

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
OFFICE OF FINANCIAL AND INSURANCE REGULATION

Before the Commissioner of the Office of Financial and Insurance Regulation

In the matter of:

ALONZO MORGAN, SR.
System ID No. 0026804 |

ENFORCEMENT CASE NO. 12-11664

Respondent.

_____ /

Issued and entered
on January 24th 2013
By R. Kevin Clinton, Commissioner

ORDER OF SUMMARY SUSPENSION, NOTICE OF OPPORTUNITY FOR HEARING,
AND NOTICE OF INTENT TO REVOKE

Pursuant to the Section 1242 of the Michigan Insurance Code (Code), MCL 500.1242, and Section 92 of the Michigan Administrative Procedures Act (APA), MCL 24.292, and based upon the attached FINDINGS, including that public health, safety and welfare requires emergency action,

IT IS THEREFORE ORDERED that:

1. The insurance [producer] license and authority of Respondent are **SUMMARILY SUSPENDED**.
2. A copy of this Order shall be immediately served upon Respondent. This order shall be effective upon the date of service.
3. If requested by Respondent, a hearing on this matter shall be held within a reasonable time, but not later than 20 calendar days after service of this Order, unless Respondent requests a later date. The hearing shall address the following issues:
 - a. Whether the suspension should be continued or withdrawn.
 - b. Whether Respondent's license should be revoked.
4. If a hearing is requested, an administrative law judge from the Michigan Administrative Hearing System shall preside over any such hearing.

5. The Commissioner retains jurisdiction of the matters contained within and the authority to issue such further Orders as shall be deemed just, necessary, and appropriate.


R. Kevin Clinton, Commissioner

FINDINGS

1. The Commissioner of the Office of Financial and Insurance Regulation (OFIR) is statutorily charged with the authority and responsibility to exercise general supervision and control over persons transacting the business of insurance in Michigan pursuant to the Insurance Code of 1956 ("Code"), MCL 500.100 *et seq.*
2. At all relevant times, Respondent Alonzo Morgan, Sr. was a licensed resident insurance producer with qualifications in life, accident, health, and property and casualty and was authorized to transact the business of insurance in the state of Michigan.
3. At all relevant times, Respondent was employed with Cornerstone Senior Services, LLC, (CSS), and held appointments with Transamerica Life Insurance Company (Transamerica).
4. Based upon the information as set forth below, protection of the public health, safety, and/or welfare requires emergency action.
5. On April 17, 2009, in *In the matter of: Alonzo K. Morgan, Sr. and AMI Services, Inc.* enforcement case number #09-7089, Respondent's insurance producer's license was suspended for one year by Consent Order for failing to remit premium funds to an insurance carrier in violation of MCL 500.1207(1) and for demonstrating untrustworthiness and financial irresponsibility in the conduct of business, MCL 500.1239(1)(h).
6. On or about July 6, 2012, OFIR received information that Respondent was terminated for cause from Transamerica.
7. Transamerica's internal investigation of Respondent's insurance business activities concluded that Respondent was continuing to act in an untrustworthy manner by submitting life insurance applications with false personal information and accepting insurance commissions not earned.
8. According to Transamerica and Respondent, approximately 100 typed applications for life insurance were completed and submitted to Transamerica via CSS. Transamerica's internal audit of 72 applications placed by Respondent revealed the following:
 - a. 28 applications/policies contained erroneous social security numbers that belonged to individuals other than the named insured.

- b. 12 applications/policies contained the names of insureds that could not be located by social security number, name or date of birth.
 - c. 2 applications/policies were not authorized by the named insureds. The named insureds filed a complaint with Transamerica that their personal information had been used to establish life insurance without their permission. The two, husband and wife, indicated that the husband is deaf and has no ability to communicate over the phone or legally enter into contracts, and the wife indicated that the signatures on the applications were forgeries.
 - d. Respondent submitted policies in which Transamerica was unable to obtain the initial premium because banking information was erroneous. Transamerica was also unable to obtain the initial premium by mail because Respondent arranged for premium notices to be sent to AMI Services, located at 19785 West 12 Mile #107, Southfield, MI 48076. Respondent owns the business, AMI Services.
 - e. Respondent was paid \$48,931.81 in commissions by CSS for the above-noted applications/policies.
9. Transamerica concluded that Respondent's conduct was dishonest and provided justification for terminating his appointment with the company.
 10. In response to OFIR's inquiry, Respondent admitted that he submitted 100 applications for life insurance to CSS for placement with Transamerica, and that he met with and only spoke to 35 applicants.
 11. Although Respondent signed all the applications as a witness to the signature of the proposed insured and as a witness to the signature of the owner of the policy, Respondent admitted he never met with at least 65 of the applicants for whom he submitted applications.
 12. Respondent also admitted that he did receive, and is indebted to CSS for, approximately \$48,600 for commissions advanced on the applications placed with Transamerica.
 13. As a licensed producer, Respondent knew or should have known that the Code provides the Commissioner with the authority to revoke or suspend an insurance producer's license for intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance. MCL 500.1239(1)(e).
 14. Based upon the above facts, Respondent committed acts that provide justification to revoke or suspend his insurance producer's license where he:
 - a. Submitted 28 applications that he typed using erroneous social security numbers and dates of birth.
 - b. Submitted 12 applications that he typed using fictitious names.

- c. Submitted applications that he typed using fictitious banking information, and concealed his actions by diverting insureds' premium notices to a location he owned.
 - d. Submitted life insurance applications falsely stating that he personally witnessed the proposed insured and owner of the policy sign the insurance application.
15. As a licensed producer, Respondent knew or should have known that the Code provides the Commissioner with the authority to revoke or suspend an insurance producer's license for using fraudulent and dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere. MCL 500.1239(1)(h).
 16. Based upon the above facts, Respondent committed acts that provide justification to revoke or suspend his insurance producer's license where he demonstrated fraudulent practices when he submitted two applications for insurance that contained forged signatures and were submitted without the knowledge of or permission from the insureds for the purpose of earning an advance on commissions from CSS.
 17. Respondent's previous actions that resulted in suspension of his insurance producer's license and his continuing dishonest and untrustworthy conduct demonstrates a pattern of behavior that constitute a serious threat to the public.
 18. A summary suspension of licensure is appropriate and necessary in order to protect the public from further financial damage and other harm, and to protect the public interest.
 19. The alleged conduct of Respondent indicates that Respondent does not possess the requisite character and fitness to be engaged in the business of insurance, and further indicates that Respondent does not command the confidence of the public nor warrant the belief that Respondent will comply with the law.
 20. Due process requirements of the Code and the Administrative Procedures Act require that a Respondent, subject to summary disciplinary action, be provided with an opportunity for a prompt hearing on the order for summary suspension. A summary suspension of Respondents' license is authorized by Section 92 of the Michigan Administrative Procedures Act of 1969, as amended, MCL 24.292, and Section 1242(4) of the Code, MCL 500.1242(4).