



BEFORE THE IOWA INSURANCE COMMISSIONER

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IN THE MATTER OF	)	
	)	Division Case No. 110256
	)	
MICHAEL P. MICHIO,	)	
DOB 08/09/XXXX,	)	
NPN 14881556,	)	<b>FINDINGS OF FACT,</b>
	)	<b>CONCLUSIONS OF LAW, AND</b>
and	)	<b>FINAL ORDERS</b>
	)	
CLAIM ADJUSTERS GROUP, INC.,	)	
	)	
Respondents.	)	

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**DECISION**

Respondent Michael P. Michio’s (“Michio”) nonresident public adjuster license is revoked, effective immediately. Respondents Michio and Claim Adjusters Group, Inc. (“CAG”) (hereinafter collectively “Respondents”) are permanently banned from applying for Iowa public adjuster licenses. Respondents are ordered to cease and desist from acting as public adjuster within the meaning of Iowa Code § 522C.2 in this state. Respondents are ordered to pay \$1,028,177.10 in restitution, \$235,000.00 in civil penalties, and \$68,123.75 for the costs of the investigation and prosecution.

On July 7, 2023, the Iowa Insurance Division (“Division”) filed a statement of charges against Respondents for violations of Iowa Code chapters 507B, 522B and 522C. That same day, the Commissioner issued a Notice of Hearing setting this matter for a prehearing conference and a hearing. Respondents filed their answer on August 21, 2023. This case was continued on two occasions.

The prehearing conference was held on May 20, 2024. Respondents and their counsel appeared at the prehearing conference. On May 28, 2024, Respondents’ counsel advised the

Division's counsel that Respondents terminated his representation, and that Respondents did not intend to appear for the hearing. Respondents' counsel then filed a motion to withdraw.

From May 29 to 31, 2024, the hearing was held in-person at the Division's office located at 1963 Bell Avenue, Suite 100, Des Moines, Iowa 50315. The Commissioner presided over the hearing. The Commissioner sustained Respondents' counsel's motion to withdraw. Respondents did not appear. The Division was represented by Enforcement Bureau attorneys Colin Grace and Joseph Fraioli. The Division made an oral motion for default, which the Commissioner sustained.

At the hearing, evidence was received through testimony and exhibits. The following witnesses appeared on behalf of the Division and were examined:

1. S████ S████, Iowa consumer;
2. H████ S████ on behalf of G██████████ an Iowa business entity consumer;
3. Robin Petersen, Clerk Specialist, Iowa Insurance Division;
4. Jason Schulte of Blackhawk Bank and Trust;
5. D████ B████, Iowa consumer;
6. E████ L████, Iowa consumer;
7. Stanley Goodyear of Northwest Bank and Trust;
8. Stacey Jorgensen of IH Mississippi Valley Credit Union;
9. M████ O████, on behalf of E██████████ an Iowa business entity consumer;
10. Col. E████ R████, Iowa consumer;
11. Kimberley Morgan, owner of 33 Carpenters Construction, Inc. ("33 Carpenters");
12. B████ P████, Iowa consumer;
13. K████ S████ on behalf of A██████████ Iowa business entity consumer;
14. Bradley Billings, Complaint Analyst, Iowa Insurance Division;

15. Ryan Hubbert, formerly employed at the Iowa Insurance Division as a Complaint Analyst; and

16. David Sullivan, Executive Officer 3, Iowa Insurance Division.

The Division attempted to call Michio, but Michio was not present and did not make himself available to testify. The Division submitted, and the Commissioner admitted, Division's Exhibits 1–127 and 130–134. *See* Post Hearing Scheduling Order, Filing No. 31, issued June 4, 2024; and Supplement to Post Hearing Scheduling Order, Filing No. 32, issued June 6, 2024.

After receiving evidence through testimony and exhibits, the Commissioner requested the parties provide a post-hearing brief as well as proposed findings of fact, conclusions of law and final orders.

**NOW THEREFORE**, after reviewing the pleadings submitted in the case and the evidence received, we issue the following findings of fact, conclusions of law, and orders:

#### **FINDINGS OF FACT**

Michio held an Iowa nonresident public adjuster license, under National Producer Number 14881556, from May 11, 2015, until his license expired on August 31, 2019. Michio was again licensed as a nonresident public adjuster in the state of Iowa from June 3, 2020, until his license expired on August 31, 2022. (SOC ¶3; Testimony of Robin Petersen, Tr. 67; Ex. 1). Michio currently holds an active resident public adjuster license in the state of Georgia, and active nonresident public adjuster licenses in the states of Arizona, Florida, Kansas, Kentucky, Nebraska, Oklahoma, and West Virginia.

Claim Adjusters Group, Inc. (“CAG”) is not and has never been licensed as a business entity or individual public adjuster in the state of Iowa. (SOC ¶22; Testimony of Robin Petersen, Tr. 71; Ex. 1). At all times relevant hereto, public adjusters William Addis (“Addis”) and Adrian

Enriquez (“Enriquez”) served as local representatives of CAG, entered into public adjuster contracts with Iowa consumers on behalf of CAG, and assisted in the negotiation of their insurance claims. (Testimony of Morgan, Tr. 345, 362–63; Exs. 20, 27, 35, 47, 58). No individual associated with CAG, including but not limited to Addis, Enriquez, or Michio, is or has been registered as a designated licensed responsible party (“DLRP”) for CAG. (Testimony of Robin Petersen, Tr. 68–71; Ex. 1).

### *CAG Websites & Michio LinkedIn*

CAG operated at least two publicly accessible websites offering public adjuster services: [www.underpaidclaims.com](http://www.underpaidclaims.com) (“Main Website”) and [www.piperepairclaims.com](http://www.piperepairclaims.com) (“Secondary Website”). CAG’s Main Website listed three separate business addresses for locations in Boulder, Colorado; Clearwater, Florida; and Bettendorf, Iowa. These websites were publicly accessible as of February 2, 2022. As of the date of this filing, both of these websites are no longer publicly accessible. (SOC ¶23; Testimony of David Sullivan, Tr. 558–60; Exs. 2–3).

CAG’s Secondary Website provided the following information:

Law Background – The foundation of CAG rests on a focus of understanding insurance law and insurance policies. CAG was founded by Michael P. Michio whose background and training are in law. The unique law background provides our clients with a Public Adjusting firm that understands the most complex portion of the multifaceted claims process.

(SOC ¶24; Testimony of David Sullivan, Tr. 561–62; Ex. 3).

Michio’s LinkedIn profile states that he attended St. Thomas University School of Law for two years but provides no information on whether Michio has a juris doctorate or is licensed as an attorney in any jurisdiction. The Division did not find any evidence that Michio is or ever has been a licensed attorney in Iowa or in any jurisdiction. (SOC ¶25; Ex. 4; Testimony of David Sullivan, Tr. 565–66).

### *Cooperation Agreement with 33 Carpenters*

33 Carpenters is an Iowa domiciled construction contractor, founded in 2006, that provides storm repair services. 33 Carpenters is based in Bettendorf, Iowa and has offices in Des Moines, Iowa, Dekalb, Illinois, and Fort Wayne, Indiana. Kimberly Morgan is the current owner of 33 Carpenters. (SOC ¶26; Testimony of Kimberly Morgan, Tr. 340–41).

On February 14, 2020, the Iowa Supreme Court held in three separate cases that 33 Carpenters had been operating as an unlicensed public adjuster. *33 Carpenters Constr., Inc. v. State Farm Life & Cas. Co.*, 939 N.W.2d 69, 81 (Iowa 2020) (*citations omitted*). On April 20, 2020, the Commissioner issued an Order (“2020 C&D Order”) that found that 33 Carpenters violated Iowa law by operating as an unlicensed public adjuster and ordered 33 Carpenters to cease and desist from such acts and practices. *In the Matter of 33 Carpenters Construction, Inc., Austin T. Nelson, and Kimberly J. Nelson., Respondents*, Division Case No. 105269, 2020 WL 2069364, at \*10.

After local news outlets reported on the 2020 C&D Order, 33 Carpenters suffered a loss of reputation, and customers canceled their construction contracts. However, on April 7, 2020, a hailstorm damaged thousands of homes in the Quad Cities area, which resulted in an influx of business for 33 Carpenters. 33 Carpenters struggled to service the influx of storm repair business. Shortly before this storm, the COVID-19 pandemic began. (Testimony of Morgan, Tr. 344–45).

On or about this time, then-CAG-affiliated public adjuster William Addis (“Addis”) approached 33 Carpenters to offer CAG’s public adjuster services to 33 Carpenters customers. Austin Nelson, Ms. Morgan’s ex-husband and former business partner at 33 Carpenters, handled the initial meetings with CAG representatives Addis and Michio. (Testimony of Morgan, Tr. 345–46).

On May 18, 2020, CAG and 33 Carpenters entered into a contract entitled “Cooperation Agreement.” Michio signed on behalf of CAG as its CEO. Kimberly Nelson signed on behalf of 33 Carpenters as its president. The Cooperation Agreement provided that, in light of “the involvement of the Iowa Insurance Division,” CAG would provide public adjusting services to customers of 33 Carpenters. The Cooperation Agreement further provided that:

- a. All 33 Carpenters clients “in need of public adjusting services” as determined by 33 Carpenters, would become clients of CAG, “as CAG is representing to the Iowa Insurance Division” that all such clients would be represented by a licensed public adjuster;
- b. CAG would provide “a solely dedicated number” for 33 Carpenters’ use in reaching CAG when needed;
- c. CAG would provide periodic updates on each project to 33 Carpenters;
- d. CAG would charge a 10% fee from funds collected by CAG, and pay the remaining funds to 33 Carpenters within 14 days so long as 33 Carpenters has specific language in their construction contract in which the insured directs that claim funds be paid directly to 33 Carpenters; and
- e. CAG would have discretion to retain expert services. In such cases, CAG would first notify 33 Carpenters about the proposed use of experts. 33 Carpenters would then have the right to refuse to bear the cost of said experts. If so, CAG would be responsible to pay the cost of the expert out of its own 10%.

(SOC ¶29; Ex. 5).

Prior to signing, Michio and Ms. Morgan discussed the provisions of the Cooperation Agreement. Michio explained that CAG would retain 10% of the claim proceeds collected by CAG and remit the remaining funds to 33 Carpenters. They also discussed how contracts would

be presented to Iowa consumers. In certain circumstances, CAG would allow 33 Carpenters representatives to present CAG paperwork to Iowa consumers when the local CAG representative was unavailable. The 33 Carpenters representatives would explain that 33 Carpenters could not act as public adjusters. The 33 Carpenters representative would also explain the role of a public adjuster in the consumer's claim, and the fee structure between the consumer and CAG as contemplated in the Cooperation Agreement and Michio's representations. (Testimony of Kimberly Morgan, Tr. 352–60).

### *33 Carpenters Construction Contract*

Over the course of the relationship between CAG and 33 Carpenters, over 60 Iowa consumers signed agreements with both 33 Carpenters and CAG to repair storm damage to their homes and businesses. Each of the 33 Carpenters construction contracts contained identical terms that give effect to the Cooperation Agreement. Those terms included:

- a. Customers would retain 33 Carpenters to complete repairs and CAG to act as the public adjuster on the project;
- b. CAG fees would total “10% of the gross amount due for services performed including any applicable deductible,” and the remaining 90% of funds collected by CAG would be paid to 33 Carpenters. The customer would be responsible to pay any applicable deductible.
- c. Customers would direct that 33 Carpenters be included as a co-payee on any drafts in payment from the insurer.

(SOC ¶30; Testimony of Kimberly Morgan, Tr. 399; Exs. 9, 34, 69).

### *CAG Public Adjuster Contract*

Respondents used at least two versions of their public adjuster contract: one for Respondents' clients resulting from the cooperation agreement with 33 Carpenters; and another

for their clients not obtained via the cooperation agreement. The terms common to both versions of the public adjuster contract include that CAG would advise and assist the insured and act as the public adjuster on the claim, that CAG be made a co-payee on checks from the insurer, that the checks be sent to CAG's office in Clearwater, Florida, that Respondents be given a limited power of attorney to endorse checks on behalf of the insured, and that CAG will process claim funds through its escrow account and thereafter release remaining claim funds to the insured via check or wire. (SOC ¶¶31–32; Exs. 10, 20, 27, 35, 47, 58, 70, 80, 90).

The public adjuster contract for 33 Carpenters clients does not mention the cooperation agreement between 33 Carpenters and CAG, and includes different terms, notably that the consumer agreed to pay “10% of the total gross Replacement Cost Value (“RCV”)” of the claim, and that the remaining 90% be paid to “my contractor” (i.e. 33 Carpenters). This version of the contract also deletes the provision allowing the consumer three business days to rescind the contract in accordance with Iowa Code chapter 555A. (SOC ¶¶33; Exs. 10, 35, 70, 90).

#### *Business Dealings between CAG and 33 Carpenters*

After signing the Cooperation Agreement, CAG and 33 Carpenters began doing a substantial amount of business, signing up many Iowa consumers. During the first few months of doing business, CAG communicated regularly by phone, email, and in-person. CAG representatives, including but not limited to Addis and Adrian Enriquez (“Enriquez”) made themselves available and frequently visited 33 Carpenters' office. (Testimony of Kimberly Morgan, Tr. 360–61).

However, business dealings between the companies quickly deteriorated after those first few months. Starting on July 8, 2020, 33 Carpenters began repeatedly requesting updates and information regarding their customers and their insurance claims. Upset customers and insurance



companies were contacting 33 Carpenters for information concerning claims after CAG failed to communicate with their clients directly. Several customers reported that their insurance companies advised them of claim payments, but that CAG would not return their emails and calls regarding the payouts and requested information from 33 Carpenters. (Testimony of Morgan, Tr. 360–68).

CAG's communication with 33 Carpenters deteriorated over the course of the business relationship as well. CAG was unresponsive to 33 Carpenters' inquiries, responding only after several attempts to contact them. When CAG did respond, they would promise to provide information and updates but then fail to do so. CAG's remittance of claim proceeds for amounts due to 33 Carpenters for its repair services under the Cooperation Agreement was inconsistent and often under dubious circumstances. On multiple occasions, Michio provided handwritten checks for claim proceeds without any supporting documentation, despite multiple requests for that supporting documentation including, but not limited to, appraisal awards, information on when claim payments were issued and cashed, and an accurate accounting. Eventually CAG stopped remitting payments to 33 Carpenters all together. (Testimony of Morgan, Tr. 362–89; Exs. 112, 113, 114, 116).

At that point, 33 Carpenters engaged their attorney, Joseph Van Vooren, to pursue CAG for the withheld proceeds. Mr. Van Vooren emailed Respondents demanding payment of the outstanding claim proceeds and supporting documentation for accounting purposes. In response, CAG produced what they purported to be accounting records for their shared clients. However, that documentation was deficient and inaccurate, and CAG did not remit the outstanding claim proceeds. (Testimony of Morgan, Tr. 376–81, 386–95; Exs. 115, 115A).

33 Carpenters eventually filed a lawsuit against Respondents but had to abandon the suit after they could not locate Respondents to serve them the lawsuit. 33 Carpenters refiled their

lawsuit in May 2024, anticipating that they could serve Respondents when they appeared for the hearing in this matter. Respondents did not appear, so 33 Carpenters was unable to serve them the lawsuit. (Testimony of Morgan, Tr. 362–402).

As of May 30, 2024, Ms. Morgan testified that Respondents owe 33 Carpenters over one million dollars in withheld claim proceeds on more than 60 client accounts. She further testified that the loss of this money severely harmed 33 Carpenters business and took a large personal toll on Ms. Morgan. (Testimony of Morgan, Tr. 399–402).

### *Consumer Complaints & Division Investigations*

From May 2020 to August 2022, the Division received approximately eight complaints and inquiries with allegations claiming Respondents endorsed checks on behalf of insureds and banks without proper authorization, failed to release client funds, failed to communicate or respond to inquiries from insureds, and took a higher fee amount than they were entitled to. (SOC ¶34; Exs. 6, 21, 23, 32, 43, 57, 65, 78, 87).

*Col. E [REDACTED] R [REDACTED]*

At all times relevant hereto, Colonel E [REDACTED] R [REDACTED] (“R [REDACTED]”) was an Iowa consumer with a home in Bettendorf, Iowa. R [REDACTED]’s home in Bettendorf was insured by COUNTRY Mutual Insurance Company (“Country Financial”). R [REDACTED] had a mortgage on his home with Home Point Financial Corporation (“Home Point”). R [REDACTED] is a decorated combat veteran and currently works for the Department of Defense. R [REDACTED] lives in San Antonio, Texas (SOC ¶35; Testimony of R [REDACTED], Tr. 304–05).

In April of 2020, R [REDACTED] got a job offer that required him to relocate to San Antonio, Texas by June 8, 2020. R [REDACTED] intended to avail himself of the Defense Relocation Initiative, a federal relocation program for current servicemembers. Under this program, R [REDACTED] would put his home on the market and, when he received an offer, the federal government would match the offer and

purchase the home tax-free. However, the program requires that the home be in good condition, and that all necessary repairs have been completed. (Testimony of R█████, Tr. 306–08 & 327–28).

On April 7, 2020, R█████ sustained hail damage to his home in Bettendorf, Iowa. R█████ filed a claim with Country Financial and sought out contractors to repair the hail damage. R█████ wanted someone local to avoid “one of those fly-by-night people.” R█████ also wanted the work done quickly. R█████ invited 33 Carpenters to inspect his roof and then discuss damage and repairs. R█████ met with 33 Carpenters representative Boyd Roberts (“Roberts”), who advised that 33 Carpenters could meet R█████’s needs. During that meeting, R█████ and Roberts discussed involving a public adjuster. At that time, R█████ had never worked with a public adjuster before, and did not understand the purpose of a public adjuster. Roberts explained the purpose of the public adjuster. Based on that explanation, R█████ understood that the public adjuster’s role was ensuring the insurance company and the contractor were using the best quality products and that repairs were timely completed. (SOC ¶¶35–39; Testimony of R█████, Tr. 306–12).

Roberts then presented the CAG public adjuster contract to R█████, and R█████ signed it. No representative from 33 Carpenters was present when R█████ signed. R█████’ copy of the CAG public adjuster contract is not signed by any CAG representative, and Respondents did not provide R█████ a fully executed copy. CAG did not contact R█████ after the contract was signed. CAG’s fee under the contract was 10% of total gross replacement value cost (“RCV”). Roberts explained to R█████ that this meant CAG would receive 10% of the claim proceeds issued by the insurance company. The contract also authorized CAG a limited power of attorney to endorse on R█████’s behalf checks received from his insurer. R█████ was unaware of this provision and would not have

agreed to sign the CAG contract if he knew that was included. (SOC ¶¶38–39; Testimony of R█████, Tr. 312–18; Ex. 10).

During the claims process, CAG’s communication with R█████ was “spotty at best.” R█████ first reached out to CAG after payment to 33 Carpenters was delayed. Respondents had not contacted R█████ before this. R█████ received “sporadic” emails where CAG representatives negotiated with Country Financial for more money. R█████ primarily communicated with Michio. R█████ explained his situation and need to resolve the claim quickly. On four occasions, R█████ instructed Michio to accept insurance company settlement offers. However, on each occasion Michio refused to do so and continued to negotiate the claim. Michio would remind R█████ of CAG’s fee of 10% of RCV, and that Michio was a “business owner” and that “he was in the business of making money.” These delays caused R█████ to miss out on several offers to purchase his home. (Testimony of R█████, Tr. 319–25).

During the claims process, Country Financial issued five (5) checks on Rogers’s claim:

<b>Draft Date</b>	<b>Posting Date</b>	<b>Amount</b>	<b>Payee(s)</b>	<b>Memo Line</b>
4/20/20	<i>n/a</i>	\$8,265.92	R█████ & Home Point	“Hail Damage ACV”
5/21/20	<i>n/a</i>	\$1,930.00	R█████	“Painting”
7/07/20	7/22/20	\$3,428.64	CAG, Home Point & R█████	“Hail ACV”
7/22/20	7/28/20	\$10,070.00	CAG & R█████	“Painting”
8/21/20	9/3/20	\$22,585.57	Home Point, R█████	“Other Phys. Dmg/Ins. Prop”

(SOC ¶40; Testimony of Hubbert, Tr. 502–08; Exs. 11–14).

On July 22, 2020, Michio deposited the July 7 check into CAG’s Chase Bank account ending in 252. He endorsed the check on behalf of CAG, and on behalf of E.R. as “POA.” The check also includes a purported endorsement on behalf of Home Point. On July 28, 2020, Michio

deposited the July 22 check into CAG's Chase Bank account ending in 252. He endorsed the check on behalf of CAG, and on behalf of E.R. as "POA." (SOC ¶¶ 41–42; Testimony of Hubbert, Tr. 503–06; Exs. 12–13).

On July 31, 2020, 33 Carpenters and R [REDACTED] signed a Certificate of Completion certifying that the repair work had been completed. Although the work was completed, 33 Carpenters would not issue the paid invoice R [REDACTED] needed to satisfy the requirements of the Defense Relocation Initiative, because 33 Carpenters had not been paid for its repair services. R [REDACTED] subsequently contacted Respondents multiple times to request that they release payment to 33 Carpenters. (SOC ¶ 43–44; Testimony of R [REDACTED], Tr. 319; Ex. 15).

After the repairs were completed, R [REDACTED] contacted Michio on a nearly daily basis communicating his need for the final paid invoice and to request Respondents release the money to 33 Carpenters. After Respondents proved unresponsive, R [REDACTED] reached out to an attorney for advice on how to proceed. Based on that advice, R [REDACTED] filed complaints with the Iowa Insurance Division on September 8, 2020, and the Better Business Bureau ("BBB") on or about that same time. Only after R [REDACTED] filed these complaints did Michio release the money. (Testimony of R [REDACTED], Tr. 328–30; Exs. 6, 8).

On August 19, 2020, CAG issued a check to R [REDACTED] and 33 Carpenters in the amount of \$12,715.78. The memo line read "Check 1 and 2 ACV." On September 3, 2020, Michio deposited the August 21 check from Country Financial into CAG's Chase Bank account ending in 252. He endorsed the check on behalf of CAG, and on behalf of Rogers as "POA." The check included a purported endorsement on behalf of Home Point. On September 17, 2020, CAG issued a check to 33 Carpenters in the amount of \$18,365.20. The memo line read "[R [REDACTED]] direct funds release per email notice." Respondents withheld \$5,003.23, representing 13.86% of the \$36,084.21 in

claims proceeds issued to Respondents, and 10.81% of the \$46,280.13 of the total claims proceeds paid out by Country Financial. (SOC ¶¶46–47, 49, 52; Testimony of Hubbert, Tr. 506–08; Exs. 14, 16, 17).

With respect to the R █████ investigation, Home Point provided a response to Division investigator David Sullivan indicating that Home Point did not endorse the Donegal checks issued on July 7, 2020, and August 21, 2020. (SOC ¶54; Testimony of Sullivan, Tr. 626–28; Ex. 19).

R █████ was not satisfied with Respondents’ services. Respondents’ representation of R █████’s claim affected R █████ both mentally and physically. R █████ had difficulty discussing his situation, describing the ordeal as “traumatic.” R █████ testified that that time of his life should have been a great time for him and his family. Instead, R █████ and his family suffered undue stress and sustained “at least \$200,000” in financial losses, based on the loss of equity in his home given the market change during the claims process and incidentals resulting from the delay in purchasing a new home. (Testimony of R █████, Tr. 332–35).

D █████ B █████

D █████ B █████ (“B █████”) is an Iowa consumer with a home in Bettendorf, Iowa. B █████’s home is insured through American Family Mutual Insurance Company (“AmFam”). (SOC ¶55; Testimony of B █████, Tr. 106–07).

On or about April 7, 2020, B █████’s home was damaged by wind and hail. In August 2020, B █████ filed a claim with AmFam for the hail and wind damage. On August 28, 2020, B █████ met with a representative from 33 Carpenters, Shawn, who stated that AmFam would not cover the total cost of the repairs. Shawn told B █████ that CAG would be able to assist B █████ in working with his insurance company to obtain more funds for the claim. This was the first time B █████ heard of CAG. (SOC ¶57; Testimony of B █████, Tr. 108–11).

B [REDACTED] signed the CAG contract on August 28, 2020. Addis, Enriquez, and Michio were listed as public adjusters on the contract and Addis signed the contract on behalf of CAG on September 9, 2020. CAG's contract fee is listed as 10% of RCV. The contract also authorized CAG a limited power of attorney to endorse on B [REDACTED]'s behalf checks received from his insurer. At the time B [REDACTED] signed the CAG contract, he did not know what a public adjuster was. Prior to B [REDACTED] signing the contract, no CAG representative explained to him what a public adjuster was, CAG's duties as a public adjuster, or how CAG would be compensated for their work; nor did any CAG representative have any conversations or meetings with B [REDACTED]. Shawn presented the CAG contract to B [REDACTED]; no CAG representative was present when B [REDACTED] signed the contract. (SOC ¶¶57–58; Testimony of B [REDACTED], Tr. 111–18; Ex. 20).

After signing the CAG contract, B [REDACTED] never heard from or had any conversations with any representative of CAG regarding his claim. Respondents did not provide B [REDACTED] with any documents relating to his claim. B [REDACTED] ultimately decided not to repair the damage to his home after 33 Carpenters informed him AmFam would not cover the cost. (SOC ¶¶59; Testimony of B [REDACTED], Tr. 118–20).

AmFam later issued a check for \$2,195.64 dated October 8, 2020, made payable to B [REDACTED] and CAG, and mailed the check to CAG. Michio endorsed the check on behalf of B [REDACTED] as "POA" and on behalf of CAG. On November 9, 2020, Respondents deposited the check into CAG's Chase bank account ending in 252. (SOC ¶¶60, 62; Testimony of Sullivan, Tr. 581–82; Ex. 106).

B [REDACTED] was not made aware of the status of the claim until AmFam later contacted B [REDACTED] to inquire whether the work to his home had been completed. B [REDACTED] told AmFam that he declined to have the repairs completed, and AmFam informed B [REDACTED] that they had

already issued the payment for the repairs to CAG. B [REDACTED] was not aware AmFam paid CAG, and B [REDACTED] never received any payments from CAG. (SOC ¶¶61, 64–65; Testimony of B [REDACTED], Tr. 119–20; Testimony of Sullivan, Tr. 582–84).

On January 20, 2021, AmFam filed a complaint with the Division’s Fraud Bureau on behalf of B [REDACTED], alleging that CAG deposited the check without B [REDACTED]’s knowledge or consent without performing any work for B [REDACTED] and did not inform B [REDACTED] AmFam had paid CAG for the claim. (SOC ¶63; Testimony of Sullivan, Tr. 566–67; Ex. 21). AmFam was ultimately able to recover the \$2,195.64, and reissued the funds to B [REDACTED] on June 23, 2021. (SOC ¶¶61, 64–65; Testimony of B [REDACTED], Tr. 120–21; Testimony of Sullivan, Tr. 582–84; Ex. 22).

*E [REDACTED] & D [REDACTED] I [REDACTED]*

E [REDACTED] and D [REDACTED] I [REDACTED] (collectively, the “I [REDACTED]s”) are Iowa consumers who owned a home in Bettendorf, Iowa, in April 2020. The I [REDACTED]s’ Bettendorf home was insured by Selective Insurance (“Selective”). (SOC ¶66; Testimony of I [REDACTED], Tr. 124–25).

On or about April 2020, the I [REDACTED]s’ home sustained hail damage. That month, the I [REDACTED]s filed a claim with Selective for the hail damage, which Selective initially denied. The I [REDACTED]s then spoke with a representative from Olde Town Roofing (“Olde Town”) to obtain an estimate for the repairs. Because Selective had denied their insurance claim, the Olde Town representative recommended the I [REDACTED]s hire CAG to assist with the claim. Prior to speaking to Olde Town, the I [REDACTED]s did not know what a public adjuster was and had not heard of CAG. (SOC ¶67; Testimony of I [REDACTED], Tr. 125–27).

The I [REDACTED]s later spoke with Addis, who came to the I [REDACTED]s’ home to discuss hiring CAG. On May 19, 2020, Mr. I [REDACTED] signed the CAG contract on behalf of the I [REDACTED]s. On May 20, 2020, Addis signed the contract on behalf of CAG. CAG’s fee is listed in the contract as 15% of RCV.



The contract also authorized CAG a limited power of attorney to endorse on the L■■■■s' behalf checks received from their insurer. (SOC ¶¶68; Testimony of L■■■■, Tr. 127–34; Ex. 27).

On or about June 2020, the L■■■■s sold their Bettendorf home, but were responsible for repairing the roof as a condition of the sale agreement. (Ex. 24 at 00:04:00–00:04:20, 00:12:20–00:13:20). The L■■■■s proceeded to work with CAG to have their insurance claim approved. CAG sent a representative to their home to perform an inspection of the damage and take samples of damaged shingles which were sent for laboratory testing. (SOC ¶¶70; Testimony of L■■■■, Tr. 134–35). The L■■■■s' claim later went to appraisal, and a final appraisal award was issued on April 28, 2021, for an RCV of \$25,875.63. (SOC ¶¶72; Testimony of L■■■■, Tr. 135–37; Ex. 25).

On May 6, 2021, Selective issued a check made payable to CAG and E■■■■ and D■■■■ L■■■■ in the amount of \$7,601.17 and mailed the check to Respondents. Michio endorsed the check on behalf of the L■■■■s as “POA,” and on behalf of CAG. On May 12, 2021, Respondents deposited the check in their Chase bank account. (SOC ¶¶73–74; Testimony of Hubbert, Tr. 518–19; Ex. 28).

The L■■■■s attempted to contact Respondents throughout this period, but Respondents did not respond to many of their communications; the L■■■■s' phone calls were never returned, and responses to their emails were limited and did not answer their questions. As of June 7, 2021, the L■■■■s continued to email Respondents inquiring as to the status of the funds from Selective. Enriquez responded to the L■■■■s' email on June 11, 2021, indicating that they would soon be issuing payment to the L■■■■s in the amount of \$1,219.83. That day, the L■■■■s submitted a complaint with the Division stating that they had yet to receive any payments from CAG following the disbursement from Selective, that they disagreed with CAG's calculation of the amounts owed

to them, and they were dissatisfied with CAG's lack of communication. (SOC ¶¶71, 75–76; Testimony of L■■■■, Tr. 137–44, 146–47; Exs. 23, 29).

Following the L■■■■s' complaint to the Division, CAG issued a check to the L■■■■s dated June 21, 2021, in the amount of \$1,219.83. This was the only payment the L■■■■s received from CAG. The L■■■■s were dissatisfied with Respondents' explanation of how they reached this amount and emailed Respondents explaining that they believed they were owed a refund of an additional \$1,281.34. (SOC ¶¶80, 85; Testimony of L■■■■, Tr. 144–46; Exs. 31, 121–22).

On or about February 2022, Michio sent a letter to the Division disagreeing with the L■■■■s' calculations but agreeing to pay \$1,281.34 to settle their dispute. Respondents never paid the \$1,281.34 amount to the L■■■■s. (SOC ¶86; Testimony of Hubbert, Tr. 519–22; Ex. 121).

*E■■■■ & M■■■■ O■■■■*

M■■■■ O■■■■ is an Iowa resident and owner of E■■■■ (‘‘E■■■■’’). E■■■■ owns a commercial property located at ■■■■■, Davenport, Iowa. The building houses an apparel store called A■■■■ E■■■■, also owned by O■■■■ and E■■■■, and a restaurant called R■■■■ R■■■■. At all times relevant hereto, the commercial building was insured through Donegal Insurance Group (‘‘Donegal’’). E■■■■ has a mortgage on the commercial building with Blackhawk Bank & Trust (‘‘Blackhawk’’). (SOC ¶89; Testimony of O■■■■, Tr. 266–68).

On or about April 7, 2020, E■■■■'s commercial building sustained hail damage to the roof, HVAC units on the roof, and the siding. O■■■■ filed a claim for the damage in May of 2020. On May 21, 2020, 33 Carpenters and CAG met with O■■■■ at his building to inspect the damage and discuss repairs. Present were Austin Nelson, former owner of 33 Carpenters, and Addis from CAG. They inspected the damage on the roof and then retired to O■■■■'s office to discuss the damage and sign paperwork. The meeting in O■■■■'s office lasted approximately five minutes. Nelson and Addis explained CAG's role in the claim, telling O■■■■ that CAG would deal with

the insurance company and ensure there was enough money to cover the repairs. O [REDACTED] then signed a construction contract with 33 Carpenters, and a CAG public adjuster contract. CAG’s fee under the contract was 10% of RCV. O [REDACTED] understood this to mean that CAG’s fees would come out of 33 Carpenters’ profits. Addis did not explain that the CAG public adjuster contract grants CAG a limited power of attorney to cash checks on O [REDACTED]’s behalf, and O [REDACTED] was unaware of that provision in the contract. (SOC ¶¶90–93; Testimony of O [REDACTED], Tr. 267–75; Exs. 34–35).

After O [REDACTED] signed the CAG contract, Respondents began negotiating the claim on O [REDACTED]’s behalf. Respondents eventually settled O [REDACTED]’s claim for \$515,395.96. During the claim settlement process, Donegal issued four (4) checks:

Draft Date	Posting Date	Amount	Payee(s)	Memo Line
6/17/20	6/24/20	\$3,312.96	E [REDACTED], Blackhawk, CAG	“Hail”
9/22/20	10/13/20	\$676.91	E [REDACTED], Blackhawk, CAG	“Hail”
9/23/20	2/18/21	\$199,191.53	E [REDACTED], Blackhawk, Small Biz Growth Corp, US Small Biz Admin <sup>1</sup> , and CAG	“Hail”
6/18/21	7/10/21	\$311,214.56	E [REDACTED], Blackhawk, Small Biz Growth Corp, US Small Biz Admin, and CAG	“Hail”

(SOC ¶94; Testimony of Hubbert, Tr. 529 –36; Exs. 36–39, 125).

On June 24, 2020, Respondents deposited the June 17 check into CAG’s Chase bank account ending in 252. Michio endorsed the check on behalf of CAG and on behalf of Company

<sup>1</sup> O [REDACTED] advised the Division that “Small Biz Growth Corp” and “US Small Biz Admin” are government entities that acquired liens on the building as a result of O [REDACTED] and E [REDACTED] receiving COVID-19-related emergency relief loans.

E as “POA.” The check is also endorsed on behalf of Blackhawk. On October 13, 2020, Respondents deposited the September 22 check into CAG’s bank account ending in 252. Michio endorsed the check on behalf of CAG and on behalf of E [REDACTED] as “POA.” On February 18, 2021, Respondents deposited the September 23 check into CAG’s Chase bank account ending in 252. Michio endorsed the check on behalf of CAG, and on behalf of E [REDACTED] as “POA.” There is also a stamp that reads “Mortgage Company Required Endorsement” under which appears an additional Michio signature. (SOC ¶¶95–96; Testimony of Hubbert, Tr. 529–36; Exs. 36–39, 125).

During the claims process, Respondents’ communications with O [REDACTED] were poor. 33 Carpenters was unable to begin the repair work in 2020 because Respondents had not released any claim proceeds to them. In fall of 2020, O [REDACTED] and 33 Carpenters decided to put off the repair work until the following spring. However, that following spring, O [REDACTED] had difficulty contacting Nelson or Respondents, who were unresponsive to both O [REDACTED] and 33 Carpenters. (Testimony of O [REDACTED], Tr. 275–77).

On April 19, 2021, CAG issued a check in the amount of \$168,616.34 payable to E [REDACTED] and 33 Carpenters. Respondents retained \$34,565.06 from the first three checks, i.e. 17% of the \$203,181.40 in claim proceeds obtained at that point. (SOC ¶¶98–99; Testimony of Hubbert, Tr. 533–34; Ex. 126).

On June 18, 2021, Respondents settled O [REDACTED]’s claim. On July 20, 2021, Respondents deposited the June 18 check into CAG’s Chase bank account ending in 252. Michio endorsed the check on behalf of CAG and on behalf of E [REDACTED] as “POA.” There is also a stamp that reads “Mortgage Company Required Endorsement.” There are additional overlaid stamps that are difficult to read, though one stamp includes the words “Wells Fargo Bank NA.” Additionally,

included are the printed words “US Small Business Growth Corp.” (SOC ¶100; Testimony of Hubbert, Tr. 534–35; Ex. 39).

Jason Schulte (“Schulte”), Vice President of Blackhawk, testified at hearing. Schulte’s job duties at Blackhawk includes reviewing allegations of forgery and determining whether a Blackhawk endorsement is legitimate. Schulte testified that none of the Donegal checks cashed by Respondents bore Blackhawk’s standard endorsement stamp and that Blackhawk did not endorse these checks. Schulte further testified that Blackhawk did not provide Respondents with authority to endorse these checks on Blackhawk’s behalf. During the investigation, Blackhawk also provided the Division an affidavit of forgery stating that Blackhawk did not endorse these checks. (SOC ¶¶104–05; Testimony of Schulte, 83–104; Ex. 41).

On August 2, 2021, O ██████ emailed CAG requesting confirmation that CAG had received the payment from Donegal and asking whether payments had been made to 33 Carpenters. O ██████ also requested a breakdown of the payments and CAG’s compensation. CAG did not respond. O ██████ sent follow-up emails on August 24, 2021, and September 8, 2021. On September 13, 2021, Enriquez responded on behalf of CAG asking whether O ██████ preferred a check or wire payment. (SOC ¶101; Testimony of O ██████, Tr. 281–88; Ex. 127).

On September 28, 2021, a fire damaged E ██████’s building. O ██████ filed a claim for the fire damage. However, Donegal refused to pay on that claim because the repairs on the earlier hail damage claim had not been repaired yet. On September 29, 2021, O ██████ spoke to Michio over the phone. During the call, Michio advised that Respondents would send the payments but did not do so. On October 6, 2021, O ██████ attempted to call Michio but could not reach him nor leave a voicemail. O ██████ then responded to the Enriquez email of September 13, 2021. O ██████ requested a wire payment, and a phone call to discuss the matter further. Respondents did not

respond to these communications. O █████ attempted to contact Respondents multiple times after this by email and by phone, to no avail. On October 15, 2021, O █████ filed a complaint with the Division. (SOC ¶¶101–03; Testimony of O █████, Tr. 281–88; Exs. 32, 127).

O █████ then involved his attorney, to pursue Respondents for the unreleased claim funds. On November 4, 2021, O █████'s attorney emailed Respondents advising that O █████ and E █████ would be pursuing legal action. On November 4, 2021, Michio responded claiming that they could not release the money to O █████ and E █████ because 33 Carpenters had a lien on file, and that Respondents did not know to whom to send the payments. In response, O █████'s attorney secured an Authorization to Release Funds from 33 Carpenters, signed by Ms. Morgan (then Nelson), and provided the same to Respondents on November 11, 2021. Respondents did not, and to date have not, released any of the remaining \$311,214.56. (SOC ¶¶110–11; Testimony of O █████, 281–93; Exs. 42, 127).

The loss of the unreleased claim proceeds has taken a toll on O █████'s business as well as him personally. To date, the storm repairs have not been completed. O █████ paid \$9,540.00 in legal fees pursuing Respondents, utilizing personal funds. O █████ was forced to take out a commercial loan in the amount of \$60,736.00 to make necessary repairs to the building. O █████ paid approximately \$3,176.57 in interest from April 27, 2022, to December 15, 2023, and has since paid approximately \$2,000 in interest since that period. (Testimony of O █████, 293–302; Exs. 95, 99).

G █ T █

G █ T █ (“G █ T █”)<sup>2</sup> is a business located in Davenport, Iowa. G █ T █’s building is owned by S █ P █ (“S █”) and is insured through The Charter Oak Fire Company, a subsidiary of the Travelers Indemnity Company (“Travelers”). (SOC ¶112; Testimony of S █, Tr. 45–48).

On or about April 2020, G █ T █ building sustained hail damage, and G █ T █ subsequently filed an insurance claim with Travelers. (SOC ¶113; Testimony of S █, Tr. 48). On May 14, 2020, B █ V █ (“B █”), then Chief Operating Officer at G █ T █, executed a contract on behalf of G █ T █ with contractor Olde Town to repair the hail damage. The contract provided that Olde Town would complete the repair work, and that Olde Town would “be hiring CAG to assist us with your insurance company.” (SOC ¶114; Testimony of S █, Tr. 49–52; Ex. 52).

Also on May 14, 2020, █ executed a public adjuster contract on behalf of G █ T █ with CAG, signed by Addis on behalf of CAG. CAG’s contract fee is listed as 10% of RCV. The contract also authorized CAG a limited power of attorney to endorse on G █ T █’s behalf checks received from their insurer. (SOC ¶114; Testimony of S █, Tr. 53–56; Ex. 47).

Travelers and G █ T █ ultimately settled the claim for \$1,145,000.00. (Testimony of Sullivan, Tr. 596–97; Ex. 107). During the claims process, Travelers issued four (4) checks:

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<sup>2</sup> G █ T █ has also gone by the name “█” (Testimony of Sullivan, Tr. 603). Herein, G █ T █ and █ shall be referred to as “G █ T █.”

Draft Date	Posting Date	Amount	Payee(s)
5/15/2020	N/A	\$36,373.35	G ■■■ T ■■■
10/8/2020	10/13/2020	\$434,948.73	CAG, G ■■■ T ■■■, S ■■■ P ■■■ & P ■■■ <sup>3</sup>
5/3/2021	5/11/2021	\$114,843.76	CAG & G ■■■ T ■■■
9/9/2021	9/17/2021	\$558,831.16	CAG & G ■■■ T ■■■

(SOC ¶115; Testimony of Sullivan, Tr. 598–604; Exs. 48–51).

On October 13, 2020, Respondents deposited the October 8 check into CAG’s JP Morgan Chase (“Chase”) bank account ending in 252. The check includes endorsements on behalf of G ■■■ T ■■■, S ■■■ P ■■■, and P ■■■, signed as “POA,” and CAG. (SOC ¶116; Testimony of Sullivan, Tr. 598–602; Ex. 48).

On November 5, 2020, ■■■ executed a construction contract on behalf of G ■■■ T ■■■ with Olde Town Roofing to complete the repairs to the roof and HVAC system. The contract provides a handwritten note stating, “structure payment thru CAG.” The typewritten portions of the contract do not mention CAG. (SOC ¶117; Ex. 46).

On May 11, 2021, Respondents deposited the May 3 check into CAG’s Chase bank account ending in 252. Michio endorsed the check on behalf of CAG and G ■■■ T ■■■. (SOC ¶119; Testimony of Sullivan, Tr. 602–03; Ex. 49).

On June 21, 2021, Olde Town sent a final invoice to CAG and G ■■■ T ■■■ totaling \$847,292.50 for “100% of Olde Town Roofing work complete.” (SOC ¶120; Testimony of S ■■■, Tr. 58–59; Ex. 54). On August 27, 2021, ■■■ signed a certificate of completion of behalf of G ■■■ T ■■■ certifying that Olde Town had completed the repairs. At hearing, G ■■■ T ■■■

<sup>3</sup> P ■■■ (“P ■■■”) is a company affiliated with G ■■■ T ■■■. (Testimony of Sullivan, Tr. 600–01).



employee H [REDACTED] S [REDACTED] testified that Olde Town had completed the repairs. (SOC ¶121; Testimony of S [REDACTED], Tr. 58–59; Ex. 53).

On September 17, 2021, Respondents deposited the September 9 check into CAG’s Chase bank account ending in 252. Michio endorsed the check on behalf of CAG and G [REDACTED] T [REDACTED]. (SOC ¶123; Testimony of Sullivan, Tr. 603–04; Ex. 50).

CAG made six (6) payments to Olde Town by wire transfer in relation to the work performed on G [REDACTED] T [REDACTED]’s property:

Date of Payment	Amount
11/17/2020	\$352,882.45
6/16/2021	\$95,389.53
11/12/21	\$100,000.00
11/15/21	\$100,000.00
11/22/21	\$100,000.00
11/26/21	\$57,586.93
<b>Total:</b>	<b>\$805,858.91</b>

(SOC ¶118; Testimony of Sullivan, Tr. 609–11; Ex. 118). Sean Vogler, president of Olde Town, told Division investigator Sullivan that in relation to G [REDACTED] T [REDACTED]’s claim and other projects where CAG was involved, Olde Town had difficulty receiving timely payments from CAG, still had outstanding payments due from CAG to Olde Town, and had difficulty communicating with CAG. (SOC ¶126; Testimony of Sullivan, Tr. 604–09; Ex. 45 at 00:07:31–00:15:07).

I [REDACTED] exchanged emails with representatives from CAG in September 2021, but thereafter CAG ceased communication with G [REDACTED] T [REDACTED]. Since September 2021, G [REDACTED] T [REDACTED] has not been able to get in contact with CAG. (Ex. 44 at 00:18:24–00:18:56; 00:20:02–00:20:24). CAG did

not provide G ■■■ T ■■■ with a description of the services they performed or invoices for work they performed in relation to the claim. (Testimony of S ■■■, Tr. 57–58).

On January 1, 2022, G ■■■ T ■■■’s attorney submitted a complaint to the Division on behalf of G ■■■ T ■■■. Therein, G ■■■ T ■■■ asserted that Respondents had wrongfully withheld funds owed to them from their insurer. G ■■■ T ■■■ asserted that they had tried to contact CAG since October 2021 but were unsuccessful, receiving “very little, if any, communication” and that “Voice mailboxes are full and text messages and emails go unreturned.” (SOC ¶125; Testimony of S ■■■, Tr. 59; Testimony of Sullivan, Tr. 584–86; Ex. 43).

On December 14, 2021, G ■■■ T ■■■ filed a lawsuit against CAG, and on May 26, 2022, secured a default judgment against CAG in Scott County district court in case number LACE134454 for \$238,657.28. To date, G ■■■ T ■■■ has been unable to collect on this judgment and has not received any of the remaining funds due from the insurance claim. (SOC ¶¶128–30; Testimony of S ■■■, Tr. 57, 60–61; Testimony of Sullivan, Tr. 593–95; Exs. 55–56).

S ■■■ S ■■■

S ■■■ S ■■■ (“S ■■■”) is an Iowa consumer with a home in Bettendorf, Iowa. During the time of the events at issue here, S ■■■’s home was insured through IMT Insurance (“IMT”). IH Mississippi Valley Credit Union (“IHMVCU”) holds a mortgage lien on the home. (SOC ¶131; Testimony of S ■■■, Tr. 18–20; Testimony of Jorgensen, Tr. 171–72).

On or about April 2020, S ■■■’s home sustained hail damage. (SOC ¶132; Testimony of S ■■■, Tr. 20). S ■■■ subsequently filed a claim for hail damage with IMT. (SOC ¶133; Testimony of S ■■■, Tr. 20). On June 17, 2020, S ■■■ signed a public adjuster contract with CAG. Addis signed for CAG the same day. CAG’s contract fee is listed as 10% of RCV. The contract

also authorized CAG a limited power of attorney to endorse on S [REDACTED]'s behalf checks received from his insurer. (SOC ¶134; Testimony of S [REDACTED], Tr. 25–29; Ex. 58).

S [REDACTED]'s insurance claim with IMT went to appraisal, and a final appraisal award was issued on April 14, 2021, for an RCV of \$27,015.87. (SOC ¶137; Testimony of S [REDACTED], Tr. 31–33; Exs. 61 & 63). During the claims process, IMT issued two (2) checks:

Draft Date	Posting Date	Amount	Payee(s)	Memo Line
11/6/2020	11/9/2020	\$43.65	S [REDACTED] & CAG	Hail Loss on 4-07-2020
4/15/2021	4/23/2021	\$25,280.16	IHMVCU, CAG & S [REDACTED]	Damage to Roof from 4-07-2020

(SOC ¶135; Testimony of Billings, Tr. 196–200; Exs. 61 & 63).

On November 9, 2020, Respondents deposited the November 6 check into CAG's bank account. Michio endorsed the check on behalf of S [REDACTED] as "POA" and on behalf of CAG. (Testimony of Billings, Tr. 196–98; Ex. 59).

On April 23, 2021, Respondents deposited the April 15 check into CAG's bank account. Michio endorsed the check on behalf of S [REDACTED] as "POA" and on behalf of CAG. The deposited check also includes a stamp reading "Mortgage Company Required Endorsement" with "IH Mississippi Valley CU" written across the stamp. (Testimony of Billings, Tr. 198–200; Ex. 60).

Stacey Jorgensen, Director of Risk Services for IHMCVU, testified at hearing. Jorgensen's position with IHMVCU includes reviewing allegations of forgery and determining whether an IHMVCU endorsement is legitimate. Jorgensen testified that the April 15 check did not bear IHMVCU's standard endorsement stamp, was not endorsed by IHMVCU, was never presented to IHMVCU, and that IHMVCU had no knowledge that this check existed. Jorgensen further testified that IHMVCU did not provide Michio or CAG with authority to endorse its signature on these checks. During the investigation, IHMVCU also provided to the Division an affidavit of

forgery stating that IHMVU had not endorsed the checks. (Testimony of Jorgensen, Tr. 169–83; Ex. 64).

On July 9, 2021, S█████ contacted CAG by email inquiring about the status of the funds. Addis responded that day indicating he would “get with our controller and get the funds released” to S█████. S█████ contacted CAG again by email on July 15, 2021, stating he had yet to receive any funds and requested an update about the status of the payments. Mr. S█████ never received a response from CAG. (Testimony of S█████, Tr. 34–37; Ex. 62).

Respondents never provided S█████ with a description of the services or invoices for work Respondents performed pursuant to the contract. (Testimony of S█████, Tr. 37–38). On February 22, 2022, S█████ filed a consumer complaint against Respondents with the Iowa Attorney General’s Office, which was then referred to the Division. Therein, S█████ asserted that Respondents had wrongfully withheld funds owed to him from his insurer. (SOC ¶139; Testimony of S█████, Tr. 39–41; Ex. 57).

To date, S█████ has not received any funds from Respondents. (SOC ¶¶141–42; Testimony of S█████, Tr. 33–35, 40).

M█████ & S█████ W█████

M█████ and S█████ W█████ (“the W█████s”) are a married couple with a home in Bettendorf, Iowa. Their home, a condominium, is insured through Farm Bureau Property & Casualty Insurance Company (“Farm Bureau”). Their homeowners’ association is The L█████ P█████ H█████ (“L█████”). (SOC ¶143; Testimony of Billings, Tr. 212).

On April 7, 2020, the W█████s’ home sustained hail damage. Ms. W█████ filed a claim shortly thereafter. On April 17, 2020, Farm Bureau issued a check in the amount of \$7,558.96 to S.W. and I█████. (SOC ¶144–45; Testimony of Billings, Tr. 216–18; Ex. 74).

On May 29, 2020, the W■■■■s met with a representative from 33 Carpenters to discuss the damage and repairs. Mr. W■■■■ endorsed the April 17 check over to 33 Carpenters and 33 Carpenters provided a signed receipt for the same. 33 Carpenters recommended involving CAG as a public adjuster for the claim given that there were insufficient funds to complete repairs to all the siding on the home. The 33 Carpenters representative told the W■■■■ that CAG would be able to help obtain additional funds to fully complete all the repairs to the home. No CAG representative was present Ms. W■■■■ then signed a construction contract with 33 Carpenters and a public adjuster contract with CAG. Ms. W■■■■'s copy of the public adjuster contract is unsigned by any representatives of CAG. CAG's fee under the contract was 10% of RCV. (Exs. 66, 69–70; Testimony of Billings, Tr. 205–07).

During the claim settling process, Farm Bureau issued four (4) payments:

<b>Draft Date</b>	<b>Posting Date</b>	<b>Amount</b>	<b>Payee(s)</b>
4/17/20	6/15/20	\$7,558.96	S■■■■ W■■■■, L■■■■
7/9/20	7/23/20	\$2,405.39	CAG, S■■■■ W■■■■
7/13/20	7/29/20	\$1,915.86	CAG, S■■■■ W■■■■
3/17/21	4/26/21	\$22,179.62	CAG, S■■■■ W■■■■

(SOC ¶148; Testimony of Billings, Tr. 216–24; Exs. 74–77).

On June 15, 2020, 33 Carpenters deposited the April 17 check. The check is endorsed by the treasurer of L■■■■, as well as Mr. W■■■■. On July 23, 2020, Respondents deposited the July 9 check. Michio endorsed the check on behalf of CAG, and on behalf of Mr. W■■■■ as “POA.” On July 29, 2020, Respondents deposited the July 13 check. Michio endorsed the check on behalf of CAG, and on behalf of Mr. W■■■■ as “POA.” (SOC ¶¶149–151; Testimony of Billings, Tr. 216–22; Exs. 74–77).

On August 28, 2020, 33 Carpenters and Ms. W [REDACTED] signed a Certificate of Completion certifying that the roof repair work had been completed to Ms. W [REDACTED]'s satisfaction. However, at that point the siding had not been repair, and repair services were delayed. 33 Carpenters advised the W [REDACTED]s that the delay owed primarily to Respondents not releasing the money to pay for the work 33 Carpenters would do. Eventually, the W [REDACTED]s had to negotiate with 33 Carpenters to partially repair the siding, which was completed as of February 8, 2022. (SOC ¶152; Testimony of Billings, Tr. 213–14; Exs. 66, 72–73).

On March 12, 2021, the W [REDACTED]s' claim went to appraisal. The appraisal award included an RCV of \$38,958.51, and ACV of \$35,559.83. On March 17, 2021, Farm Bureau issued the final settlement check. On April 26, 2021, Respondents deposited the March 17 check. Michio endorsed the check on behalf of CAG, on behalf Mr. W [REDACTED] as "POA," and on behalf of L [REDACTED] as "POA." Respondents received a total of \$26,500.87 from Farm Bureau. (SOC ¶¶153–55; Testimony of Billings, Tr. 212–24; Ex. 71,74-77).

Respondents failed to communicate with the W [REDACTED]s during the claims process. Ms. W [REDACTED] attempted to contact Respondents on numerous occasions, to no avail. The repair work to the W [REDACTED] home was completed as of February 8, 2022. The W [REDACTED] needed a paid receipt from 33 Carpenters to provide to Farm Bureau. However, 33 Carpenters would not provide the receipt because Respondents had not paid them. The W [REDACTED] then attempted to contact Respondents by phone and email on dozens of occasions between March and April 2022. The W [REDACTED] repeatedly requested that Respondents release the claim proceeds to 33 Carpenters to pay for the repair services, and for Respondents to simply respond to their contacts. Respondents did not respond. To date, Respondents have not released any claim proceeds to the W [REDACTED]s or 33 Carpenters. (SOC ¶156; Testimony of Billings, Tr. 207–10; Exs. 66–67).

*Consumer A* [REDACTED]

A [REDACTED] (“A [REDACTED]”) is a business located in Davenport, Iowa. Sh [REDACTED] S [REDACTED] is the owner of A [REDACTED], and K [REDACTED] S [REDACTED] (collectively, the “S [REDACTED]s”) is the Office Manager for A [REDACTED]. A [REDACTED]’s building is owned by S [REDACTED] H [REDACTED] (“S [REDACTED] H [REDACTED]”), which is owned by the S [REDACTED]. A [REDACTED]’s building is insured by State Farm Fire & Casualty Company (“State Farm”). Northwest Bank and Trust Company (“Northwest”) holds a mortgage lien on the property. (SOC ¶160; Testimony of S [REDACTED], Tr. 469–71).

On or about April 2020, A [REDACTED]’s building sustained hail damage, and A [REDACTED] subsequently filed an insurance claim that month for the damage with State Farm. (SOC ¶160; Testimony of S [REDACTED], Tr. 471–72). State Farm approved the claim for an initial sum. The S [REDACTED]s thereafter spoke with Rob Osborn (“Osborn”) of contractor Olde Town about repairing the damage, who indicated that the award from State Farm would be insufficient to fully repair the damage. Osborn informed the S [REDACTED]s that CAG was a public adjuster that could help them get the money they needed to complete the repairs. (Testimony of S [REDACTED], Tr. 473–76).

Addis, Enriquez, and Michio signed the contract on behalf of CAG on June 11, 2020. Mr. S [REDACTED] signed the CAG contract on June 12, 2020. CAG’s contract fee is listed as 10% of RCV. The contract also authorized CAG a limited power of attorney to endorse on A [REDACTED]’s behalf checks received from their insurer. Prior to Mr. S [REDACTED] signing the contract, no CAG representative explained to the S [REDACTED]s what a public adjuster was, CAG’s duties as a public adjuster, or how CAG would be compensated for their work; nor did any CAG representative have any conversations or meetings with the S [REDACTED]s. Osborn presented the CAG contract to the S [REDACTED]s; no CAG representative was present when Mr. S [REDACTED] signed the contract. (SOC ¶162; Testimony of S [REDACTED], Tr. 475–80; Ex. 80).

A█'s insurance claim with State Farm went to appraisal, and a final appraisal award was issued on August 26, 2021, for an RCV of \$62,800.00. (Testimony of Sullivan, Tr. 618; Ex. 85).

During the claims process, State Farm issued three (3) checks:

<b>Draft Date</b>	<b>Posting Date</b>	<b>Amount</b>	<b>Payee(s)</b>
9/5/2020	9/23/2020	\$29,674.75	A█ Northwest & CAG
9/7/2021	9/16/2021	\$10,785.25	A█ Northwest & CAG
4/27/2022	N/A	\$19,840.00	A█ Northwest & CAG

(SOC ¶¶164; Testimony of Sullivan, Tr. 619–23; Exs. 81–84).

On September 23, 2020, Respondents deposited the September 5 check into CAG's Chase bank account ending in 252. Michio endorsed the check on behalf of A█ and an unidentifiable person as "POA," and on behalf of CAG. (SOC ¶¶165–66; Testimony of Sullivan, Tr. 620–21; Ex. 81).

On September 16, 2021, Respondents deposited the September 7 check into CAG's Chase bank account ending in 252. Michio endorsed the check on behalf of A█ as "POA," and on behalf of CAG. There are also two stamps that read "Mortgage Company Required Endorsement." (SOC ¶¶165, 167; Testimony of Sullivan, Tr. 621–22; Ex. 82).

Stanley Goodyear ("Goodyear"), Vice President and Chief Credit Officer for Northwest, testified at hearing. Goodyear's position with Northwest includes reviewing allegations of forgery and determining whether a Northwest endorsement is legitimate on checks from the loan department. Goodyear testified that all endorsements by Northwest on loan checks are made by officers of the bank familiar with the account. Goodyear testified that Northwest's endorsement always includes the name and title of the officer endorsing the check and includes the written or stamped language "Northwest Bank and Trust Company." Goodyear testified that with respect to



checks for repair construction listing Northwest as a payee where a member holds a mortgage with Northwest, Northwest's standard process is to hold those funds in escrow until the work is completed and then issue the funds directly to the contractor. Goodyear testified that all checks run through Northwest would also bear a stamp indicating that the check had been deposited at Northwest, which would include the time and date of the deposit as well as Northwest's routing number. (Testimony of Goodyear, Tr. 151–58).

Goodyear testified that neither the September 5 nor September 7 checks bore the name and title of a Northwest officer or the stamp or handwritten bank name of Northwest, neither check referenced Northwest in the endorsements, and neither check was endorsed by Northwest. Goodyear also testified that the "Mortgage Company Required Endorsement" stamp was not a stamp used by Northwest to endorse checks. Goodyear testified that in reaching this conclusion, he spoke with other bank staff, who confirmed they had no recollection of speaking to anyone about these checks, and further testified that Northwest did not provide Michio or CAG with authority to endorse its signature on these checks. Goodyear also testified that Northwest has no record of the funds from these checks being held in a Northwest account for A [REDACTED]. During the investigation, Northwest also provided to the Division an affidavit of forgery stating that Northwest had not endorsed the checks. (SOC ¶171; Testimony of Goodyear, Tr. 158–66; Ex. 86).

After signing the CAG contract, the S [REDACTED]s never heard from or had any conversations with any representative of CAG. CAG did not provide A [REDACTED] with a description of the services they performed or invoices for work they performed in relation to the claim. Ms. S [REDACTED] was not made aware of the status of the claim until she reached out to State Farm directly seeking information. Respondents never contacted the S [REDACTED]s when they received or deposited the checks. (Testimony of S [REDACTED], Tr. 480–82).

After Ms. S [REDACTED] contacted State Farm, State Farm issued a third check for \$19,840.00 to the S [REDACTED]s dated April 27, 2022, listing A [REDACTED], Northwest, and CAG as payees. The S [REDACTED]s contacted CAG by email and phone to obtain their endorsement on the check so they could cash it but were unable to reach Respondents. State Farm further refused to reissue the check without proof that the contract between the S [REDACTED]s and CAG had been voided. Ms. S [REDACTED] testified that she has been unable to cash that check and has not received any of the funds from State Farm that were deposited by CAG. (SOC ¶¶168, 173; Testimony of S [REDACTED], Tr. 482–86; Ex. 83).

On September 18, 2023, contractor Fisher Construction completed the repairs to the A [REDACTED] building. The S [REDACTED]s paid \$42,785.00 out of pocket for the repairs. The S [REDACTED]s hired an attorney to assist with recovering the funds owed by CAG, but were unsuccessful, and subsequently filed a complaint with the Division alleging Respondents had wrongfully withheld funds owed to them from their insurer. (SOC ¶¶169–70; Testimony of S [REDACTED], Tr. 486–89; Exs. 78, 98).

*Ba [REDACTED] & Be [REDACTED] P [REDACTED]*

Ba [REDACTED] and Be [REDACTED] P [REDACTED] (collectively, the “P [REDACTED]s”) are Iowa consumers with a home in Bettendorf, Iowa. The P [REDACTED]s’ home is insured by State Farm. (SOC ¶174; Testimony of P [REDACTED], Tr. 427).

On or about April 7, 2020, the P [REDACTED]s’ home sustained hail damage to the roof and siding. On April 13, 2020, the P [REDACTED]s filed a claim with State Farm for the hail damage. State Farm initially approved the claim for an initial sum on May 21, 2020, and issued payment to the P [REDACTED]s in the amount of \$12,786.12. (SOC ¶¶175–76; Testimony of P [REDACTED], Tr. 428–30; Exs. 91 & 105).

While the payment from State Farm was sufficient to cover the cost of repairing the P [REDACTED]s’ roof, it was not enough to replace the siding on their home. On June 5, 2020, the

P [REDACTED] s met with Boyd Roberts (“Roberts”) of 33 Carpenters to discuss making repairs to their home. Roberts recommended that the P [REDACTED] s hire CAG to work with State Farm to obtain sufficient funds to repair the siding. (SOC ¶177; Testimony of P [REDACTED] , Tr. 431–34; Exs. 87).

On June 5, 2020, the P [REDACTED] s hired 33 Carpenters and entered into a public adjuster contract with CAG. Mr. P [REDACTED] signed the CAG contract on behalf of the P [REDACTED] s. CAG’s fee is listed in the contract as 10% of RCV. The contract also authorized CAG a limited power of attorney to endorse on the P [REDACTED] s’ behalf checks received from their insurer. Prior to Mr. P [REDACTED] signing the contract, no CAG representative explained to them what a public adjuster was, CAG’s duties as a public adjuster, or how CAG would be compensated for their work; nor did any CAG representative have any conversations or meetings with the P [REDACTED] s. Roberts presented the CAG contract to the P [REDACTED] s; no CAG representative was present when Mr. P [REDACTED] signed the contract. Ms. P [REDACTED] ’s copy of the public adjuster contract is not signed by any CAG representative. (SOC ¶177; Testimony of P [REDACTED] , Tr. 434–38; Ex. 90).

The P [REDACTED] s’ insurance claim with State Farm went to appraisal, and a final appraisal award was issued on May 20, 2021, for an RCV of \$48,500.00. (Testimony of P [REDACTED] , Tr. 440–45; Ex. 101). During the claims process, State Farm issued three (3) checks:

Draft Date	Posting Date	Amount	Payee(s)
5/21/2020	N/A	\$12,786.12	Ba [REDACTED] & Be [REDACTED] P [REDACTED]
6/23/2021	7/20/2021	\$16,571.65	Ba [REDACTED] & Be [REDACTED] P [REDACTED] & CAG
3/9/2022	N/A	\$17,485.23	Ba [REDACTED] & Be [REDACTED] P [REDACTED] & CAG

(SOC ¶178; Testimony of Billings, Tr. 248–52; Exs. 91–93, 105).

On July 20, 2021, Respondents deposited the June 23 check into CAG's Chase bank account ending in 252. The check includes endorsements by Michio on behalf of Ba [REDACTED] and Be [REDACTED] P [REDACTED] signed as "POA," and on behalf of CAG. (SOC ¶182; Testimony of Billings, Tr. 249–51; Ex. 92).

After signing the CAG contract, the P [REDACTED]s received emails from CAG representatives with pictures of the damage to their home but did not have further discussions with Respondents. Respondents did not provide the P [REDACTED]s with a description of or invoices for work they performed in relation to the claim. Respondents never contacted the P [REDACTED]s when they received or deposited the June 23 check. (Testimony of P [REDACTED], Tr. 441–43, 447–49, 453–54).

By October 2021, 33 Carpenters had completed the repairs to the P [REDACTED]s' home and provided to the P [REDACTED]s a final invoice for \$35,138.93. (Testimony of P [REDACTED], Tr. 454–55; Exs. 100, 119–120, 124). On March 9, 2022, State Farm issued the third check to the P [REDACTED]s, who endorsed the check and gave it to 33 Carpenters. Neither the P [REDACTED]s nor 33 Carpenters were able to get CAG to endorse the check. The following year, State Farm informed the P [REDACTED]s that the check had still not been cashed. The P [REDACTED]s contacted Michio by phone, text, and email inquiring about the balance of funds due from State Farm and how to proceed with having the March 9 check endorsed by CAG, but Michio never responded. (SOC ¶¶183–85; Testimony of P [REDACTED], Tr. 445–49; Exs. 87, 102).

After their unsuccessful attempts to reach Respondents, the P [REDACTED]s requested that State Farm reissue the March 9 check without CAG as a payee. State Farm refused to reissue the check without a release from CAG or proof that CAG was no longer in business. Ms. P [REDACTED] performed an internet search for CAG, including searching the Florida Department of Insurance

website, and found a Facebook page indicating that CAG was “permanently closed,” but State Farm did not reissue the check. (SOC ¶186; Testimony of P [REDACTED], Tr. 449–52; Exs. 103, 105).

On March 30, 2023, the P [REDACTED]s submitted a complaint to the Division against Respondents, wherein they asserted that Respondents had wrongfully withheld funds owed to them from his insurer. The P [REDACTED]s have not received any funds from Respondents and State Farm has refused to issue a new check to the P [REDACTED]s without CAG listed as a payee. (SOC ¶¶187–88; Testimony of P [REDACTED], Tr. 455–57; Ex. 87).

## CONCLUSIONS OF LAW

### COUNT I

#### **Unfair or Deceptive Acts and Practices**

Iowa Code § 507B.3 provides that “a person shall not engage in this state in any trade practice which is defined in this chapter as, or determined pursuant to section 507B.6 to be, an unfair method of competition, or an unfair or deceptive act or practice in the business of insurance.” Iowa Code § 507B.2 provides that a “person” shall mean any individual, “and any other legal entity engaged in the business of insurance, including insurance producers and adjusters.”

Iowa Code chapter 507B does not define the “business of insurance.” Rather, the definition of “business of insurance” is found under Iowa Code § 507A.3(1)(e): “The doing of any kind of insurance business specifically recognized as constituting the doing of an insurance business within the meaning of the statutes relating to insurance.” Acting as a public adjuster constitutes the doing of insurance business within the meaning of Iowa Code § 507A.3(1). *See* Iowa Code § 522C.6(3)(b) (authorizing penalties for acting as an unlicensed public adjuster pursuant to Iowa Code chapter 507A).

Iowa Code § 507B.6 empowers the Commissioner to find that certain conduct constitutes an unfair trade practice regardless of whether it meets one of the enumerated definitions of unfair

trade practices under Iowa Code § 507B.4. Further, the Commissioner’s regulatory authority is “extremely broad,” and licensing statutes relating to insurance should be liberally construed. *In the matter of Diamond*, Division Case No. 96975, 2019 WL 5677529, at 35 (Iowa Ins. Div., Oct 23, 2019); *Burns v. Bd. of Nursing of State of Iowa*, 528 N.W.2d 602, 604 (Iowa 1995)

The Iowa Supreme Court has recognized that the goal of public adjuster licensing statutes is to “curtail unethical and abusive practices” by public adjusters, among them being “price gouging and collusion with contractors.” *33 Carpenters Constr., Inc. v. State Farm Life & Cas. Co.*, 939 N.W.2d 69, 77 (Iowa 2020) citing *Bldg. Permit Consultants, Inc. v. Mazur*, 122 Cal.App.4th 1400, 19 Cal. Rptr. 3d 562, 570–71 (2004). The Commissioner has held that, “Iowa’s Insurance Trade Practices law would prohibit as an unfair practice any public adjuster or residential contractor from doing indirectly what the law prohibits directly.” *In the Matter of 33 Carpenters Construction, Inc.*, No. 105269, 2021 WL 1717542, at \*10 (Iowa Ins. Div., April 19, 2021). The Commissioner further stated in *33 Carpenters* that:

[A]ny residential contractor who “partners” with a public adjuster, or any public adjuster who creates either an actual or implied loyalty to or shared financial interest with a residential contractor, or other material conflict of interest with the public adjuster’s duty to act solely on behalf of the policyholder, would be unfair in contravention of public policy established by Iowa law. Similarly, any financial benefit derived by a public adjuster that is dependent on a post-loss assignment of rights or benefits to a residential contractor under the Insured Homeowner’s Protection Act, Iowa Code § 515.137A would constitute an unfair practice.

*Id.* at 13.

Under Iowa Administrative Code rule 191—55.17(1), “[a] public adjuster shall serve with objectivity and complete loyalty the interest of the insured and shall render to the insured in good faith such information, counsel and service, as within the knowledge, understanding and opinion of the licensed public adjuster, as will best serve the insured’s insurance claim needs and interest.”

Respondents committed an unfair trade practice when they did business in the state of Iowa and entered into contracts with Iowa consumers without registering CAG as a business entity with the Iowa Secretary of State. CAG did not go through the formalities of registration required to recognize a corporate entity. CAG unlawfully entered into contracts in our state. CAG, as a corporate entity, does not legally exist in Iowa and contracts signed by the business should be null. Iowa insurance law also requires a business to be admitted before doing business in this state. These circumstances prevented Iowa consumers from serving Respondents lawsuits to recover their stolen claim proceeds.

Respondents committed an unfair trade practice when they entered into the Cooperation Agreement with 33 Carpenters. The Cooperation Agreement imposed on Respondents an actual loyalty to 33 Carpenters, not the consumer, to work towards a shared financial interest between them in adjusting claims and repairing homes and businesses. Iowa consumers were misled as to the nature of the relationship between themselves, the contractors, and Respondents. Multiple consumers reported that their contractors presented Respondents' public adjuster contract to the consumer and that the consumer believed Respondents worked for the contractor, not for them.

Respondents continue to commit unfair trade practices in failing to release claim proceeds to S█████, the F█████s, G█████ T█████, A█████, E█████, and the W█████s. These consumers have repeatedly requested Respondents release these funds, but Respondents have failed to do so.

Respondents committed unfair and deceptive trade practices when they fraudulently endorsed and deposited checks into their bank account.

Respondents committed an unfair and deceptive trade practice when they falsely advertised Michio's legal credentials. Michio holds himself out to the public as someone with a "law

background.” This type of advertising has the capacity to mislead consumers into thinking Michio can provide them with legal advice or provide them with some form of legal services in adjusting their claims even though he is not, and has never been, licensed as an attorney or earned a Juris Doctorate.

Respondents’ acts and practices as stated above are unfair and/or deceptive acts or practices in the business of insurance in violation of Iowa Code § 507B.3, subjecting Michio to suspension or revocation of his public adjuster license, and subjecting Respondents to the imposition of a civil penalty, an order requiring Respondents to cease and desist from engaging in such acts or practices, the imposition of costs of the investigation and prosecution of the matter, and any other corrective action the Commissioner deems necessary and appropriate pursuant to Iowa Code §§ 505.8 and 507B.7.

**COUNT II**  
**Operating as a Public Adjuster Without a License**

Under Iowa Code § 522C.4, “a person shall not operate as or represent that the person is a public adjuster in this state unless the person is licensed by the commissioner.” A “person” includes an individual or business entity. Iowa Code § 522C.2(6). Under Iowa Code § 522C.6(3)(c), if a person, including a business entity, is found after a hearing, to have been operating as a public adjuster without proper licensure, the Commissioner may enter a cease and desist order against further such violations and may assess a civil penalty against the entity.

CAG has never been licensed in Iowa as a public adjuster. CAG operated as a public adjuster in Iowa without proper licensure over the course of numerous business dealings, including but not limited to entering into CAG public adjuster contracts with each of the Iowa consumers listed above, a fact that Respondents do not contest.



CAG's acts and practices have been in violation of Iowa Code § 522C.4 and Iowa Administrative Code rules 191—55.3, subjecting CAG to an order requiring CAG to cease and desist from engaging in such acts or practices, a civil penalty, the imposition of costs of the investigation and prosecution of the matter, and any other corrective action the Commissioner deems necessary and appropriate pursuant to Iowa Code §§ 505.8 and 522C.6.

**COUNT III**  
**Violation of Standards of Conduct for a Public Adjuster**

Under Iowa Code § 522C.6, the Commissioner may place on probation, suspend, revoke, or refuse to issue or renew a public adjuster's license or may levy a civil penalty as provided in Iowa Code § 505.7A if a licensed public adjuster is found after hearing to be in violation of the requirements of the chapter or the rules adopted or orders issued pursuant to the chapter. Iowa Administrative Code rule 191—55.17 provides that:

A public adjuster shall serve with objectivity and complete loyalty the interest of the insured and shall render to the insured in good faith such information, counsel and service, as within the knowledge, understanding and opinion of the licensed public adjuster, as will best serve the insured's insurance claim needs and interest.

...

A public adjuster shall not permit an unlicensed employee or representative of the public adjuster to conduct business for which a license is required under this chapter or Iowa Code chapter 522C.

Iowa Administrative Code rule 191—55.14(5), provides that a public adjuster contract may not contain any contract term that:

Allows the public adjuster's percentage fee to be collected when money is due from an insurance company, but not paid, or that allows a public adjuster to collect the entire fee from the first check issued by an insurance company, rather than as a percentage of each check issued by an insurance company.

Iowa Administrative Code rule 191—55.18(1), provides that “[a] public adjuster may charge the insured a reasonable fee for public adjuster services.”

Respondents violated the standards of conduct of a public adjuster when they did not serve with objectivity and complete loyalty the interests of the insured. Respondents entered the Cooperation Agreement with 33 Carpenters, and worked with at least one other contractor, namely Olde Town Roofing, toward a shared financial interest in adjusting claims and repairing homes and businesses.

Respondents violated the standards of conduct of a public adjuster when they failed to render counsel and service to the insured in good faith. Respondents directly refused R [REDACTED]'s direction to discontinue negotiations and accept his insurer's settlement offers on at least four occasions. Respondents were unresponsive to inquires or questions from all of the victim consumers at issue and did not return phone calls or emails or keep the consumers up to date on the progress of their claim. Michio repeatedly failed to serve his clients' claim needs and interests.

Respondents violated the standards of conduct of a public adjuster when they took their entire fee from the first check issued to the I [REDACTED]s in violation of rule 191—55.14(5).

Respondents violated the standards of conduct of a public adjuster when they failed to produce any invoices for their services to any of the above-named insureds or to the Division. The CAG contract did not provide a detailed statement on the scope of work to be performed by Respondents and Respondents did not provide any detailed accounting of the hours worked on each claim, the services provided, or the expenses incurred. Respondents failed to demonstrate how their fees were reasonable based on the specific situation of each claim.

Respondents' acts and practices have been in violation of Iowa Code § 522C.6 and Iowa Administrative Code rules 191—55.1, 55.14(5) and 55.18(1), subjecting Michio to probation, suspension, or revocation of his public adjuster license, the imposition of a civil penalty, and an order requiring Respondents to cease and desist from engaging in such acts or practices, an order

of restitution, the imposition of costs of the investigation and prosecution of the matter, and any other corrective action the Commissioner deems necessary and appropriate pursuant to Iowa Code §§ 505.8 and 522C.6.

**COUNT IV**  
**Improperly Withholding Funds**

Under Iowa Code § 522C.6, the commissioner may place on probation, suspend, revoke, or refuse to issue or renew a public adjuster’s license or may levy a civil penalty as provided in Iowa Code § 505.7A if a licensed public adjuster is found after hearing to be in violation of the requirements of the chapter or the rules adopted or orders issued pursuant to the chapter. Iowa Administrative Code rule 191—55.12 provides that:

The commissioner may place on probation, suspend, revoke or refuse to issue or renew a public adjuster's license; may levy a civil penalty in accordance with Iowa Code section 505.7A; or may take corrective action pursuant to Iowa Code section 505.8, or any combination of actions, for any one or more of the following causes:

...

e. Improperly withholding, misappropriating, or converting any moneys or properties received in the course of doing adjuster business.

As of the date of this order, Respondents continue to withhold claim funds from S [REDACTED], the P [REDACTED]s, G [REDACTED] T [REDACTED], A [REDACTED], E [REDACTED], and the W [REDACTED]s that Respondents obtained in the course of adjusting their claims. These consumers have repeatedly requested Respondents release these funds, but Respondents have failed to do so.

Respondents’ acts and practices have been in violation of Iowa Code § 522C.6 and Iowa Administrative Code rule 191—55.12(e), subjecting Respondents to probation, suspension, or revocation of Michio’s public adjuster license, an order requiring Respondents to cease and desist from engaging in such acts or practices, the imposition of a civil penalty, an order of restitution, the imposition of costs of the investigation and prosecution of the matter, and any other corrective

action the Commissioner deems necessary and appropriate pursuant to Iowa Code §§ 505.8 and 522C.6.

### COUNT V

#### **Using Fraudulent, Coercive or Dishonest Practices; or Demonstrating Incompetence, Untrustworthiness or Financial Irresponsibility**

Under Iowa Code § 522C.6, the commissioner may place on probation, suspend, revoke, or refuse to issue or renew a public adjuster's license or may levy a civil penalty as provided in Iowa Code § 505.7A if a licensed public adjuster is found after hearing to be in violation of the requirements of the chapter or the rules adopted or orders issued pursuant to the chapter. Iowa Administrative Code rule 191—55.12 provides that:

The commissioner may place on probation, suspend, revoke or refuse to issue or renew a public adjuster's license; may levy a civil penalty in accordance with Iowa Code section 505.7A; or may take corrective action pursuant to Iowa Code section 505.8, or any combination of actions, for any one or more of the following causes:

...

*i.* Using fraudulent, coercive or dishonest practices; or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere;

Respondents engaged in a fraudulent and/or dishonest practice by endorsing checks for banks without any legal authority to do so.

Respondents demonstrated incompetence and untrustworthiness by failing to provide information, documents to the Iowa victim consumers in a timely manner, keep them informed of the status and progress of their claims, and failing to return multiple insureds' communication attempts and failed to return monies owed to insureds.

Respondents' acts and practices have been in violation of Iowa Code § 522C.6 and Iowa Administrative Code rule 191—55.12(i), subjecting Michio to probation, suspension, or revocation of his public adjuster license, the imposition of a civil penalty, and an order requiring Michio to cease and desist from engaging in such acts or practices, an order of restitution, the

imposition of costs of the investigation and prosecution of the matter, and any other corrective action the Commissioner deems necessary and appropriate pursuant to Iowa Code §§ 505.8 and 522C.6.

#### **CALCULATION OF RESTITUTION, PENALTIES & COSTS OF INVESTIGATION**

The Commissioner's order for restitution in this matter amounts to \$1,074,078.75, and includes the amounts listed here:

- \$573,636.66 – Total claim proceeds currently withheld by Respondents;
- \$45,890.93 – Interest on withheld claim proceeds, calculated by the current IRS underpayment rate of 8% per annum;
- \$192,651.60 – Money withheld by CAG as fees owed under the CAG public adjuster contracts with the Iowa consumers, disgorged pursuant to the Commissioner's broad authority to order necessary corrective action under Iowa Code § 505.8;
- \$9,540.00 – Legal fees incurred by O [REDACTED] in pursuing Respondents for the unlawfully withheld claim proceeds;
- \$5,176.57 – Interest paid by O [REDACTED] on the commercial loan he took out to finance necessary repairs to his commercial property;
- \$1,281.34 – Monies Respondents offered to pay the I [REDACTED]s to resolve their dispute, but never actually paid; and
- \$200,000 – Expenses incurred by R [REDACTED] resulting from the delays caused by Respondents in failing to quickly resolve the insurance claim per R [REDACTED]'s instruction and failure to timely release claim proceeds to 33 Carpenters.

The Commissioner's order for penalties in this matter amounts to \$235,000.00. The maximum applicable penalties in this matter total \$235,000, and is calculated as follows:

- Iowa Code chapters 507B and 522C provide for a penalty of not more than \$1,000 for each act or violation, but not to exceed an aggregate of \$10,000, unless the individual knew or should have known that the individual violated these chapters, in which case the penalty shall be not more than \$5,000 for each act or violation, but not to exceed an aggregate of \$50,000 in any one six month period. Iowa Code §§ 505.7A, 507B.7(1)(a), 522C.6(1).
- Respondents knew or should have known that the violations described here were in violation of Iowa Code chapters 507B and 522C.
- From May 14, 2020, to November 9, 2020, Respondents committed 12 violations of Iowa Code chapter 507B, and 22 violations of Iowa Code chapter 522C, thus reaching the statutory limit of \$50,000 under each code chapter for a total penalty of \$100,000 in this period;
- From February 18, 2021, to July 20, 2021, Respondents committed three violations of Iowa Code chapter 507B for a total of \$15,000, and four violations of Iowa Code chapter 522C for a total of \$20,000;
- On September 7, 2021, Respondents committed one violation of Iowa Code chapter 507B for a total of \$5,000, and one violation of Iowa Code chapter 522C for a total of \$5,000;
- On February 22, 2024, Respondents committed one violation of Iowa Code chapter 507B for a total of \$5,000; and
- As of the date of this order, Respondents are engaging in seven ongoing violations of Iowa Code chapter 507B for a total of \$35,000, and 14 ongoing violations of Iowa Code chapter 522C, thus reaching the statutory limit of \$50,000.

## FINAL ORDER

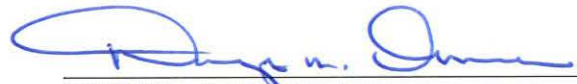
**WHEREFORE, IT IS ORDERED**, pursuant to the powers granted to the Commissioner of Insurance by Iowa Code chapters 505, 507B, 522B and 522C:

- A. Michio's nonresident public adjuster license is immediately and permanently revoked pursuant to Iowa Code §§ 522C.6 and 505.8 and Iowa Administrative Code rule 191—55.12;
- B. Respondents, pursuant to Iowa Code §§ 507B.7, 522C.6, shall immediately cease and desist from engaging in the conduct described above, or otherwise acting in the state of Iowa as public adjusters within the meaning of Iowa Code § 522C.2(7);
- C. Respondents shall, within 30 days of this Order, pay a civil penalty in the amount of \$235,000.00, made payable to the Iowa Insurance Division, to be credited to the Iowa Enforcement Fund, to provide funds for insurance enforcement and education pursuant to Iowa Code §§ 505.7A, 507B.7(1)(a), 522C.6(1);
- D. Respondents shall, within 30 days of this Order, pay restitution in the amount of \$1,028,177.10. This amount shall be made payable to the Iowa Insurance Division and will be credited to the Iowa Settlement Fund to be distributed to relevant consumers pursuant to Iowa Code § 505.8;
- E. Respondents are prohibited from receiving or collecting any insurance proceeds from any insurance company handling any claim in the state of Iowa and any previous checks made payable to the insured and the Respondents and not yet negotiated may be reissued by the insurer to the insured;
- F. Respondents shall, within 30 days of this Order, pay the costs of investigation and prosecution of this matter in the amount of \$68,123.75, made payable to the Iowa

Insurance Division, to be credited to the Iowa Enforcement Fund, to provide funds for insurance enforcement and education pursuant to Iowa Code § 505.8; and

G. These orders may be enforced under Iowa Code chapters 507B and 522C, including but not limited to Iowa Code §§ 507B.7 and 522C.6, and additionally, by any collection remedies available to the State of Iowa Department of Revenue for unpaid penalties and other ordered monetary amount.

SO ORDERED on the 9th day of October, 2024.



DOUGLAS M. OMMEN  
Commissioner of Insurance

**Copies to:**

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**ATTORNEYS FOR THE DIVISION**



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Claims Adjusters Group, Inc.  
1261 S Fort Harrison Ave., Suite B  
Clearwater, FL 33756  
[help@undrpd.com](mailto:help@undrpd.com)

**RESPONDENTS**

CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing instrument was served upon all parties to the above cause, or their attorney, at their respective addresses disclosed on the pleadings on October 9, 2024.

By:  First Class Mail ( ) Personal Service  
 Restricted certified mail, return receipt  Email  
( ) Certified mail, return receipt ( ) \_\_\_\_\_

Signature: Brooke Hohn  
Brooke Hohn

**NOTICE OF PENALTIES FOR WILLFUL VIOLATION OF THIS ORDER**

**YOU ARE NOTIFIED** that acting as a public adjuster, as defined in Iowa Code chapter 522C, in violation of this Order, is a felony under Iowa Code § 507A.10, subjecting you to punishment of imprisonment, jail, fines, or any combination of custody and fines.

**YOU ARE ALSO NOTIFIED** that if you violate this Order, you may be subject to administrative and civil penalties pursuant to Iowa Code §§ 507B.7 and 522C.6. The Commissioner may petition the district court to hold a hearing to enforce the order as certified by the Commissioner. The district court may assess a civil penalty against you in an amount not less than three thousand dollars but not greater than ten thousand dollars for each violation and may issue further orders as it deems appropriate.

**NOTICE REGARDING PERMANENT REVOCATION**

Upon entry of this Order, your public adjuster license will be permanently revoked, and therefore you are permanently prohibited from conducting the business of a public adjuster in the state of Iowa.

**NOTICE OF FINAL ORDER IMPACT**

A final order of license probation, suspension, or revocation or a cease and desist order may adversely affect other existing business or professional licenses and may result in license revocation or disciplinary action.

A final order in an administrative action does not resolve any potential criminal or civil violations or causes of action that might arise from the same or similar conduct that is the subject of this contested case. It may result in criminal law enforcement authorities, including the fraud bureau of the Iowa Insurance Division, pursuing a criminal investigation or prosecution of potential criminal law violations.