

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

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Keith Ellington
System ID: unlicensed

Enforcement Case No. 17-15076

Respondent.

_____ /

Issued and entered
on February 28, 2019
by Teri L. Morante
Chief 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: Valerie Donally, Hearings Coordinator, P.O. Box 30220, Lansing, MI 48909-7720 or faxed to 517-284-8843.
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 Administrative Hearing System 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 for each violation not to exceed an aggregate civil fine of \$30,000. 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 for each violation not to exceed an aggregate civil fine of \$250,000.
 - 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.

Dated: February 28, 2019



Teri L. Morante
Chief 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 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(k).
 - 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(l).

- 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(m).
3. Under Section 1208a(1) of the Code, MCL 500.1208a(1), an insurance producer shall not act as an agent of an insurer unless the insurance producer becomes an appointed agent of that insurer.
4. DIFS Staff received information about possible unlicensed activity by Keith Ellington (Respondent). A review of DIFS' records revealed that Respondent is not licensed under the Code.
5. After an investigation, DIFS Staff concluded that Respondent has engaged in activities regulated by the Code, without the requisite license, and has violated the insurance laws of this state.
6. DIFS Staff found Respondent is engaged in unlicensed insurance activity and acting as an agent without an appointment.
7. Specifically, DIFS Staff found that Respondent is advertising and selling fraudulent automobile insurance certificates. Automobile insurance was advertised on his Facebook groups. Respondent posted: "Legit Geico Insurance! \$150 no fault \$250 full coverage (Comes with Geico Mobile app & free roadside for no fault policies for first 3 months) (248) [REDACTED]"
8. DIFS' investigator contacted Respondent at the advertised telephone number and inquired about automobile insurance. After verifying his identity, Respondent quoted DIFS' investigator \$150 for no-fault insurance, and offered to meet with him to present the no fault automobile insurance certificate and secure payment.
9. DIFS' investigator then matched Respondent's Facebook photograph to photographs of Respondent that he obtained from the Michigan Secretary of State and Michigan Public Sex Offender Registry.
10. Subsequently, an investigator from the Government Employees Insurance Company (GEICO) provided DIFS' investigator with an Excel spreadsheet containing a list of 227 individuals that purchased auto insurance policies from Respondent. The policies were purchased via the internet from February 7, 2016, to October 14, 2017. Respondent fraudulently collected approximately \$34,050 - \$56,750 in insurance premium payments from customers. GEICO was able to link the 227 fraudulent insurances sales to Respondent's email and internet protocol addresses.
11. On January 11, 2019, DIFS' investigator confirmed that Respondent still has fraudulent postings on his Facebook groups. Although the posts are from 2017, and no newer posts appear, fraudulent sales could still be generated from Respondent's 2017 posts that are currently active on Facebook.
12. By advertising and selling insurance certificates without the requisite license, Respondent has violated Section 1201a(1) of the Code, MCL 500.1201a(1). Moreover, Respondent engaged in fraudulent insurance acts under Section 4503(g)(i) of the Code, MCL 500.4503(g)(i), by diverting funds of an insurer or other persons in connection with the transaction of insurance. Additionally, by selling fraudulent insurance certificates, Respondent engaged in conduct prohibited under Section 2271(b) of the Code, MCL 500.2271(b). Respondent, therefore, has violated MCL 500.1201a(1), MCL 500.4503(g)(i), and MCL 500.2271(b). Respondent is, therefore, subject to sanctions under Section 1239(1)(b) of the Code, MCL 500.1239(1)(b), Section 1244 of the Code, MCL 500.1244, and

Section 2277 of the Code, MCL 500.2277. Furthermore, if the above facts are found to be true, Respondent's violation of Section 4503(g)(i) may also be considered a felony under Section 4511 of the Code, MCL 500.4511.

13. By acting as an agent of an insurer without an appointment, Respondent has violated Section 1208a(1) of the Code, MCL 500.1208a(1). Respondent is, therefore, subject to sanctions under Section 1239(1)(b) of the Code, MCL 500.1239(1)(b) and Section 1244 of the Code, MCL 500.1244.
14. Based on the aforementioned findings, Respondent is acting as an insurance producer without a license as required by the Code, engaging in fraudulent insurance acts prohibited by the Code, and acting as an agent of an insurer without an appointment as required by the Code.