

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

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Benjamin Leon Stone II
System ID No. 0734496

Enforcement Case No. 20-16098
Agency No. 20-058-L

BL Stone LLC
System ID No. 0109785

Respondents.

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**Issued and entered
on March 10, 2021
by Randall S. Gregg
Senior Deputy Director**

FINAL DECISION

I. Background

Benjamin Leon Stone II (System ID No. 0734496) (Respondent Stone) was an active licensed resident insurance producer with qualifications in casualty and property. Respondent Stone was an active resident producer from July 30, 2015 through July 31, 2017, on which date he was suspended for education. Respondent Stone was an active resident producer from August 18, 2017 until July 31, 2019, when he was again suspended for education. On November 1, 2019, Respondent Stone was terminated for education and his license became inactive on August 1, 2020.

BL Stone LLC (System ID No. 0109785) (Respondent Agency) was an active licensed resident insurance producer with qualifications in casualty and property. Respondent Agency was an active resident producer from July 7, 2016 until January 21, 2020. Respondent Agency's license was revoked pursuant to Enforcement Case No. 19-15723 on January 22, 2020. Respondent Stone served as the designated responsible licensed producer (DRLP) for Respondent Agency from May 23, 2016 until January 21, 2020.

After the Department of Insurance and Financial Services (DIFS) received a complaint that Respondents had failed to issue timely and complete refunds to an insured for a cancelled policy, it opened an investigation and verified the information.

DIFS subsequently issued a Notice of Opportunity to Show Compliance (NOSC) September 21, 2020. The NOSC was sent by first-class mail to Respondents at their addresses on file with DIFS. Respondents' reply was due on or before October 15, 2020. DIFS received no response and the mail was returned to DIFS as unable to forward for all three addresses.

On November 23, 2020, DIFS issued an Administrative Complaint, Statement of Factual Allegations, Order for Hearing and Notice of Hearing, which was served on Respondents at the addresses they are 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. DIFS did not receive a reply to the Administrative Complaint.

On February 12, 2021, DIFS filed a Motion for Final Decision. Respondents did not file a reply to the Motion. Given Respondents' 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. Pursuant to a consumer complaint, DIFS opened an investigation of Respondents on April 12, 2019.
1. DIFS' investigation revealed that Respondents failed to provide timely and complete refunds of the outstanding balances to insureds on cancelled insurance policies.
2. Respondent Stone also failed to notify DIFS of his address change and failed to reply to DIFS' email inquiries.
3. On September 21, 2020, an NOSC was mailed by first class mail to Respondents at their addresses on file with DIFS.
4. Respondents' reply was due on or before October 15, 2020.
5. DIFS received no response and the mail was returned to DIFS as unable to forward for all three addresses.
6. On November 23, 2020, DIFS served Respondents with an Administrative Complaint, Statement of Factual Allegations, Order for Hearing and Notice of Hearing via first class mail to Respondents at their addresses of record on file with DIFS.
7. Respondents' reply was due on or before December 14, 2020.
8. Respondents did not respond in any way to the Administrative Complaint.
9. As licensees, Respondents knew or had reason to know that MCL 500.249 requires that licensees respond to inquiries from DIFS staff.
10. Respondents violated MCL 500.249 by failing to respond to DIFS' multiple inquiries.
11. As a licensee, Respondent Stone knew or reasonably should have known that MCL 500.1205(2)(b) requires that he, as DRLP for Respondent Agency, ensure compliance with this state's insurance laws.

12. By failing to ensure that Respondent Agency complied with the Code, Respondent Stone failed to ensure compliance with this state's insurance laws as DRLP, in violation of MCL 500.1205(2)(b).
13. As licensees, Respondents knew or had reason to know that MCL 500.1206(5) requires them to inform DIFS of any change of address within 30 days of the change.
14. Respondent Stone violated MCL 500.1206(5) because he failed to report to DIFS that his address had changed, as indicated by the mail returned to DIFS.
15. As a licensee, Respondents knew or had reason to know that MCL 500.1207(1) requires them to act as a fiduciary for all money received or held in their capacity as an agent, timely remitting any such money to the rightful owner.
16. Respondents violated MCL 500.1207(1) by receiving money in a fiduciary capacity and failing to turn it over to an agency or insurer for the intended purpose, failing to timely refund it to the rightful owners, and retaining funds belonging to an insured party.
17. As licensees, Respondents knew or had reason to know that MCL 500.1238(1) requires them to notify DIFS of any change in their mailing address within 30 days after the change.
18. Respondent Stone violated MCL 500.1238(1) by failing to notify DIFS of the changes to his mailing addresses, as indicated by the mail returned to DIFS.
19. As licensees, Respondents knew or reasonably should have known that MCL 500.1239(1)(b) prohibits "improperly withholding, misappropriating, or converting . . . money or property received in the . . . insurance business."
20. By retaining funds for up to 15 months, and failing to refund \$553.79, Respondents improperly withheld, mis-appropriated or converted money received in the course of their insurance business, providing justification for sanctions pursuant to MCL 500.1239(1)(b).
21. As licensees, Respondents knew or reasonably should have known that MCL 500.1239(1)(g) provides that they 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."
22. By failing to timely issue refunds and retaining funds that belongs to an insured party, Respondents demonstrated incompetence and/or untrustworthiness, providing justification for sanctions pursuant to MCL 500.1239(1)(g).
23. As licensees, Respondents knew or had reason to know that MCL 500.1239(2)(e) provides that they may be sanctioned for violating any insurance laws, regulations, or administrative rules.
24. By violating MCL 500.249, MCL 500.1205(2)(b), MCL 500.1206(5), MCL 500.1207(1), and MCL 500.1238(1), Respondents violated the insurance laws of this state, providing justification for sanctions pursuant to MCL 500.1239(2)(e).

25. Respondent Agency has demonstrated cause for sanctions under MCL 500.1239(5) because Respondent Agency and one of more of its partners, officers, or managers either knew or should have known that Respondent Stone violated MCL 500.249, MCL 500.1205(2)(b), MCL 500.1206(5), MCL 500.1207(1), and MCL 500.1238(1), which are sanctionable under MCL 500.150, MCL 500.1239(1)(b), (g), and (2)(e), and MCL 500.1244(1) as set forth above, and the acts were neither reported to DIFS nor corrective action taken.
26. Based upon the actions listed above, Respondents have committed acts that provide justification for the Director to order that they cease and desist their unlawful actions and impose sanctions pursuant to MCL 500.150, MCL 500.1239(1)(b), (g), and (2)(e), and MCL 500.1244(1). Potential sanctions for Respondents' unlawful conduct may include the payment of a civil fine, the refund of any overcharges, that restitution be made to cover losses, damages or other harm attributed to Respondent's violation or violations of the Code, and/or other sanctions, including limitation, revocation, or suspension of Respondents' licenses.
27. DIFS staff has made reasonable efforts to serve Respondent and has complied with MCL 500.1238(2)2.
28. Respondents were sent notice and have been given an opportunity to respond and appear and they have not responded or appeared.
29. Respondents are in default and the Petitioner is entitled to have all allegations accepted as true.

III. Order

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

1. Respondents shall **CEASE** and **DESIST** from violating the Code.
2. Respondents shall immediately **CEASE** and **DESIST** from engaging in the business of insurance.
3. Pursuant to MCL 500.1239(1)(g) and (2)(e), and MCL 500.1244(1)(d), Respondent Stone's resident insurance producer license (System ID No. 0070852) is **REVOKED**.

Anita G. Fox, Director
For the Director:



Randall S. Gregg, Senior Deputy Director