

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

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Paul V. Mason
System ID No. 0460103

Enforcement Case No. 17-15055

Sloan Mason North America, Inc.
System ID No. 0085586

Respondents.

Issued and entered
on October 17, 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 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. All required notices have been issued in this case, and the notices and service thereof were appropriate and lawful in all respects.
4. Acceptance of the Stipulation to Entry of Order is reasonable and in the public interest.
5. All applicable provisions of the APA have been met.
6. At all relevant times, Respondent Sloan Mason North America, Inc. (Respondent Agency), (System ID 0085586), was a licensed non-resident insurance agency with qualifications in Property and Casualty, and a Surplus Lines licensee since January 8, 2008. On July 18, 2017, Respondent Agency voluntarily surrendered its insurance licenses.

7. At all relevant times, Respondent Paul V. Mason (Respondent Mason) (System ID No. 0460103) was a licensed non-resident insurance producer with qualifications in Property and Casualty and a Surplus Lines licensee since December 27, 2007. On July 18, 2017, Respondent Mason voluntarily surrendered his insurance producer and surplus lines licenses.
8. At all relevant times, Respondent Mason was the Designated Responsible Licensed Producer (DRLP) of Respondent Agency. Hereafter, Respondent Agency and Respondent Mason are collectively referred to as Respondents.
9. Respondents failed to verify that Eidyia and BRS were properly licensed to transact insurance business in the state of Michigan and directly or indirectly aided or abetted Eidyia and BRS in violating Section 1905 of the Code, MCL 500.1905, by conducting unlicensed surplus lines business in the state of Michigan.
10. Respondents charged policyholders unapproved agency fees of between \$500 and \$1,000, which were more than the maximum amount allowed in Section 1915 of the Code, MCL 500.1915, Administrative Rule R 500.1251, and the Insurance Bulletins issued by the Director.
11. Respondents have used dishonest practices or demonstrated incompetence and untrustworthiness in the conduct of business in this state by charging agency fees above the allowed amount and by aiding or abetting in allowing an unlicensed entity to transact insurance business in the state of Michigan.
12. Respondent Mason, as the DRLP of Respondent Agency, failed to be responsible for the agency's and its employees' compliance with Michigan's insurance laws, rules, and regulations.
13. Based upon the action listed above, Respondents have provided justification under Section 1239(1)(h) of the Code, MCL 500.1239(1)(h), for the Director to order restitution be made to insureds to cover incurred losses, damages, or other harm attributable to the acts of Respondents found to be in violation of this chapter, and levy a civil fine against Respondents, pursuant to Section 1239(1) and 1244(1) of the Code, MCL 500.1239(1) and 500.1244(1).

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

14. Respondent Mason shall pay \$11,056.00 in restitution to the policyholders listed in Attachment 1. Respondent Mason shall provide DIFS staff with proof of payment within 60 days of the effective date of this Order.
15. Respondents shall pay to the State of Michigan a civil fine of One Thousand Dollars (\$1,000.00). Upon acceptance of this Order, DIFS will send an invoice to Respondents and Respondents shall pay the civil fine by the due date printed on the invoice. If Respondents fail to pay the civil fine by the due date, DIFS shall commence an action to determine if the Respondents have, in fact, failed to pay, and, if so, the civil fine will immediately increase to the maximum amount allowed under the Code and shall be immediately due in full.

16. 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

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STIPULATION TO ENTRY OF ORDER

Paul V. Mason and Sloan Mason North America, Inc. (Respondents) stipulate to the following:

1. On or about May 22, 2018, the Department of Insurance and Financial Services (DIFS) served Respondents with a Notice of Opportunity to Show Compliance (NOSC) alleging that Respondents violated provisions of the Insurance Code of 1956 (Code), MCL 500.100 *et seq.*
2. Specifically, the NOSC contained allegations that Respondents violated Sections 1905 and 1915 of the Code, MCL 500.1905 and 500.1915.
3. Respondents failed to respond to the NOSC.
4. On or about July 24, 2018, DIFS served on Respondents an Administrative Complaint, Statement of Factual Allegations, Order for Hearing, and Notice of Hearing.
5. On or about August 3, 2018, Respondents responded to the July 24, 2018 documents and expressed his desire to settle this matter.
6. Respondents exercised the right to an opportunity to show compliance pursuant to the Michigan Administrative Procedures Act (APA), MCL 24.201 *et seq.*
7. At all relevant times, Respondent Sloan Mason North America, Inc. (Respondent Agency), (System ID 0085586), was a licensed non-resident insurance agency with qualifications in Property and Casualty, and a Surplus Lines licensee since January 8, 2008. On July 18, 2017, Respondent Agency voluntarily surrendered its insurance licenses.
8. At all relevant times, Respondent Paul V. Mason (Respondent Mason) (System ID No. 0460103) was a licensed non-resident insurance producer with qualifications in Property and Casualty and a Surplus Lines licensee since December 27, 2007. On July 18, 2017, Respondent Mason voluntarily surrendered its insurance producer and surplus lines licenses.

9. All parties have complied with the procedural requirements of the APA and the Code.
10. Respondents agree that they will cease and desist from operating in a manner that violates the Code.
11. Respondent Mason agrees to pay \$11,056.00 in restitution to the policyholders listed in Attachment A. Respondent Mason shall provide DIFS Staff with proof of payment within 60 days of the effective date of this Order.
12. Respondents agree that they will pay to the state of Michigan, through DIFS, administrative and civil fines in the amount of \$1,000.00. Respondent further agrees to pay the fine within 30 days of the invoice date as indicated on the DIFS invoice.
13. Respondents have 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.
14. Respondents understand and agree that this Stipulation to Entry of Order will be presented to the Chief Deputy Director for approval.
15. Respondents understand and agree 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, Respondents waive the right to a hearing in this matter and consent to the entry of the Order Accepting Stipulation. If the Chief Deputy Director does not accept the Stipulation to Entry of Order, Respondents waive any objection to the Director holding a formal administrative hearing and making a decision after such hearing.
16. Respondents agree that failure to pay the restitution as set forth above within sixty (60) days of the date of the entry of this Order shall result in the denial of future applications for licensure or registration until compliance is made with the terms of this Order. Unless otherwise specified in this Order, requirements imposed on the Respondents must be fulfilled in accordance with the terms of this Order.
17. It is further stipulated that the amount of fines and/or fees has been negotiated in return for the avoidance of further proceedings and certain promises and conditions, one of which is the timely payment of said fines and/or fees. Should Respondents fail to pay the fines and/or fees in accordance with the terms of this Stipulation and the Director's Order, the parties agree that an action will commence to determine if the Respondents have, in fact, failed to pay, and, if so, Respondents agree that the fines and/or fees will immediately increase to the maximum amount allowed under the Code, shall be immediately due in full, and Respondents' license(s) shall be revoked.



Paul V. Mason
System ID No. 0460103

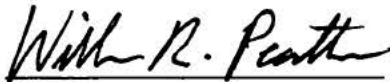
9/28/18
Date



Authorized Representative of
Sloan Mason North America, Inc.
System ID No. 0085586

9/28/18
Date

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



William R. Peattie (P48004)
DIFS Staff Attorney

10/11/18
Date