

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

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Mohamed Abdul-Karim Ahmad
Unlicensed

Enforcement Case No. 20-16100

Respondent.
_____ /

**Issued and entered
on July 22, 2020
by Randall S. Gregg
Senior Deputy Director**

**ORDER TO CEASE AND DESIST WITH STATEMENT OF FINDINGS
AND NOTICE OF OPPORTUNITY FOR HEARING**

Pursuant to Section 251 of the Michigan Insurance Code (Code), MCL 500.251, and after reviewing evidence of the conduct described in the attached Statement of Findings, and

WHEREAS, the Director of the Department of Insurance and Financial Services (DIFS) finds that immediate action is necessary and appropriate in the public interest for the protection of the public health, safety, and welfare, and consistent with the purposes fairly intended by public policy and provisions of the Code,

IT IS THEREFORE ORDERED THAT:

1. The Respondent(s) shall immediately **CEASE AND DESIST** from all activities in violation of the Code as described in the Statement of Findings.
2. A copy of this Order shall be immediately served upon Respondent(s). As to any Respondent, this Order shall be effective upon the date of service.
3. Respondent(s) will have 30 calendar days after the service of this Order to contest it by requesting a hearing. Within 10 calendar days after receiving the request, the hearing process shall commence. This Order shall remain in effect until further order of the Director. Any request for a hearing should be addressed to the Department of Insurance and Financial Services, Attention: Randie Swinson, Hearings Coordinator, P.O. Box 30220, Lansing, MI 48909-7720 or faxed to 517-284-8843.
4. Any such hearing held shall address the following issues:
 - a. The facts set forth in the Statement of Findings.

- b. The continuation of the Order to Cease and Desist.
 - c. Restitution to be paid by the Respondent(s).
5. If a hearing is requested, an administrative law judge from the Michigan Office of Administrative Hearings and Rules shall preside over any such hearing.
6. The Director retains jurisdiction of the matters contained herein and the authority to issue such further Orders as shall be deemed just, necessary, and appropriate.
7. Pursuant to Section 251(6) of the Code, MCL 500.251(6), a person who violates or otherwise fails to comply with an Order to Cease and Desist is subject to one or more of the following:
 - a. Payment of a civil fine of not more than \$1,000.00 for each violation not to exceed an aggregate civil fine of \$30,000.00. However, if the person knew or reasonably should have known the conduct was in violation of the cease and desist order, the person shall be subject to a civil fine of not more than \$25,000.00 for each violation not to exceed an aggregate civil fine of \$250,000.00.
 - b. Suspension or revocation of the person's license or certificate of authority.
 - c. Complete restitution, in the form, amount, and within the period determined by the Director, to all persons in Michigan damaged by the violation or failure to comply.



Randall S. Gregg
Senior Deputy Director

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STATEMENT OF FINDINGS

1. Pursuant to Section 251(1) of the Code, MCL 500.251(1), the Director is empowered to issue a cease and desist order if the Director finds any of the following:
 - (a) A person is conducting transactions of insurance for which a certificate of authority is required by this act without having obtained a certificate of authority.
 - (b) A person is acting as an insurance agent, solicitor, adjuster, or counselor without a license as required by this act.
 - (c) A person is engaged in an act or practice in the business of insurance for which authority from or notification to the commissioner is required by this act and the person has not received authority or given notification.
 - (d) A person authorized to engage in the business of insurance under this act is engaged in conduct that presents an immediate danger to public health, safety, or welfare. MCL 500.251(1).

2. Under Section 1201a(1) of the Code, it is a violation for a person to sell, solicit, or negotiate insurance in this state for any line of insurance without first obtaining a license or qualification for that line. MCL 500.1201a(1).
 - a. "Negotiate" means the act of conferring directly with or offering advice directly to a purchaser or prospective purchaser of a particular contract of insurance concerning any of the substantive benefits, terms, or conditions of the contract, provided that the person engaged in that act either sells insurance or obtains insurance from insurers for purchasers. MCL 500.1201(m).
 - b. "Sell" means to exchange a contract of insurance by any means, for money or its equivalent, on behalf of an insurance company. MCL 500.1201(n).

- c. "Solicit" means attempting to sell insurance or asking or urging a person to apply for a particular kind of insurance from a particular company. MCL 500.1201(o).
3. Under Section 1208a of the Code, an insurance producer shall not act as an agent of an insurer unless the insurance producer becomes an appointed agent of that insurer. MCL 500.1208a(1).
4. DIFS staff received information about possible unlicensed activity by Mohamed Abdul-Karim Ahmad also known as "Mike" (Respondent). A review of DIFS' records revealed that Respondent is not licensed under the Code.
5. On or about January 23, 2020, the complainant (HS) purchased a 2011 Dodge Caliber from Five Star Auto Center (Five Star) located at 7761 Greenfield Rd., Detroit, MI. Respondent sold HS the vehicle and automobile insurance. Progressive Insurance Company (Progressive) policy #935758249 was listed as "no-fault" insurance on both the application for title and registration for the automobile.
6. On or about February 23, 2020, Progressive sent HS a rescission notice informing her that her policy was considered null and void effective January 23, 2020, for unauthorized payments and fraudulent conduct.
7. On February 26, 2020, HS submitted a complaint to the Michigan Department of Attorney General (AG) alleging that an employee of Five Star sold her fraudulent automobile insurance.
8. On March 13, 2020, the AG referred HS' complaint to DIFS. In her complaint, HS stated:

"When I purchased my vehicle from 5 star auto the salesman, who went by Mike, told me they'll get me insurance through LA Insurance up the street. This was my first time buying a car or insurance so I had no idea how it worked. He said insurance is a flat rate of \$375 to leave the lot, then \$300 the next month if I stick with them, then \$250 the 3rd month. I paid Mike the \$375 and received proof of insurance through Progressive."
9. On March 17, 2020, HS provided DIFS investigator with copies of her text messages with the person who sold her the 2011 Dodge Caliber and insurance. She provided his telephone number: "313-461-1570." She also provided a copy of her bank statement showing that on January 23, 2020, she paid \$375.00 via Quickpay to "Mike." DIFS investigator provided HS with Respondent's driver's license photo, which he had obtained from the Michigan Department of State (MDOS). HS reviewed the photo and identified the man pictured in it as "Mike," the man who sold her the Progressive insurance policy for her 2011 Dodge Caliber.
10. On March 18, 2020, Progressive provided records for policy #935758249. The policy was purchased online from IP Address: 68.49.247.226. The records for the policy also reflect a phone number: 313-879-9313 and a purported aol.com email address for HS. The phone number and email address do not belong to HS.
11. Progressive provided records for a second policy, #935616030, which was purchased online and associated with the same IP Address: 68.49.247.226.

12. On March 18, 2020, MDOS provided records for the vehicle listed in policy #935616030. The records detailed that on or about January 17, 2020, an individual, "ST" (ST), had purchased a 2011 Dodge Caliber at Five Star. Respondent sold her the vehicle and policy #935616030 was listed as "no-fault" insurance on the application for title and registration. On February 11, 2020, Progressive sent ST a rescission notice informing her that her policy was considered null and void effective January 17, 2020, for fraudulent conduct.
13. The phone number listed on ST's Progressive policy application matches the phone number used by Respondent to negotiate insurance with HS.
14. According to Progressive's records, the IP Address linked to HS's and ST's transactions is also associated with seven other Progressive policies purchased between January 16 to January 24, 2020. Each of the Progressive policies purchased through IP Address: 68.49.247.226 during this timeframe received a rescission notice from Progressive.
15. After an investigation, DIFS staff concluded that Respondent has engaged in activities regulated by the Code, without the requisite license, and has violated the insurance laws of this state.
16. DIFS staff found that Respondent sold fraudulent insurance without being licensed or appointed as required by the Code.
17. By selling automobile insurance without the requisite license, Respondent has violated Section 1201a(1) of the Code, MCL 500.1201a(1).
18. Respondent has violated Section 4503(g)(i) of the Code, MCL 500.4503(g)(i), by engaging in fraudulent insurance acts by diverting funds of an insurer or other persons in connection with the transaction of insurance.
19. Respondent is, therefore, subject to sanctions under Sections 150(1) and 1244(1) of the Code, MCL 500.150(1) and MCL 500.1244(1). Furthermore, if the above facts are found to be true, Respondent's violation of Section 4503(g)(i) may also be considered a felony under Section 4511 of the Code, MCL 500.4511.
20. By acting as an agent of an insurer without an appointment, Respondent has violated Section 1208a(1) of the Code, MCL 500.1208a(1). Respondent is, therefore, subject to sanctions under Section 150(1) and Section 1244(1) of the Code.
21. Based on the aforementioned findings, Respondent is acting as an insurance producer without a license as required by the Code, engaging in fraudulent insurance acts prohibited by the Code, and acting as an agent of an insurer without an appointment as required by the Code.