

**STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

Before the Commissioner of the Office of Financial and Insurance Regulation

In the matter of:

Office of Financial and Insurance Regulation

Enforcement Case No. 09-7528

Agency No. 12-013-L

Petitioner,

v

Richard Trabulsy
System ID No. 0273405

Respondent.

_____/

Issued and entered
this 04th day of June
by Randall S. Gregg
Deputy Commissioner

FINAL DECISION

I. BACKGROUND

Respondent Richard Trabulsy is a licensed insurance producer. In October 2011, the Office of Financial and Insurance Regulation (OFIR) received information that Respondent had pled guilty to the charge of wire fraud. OFIR confirmed the conviction and issued a Notice of Opportunity to Show Compliance to the Respondent alleging that the Respondent had given cause for revocation of licensure pursuant to Sections 1239(1)(f) and 1239(1)(h) of the Michigan Insurance Code, MCL 500.1239(1)(f) and 500.1239(1)(h). Respondent failed to reply to the notice.

On March 7, 2012, OFIR issued an Administrative Complaint and Order for Hearing (Administrative Complaint) which was sent to Respondent. The Order for Hearing 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 with a statement that Respondent planned to attend the hearing, or request an adjournment. Respondent failed to take any of these actions.

On April 12, 2012, OFIR staff filed a Motion for Final Decision. Respondent did not file a reply to the motion. Given Respondent's failure to answer, Respondent is considered to be in default and Petitioner's motion is granted. The Administrative Complaint, being unchallenged,

is accepted as true. Based upon the Administrative Complaint, the Commissioner makes the following Findings of Fact and Conclusions of Law.

II. FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. On or about October 7, 2011, a Rule 11 Plea Agreement (Plea Agreement) was filed where Respondent agreed to enter a plea of guilty to the charge of Wire Fraud, a felony under the United States Code. 18 U.S.C. § 1343. On October 7, 2011, the plea was accepted by the court and sentencing scheduled for May 2012. United States of America v. Richard Trablusy, Case No. 2:11-cr-20314 (USDC EDMI, 2011).
2. By agreeing to enter a plea of guilty to the charge of Wire Fraud, Respondent admitted to committing fraudulent acts in the course of business. By pleading guilty to the charge of Wire Fraud, Respondent was convicted of a felony.
3. In the Plea Agreement, Respondent admitted the following:
 - a. He solicited investors by telling them that their investments would be used to purchase real estate, but failed to inform investors that their investments could be used to pay for his personal expenses, and that their investments could be used to pay other investors' interest payments, or that their interest payments would be paid using other investors' investments.
 - b. He falsely represented that (1) he would not make money unless investors made money, (2) he did not receive a salary, commissions, or fees, (3) investors would earn a guaranteed 8 to 12% rate of return, and (4) investments were guaranteed or secured.
 - c. He admitted to receiving commissions and other monies through the funneling of investor funds.
 - d. He admitted to utilizing investor funds for personal expenses, including mortgage payments and credit card expenses.
 - e. He admitted that investors' principle investments were not guaranteed or secured, that their interest payments were not guaranteed, and that investors' funds were utilized to pay interest payments and liquidations for other investors.
4. Section 1239(1) of the Insurance Code, MCL 500.1239(1), provides:

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:

* * *

(f) Having been convicted of a felony.

* * *

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

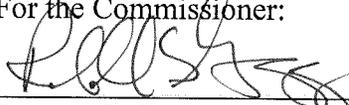
5. By having been convicted of a felony in federal court, cause for revocation is shown under Section 1239(1)(f) of the Code.
6. By admitting to committing actions that constitute fraudulent and dishonest practices and that demonstrate untrustworthiness and financial irresponsibility in the conduct of business, cause for revocation is shown under Section 1239(1)(h), and /or for the levying of a civil fine under Section 1244 of the Code.

III. ORDER

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

1. Respondent shall cease and desist from violating those provisions of the Code giving rise to disciplinary action pursuant to Section 1239(1).
2. Respondent shall immediately cease and desist from engaging in the business of insurance.
3. Respondent's insurance licenses are hereby REVOKED.

R. Kevin Clinton, Commissioner
For the Commissioner:



Randall S. Gregg, Deputy Commissioner