

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)
Calvin Butterworth, Reference No. 1609117,)
and Contractors First Insurance Inc.,)
Reference No. 1543451.)

FINAL ORDER

TO: Calvin Butterworth
18953 Argosy Drive
Boca Raton, FL 33496

Contractors First Insurance, Inc.
616 West Chase Street
Pensacola, FL 32502

THIS MATTER, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon issuance of Order to Show Cause No. E21-48 (the “OTSC”), alleging that Calvin Butterworth and Contractors First Insurance Inc., (collectively, “Respondents”), may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, beginning on February 26, 2014, Respondent Butterworth was licensed as a non-resident individual insurance producer in the State of New Jersey, pursuant to N.J.S.A. 17:22A-34(a), and

WHEREAS, beginning on April 19, 2016, Respondent Butterworth first became a licensed insurance producer in the State of New Jersey; and

WHEREAS, beginning on April 19, 2016, Respondent Butterworth became the designated responsible licensed producer for Respondent Contractors First; and

WHEREAS, Respondents are 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(d), 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-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)(7), the Commissioner may suspend, revoke, or refuse to issue or renew an insurance producer’s license for anyone who admitted or has been found to have committed any insurance unfair trade practice or fraud; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a)(8), an insurance producer shall not use any fraudulent, coercive, or dishonest practices, or demonstrate incompetence or untrustworthiness in the conduct of insurance business; 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.A.C. 11:17B-3.1(b), an insurance producer shall not charge a fee to an insured without obtaining a separate written fee agreement from the insured or the prospective insured; 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

WHEREAS, on December 13, 2021, the Commissioner issued the OTSC, alleging that Respondents violated New Jersey insurance laws as set forth in the following:

ALLEGATIONS COMMON TO ALL COUNTS

IT APPEARING, that starting February 26, 2014, Respondent Butterworth became a licensed non-resident insurance producer in the State of New Jersey; and

IT FURTHER APPEARING, that Respondent Butterworth is the sole owner and designated responsible licensed producer of Respondent Contractors First; and

IT FURTHER APPEARING, that from March 2014 through December 2017, Respondents assessed service fees to various insureds (“the Insureds”) without first issuing them separate fee agreements, in violation of N.J.A.C. 11:17B-3.1(b); and

IT FURTHER APPEARING, that Respondents charged New Jersey Affordable Home Improvement a \$300.00 service fee, without issuing a separate fee agreement, for policy term March 15, 2014 through March 16, 2015; and

IT FURTHER APPEARING, that Respondents charged Bailey Construction a \$500.00 service fee, without issuing a separate fee agreement, for policy term April 21, 2014 through April 22, 2015; and

IT FURTHER APPEARING, that Respondents charged Bailey Construction a \$500.00 service fee, without issuing a

separate fee agreement, for policy term April 21, 2015 through April 22, 2016; and

IT FURTHER APPEARING, that Respondents charged WK Construction Solutions, LLC, a \$700.00 service fee, without issuing a separate fee agreement, for policy term November 6, 2015 through November 7, 2016; and

IT FURTHER APPEARING, that Respondents charged R. Brown Contract, LLC a \$300.00 service fee, without issuing a separate fee agreement, for policy term December 4, 2015 through December 6, 2016; and

IT FURTHER APPEARING, that Respondents charged Rodney Brown a \$250.00 service fee, without issuing a separate fee agreement, for policy term December 4, 2016 through December 5, 2017; and

IT FURTHER APPEARING, that the service fees issued by Respondents to the Insureds totaled \$2,550.00; and

IT FURTHER APPEARING, that on October 10, 2016, Respondent Butterworth admitted to the Department of Banking and Insurance that he did not issue separate fee agreements because he “did not know about them;” and

IT FURTHER APPEARING, that from 2017 through 2018, Respondent Butterworth issued service fee refund checks to all of the Insureds; and

COUNT ONE

IT FURTHER APPEARING, that Respondents failed to obtain a separate written fee agreement prior to charging a fee to six Insureds, in violation of N.J.A.C. 11:17B-3.1(b), and N.J.S.A. 17:22A-40(a)(2), (7), and (8); and

IT FURTHER APPEARING, that as set forth in the certification of service of Ashleigh B. Shelton, Deputy Attorney General (attached as Exhibit 1), Respondent was given notice of the aforesaid charges and an opportunity to contest the charges at a hearing pursuant to the OTSC, which was duly served on Respondent by certified and regular mail to the address listed on this Final Order in accordance with N.J.A.C. 11:17D-2.1(a)(3); and

IT FURTHER APPEARING, that Respondent failed to provide a response to the charges contained in the OTSC within 20 days as provided by N.J.A.C. 11:17D-2.1(d)(1), or at all, and therefore Respondent has waived his right to a hearing to contest these charges and the charges are deemed admitted, pursuant to N.J.A.C. 11:17D-2.1(b)(1);

NOW, THEREFORE, IT IS on this 23 day of March, 2022

ORDERED, that the charges contained in Counts One of the OTSC are deemed admitted by Respondent pursuant to N.J.A.C. 11:17D-2.1(b)(1); and

IT IS FURTHER ORDERED, that pursuant to N.J.S.A. 17:22A-40, and N.J.A.C. 11:17D-2.1(b)(2), the resident insurance producer license of Respondents are hereby **REVOKED** effective upon the execution of this Final Order by the Commissioner; and

IT IS FURTHER ORDERED, that pursuant to N.J.S.A. 17:22A-45(c), Respondents shall pay a civil penalty in the total amount of \$55,000.00 to the Commissioner, as follows: \$5,000 for failing to obtain a separate written fee agreement for the first Insured, and \$10,000 for each failure to obtain a separate written fee agreement for the subsequent five Insureds, as stated in Count 1;

IT IS FURTHER ORDERED, that pursuant to N.J.S.A. 17:22A-45(c), Respondent shall reimburse the Department of Banking and Insurance, Division of Insurance Enforcement, for the costs associated with the investigation and prosecution of this matter, as evidenced by the Certification of Costs by Investigator Matthew Gervasio (attached as Exhibit 2), totaling \$500.00. The Commissioner approves the investigative costs as reasonable; and

IT IS FURTHER ORDERED, that Respondent shall pay the above penalties and costs totalling \$55,500.00 to the Commissioner of Banking and Insurance, State of New Jersey, P.O. Box 329, Trenton, New Jersey 08625, Attention: Virgil Downtin, Chief of Investigations, by certified

check, cashier's check or money order made payable to the "State of New Jersey, General Treasury," within ten (10) days from the date of service of this Order; and

IT IS FURTHER ORDERED, that in the event full payment of the penalty and costs is not made, the Commissioner may exercise any and all remedies available by law, including but not limited to recovery of any unpaid penalties, in accordance with the Penalty Enforcement Law, N.J.S.A. 2A:58-10 to -12; and

IT IS FURTHER ORDERED, that the civil penalty in this Final Order is imposed pursuant to the police powers of the State of New Jersey for the enforcement of the law and the protection of the public health, safety and welfare, and is not intended to constitute debts which may be limited or discharged in a bankruptcy proceeding; and

IT IS FURTHER ORDERED, that the provisions of this Final Order represent a final agency decision and constitute a final resolution of the allegations contained in the OTSC.



Marlene Caride
Commissioner