

STATE OF NEW JERSEY  
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

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Proceedings by the Commissioner of Banking )  
and Insurance, State of New Jersey, to fine, )  
suspend, and/or revoke the insurance license )  
of Wayne A. Schultz, Reference No. 8205434. )  
\_\_\_\_\_ )

**ORDER TO SHOW CAUSE**

TO:            Wayne A. Schultz                    Wayne A. Schultz  
                  190 Mitchell Road                    971 Route 202 North, Suite 5  
                  Oxford, NJ 07863                        Branchburg, NJ 08876

THIS MATTER, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that Wayne A. Schultz (“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 in the State of New Jersey pursuant to N.J.S.A. 17:22A-32(a) from March 22, 1983 until his license expired on October 31, 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

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

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a)(19), an insurance producer shall notify the Commissioner within 30 days of the final disposition of any formal disciplinary proceedings initiated against the insurance producer, or disciplinary action taken against the producer, by the Financial Industry Regulatory Authority (“FINRA”), any successor organization, or other similar non-governmental regulatory authority with statutory authority to create and enforce industry standards of conduct, or of any other administrative actions or criminal prosecutions; and

WHEREAS, pursuant to N.J.S.A. 17:22A-47(a), an insurance producer shall report to the Commissioner any administrative action taken against the insurance producer in another jurisdiction or by another governmental agency in this State within 30 days of the final disposition of the matter, which report shall include a copy of the order, consent order, or other relevant legal documents; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a), the Commissioner may place on probation, suspend, revoke, or refuse to issue or renew an insurance producer’s license for violating the Producer Act; and

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

ALLEGATIONS COMMON TO ALL COUNTS

IT APPEARING THAT, at all relevant times, Respondent was licensed as an attorney in New Jersey; and

IT APPEARING THAT, in 1996, 1998, and 2001, Respondent issued commercial notes (“Notes”) to a client who had retained Respondent for legal services, which Notes were issued by a defunct shell corporation, Wealthvest Financial Services, and failed to repay the Notes; and

IT APPEARING THAT, in April 2015, FINRA began an investigation concerning the Notes; and

IT APPEARING, that on February 5, 2016, Respondent entered into a FINRA Letter of Acceptance, Waiver, and Consent (“FINRA Consent Letter”); and

IT FURTHER APPEARING, that pursuant to the FINRA Consent Letter, Respondent was barred from associating with any FINRA member firm in any capacity due to his failure to comply with FINRA Rule 8210 in that Respondent failed and refused to provide documents and information requested by FINRA in connection with FINRA’s investigation concerning the Notes; and

IT FURTHER APPEARING, that Respondent failed to notify the Commissioner that he was barred from associating with any FINRA member firm in any capacity within 30 days, or at all, as required by N.J.S.A. 17:22A-47(a);

IT FURTHER APPEARING, that on July 19, 2016, the State of New Jersey Bureau of Securities (“Bureau of Securities”) issued a Summary Revocation Order revoking Respondent’s agent registration pursuant to N.J.S.A. 49:3-58 due to Respondent being barred by FINRA from associating with any FINRA member firm in any capacity pursuant to the FINRA Consent Letter; and

IT FURTHER APPEARING, that Respondent failed to notify the Commissioner of his agent registration being revoked by the Bureau of Securities within 30 days, or at all, as required by N.J.S.A. 17:22A-47(a); and

IT FURTHER APPEARING, that on or about December 5, 2019, the New Jersey Supreme Court imposed a six month suspension of Respondent's law license due to his violation of the New Jersey Rules of Professional Conduct in connection with the issuance of the Notes; and

**COUNT ONE**

IT FURTHER APPEARING, that by issuing the Notes to his client from a defunct shell corporation and by failing to repay the Notes, Respondent committed a fraudulent act in violation of N.J.S.A. 17:22S-40a(16); and

**COUNT TWO**

IT FURTHER APPEARING, that Respondent, by failing to notify the Commissioner of the FINRA Consent Letter barring Respondent from associating with any FINRA member firm in any capacity within 30 days, or at all, violated N.J.S.A. 17:22A-40(a)(19) and N.J.S.A. 17:22A-47(a); and

**COUNT THREE**

IT FURTHER APPEARING, that Respondent, by failing to notify the Commissioner of the Bureau of Securities order revoking his agent registration within 30 days, or at all, violated N.J.S.A. 17:22A-40(a)(19) and N.J.S.A. 17:22A-47(a); and

**COUNT FOUR**

IT FURTHER APPEARING, that by violating the New Jersey Rules of Professional Conduct and having his New Jersey law license suspended, Respondent demonstrated unworthiness to hold an insurance producer license.

NOW, THEREFORE, IT IS on this 25th day of February, 2021,

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

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

IT IS FURTHER ORDERED, that Respondent appear and show cause why he should not be required to reimburse the Department for the cost of the investigation and prosecution, as authorized pursuant to N.J.S.A. 17:22A-45(c); and

IT IS PROVIDED, that Respondent has the right to request an administrative hearing, to be represented by counsel or other qualified representative, at his 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 Brian R. Fitzgerald at: Division of Law, P.O. Box 117, Trenton, NJ 08625, fax (609) 777-3503. The request shall contain the following:

- (a) Respondent's full name, current 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 the 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 the hearing.



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Marlene Caride  
Commissioner