

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 license of Joseph Giardina, Reference No. 370041.)
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) ORDER TO SHOW CAUSE
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TO: JOSEPH GIARDINA
22 WOODWAY ROAD
SOUTH SALEM, NY 10590-1611

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

WHEREAS, Giardina is actively licensed as a non-resident insurance producer in the State of New Jersey pursuant to N.J.S.A. 17:22A-32(a), which said license will expire on October 31, 2026; 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 Producer Licensing regulations promulgated thereunder, 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-47(b), an insurance producer shall report to the Commissioner any criminal prosecution of the producer taken in any jurisdiction and shall include

a copy of the initial complaint filed, the order resulting from the hearing and any other relevant legal documents, within 30 days of the initial pretrial hearing date; and

WHEREAS, pursuant to N.J.S.A. 17:22A-47(c), an insurance producer shall report to the Commissioner any disciplinary action taken against the insurance producer, or any formal disciplinary proceedings initiated 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, within 30 days of the final disposition of the matter; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a)(1), an insurance producer shall not provide incorrect, misleading, incomplete or materially untrue information in the license application; 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), an insurance producer shall not commit 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 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-40(a)(15), an insurance producer shall not intentionally withhold material information or make a material misstatement in an application for a license; and

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

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a)(18), an insurance producer shall not fail to notify the Commissioner within 30 days of the initiation of formal disciplinary proceedings in a state, other than this State, affecting the producer's insurance license; 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; 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, or may take any combination of actions for violating the Producer Act; and

WHEREAS, pursuant to N.J.S.A. 17:22A-45(c), any licensee violating the Producer Act and/or the Insurance Producer Standards of Conduct 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 a non-resident insurance producer in the State of New Jersey; and

IT FURTHER APPEARING, that at all relevant times, Respondent was employed by Allstar Financial Services, LLC ("Allstar"), an insurance and securities brokerage firm, to sell securities and/or insurance products to clients and customers of Allstar; and

IT FURTHER APPEARING, that at all relevant times, Respondent was also registered as an agent and/or investment adviser representative of Allstar with the Financial Industry Regulatory Authority (“FINRA”), a self-regulatory organization responsible under federal law for, among other things, supervising its member firms and their representatives, and enforcing rules that govern the activities of its member firms and their representatives; and

IT FURTHER APPEARING, that on March 16, 2016, Respondent, along with several other individuals, was arrested by the New Jersey Division of Criminal Justice and charged with crimes involving, among other things, theft by deception of money in amount greater than \$75,000, a second degree felony, in violation of N.J.S.A. 2C:20-4, for defrauding a doctor of \$250,000 in connection with a bogus investment scheme and diverting the solicited funds for his own personal use and benefit; and

IT FURTHER APPEARING, that on December 27, 2016, FINRA sent Respondent a “Notice of Suspension” advising Respondent that he was suspended from association with any FINRA member for failure to comply with FINRA rules or other regulatory obligations, specifically for failing to respond to FINRA’s request for information in violation of FINRA Rule 9552; and

IT FURTHER APPEARING, that on January 13, 2017, under Superseding Indictment No. SGJ695-17-13-S (“Indictment”), Respondent, along with other co-defendants, was indicted in the State of New Jersey for committing the crimes of Conspiracy, a second degree offense; Theft by Deception, a second degree offense; Money Laundering, a second degree offense; Securities Fraud a second degree offense, and Theft by Failure to Make Required Disposition of Property Received, a second degree offense, in violation of N.J.S.A. 2C:2-6; N.J.S.A. 2C:5-2; N.J.S.A. 2C:20-4; N.J.S.A. 2C:21-25; and N.J.S.A. 49:3-52 and -70; and

IT FURTHER APPEARING, that effective March 30, 2017, FINRA permanently barred Respondent from association with any FINRA member in any capacity, in accordance with FINRA Rule 9552(h); and

IT FURTHER APPEARING, that on July 12, 2019, Respondent pled guilty to Money Laundering, as amended to a third-degree offense, in violation of N.J.S.A. 2C:21-25(b)(2) under Count Three of the Indictment; and

IT FURTHER APPEARING, that on September 6, 2019, in exchange for his guilty plea, Respondent was accepted into the Pretrial Intervention Program for a term of 12 months commencing September 6, 2019; and

COUNT ONE

IT FURTHER APPEARING, that on or about September 12, 2016, Respondent completed and submitted to the New Jersey Department of Banking and Insurance (“DOBI”) an application to renew his insurance producer license; and

IT FURTHER APPEARING, that in his renewal application, Respondent falsely answered “NO” to Question No. 1b. which stated: “Have you been convicted of a felony, had a judgment withheld or deferred, or are you currently charged with committing a felony, which has not been previously reported to this insurance department?”; and

IT FURTHER APPEARING, that contrary to his response to Question No. 1b, Respondent, in fact, had been charged with a felony in connection with his arrest on March 16, 2016 on charges, among other things, of theft by deception of money in amount greater than \$75,000 in violation of N.J.S.A. 2C:20-4, a felony, and Respondent had not reported same to DOBI as of September 12, 2016; and

IT FURTHER APPEARING, that by submitting false answers and incorrect information on his application to renew his insurance license, Respondent violated N.J.S.A. 17:22A-40(a)(1), (2), (8), (15) and (16); and

COUNT TWO

IT FURTHER APPEARING, that on December 27, 2016, FINRA suspended Respondent from association with any FINRA member for failure to respond to FINRA's request for information, in violation of FINRA Rule 9552; and

IT FURTHER APPEARING, that Respondent failed to report to the Commissioner, within 30 days of the suspension, this disciplinary action taken against him by FINRA, in violation of N.J.S.A. 17:22A-47(c) and N.J.S.A. 17:22A-40(a)(2) and (19); and

COUNT THREE

IT FURTHER APPEARING, that on January 13, 2017, Respondent was indicted in the State of New Jersey for various crimes, including but not limited to theft by deception of money in amount greater than \$75,000, a felony, in violation of N.J.S.A. 2C:20-4; and

IT FURTHER APPEARING, that Respondent failed to report to the Commissioner, within 30 days of the indictment, the filing of formal criminal charges and criminal prosecution by the State of New Jersey, in violation of N.J.S.A. 17:22A-47(b) and N.J.S.A. 17:22A-40(a)(2) and (18); and

COUNT FOUR

IT FURTHER APPEARING, that on March 30, 2017, FINRA permanently barred Respondent from association with any FINRA member in any capacity, in accordance with FINRA Rule 9552(h); and

IT FURTHER APPEARING, that Respondent failed to report to the Commissioner, within 30 days of being barred from association, this disciplinary action taken against him by FINRA, in violation of N.J.S.A. 17:22A-47(c) and N.J.S.A. 17:22A-40(a)(2) and (19); and

COUNT FIVE

IT FURTHER APPEARING, that in or about July 2017, DOBI first became aware of the Superseding Indictment No. SGJ695-17-13-S filed against Respondent and then opened its investigation into that matter, and prior thereto Respondent had purposefully concealed from the Department said indictment as well as the disciplinary actions taken against him by FINRA; and

IT FURTHER APPEARING, that in 2016-2017, Respondent engaged in fraudulent, unethical and dishonest practices and demonstrated incompetence and untrustworthiness in the conduct of insurance and securities business, specifically by: (1) using deception and deceitful tactics to create the false impression that the \$250,000 in solicited funds would be an investment in an a blood laboratory when, in fact, said funds were diverted for Respondent's personal use and benefit; (2) engaging in a transaction(s) designed to conceal that the \$250,000 in solicited funds was derived from his criminal activity; and (3) failing to report to DOBI the criminal and administrative proceedings against him, and the disciplinary actions taken against him regarding his FINRA registration, in violation of N.J.S.A. 17:22A-40(a)(2), (7), (8), (15) and (16); and,

NOW, THEREFORE, IT IS on this 30th day of March, 2026

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

IT IS FURTHER ORDERED, that Respondent appears 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/or the Producer Standards

of Conduct regulations, 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 appears and show cause why, in addition to any other penalty, he 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-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 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 Matthew Gervasio, Supervising Investigator, 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 Dakar R. Ross, Deputy Attorney General, Department of Banking and Insurance, P.O. Box 117, Trenton, New Jersey 08625. The request from each respondent 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.



Susan Ochs
Acting Commissioner