

STATE OF MICHIGAN  
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Before the Director of the Department of Insurance and Financial Services

In the matter of:

**Terrell Lee Smith**  
System ID No.: 0067282

**Enforcement Case No. 16-14526**

**SBS Agency**  
System ID No.: 0108704

Respondents.

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Issued and entered  
on September 9, 2016  
by Teri L. Morante  
Chief Deputy Director

**ORDER TO CEASE AND DESIST WITH STATEMENT OF FINDINGS  
AND NOTICE OF 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**, the Director of the Department of Insurance and Financial Services 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 Respondents 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 Respondents. As to any Respondent, this Order shall be effective upon the date of service.
3. Respondents 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 Department of Insurance and Financial Services, Attention: Valerie Donally,

Hearings Clerk, P.O. Box 30220, Lansing, MI 48909-7720 or faxed to 517-284-8843.

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 Respondents.
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. Pursuant to Section 251(6) of the Code, MCL 500.251(6), 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 Director, to all persons in Michigan damaged by the violation or failure to comply.

Dated: \_\_\_\_\_

*September 9, 2016*

*Teri L. Morante*

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Chief Deputy Director

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**STATEMENT OF FINDINGS**

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 have been transferred to the Director of the Department of Insurance and Financial Services (DIFS).
2. Pursuant to Section 251(1) of the Code, MCL 500.251(1), the Director is empowered to issue a cease and desist order if the Director 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).
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).

- a. "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).
  - b. "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(l).
  - c. "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).
  - d. "Person" means an individual, insurer, company, association, organization, Lloyds, society, reciprocal or inter-insurance exchange, partnership, syndicate, business trust, corporation, and any other legal entity. MCL 500.114.
4. Under Section 2271(b) of the Code, MCL 500.2271(b), a person shall not do any of the following:
- \* \* \*
- b. Prepare or issue a certificate of insurance that contains any false or misleading information concerning an insurance policy referenced in the certificate of insurance.
5. Under Section 2277(a) of the Code, MCL 500.2277(a), the director may order any of the following:
- a. Payment of a civil fine of not more than \$500.00 for each violation. However, if the person knew or reasonably should have known that he or she was in violation of this chapter, the director may order the payment of a civil fine of not more than \$2,500.00 for each violation. An order of the director under this section shall not require the payment of civil fines exceeding \$25,000.00. A fine collected under this subdivision shall be turned over to the state treasurer and credited to the general fund of this state.
6. Under Sections 4503(a) and (i) of the Code, MCL 500.4503(a) and (i), a fraudulent insurance act includes, but is not limited to, acts or omissions committed by any person who knowingly, and with an intent to injure, defraud, or deceive:

- a. Presents, causes to be presented, or prepares with knowledge or belief that it will be presented to or by an insurer or any agent of an insurer, or any agent of an insurer, reinsurer, or broker any oral or written statement knowing that the statement contains any false information concerning any fact material to an application for the issuance of an insurance policy.

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- i. Knowingly and willfully assists, conspires with, or urges any person to fraudulently violate this act, or any person who due to that assistance, conspiracy, or urging knowingly and willfully benefits from the proceeds derived from the fraud.
7. According to DIFS records, neither Terrell Lee Smith (Smith) nor his agency, SBS Agency, are currently licensed to sell, solicit or negotiate insurance in the state of Michigan. Smith's insurance producer license was revoked by DIFS on May 21, 2013.
  8. Shortly after DIFS revoked Smith's insurance producer license, Smith began to sell, solicit and negotiate fraudulent Michigan certificates of no-fault insurance. He sent a letter to prospective buyers on SBS Agency letterhead informing them of the availability of auto insurance. He required a money order payable to SBS Agency for \$50 and mailed to 33228 W. 12 Mile Rd., #269, Farmington Hills, MI 48334. The letter was signed "Sam."
  9. DIFS' investigation revealed that "Sam" is Smith. The 12 Mile Road address is a private, self-service mailbox located at the UPS Store on 12 Mile Road. The owner of the UPS store verified that box #269 was opened in 1997, is owned by Smith and is used by Smith and his multiple businesses. The owner identified Smith as the person who regularly stops in to pick up the mail from box #269.
  10. Smith receives the money at the 12 Mile Road address and, in return, mails a fraudulent Michigan certificate of no-fault insurance. A letter instructing the purchaser on how to use the fraudulent certificate to avoid Secretary of State detection is included with the purchased fraudulent certificate.
  11. Respondents are knowingly engaged in fraudulent activities and have violated the insurance laws of this state.
  12. Respondents are holding themselves out to the public as being able to lawfully sell, solicit and negotiate automobile insurance policies. Respondent Smith advertises that he sells automobile insurance at SBS Agency in violation of Section 1201a(1) of the Code, MCL 500.1201a(1). The Code requires proper licensure to sell and

solicit automobile insurance policies, accept premium in exchange for certificates of insurance and bind insurance coverages.

13. Respondents used insurers' certificate forms to prepare fraudulent certificates of insurance to be presented to the Secretary of State to register vehicles knowing that the certificates contained false information concerning the policy numbers, policy terms and insurers. MCL 500.2271(b) and MCL 500.4503(a) and (i).
14. Respondents also knowingly and willfully assisted, conspired with, and/or urged purchasers on how to use the fraudulent certificates in a manner to avoid Secretary of State detection. MCL 500.227(b) and MCL 500.4503(a) and (i).
15. Based on the aforementioned findings, Respondents are engaged in fraudulent activities and are acting as insurance producers, solicitors, adjusters, or counselors without a license in violation of the Code.