

**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

**Enforcement Case No. 19-15495
Agency No. 19-390-L**

Petitioner,

v

Destany Arnold
System ID No. 0787652

Respondent.

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Issued and entered
on September 3, 2019
by **Randall S. Gregg**
Senior Deputy Director

FINAL DECISION

I. Background

Destany Arnold (Respondent) is a licensed resident insurance producer. The Department of Insurance and Financial Services (DIFS) received information that Respondent knowingly submitted false account information into a State Farm payment plan system. After investigation and verification of the information, on April 12, 2019, DIFS issued a Notice of Opportunity to Show Compliance (NOSC) alleging that Respondent had provided justification for revocation of licensure and other sanctions pursuant to Sections 1239(1) and 1244(1)(a-d) of the Michigan Insurance Code (Code), MCL 500.1239(1) and 500.1244(1)(a-d). Respondent failed to reply to the NOSC.

On June 19, 2019, DIFS issued an Administrative Complaint and Order for Hearing which was served upon Respondent at her last known address due to the fact that she failed to update the business address she is required to maintain with DIFS. The Order for Hearing required Respondent to take one of the following actions within 21 days: (1) agree to a resolution of the case, (2) file a response to the allegations with a statement that Respondent planned to attend the hearing, or (3) request an adjournment. Respondent failed to respond or take any action.

On July 26, 2019, DIFS Staff filed a Motion for Final Decision. Respondent did not file a reply to the motion. Given Respondent's failure to respond, Petitioner's motion is granted. The Administrative Complaint, being unchallenged, is accepted as true. Based upon the Administrative Complaint, the Director makes the following Findings of Fact and Conclusions of Law.

II. Findings of Fact and Conclusions of Law

1. At all relevant times, Destany Arnold (Respondent) was a licensed resident insurance producer, with qualifications in property and casualty. Respondent has been licensed since October 18, 2016.
2. Respondent was appointed with State Farm Fire and Casualty Co. and State Farm Mutual Automobile Insurance Co. (collectively State Farm) on October 31, 2016. Respondent's appointment was terminated on June 12, 2018, for knowingly entering false bank account information for State Farm Payment Plan (SFPP) recurring monthly accounts.
3. At all relevant times, Respondent was an employee of State Farm agent Angela Hughes (Hughes). During a review of the business Respondent wrote between August 2017 and December 2017, State Farm discovered that for 13 insureds, Respondent entered false bank information into that customer's SFPP account. When SFPP attempted to pull the premium, the result was a failed Automated Clearing House (ACH) entry. Respondent intentionally entered false information into her customers' SFPP accounts so that the customers could avoid having to pay a two-month deposit.
4. In October 2017, Hughes counseled Respondent regarding this activity. Hughes confirmed that the activity continued after this intervention. Respondent's agreement with Hughes and State Farm was suspended for 30 days, and during that timeframe Hughes and State Farm terminated Respondent's employment.
5. On September 21, 2018, DIFS Staff mailed a letter of inquiry to Respondent at the mailing address on file. Respondent has not responded to the letter of inquiry nor has the letter been returned undeliverable by the post office. Additionally, on the same date, DIFS Staff emailed a copy of the letter of inquiry to Respondent at the email address on file. Respondent has not responded to the email letter of inquiry nor has the email been returned undeliverable to the DIFS email server.
6. As a licensee, Respondent knew or should have known that Section 249 of the Code, MCL 500.249, requires that licensees respond to inquiries from DIFS Staff. By failing to respond to a letter of inquiry from DIFS Staff, Respondent has violated Section 249 of the Code.
7. As a licensee, Respondent knew or had reason to know that Section 1239(1)(b) of the Code, MCL 500.1239(1)(b), provides that she may be sanctioned for violating any insurance laws. As set forth above, Respondent has violated Sections 249 of the Code, MCL 500.249 and, thus, provided justifications for sanctions, pursuant to Section 1239(1)(b) of the Code.
8. As a licensee, Respondent knew or had reason to know that Section 1239(1)(h) of the Code, MCL 500.1239(1)(h), provides that she may be sanctioned 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 knowingly submitting false account information

into the SFPP system in order to bypass her customer's obligation to pay a two-month deposit, Respondent has engaged in dishonest practices and demonstrated untrustworthiness in the conduct of business in this state and, thus, provided justification for sanctions, pursuant to Section 1239(1)(h) of the Code.

9. On April 12, 2019, a Notice of Opportunity to Show Compliance was mailed by first class mail to Respondent at the following address on file: 15192 E. 13 Mile Rd., Warren, MI 48088. The mail was returned to DIFS marked "Attempted – Not Known Unable To Forward."
10. A search was undertaken to ascertain a correct address for Respondent. Her Michigan voter registration disclosed the following address: 7544 Prospect Ave, Warren, MI 48091.
11. The NOSC was resent on May 3, 2019, to 7544 Prospect Ave, Warren, MI 48091. No response was received.
12. On June 19, 2019, true copies of an Administrative Complaint, Order for Hearing and Notice of Hearing were mailed by first class mail to Respondent at the last known address: 7544 Prospect Ave, Warren, MI 48091.
13. DIFS has not received a response from the Respondent.
14. In paragraph 3 of the Order for Hearing, the Respondent was ordered to do one of the following within 21 days of the date of the Order: 1) agree to a resolution with the opposing party, 2) file a response to the allegations in the Administrative Complaint and file a statement that Respondent plans to attend the hearing as scheduled, or 3) file a request for an adjournment. Paragraph 5 states that failure to make the required filing shall constitute the default of Respondent in this contested case.
15. Respondent has failed to take any of the actions required by paragraph 3 of the Order. See Petitioner's Exhibit 1, Affidavit of Christy Capelin.
16. DIFS Staff have made reasonable efforts to serve Respondent and have complied with MCL 500.1238(2).
17. Respondent has received notice and has been given an opportunity to respond and appear and has not responded nor appeared.
18. Respondent is in default and the Petitioner is entitled to have all allegations accepted as true.

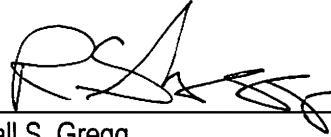
III. Order

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

1. Respondent shall **CEASE** and **DESIST** from violating the Code.
2. Respondent shall immediately **CEASE** and **DESIST** from engaging in the business of insurance.

3. Pursuant to MCL 500.249, MCL 500.1239(1)(b),(e) and (h), and MCL 500.1244(1)(d), Respondent's resident insurance producer license (System ID No. 0787652) is **REVOKED**.

Anita G. Fox, Director
For the Director:

A handwritten signature in black ink, appearing to read 'R. S. Gregg', is written over a horizontal line.

Randall S. Gregg
Senior Deputy Director