

**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. 21-16337
Agency No. 21-007-L**

Petitioner,

v

Carl Robert Crook
System ID No. 0246179

Respondent.
_____ /

**Issued and entered
on August 23, 2021
by Randall S. Gregg
Senior Deputy Director**

FINAL DECISION

I. Background

Carl Robert Cook (Respondent) was a licensed resident insurance producer. Respondent held qualifications in casualty and property since March 1, 2002, life since September 10, 2004, accident and health since October 2, 2007, and variable annuities since April 4, 2008. Respondent voluntarily surrendered his license on August 8, 2018. The Department of Insurance and Financial Services (DIFS) received a consumer complaint alleging that Respondent was improperly withholding, misappropriating or converting any money or property in the course of doing insurance business. After investigation and verification of the complaint, on April 6, 2021, 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 MCL 500.1244(1)(a-d). Respondent failed to reply to the NOSC.

On June 9, 2021, DIFS issued an Administrative Complaint and Order for Hearing which was served upon Respondent at the address he is required to maintain with DIFS. It was also mailed to a second Michigan residential address and an Arizona residential address. 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 August 2, 2021, 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. Respondent was a licensed resident insurance producer. Respondent held qualifications in casualty and property since March 1, 2002, life since September 10, 2004, accident and health since October 2, 2007, and variable annuities since April 4, 2008. Respondent voluntarily surrendered his license on August 8, 2018.
2. On or about August 31, 2018, Respondent became a licensed resident producer in the state of Arizona. As it relates to Respondent, this enforcement action shall proceed pursuant to MCL 500.1239(7).
3. On or about September 6, 2019, DIFS received a complaint from the Director of Business & Strategic Development (Complainant) with Farm Bureau Insurance Company (Farm Bureau). In her complaint, Complainant stated that Respondent was "improperly withholding, misappropriating or converting any money or property in the course of doing insurance business." Complainant further stated that Respondent was accepting cash payments from insureds, providing them handwritten receipts, and failing to log and/or remit the premium payment to Farm Bureau. DIFS Insurance Investigations Section (IIS) subsequently opened an investigation.
4. At the conclusion of its investigation, DIFS IIS found the following:
 - (a) Respondent received premium payments in the amount of \$1,959.74;
 - (b) Respondent failed to remit the premium payments to Farm Bureau; and
 - (c) Respondent issued false or fraudulent certificates of insurance to his customers.
5. Specifically, between May 24, 2018, and August 29, 2018, Respondent completed applications and collected premium payments for the following Farm Bureau insurance policies:

	<u>Insured</u>	<u>Policy #</u>	<u>Effective Date</u>	<u>Payment</u>
A.	Just Dave, LLC	██████████	5/24/2018	\$1,200.00
B.	LJ	██████████	7/2/2018	\$450.00
C.	NG	██████████	3/1/2018	<u>\$309.74</u>
			Total:	\$1,959.74

6. DIFS IIS confirmed that Farm Bureau obtained hand-written receipts and/or written statements from the three insureds listed above documenting that the respective payments were provided to Respondent. To date, Farm Bureau has not received any of the payments. Additionally, statements provided by LJ and DT (Just Dave, LLC) reveal that Respondent had given them fraudulent certificates of insurance.

7. As a licensee, Respondent knew or should have known that Section 1207 of the Code, MCL 500.1207, states that an insurance agent is a fiduciary for all money received or held by the agent in his or her capacity as an agent and turn over the funds to whom it is owed in a timely manner. Additionally, the agent shall use reasonable accounting methods to record funds received in his or her fiduciary capacity.
8. Respondent violated Section 1207 of the Code by failing to remit premium payments to Farm Bureau.
9. As a licensee, Respondent either knew or should have known that Section 1239(1)(b) of the Code, MCL 500.1239(1)(b), 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(1) of the Code, MCL 500.1244(1), for improperly withholding, misappropriating, or converting any money or property received in the course of doing insurance business.
10. As a licensee, Respondent either knew or should have known that Section 1239(2)(e) of the Code, MCL 500.1239(2)(e), 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(1) of the Code, MCL 500.1244(1), for violating any insurance laws.
11. Respondent improperly withheld insurance premium payments due to Farm Bureau that were received in the course of doing insurance business, and thus provided justification for sanctions pursuant to Sections 1239(1)(b), 1239(2)(e), and 1244(1).
12. As a licensee, Respondent either knew or should have known that Section 1239(1)(g) of the Code, MCL 500.1239(1)(g), 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(1) of the Code, MCL 500.1244(1), for using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.
13. By issuing a false or fraudulent certificate of insurance to his customers, Respondent committed a fraudulent insurance act in violation of MCL 500.2271(a) and (b) of the Code, MCL 500.2271(a) and (b), and used fraudulent and dishonest practices and demonstrated untrustworthiness in the conduct of business, providing justification for sanctions pursuant to MCL 500.1239(g), MCL 500.1239(2)(e), and MCL 500.2277.
14. By diverting premium payments due to Farm Bureau, Respondent committed a fraudulent insurance act in violation of MCL 500.4503(g)(i) of the Code, MCL 500.4503(g)(i), and used fraudulent and dishonest practices and demonstrated untrustworthiness in the conduct of business, providing justification for sanctions pursuant to MCL 500.150, MCL 500.1239(1)(g), MCL 500.1239(2)(e), and MCL 500.1244(1).
15. Based upon the actions listed above, Respondent has committed acts that provide justification for the Director to order the payment of a civil fine, and/or other licensing sanctions, including revocation of licensure.
16. On April 8, 2021, an NOSC was mailed by first class mail to Respondent at his mailing address of record, which he is required, per the Code, to keep current with DIFS. The mail was returned by the

United States Postal Service (USPS), marked "Return to Sender; Not Deliverable as Addressed; Unable to Forward." The NOSC was also mailed to a second Michigan residential address and an Arizona residential address. No response was received, and the mail was not returned by the USPS.

17. On June 9, 2021, DIFS issued an Administrative Complaint and Order for Hearing which was served upon Respondent at the address he is required to maintain with DIFS. It was also mailed to a second Michigan residential address and an Arizona residential address. 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.
18. On August 2, 2021, DIFS staff filed a Motion for Final Decision. Respondent did not file a reply to the motion.
19. DIFS staff have made reasonable efforts to serve Respondent and have complied with MCL 500.1238(2).
20. Respondent has received notice and has been given an opportunity to respond and appear and has not responded nor appeared.
21. 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 is in default in this matter and all allegations contained in the Administrative Complaint are accepted as true in all respects.
3. Respondent shall **CEASE** and **DESIST** from violating the Code.
4. Respondent's license (System ID No. 0246179) is **REVOKED**.

Anita G. Fox, Director

For the Director:



Randall S. Gregg, Senior Deputy Director