

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. 17-14728

Agency No. 18-051-L

Petitioner,

v

Dillen Leonard
System ID No. 0734134

Respondent.

Issued and Entered

on October 30th, 2018
by Patrick M. McPharlin
Director

FINAL DECISION

I. Background

Dillen Leonard (Respondent) is a licensed resident insurance producer. The Department of Insurance and Financial Services (DIFS) received information that Respondent was preparing, issuing and delivering false certificates of insurance. After investigation and verification of the information, on May 9, 2017, 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)(b) and (1)(h), and 1244(1)(a-d) of the Michigan Insurance Code (Code), MCL 500.1239(1)(b) and (1)(h), and 500.1244(1)(a-d). Respondent replied verbally to DIFS Staff on May 31, 2017 that he wanted to forego his opportunity to show compliance.

On May 16, 2018, DIFS issued an Administrative Complaint and Order for Hearing which was served upon Respondent at the address he 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. The mail was returned to DIFS and marked as "unable to forward."

Subsequently, DIFS received information from the Michigan Secretary of State indicating that Respondent's current address was [REDACTED]. A copy of the Administrative Complaint, Order for Hearing and Notice of Hearing were sent by first class mail to this new address on August 22, 2018. DIFS has not received a response from the Respondent.

On September 27, 2018, 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 Dillen Leonard (Respondent) (System ID No. 0734134) was a licensed resident insurance producer during all periods relevant to this enforcement action. Respondent's license was terminated on February 1, 2018, for failure to complete required continuing education.
2. Allegiance Insurance Agency CVII, Inc. (System ID No. 0071896) d/b/a Advasure Insurance Agency (Advasure), is a licensed resident insurance producer agency. Its principal place of business is 810 S. Dort Hwy., Ste. A, Flint, MI 48503. Leonard served as a Designated Responsible Licensed Producer (DRLP) for Advasure from January 4, 2016 to August 1, 2016.
3. Because of the inactive status of Respondent's license, this enforcement action proceeds under Section 1239(5) of the Code, MCL 500.1239(5), which states:

[t]he commissioner may enforce the provisions of and impose any penalty or remedy authorized by this act against any person who is under investigation for or charged with a violation of this act even if the person's license or registration has been surrendered or has lapsed by operation of law.
4. In July 2016, DIFS Staff received a complaint alleging that Respondent was preparing, issuing and delivering false certificates of insurance to customers while employed at Advasure.
5. DIFS investigation revealed that Respondent prepared, issued and delivered at least 29 false certificates of insurance from July 5, 2016 to July 28, 2016. Each certificate was produced at Advasure on an Everest National Insurance Company formatted certificate of insurance and included a false inception date and false expiration date.
6. Each customer knew that his or her certificate of insurance was false, and conspired with Respondent to obtain and use the false certificate of insurance to register a vehicle with the Michigan Secretary of State. Further, each customer signed a document prepared by Respondent which stated: "[i]n no way, shape or form have I purchased an insurance policy. I understand that walking out, I have no insurance on my vehicle and Advasure Ins. or any other party involved is not at fault for anything that happens to me or my vehicle. I acknowledge the writing above and I consent to the purchase of a document that is not currently or will never be in effect." Respondent required each customer to sign the document prior to leaving with the false certificate of insurance.
7. Respondent charged each customer approximately \$100-\$125 cash for a false certificate of insurance, placed the money in Advasure's cash drawer and took the money home at the end of the day.

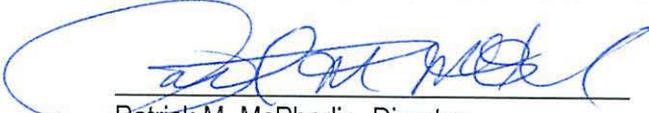
8. On August 15, 2016, Respondent provided a sworn statement to DIFS Staff in which he admitted that he had begun preparing, issuing and delivering false certificates of insurance in June 2016.
9. Respondent knew or should have known that Section 2271(b) of the Code, MCL 500.2271(b), provides that the Director may take action against an insurance producer who prepares or issues a certificate of insurance that contains any false or misleading information. Respondent violated Section 2271(b) of the Code by preparing, issuing and delivering certificates of insurance that contained false and misleading information.
10. Respondent knew or had reason to know that Section 4503(i) of the Code, MCL 500.4503(i), provides that a person shall not knowingly and willfully assist or conspire with any person to fraudulently violate the Code. Respondent violated Section 4503(i) of the Code by willfully preparing, issuing and delivering false certificates of insurance while knowing that they would be used to fraudulently register vehicles with the Michigan Secretary of State.
11. Respondent knew or had reason to know that Section 1239(1)(b) of the Code, MCL 500.1239(1)(b), provides that insurance producers may be sanctioned for violating any insurance law. By violating the Code in the manner cited above, Respondent has provided justification for sanctions pursuant to Section 1239(1)(b) of the Code.
12. Respondent knew or should have known that Section 1239(1)(h) of the Code, MCL 500.1239(1)(h), provides that the Director may take action against an insurance producer who uses fraudulent, coercive, or dishonest practices or demonstrates incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere. By preparing, issuing and delivering false certificates of insurance in the manner described above, Respondent has provided justification for sanctions pursuant to Section 1239(1)(h) of the Code.
13. DIFS Staff have made reasonable efforts to serve Respondent and have complied with MCL 500.1238(2).
14. Respondent has received notice and has been given an opportunity to respond and appear and has not responded nor appeared.
15. 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 pay to the State of Michigan a civil fine of \$25,000.00 for preparing, issuing and delivering at least 29 false certificates of insurance from July 5, 2016 to July 28, 2016. This fine must be paid within 30 days of the effective date of this Final Decision.
3. Respondent shall immediately cease and desist from engaging in the business of insurance.

4. Pursuant to MCL 500.1239(1)(b), (1)(h), and (5), and MCL 500.1244(1)(a-d), Respondent's resident insurance producer license (System ID No.0734134) is **REVOKED**.



Patrick M. McPharlin, Director