

**STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Carey Agency, LLC
System ID No. 0074403

Enforcement Case No. 23-17259

Patrick Carey
System ID No. 0374688

Scott Haught
System ID No. 0329780

Respondents.

ISSUED AND ENTERED

on January 23, 2025
by **Joseph A. Garcia**
Special Deputy Director and General Counsel

FINAL DECISION

I. INTRODUCTION

This case concerns allegations that Carey Agency, LLC (Respondent Agency), Patrick Carey (Respondent Carey), and Scott Haught (Respondent Haught) (collectively Respondents) falsified insurance documents in violation of the Michigan Insurance Code, MCL 500.100, et seq. (Code). At all times relevant to this enforcement action, Respondents Carey and Haught held active insurance producer licenses, and Respondent Agency held an active insurance agency producer license. Respondent Carey is the Designated Responsible Licensed Producer (DRLP) of Respondent Agency.

On July 31, 2024, DIFS staff mailed to Respondents a Notice of Opportunity to Show Compliance (NOSC) detailing the evidence of Code violations and offering Respondents the opportunity to reply to the allegations. No response to the NOSC was received.

On October 30, 2024, DIFS staff issued to Respondents an Administrative Complaint and Statement of Factual Allegations (Complaint) offering the Respondents an opportunity to participate in a formal administrative hearing regarding the alleged misconduct. The Complaint contained a section entitled, "Opportunity for Hearing," which stated the following:

SHOULD YOU WISH TO REQUEST AN ADMINISTRATIVE HEARING AS DESCRIBED ABOVE, YOU MUST DO SO BY FILING A REQUEST FOR HEARING WITHIN TWENTY-ONE DAYS OF THE DATE OF THIS NOTICE. FAILURE TO REQUEST SUCH A HEARING MAY RESULT IN THE FACTS ASSERTED IN THIS COMPLAINT BEING ACCEPTED AS TRUE BY THE DIRECTOR AND THE IMMEDIATE ISSUANCE OF A FINAL DECISION IMPOSING SANCTIONS AGAINST YOU WITHOUT FURTHER OPPORTUNITY TO BE HEARD.

Respondents did not submit a request for hearing. Given the Respondents' failure to request a hearing, the unchallenged allegations in the Complaint are accepted as true. Based on the Complaint, the Director of DIFS (Director) makes the following Findings of Fact and Conclusions of Law.

II. FINDINGS OF FACT

The unchallenged factual allegations contained in the Complaint's Statement of Factual Allegations are accepted as true and restated below.

1. At all relevant times, Respondent Agency was a licensed insurance agency producer.
2. At all relevant times, Respondent Carey was a licensed insurance producer and DRLP of Respondent Agency.
3. At all relevant times, Respondent Haught was a licensed insurance producer.
4. On or about March 7, 2019, DIFS staff received termination letters from Allstate reflecting the cancellation of Respondent Carey and Respondent Haught's appointments for cause, thereby voiding Respondents' binding authority with Allstate. The terminations were due to falsification of insurance documents provided to Allstate.
5. DIFS' investigation revealed that:
 - a. A total of forty Allstate policies included one or both of the following: (1) applications were falsified so that customers could improperly receive a multi-policy discount; and/or (2) customers who had adverse credit scores were impermissibly excluded from policies. The falsification included, but was not limited to, falsification of control numbers, misrating of policy information, and falsely indicating that applicants were single;
 - b. Thirty-four of the policies were issued under Respondent Carey's binding IDs, and one of the policies was issued under Respondent Haught's subproducer code;
 - c. In an interview with Allstate, Respondent Carey admitted that he issued all policies identified in Allstate's audit that were associated with his binding IDs. He also stated that he never instructed Respondent Haught to falsify control numbers on applications but, if he did, it would have been in anticipation of receiving an inspection or proof of homeownership from a customer. Lastly, he stated that he impermissibly listed some

customers as single on their auto policies because he was trying to help customers during a time when rates had increased by sixty percent;

- d. In an interview with Allstate, Respondent Haught admitted that he was aware that falsification, misrating, and providing unauthorized discounts violated Allstate's company policy. He stated that, approximately five or six times, Respondent Carey instructed him to falsify control numbers in the Allstate system so that customers could receive a multi-policy discount even though they did not have a supporting policy to qualify for the discount;
 - e. Respondents received commissions for their submission of the insurance policy applications referenced above.
6. On July 31, 2024, DIFS staff mailed a NOSC to Respondents' mailing and business addresses of record, which they are required to keep current per the Code. No response was received.

III. CONCLUSIONS OF LAW

The unchallenged conclusions of law contained in the Complaint's Statement of Factual Allegations, at paragraphs eight through sixteen, are accepted as true and restated below.

1. As licensees, Respondents knew or should have known that Section 2018 of the Code, MCL 500.2018, provides that "[a]n unfair method of competition and an unfair or deceptive act or practice in the business of insurance include making false or fraudulent statements or representations on or relative to an application for an insurance policy for the purpose of obtaining a fee, commission, money, or other benefit from an insurer, agent, broker or individual." Respondents' misrepresentations, as described above and in the Complaint, constitute an unfair method of competition and an unfair or deceptive act or practice in the business of insurance as defined by Section 2018 of the Code, MCL 500.2018.
2. As licensees, Respondents knew or should have known that Section 2003(1) of the Code, MCL 500.2003(1), provides that "[a] person shall not engage in a trade practice that is defined or described in this chapter or is determined under this chapter to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance." By engaging in practices that constitute an unfair method of competition and/or deceptive acts of practices in the business of insurance as defined by Section 2018 of the Code, MCL 500.2018, Respondents have violated Section 2003(1) of the Code, MCL 500.2003(1).
3. As licensees, Respondents knew or should have known that Section 1239(1)(c) of the Code, MCL 500.1239(1)(c), provides that licensees may be disciplined for "[i]ntentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance." By submitting applications for insurance with knowingly false and inaccurate information as set forth above and in the Complaint, Respondents have provided justification for sanctions pursuant to Section 1239(1)(c) of the Code, MCL 500.1239(1)(c).


4. As licensees, Respondents knew or should have known that Section 1239(1)(f) of the Code, MCL 500.1239(1)(f), provides that licensees may be disciplined for “[h]aving admitted or been found to have committed any insurance unfair trade practice or fraud.” As set forth above and in the Complaint, Respondents have engaged in unfair trade practices as defined by Section 2018 of the Code, MCL 500.2018. Respondents have thus provided justification for sanctions pursuant to Section 1239(1)(f) of the Code, MCL 500.1239(1)(f).
5. As licensees, Respondents knew or should have known that Section 1239(1)(g) of the Code, MCL 500.1239(1)(g), provides that licensees may be disciplined for “[u]sing fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.” By submitting applications for insurance with knowingly false and inaccurate information as set forth above and in the Complaint, Respondents have provided justification for sanctions, pursuant to Section 1239(1)(g) of the Code, MCL 500.1239(1)(g).
6. As licensees, Respondents knew or should have known that Section 1239(2)(e) of the Code, MCL 500.1239(2)(e), provides that licensees may be disciplined for “[v]iolating any insurance laws or violating any regulation, subpoena, or order of the commissioner or of another state's insurance commissioner.” By violating Section 2003 of the Code, MCL 500.2003, as set forth above and in the Complaint, Respondents have provided justification for sanctions pursuant to Section 1239(2)(e) of the Code, MCL 500.1239(2)(e).
7. As licensees, Respondents knew or should have known that Section 1239(5) of the Code, MCL 500.1239(5), provides that “[t]he license of a business entity may be suspended, revoked, or refused if the director finds, after hearing, that an individual licensee’s violation was known or should have been known by 1 or more of the partners, officers, or managers acting on behalf of the partnership or corporation and the violation was not reported to the director and corrective action was not taken.”
8. Respondents’ violations of the Code, as set forth above and in the Complaint, were either known, or should have been known, by one or more of the Respondent Agency’s partners, officers, or managers, and no report was made to the Director nor was corrective action taken. The Respondent Agency is thus subject to sanctions pursuant to Section 1239(5) of the Code, MCL 500.1239(5)
9. Based upon the actions listed above, and as set forth in the Complaint, Respondents have committed acts that provide justification for the Director to order the payment of a civil fine, the refund of any overcharges, that restitution be made to cover losses, damages or other harm attributed to Respondents’ violations of the Code, and/or other licensing sanctions, including revocation of licensure.

IV. ORDER

Therefore, it is **ORDERED** that:

1. Respondents are in default in this matter and all allegations contained in the Complaint are accepted as true in all respects.
2. Respondents shall immediately **CEASE** and **DESIST** from violating the Code.
3. Pursuant to Sections 150 and 1244 of the Code, MCL 500.150 and MCL 500.1244, Respondent Carey (System ID No. 0374688) Respondent Haught (System ID No. 0329780), and Respondent Agency's (System ID No. 0074403) insurance producer licenses are **REVOKED**.
4. Pursuant to Sections 150 and 1244 of the Code, MCL 500.150 and MCL 500.1244, Respondents shall pay a civil fine of \$3,000.00, as follows:
 - a. Respondent Carey shall pay to the State of Michigan a civil fine in the amount of \$1,000.00.
 - b. Respondent Haught shall pay to the State of Michigan a civil fine in the amount of \$1,000.00.
 - c. Respondent Agency shall pay to the State of Michigan a civil fine in the amount of \$1,000.00.
5. The civil fines identified in paragraph no. 4 above shall be paid within thirty (30) days of the date of this Final Decision.

Anita G. Fox, Director
For the Director:



Joseph A. Garcia
Special Deputy Director and General Counsel