

**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:

Office of Financial and Insurance Regulation

Enforcement Case No. 11-11273

Petitioner,

v

Brad D. Prochnow
System ID No. 0421841

Respondent.

CONSENT ORDER AND STIPULATION

Issued and entered,
on 3-28, 2012,
by **Annette E. Flood**
Chief Deputy Commissioner

I.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. At all relevant times, Respondent was a licensed resident producer with a qualification in Limited Life.
2. On or about February 14, 2011, the Office of Financial and Insurance Regulation (OFIR) received a copy of an Original Incident Report from the Michigan Department of State Police summarizing their investigation. The report alleged that Respondent sold preneed life insurance and failed to remit the premiums to the insurance carriers.
3. Respondent purchased the _____ from D. B. on September 1, 2006, and renamed it the Prochnow Funeral Home. Over the following four years, Respondent took premium money, trust money, and borrowed money against the business assets. When the checks to Mr. B. began to bounce (in 2010), he reclaimed the business from Respondent.
4. On or about June 4, 2008, P.D. completed an application for preneed life insurance through _____. The application showed a \$7,154.20 face amount. Mrs. D. also completed an Assignment of Insurance Proceeds form assigning the proceeds of the _____ policy to _____ Prochnow Funeral Home.

5. On June 4, 2008, Mrs. D. issued, or caused to be issued, check number _____ in the amount of \$7,154.20 to _____ Prochnow.
6. _____ never received the application or premium for Mrs. D.
7. On or about June 4, 2008, N.D. completed an application for preneed life insurance through _____. The application showed a \$7,154.20 face amount. Mr. D. also completed an Assignment of Insurance Proceeds form assigning the proceeds of the _____ policy to _____ Prochnow Funeral Home.
8. On June 4, 2008, Mr. D. issued, or caused to be issued, check number _____ in the amount of \$7,154.20 to _____ Prochnow.
9. _____ never received the application or premium for Mr. D.
10. On or about February 4, 2010, E. L. completed an application for preneed life insurance, through _____. The application showed a \$7,125.00 face amount and \$7,125.00 was collected by Respondent. Ms. L. also completed an Assignment of Insurance Proceeds form assigning the proceeds of the _____ policy to Prochnow Funeral Home.
11. On February 4, 2010, E. L. issued check number _____ in the amount of \$7,125.00 to Prochnow Funeral Home. Prochnow Funeral Home, Inc. issued a receipt on February 4, 2010, indicating E. L. paid \$7,125.00 via check for a preneed account.
12. _____ never received the application or premium for E. L.'s policy.
13. On or about February 4, 2010, M. S. completed an application for preneed life insurance through _____. The application showed a \$1,280.00 face value amount and \$1,280.00 was collected by Respondent. Mrs. S. also completed an Assignment of Insurance Proceeds form assigning the proceeds of the _____ policy to Prochnow Funeral Home.
14. On or about February 4, 2010, H. S. completed an application for preneed life insurance through _____. The application showed a \$1,305.00 face value amount and \$1,305.00 was collected by Respondent. Mr. S. also completed an Assignment of Insurance Proceeds form assigning the proceeds of the _____ policy to Prochnow Funeral Home.
15. On January 27, 2010, H. and M. S. drafted check number _____ in the amount of \$2,585.00 to Prochnow Funeral Home, Inc. Prochnow Funeral Home, Inc. issued a receipt on February 4, 2010, indicating they paid \$2,585.00 via check for preneed accounts.
16. _____ never received the application or premium for H. or M. S.'s policies.

17. Investigator _____ sent a certified letter to Respondent on March 28, 2011, requesting a response to the allegations. The letter was signed for by Respondent, but Investigator did not receive a response.
18. On February 13, 2012, an OFIR compliance conference was held. Respondent participated in the conference, and credibly testified that the findings contained herein are true. Furthermore, he credibly testified that all of his victims have been paid full restitution.
19. Based upon the documents received and reviewed by OFIR staff, Respondent violated Section 1207(1), Section 1239(1)(d), and Section 1239(1)(h) of the Code, which are grounds for REVOCATION, and/or civil fines under Section 1244 of the Code.

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 the Michigan Insurance Code.
2. Respondent's resident insurance producer license issued pursuant to the provisions of the Michigan Insurance Code is hereby REVOKED.
3. Respondent shall CEASE and DESIST from engaging in any activity requiring licensure under the Michigan Insurance Code.

IT IS SO ORDERED

Dated: 3-22-12


Annette E. Flood
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 Insurance Code. Respondent waives his right to a hearing in this matter if this consent order is issued. Respondent understands that this stipulation and consent order 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 the findings of fact and conclusions of law set forth in the above consent order and agrees to the entry of this order. Respondent admits that both parties have complied with the procedural requirements of the Michigan Administrative Procedures Act (MAPA) and the Michigan Insurance Code (Code). Respondent has had an opportunity to review the Stipulation and Consent Order and have the same reviewed by legal counsel.

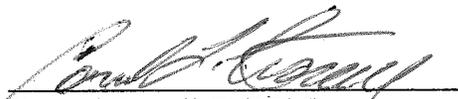
Respondent understands and intends that by signing this Stipulation, Respondent is waiving his right, pursuant to the Code, the rules promulgated thereto, and the MAPA, to a hearing before an administrative law judge, at which the OFIR would be required to prove the charges set forth by presentation of evidence and legal authority and at which Respondent would be entitled to appear to cross-examine all witnesses presented by the OFIR and to present such testimony or other evidence or legal authority deemed appropriate as a defense to said charges.

Dated: March 15, 2012



Brad David Prochnow

The Office of Financial and Insurance Regulation staff approves this Settlement Agreement and Stipulation and recommends that the Chief Deputy Commissioner accept it.



Conrad Tatnall (P69785)
Attorney

Dated: _____