

**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. 14-12210**

**Agency No. 14-067-L**

Petitioner,

v

**Joshua Alfaro**

System ID No. 0588619

Respondent.

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Issued and entered  
on APRIL 13, 2015  
by Randall S. Gregg  
Deputy Director

**FINAL DECISION**

**I. Background**

Joshua Alfaro (hereinafter Respondent) is a licensed resident producer. The Department of Insurance and Financial Services (DIFS) received information from State Farm stating that Respondent's appointment and agent agreement were being terminated due to Respondent acting in a dishonest and untrustworthy manner by submitting insurance applications with forged signatures and accepting insurance commissions not earned. After investigation and verification of the information, on November 29, 2014, DIFS issued a Notice of Opportunity to Show Compliance (NOSC) alleging that Respondent had provided justification for revocation of licensure and other sanctions pursuant to Sections 1239(1) and 1244(1)(a-d) of the Michigan Insurance Code (Code), MCL 500.1239(1) and 500.1244(1)(a-d). Despite being served at his official address on file with DIFS, Respondent failed to reply to the NOSC.

On January 23, 2015, DIFS issued an Administrative Complaint and Order for Hearing which was served upon Respondent at his last known address as reported by the Michigan Secretary of State. The Order for Hearing required Respondent 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 Respondent planned to attend the hearing, or (3) request an adjournment. Respondent failed to take any of these actions.

On March 17, 2015, DIFS Staff filed a Motion for Final Decision. Respondent did not file a reply to the motion. Given Respondent's 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. Respondent Joshua Alfaro (System ID No. 0588619) is a licensed resident insurance producer with qualifications in life, accident and health, property, and casualty.
3. On or about June 17, 2014, DIFS Staff received a termination for cause letter from State Farm stating that Respondent's appointment and agent agreement were being terminated due to Respondent's misconduct in the business of insurance. State Farm concluded that Respondent was acting in a dishonest and untrustworthy manner in violation of the Michigan Insurance Code of 1956 (Code), MCL 500.100 et seq., by submitting insurance applications with forged signatures and accepting insurance commissions not earned.
4. More specifically, State Farm Agency Administration was contacted by a policyholder who alleged he received a policy for which he did not apply and that the signature on the application was forged.
5. State Farm's Internal Audit Division conducted an internal investigation headed by Tim Rood to substantiate the policyholder's allegations of forgery.
6. Mr. Rood discovered that Respondent had submitted 12 insurance applications to State Farm that were not authorized by customers. Mr. Rood interviewed the customers to authenticate their signatures on the applications and discovered that in all 12 instances they had been forged by Respondent. The customers did not give Respondent permission to sign the applications for them.
7. Mr. Rood interviewed Respondent who later admitted in a written statement that he signed the customers' names to the insurance applications.
8. As a resident insurance producer, Respondent knew or had reason to know that Section 1239 of the Code, MCL 500.1239, provides in part:
  - (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:

\* \* \*

(e) Intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance.

\* \* \*

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

\* \* \*

(j) Forging another's name to an application for insurance or to any document related to an insurance transaction.

9. Respondent has provided justification for sanctions, pursuant to Section 1239(1)(e), MCL 500.1239(1)(e), by completing and submitting insurance applications to State Farm that intentionally misrepresented the customers' intent and authorization to purchase insurance knowing that State Farm would rely on the completed applications, authorizations and representations made in the applications.
10. Respondent has provided justification for sanctions, pursuant to Section 1239(1)(j), MCL 500.1239(1)(j), by forging customers' signatures on 12 separate insurance applications without their permission or authority.
11. Respondent has provided justification for sanctions, pursuant to Sections 1239(1)(h), MCL 500.1239(1)(h), by:
  - a. Completing and submitting insurance applications to State Farm that intentionally misrepresented the customer's intent and authorization to purchase insurance knowing that State Farm would rely on the completed application, authorization and representations made in the application;
  - b. Forging customers' signatures on 12 separate insurance applications without their permission or authority and submitting the completed applications to State Farm; and
  - c. Fraudulently obtaining commissions from State Farm that he did not earn.
12. DIFS Staff have made reasonable efforts to serve Respondent and have complied with MCL 500.1238(2).

13. Respondent has received notice and has been given an opportunity to respond and appear and has not responded or appeared.
14. Respondent is in default and the Petitioner is entitled to have all allegations accepted as true.

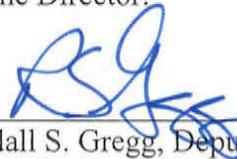
### III. Order

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

1. Respondent shall cease and desist from violating the Code.
2. Respondent shall immediately cease and desist from engaging in the business of insurance.
3. Pursuant to MCL 500.1239(1)(e),(h) and (j) and MCL 500.1244(1)(d), Respondent's resident insurance producer license (System ID No. 0588619) is **REVOKED**.

Annette E. Flood, Director

For the Director:



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Randall S. Gregg, Deputy Director