

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

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Trevor Fudge
System ID No. 0811966

Enforcement Case No. 18-15426

Respondent.

_____ /

Issued and entered
on August 1, 2019
by Teri L. Morante
Chief Deputy Director

ORDER ACCEPTING STIPULATION

Based upon the Stipulation to Entry of Order and the files and records of the Department of Insurance and Financial Services (DIFS) in this matter, the Chief Deputy Director finds and concludes that:

1. The Chief Deputy Director has jurisdiction and authority to adopt and issue this Order Accepting Stipulation in this proceeding pursuant to the Michigan Administrative Procedures Act of 1969 (APA), as amended, MCL 24.201 *et seq.*, and the Michigan Insurance Code of 1956 (Code), MCL 500.100 *et seq.*
2. All required notices have been issued in this case, and the notices and service thereof were appropriate and lawful in all respects.
3. Acceptance of the Stipulation to Entry of Order is reasonable and in the public interest.
4. All applicable provisions of the APA have been met.
5. Trevor Fudge (Respondent) has been an active resident producer holding the life qualification since May 25, 2017. Respondent was appointed with American Income Life Insurance Company (AIL) originally on May 30, 2017. His appointment was terminated (not for cause) on January 12, 2018. AIL appointed Respondent a second time on April 25, 2018, and terminated his appointment for cause on August 2, 2018.
6. Respondent's appointments were terminated for cause by AIL for allegedly submitting three fraudulent applications for customers who had previously applied for coverage.
7. AIL was contacted by policyholder GR inquiring why an additional \$170 was being deducted from his bank account. AIL advised GR that on July 6, 2018, a new application (#15161250) was submitted. GR stated he did not authorize the transaction. AIL investigated the complaint and discovered Respondent was the agent who submitted the application. During an interview with AIL, Respondent

admitted to writing the fraudulent application. ALL cancelled the application and refunded the additional charge to GR on July 16, 2018.

8. During the interview with ALL, Respondent admitted that after his managing general agent signed in on his computer and left his desk, Respondent screen shot, completed, and submitted three fraudulent applications. The first application was for GR and the other two were for JC (application #15161191) and RF (application #15151347). Their applications have also been cancelled and refunds were issued to them on July 31, 2018.
9. As a licensee, Respondent knew or should have known that Section 2018 of the Code, MCL 500.2018, provides:

An unfair method of competition and an unfair or deceptive act or practice in the business of insurance include making false or fraudulent statements or representations on or relative to an application for an insurance policy for the purpose of obtaining a fee, commission, money, or other benefit from an insurer, agent, broker, or individual.

10. Respondent has violated Section 2018 of the Code by creating three fraudulent insurance applications in order to increase his commission.
11. As a licensee, Respondent knew or had reason to know that Section 1239(1) of the Code, MCL 500.1239(1), states:

(1) In addition to any other powers under this act, the commissioner may place on probation, suspend, or revoke an insurance producer's license or may levy a civil fine under section 1244 or any combination of actions, and the commissioner shall refuse to issue a license under section 1205 or 1206a, for any 1 or more of the following causes:

(b) Violating any insurance laws or violating any regulation, subpoena, or order of the commissioner or of another state's insurance commissioner.

(e) Intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance.

(g) Having admitted or been found to have committed any insurance unfair trade practice or fraud.

(h) Using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.

12. By violating Section 2018 of the Code, Respondent has provided justification for sanctions pursuant to MCL 500.1239(1)(b) and (g).
13. By intentionally creating three fictitious, fraudulent insurance applications, Respondent used fraudulent and dishonest practices and demonstrated untrustworthiness and financial irresponsibility in the conduct of business, thereby providing justification for sanctions pursuant to MCL 500.1239(1)(e) and (h).
14. 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.

Now therefore, based upon the Stipulation to Entry of Order and the facts surrounding this case, IT IS ORDERED THAT:

15. Respondent Cease and Desist from operating in a manner that violates the Code.
16. Respondent Cease and Desist from all insurance activity.
17. Respondent's resident insurance producer license (System ID No. 0811966) is hereby REVOKED.
18. The Chief Deputy Director retains jurisdiction over the matters contained herein and has the authority to issue such further order(s) as shall be deemed just, necessary, and appropriate in accordance with the Code. Failure to abide by the terms and provisions of the Stipulation to Entry of Order and this Order may result in the commencement of additional proceedings.


Teri L. Morante
Chief Deputy Director

STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Trevor Fudge
System ID No. 0811966

Enforcement Case No. 18-15426

Respondent.

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STIPULATION TO ENTRY OF ORDER

Trevor Fudge (Respondent) stipulates to the following:

1. Respondent has been an active resident producer holding the life qualification since May 25, 2017. Respondent was appointed with American Income Life Insurance Company (AIL) originally on May 30, 2017. His appointment was terminated (not for cause) on January 12, 2018. AIL appointed Respondent a second time on April 25, 2018, and terminated his appointment for cause on August 2, 2018.
2. Respondent's appointments were terminated for cause by AIL for allegedly submitting three fraudulent applications for customers who had previously applied for coverage.
3. AIL was contacted by policyholder GR inquiring why an additional \$170 was being deducted from his bank account. AIL advised GR that on July 6, 2018, a new application (#15161250) was submitted. GR stated he did not authorize the transaction. AIL investigated the complaint and discovered Respondent was the agent who submitted the application. During an interview with AIL, Respondent admitted to writing the fraudulent application. AIL cancelled the application and refunded the additional charge to GR on July 16, 2018.
4. During the interview with AIL, Respondent admitted that after his managing general agent signed in on his computer and left his desk, Respondent took a screenshot, completed, and submitted three fraudulent applications. The first application was for GR and the other two were for JC (application #15161191) and RF (application #15151347). Their applications have also been cancelled and refunds were issued to them on July 31, 2018.
5. As a licensee, Respondent knew or should have known that Section 2018 of the Michigan Insurance Code (Code), MCL 500.2018, provides:

An unfair method of competition and an unfair or deceptive act or practice in the business of insurance include making false or fraudulent statements or representations on or relative to an application for an insurance policy for the

purpose of obtaining a fee, commission, money, or other benefit from an insurer, agent, broker, or individual.

6. Respondent has violated Section 2018 of the Code by creating three fraudulent insurance applications in order to increase his commission.
7. As a licensee, Respondent knew or had reason to know that Section 1239(1) of the Code, MCL 500.1239(1), states:

(1) In addition to any other powers under this act, the commissioner may place on probation, suspend, or revoke an insurance producer's license or may levy a civil fine under section 1244 or any combination of actions, and the commissioner shall refuse to issue a license under section 1205 or 1206a, for any 1 or more of the following causes:

(b) Violating any insurance laws or violating any regulation, subpoena, or order of the commissioner or of another state's insurance commissioner.


(e) Intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance.

(g) Having admitted or been found to have committed any insurance unfair trade practice or fraud.

(h) Using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.

8. By violating Section 2018 of the Code, Respondent has provided justification for sanctions pursuant to MCL 500.1239(1)(b) and (g).
9. By intentionally creating three fictitious, fraudulent insurance applications, Respondent used fraudulent and dishonest practices and demonstrated untrustworthiness and financial irresponsibility in the conduct of business, thereby providing justification for sanctions pursuant to MCL 500.1239(1)(e) and (h).
10. On March 25, 2019, a Notice of Opportunity to Show Compliance 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 the Department of Financial and Insurance Services (DIFS), and to one additional address. No response was received, and the mail was not returned by the United States Postal Service.

11. 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.
12. All parties have complied with the procedural requirements of the APA and the Code.
13. Respondent agrees that he will cease and desist from operating in a manner that violates the Code.
14. Respondent agrees that Respondent's Michigan resident insurance producer license (System ID No. 0811966) shall be revoked.
15. Respondent has had an opportunity to review this Stipulation to Entry of Order and the proposed Order Accepting Stipulation and have the same reviewed by legal counsel.
16. Respondent understands and agrees that the Chief Deputy Director may, in her sole discretion, decide to accept or reject this Stipulation to Entry of Order. If the Chief Deputy Director accepts the Stipulation to Entry of Order, Respondent waives the right to a hearing in this matter and consents to the entry of the Order Accepting Stipulation and Requiring Compliance and Payment of Fines. If the Chief Deputy Director does not accept the Stipulation to Entry of Order, Respondent waives any objection to the Director holding a formal administrative hearing and making a decision after such hearing.

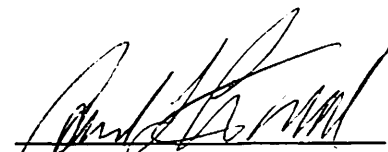


Trevor Fudge
System ID No. 0811966

7-29-2019

Date

DIFS Staff approve this Stipulation and recommend that the Chief Deputy Director accept it and issue an Order Accepting Stipulation.



Conrad L. Tatnall (P69785)
DIFS Staff Attorney

7-29-19

Date