

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

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Peter Matthew Bakalis
System ID No. 0295326

Enforcement Case No. 20-15923

Respondent.

_____ /

**Issued and entered
on September 21, 2020
by Randall S. Gregg
Senior 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 Senior Deputy Director finds and concludes that:

1. The Senior 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.*
2. All required notices have been issued in this case, and the notices and service thereof were appropriate and lawful in all respects.
3. Acceptance of the Stipulation to Entry of Order is reasonable and in the public interest.
4. All applicable provisions of the APA have been met.
5. Respondent violated Section 1239(1)(h) of the Code, MCL 500.1239(1)(h), by engaging in dishonest and untrustworthy conduct while engaged in the business of insurance. Respondent represented himself as a customer on a telephone call to American Equity Investment Life Insurance Company (American Equity) on September 24, 2018. During the telephone call, Respondent identified himself as his customer rather than as an authorized agent, and specifically requested information necessary to process a surrender for a contract held by his customer. Respondent provided his customer's date of birth and the last four digits of the social security number to the American Equity service representative as his own personal information. Respondent provided the fax number for his agency to the American Equity representative as the fax number for his customer and requested that American Equity fax the applicable surrender form to that number. During the phone call with the American Equity representative, Respondent – while posing as his customer – acknowledged the

fact that his customer was working with a financial advisor but at no point let the American Equity representative know that he was financial advisor being referenced in the phone call.

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

6. Respondent shall comply with all terms agreed to in the Stipulation to Entry of Order.
7. Respondent shall pay to the State of Michigan, through DIFS, administrative and civil fines in the amount of \$2,500.00. Respondent shall pay the fines by the due date identified on the DIFS invoice.
8. Respondent shall not engage in any violations of the Code identified in paragraph 5 of this Order.
9. The Senior 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.



Randall S. Gregg
Senior Deputy Director

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STIPULATION TO ENTRY OF ORDER

Petitioner DIFS and Peter Matthew Bakalis (Respondent) stipulate to the following:

1. On or about March 6, 2020, the Department of Insurance and Financial Services (DIFS) issued 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. Specifically, the NOSC contained allegations that Respondent violated Sections 4503(g)(i), and 1239(1)(b), (1)(g), (1)(h), and (1)(j) of the Code, MCL 500.4503(g)(i), 500.1239(1)(b), (1)(g), (1)(h), and (1)(j). To be clear, all of the Code provisions cited in this Stipulation and in the Order correspond to the Code provisions that existed before the amendments that went into effect on May 21, 2020.
3. Respondent neither admits nor denies violating Section 1239(1)(h) of the Code as outlined in paragraph 5 of the Order. While Respondent admits that he made the call referenced in that paragraph, Respondent contends that he had a signed letter of authority from his customer to act in his customer's best interest. Petitioner contends that this customer does not recall signing such a document and that the validity of the letter of authority would have been a matter to be decided by the trier of fact in an evidentiary hearing. Respondent denies all other alleged violations of the Code outlined in the NOSC. Rather than continuing to litigate whether Respondent's conduct actually violated Section 1239(1)(h) of the Code, the parties have agreed to resolve this enforcement action pursuant to the terms outlined herein and in the Order.
4. All parties have complied with the procedural requirements of the APA and the Code.
5. Respondent agrees that he will cease and desist from operating in a manner that violates the Code.
6. Respondent agrees that he will pay to the State of Michigan, through DIFS, administrative and civil fines in the amount of \$2,500. Respondent further agrees to pay the fine by the due date indicated on the DIFS invoice, which shall be at least 15 days after it is mailed to Respondent's counsel.
7. 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.

8. Respondent understands and agrees that the Senior Deputy Director may, in his sole discretion, decide to accept or reject this Stipulation to Entry of Order. If the Senior 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 and Requiring Compliance and Payment of Fines. If the Senior 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 a decision after such hearing.
9. It is further stipulated that failure to comply with the Order of the Director accepting this settlement by failing to pay the administrative and civil fines as set forth above shall result in the commencement of an action to suspend all licenses held under the Code held by Respondent.
10. It is further stipulated that the amount of fines and/or fees has been negotiated in return for the avoidance of further proceedings and certain promises and conditions, one of which is the timely payment of said fines and/or fees. Should Respondent fail to pay the fines and/or fees in accordance with the terms of this Stipulation and the Director's Order, the parties agree that an action will commence to determine if the Respondent has, in fact, failed to pay, and, if so, Respondent agrees that the fines and/or fees will immediately increase to the maximum amount allowed under the Code, and shall be immediately due in full.
11. The parties agree that this Stipulation and the corresponding Order represent the full and complete agreement of the parties in this matter and, in the event that the Stipulation is accepted and the Order is issued, shall completely resolve all regulatory violations alleged in the NOSC.

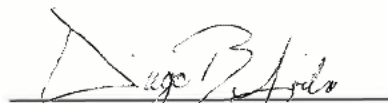


PETER MATTHEW BAKALIS
System ID No. 0295326

9-17-2020

Date

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



Diego R. Avila (P72657)
DIFS Staff Attorney

9/18/2020

Date