

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,**

Petitioner,

Docket No. 24-018849

v

Enforcement Case No. 24-17634-I

Charles Halabu,
System ID No. 0029473

and

Marya Insurance Services, Inc.,
System ID No. 0120126

Respondents.

_____ /

ISSUED AND ENTERED

on June 25, 2025

by Joseph A. Garcia

Senior Deputy Director and General Counsel

FINAL DECISION

I. INTRODUCTION

This case concerns allegations that the above-identified Respondents sold an insurance product to a client, overcharged the premium, and continued to retain a portion of the overcharged amount.

Respondent Marya Insurance Services, Inc. ("Respondent Marya") is a licensed resident insurance producer agency. Respondent Charles Halabu ("Respondent Halabu") holds an active resident insurance producer license. Respondent Halabu is also the Designated Responsible Licensed Producer ("DRLP") and owner of Respondent Marya.

Following an investigation, on July 24, 2025, the Department of Insurance and Financial Services ("DIFS") issued to the Respondents a complaint (the "Complaint") detailing allegations that the Respondents had violated provisions of the Michigan Insurance Code, 1956 PA 218, as amended, MCL 500.100 to 500.8302 (the "Code"). A hearing was held on February 10, 2025. Respondent Halabu represented himself. Respondent Marya was not represented, and a default judgement was entered against the agency.

On April 11, 2025, Administrative Law Judge Lauren G. VanSteel issued a proposal for decision finding that the Respondents had violated the Code as alleged in the Complaint. Neither party filed exceptions to the PFD.

The complete procedural history of the case is detailed in the PFD. The parties did not file exceptions to the PFD. Michigan courts have long recognized that the failure to file exceptions constitutes a waiver of any objections not raised. See *Attorney General v Public Serv Comm*, 136 Mich App 52, 56; 355 NW2d 640 (1984); see also MCL 24.281.

The Director concludes that the Findings of Fact in the PFD are in accordance with the preponderance of the evidence and the Conclusions of Law are supported by reasoned opinion and are consistent with all applicable provisions of the Code. The PFD is adopted in full and made part of this Final Decision.

II. FINDINGS OF FACT

The PFD's Findings of Fact are in accordance with the preponderance of the evidence and are adopted in full and made part of this Final Decision. The Findings of Fact are summarized as follows:

1. In September 2021, Respondent Halabu sold a Western Surety Company dishonesty bond to Compassionate Arms, Inc. ("CAI").
2. The premium for the dishonesty bond was \$1,980.25. Respondent Halabu told CAI, falsely, that the premium was \$12,271.61 and collected \$10,291.35 from CAI.
3. The funds collected by Respondent Halabu were deposited into Respondent Marya's account, which retained the excess premium amount.
4. Respondents were prosecuted and subsequently entered a consent judgment in 41A District Court in Sterling Heights. Under the consent judgment, Respondents were required to repay CAI \$2,058.00 per month until the funds held by Respondents were fully repaid. Respondents failed to complete the payment plan, and Respondents continue to retain \$7,291.35 of the amount that they overcharged.
5. Respondent Halabu was aware of the cost associated with the bond and continued to accept, endorse, and deposit checks from CAI that were not necessary to cover the cost of any product. Intentionality therefore can be inferred from Respondent Halabu's repeated actions to withhold, misappropriate, and/or convert the customer's money. Respondent Halabu's failure to make payment for more than six months after signing an agreement to make immediate payment also demonstrates that Respondent Halabu acted with intentionality.

III. CONCLUSIONS OF LAW

The PFD's Conclusions of Law are supported by reasoned opinion and are adopted in full and made part of this Final Decision. The Conclusions of Law are summarized as follows:

1. By failing to return in a timely manner CAI's premium, Respondents intentionally violated their fiduciary duties under Section 1207(1) of the Code, MCL 500.1207(1).
2. By making false statements to a client regarding the amount due as premium for the bond and by keeping the excessive premium Respondents charged to their client, Respondents employed fraudulent and dishonest practices and demonstrated untrustworthiness and financial irresponsibility such that sanctions

are appropriate under Section 1239(1)(b) and (c) of the Code, MCL 500.1239(1)(b) and (c). By their “[u]sing fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state,” Respondents have provided justification for sanctions under Section 1239(1)(g) of the Code, MCL 500.1239(1)(g).

3. As Respondent Marya’s DRLP, Respondent Halabu was required by Section 1205(2)(b), MCL 500.1205(2)(b), to ensure that the agency complied with Michigan’s insurance laws, rules, and regulations. By his conduct described above, Respondent Halabu failed to fulfill that duty. Respondent Halabu therefore has provided justification for sanctions under Section 1239(2)(e) of the Code, MCL 500.1239(2)(e). Because Respondents neither reported the violation to the Director nor took corrective action, Respondents also has provided justification for sanctions of Respondent Marya under Section 1239(5) of the Code, MCL 500.1239(5), which provides that “[t]he license of a business entity may be suspended, revoked, or refused if the director finds . . . 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 [its] behalf” and the violation “was not reported to the director and corrective action was not taken.”
4. The sanctions justified under Section 1239(1) and (2) of the Code, MCL 500.1239(1)-(2), include probation, license suspension or revocation, a civil fine under Section 1244 of the Code, MCL 500.1244, or any combination of actions. A civil fine under Section 1244(1)(a) of the Code means a civil fine of \$1,000.00 per violation or, if the person knew or reasonably should have known that the person was in violation of Chapter 12 of the Code, a civil fine of \$5,000.00 per violation. See MCL 500.1244(1)(a).
5. Because of Respondents’ intentional violations of the sections of Chapter 12 of the Code referenced above, the sanctions of licensure revocation under Section 1239(1) and (2), MCL 500.1239(1)-(2), and the enhanced civil fine under Section 1244(1)(a), MCL 500.1244(1)(a), are appropriate.

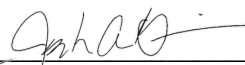
IV. ORDER

Based upon the Respondents’ conduct, and the applicable law cited above, it is **ORDERED** that:

- A. The PFD is adopted in full and made part of this Final Decision.
- B. Respondent Marya is in default in this matter and all allegations contained in Complaint regarding Respondent Marya are accepted as true in all respects.
- C. Pursuant to Section 1244(1) of the Code, MCL 500.1244(1), Respondents shall immediately **CEASE** and **DESIST** from the violations specified in this Final Decision.
- D. Pursuant to Section 1239(1) and (2) and Section 1244(1)(a) of the Code, MCL 500.1239(1)-(2) and 500.1244(1)(a), Respondent Charles Halabu shall pay to the State of Michigan a civil fine of \$5,000.00.
- E. Pursuant to Section 1239(1) and Section 1244(1)(a) of the Code, MCL 500.1239(1) and 500.1244(1)(a), Respondent Marya Insurance Services, Inc. shall pay to the State of Michigan a civil fine of \$5,000.00.

- F. Pursuant to Section 1239(1) and (2) and Section 1244(1)(a) of the Code, MCL 500.1239(1)-(2) and 500.1244(1)(a), the insurance producer license of Respondent Charles Halabu (System ID No. 0029473) is **REVOKED**.
- G. Pursuant to Section 1239(1) and (5) and Section 1244(1)(a) of the Code, MCL 500.1239(1) and (5) and 500.1244(1)(a), the insurance producer agency license of Respondent Marya Insurance Services, Inc. (System ID No. 0120126) is **REVOKED**.

Anita G. Fox, Director
For the Director:



Joseph A. Garcia
Senior Deputy Director and General Counsel

**STATE OF MICHIGAN
MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES**

IN THE MATTER OF:

Docket No.: 24-018849

**DEPARTMENT OF INSURANCE AND
FINANCIAL SERVICES,
Petitioner**

Case No.: 24-17634-I

v

**Agency: Department of
Insurance and
Financial Services**

**CHARLES HALABU AND MARYA
INSURANCE SERVICES, INC.,
Respondent**

Case Type: DIFS-Insurance

Filing Type: Appeal

**Issued and entered
this 11th day of April 2025
by: Lauren G. VanSteel
Administrative Law Judge**

PROPOSAL FOR DECISION

Procedural History

This proceeding is held under the authority of the Michigan Insurance Code, MCL 500.100 *et seq.* (Code), the Administrative Procedures Act, MCL 24.201 *et seq.* (APA), and the Michigan Office of Administrative Hearings and Rules (MOAHR) hearing rules, Mich Admin Code, R 792.10101 *et seq.* (MOAHR Rules).

On July 24, 2024, the Department of Insurance and Financial Services (Petitioner or DIFS) issued a Complaint alleging violations of the Code by Charles Halabu (Halabu), and Marya Insurance Services Inc, (Marya)¹.

On July 24, 2024, this matter was referred to the Michigan Office of Administrative Hearings and Rules (MOAHR) to schedule a contested case hearing. Also on July 24, 2024, MOAHR issued a Notice of Telephone Hearing scheduling a telephone hearing for September 12, 2024.

On August 14, 2024, DIFS, through its attorney Jamie McCarthy filed a Motion for Summary Disposition, with exhibits, along with a second motion, requesting a ruling on its Summary Disposition motion prior to the September 12, 2024, hearing date without oral argument. In the alternative, this second motion requested that the hearing date be converted to an oral argument on the Summary Disposition motion.

¹ Collectively referred to as "Respondents"

On August 30, 2024, the undersigned Administrative Law Judge (ALJ) issued an Order Setting Filing Deadline and Converting Evidentiary Hearing Date to Motion Hearing.

Respondents did not file a response to Petitioner's Summary Disposition motion. Oral Argument was heard on September 12, 2024. Attorneys Jamie McCarthy and Anthony Snyder appeared on behalf of DIFS. Respondent Halabu appeared on his own behalf. No attorney appeared for Marya Insurances Services Inc. Respondent Halabu was advised that he could not represent Marya Insurance Services Inc., as he is not an attorney.

On December 13, 2024, the undersigned issued a Proposed Ruling to Grant in Part Petitioner's Motion for Summary Disposition and Notice of Merits Hearing. The Proposed Ruling held that Summary Disposition was proposed to be granted only as to the allegations in the Complaint pertaining to withholding of money, demonstrating incompetence or financial irresponsibility, and violating an insurance law. Petitioner was left to its proofs at the merits hearing as to the remaining allegations in the Complaint. The Proposed Ruling also scheduled a Merits Hearing for December 17, 2024.

On December 16, DIFS requested that the Merits Hearing be adjourned. The motion was granted, as reflected in this ALJ's December 23, 2024, Order. A notice of hearing was also part of that order, scheduling a hearing by videoconference for February 10, 2025. A subsequent order clarifying the date and time was issued, per DIFS' request on January 23, 2025.

The videoconference hearing commenced as scheduled on February 10, 2025. Petitioner was represented by DIFS Staff Attorney Jamie McCarthy. Respondent Halabu appeared and represented himself. No attorney appeared on behalf of Marya Insurance Services, Inc. DIFS moved for a default to be entered against Respondent Marya.

The statutory provisions and rules state as follows as they relate to defaults:

Sec. 72. (1) If a party fails to appear in a contested case after proper service of notice, the agency, if no adjournment is granted, *may proceed with the hearing and make its decision in the absence of the party.* MCL 24.272(1) (emphasis added.)

Sec. 78. (2) Except as otherwise provided by law, disposition may be made of a contested case by stipulation, agreed settlement, consent order, waiver, *default* or other method agreed upon by the parties. MCL 24.278(2) (emphasis added).

Rule 134. (1) If a party fails to participate in a scheduled proceeding after a properly served notice, the administrative law judge may conduct the proceeding without participation of the absent party. If a party fails to participate in a proceeding, the administrative law judge may issue a default order or other dispositive order.

(2) Within 7 days after service of a default order, the party against whom it was entered may file a written motion requesting the order be vacated. If the party demonstrates good cause for failing to participate in a scheduled proceeding after a properly served notice or failing to comply with an order, the administrative law judge may reschedule, rehear, or otherwise reconsider the matter as required to serve the interests of justice and the orderly and prompt conduct of proceedings.

Petitioner's motion for default against Respondent Marya² pursuant to Section 72(1) and Section 78(2) of the APA and Rule 134 was granted and is affirmed in this Proposal for Decision. Because of the default, the factual and legal allegations contained in the Complaint and DIFS Statement of Factual Allegations against Marya, dated July 24, 2024, are deemed as true and proven.

Petitioner presented the testimony of Justin Blood, Senior Investigator for DIFS, (Blood). Respondent Halabu testified on his own behalf.

Written closing arguments were ordered, due from both sides on March 7, 2025. Optional reply briefs were due March 14, 2024. DIFS' written Closing Argument was received on March 5, 2025. Respondent Halabu filed a response by email on March 7, 2025.

The following exhibits were offered on behalf of Petitioner and admitted into the record unless otherwise indicated:

Petitioner Exhibit 1: Not offered.

Petitioner Exhibit 2: Not offered.

Petitioner Exhibit 3: Business to Business Complaint Form from Riyadh of United Insurance Services LLC dated 7/27/2023 against Halabu; Summarization of Complaint Information dated 7/27/2023 .

² The Director of the Department of Insurance and Financial Services has the ultimate authority at the administrative level regarding the proposed decision, including the default ruling.

- Petitioner Exhibit 4: June 7, 2023 emails between United Insurance and Lavar regarding Compassionate Arms Inc. General Liability Renewal from United Insurance.
- Petitioner Exhibit 5: Emails between Lavar and Justin Blood dated August 7, 2023; October 31, 2023 email from Blood to Lavar.
- Petitioner Exhibit 6: Email dated August 10, 2023 from Katherine to Blood; Western Surety Co Dishonesty Bond to Compassionate Arms, Inc. dated 9/3/2021; Enclosure letter from CNA Surety regarding the Dishonesty Bond; Western Surety Co Rider dated 9/3/2021.
- Petitioner Exhibit 7: 2/10/2023 Settlement Agreement between Compassionate Arms Inc. and Respondents regarding \$10,291.35 overcharge requiring repayment; Consent Judgment entered in the 41A District Court on June 21, 2023; Jotform signature record.
- Petitioner Exhibit 8: Check #23964 dated 9/3/2021 from Compassionate Arms to Marya Insurance for \$4,980.00, endorsed for deposit by Charles Halabu; Check #25235 dated 6/15/2022 from Compassionate Arms to Marya Insurance for \$5,000.00, endorsed for deposit by Charles Halabu; Check #25237 dated 6/15/2022 from Compassionate Arms to Marya Insurance for \$2,291.60, endorsed for deposit by Charles Halabu; and Certification of Records of Regularly Conducted Activity dated 10/31/2023 from Comerica Bank.
- Petitioner Exhibit 9: 8/8/2023 Summary of Phone Conversation between Halabu and Blood; Copy of Check # 1189 dated 8/27/2023 from Marya Insurance Services, Inc., signed by Halabu, to Lavar for \$1,000.00.
- Petitioner Exhibit 10: Summary of Conversation by Blood with a Halabu customer, dated 10/31/2023.
- Petitioner Exhibit 11: Halabu Insurance Producer License Record.
- Petitioner Exhibit 12: Marya Insurance Services, Inc. Producer Agency's License Record
- Petitioner Exhibit 13: Not offered.

Petitioner Exhibit 14 Dept. of Licensing and Regulatory Affairs – Corporations
Online Filing System record for Compassionate Arms, Inc.

Halabu did not offer any exhibits into evidence. The record was closed as of March 14, 2025.

Issues and Applicable Law

The issue in this matter is whether Respondents have violated the Insurance Code of 1956, MCL 500.100 et seq. or the rules promulgated thereunder, as alleged in Petitioner's July 24, 2024 Complaint and Statement of Factual Allegations.

MCL 500.1205 provides in relevant part:

* * *

Sec. 1205. (2) A business entity acting as an insurance producer shall obtain an insurance producer license. A business entity applying for an insurance producer license shall file with the director the uniform business entity application required by the director. The director shall not approve an application for an insurance producer license under this subsection unless the director finds all of the following:

* * *

(b) The business entity has designated an individual licensed producer responsible for the business entity's compliance with this state's insurance laws, rules, and regulations.

* * *

MCL 500.1207(1)³ provides in relevant part:

Sec. 1207. (1) An agent is a fiduciary for all money received or held by the agent in his or her capacity as an agent. Failure by an agent in a timely manner to turn over the money that he or she holds in a fiduciary capacity to the persons to whom it is owed is prima facie evidence of violation of the agent's fiduciary responsibility. An agent shall not accept payment of a premium for a medicare supplemental policy or certificate in the form of a check or money order made payable to the agent instead of the insurer. On receiving payment of a premium for a medicare supplemental policy or

³ MCL 500.1207 was amended as of May 5, 2024. The section cited above, however, was in effect at the time relevant to Petitioner's Complaint.

certificate, an agent shall immediately provide a written receipt to the insured.

* * *

MCL 500.1239(1) provides in relevant part:

Sec. 1239. (1) The Director may place on probation, suspend or revoke an insurance producer's license and/or levy a civil fine under Section 1244 for any of the following reasons, among others:

* * *

(b) Improperly withholding, misappropriating, or converting any money or property received in the course of doing insurance business.

(c) Intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance.

* * *

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

MCL 500.1239(2) provides that the Director may place on probation, suspend or revoke an insurance producer's license and/or levy a civil fine under Section 1244 for any of the following reasons, among others:

Sec. 1239. (2) * * *

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

MCL 500.1239(5) provides:

Sec. 1239. (5) The 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.

MCL 500.1244(1)(a)-(d) provide:

Sec. 1244. (1) If the director finds that a person has violated this chapter, after an opportunity for a hearing under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, the director shall reduce the findings and decision to writing and shall issue and cause to be served on the person charged with the violation a copy of the findings and an order requiring the person to cease and desist from the violation. In addition, the director may order any of the following:

- (a) Payment of a civil fine of not more than \$1,000.00 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 \$5,000.00 for each violation. An order of the director under this subsection must not require the payment of civil fines exceeding \$50,000.00. A fine collected under this subdivision must be turned over to the state treasurer and credited to the general fund of this state.
- (b) A refund of any overcharges.
- (c) That restitution be made to the insured or other claimant to cover incurred losses, damages, or other harm attributable to the acts of the person found to be in violation of this chapter.
- (d) The suspension or revocation of the person's license.

Findings of Fact

Based upon the record in this matter, including the witness testimony, admitted exhibits, and the pleadings taken as accurate because of the default ruling against Respondent Marya Insurance Services, Inc., the following findings of fact are established:

1. Marya Insurance Services, Inc. is a licensed resident insurance producer agency. [Petitioner's Exh. 12].

2. Charles E. Halabu is a licensed resident insurance producer. Halabu is the owner of Marya. Respondent Halabu became the designated responsible licensed producer (DRLP) for Respondent Agency, effective on or about May 1, 2019. [Petitioner Exh. 12, p 87; credible testimony of Blood].
3. At all relevant times referenced herein, Halabu worked with United Insurance Services, LLC (UIS) as a contracted affiliate. As a contracted affiliate for UIS, Respondent Halabu wrote insurance policies through UIS for UIS customers. [Petitioner Exh. 11, p 60].
4. In or around July 2023, the Department of Insurance and Financial Services (DIFS) received complaints from Raqhael Jameel and Riyadh Kathawa, both of whom are employed by UIS. The complaints alleged that Respondents made misrepresentations to UIS customers in order to induce UIS customers into giving Respondents funds, which Respondents misappropriated. [Petitioner Exh. 3].
5. DIFS investigated the allegations in the complaints. DIFS' investigation revealed the following information:
 - a. Compassionate Arms, Inc. (CAI) was a UIS client. [Testimony of Blood; Petitioner Exh. 4]. L.F. is the resident agent and president of CAI. [Petitioner Exh. 14].
 - b. On or about September 1, 2021, CAI obtained a Dishonesty Bond underwritten by Western Surety Company, bond number 65620155 (Bond 0155). The total premium owed for Bond 0155 was \$1,980.25. [Established by default; testimony of Blood; Petitioner Exh. 6, pp 30-31, 33].
 - c. Respondents charged CAI approximately \$12,271.61 for Bond 0155. Accordingly, CAI paid Respondents \$10,291.35 more than was owed for Bond 0155. The overpayments for Bond 0155 were made by CAI via check; the checks were endorsed by Respondent Halabu and deposited into Respondent Agency's bank account. [Previously established by Proposed Ruling to Grant Petitioner's Motion for Summary Disposition, entered December 13, 2024, (SD Order)]
 - d. Respondent Halabu presented himself as an affiliate of UIS to CAI, but he processed the payments for Bond 0155 through Respondent Agency. [Credible testimony of Blood; Petitioner Exh. 8].
 - e. On June 21, 2023, Respondents and CAI entered into a Consent Judgment in the 41A District Court, Sterling Heights, Michigan. In the

Consent Judgment, Respondents acknowledged overcharging CAI \$10,291.35 “for premium or other cost associated with various insurance products.” [Previously established by SD Order; Pet. Exh. 9].

f. The terms of the Consent Judgment required Respondents to repay CAI \$2,058.00 per month, beginning in March 2023 and ending in June 2023. However, Respondents continue to retain \$7,291.35 of the amount they overcharged CAI for Bond 0155. [Previously established by SD Order; Petitioner Exh. 9; credible testimony of Blood].

g. Respondents retained all portions of the amount they overcharged CAI for Bond 0155 for at least 500 days. [Previously established by SD Order].

6. On or about March 20, 2024, DIFS mailed Respondents a Notice of Opportunity to Show Compliance that mirrored the above-referenced findings. Halabu has failed to demonstrate compliance with the Code. [Admission by Halabu at hearing].
7. After entering into a Settlement Agreement in the 41A District Court, Halabu only made a payment of \$2,000 before August 8, 2023, and \$1,000 on August 27, 2023. [Credible testimony of Blood; Petitioner Exh 9].
8. Blood credibly testified regarding another Halabu client indicating in the investigation that their policies were not properly managed by Respondents. [See also, Pet. Exh. 10].
9. At hearing, Halabu admitted that he had made a mistake. He testified that he has not repaid the overcharges because of financial hardship. Halabu explained that he is undergoing financial hardship due to his wife’s illness and the cost of treatment. See also, Halabu’s response filed on March 7, 2025.

Conclusions of Law

Petitioner has the burden of proving, by a preponderance of evidence, that Respondents violated the Code as alleged in the Complaint. As the Michigan Supreme Court has stated, “[p]roof by a preponderance of the evidence requires that the fact finder believe that the evidence supporting the existence of the contested fact outweighs the evidence supporting its nonexistence.” *Blue Cross and Blue Shield of Michigan v Milliken*, 422 Mich 1; 367 NW2d 1 (1985). A preponderance of evidence is evidence which is of a greater weight or more convincing than evidence offered in opposition to it. It is simply that evidence which outweighs the evidence offered to oppose it. *Martucci v Detroit Commissioner of Police*, 322 Mich 270; 33 NW2d 789 (1948).

The principles that govern judicial proceedings also apply to administrative hearings. 8 *Callaghan's Michigan Pleading and Practice 2nd ed.*, Section 60.48, p 230. Where a default ruling has been made, the allegations made against the defaulted party are established as true. *Smith v Lansing School Dist*, 428 Mich 248; 406 NW2d 825 (1987).

In its July 24, 2024, Complaint, Petitioner DIFS alleges various violations of the Code sections listed above against each Respondent.

Respondent Marya Insurance Services, Inc.

As to the allegations concerning Marya Insurance Services, Inc., a corporate entity, the allegations were established by default. Marya's DRLP and Principal, Charles Halabu, was informed at the September 12, 2024, proceeding that Marya must be represented by an attorney. At hearing, no attorney appeared. Accordingly, each allegation applicable to Marya set forth in DIFS' July 24, 2024, Complaint and Statement of Facts has been established against Marya, as set forth below.

Respondent Charles Halabu

All Complaint allegations have also been established by a preponderance of the evidence regarding Respondent Halabu as well. The factual allegations concerning whether Halabu overcharged an insured \$10,291.35 for a product were previously established when the tribunal proposed partially granting DIFS' Summary Disposition motion. The tribunal also held that there was no genuine issue of material fact as to improper withholding of money, demonstrating incompetence or financial irresponsibility and violating insurance law.

The issue left for hearing was whether Halabu's actions were intentional misrepresentations or fraudulent, coercive or dishonest practices. Halabu was given the opportunity to cross-examine Investigator Blood, to explain himself, to present witnesses, to present documentary evidence, and to file a written closing brief. At hearing, Halabu did not cross-examine Investigator Blood. Halabu failed to refute or challenge any of the evidence or testimony brought by DIFS. Rather, Halabu admitted that he made a mistake. He did not testify that he accidentally overcharged his client, or that he was unaware of the actual cost of the insurance product involved, the Dishonesty Bond. Halabu failed to present any other witness. Nor did he provide any documentary evidence.

The tribunal accepts Petitioner's argument that Halabu was well aware of the cost associated with Bond 0155. Yet, Halabu continued to accept, endorse, and deposit checks from CAI that were not necessary to cover the cost of any insurance product. [Pet. Exh. 8]. By continuing to endorse and deposit checks for a bond that had already been paid in full and posted, it is established by a preponderance of the evidence that Halabu

took affirmative, repeated, and intentional actions to withhold, misappropriate, and/or convert the customer's money.

DIFS also argues that the intentional nature of Halabu's dishonest conduct is further established by his immediate failure to comply with the terms of the Settlement Agreement/Consent Judgment. Upon execution, (2/10/2023). Halabu was required to pay \$2,058.27 to Compassionate Arms, Inc. His next payment was due March 9, 2023. Halabu's first payment was short by \$58.27. In fact, Halabu failed to make any further payment until he was contacted by Investigator Blood, six months later. That payment was only \$1,000, an amount less than half of each of the installments he was required to pay. Intentionality may be inferred by Halabu signing an agreement promising an immediate payment and then failing to make another payment for over six months. Halabu had to know at the time he executed the Settlement Agreement leading to the Consent Judgment that he was unwilling or unable to fully pay that first agreed-upon installment. It is more probable than not that he knew he could not live up to the agreement he signed at the time he signed it.

It is also telling that two of Halabu's coworkers at United Insurance Services filed DIFS complaints alleging that Halabu had mismanaged multiple customers' funds. [Pet. Exh. 3]. Intentionality can also be inferred from Halabu's repeated actions. Accordingly, the tribunal holds that DIFS has proven all of the allegations against Halabu found in its July 24, 2024, Complaint and Statement of Facts.

Therefore, the following allegations are concluded to be established against both Halabu and Marya:

As licensees, Respondents knew or had reason to know that Section 1207(1) of the Code, MCL 500.1207(1), provides that an agent is a fiduciary for all monies received in their capacity as agent, and an agent's failure to timely turn over money held in the agent's fiduciary capacity is prima facie evidence of a violation of the agent's fiduciary responsibility. Based on the actions set forth above, Respondents violated MCL 500.1207(1).

Respondents knew or should have known that Section 1239(1)(b) of the Code, MCL 500.1239(1)(b), provides that the Director may take disciplinary action against licensees for "[i]mproperly withholding, misappropriating, or converting any money or property received in the course of doing insurance business."

Respondents knew or reasonably should have known that Section 1239(1)(c) of the Code, MCL 500.1239(1)(c), provides that the Director may take disciplinary action against licensees for "[i]ntentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance."

For misrepresenting the amount owed for Bond 0155 and for misappropriating, converting, and/or withholding the money Respondents overcharged CAI, as set forth above, Respondents provided justification for sanctions pursuant to MCL 500.1239(1)(b) and (1)(c).

Respondents knew or should have known that Section 1239(1)(g) of the Code, MCL 500.1239(1)(g), provides that the Director may take disciplinary action against licensees 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.” Based on the actions set forth above, Respondents provided justification for sanctions pursuant to MCL 500.1239(1)(g).

Respondents knew or reasonably should have known that Section 1239(2)(e) of the Code, MCL 500.1239(2)(e), provides that the Director may take disciplinary action against licensees for “[v]iolating any insurance laws”

As licensees, Respondents knew or had reason to know that Section 1205(2)(b) of the Code, MCL 500.1205(2)(b), requires that a business entity maintain a DRLP who is responsible for the business entity's compliance with this state's insurance laws, rules, and regulations.

As DRLP, Respondent Halabu failed to fulfill his duty of ensuring compliance with the laws, rules, and regulations of the State of Michigan as indicated by the Code violations described above. By his failure to ensure Respondents' compliance with the Code, as required by MCL 500.1205(2)(b), Respondent Halabu has provided justification for sanctions pursuant to MCL 500.1239(1)(g) and MCL 500.1239(2)(e).

As licensees, Respondents knew or had reason to know 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.”

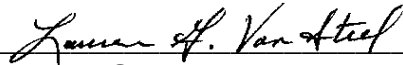
Respondents' violations of the Code, as set forth above, were either known, or should have been known, by one or more of the Respondent Agency's partners, officers, or managers; however, no report was made to the Director nor was corrective action taken. The Respondent Agency is thus subject to sanctions pursuant to MCL 500.1239(5).

Based upon the actions listed above, 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' violation or violations of the Code, and/or other licensing sanctions, including revocation of licensure.

Proposed Decision

The undersigned proposes that the Department Director adopt the above findings of fact and conclusions of law, and issue a final decision and order sanction(s) as deemed appropriate under the Code.



Lauren G. VanSteel
Administrative Law Judge

EXCEPTIONS

In accordance with MCL 24.281 and Mich Admin Code, R 792.10132, a party may file Exceptions to this Proposal for Decision (PFD) within 21 days after the PFD is issued. An opposing party may file a Response to Exceptions within 14 days after exceptions are filed. Exceptions/Responses shall include the case name and docket number and be sent by e-mail (preferred) to: MOAHR-GA@michigan.gov, by regular mail to: MOAHR-General Adjudication, P.O. Box 30695, Lansing, MI 48909, or by fax to: 517-335-7535. Also, a copy of Exceptions/Responses must be sent by e-mail to: swinsonr@michigan.gov or by regular mail to: Department of Insurance and Financial Services, Office of General Counsel–Attn: Randie Swinson, P.O. Box 30220, Lansing, Michigan, 48909. A copy of any Exceptions/Responses must be timely sent to all other parties and attorneys of record in this matter.

Notice to Agency to Provide MOAHR with Subsequent Agency or Court Orders

The state agency that is a party to this matter, and/or referred this matter to MOAHR, shall serve MOAHR with any subsequent orders entered as a result of this ALJ's decision or proposed decision, including but not limited to the agency's final order, order to remand the matter to MOAHR for further proceedings, or order on appeal, as soon as practicable following entry of the order to:

Michigan Office of Administrative Hearings and Rules, General Adjudication, by **email (preferred)** to: MOAHR-GA@michigan.gov; **or by regular mail** to: MOAHR-GA, P.O. Box 30695, Lansing, Michigan 48909-8195.

See: Mich Admin Code, R 792.10120(2)(i)