

**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. 14-12150

Agency No. 14-062-L

Petitioner,

v

Kara A. Hayden

System ID No. 0674171

Respondent.

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**Issued and entered
on February 5, 2015
by Randall S. Gregg
Deputy Director**

FINAL DECISION

I. Background

Kara A. Hayden (hereinafter Respondent) is a licensed nonresident insurance producer. The Department of Insurance and Financial Services (DIFS) received information that Respondent intentionally provided fictitious court documentation to DIFS Staff in order to become licensed as a Michigan nonresident insurance producer. After investigation and verification of the information, on October 13, 2014, 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 1239(1)(a), (c) and (h) and 1244(1)(a-d) of the Michigan Insurance Code (Code), MCL 500.1239(1)(a), (c) and (h) and 500.1244(1)(a-d). Respondent failed to reply to the NOSC.

On December 2, 2014, DIFS issued an Administrative Complaint and Order for Hearing which was served upon Respondent at the address she 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 take any of these actions.

On January 15, 2015, DIFS Staff filed a Motion for Final Decision. Respondent did not file a reply to the motion. 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. Pursuant to Executive Order 2013-1, all authority, powers, duties, functions, and responsibilities of the Commissioner of the Office of Financial and Insurance Regulation (Commissioner) have been transferred to the Director of DIFS.
2. Respondent is a licensed nonresident producer in the state of Michigan with a Life qualification, and her license is currently active.
3. On March 7, 2014, Respondent applied for a Michigan nonresident producer license. She answered "no" to background question #1, which asks, "Have you ever been convicted of a crime, had a judgment withheld or deferred, or are you currently charged with committing a crime." A subsequent background check by DIFS Staff revealed the following 2010 conviction: "felony DUI - 2+ priors."
4. On March 14, 2014, DIFS Staff sent a letter of inquiry to Respondent regarding the findings of the background check.
5. On April 2, 2014, Respondent replied to the letter of inquiry with court documentation showing the 1989 case was a traffic offense and the 2010 felony DUI charge had been dismissed. Based on this information DIFS Staff subsequently approved Respondent's license on April 3, 2014.
6. On June 26, 2014, DIFS' Insurance Licensing Section received information from an investigator with the Alaska Bureau of Investigations, Financial Crimes Unit showing that Respondent's 2010 felony DUI charge had not been dismissed and that the court documentation provided to DIFS was fictitious.
7. DIFS Staff subsequently sent a Freedom of Information Act (FOIA) request to the Clerk of Courts in Palmer, Alaska requesting all documents pertaining to Respondent's arrest, charge and conviction. The court documentation showed that Respondent pled guilty to "felony DUI - 2+ priors." She was sentenced to six months incarceration, fined \$10,200, her driver's license was revoked for life, and she was ordered to serve three months of probation following incarceration. Per Palmer, Alaska court records, Respondent did not pay her fine and, as a result, it was referred to collections.
8. Sections 1239(1)(a), (c) and (h) of the Code, MCL 500.1239(1)(a), (c) and (h) state that:
 - (1) In addition to any other powers under this act, the commissioner may place on probation, suspend, or revoke an

insurance producer's license or may levy a civil fine under section 1244 or any combination of actions, and the commissioner shall refuse to issue a license under section 1205 or 1206a, for any 1 or more of the following causes:

(a) Providing incorrect, misleading, incomplete, or materially untrue information in the license application.

(c) Obtaining or attempting to obtain a license through misrepresentation or fraud.

(h) Using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.

9. Respondent has provided justification for sanctions, pursuant to Section 1239(1)(a), (c) and (h) of the Code, MCL 500.1239(1)(a)(c) and (h), by intentionally providing fictitious court documentation to DIFS Staff and thereby representing that her felony DUI charge had been dismissed in order to become licensed as a Michigan nonresident insurance producer.
10. Based upon the actions listed above, Respondent has committed acts that provide justification for the Director to order revocation of licensure.
11. On October 13, 2014, a Notice of Opportunity to Show Compliance was mailed by first class mail to Respondent at the following address on file:

Kara A. Hayden

[REDACTED]

The mail was returned to DIFS marked with the following new address:

[REDACTED]

12. On November 21, 2014, DIFS Staff called Respondent at her home phone number of record, and left her a message to call back and confirm her mailing address. Respondent did not return the phone call.

13. On December 2, 2014, true copies of an Administrative Complaint, Order for Hearing and Notice of Hearing were mailed by first class mail to Respondent at her new address. The mail was returned to DIFS marked "no mail receptacle – return to sender."
14. DIFS Staff searched for alternative addresses and no other addresses were found.
15. On January 8, 2015, DIFS Staff emailed Respondent at the email address she had previously provided to DIFS. The email informed Respondent that DIFS had been trying to contact her and requested that she reply. Electronic copies of the Notice of Opportunity to Show Compliance and the Administrative Complaint, Order for Hearing and Notice of Hearing were attached to the email. No response was received.
16. DIFS Staff have made reasonable efforts to serve Respondent and have complied with MCL 500.1238(2) and R 500.2107(4).
17. Respondent has received notice and has been given an opportunity to respond and appear and has not responded or 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. Respondent has provided justification for sanctions pursuant to MCL 500.1239(1)(a)(c) and (h). Pursuant to MCL 500.1244(1)(d), Respondent's nonresident insurance producer license (System ID No. 0674171) is **REVOKED**.

Annette E. Flood, Director
For the Director:



Randall S. Gregg, Deputy Director