

STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR AND ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION
Before the Commissioner of Financial and Insurance Regulation

**Office of Financial and Insurance Regulation,
Petitioner**

v

**Scott Pionk,
Respondent**

Enforcement Case No. 10-7562

For the Petitioner:

**Elizabeth Bolden
Office of Financial and Insurance Regulation
P.O. Box 30220
Lansing, MI 48909-7720**

For the Respondent:

Scott Pionk


**Issued and entered
this 23rd day of November 2010
by Ken Ross
Commissioner**

FINAL DECISION

I. Background

On August 17, 2010, Chief Deputy Commissioner Stephen R. Hilker issued an Administrative Complaint, Order for Hearing, and Notice of Hearing in this case which was sent to Respondent at the address above. The Administrative Complaint set forth detailed allegations that Respondent had violated sections 1239(1)(h) and 1247 of the Michigan Insurance Code, MCL 500.1239(1)(h) and 500.1247. The Order required Respondent to take one of the following actions within 21 days: agree to a resolution of the case, file an answer to the allegations stated in the Order with a statement that Respondent plans to attend the hearing, or request an adjournment. Respondent failed to take any of these actions.

On September 15, 2010, the Petitioner filed a Motion for Final Decision. Given Respondent's failure to take one of the required actions, Petitioner's motion is granted.

II. Findings of Fact and Conclusions of Law

1. The Respondent is licensed pursuant to the Michigan Insurance Code as a resident producer.
2. Between January 2003 and June 2009, Respondent individually and through his business Select Financial Group (SFG), offered and sold bonds for a program entitled "Government Properties Trust". The purported purpose of the investment was to use the money to acquire, own and manage real estate subject to long-term leases with United States government agencies.
3. Respondent created SFG for the sole purpose of accepting funds to invest in the bond program. Respondent promoted the bonds as legitimate investments to individuals who were his clients.
4. Respondent deposited approximately \$2,088,960.00 of investor proceeds into two separate bank accounts he owned and controlled.
5. From one bank account, Respondent returned to investors a small portion of their principal investment. (Respondent paid out approximately \$538,400.00 to investors.) However, Respondent took substantially all of the remaining funds in the form of ATM cash withdrawals from Detroit area casinos. Other funds were transferred to Respondent's personal credit union account.

6. The investors were not told that their investment money would be used to pay Respondent's personal expenses, or that the money would be used in "Ponzi scheme" fashion to pay the interest or principal payments due to other investors. They were not told their money would be commingled in Respondent's personal and business accounts unrelated to the bond investment. Ultimately, Respondent filed for bankruptcy protection.
7. Section 1239(1) of the Code, MCL 500.1239(1), provides that the Commissioner may suspend or revoke an insurance producer's license for using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.
8. Respondent has demonstrated fraudulent and dishonest practices in the offer and sale of this investment.
9. Respondent has demonstrated incompetence, untrustworthiness and financial irresponsibility in the conduct of business where he lied to investors, misappropriated their money and declared bankruptcy to avoid investor repayment.
10. In June 2010, Respondent was charged in Macomb County Circuit Court with 27 counts of fraud and false pretenses. He did not report the prosecution to the Commissioner as required by section 1247 of the Insurance Code. Section 1244 of the Insurance Code, MCL 500.1244, provides that the Commissioner may suspend or revoke an insurance producer's license for violating section 1247.

III. Order

Based on the conduct described above and in accordance with sections 1239 and 1244 of the Michigan Insurance Code, Respondent's insurance producer license is revoked.

A handwritten signature in black ink, appearing to be 'K. Ross', written over a horizontal line.

Ken Ross
Commissioner