

**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. 14-11989
Agency No. 14-029-L**

Petitioner

v

Destiny Danielle Husted
System ID No. 0644181

Respondent.

_____ /

Issued and entered
on February 9, 2015
by Randall S. Gregg
Deputy Director

FINAL DECISION AND ORDER

Background

Destiny Danielle Husted (Respondent) is a licensed resident insurance producer. The Department of Insurance and Financial Services (DIFS) received information that Respondent issued three fraudulent insurance certificates and failed to report that she had been criminally charged with insurance fraud. After investigation and verification of the information, on May 21, 2014, DIFS mailed Respondent a Notice of Opportunity to Show Compliance 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 Notice.

On July 23, 2014, DIFS mailed Respondent an Administrative Complaint and Order for Hearing to her address of record. 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 take any of these actions.

On September 24, 2014, 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.

Findings of Fact and Conclusions of Law

1. DIFS received information that Respondent had engaged in conduct in violation of the Michigan Insurance Code of 1956 (Code), MCL 500.100 *et seq.*
2. At all relevant times, Respondent was a licensed resident insurance producer.
3. On or about November 1, 2013, TM, a Michigan consumer, requested insurance coverage from Respondent in order to obtain vehicle registration for her vehicle.
4. TM paid Respondent \$50.00 for an insurance policy. Respondent required TM to drive her to Mott Community College. When they arrived, Respondent went inside leaving TM in the car. Respondent returned with a purported certificate of automobile insurance for TM. It has been alleged that Respondent used the college's computers to prepare and print a fraudulent insurance certificate.
5. An investigation conducted by DIFS staff revealed that the certificate issued to TM was fraudulent. The purported insurer was unable to locate a valid policy for TM.
6. Further investigation discovered that Respondent had also issued three additional insurance certificates, purportedly from the same insurer, all containing the same policy number.
7. Two of those three certificates were determined to be fraudulent; the only valid policy belonged to an individual believed to be related to Respondent.
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 the Director may "suspend, or revoke an insurance producer's license ... for any of the following reasons: . . . (h) Using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere."
9. Respondent used fraudulent and dishonest practices and has demonstrated untrustworthiness in the conduct of business by providing fraudulent insurance certificates to Michigan consumers in at least three instances. Respondent knew that the fraudulent insurance certificates would be used to attempt to obtain motor vehicle registrations. By issuing fraudulent insurance certificates, Respondent also knew that the consumers would be operating motor vehicles without the required insurance.

10. As a result of the above described conduct, Respondent has been criminally charged with insurance fraud, MCL 500.4511.
11. Respondent was ordered to attend a preliminary examination scheduled for March 17, 2014, in the 71A Judicial District Court, Lapeer County, Michigan.
12. On June 30, 2014, Respondent pled guilty in Macomb County to possession of a controlled substance, second offense.
13. As a licensee, Respondent knew or had reason to know that Section 1247(2) of the Code, MCL 500.1247(2), provides that, "Within 30 days after the initial pretrial hearing date, an insurance producer shall report to the commissioner any criminal prosecution of the insurance producer taken in any jurisdiction. The report shall include a copy of the initial complaint filed, the order resulting from the hearing, and any other relevant legal documents."
14. Respondent violated Section 1247(2) of the Code by failing to report criminal prosecutions to the Director within the time frame required by the Code.
15. On May 21, 2014, DIFS mailed Respondent a Notice of Opportunity to Show Compliance 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 Code, MCL 500.1239(1) and 500.1244(1)(a-d). Respondent failed to reply to the Notice.
16. On July 23, 2014, an Administrative Complaint, Order for Hearing, and Notice of Hearing were mailed by first class mail to Respondent at the address on record. No response was received.
17. 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, 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.
18. Respondent failed to take any of the actions required by paragraph 3 of the Order. See Petitioner's Exhibit 1, Affidavit of Tracy Janousek.
19. Despite DIFS Staff having made reasonable efforts to serve Respondent and having complied with MCL 500.1238, Respondent has failed to appear and defend.

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. All insurance licenses of Respondent are **REVOKED**.

Annette E. Flood, Director
For the Director.



Randall S. Gregg, Deputy Director