

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

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Department of Insurance and Financial Services

Enforcement Case No. 13-11904

Agency No. 14-012-L

Petitioner,

v

Joel I. Wilson

System ID No. 0436775

The Diversified Group Insurance Agency, LLC

System ID No. 0090898

Respondents.

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Issued and entered
on October 21, 2014
by **Randall S. Gregg**
Deputy Director

FINAL DECISION

I. Background

Joel I. Wilson (Wilson) and The Diversified Group Insurance Agency, LLC, (Diversified) (collectively, Respondents) are licensed resident insurance producers. The Department of Insurance and Financial Services (DIFS) received information that Wilson used Diversified to operate a Ponzi scheme in which he solicited investors to invest in real estate and promised investors high returns on their investments when he knew that little or no returns would be provided. On February 7, 2014, DIFS issued a Notice of Opportunity to Show Compliance (NOSC) alleging that Respondents had provided justification for revocation of licensure and other sanctions pursuant to Sections 1247, 1239(1) and 1244(1)(a-c) of the Michigan Insurance Code (Code), MCL 500.1247, MCL 500.1239(1) and 500.1244(1)(a-c). Respondents failed to reply to the NOSC.

On March 20, 2014, DIFS issued an Administrative Complaint and Order for Hearing which was served upon Respondents. The Order for Hearing required Respondents to take one of the following actions within 21 days: (1) agree to a resolution of the case, (2) file a response to the allegations with a statement that Respondents planned to attend the hearing, or (3) request an

adjournment. On April 10, 2014, Respondents' attorney, Matthew Kolodziejski, appeared on behalf of the Respondents and requested an adjournment of the proceedings due to Wilson awaiting extradition to Michigan from Germany.

On April 21, 2014, DIFS granted Respondents' adjournment request. The parties agreed that the action would commence as soon as Wilson was returned to Michigan or November 1, 2014, whichever occurred first. Wilson returned to Bay City, Michigan, in May 2014.

On September 16, 2014, a compliance conference with DIFS Staff was conducted where Mr. Kolodziejski confirmed that Respondent is being held in custody in the Bay County Jail on a \$9M bond. Mr. Kolodziejski stated that given the criminal proceedings currently pending against Wilson, Respondents would neither cooperate nor participate in the instant action. DIFS Staff informed Mr. Kolodziejski that a motion for final decision would be filed moving for a default and that the allegations of the Administrative Complaint be accepted as true.

On October 1, 2014, DIFS staff filed a Motion for Final Decision. Respondents did not file a reply to the motion. Given Respondents' failure to respond, Petitioner's motion is granted. The Administrative Complaint, being unchallenged, is accepted as true. Based upon the Administrative Complaint, the Director makes the following Findings of Fact and Conclusions of Law.

II. Findings of Fact and Conclusions of Law

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 the Department of Insurance and Financial Services (Director).
2. Joel I. Wilson (Wilson) is a licensed resident insurance producer with qualifications to engage in the business of insurance in the lines of accident, health, life, casualty, property, and variable annuities. System ID No. 0436775.
3. Diversified Group Insurance Agency, LLC, (Diversified) is a Michigan limited liability company with its principal place of business located at 1800 S. Euclid, Ste. 3, Bay City, MI 48706. It holds an agency resident insurance producer license in the lines of accident, health, life, casualty, property, and variable annuities. System ID No. 0090898. Wilson is the sole member and the designated responsible licensed producer (DRLP) of Diversified.
4. Wilson and Diversified are collectively referred to herein as the Respondents.
5. In November 2012, FINRA issued a temporary cease and desist order against Wilson for fraudulent misrepresentations, omissions, production of falsified documents to FINRA, and failure to provide full investigative testimony in a matter pertaining to the unlawful offer and sale of securities. Consequently, in December 2012, Wilson was permanently barred from FINRA membership.

6. Also, in November 2012, the SEC filed a civil complaint against Respondents for violations of federal securities laws pertaining to the unlawful offer and sale of securities. The case is still pending.
7. In January 2013, a nine count criminal complaint was issued in Bay County District Court charging Wilson with one count of a Continuing Criminal Enterprise (Racketeering), three counts of Fraudulent Sale of Securities, and one count of Larceny by Conversion. All charges are felonies under the laws of the state of Michigan.
8. According to FINRA, the SEC and Bay County prosecuting officials, Wilson used Diversified to operate a Ponzi scheme. More specifically, he solicited investors to invest in real estate and promised investors high returns on their investments when he knew that little or no returns would be provided. Wilson used the investment proceeds to fund loans to various businesses he owned, and for his own personal benefit and gain.
9. As licensees, Respondents knew or had reason to know that Sections 1239(1)(b), (d), (h), and (i) of the Code, MCL 500.1239(1)(b), (d), (h), and (i), provide that the Director may suspend or revoke an insurance producer's license for any of the following reasons:
 - (b) Violating any insurance laws or violating any regulation, subpoena, or order of the Director or of another state's insurance commissioner.
 - (d) Improperly withholding, misappropriating, or converting any money or property received in the course of doing insurance business.
 - (h) Using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.
 - (i) Having an insurance producer license or its equivalent denied, suspended, or revoked in any other state, province, district, or territory elsewhere.
10. As licensees, Respondents knew or had reason to know that Section 1239(3), MCL 500.1239(3), provides that the license of a business entity may be suspended or revoked, if the Director finds, after hearing, that an individual licensee's violation was known or should have been known by 1 or more of the partners, officers, or managers acting on behalf of the partnership or corporation and the violation was neither reported to the Director nor corrective action taken.
11. As licensees, Respondents knew or had reason to know that Section 1247(1) and (2), MCL 500.1247(1) and (2), provides:

(1) An insurance producer shall report to the commissioner any administrative action taken against the insurance producer in another jurisdiction or by another governmental agency in this state within 30 days after the final disposition of the matter. This report shall include a copy of the order, consent to order, or other relevant legal documents.

(2) Within 30 days after the initial pretrial hearing date, an insurance producer shall report to the commissioner any criminal prosecution of the insurance producer taken in any jurisdiction. The report shall include a copy of the initial complaint filed, the order resulting from the hearing, and any other relevant legal documents.

12. Respondent Wilson has provided justification for sanctions, pursuant to Sections 1239(1)(b), (d), (h) and (i) of the Code, MCL 500.1239(1)(b), (d), (h) and (i), by engaging in the following conduct:

a. Failing to report criminal and administrative actions taken against him and his business in violation of the Code, MCL 500.1247(1) and (2) and MCL 500.1239(1)(b);

b. Improperly converting money or property received in the course of doing securities business, MCL 500.1239(1)(b), (d) and (h);

c. Using fraudulent and dishonest practices in operating an investment scheme for his personal gain and benefit, MCL 500.1239(1)(b), (d) and (h);

d. Demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state by operating an investment scheme through Diversified and promising high returns on investments while knowing that little or no returns would be provided, MCL 500.1239(1)(h); and,

e. Having had his FINRA registration revoked and was permanently barred as a member, MCL 500.1239(1)(i).

13. Respondent Diversified has provided justification for suspension or revocation of licensure when Wilson, as sole member and DRLP of Diversified, knew or should have known that he engaged in dishonest practices, and demonstrated untrustworthiness, incompetency and financial irresponsibility in the conduct of business when he:

a. Failed to report criminal and administrative actions taken against him and his business in violation of the Code, MCL 500.1247(1) and (2) and MCL 500.1239(1)(b);

b. Improperly converted money or property received in the course of doing securities business, MCL 500.1239(1)(b), (d) and (h);

c. Used fraudulent and dishonest practices in operating an investment scheme for his personal gain and benefit, MCL 500.1239(1)(b), (d) and (h);

d. Demonstrated incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state by operating an investment scheme through Diversified and promising high returns on investments while knowing that little or no returns would be provided, MCL 500.1239(1)(h); and,

e. Had his FINRA registration revoked and being permanently barred as a member, MCL 500.1239(1)(i);

and the violations were neither reported to the Director nor corrective action taken.

14. Respondents violated Sections 1247(1) and (2) of the Code, MCL 500.1247(1) and (2), by failing to report administrative actions taken against them by FINRA and the SEC and by failing to report criminal proceedings commenced against them in the Bay County District Court.
15. DIFS Staff has complied with MCL 500.1238 and provided Respondents an opportunity to respond and appear and they have not responded or appeared to defend.
16. Respondents are in default and the Petitioner is entitled to have all allegations accepted as true.

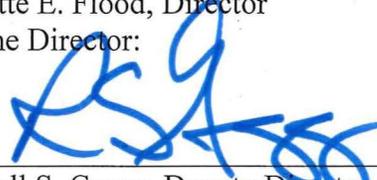
III. Order

Based upon the Respondents' conduct and the applicable law cited above, it is ordered that:

1. Respondents shall cease and desist from violating the Code.
2. Respondents shall immediately cease and desist from engaging in the business of insurance.
3. Respondent Wilson's resident insurance producer license (System ID No. 0436775) is **REVOKED**.

4. Respondent Diversified's resident agency producer license (System ID No. 0090898) is **REVOKED.**

Annette E. Flood, Director
For the Director:



Randall S. Gregg, Deputy Director