

STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES
Before the Director of the Department of Insurance and Financial Services

In the matter of

Nathan E. Rydstrom
System ID No. 0154086

Enforcement Case No. 24-17986

United Closing Associates LLC
d/b/a Owner's Title Agency LLC
System ID No. 0071465

Respondents.

ISSUED AND ENTERED

on June 20, 2025

by Joseph A. Garcia

Special Deputy Director and General Counsel

FINAL DECISION

I. INTRODUCTION

This case concerns allegations that United Closing Associates LLC d/b/a Owner's Title Agency LLC ("Respondent Agency") and Nathan E. Rydstrom ("Respondent Rydstrom" and, together with Respondent Agency, "Respondents") retained funds, totaling \$747,592.59, held in a fiduciary manner and failed to remit those funds, plus other violations of Michigan's Insurance Code, MCL 500.100, et seq. ("Code").

On April 21, 2025, the Department of Insurance and Financial Services ("DIFS") issued to Respondents an Administrative Complaint and Statement of Factual Allegations (referenced together as the "Complaint") providing Respondents an opportunity to request an administrative hearing. The Complaint contained a section headed "Opportunity for Hearing" which stated:

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 Respondents' failure to request a hearing, the unchallenged allegations in the Complaint are accepted as true. Based on the Complaint, the Director of DIFS makes the following Findings of Fact and Conclusions of Law.

II. FINDINGS OF FACT

The unchallenged factual allegations in the Complaint are accepted as true and are restated below.

1. Respondent Rydstrom was a licensed resident insurance producer in the state of Michigan during all times relevant to this enforcement action.
2. Respondent Agency was a licensed resident insurance producer in the state of Michigan during all times relevant to this enforcement action.
3. Respondent Rydstrom has been the Designated Responsible Licensed Producer (“DLRP”) for Respondent Agency during all times relevant to this enforcement action.
4. On or about November 13, 2023, DIFS staff received information from AmTrust Title Insurance Company (“AmTrust”) that indicated it was canceling Respondents’ appointments for cause.
5. On September 22, 2023, Respondents facilitated a closing for File No. 167441. On or around November 2023, AmTrust contacted Respondent Rydstrom regarding two unpaid mortgages for File No. 167441. In an email response dated November 6, 2023, Respondent Rydstrom stated, in part, “I have no money left in my escrow account, operating account or personal,” and he explained his grave financial situation.
6. DIFS staff identified five AmTrust closing files in which Respondents, as fiduciaries, failed to complete six payments totaling \$747,592.59, as described below:

File No.	Closing Date	Amount Owed	Payment Owed to	Issue with Payment
167475	9/7/2023	\$222,623.82	Mr. Cooper	Respondent Rydstrom Stopped Payment on Check
167490	9/11/2023	\$166,509.02	Rocket Mortgage	Check Issued – Returned NSF
167441	9/22/2023	\$205,389.85	Lakeview Loan Serving	Check Issued – Returned NSF
167441	9/22/2023	\$4,725.00	Lake Michigan Credit Union	Failed to Write Check
167436	9/29/2023	\$91,902.96	US Bank	Failed to Write Check
167506	10/10/2023	\$56,441.94	Mercantile Bank	Failed to Write Check
	Total	\$747,592.59		

7. To date, Respondents have not paid any of the \$747,592.59 in payments as described in paragraph 6 above. The insurer, AmTrust, however, has paid all of the sums set forth in paragraph 6 above to the parties that were entitled to the funds in settlement of the claims against it that were brought as a result of Respondents’ actions.

8. During DIFS' investigation, DIFS learned that Respondent Rydstrom's address was not updated with DIFS and, according to Respondent Rydstrom, Respondent Agency had closed its operations. Respondent Agency failed to update its address with DIFS after Respondent Agency purportedly closed.

III. CONCLUSIONS OF LAW

The unchallenged conclusions of law contained in the Complaint are accepted as true and restated below.

1. Respondents knew or reasonably should have known that Section 1207 of the Code, MCL 500.1207, provides that producers owe fiduciary duties for all money received in their capacity as agents, and agents who fail to timely remit fiduciary funds owed are in violation of their fiduciary responsibilities. By failing to remit six payments totaling \$747,592.59, as described in paragraph 6 above, Respondents have violated Section 1207 of the Code, MCL 500.1207.
2. Respondents knew or reasonably 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 provided justification for sanctions pursuant to Section 1239(1)(b) of the Code, MCL 500.1239(1)(b), by improperly withholding and/or converting funds as described in paragraph 6 above.
3. Respondents knew or reasonably 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." Respondents provided justification for sanctions pursuant to Section 1239(1)(g) of the Code, MCL 500.1239(1)(g), by retaining funds held in a fiduciary manner and failing to properly remit a total of \$747,592.59 of payments as described in paragraph 6 above.
4. Respondents knew or reasonably should have known that Sections 1206(5) and 1238(1) of the Code, MCL 500.1206(5) and MCL 500.1238(1), require Respondents to notify DIFS of address changes within 30 days. By failing to update their addresses with DIFS, Respondents violated Sections 1206(5) and 1238(1) of the Code, MCL 500.1206(5) and MCL 500.1238(1).
5. Respondents knew or reasonably should have known that Section 1239(2)(e) of the Code, MCL 500.1239(2)(e), states that they may be sanctioned for violating any insurance statutes or orders issued by the DIFS Director. As set forth above, Respondents violated Sections 1207, 1206(5), and 1238(1) of the Code. As a result, Respondents have provided justification for sanctions pursuant to Section 1239(2)(e) of the Code, MCL 500.1239(2)(e).
6. Respondent Agency knew or reasonably 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."

7. Respondents' violations of the Code set forth above were either known, or should have been known, by one or more of Respondent Agency's partners, officers, or managers, and no report was made to the Director nor was corrective action taken. Respondent Agency is thus subject to sanctions pursuant to Section 1239(5) of the Code, MCL 500.1239(5).
8. As licensees, Respondents knew or reasonably should have known that a DRLP is a producer designated by the agency to ensure compliance with the laws, rules, and regulations of the State of Michigan. See MCL 500.1205(2)(b). To ensure compliance, a DRLP must be proactive in his/her oversight and should have full knowledge of the business practices of the agency, the training that individual producers receive, and the method by which said producers are implementing the agency's business practices and training. Without accurate knowledge of these items, it is impossible to determine whether the agency is in compliance with applicable laws.
9. As the DRLP for Respondent Agency, Respondent Rydstrom failed to fulfill his duties under Section 1205(2)(b) of the Code, MCL 500.1205(2)(b), to ensure Respondents' compliance with this state's insurance laws, rules, and regulations. By his failure to ensure Respondents' compliance with the Code, as evidenced by the Code violations cited above, Respondent Rydstrom has provided justification for sanctions pursuant to Sections 1239(1)(g) and 1239(2)(e) of the Code, MCL 500.1239(1)(g) and MCL 500.1239(2)(e).
10. On or about December 5, 2024, DIFS mailed Respondents a Notice of Opportunity to Show Compliance and Statement of Factual Allegations and requested a response from Respondents. The response deadline has passed and DIFS staff did not receive a response from Respondents.
11. Sections 1239(1)(b) and 1239(1)(g) of the Code, MCL 500.1239(1)(b) and (g), provide 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:
 - (b) Improperly withholding, misappropriating, or converting any money or property received in the course of doing insurance business.

* * *

 - (g) Using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.
12. Section 1239(2)(e) of the Code, MCL 500.1239(2)(e), provides in pertinent part:
 - (2) in addition to any other powers under this act, the director 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 director may refuse to issue a license under section 1205 or 1206a, for any 1 or more of the following causes:

* * *

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

13. Section 1239(5) of the Code, MCL 500.1239(5), provides:

(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.

14. Section 1244(1) of the Code, MCL 500.1244(1), provides in pertinent part:

(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:

* * *

(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.

15. 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' violations of the Code, and/or other licensing sanctions, including revocation of licensure.


IV. ORDER

Therefore, it is **ORDERED** that:

- A. Respondents are in default in this matter and all allegations in the Complaint are accepted as true in all respects.
- B. Pursuant to Section 1244 of the Code, MCL 500.1244, Respondents shall **CEASE** and **DESIST** from violating the Code provisions cited in this Final Decision.
- C. Pursuant to Section 1244 of the Code, MCL 500.1244, Respondent Agency shall pay restitution in the amount of \$747,592.59 to AmTrust Title Insurance Company within 30 days of the date of this Final Decision.
- D. The insurance producer license of Respondent Agency (System ID No. 0071465) is **REVOKED**.

- E. The insurance producer license of Respondent Rydstrom (System ID No. 0154086) is **REVOKED.**

Anita G. Fox, Director
For the Director:



Joseph A. Garcia
Special Deputy Director and General Counsel