

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceedings by the Commissioner of Banking)
and Insurance, State of New Jersey, to fine,)
suspend and/or revoke the insurance license of)
Michael Ray Matos Reference No. 11585530.)
_____)

ORDER TO SHOW CAUSE

TO: Michael Ray Matos
657 Skyline Drive
Lake Hopatcong, NJ 07849

THIS MATTER, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that Michael Ray Matos (“Respondent”), may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Respondent was formerly licensed as a resident individual insurance producer in the State of New Jersey, pursuant to N.J.S.A. 17:22A-34(a), until September 30, 2019, when his license expired; 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”), the Producer Licensing regulations, N.J.A.C. 11:17-1.1 to -2.17, 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-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)(19) and N.J.S.A. 17:22A-47(c), an insurance producer shall notify the Commissioner within 30 days of the final disposition of any disciplinary action taken against the producer by the Financial Industry Regulatory Authority ("FINRA"); and

WHEREAS, pursuant to N.J.S.A. 17:22A-47(a), an insurance producer shall notify the Commissioner of any administrative action taken against them by another governmental agency in this State within 30 days of the final disposition of the matter; and

WHEREAS, pursuant to N.J.A.C. 11:17A-4.8, an insurance producer shall reply, in writing, to any inquiry of the Department relative to the business of insurance within the time period requested in said inquiry, or no more than 15 calendar days from the date of inquiry was made or mailed in cases where no response time is given; and

WHEREAS, pursuant to N.J.A.C. 11:17D-2.2, each calendar day that an insurance producer fails to respond to an inquiry of the Department within the time requested shall be considered a separate violation and the Commissioner may impose the maximum penalty provided therefor by law; 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

FACTUAL ALLEGATIONS

IT APPEARING, that beginning on July 20, 2015 Respondent was a licensed resident insurance producer in the state of New Jersey; and

IT FURTHER APPEARING, that in October 2017, Respondent was registered with the New Jersey Bureau of Securities (“NJ BOS”) as an agent with J.P. Morgan Securities, LLC (“JP Morgan”); and

IT FURTHER APPEARING, that on October 20, 2017, JP Morgan filed a report with FINRA terminating Respondent’s registrations and reported that Respondent “resigned voluntarily” after non-security related allegations that Respondent entered inaccurate information in to JP Morgan’s internal affiliate bank system (“JP Morgan Allegations”); and

IT FURTHER APPEARING, that on December 6, 2017 and December 27, 2017, FINRA sent Respondent requests for documentation and information related to the JP Morgan Allegations; and

IT FURTHER APPEARING, that Respondent did not respond to the FINRA requests for documentation and information; and

IT FURTHER APPEARING, that on February 13, 2018, FINRA sent Respondent a Notice of Suspension; and

IT FURTHER APPEARING, that on March 19, 2018, FINRA sent Respondent the Suspension from Association, providing that Respondent was suspended from associating with any FINRA member in any capacity; and

IT FURTHER APPEARING, that Respondent failed to request termination of his FINRA suspension within three months of the date of the Notice of Suspension; and

IT FURTHER APPEARING, that on May 16, 2018, after failure to request termination of his FINRA suspension, Respondent was barred by FINRA from associating with any FINRA member in any capacity (“FINRA Disciplinary Action”); and

IT FURTHER APPEARING, that on March 5, 2019, the NJ BOS entered a Summary Revocation Order against Respondent for the above-mentioned conduct; and

IT FURTHER APPEARING, that Respondent failed to notify the Commissioner of the FINRA Disciplinary Action taken against him within 30 days; and

IT FURTHER APPEARING, that Respondent failed to notify the Commissioner of the NJ BOS Summary Revocation Order within 30 days of the order; and

IT FURTHER APPEARING, that on June 4, 2019, the Department sent a letter of request for information to Respondent regarding his failure to report the FINRA Disciplinary Action and the NJ BOS Summary Revocation Order to the Department (“Letter of Request”); and

IT FURTHER APPEARING, that Respondent failed to respond to the Letter of Request; and

IT FURTHER APPEARING, that on November 8, 2019, the Department emailed Respondent a copy of the Letter of Request; and

IT FURTHER APPEARING, that Respondent failed to respond to the emailed Letter of Request; and

COUNT ONE

IT FURTHER APPEARING, that Respondent failed to notify the Department of the FINRA BAR within 30 days, in violation of N.J.S.A. 17:22A-40(a)(2), (19), and N.J.S.A. 17:22A-47(c); and

COUNT TWO

IT FURTHER APPEARING, that Respondent failed to notify the Department of the NJ BOS Summary Revocation Order, in violation of N.J.S.A. 17:22A-40(a) (2) and N.J.S.A. 17:22A-47(a); and

COUNT THREE

IT FURTHER APPEARING, that Respondent failed to respond to the Department's Letter of Request, in violation of N.J.S.A. 17:22A-40(a)(2), and N.J.A.C. 11:17A-4.8; and

NOW, THEREFORE, IT IS on this 16 day of November, 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 of up to \$5,000.00 for the first violation and of up to \$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 Ashleigh B. Shelton at: Division of Law, P.O. Box 117, Trenton, NJ 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 the hearing.



Marlene Caride
Commissioner