

STATE OF MICHIGAN  
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH  
OFFICE OF FINANCIAL AND INSURANCE REGULATION  
Before the Commissioner of Financial and Insurance Regulation

In the matter of:

**Office of Financial and Insurance Regulation      Enforcement Case No. 08-6968**

Petitioner

v

**Mike Arce aka William M. Arce  
System I.D. No.: 0056269**

Respondent

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**CONSENT ORDER AND STIPULATION**

Issued and entered,  
on 1/26, 2011,  
by **Stephen R. Hilker**  
Chief Deputy Commissioner

I.

**FINDINGS OF FACT AND CONCLUSIONS OF LAW**

1. At all times pertinent to the matter herein, Mike Arce aka William M. Arce (Respondent) was a licensed resident producer authorized to transact the business of insurance in the State of Michigan with qualifications in Life, Property, Casualty, and Accident and Health insurance.
2. As a licensed insurance producer, Respondent knew or had reason to know that Section 1247(2) of the Insurance Code (Code) provides that, "Within 30 days after the initial pretrial hearing date, an insurance producer shall report to the commissioner any criminal prosecution of the insurance producer taken in any jurisdiction. The report shall include a copy of the initial complaint filed, the order resulting from the hearing, and any other relevant legal documents."
3. As a licensed insurance producer, Respondent knew or had reason to know that Section 1239(1)(b) of the Code allows the Commissioner to place on probation, suspend, revoke, or levy a civil fine under section 1244 or any combination thereof, for "Violating any insurance laws or violating any regulation, subpoena, or order of the commissioner or of another state's insurance commissioner."

4. As a licensed insurance producer, Respondent knew or had reason to know that Section 1239(1)(h) of the Code allows the Commissioner to place on probation, suspend, revoke, or levy a civil fine under section 1244 or any combination thereof, for "Using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere."
5. According to documents obtained by OFIR, during the calendar year 2003, Respondent received \$134,271 in gross income and failed to file an income tax return to the Internal Revenue Service on or before April 15, 2004.
6. In addition, during the calendar year 2004, Respondent received gross income of \$208,939 and failed to file an income tax return to the Internal Revenue Service on or before April 15, 2005.
7. In 2008, Respondent pleaded guilty in the United States District Court, Eastern District of Michigan, to two counts of willfully failing to file federal income tax returns for the tax years 2003 and 2004 in contravention of 26 U.S.C § 7203. The Court ordered the Respondent to pay criminal monetary penalties in the amount of \$444,742.65.
8. Contrary to Section 1247(2) of the Code, Respondent failed to report to the Commissioner that he was convicted of the crime of failing to file federal tax returns thereby subjecting the Respondent to a fine, revocation, and or suspension of his resident producer license pursuant to Section 150 of the Code, MCL 500.150
9. By engaging in the foregoing conduct, Respondent has violated Section 1239 of the Code, thereby subjecting Respondent to a fine, revocation, and or suspension of his resident producer license pursuant to Section 1244 of the Code, MCL 500.1244.

## II. ORDER

Based upon the Findings of Fact and Conclusions of Law above and Respondent's stipulation, the Commissioner ORDERS that:

1. Respondent shall CEASE and DESIST from violating MCL 500.1247 and MCL 500.1239.
2. Respondent shall comply with the terms set forth in the attached Stipulation and this Order and failure to comply with both the Stipulation and this Order constitute a default.
3. Respondent shall pay to the State of Michigan, through OFIR, civil fines in the amount of \$5,000. Respondent shall further pay the fines in accordance with the terms set forth in the attached Stipulation.

4. The Chief Deputy Commissioner accepts the attached Stipulation and it is made a part of this Order.
5. Respondent shall provide OFIR with a copy of the settlement agreement between the Respondent and Internal Revenue Service (IRS) or Court Order related to his conviction for failure to file tax returns on or before February 1, 2011.
6. Respondent shall provide OFIR with proof of payments to the IRS and official documentation from the IRS indicating that he is in compliance with any court order or agreement between the IRS and Respondent regarding any and all criminal penalties that have been assessed as result of his conviction for failing to file tax returns. Respondent shall provide the above mentioned proof of payments and official documentation from the IRS on the 30<sup>th</sup> day of the third month of every year until any and all criminal penalties and/or restitution to the IRS has been satisfied in full. Proof of payments to the IRS shall be in the form of cancelled checks and copies of any accompanying invoices related to such payments.

IT IS SO ORDERED

Dated: 1/26/11

  
**Stephen R. Hilker,**  
**Chief Deputy Commissioner**

### III. STIPULATION

Respondent has read and understands the Consent Order above. Respondent agrees that the Chief Deputy Commissioner has jurisdiction and authority to issue this Consent Order pursuant to the Michigan Insurance Code. Respondent waives the right to a hearing in this matter if this Consent Order is issued. Respondent understands that the Consent Order and Stipulation will be presented to the Chief Deputy Commissioner for approval and the Chief Deputy Commissioner may or may not issue this Consent Order. Respondent waives any objection to the Commissioner deciding this case following a hearing in the event the Consent Order is not approved. Respondent admits to the Findings of Fact and Conclusions of Law set forth in the above Consent Order, and agrees to the entry of the Consent Order.

Respondent agrees to pay to the State of Michigan, through OFIR, civil fines in the amount of \$5,000. Respondent agrees to pay the fines in 4 installment payments consecutively; each payment is due on the first of every month beginning on February 1, 2011. Respondent agrees that if he fails to timely make a payment or comply with the terms of this Stipulation and Order all payments will become immediately due.

Respondent further agrees that if he fails to comply with terms of the Stipulation and Order, comply with Order for restitution to the IRS, criminal penalties, settlement agreement, or knowingly or intentionally avoids making payments to the IRS related to restitution or criminal penalties his license will be immediately revoked without any additional proceedings. Respondent further agrees to waive any and all rights he may have to any proceedings that may be applicable in the event his license is immediately revoked due to his failure to comply with the terms of the Stipulation and Order.

Dated: 1/24/11

  
Mike Arce aka William M. Arce

The Office of Financial and Insurance Regulation staff approves this stipulation and recommends that the Chief Deputy Commissioner issue the above Consent Order.

Dated: 1/24/11

  
Marlon F. Roberts  
Staff Attorney