

**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. 13-11902
Agency No. 14-054-L**

Petitioner,

v

Robert S. Hague-Rogers
System ID No. 0157896

Respondent.

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**Issued and entered
on December 10, 2014
by **Randall S. Gregg**
Deputy Director**

FINAL DECISION

I. Background

Robert S. Hague-Rogers (hereinafter Respondent) is a licensed nonresident insurance producer. The Department of Insurance and Financial Services (DIFS) received information that Respondent has provided justification for sanctions, pursuant to Section 1239(1)(h) of the Michigan Insurance Code (Code), MCL 500.1239(1)(h), by having demonstrated incompetence, untrustworthiness, and financial irresponsibility in the conduct of business by taking funds extended to him as a trustee for his personal benefit and by operating a Ponzi scheme. Respondent has provided further justification for sanctions by failing to report his criminal conviction to DIFS within 30 days of the initial pretrial hearing date as required by Section 1247(2) of the Code, MCL 500.1247(2). After investigation and verification of the information, on September 9, 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) and 1244(1)(a-d) of the Code, MCL 500.1239(1) and 500.1244(1)(a-d). Respondent failed to reply to the NOSC.

On October 13, 2014, DIFS issued an Administrative Complaint and Order for Hearing which was served upon Respondent. 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 within the required time period.

On November 12, 2014, DIFS Staff filed a Motion for Final Decision. On December 1, 2014, DIFS Staff received a response to the Administrative Complaint and Motion for Final Decision. In his Response, Respondent requests that the administrative proceedings be postponed until he is released from federal prison and can more adequately defend himself. For the reasons stated below, Respondent's request is denied and Petitioner's motion is granted. Based upon a review of the record, 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 (Director).
2. At all relevant times, Respondent was an active resident insurance producer with qualifications in Accident and Health and Life and his license is currently active.
3. In February of 2011, a federal grand jury indicted Respondent based on his theft of funds from a welfare benefit fund. As the trustee for the plan, the government alleged that Respondent directed money transfers and cash withdrawals from and between himself and the plan for his and his family's personal benefit, as well as directed the preparation of documents for his personal benefit.
4. In April of 2011, while on pre-trial release, the U.S. Department of Justice (USDJ) learned that Respondent was operating a Ponzi scheme by making unauthorized loans against employer-sponsored health plans in order to repay investors holding promissory notes with interest as high as 15%. Respondent would then move funds between the various plans and investors' accounts, while paying himself and his family for personal expenses such as mortgages, life insurance policies and property taxes.
5. On April 18, 2011, the USDJ obtained an injunction preventing Respondent and his companies from the further commission of any crimes, barring him from the sale of insurance and related products, and freezing all assets and property owned by him or his family.
6. On July 19, 2011, a federal grand jury in Dallas returned a superseding indictment against Respondent, based on his post-indictment conduct, charging him with multiple counts of health care fraud and wire fraud based on his theft from the various employer-sponsored health plans.
7. On October 30, 2012, Respondent pled guilty to two felonies of Conspiracy to Commit Theft or Embezzlement from an Employee Benefit Plan and Conspiracy to Commit Healthcare Fraud.

8. As part of his plea, Respondent admitted the following:

[H]e executed both conspiracies by creating numerous single employer trusts to provide individuals with whole life insurance, death benefits and other post-retirement medical benefits. Hague-Rogers and others, without the knowledge and/or consent of the trusts, caused fraudulent and unauthorized loans to be made against the whole-life policies. He and his immediate family used the funds for personal expenses including leases of luxury vehicles, house payments and taxes, and private life insurance policies.

9. Respondent was sentenced on October 30, 2012, to 120 months in federal prison and forfeiture of \$9,345,775.

10. Respondent failed to report his conviction to DIFS.

11. As a licensee, Respondent knew or had reason to know that Section 1247(2) of the Code, MCL 500.1247(2), states that:

(2) 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.

12. By failing to report the criminal conviction to DIFS within 30 days of the initial pretrial hearing date, Respondent has violated MCL 500.1247(2).

13. As a licensee, Respondent knew or had reason to know that Section 1239(1)(h) of the Code, MCL 500.1239(1)(h), states 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:

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

14. Respondent has provided justification for sanctions, pursuant to Section 1239(1)(h) of the Code, MCL 500.1239(1)(h), by having demonstrated incompetence, untrustworthiness, and financial irresponsibility in the conduct of business by taking funds extended to him as a trustee for his personal benefit and by operating a Ponzi scheme.
15. Based upon the actions listed above, Respondent has committed acts that provide justification for the Director to order the payment of a civil fine, and/or other licensing sanctions, including revocation of licensure.
16. On September 9, 2014 a NOSC was mailed by first class mail to Respondent at the following address of record on file with DIFS:

[REDACTED]
[REDACTED]

The mail was returned to DIFS as undeliverable.

17. On September 9, 2014, DIFS Staff also sent true copies of the NOSC by certified mail to Respondent at the following address where he is currently incarcerated:

ROBERT S. HAGUE-ROGERS
Register No. 42778-177
FCI Fort Worth
Federal Correctional Institution
P.O. Box 15330
Fort Worth, TX 76119

The certified mail receipt was returned signed indicating it was received.

18. On October 13, 2014, DIFS Staff sent true copies of an Administrative Complaint, Order for Hearing and Notice of Hearing by certified mail to Respondent at the following address where he is currently incarcerated:

ROBERT S. HAGUE-ROGERS
Register No. 42778-177
FCI Fort Worth
Federal Correctional Institution
P.O. Box 15330
Fort Worth, TX 76119

19. On December 1, 2014, Respondent filed his Response stating that he did not conduct illegal activity in Michigan and requesting that the administrative proceedings be postponed until he is released from federal custody. Respondent failed to address his failure to notify DIFS of his criminal prosecution and failed to address his admission during his plea to the facts upon which his felony convictions are based.

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 violated MCL 500.1247(2) and has provided justification for sanctions pursuant to MCL 500.1239(1)(h). Pursuant to MCL 500.1244(1)(d), Respondent's nonresident insurance producer license (System ID No. 0157896) is **REVOKED**.

Annette E. Flood, Director
For the Director:



Randall S. Gregg, Deputy Director