

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

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Rhonda Patterson
Unlicensed

Enforcement Case No. 18-15429

Respondent.

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Issued and entered
on Feb 14, 2019
by **Teri L. Morante**
Chief Deputy Director

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

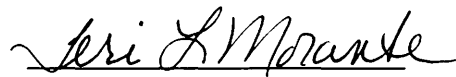
Pursuant to Section 251 of the Michigan Insurance Code (Code), MCL 500.251, and after reviewing evidence of the conduct described in the attached Statement of Findings, and

WHEREAS, the Director of the Department of Insurance and Financial Services 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 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. As to any Respondent, this Order shall be effective upon the date of service.
3. Respondent 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: Christy Capelin, 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.
5. If a hearing is requested, an administrative law judge from the Michigan Administrative Hearing System 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 for each violation not to exceed an aggregate civil fine of \$30,000. 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 for each violation not to exceed an aggregate civil fine of \$250,000.
 - 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.



Teri L. Morante
Chief Deputy Director

Dated: Feb. 14, 2019

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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(k).
 - 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(l).

- 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(m).
3. Under Section 1208a(1) 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 Rhonda Patterson (Respondent). A review of DIFS' records revealed that Respondent is not licensed under the Code.
5. 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.
6. On or about May 16, 2018, Complainant purchased a AAA insurance policy from Respondent. Respondent was using a Facebook profile with the name "Ashley May" to sell Complainant a certificate with the following information:
 - a. Policy Number: AUTO 71449856
 - b. Producer: David Sanders
 - c. Producer Phone Number: [REDACTED]
7. The proof of insurance for Policy Number AUTO 71449856 (Policy 9856) was sent to Complainant by email via DocHub. The email was sent by Respondent from email address, [REDACTED].
8. On or about May 16, 2018, Complainant made a \$100.00 payment via Square, Inc's Cash App (Cash App) to Respondent, who used the username \$RonRon313.
9. Respondent maintained a Google+ profile account under the name Rhonda Patterson that displayed two photos: (1) a copy of a AAA insurance certificate that lists a Shamin Gujral as the producer, and (2) an advertisement for auto insurance that lists the phone number [REDACTED].
10. On or about July 26, 2018, the Michigan Department of State (MDOS) provided DIFS with a copy of a May 10, 2018, dealership transaction between Respondent and Empire Auto, Inc., located in Detroit, MI, for a 2007 Chevrolet. The document indicates that Respondent represented that she had insurance with AAA under Policy Number AUTO 71449856, the same policy number printed on the proof of insurance that Respondent gave to Complainant.
11. On July 26, 2018, Brian Schultz, Senior Investigator at AAA, confirmed to DIFS that Policy 9856 was not a valid AAA policy.
12. On or about August 8, 2018, DIFS Investigator Simon located an advertisement on Facebook for "affordable car insurance" that was posted by an "Ashley William." The phone number listed in the advertisement was the same [REDACTED] that was posted on Respondent's Google+ profile.
13. On August 8, 2018, DIFS Investigator Simon sent a text message listed on Respondent's Google+ profile as well as the Facebook advertisement, [REDACTED] to inquire about insurance. Respondent conveyed the following in her responses to DIFS Investigator Simon:
 - a. Respondent asked DIFS Investigator Simon for a picture of registration;

- b. Respondent stated that she worked for AAA and used her discount to get lower insurance rates;
 - c. Respondent stated that she was an insurance agent;
 - d. Respondent stated that her boyfriend could deliver proof of insurance and collect insurance; and
 - e. Alternatively, Respondent stated that she could accept payment by CashApp and email a proof of insurance.
14. Complainant provided \$100.00 for the underwriting of an automobile insurance policy. While being unlicensed to act as an insurance producer, Respondent collected the \$100.00 and in exchange provided Complainant with a fraudulent proof of insurance for Policy 9856. Respondent failed to apply the funds received towards any insurance policy. Accordingly, Respondent is in violation of MCL 500.1201a(1) and MCL 500.4503(g)(i).
15. By selling insurance to and accepting money from Complainant, Respondent, as an unlicensed producer, violated Section 1201a(1) of the Code, MCL 500.1201a(1).
16. Respondent committed a fraudulent insurance act, violating Section 4503(g)(i) of the Code, MCL 500.4503(g)(i), when she sold an insurance policy to Complainant, telling Complainant that the money she collected would be applied toward an insurance policy, when it was not.
17. Based on the aforementioned findings, Respondent is acting as an insurance producer, solicitor, adjuster, or counselor without a license as required by the Code.
18. Respondent is subject to sanctions under Sections 150, 1239(1)(b) and 1244 of the Code, MCL 500.150, 500.1239(1)(b) and 500.1244. Furthermore, if the above facts are found to be true, Respondent's violation of Section 4503(g)(i) of the Code may also be considered a felony under Section 4511 of the Code, MCL 500.4511.
19. Based on the aforementioned findings, Respondent is engaged in an act or practice in the business of insurance for which authority from or notification to the Director is required by the Code, and the Respondent has not received authority or given notification.