

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 producer)
licenses of Silkia Ostrander, Reference No.)
1210263, and Rapid Bail Bonds, LLC,)
Reference No. 1222916.)

ORDER TO SHOW CAUSE

TO: Silkia Ostrander
9395 Roping Cowboy Avenue
Las Vegas, NV 89178

Rapid Bail Bonds, LLC
c/o Silkia Ostrander
9395 Roping Cowboy Avenue
Las Vegas, NV 89178

THIS MATTER having been opened by the Commissioner of the New Jersey Department of Banking and Insurance (“Commissioner”), upon information that Silkia E. Ostrander (“Ostrander”) and Rapid Bail Bonds, LLC (“Rapid Bail Bonds”) (collectively, “Respondents”) may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Ostrander was formerly licensed by the Department as a resident insurance producer in the State of New Jersey, pursuant to N.J.S.A. 17:22A-32(a), until December 31, 2018, when her license expired; and

WHEREAS, Rapid Bail Bonds was formerly licensed by the Department as a resident business entity producer, pursuant to N.J.S.A. 17:22A-32(b), until its license expired on May 31, 2017; and

WHEREAS, Respondents are subject to the provisions of the New Jersey Insurance Producer Licensing Act, N.J.S.A. 17:22A-1 to -57 (the "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-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)(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-40(a)(8), an insurance producer shall not use fraudulent, coercive or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of insurance business in this State or elsewhere; and

WHEREAS, pursuant to N.J.A.C. 11:17A-1.6(c), licensed partners, officers and directors and all owners shall be held responsible for all insurance related conduct of the organization licensee, any of its branch offices, its other licensed officers or partners, and its employees; and

WHEREAS, pursuant to N.J.A.C. 11:17A-4.10, an insurance producer acts in a fiduciary capacity in the conduct of his or her insurance business; 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-2.1(b), all premium funds shall be segregated and not in any manner commingled with any other funds of the insurance producer; 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 requested in said inquiry, or no later than 15 calendar days from the date the inquiry was made or mailed in cases where no response time is given; and

WHEREAS, pursuant to N.J.S.A. 17:22A-42(a), any insurer authorized to transact business in the State of New Jersey, may by written contract, appoint as its agent a person that holds a valid insurance producer license issued in accordance with the provisions of the Act; and

WHEREAS, pursuant to N.J.S.A. 17:22A-42(a), the contract shall authorize the insurance producer to act as an agent for the appointing insurer for all lines of insurance for which the insurer is authorized in this State and the agent holds authority in this State, unless specifically limited; 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 or may levy a civil penalty for violating the Producer Act; and

WHEREAS, pursuant to N.J.S.A. 17:22A-45(c), any person violating any provision of the Act shall be liable to a penalty not exceeding \$5,000 for the first offense and not exceeding \$10,000 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 on or about April 18, 2016, "C.C." enlisted the help of Respondents to post a bond for her father "Y.C."; and

IT FURTHER APPEARING, that on April 18, 2016, a wire transfer of total amount of \$40,050.00 was made from C.C.'s Bank of America account and transferred into Rapid Bail Bonds's JP Morgan Chase Bank account; and

IT FURTHER APPEARING, that in addition to the bail premium, Rapid Bail Bonds required C.C. to post collateral for her father in the amount of \$25,000.00; and

IT FURTHER APPEARING, that on April 18, 2016, C.C. forwarded \$15,000.00 to Respondents towards the total collateral amount of \$25,000.00 and, pursuant to the Rapid Bail Bonds' collateral receipt, the remaining balance of collateral would be paid by Y.C. upon his release from jail; and

IT FURTHER APPEARING, that an additional payment of \$5,000.00 was sent to Respondents by C.C. on May 20, 2016; and

IT FURTHER APPEARING, that the collateral receipt, signed by C.C. and a Rapid Bail Bonds employee, reflected that "*Collateral will be returned upon the surety verifying the disposition of the defendant's case and the court discharging the defendant's bond*"; and

IT FURTHER APPEARING, that the collateral was not deposited with First Indemnity of American Insurance Company ("First Indemnity"), as Respondents' contract with First Indemnity required; and

IT FURTHER APPEARING, that review of Respondents' producer agreement with First Indemnity, specifically Section 10, "Principal's Collateral," reflected that Respondents are solely responsible for collateral until First Indemnity is in receipt; and

IT FURTHER APPEARING, that Y.C.'s bail was discharged, effective January 11, 2018;
and

IT FURTHER APPEARING, that, to date, C.C. has not received the refund of her collateral; and

IT FURTHER APPEARING, that, upon information and belief, Ostrander misappropriated the collateral received for personal use; and

IT FURTHER APPEARING, that the Department attempted to contact Ostrander as part of an investigative inquiry; and

IT FURTHER APPEARING, that the Department initially attempted to contact Ostrander at the addresses associated with her producer license; and

IT FURTHER APPEARING, the residential and mailing address associated with Ostrander's producer license was 37 Wedgewood Avenue, Woodbridge, New Jersey; and

IT FURTHER APPEARING, the business address associated with Ostrander's producer license was 410 New Brunswick Avenue, Perth Amboy, New Jersey; and

IT FURTHER APPEARING, that the Department's attempts to contact Respondents at their residential and business addresses were unsuccessful; and

IT FURTHER APPEARING, that the Department's investigation found Respondents were no longer located at the listed residential and business addresses; and

IT FURTHER APPEARING, that the Department found Ostrander moved to 9395 Roping Cowboy Avenue, Las Vegas, Nevada 89178-6251; and

IT FURTHER APPEARING, that the Department sent its letter regarding its investigative inquiry dated July 31, 2018 to the address of 9395 Roping Cowboy Avenue, Las Vegas, Nevada 89178-6251; and

IT FURTHER APPEARING, Ostrander responded to the Department in a letter dated August 13, 2019 requesting documents from the Department; and

IT FURTHER APPEARING, the Department sent a response letter dated February 6, 2020 to Ostrander requiring Ostrander's reply by no later than February 20, 2020; and

IT FURTHER APPEARING. Ostrander provided no response to the Department and failed to cooperate with the Department's investigation; and

COUNT ONE

IT FURTHER APPEARING, that Respondents accepted \$20,000.00 in collateral from C.C. for bail on behalf Y.C.; and

IT FURTHER APPEARING, Y.C.'s bail was discharged on January 11, 2018; and

IT FURTHER APPEARING, C.C.'s \$20,000.00 in collateral was never returned; and

IT FURTHER APPEARING, that Respondents misappropriated and failed to return collateral received in the course of a bail bond, in violation of N.J.S.A. 17:22A-40(a)(2); N.J.S.A. 17:22A-40(a)(4); N.J.S.A. 17:22A-40(a)(8); N.J.A.C. 11:17A-1.6(c); N.J.A.C. 11:17C-2.1(a); and N.J.A.C. 11:17C-4.10; and

COUNT TWO

IT FURTHER APPEARING, that C.C.'s \$20,000.00 in collateral was transferred to Rapid Bail Bond's bank account; and

IT FURTHER APPEARING, that Respondents' bank records show the monies in the bank accounts were used by Ostrander for purchases not related to the bail business; and

IT FURTHER APPEARING, that Respondents commingled funds, in violation of N.J.S.A. 17:22A-40(a)(2); N.J.S.A. 17:22A-40(a)(4); N.J.S.A. 17:22A-40(a)(8); N.J.A.C. 11:17A-4.10; N.J.A.C. 11:17C-2.1(a); and N.J.A.C. 11:17C-2.1(b); and

COUNT THREE

IT FURTHER APPEARING, that Respondents' agreement with First Indemnity required that "collateral received in connection with the bonding business of the prouder shall be turned by the [Respondents] to [First Indemnity]"; and

IT FURTHER APPEARING, that Respondents' agreement with First Indemnity required that "collateral will be returned upon the surety verifying the disposition of the defendant's case and the court discharging the defendant's bond"; and

IT FURTHER APPEARING, that Respondents never provided First Indemnity with C.C.'s \$20,000.00 in collateral; and

IT FURTHER APPEARING, that C.C.'s \$20,000.00 in collateral was not returned by Respondents upon the discharging of Y.C.'s bond; and

IT FURTHER APPEARING, that Respondents failed to abide by their producer agreement with First Indemnity, in violation of N.J.S.A. 17:22A-40(a)(2); N.J.S.A. 17:22A-40(a)(8); and N.J.S.A. 17:22A-42(a); and

COUNT FOUR

IT FURTHER APPEARING, that Respondents did not respond to the Department's numerous requests for information regarding C.C.'s collateral; and

IT FURTHER APPEARING, that Respondents failed to cooperate with the State's investigation, in violation of, N.J.S.A. 17:22A-40(a)(2); N.J.S.A. 17:22A-40(a)(8); and N.J.A.C. 11:17A-4.8; and

NOW, THEREFORE, IT IS on this 25th day of January 2024,

ORDERED that Respondents appear and show cause why their insurance producer's licenses should not be revoked or suspended, pursuant N.J.S.A. 17:22A-40(a); and

ORDERED that Respondents appear and show cause why the Commissioner should not assess a civil penalty of not more than \$5,000.00 for the first violation of the Act and not more than \$10,000.00 for each subsequent offense to be recovered in a summary proceeding pursuant to N.J.S.A. 17:22A-45(c); and

IT IS FURTHER ORDERED, that Respondents shall appear and show cause why the Respondents should not be required to reimburse the Department for the cost of the investigation and prosecution, including attorneys' fees, as authorized pursuant to N.J.S.A. 17:22A-45(c) and N.J.A.C. 11:16-7.9(c); and

IT IS PROVIDED, that Respondents have the right to request an administrative hearing, to be represented by counsel or other qualified representative, at their 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 ORDERED 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 Respondents and the Commissioner shall dispose of this matter in accordance with the 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 William E. Vaughan, Banking and Insurance Section, R.J. Hughes Justice Complex, 25 Market Street, P.O. Box 117, Trenton, NJ 08625-0117. 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 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 a hearing.



Justin Zimmerman
Acting Commissioner