

STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES
Before the Director of the Department of Insurance and Financial Services

In the matter of:

LA Insurance Agency XXXI, Inc.
System ID No. 0022098

Enforcement Case No. 18-15265

Leana Karim Touma
System ID No. 0325354

Ara H. Nishanian
System ID No. 0248407

Fateh F. Alchy
System ID No. 0209457

Respondents.

_____ /

Issued and entered
on April 12, 2021
by Randall S. Gregg
Senior 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 Senior Deputy Director finds and concludes that:

1. The Senior 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. Respondent LA Insurance Agency XXXI, Inc. (System ID No. 0022098) (LA 31) is a licensed resident insurance producer agency with qualifications in casualty and property. Its principal place of business is located at 13381 W. 10 Mile Road, Oak Park, MI 48237.

6. Respondent Leana Karim Touma (System ID No. 0325354) (Touma) is a licensed resident insurance producer with qualifications in casualty and property.
7. Respondent Fateh F. Alchy (System ID No. 0209457) (Alchy) is a licensed resident insurance producer with qualifications in casualty and property. Alchy was a Designated Responsible Licensed Producer (DRLP) for LA 31 during all time periods relevant to this enforcement action.
8. Respondent Ara Nishanian (System ID No. 0248407) (Nishanian) is a licensed resident insurance producer with qualifications in casualty and property.
9. LA 31, Touma, Alchy, and Nishanian are collectively herein referred to as Respondents.
10. Respondents neither admit nor deny the allegations contained in the Notice of Opportunity to Show Compliance (NOSC) nor the findings contained in this Order set forth below, but have agreed to the entry of this Order to fully resolve the above-captioned enforcement case.
11. Based on its investigation of the above-captioned enforcement case, DIFS finds as follows:
 - a. LA 31 either sells or sold Nation Safe Drivers (NSD) travel club memberships in conjunction with the sale of DIFS-approved insurance policies. NSD travel club memberships were optional ancillary products and the purchase of such memberships was not required to purchase a DIFS-approved insurance policy during the timeframe relative to this action.
 - b. Touma misled customers by failing to fully disclose and explain to them that: (1) she was soliciting the purchase of NSD club memberships; (2) automobile insurance could be purchased irrespective of whether an NSD club membership was purchased; and (3) a portion of the monies they were providing for the payment of automobile insurance premiums was being applied toward the purchase of NSD club memberships.
 - c. LA 31, Alchy, and Nishanian either knew or should have known that Touma was engaged in deception by selling customers NSD club memberships without obtaining their informed consent to the sales.
12. Based on the foregoing findings, the Senior Deputy Director finds and concludes that Respondents have committed acts under the Code that provide justification for the Director to order licensing sanctions according to Sections 1207(1), 1239(1)(c), (1)(g), and (5), and 1244(1)(a-d) of the Code, MCL 500.1207(1), 500.1239(1)(c) and (1)(g), and (5), and 500.1244(1)(a-d).

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

1. The Stipulation to Entry of Order and all agreements contained therein are accepted in their entirety.
2. Respondent Touma shall pay a civil fine of \$11,000.00 within thirty days of the issuance of a DIFS invoice for said amount.
3. Respondent Alchy shall pay a civil fine of \$1,100.00 within thirty days of the issuance of a DIFS invoice for said amount.

4. Respondent Nishanian shall pay a civil fine of \$1,100.00 within thirty days of the issuance of a DIFS invoice for said amount.
5. Respondent LA 31 shall pay a civil fine of \$1,000.00 within thirty days of the issuance of a DIFS invoice for said amount. Additionally, it shall provide restitution to all customers cited in the NOSC for whom a refund of the cost of the NSD club membership has not been previously provided. The restitution shall consist of a refund of the purchase price of the NSD club membership and must be provided to the customers within thirty days of the issuance of this Order. LA 31 will provide a full accounting to DIFS within 45 days of the signing of this Order as to its compliance with restitution, including the names of customers, amounts paid, and dates paid.
6. Within thirty days of the issuance of this Order, LA 31 shall develop and implement a written internal procedure with respect to the sale of ancillary products (including but not limited to NSD products) in conjunction with or contemporaneously with insurance. The goal of the procedure is to ensure that the Code is not violated in the future in the manner described above and that the informed consent of the customer has been obtained prior to the sale of the ancillary product. The procedure must communicate to LA 31 staff that the sale of an insurance policy cannot be conditioned upon the purchase of an ancillary product.
7. The Senior Deputy Director retains jurisdiction over the matters contained herein and has the authority to issue such further orders 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 constitutes an independent violation of the Code and may result in the commencement of additional proceedings that could impose additional penalties, including revocation of licensure.



Randall S. Gregg
Senior Deputy Director

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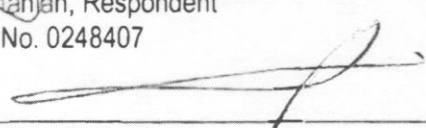
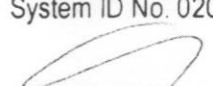
STIPULATION TO ENTRY OF ORDER

Petitioner, Department of Insurance and Financial Services (DIFS), and Respondents, LA Insurance Agency XXXI, Inc. (LA 31), Leana Karim Touma, Ara H. Nishanian, and Fateh F. Alchy stipulate to the following:

1. On or about March 7, 2019, DIFS issued a Notice of Opportunity to Show Compliance (NOSC) in the above-captioned enforcement case. DIFS alleged that Respondents engaged in actions in violation of Section 1207(1) of the Code, MCL 500.1207(1) and acts that gave rise to sanctions pursuant to Sections 1239(1)(c), (1)(g), and (5) of the Code, MCL 500.1239(1)(c), (1)(g), and (5). DIFS' factual assertions were essentially that Respondent Touma sold NSD club memberships in conjunction with insurance transactions and failed to obtain the informed consent of customers to the sale of said memberships. Moreover, with respect to Respondents Alchy, Nishanian, and LA 31, it was alleged that they were negligent by allowing the Code violations cited above to occur.
2. Without admitting to any of the allegations set forth above, Respondents have reviewed and voluntarily consented to the entry of the Order Accepting Stipulation that will be entered in this enforcement case.
3. Respondents understand that this Stipulation to Entry of Order will be presented to the Senior Deputy Director for approval and the Senior Deputy Director may or may not approve and adopt it.
4. Respondents agree that the Senior Deputy Director has jurisdiction and authority to approve and adopt this Stipulation to Entry of Order pursuant to the Code.
5. Respondents understand that, by agreeing to this Stipulation to Entry of Order, they are waiving the right, pursuant to the Code, the rules promulgated thereto, and the Michigan Administrative

Procedures Act of 1969 (APA), to a hearing before an administrative law judge, at which DIFS would be required to prove the charges set forth by presentation of evidence and legal authority, and at which Respondents would be entitled to appear, to cross-examine all witnesses presented by DIFS, and to present such testimony or other evidence or legal authority deemed appropriate as a defense to said charges.

6. Respondents waive any objection to the Director deciding this case following a Michigan Office of Administrative Hearings and Rules hearing in the event that the Stipulation to Entry of Order is not approved.
7. The parties agree that the Stipulation to Entry of Order represents the full and complete agreement of the parties in this matter and, in the event that the Stipulation is accepted by the Senior Deputy Director, shall completely resolve the enforcement case captioned above.

 _____ Leana Karim Touma, Respondent System ID No. 0325354	<u>10/21/2020</u> Date
 _____ Ara H. Nishanjan, Respondent System ID No. 0248407	<u>10/21/2020</u> Date
 _____ Fateh F. Alchy, Respondent System ID No. 0209457	<u>10/21/2020</u> Date
 _____ LA Insurance Agency XXXI, Inc., Respondent System ID No. 0022098	<u>10/21/2020</u> Date
 _____ John Rolecki (P78460) Attorney for Respondents	<u>10/27/2020</u> Date
 _____ Gary Grant (P76261) DIFS Staff Attorney	<u>April 12, 2021</u> Date