

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

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Union Square Media Group, LLC
Unlicensed

Enforcement Case No. 21-16338

Respondent.
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**Issued and entered
on March 4, 2021
by Randall S. Gregg
Senior Deputy Director**

**ORDER TO CEASE AND DESIST WITH STATEMENT OF FINDINGS
AND NOTICE OF OPPORTUNITY FOR HEARING**

Pursuant to Section 251 of the Michigan Insurance Code (Code), MCL 500.251, and after reviewing evidence of the conduct described in the attached Statement of Findings, and

WHEREAS, the Director of the Department of Insurance and Financial Services finds that immediate action is necessary and appropriate in the public interest for the protection of the public health, safety, and welfare, and consistent with the purposes fairly intended by public policy and provisions of the Code,

IT IS THEREFORE ORDERED THAT:

1. The Respondent shall immediately **CEASE AND DESIST** from all activities in violation of the Code as described in the Statement of Findings.
2. A copy of this Order shall be immediately served upon Respondent. As to any Respondent, this Order shall be effective upon the date of service.
3. Respondent will have 30 calendar days after the service of this Order to contest it by requesting a hearing. Within 10 calendar days after receiving the request, the hearing process shall commence. This Order shall remain in effect until further order of the Director. Any request for a hearing should be addressed to the Department of Insurance and Financial Services, Attention: Randie Swinson, Hearings Coordinator, P.O. Box 30220, Lansing, MI 48909-7720 or faxed to 517-284-8843 or via email to DIFS Staff Attorney, Diego Avila, AvilaD@michigan.gov.
4. Any such hearing held shall address the following issues:

- a. The facts set forth in the Statement of Findings.
 - b. The continuation of the Order to Cease and Desist.
 - c. Restitution to be paid by the Respondent.
5. If a hearing is requested, an administrative law judge from the Michigan Office of Administrative Hearings and Rules shall preside over any such hearing.
6. The Director retains jurisdiction of the matters contained herein and the authority to issue such further Orders as shall be deemed just, necessary, and appropriate.
7. Pursuant to Section 251(6) of the Code, MCL 500.251(6), a person who violates or otherwise fails to comply with an Order to Cease and Desist is subject to one or more of the following:
- a. Payment of a civil fine of not more than \$1,000.00 for each violation not to exceed an aggregate civil fine of \$30,000.00. However, if the person knew or reasonably should have known the conduct was in violation of the cease and desist order, the person shall be subject to a civil fine of not more than \$25,000.00 for each violation not to exceed an aggregate civil fine of \$250,000.00.
 - b. Suspension or revocation of the person's license or certificate of authority.
 - c. Complete restitution, in the form, amount, and within the period determined by the Director, to all persons in Michigan damaged by the violation or failure to comply.



Randall S. Gregg
Senior Deputy Director

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STATEMENT OF FINDINGS

1. Pursuant to Section 251(1) of the Code, MCL 500.251(1), the Director is empowered to issue a cease and desist order if the Director finds any of the following:
 - (a) A person is conducting transactions of insurance for which a certificate of authority is required by this act without having obtained a certificate of authority.
 - (b) A person is acting as an insurance agent, solicitor, adjuster, or counselor without a license as required by this act.
 - (c) A person is engaged in an act or practice in the business of insurance for which authority from or notification to the commissioner is required by this act and the person has not received authority or given notification.
 - (d) A person authorized to engage in the business of insurance under this act is engaged in conduct that presents an immediate danger to public health, safety, or welfare. MCL 500.251(1).

2. Under Section 1201a(1) of the Code, it is a violation for a person to sell, solicit, or negotiate insurance in this state for any line of insurance without first obtaining a license or qualification for that line. MCL 500.1201a(1).
 - a. "Negotiate" means the act of conferring directly with or offering advice directly to a purchaser or prospective purchaser of a particular contract of insurance concerning any of the substantive benefits, terms, or conditions of the contract, provided that the person engaged in that act either sells insurance or obtains insurance from insurers for purchasers. MCL 500.1201(m).
 - b. "Sell" means to exchange a contract of insurance by any means, for money or its equivalent, on behalf of an insurance company. MCL 500.1201(n).
 - c. "Solicit" means attempting to sell insurance or asking or urging a person to apply for a particular kind of insurance from a particular company. MCL 500.1201(o).

3. On or about June 2, 2020, DIFS received a consumer complaint regarding a misleading advertisement that the Complainant saw on Facebook. The Complainant attached a copy of the advertisement as displayed on Facebook with his complaint.
 - a. The sponsored advertisement was posted by the Facebook profile for Otto Insurance.
 - b. The advertisement consisted of a video, with a written heading at the top of the video that read "Vets Apply For This Free Program That Replaces Insurance."
 - c. The caption to the Facebook post reads "This program is perfect for Vets who want to get rid of costly car insurance."
4. The above referenced solicitation is misleading in that it purports to offer a free program that replaces insurance. Every Michigan resident who operates a motor vehicle in Michigan is obligated to maintain auto insurance for that motor vehicle, and there is no exception to this requirement for veterans. MCL 500.3101. The advertisement does not use language that would suggest it is a referral service for finding insurance carriers or policies with premiums lower in price than what the customer currently maintains.
5. During its investigation, DIFS discovered that the Facebook page for "Otto Insurance" where the advertisement identified by the Complainant was posted is a Facebook page that is moderated and under the control of Union Square Media Group, LLC (Respondent).
6. A review of DIFS' records revealed that Respondent is not licensed under the Code.
7. By soliciting insurance as an unlicensed producer, Respondent violated Section 1201a(1) of the Code, MCL 500.1201a(1).
8. By causing the misleading solicitation referenced above to be made, published, disseminated, circulated, or placed before the public, Respondent violated Section 2007 of the Code, MCL 500.2007.
9. Based on the aforementioned findings, Respondent is acting as an insurance producer, solicitor, adjuster, or counselor without a license as required by the Code.
10. Based on the aforementioned findings, Respondent is engaged in an act or practice in the business of insurance for which authority from or notification to the Director is required by the Code, and the Respondent has not received authority or given notification.