

**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. 14-11920
Agency Case No. 14-026-L**

Petitioner,

v

**Paula Marie Gould
a/k/a Paula M. Rutter
a/k/a Paula M. Stanek
System ID No. 0199566**

Respondent.

this 7th day of November 2014
by Randall S. Gregg
Special Deputy Director

FINAL DECISION

I. BACKGROUND

Respondent Paula Marie Gould, a/k/a Paula M. Rutter, a/k/a Paula M. Stanek (Respondent) is a licensed insurance producer. In October and December 2011, the Department of Insurance and Financial Services (DIFS) received complaints from policyholders that Respondent had failed to remit insurance premium to insurers. DIFS investigated the complaints and confirmed that Respondent had failed to remit the premium. On May 6, 2014, DIFS issued a Notice of Opportunity to Show Compliance (NOSC) to Respondent at her last known addresses alleging that Respondent had provided justification for revocation of licensure pursuant to Sections 249(a), 1206(5), 1207(1), 1238(1), and 1239(1)(b), (d), and (h) of the Michigan Insurance Code (Code), MCL 500.249(a), 500.1206(5), 500.1207(1), and 500.1239(1)(b), (d) and (h). Respondent failed to reply to the NOSC.

On June 26, 2014, DIFS issued an Administrative Complaint and Order for Hearing to Respondent at her last known addresses. The Order for Hearing required Respondent to take one of the following actions within 21 days: agree to a resolution of the case, file a response to the allegations with a statement that Respondent planned to attend the hearing, or request an

adjournment. Respondent failed to take any of these actions.

On September 17, 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.

II. FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Pursuant to Executive Order 2013-1, all authority, powers, duties, functions, and responsibilities of the Commissioner of the Office of Financial and Insurance Regulation (Commissioner) have been transferred to the Director.
2. At all relevant times, Respondent was a licensed resident insurance producer in the state of Michigan with qualifications in property and casualty.
3. At all relevant times, Respondent was the Designated Responsible Licensed Producer for Premier Insurance Agency V Inc. (Premier V).

COUNT I

4. On December 30, 2010, Complainant V.O. obtained a homeowner's policy through the Michigan Basic Property Insurance Association (MBPIA). The agent of record for the policy was Respondent.
5. On August 23, 2011, V.O. made a scheduled payment of \$205.00 to Respondent.
6. Premier V's end of day report shows that a payment of \$205.00 cash was received, but MBPIA's records show that V.O.'s \$205.00 payment was never remitted to MBPIA.
7. On or about August 31, 2011, MBPIA mailed a notice of cancellation for non-payment of premium.

COUNT II

8. On September 22, 2011, Complainant L.B. paid \$88.00 to Respondent for L.B.'s monthly auto insurance premium.
9. On October 24, 2011, L.B. paid \$99.00 to Respondent for L.B.'s monthly auto insurance premium.
10. In November 2011, L.B. went to Premier V to make a monthly payment and was advised by Eric Pelaez, the new DRLP of Premier V, that Respondent had never submitted an application on L.B.'s behalf for auto insurance nor any premium to an insurer.

COUNT III

11. Respondent's mailing address, required to be kept on file with DIFS, is: 10711 Center Road, Grand Blanc, Michigan 48439-1032.
12. On or about December 29, 2011, and January 25, 2012, DIFS Staff mailed separate letters to the above address with a copy of the L.B. and the V.O. complaints and requested a response from Respondent.
13. On or about January 10, 2012, and February 7, 2012, DIFS Staff received the original letters and envelopes from the United States Postal Service (USPS). The envelopes were marked "Return to Sender, Not Deliverable as Addressed, Unable to Forward."
14. On or about December 27, 2011, DIFS Staff received information that Respondent is also known as Paula M. Rutter.
15. On or about January 20, 2012, DIFS Staff obtained a new address for Respondent of:
W. G B Road, , Michigan .
16. On or about January 20, 2012, DIFS Staff mailed a certified/return receipt requested letter to Respondent requesting a response to the L.B. and V.O. complaints.
17. The USPS website verified that the letter was delivered on January 27, 2012. No response was received from Respondent.
18. On or about April 5, 2012, DIFS Staff learned that Respondent's last name may have changed to "Stanek."
19. On or about April 5, 2012, DIFS Staff mailed a certified/return receipt requested letter to the W. G B address requesting that Respondent contact DIFS. A copy of the letter was also sent by first class mail to the same address.
20. On or about April 30, 2012, DIFS Staff received back the certified/return receipt requested envelope with the letter from the USPS. The envelope was marked "Return to Sender, Unclaimed, Unable to Forward."
21. DIFS Staff did not receive the letter, sent by first class mail, back from the USPS. No response was received from Respondent.
22. DIFS Staff next learned that Respondent may own a bar located in Flint, Michigan. An Internet search revealed the bar's name as: "Tim and Paula's Chilly's."
23. The Articles of Organization obtained from the Bureau of Commercial Services website indicates that Paula Marie Rutter is the resident agent. The resident address on the document is: W. G B Rd, , Michigan , the same address as listed above for "Paula Marie Rutter" and "Paula Marie Stanek."

24. On or about August 28, 2012, DIFS Staff mailed a certified/return receipt requested letter to the aforementioned address and requested that Respondent contact DIFS Staff. A copy of the letter was also sent by first class mail to the same address.
25. On September 6, 2012, DIFS Staff received the return receipt signed by "Tina Wright."
26. DIFS Staff did not receive the letter, sent by first class mail, back from the USPS. No response was received from Respondent.
27. As a licensee, Respondent knew or had reason to know that Section 1207(1) of the Code requires: "An agent to be a fiduciary for all money received or held by the agent in his or her capacity as an agent. Failure by an agent in a timely manner to turn over the money which he or she holds in a fiduciary capacity to the persons to whom they are owed is prima facie evidence of violation of the agent's fiduciary responsibility."
28. Respondent received money from policyholders, but failed to remit the money to the insurer to which it was owed.
29. As a licensee, Respondent further knew or had reason to know that Section 1206(5) of the Code and Section 1238(1) of the Code require a person to notify DIFS of a change in legal name or mailing address within 30 days of such change.
30. Respondent failed to notify DIFS of her name and mailing address changes.
31. As a licensee, Respondent further knew or had reason to know that Section 249(a) of the Code provides that "For the purposes of ascertaining compliance with the provisions of the insurance laws of the state or of ascertaining the business condition and practices of an insurer or proposed insurer, the commissioner, as often as he deems advisable, may initiate proceedings to examine the accounts, records, documents and transactions pertaining to: (a) Any insurance agent, surplus line agent, general agent, adjuster, public adjuster or counselor."
32. Respondent failed to respond to several letters sent by DIFS Staff.
33. As a licensee, Respondent further knew or had reason to know that Section 1239(1)(b) of the Code allows the Director to place on probation, suspend, revoke, or levy a civil fine under Section 1244 or any combination thereof, for "Violating any insurance laws or violating any regulation, subpoena, or order of the commissioner or of another state's insurance commissioner."
34. Respondent violated MCL 500.249, 500.1206(5), 500.1207(1), and 500.1238(1) by failing to remit insurance premium and by failing to update her current address and failing to respond to complaint letters from DIFS Staff.

35. As a licensee, Respondent further knew or had reason to know that Section 1239(1)(d) of the Code allows the Director to place on probation, suspend, revoke, or levy a civil fine under Section 1244 or any combination thereof, for “Improperly withholding, misappropriating, or converting any money or property received in the course of doing insurance business.”
36. Respondent improperly withheld, misappropriated, or converted insurance premium received in the course of doing insurance business.
37. As a licensee, Respondent further knew or had reason to know that Section 1239(1)(h) of the Code allows the Director to place on probation, suspend, or revoke an insurance producer's license or levy a civil fine under Section 1244 of the Code for: “Using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.”
38. Respondent used dishonest practices or demonstrated incompetence, untrustworthiness, or financial irresponsibility in the conduct of business by failing to remit insurance premium to insurers.
39. Based upon the actions listed above, Respondent has committed acts that provide justification for the Director to order the payment of a civil fine, refund of any overcharges, restitution made to cover losses, damages or other harm attributed to Respondent’s violations of the Code, and/or licensing sanctions under 1244(1) of the Code, MCL 500.1244(1).

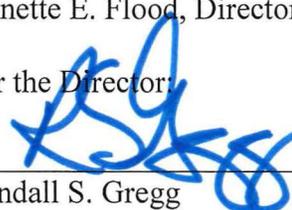
III. ORDER

Based on 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. Respondent has violated MCL 500.249, 500.1206(5), 500.1207(1) and 500.1238(1) and pursuant to MCL 1239(1)(b), (d) and (h), all insurance licenses of Paula Marie Gould, a/k/a Paula M. Rutter, a/k/a Paula M. Stanek are **REVOKED**.

Annette E. Flood, Director

For the Director:



Randall S. Gregg
Special Deputy Director