

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

IN THE MATTER OF:

Department of Insurance and Financial Services

Enforcement Case Nos.: 15-12463 and
15-12464

Petitioner,

v

Alana Gardon, Steven Kado, Renault
Kassab, Ronnie Kassab, LA
Insurance Agency XXXVI, Inc., LA Insurance
Agency XLIII, Inc., and LA Insurance
Agency 131, LLC,

Respondents.

Issued and entered
on March 6, 2018
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. 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 of DIFS.
2. 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.*
3. Alana Gardon (Gardon) (System ID No. 0629874) is a licensed resident insurance producer.
4. Steven Kado (Kado) (System ID No. 0565144) is a licensed resident insurance producer.
5. Renault Kassab (R. Kassab) (System ID No. 0316208) is a licensed resident insurance producer.
6. Ronnie Kassab (Ro. Kassab) (System ID No. 0251598) is a licensed resident insurance producer.

7. LA Insurance Agency XXXVI Inc. (LA 36), System ID No. 0023341, is a Michigan corporation with its principal place of business located at 926 W. Saginaw, Lansing, MI 48915 and is a licensed resident insurance agency. During the time period relevant to the above-captioned enforcement cases, its Designated Responsible Licensed Producer (DRLP) was R. Kassab.
8. LA Insurance Agency XLVIII Inc. (LA 48), System ID No. 0026348, is a Michigan corporation with its principal place of business located at 5031 S. Cedar St., Lansing, MI 48910 and is a licensed resident insurance agency. During the time period relevant to the above-captioned enforcement cases, its DRLP was R. Kassab.
9. LA Insurance Agency 131, LLC (LA 131), System ID No. 0081028, is a Michigan limited liability company with its principal place of business located at 3325 S. Martin Luther King Jr. Blvd., Ste. D, Lansing, MI, 48910. During the time period relevant to the above-captioned enforcement cases, its DRLP was R. Kassab.
10. LA 36, LA 48, and LA 131 are collectively herein referred to as the Agencies.
11. Gardon, Kado, R. Kassab, Ro. Kassab, LA 36, LA 48, and LA 131 are collectively herein referred to as the Respondents.
12. All required notices have been issued in this case, and the notices and service thereof were appropriate and lawful in all respects.
13. Acceptance of the Stipulation to Entry of Order is reasonable and in the public interest.
14. All applicable provisions of the APA have been met.
15. Respondents neither admit nor deny the allegations contained in the Complaint nor the findings contained in this Order set forth below, but have agreed to the entry of this stipulated Order to fully resolve the above-captioned enforcement cases.
16. On May 3, 2011, DIFS received a complaint from an LA 48 customer in which it was alleged that the customer was informed that he needed to purchase a Nation Safe Drivers (NSD) membership to purchase automobile insurance. Based on its investigation of this matter, DIFS finds as follows:
 - a. NSD is an ancillary, auto-related product that provides roadside assistance and towing to its members. The purchase of NSD is not required to purchase automobile insurance.
 - b. Between August 2012 and March 2015, Respondents sold multiple customers NSD without obtaining the customers' informed consent. The sale of NSD was accomplished on these occasions by either falsely informing the customers that the purchase of NSD was required to purchase automobile insurance or by selling the NSD in a manner that made it appear as if it were included as part of the automobile insurance policy.
 - c. Respondents LA 36, Kado, and R. Kassab either knew or should have known that Nicole Aloisio, an unlicensed person, was engaged in the sale of insurance at LA 36 in 2015.

17. Based on the foregoing findings, the Chief 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 1239(1)(d), (1)(e), and (1)(h) and 1244(1)(a-d) of the Code, MCL 500.1239(1)(d), 500.1239(1)(e), 500.1239(1)(h), 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 Ronnie Kassab shall pay a civil fine of \$2500.00.
3. Respondent Steven Kado shall pay a civil fine of \$10,000.00 and his insurance license is suspended for a period of one year commencing the day immediately following the issuance of this Order.
4. Respondent Renault Kassab shall pay a civil fine of \$20,000.00 and his insurance license is suspended for a period of three months commencing the day immediately following the issuance of this Order.
5. Respondent Alana Gardon shall pay a civil fine of \$10,000.00 and her insurance license is suspended for a period of three months commencing immediately upon the completion of R. Kassab's suspension.
6. Respondent LA 131 shall pay a civil fine of \$5000.00. Additionally, it shall provide restitution to all customers cited in the July 28, 2016 MAHS Complaint that was filed in this matter who purchased NSD at LA 131 and for whom a refund of the cost of the NSD has not been previously provided. The restitution shall consist of a refund of the purchase price of the NSD and must be provided to the customers within thirty days of the issuance of this Order. The Agency will provide a full accounting to DIFS within 45 days of the signing of the Order as to their compliance with restitution, including the names of customers, amounts paid, and dates paid.
7. Respondent LA 48 shall pay a civil fine of \$15,000.00. Additionally, it shall provide restitution to all customers cited in the July 28, 2016 MAHS Complaint that was filed in this matter who purchased NSD at LA 48 and for whom a refund of the cost of the NSD has not been previously provided. The restitution shall consist of a refund of the purchase price of the NSD and must be provided to the customers within thirty days of the issuance of this Order. The Agency will provide a full accounting to DIFS within 45 days of the signing of the Order as to their compliance with restitution, including the names of customers, amounts paid, and dates paid.
8. Respondent LA 36 shall pay a civil fine of \$15,000.00. Additionally, it shall provide restitution to all customers cited in the July 28, 2016 MAHS Complaint that was filed in this matter who purchased NSD at LA 36 and for whom a refund of the cost of the NSD has not been previously provided. The restitution shall consist of a refund of the purchase price of the NSD and must be provided to the customers within thirty days of the issuance of this Order. The Agency will provide a full accounting

to DIFS within 45 days of the signing of the Order as to their compliance with restitution, including the names of customers, amounts paid, and dates paid.

9. Respondents shall collectively pay a total of \$6458.33 per month to satisfy the civil penalties set forth above until the total penalty of \$77,500.00 is satisfied. The first payment must be made within thirty days of the issuance of this Order. Respondents shall notify DIFS no later than the date of the first payment as to the order of allocation for the payments.
10. Respondents LA 131, 48, and 36 shall serve a one-year period of probation commencing the day immediately following the issuance of this Order. The terms of said probation are as follows:
 - a. The Agencies shall promptly report to DIFS any new investigations, administrative, civil and criminal proceedings, and consumer complaints (written or oral) brought or made against them or their agents. They shall provide to DIFS a copy of all pleadings, judgments, awards, orders, reports, or complaints associated with said matters. All disclosures and reports must be addressed to: Department of Insurance and Financial Services, Office of Insurance Licensing and Market Conduct, P.O. Box 30220, Lansing, MI 48909-7720;
 - b. They are prohibited from applying for or obtaining any new qualifications;
 - c. They are prohibited from applying for or obtaining any new insurance company appointments; and
 - d. They are prohibited from applying for or obtaining a new insurance license that may be otherwise available to them under the Code.
 - e. At DIFS' discretion, a market conduct examination of the Agencies may be conducted during the pendency of the probationary period.
11. With regard to the sale of NSD or any ancillary product at the Agencies that is not sold as part of a DIFS approved insurance policy, the Agencies:
 - a. Shall orally inform the customer that purchase of the ancillary product is not required in order to purchase insurance and that the purchase or failure to purchase the ancillary product has no impact on the cost of the insurance.
 - b. Shall not include the price of the ancillary product when providing a quote for insurance. In other words, when a customer requests a quote for insurance, the price of the insurance alone must be given to the customer in the quote. Any quote for the ancillary product must be separate and apart from the quote for insurance and, as set forth in 11(a) above, at the time that the quote for the ancillary product is given, the customer must be orally informed that the purchase of the product is not required and that the decision of whether to purchase the product will not affect the cost of the insurance.
 - c. Shall provide separate receipts for the insurance and ancillary product and ensure that the ancillary product is sold in a separate transaction. All documents associated with the

ancillary product must be clearly separated from the insurance documents and distributed to the customer separately from the distribution of the insurance documents. The receipt for the ancillary product must be placed at the top of any documents provided to the customer related to the ancillary product.

12. The Chief 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.


Teri L. Morante
Chief Deputy Director

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

IN THE MATTER OF:

Department of Insurance and Financial Services

Enforcement Case Nos.: 15-12463 and
15-12464

Petitioner,

v

Alana Gardon, Steven Kado, Renault
K. Kassab, Ronnie K. Kassab, LA
Insurance Agency XXXVI, Inc., LA Insurance
Agency XLIII, Inc., and LA Insurance
Agency 131, LLC,

Respondents.

STIPULATION TO ENTRY OF ORDER

Petitioner DIFS and Respondents Alana Gardon, Steven Kado, Renault Kassab, Ronnie Kassab, LA Insurance XXXVI, Inc., LA Insurance Agency XLIII, Inc., and LA Insurance Agency 131, LLC stipulate to the following:


1. On July 28, 2016, DIFS filed a complaint in Enforcement Case Number 15-12463. The complaint alleged that Respondents engaged in actions in violation of Sections 1207(1) of the Code, MCL 500.1207 (1) and acts that gave rise to sanctions pursuant to Sections 1239(1)(d), (1)(e), and (1)(h), and 1239(3) of the Code, MCL 500.1239(1)(b), (1)(d), and (1)(h), and 500.1239(3). DIFS' factual assertions were essentially that Respondents sold their customers NSD, an ancillary product that is not required to be purchased, during insurance transactions without obtaining the informed consent of their customers. Moreover, with respect to LA 36, R. Kassab, and Kado, it was alleged that Respondents allowed an unlicensed person to engage in the practice of insurance.
2. Without admitting to any of the allegations set forth above, Respondents have voluntarily consented to the entry of the Order Accepting Stipulation above.
3. Respondents understand that this Stipulation will be presented to the Chief Deputy Director for approval and the Chief Deputy Director may or may not approve and adopt it.
4. Respondents agree that the Chief Deputy Director has jurisdiction and authority to approve and adopt this Stipulation 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 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.

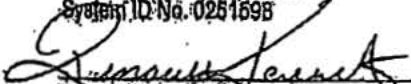
6. Respondents waive any objection to the Director deciding this case following a MAHS hearing in the event the Stipulation to Entry of Order is not approved.

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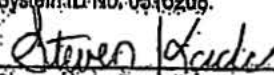
7. The parties agree that the Stipulation to Entry of Order represents the full and complete agreement of the parties in this matter and, in the event that the Stipulation is accepted by the Chief Deputy Director, shall completely resolve the enforcement cases captioned above,


Ronnie Kassab, Respondent
System ID No. 0251698


3/5/2018
Date


Renault Kassab, Respondent
System ID No. 0316208


3-5-2018
Date


Steven Kado, Respondent
System ID No. 0588144


3-5-2018
Date


Alana Gordon, Respondent
System ID No. 0629874


3-5-2018
Date


LA Insurance Agency XXXVI, Respondent
System ID No. 0023341


3/5/2018
Date


LA Insurance Agency XLVIII, Respondent
System ID No. 0026348

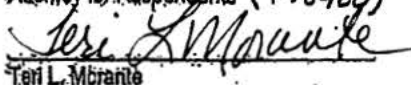
3/5/2018
Date


LA Insurance Agency 131, Respondent
System ID No. 0081028

3/5/2018
Date


Kevin Blair (P76927) John J. Rotecki
Attorney for Respondents (P78460)

3/6/2018
Date


Teri L. Mbrante
Chief Deputy Director, DIFS

3/6/2018
Date

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


Gary Grant (P76261)
DIFS Staff Attorney

3-6-18
Date