

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

Before the Director of the Department of Insurance and Financial Services

In the matter of:

PATRICK RYAN PRUNEAU
System ID No. 0406402

Enforcement Case No. 14-12266

Respondent.

_____ /

Issued and entered
on May 13, 2015
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. 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. Patrick Pruneau (Respondent) was a licensed resident insurance producer with qualifications in life, accident and health, property and casualty, and variable annuities in the state of Michigan who surrendered his license pursuant to a Stipulation and Order Accepting Stipulation dated April 10, 2014.
7. Respondent surrendered his license after evidence showed he had submitted eight fictitious auto applications in order to receive commissions. Four of the eight policies were allegedly for the same customer with premiums ranging from \$6,100 to \$77,500.

The initial premium payments had been submitted by Respondent personally. He subsequently either voided the policies from Farmers Insurance Exchange of Farmers Insurance Group's (Farmers) database or set the policies up for electronic funds transfer of the premium payments from invalid bank accounts.

8. In the Stipulation Respondent signed on March 9, 2014, he stipulated to the following: "Respondent agrees that he will cease and desist from operating in a manner that violates the Code."
9. On August 27, 2014, DIFS Staff received notification from Safeco Insurance Company (Safeco) that Respondent had submitted 11 additional fictitious auto applications to that company and policies had been issued between April 4, 2014, and June 25, 2014. All of the policies had been later cancelled due to non-payment because the listed bank account was invalid.
10. According to Safeco, Respondent did not work directly for the company. He was a sub-agent working under a Michigan Agency Partners, LLC contract.
11. After examining the 11 auto applications, DIFS Staff determined that four of the applications had been written and submitted by Respondent after the Order Accepting Stipulation had been entered. Respondent's actions constitute a violation of the order to cease and desist contained in the Order Accepting Stipulation.
12. On December 15, 2014, DIFS Staff left a message for Respondent at his telephone number of record requesting a return call. No return call was received.
13. On December 29, 2014, DIFS Staff sent a letter of inquiry to Respondent at his email address of record requesting a response to the Safeco allegations. No response was received.
14. Respondent knew or had reason to know that Section 249(a) of the Code, MCL 500.249(a), states that:

For the purposes of ascertaining compliance with the provisions of the insurance laws of the state or of ascertaining the business condition and practices of an insurer or proposed insurer, the commissioner, as often as he deems advisable, may initiate proceedings to examine the accounts, records, documents and transactions pertaining to:

(a) Any insurance agent, surplus line agent, general agent, adjuster, public adjuster or counselor.

15. Respondent's refusal to comply with DIFS' requests for information is a refusal to comply with the Code.
16. Respondent knew or had reason to know that Section 1239(1)(b) and (h) of the Code, MCL 500.1239(1)(b) and (h), state that:

(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.

17. Respondent knew or had reason to know that Section 1239(5) of the Code, MCL 500.1239(5), states that:

(5) In addition to the penalties under this section, the commissioner may enforce the provisions of and impose any penalty or remedy authorized by this act against any person who is under investigation for or charged with a violation of this act even if the person's license or registration has been surrendered or has lapsed by operation of law.

18. Despite having previously surrendered his license voluntarily, Respondent has provided justification for revocation of licensure, pursuant to Section 1239(5) of the Code, MCL 500.1239(5), by failing to comply with his prior Stipulation, with the cease and desist order contained in the Order Accepting Stipulation, and by continuing to violate the Code by submitting fictitious policy applications.

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

19. Respondent cease and desist from operating in a manner that violates the Code.
20. Respondent cease and desist from all insurance activity.
21. Respondent's nonresident insurance producer license (System ID No. 0406402) is hereby REVOKED.
22. 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

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

Before the Director of the Department of Insurance and Financial Services

In the matter of:

PATRICK RYAN PRUNEAU
System ID No. 0406402

Enforcement Case No. 14-12266

Respondent.

_____ /

STIPULATION TO ENTRY OF ORDER

Patrick Ryan Pruneau (Respondent) stipulates to the following:

1. On or about March 11, 2015, the Department of Insurance and Financial Services (DIFS) served Respondent with a Notice of Opportunity to Show Compliance (NOSC) alleging that Respondent violated provisions of the Insurance Code of 1956 (Code), MCL 500.100 *et seq.*
2. Respondent was a licensed resident insurance producer with qualifications in life, accident and health, property and casualty, and variable annuities in the state of Michigan who surrendered his license pursuant to a Stipulation and Order Accepting Stipulation dated April 10, 2014.
3. Respondent surrendered his license after evidence showed he had submitted eight fictitious auto applications in order to receive commissions. Four of the eight policies were allegedly for the same customer with premiums ranging from \$6,100 to \$77,500. The initial premium payments were submitted by Respondent personally. He subsequently either voided the policies from Farmers Insurance Exchange of Farmers Insurance Group's (Farmers) database or set the policies up for electronic funds transfer of the premium payments from invalid bank accounts.
4. In the Stipulation Respondent signed on March 9, 2014, he stipulated to the following: "Respondent agrees that he will cease and desist from operating in a manner that violates the Code.
5. On August 27, 2014, DIFS Staff received notification from Safeco Insurance Company (Safeco) that Respondent had submitted 11 fictitious auto applications to that company and policies had been issued between April 4, 2014, and June 25, 2014. All of the policies had been later cancelled due to non-payment because the listed bank account was invalid.
6. According to Safeco, Respondent did not work directly for the company. He was a sub-agent working under a Michigan Agency Partners, LLC contract.

7. After examining the 11 auto applications, DIFS Staff determined that four of the applications were written and submitted by Respondent after the Order Accepting Stipulation had been entered. Respondent's actions constitute a violation of the cease and desist order contained in the Order Accepting Stipulation.
8. On December 15, 2014, DIFS Staff left a message for Respondent at his telephone number of record requesting a return call. No return call was received.
9. On December 29, 2014, DIFS Staff sent a letter of inquiry to Respondent at his email address of record requesting a response to the Safeco allegations. No response was received.
10. Respondent knew or had reason to know that Section 249(a) of the Code, MCL 500.249(a), states that:

For the purposes of ascertaining compliance with the provisions of the insurance laws of the state or of ascertaining the business condition and practices of an insurer or proposed insurer, the commissioner, as often as he deems advisable, may initiate proceedings to examine the accounts, records, documents and transactions pertaining to:

(a) Any insurance agent, surplus line agent, general agent, adjuster, public adjuster or counselor.

11. Respondent's refusal to comply with DIFS' requests for information is a refusal to comply with the Code.
12. Respondent knew or had reason to know that Section 1239(1)(b) and (h) of the Code, MCL 500.1239(1)(b) and (h), state that:

(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.

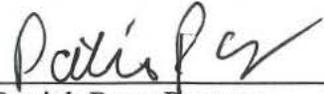
(h) Using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial

irresponsibility in the conduct of business in this state or elsewhere.

13. Respondent knew or had reason to know that Section 1239(5) of the Code, MCL 500.1239(5), states that:

(5) In addition to the penalties under this section, the commissioner may enforce the provisions of and impose any penalty or remedy authorized by this act against any person who is under investigation for or charged with a violation of this act even if the person's license or registration has been surrendered or has lapsed by operation of law.
14. Despite having previously surrendered his license voluntarily, Respondent has provided justification for revocation of licensure, pursuant to Section 1239(5) of the Code, MCL 500.1239(5), by failing to comply with his prior Stipulation, with the cease and desist order contained in the Order Accepting Stipulation, and by continuing to violate the Code by submitting fictitious policy applications.
15. Respondent and DIFS conferred for the purpose of resolving this matter.
16. Respondent waives the right to an opportunity to show compliance pursuant to the Michigan Administrative Procedures Act (APA), MCL 24.201 *et seq.*
17. All parties have complied with the procedural requirements of the APA and the Code.
18. Respondent agrees that he will cease and desist from operating in a manner that violates the Code and from all insurance activity.
19. Respondent's Michigan Resident insurance producer license (System ID No. 0406402) shall be revoked.
20. Respondent has 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.
21. Respondent understands and agrees that this Stipulation to Entry of Order will be presented to the Chief Deputy Director for approval.

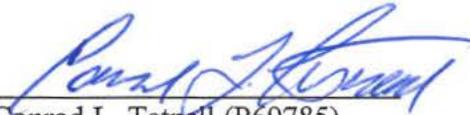
22. The Chief Deputy Director may, in her sole discretion, decide to accept or reject this Stipulation to Entry of Order. If the Chief Deputy Director accepts the Stipulation to Entry of Order, Respondent waives the right to a hearing in this matter and consents to the entry of the Order Accepting Stipulation. If the Chief Deputy Director does not accept the Stipulation to Entry of Order, Respondent waives any objection to the Director holding a formal administrative hearing and making her decision after such hearing.



Patrick Ryan Pruneau
System ID No. 0406402

5/16/15
Date

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



Conrad L. Tatnall (P69785)
DIFS Staff Attorney

5/12/15
Date