

**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. 19-15875
Agency No. 19-477-L**

Petitioner,

v

Adam C. Pauley
System ID No. 0291831

Respondent.

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**Issued and entered
on December 15, 2020
by Randall S. Gregg
Senior Deputy Director**

FINAL DECISION

I. Background

Adam C. Pauley (Respondent) is a licensed resident insurance producer. The Department of Insurance and Financial Services (DIFS) received information that Respondent failed to respond to a letter of inquiry from DIFS regarding a September 24, 2019, complaint filed against him. The complaint alleged that Respondent appeared at the customer's home, acted disorderly, and demanded \$5,000.00. After investigation and verification of the information, on November 6, 2019, DIFS issued a Notice of Opportunity to Show Compliance (NOSC) alleging that Respondent had provided justification for revocation of licensure and other sanctions pursuant to Sections 1242(2) and 1244(1)(a-d) of the Michigan Insurance Code (Code), MCL 500.1242(2) and 500.1244(1)(a-d). Respondent failed to reply to the NOSC.

On January 6, 2020, DIFS issued an Administrative Complaint and Order for Hearing which was served upon Respondent at the address he is required to maintain with DIFS. The Order for Hearing required Respondent 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 Respondent planned to attend the hearing, or (3) request an adjournment. Respondent failed to respond or take any action.

On March 4, 2020, DIFS staff filed a Motion for Order. Respondent did not file a reply to the motion. Given Respondent's failure to respond, Petitioner's motion was granted, and the Director issued an Order, which suspended Respondent's insurance producer license, ordered Respondent to respond to DIFS' original October 29, 2019 inquiry, and pay a \$500.00 fine.

On April 21, 2020, DIFS staff filed a Motion for Final Decision Following Order. Respondent did not file a reply to the motion. To date, Respondent has failed to pay the \$500.00 fine and respond to DIFS' original inquiry. Given Respondent's 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

1. Respondent is a licensed resident insurance adjuster, and his license is currently active.
2. On September 24, 2019, DIFS staff received a complaint from Respondent's customer regarding an August 1, 2019, contract cancellation request.
3. The customer alleged that Respondent appeared at the customer's home, acted disorderly, and demanded \$5,000.00.
4. On October 29, 2019, DIFS staff sent a letter of inquiry to Respondent at his email address of record, which he is required per the Michigan Insurance Code (Code) to keep current. No response was received.
5. On November 6, 2019, a Notice of Opportunity to Show Compliance (NOSC) was sent to Respondent at his mailing address of record. No response was received by the November 13, 2019, due date.
6. On November 14, 2019, and December 3, 2019, DIFS staff contacted Respondent at his telephone number of record and advised him that a written response to the complaint was due. Respondent agreed to respond in writing. However, to date, no written response has been received.
7. Respondent has failed to respond as requested by DIFS staff.
8. As a licensee, Respondent knew or had reason to know that Section 249(a) of the Code, MCL 500.249(a), states:

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.

9. As a licensee, Respondent knew or had reason to know that Section 1228(2) of the Code, MCL 500.1228(2), states:

(2) Records shall be maintained for at least 6 years after the termination of the transaction with an insured and shall be open to examination by the commissioner.

10. As a licensee, Respondent 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 \$1,000.00 for each violation and up to \$5,000.00 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.
11. Respondent has provided justification for sanctions, pursuant to Section 1244(1) of the Code, MCL 500.1244 (1), by failing to respond to multiple letters of inquiry from DIFS staff as required pursuant to Section 249(a), MCL 500.249(a), and by failing to maintain or allow the Director to examine Respondent's records pursuant to Section 1228(2) of the Code, MCL 500.1228(2).
12. Based upon the actions listed above, Respondent has 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.
13. On January 7, 2020, true copies of an Administrative Complaint, Order for Hearing and Notice of Hearing were mailed by first class mail to Respondent at his address of record. No response was received, and the mail was not returned by the United States Postal Service.
14. On March 4, 2020, DIFS staff filed a Motion for Order. Respondent did not file a reply to the motion.
15. On March 17, 2020, Petitioner's motion was granted, and the Director issued an Order, which suspended Respondent's insurance producer license, ordered Respondent to respond to DIFS' original October 29, 2019, inquiry, and pay a \$500.00 fine. To date, Respondent has failed to pay the \$500.00 fine and respond to DIFS' original inquiry.
16. DIFS staff has made reasonable efforts to serve Respondent and have complied with MCL 500.1238(2).
17. Respondent has received notice and has been given an opportunity to respond and appear and has not responded nor appeared.
18. Respondent is in default and the Petitioner is entitled to have all allegations accepted as true.

III. Order

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

1. Respondent shall **CEASE** and **DESIST** from violating the Code.
2. Respondent shall immediately **CEASE** and **DESIST** from engaging in the business of insurance.

3. Pursuant to MCL 500.249, MCL 500.1239(1)(b), MCL 500.1242(2) and MCL 500.1244(1)(d), Respondent's resident insurance producer license (System ID No. 0291831) is **REVOKED**.

Anita G. Fox, Director
For the Director:



Randall S. Gregg
Senior Deputy Director