

**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. 15-12456  
Agency No. 16-968-L**

Petitioner,

v

**William D. Alexander**  
System ID No. 0633376

Respondent.

Issued and entered  
on October 26, 2016  
by **Randall S. Gregg**  
Deputy Director

**FINAL DECISION**

**I. Background**

William D. Alexander (Respondent) is a licensed resident insurance producer. The Department of Insurance and Financial Services (DIFS) received information that Respondent failed to report his misdemeanor retail fraud criminal conviction as required pursuant to Section 1247(2), MCL 500.1247(2), of the Michigan Insurance Code (Code). Additionally, Respondent failed to respond to inquiries from DIFS Staff as required pursuant to Section 249, MCL 500.249, of the Code. After investigation and verification of the information, on October 29, 2015, 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)(b) and 1244(1)(a-d) of the Code, MCL 500.1239(1)(b) and 500.1244(1)(a-d). Respondent failed to reply to the NOSC.

On January 11, 2016, DIFS issued an Administrative Complaint and Order for Hearing which was served upon Respondent at the address he is required to maintain with DIFS. 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 respond or take any action.

On October 3, 2016, 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 DIFS (Director).
2. At all relevant times, Respondent was a licensed resident insurance producer with qualifications in property and casualty. On December 1, 2014, his license was suspended for failing to complete continuing education requirements.
3. Respondent was appointed with Allstate Indemnity Co., Allstate Insurance Co., Allstate Property & Casualty Insurance Co., and Allstate Vehicle & Property Insurance Co., (collectively Allstate) on April 15, 2013.
4. On October 14, 2013, Respondent received and signed a written warning from his employer for violating its drug policy by bringing drug paraphernalia to work, admitting to being on drugs while at work, and using drugs in an illegal manner. Respondent was subsequently placed on a 30-day probationary period.
5. On January 10, 2014, the Washtenaw County Prosecutor charged Respondent with a felony of “controlled substance – possession (cocaine, heroin or another narcotic) less than 25 grams.”
6. On April 14, 2014, Respondent’s appointments were terminated by Allstate, with notice provided to DIFS, because of the January 10, 2014, felony charge of possession of a controlled substance.
7. On April 23, 2014, DIFS Staff conducted a routine background check on Respondent. It revealed the January 10, 2014, felony controlled substance charge.
8. On May 28, 2014, DIFS Staff sent a letter of inquiry to Respondent at his address of record requesting an explanation and update regarding the criminal charge. No response was received and the letter was not returned by the U.S. Postal Service.
9. On August 29, 2014, another background check was run which revealed a June 20, 2014, misdemeanor conviction for retail fraud third degree.
10. On September 2, 2014, DIFS Staff sent a second letter of inquiry to Respondent at his address of record requesting an explanation of the additional criminal history that had been discovered.
11. On September 22, 2014, Respondent provided court documentation and a written response. In his response, he admitted that the criminal history was correct, but that he had not disclosed it because he was in a treatment program at the time. Regarding the criminal

charges, Respondent stated that the misdemeanors were from an incident where he and a friend were stopped by a loss prevention officer at Home Depot. According to Respondent, his friend was in possession of stolen chainsaw blades and when the officer tried to search Respondent, he resisted.

12. On October 16, 2014, DIFS Staff requested a copy of the police report regarding the misdemeanor retail fraud and discovered that it was Respondent who was in possession of the chainsaw blades during the incident at Home Depot, not his friend as described in his written statement.
13. On October 27, 2014, DIFS Staff sent a third letter of inquiry to Respondent at his address of record requesting an explanation for the discrepancy between the police report and his written statement. No response was received and the letter was not returned by the U.S. Postal Service.
14. On February 25, 2015, DIFS Staff received the transcript from Respondent's June 20, 2014, plea and sentencing. In the transcript, Respondent admitted to taking the chainsaw blades and attempting to leave the store without purchasing them.
15. As a licensee, Respondent knew or had reason to know that Section 249(a) of the Code, MCL 500.249(a), states:

For the purposes of ascertaining compliance with the provisions of the insurance laws of the state or of ascertaining the business condition and practices of an insurer or proposed insurer, the commissioner, as often as he deems advisable, may initiate proceedings to examine the accounts, records, documents and transactions pertaining to:

(b) Any insurance agent, surplus line agent, general agent, adjuster, public adjuster or counselor.

16. By failing to respond to DIFS' October 27, 2014, inquiry, Respondent has failed to comply with a request of the Director pursuant to MCL 500.249.
17. As a licensee, Respondent knew or had reason to know that Section 1247(2) of the Code, MCL 500.1247(2), states:

(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.

18. By failing to report the retail fraud third degree criminal prosecution to DIFS within 30 days of the initial pretrial hearing date, Respondent has violated MCL 500.1247(2).

19. As a licensee, Respondent knew or had reason to know that Section 1239(1)(b) of the Code, MCL 500.1239(1)(b), states:

(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:

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(b) Violating any insurance laws or violating any regulation, subpoena, or order of the commissioner or of another state's insurance commissioner.

20. Respondent has provided justification for sanctions, pursuant to Section 1239(1)(b) and 1244(1) of the Code, by failing to respond to the October 27, 2014, letter of inquiry from DIFS Staff as required under Section 249, MCL 500.249, and by failing to report his June 20, 2014, criminal conviction within thirty days after the initial prehearing date as required under Section 1247(2), MCL 500.1247(2).
21. 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.
22. DIFS Staff have made reasonable efforts to serve Respondent and have complied with MCL 500.1238(2).
23. Respondent has received notice and has been given an opportunity to respond and appear and has not responded nor appeared.
24. 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 500.249, MCL 500.1247(2), MCL 500.1239(1)(b), and MCL 500.1244(1)(d), Respondent's resident insurance producer license (System ID No. 0633376) is **REVOKED**.

Patrick M. McPharlin, Director  
For the Director:

A handwritten signature in black ink, appearing to read 'RS Gregg', is written over a horizontal line.

Randall S. Gregg, Deputy Director