtaining a license or qualification for that line. MCL 500.1201a(1).
4. "Sell" means to exchange a contract of insurance by any means, for money or its equivalent, on behalf of an insurance company. MCL 500.1201(1).
5. "Solicit" means attempting to sell insurance or asking or urging a person to apply for a particular kind of insurance from a particular company. MCL 500.1201(m).
6. "Negotiate" means the act of conferring directly with or offering advice directly to a purchaser or prospective purchaser of a particular contract of insurance concerning any of the substantive benefits, terms, or conditions of the contract, provided that the person engaged in that act either sells insurance or obtains insurance from insurers for purchasers. MCL 500.1201(k).
7. DIFS Staff received information about possible unlicensed activity by the Respondent. After an investigation it was concluded that Respondent has engaged in activities regulated by the Code, without the requisite license, and has violated the insurance laws of this state.

8. Specifically, DIFS Staff found that the Respondent offered, sold, and negotiated automobile insurance to at least one consumer in this state.
9. In 2009, Respondent sold a purported automobile insurance policy to a Michigan consumer. In 2010, Respondent sold a second purported automobile insurance policy to the same consumer for another vehicle.
10. In 2011, the consumer filed a claim with the purported insurer and it was discovered that the policies were fraudulent.
11. Although Respondent has not demonstrated the required competency, skill, or education required of the Code to engage in the business of insurance, he held himself out to the public as being capable of doing so.
12. Consequently, at least one consumer has suffered a financial loss that may be attributed to Respondent's wrongful and unlawful conduct.
13. Pursuant to the Code, the Respondent's activities constitute an offer to sell, solicit, or negotiate insurance without first obtaining the requisite authority, certification, or licensure and is a violation of the Code.