

**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. 17-15037

Agency No. 18-057-L

Petitioner,

v

Robert B. Morley, Jr.
System ID No. 0022230

Creative Wealth Strategies, Inc.
System ID No. 0086094

Respondents.

Issued and entered
on January 23, 2019
by **Randall S. Gregg**
Senior Deputy Director

FINAL DECISION

I. Background

Robert B. Morley, Jr. (Respondent Morley) and Creative Wealth Strategies, Inc. (Respondent Creative Wealth), collectively Respondents, are licensed insurance producers. The Department of Insurance and Financial Services (DIFS) received information that Respondents failed to report the administrative actions that were taken against them to DIFS within 30 days of the final disposition of the matters. Furthermore, Respondents used dishonest practices and demonstrated incompetence, untrustworthiness, and financial irresponsibility in the conduct of business in selling unregistered securities in the form of investment contracts to their clients. After investigation and verification of the information, on July 26, 2018, DIFS issued a Notice of Opportunity to Show Compliance (NOSC) alleging that Respondents had provided justification for revocation of licensure and other sanctions pursuant to Sections 1239(1) and 1244(1)(a-d) of the Michigan Insurance Code (Code), MCL 500.1239(1) and 500.1244(1)(a-d). Respondents failed to reply to the NOSC.

On October 30, 2018, DIFS issued an Administrative Complaint and Order for Hearing which was served upon Respondents at the addresses they are required to maintain with DIFS. The Order for Hearing required Respondents to take one of the following actions within 21 days: (1) agree to a resolution of the

case, (2) file a response to the allegations with a statement that Respondents planned to attend the hearing, or (3) request an adjournment. Respondents failed to respond or take any action.

On December 20, 2018, DIFS Staff filed a Motion for Final Decision. Respondents did not file a reply to the motion. Given Respondents' 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

10. Robert B. Morley, Jr. (Respondent Morley) has been a licensed resident insurance producer, with qualifications in life, accident and health since February 24, 1978, and variable annuities since April 4, 2008.
11. Creative Wealth Strategies, Inc. (Respondent Creative Wealth) has been a licensed resident insurance producer agency with qualifications in life and accident and health since February 22, 2008, and variable annuities since April 4, 2008. Respondent Morley is the President and designated responsible licensed producer (DRLP) for Respondent Creative Wealth.
12. On May 5, 2017, the Department of Licensing and Regulatory Affairs (LARA), Corporations and Securities & Commercial Licensing Bureau (CSCL) issued a Final Order in which Respondents were ordered to cease and desist from the unlawful sale of securities. Respondent Morley was also ordered to pay the CSCL \$80,000 and Respondent Creative Wealth was ordered to pay a separate \$40,000 fine.
13. Specifically, The May 5, 2017 Final Order found that Respondents offered and sold Creative Wealth Strategies, Inc. securities, in the form of investment contracts to two Michigan investors, when the securities were not registered, in violation of Section 301 of The Michigan Uniform Securities Act (MUSA), 2008 PA 551, MCL 451.2301. Respondent Morley represented on his investment advisory firm application that he would not sell to investment advisory clients any securities in which he held a proprietary interest. By selling unregistered securities to their clients in 2011, Respondents violated Section 501(b) of the MUSA, MCL 451.2501(b).
14. During the course of DIFS' investigation, DIFS Staff also discovered that Respondent Morley holds an active variable annuities qualification, but does not have a current FINRA registration.
15. On June 6, 2017, DIFS Staff sent a letter of inquiry to Respondents requesting an explanation of the issues and why the administrative actions were not reported within 30 days after final disposition of the matters. After mailing multiple inquiries to different addresses, some of which were returned by the United States Postal Service (USPS), a response was received August 23, 2017, from The Gallagher Law Firm, PLC who represented Respondent Morley and Respondent Creative Wealth. Respondents' attorney stated there was an ongoing appeal of the CSCL case, Ingham County Circuit Court Case No. 2017-501-AA.
16. On or about January 1, 2018, the 30th Judicial Circuit Court, Ingham County, Michigan, issued the following: Order Affirming the Corporation Securities and Commercial Licensing Bureau 5/14/17

Final Order. Respondents failed to report the administrative action to DIFS as required by the Code.

17. As licensees, Respondents knew or had reason to know that Section 1238(1) of the Code, MCL 500.1238(1), states:

(1) When applying for a license to act as an agent, solicitor, counselor, or adjuster, the applicant shall report his or her mailing and electronic mail address to the commissioner. An agent, solicitor, counselor, or adjuster shall notify the commissioner of any change in his or her mailing or electronic mail address within 30 days after the change. The commissioner shall maintain the mailing and electronic mail address of each agent, solicitor, counselor, or adjuster on file.

18. By failing to notify DIFS of a change in their mailing address within 30 days after the change, Respondents violated MCL 500.1238(1).

19. As licensees, Respondents knew or had reason to know that Section 1247(1) of the Code, MCL 500.1247(1), states:

(1) An insurance producer shall report to the commissioner any administrative action taken against the insurance producer in another jurisdiction or by another governmental agency in this state within 30 days after the final disposition of the matter. This report shall include a copy of the order, consent to order, or other relevant legal documents.

20. By failing to report within 30 days after the final disposition of the matters to DIFS the administrative actions taken against Respondents by LARA – CSCL, Respondents violated MCL 500.1247(1).

21. As licensees, Respondents knew or had reason to know that Section 1239(1)(b) and (h) of the Code, MCL 500.1239(1)(b) and (h), states:

(1) In addition to any other powers under this act, the commissioner may place on probation, suspend, or revoke an insurance producer's license or may levy a civil fine under section 1244 or any combination of actions, and the commissioner shall refuse to issue a license under section 1205 or 1206a, for any 1 or more of the following causes:

(b) Violating any insurance laws or violating any regulation, subpoena, or order of the commissioner or of another state's insurance commissioner.

(h) Using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.

22. As licensees, Respondents knew or had reason to know that Section 1244(1)(a-c), of the Code, MCL 500.1244(1)(a-c), provides that the Director may order the payment of a civil fine of up to \$500.00 for each violation and up to \$2,500 for each violation if the Director finds that the person knew or reasonably should have known that he or she was in violation of the Code. The Director may also require the person to refund any overcharges and pay restitution to cover losses, damages, or other harm they caused by violating the Code. Pursuant to Section 1244(1)(d), of the Code, MCL 500.1244(1)(d), the Director may order suspension or revocation of licensure.
23. Respondents have provided justification for sanctions pursuant to Sections 1239(1)(b) and 1244(1) of the Code, by failing to report the administrative actions taken against Respondents to DIFS within 30 days of the final disposition of the matters in accordance with 1247(1) of the Code, MCL 500.1247(1).
24. Respondents have provided justification for sanctions pursuant to Sections 1239(1)(h) and 1244(1) of the Code, by using dishonest practices and demonstrating incompetence, untrustworthiness, and financial irresponsibility in the conduct of business in selling unregistered securities in the form of investment contracts to their clients in violation of Section 501(b) of the MUSA, MCL 451.2501(b).
25. Based upon the actions listed above, Respondents have committed acts that provide justification for the Director to order the payment of a civil fine, and/or other licensing sanctions, including revocation of licensure.
26. On July 26, 2018, an NOSC was mailed by first class mail to Respondents' attorney of record. No response was received, and the mail was not returned by the USPS.
27. On October 30, 2018, copies of an Administrative Complaint, Order for Hearing and Notice of Hearing were mailed by first class mail to Respondents' mailing address of record and resident agent's address. The mail was returned by the USPS marked, "RETURN TO SENDER – NOT DELIVERABLE AS ADDRESSED – UNABLE TO FORWARD."
28. DIFS Staff have made reasonable efforts to serve Respondents and have complied with MCL 500.1238(2).
29. Respondents have received notice and have been given an opportunity to respond and appear and have not responded nor appeared.
30. Respondents are in default and the Petitioner is entitled to have all allegations accepted as true.

III. Order

Based upon the Respondents' conduct and the applicable law cited above, it is ordered that:

1. Respondents shall **CEASE** and **DESIST** from violating the Code.
2. Respondents shall immediately **CEASE** and **DESIST** from engaging in the business of insurance.
3. Pursuant to MCL 500.249, MCL 500.1238(1), MCL 500.1247(1), MCL 500.1239(1)(b) and (h), and MCL 500.1244(1)(a-d), Respondents' resident insurance producer licenses (System ID Nos. 0022230 & 0086094) are **REVOKED**.

Anita G. Fox, Director
For the Director:



Randall S. Gregg, Senior Deputy Director