

STATE OF NEW JERSEY  
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceedings by the Commissioner of	)	ORDER
Banking and Insurance, State of New Jersey,	)	TO
to fine, suspend and/or revoke the insurance	)	SHOW CAUSE
producer license of Eileen Colon Pellet,	)	
Reference No. 9615737.	)	

TO: Eileen Colon Pellet  
39 Haring Street,  
Bergnfield, New Jersey 07621

This matter, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that Eileen Colon Pellet (“Respondent”) may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Respondent was licensed as a resident insurance producer pursuant to N.J.S.A. 17:22A-32a, until her license expired on February 28, 2018; and

WHEREAS, Respondent is subject to the provisions of the New Jersey Insurance Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 to -48 (“Producer Act”), and the regulations governing Insurance Producer Standards of Conduct, N.J.A.C. 11:17A-1.1 to 11:17D-2.8; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40d, the Commissioner shall retain the authority to enforce the provisions of and impose any penalty or remedy authorized by the Producer Act and Title 17 of the Revised Statutes or Title 17B of the New Jersey Statutes against any person who is under investigation for or charged with a violation of the Producer Act or Title 17 of the Revised Statutes or Title 17B of the New Jersey Statutes even if the person’s license or registration has been surrendered or has lapsed by operation of law; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(2), an insurance producer shall not violate any insurance law, regulation, subpoena, or order of the Commissioner or of another state's insurance regulator; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(4), an insurance producer shall not improperly withhold, misappropriate or convert any monies or properties received in the course of doing insurance business; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(8), an insurance producer shall not use fraudulent, coercive or dishonest practices, or demonstrate incompetence, untrustworthiness, or financial irresponsibility in the conduct of insurance business in this State or elsewhere; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(16), an insurance producer shall not commit any fraudulent act; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(18), an insurance producer shall not fail to notify the Commissioner within 30 days of his or her conviction of any crime, indictment or the filing of any formal criminal charges, or the suspension or revocation of any insurance license or authority by a state, other than this State, or the initiation of formal disciplinary proceedings in a state, other than this State, affecting the producer's insurance license; or fail to supply any documentation that the Commissioner may request in connection therewith; and

WHEREAS, pursuant to N.J.S.A. 17:22A-47b, an insurance producer shall report to the Commissioner within 30 days of the initial pretrial hearing date, any criminal prosecution of the producer taken in any jurisdiction; and this report shall include a copy of the initial complaint filed, the order resulting from the hearing and any other relevant legal documents; and

WHEREAS, pursuant to N.J.A.C. 11:17C-2.1(a), all premium funds shall be held by an insurance producer in a fiduciary capacity and shall not be misappropriated, improperly converted to the insurance producer's own use or illegally withheld by the licensee; and

WHEREAS, pursuant to N.J.A.C. 11:17C-2.2(a), with certain exceptions, all premium funds shall be remitted to the insurer or other insurance producer, as applicable, within five days of receipt of the funds; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a, the Commissioner may place on probation, suspend, revoke or refuse to issue or renew an insurance producer's license, and may levy a civil penalty, for a violation of the Producer Act; and

WHEREAS, pursuant to N.J.S.A. 17:22A-45c, any person violating any provision of the Producer Act shall be liable to a penalty not exceeding \$5,000.00 for the first offense and not exceeding \$10,000.00 for each subsequent offense; moreover, the Commissioner may order restitution of moneys owed any person and reimbursement of costs of investigation and prosecution; and

### **ALLEGATIONS COMMON TO ALL COUNTS**

IT APPEARING, that at all relevant times, Respondent was employed as an insurance producer at an insurance agency, Strategic Insurance Partners ("SIP"); and

IT FURTHER APPEARING, that on or about April 15, 2013, a customer of SIP, "TC", a construction company based in Essex County, remitted a cash payment in the amount of \$875 to Respondent, with an expectation that Respondent bind accident insurance coverage for TC; and

IT FURTHER APPEARING, that Respondent accepted the cash payment but failed to deliver the cash to SIP and failed to bind insurance coverage for TC; and

IT FURTHER APPEARING, that Respondent issued a fabricated certificate of insurance to TC in order to falsely represent that the insurance coverage was bound; and

IT FURTHER APPEARING, that on February 2, 2015, TC caused damages to a third party while completing a construction project in Orange, New Jersey; and

IT FURTHER APPEARING, that on February 4, 2015, TC contacted SIP to assist in filing an insurance claim for the damages to the third party; and

IT FURTHER APPEARING, that as a result of an internal investigation, SIP discovered that Respondent never bound coverage for TC despite accepting the cash payment; and

IT FURTHER APPEARING, that when confronted with this discovery, Respondent admitted to SIP that she accepted the cash payment from TC but had failed to deliver the cash to SIP and failed to bind insurance coverage; and

IT FURTHER APPEARING, that on February 4, 2015, SIP terminated Respondent's employment at the insurance agency; and

IT FURTHER APPEARING, that on August 25, 2016, Respondent was indicted by a grand jury sitting in Essex County on one count of theft by unlawful taking in the third degree, in violation of N.J.S.A. 2C:20-3a, and three counts of forgery in the fourth degree, in violation of N.J.S.A. 2C:21-1(a)(2) and (3); and

IT FURTHER APPEARING, that on December 2, 2016, Respondent was enrolled into the Pre-Trial Intervention program; and

### **COUNT 1**

IT FURTHER APPEARING, that Respondent withheld and misappropriated an insurance premium payment, in violation of N.J.S.A. 17:22A-40a(2), (4), (8), and (16), and N.J.A.C. 11:17C-2.1(a) and 2.2(a); and

**COUNT 2**

IT FURTHER APPEARING that, Respondent issued and presented a fabricated certificate of insurance to an insured in order to falsely represent that the insurance coverage was bound, in violation of N.J.S.A. 17:22A-40a(2), (8), and (16); and

**COUNT 3**

IT FURTHER APPEARING, that Respondent failed to report to the Commissioner within 30 days that she had been indicted, in violation of N.J.S.A. 17:22A-40a(18) and N.J.S.A. 17:22A-47b; and

NOW, THEREFORE, IT IS on this 24<sup>th</sup> day of July, 2018,

ORDERED, that Respondent appear and show cause why her New Jersey insurance producer license should not be suspended or revoked pursuant to N.J.S.A. 17:22A-40; and

IT IS FURTHER ORDERED, that Respondent appear and show cause why the Commissioner should not assess a civil penalty of not more than \$5,000.00 for the first violation and \$10,000.00 for each subsequent violation of the Producer Act and order restitution of moneys owed to any person, pursuant to the provisions of N.J.S.A. 17:22A-45c; and

IT IS FURTHER ORDERED, that Respondent appear and show cause why, in addition to any other penalty, she should not be required to reimburse the Department for the costs of the investigation and prosecution as authorized by N.J.S.A. 17:22A-45c; and

IT IS FURTHER PROVIDED, that Respondent has the right to request an administrative hearing, to be represented by counsel or other qualified representative, at her own expense, to take testimony, to call or cross-examine witnesses, to have subpoenas issued, and to present evidence or argument if a hearing is requested; and

IT IS FURTHER PROVIDED, that unless a request for a hearing is received within twenty (20) days of the service of this Order to Show Cause, the right to a hearing in this matter shall be deemed to have been waived by Respondent and the Commissioner shall dispose of this matter in accordance with law. A hearing may be requested by mailing the request to Virgil Downtin, Chief of Investigations, Department of Banking and Insurance, P.O. Box 329, Trenton, New Jersey 08625, or by faxing the hearing request to the Department at (609) 292-5337. A copy of the request for a hearing shall also be sent to Deputy Attorney General Garen Gazaryan at P.O. Box 117, Trenton, New Jersey 08625. The request shall contain the following:

- A. Respondent's full name, address, and daytime telephone number;
- B. A statement referring to each charge alleged in this Order to Show Cause and identifying any defense intended to be asserted in response to each charge. Where the defense relies on facts not contained in the Order to Show Cause, those specific facts must be stated;
- C. A specific admission or denial of each fact alleged in this Order to Show Cause. Where Respondent has no specific knowledge regarding a fact alleged in the Order to Show Cause, a statement to that effect must be contained in the hearing request. Allegations of this Order to Show Cause not answered in the manner set forth above shall be deemed to have been admitted; and
- D. A statement requesting a hearing.



PETER L. HARTT  
Director of Insurance