

ORDER TO SHOW CAUSE NO. E13- 13

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceedings by the Commissioner of)
Banking and Insurance, State of New) **ORDER**
Jersey, to fine, suspend and/or) **TO SHOW**
revoke the insurance licenses of) **CAUSE**
Senior Seminar Services, Inc.,)
Ref. No. 1228784, and Annmarie)
O'Neill, Ref. No. 0219765)

TO: Annmarie O'Neill
588 Miles Road
Gilbertsville, PA 19525

Annmarie O'Neill, Sr. Advisor
Senior Seminar Services, Inc.
588 Miles Road
Gilbertsville, PA 19525

This matter, having been opened by the Commissioner of the Department of Banking and Insurance ("Commissioner" or "Department"), State of New Jersey, upon information that Senior Seminar Services, Inc. ("SSS Inc.") and Annmarie O'Neill ("O'Neill") (collectively hereinafter referred to as "Respondents") may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, SSS Inc. and O'Neill are currently licensed as nonresident insurance producers pursuant to N.J.S.A. 17:22A-34; and

WHEREAS, pursuant to N.J.S.A. 17:22A-32b(2), O'Neill is the Designated Responsible Licensed Producer ("DRLP"), sole owner and responsible for the conduct of SSS Inc.; and

WHEREAS, Respondents are subject to the provisions of the New Jersey Insurance Producer Licensing Act ("Act"), N.J.S.A. 17:22A-26 et seq., the Indexed Standard Nonforfeiture Law for Individual Annuities Act ("Annuities Act"), N.J.S.A. 17B:25-21 et seq., the provisions governing unfair trade practices in the business of life insurance and annuities ("Trade Practices Act"), N.J.S.A. 17B:30-1 et seq., the regulations governing Producer Licensing, N.J.A.C. 11:17-1 et seq., and the regulations governing Insurance Producer Standards of Conduct, N.J.A.C. 11:17A-1.1 et seq. and N.J.A.C. 11:17B-1.1 et seq.; and

WHEREAS, pursuant to N.J.S.A. 17:22A-29, a person shall not sell, solicit or negotiate insurance in this State unless the person is licensed for that line of authority; and

WHEREAS, pursuant to N.J.S.A. 17:22A-32b(2), a business entity acting as an insurance producer shall designate a licensed insurance producer or producers responsible for the business entity's compliance with the insurance laws, rules and regulations of this State; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(2), an insurance producer shall not violate any insurance laws, regulations, subpoenas or orders of the Commissioner or of another state's insurance regulator; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(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-40a(5), an insurance producer shall not intentionally misrepresent the terms of an actual or proposed insurance contract, policy or application of insurance; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(8), an insurance producer shall not use fraudulent, coercive or dishonest business practices, or demonstrate incompetence, untrustworthiness or financial irresponsibility in the conduct of insurance business; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(12), an insurance producer shall not knowingly accept insurance business from an unlicensed producer; and

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

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(17), an insurance producer shall not knowingly facilitate or assist another person in violating any insurance laws; and

WHEREAS, pursuant to N.J.S.A. 17:22A-45c, any person violating any provisions 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, as well as, restitution of moneys owed any person and reimbursement of the costs of

investigation and prosecution; and

WHEREAS, pursuant to N.J.S.A. 17B:25-36a(1), an insurance producer shall not use a certification, professional designation, or form of advertising expressing or implying in an untrue, deceptive, misleading, or false manner that the producer has special education, training, or experience in advising or servicing senior citizens or retirees in connection with the solicitation, negotiation or sale of an annuity, or its value or suitability, either directly or indirectly, including through a publication or writing, or by issuing or promulgating an analysis or report relating to an annuity; and

WHEREAS, pursuant to N.J.S.A. 17B:25-38b(2), an insurance producer shall, prior to selling an annuity negotiated with a consumer, make reasonable efforts to obtain, and record on a form prescribed by the Commissioner, information concerning:

- (a) The consumer's financial status;
- (b) The consumer's tax status;
- (c) The consumer's investment objectives;
- (d) Any other information considered to be relevant by the producer to provide the reasonable grounds for believing the annuity is suitable for the consumer; and
- (e) The consumer's acknowledgement:
 - i. That the annuity and the solicitation, negotiation, and sale of the annuity concerning

- its suitability are subject to regulatory oversight by the Department; and
- ii. Of receipt of appropriate contact information for the Department's consumer assistance services.

WHEREAS, pursuant to N.J.S.A. 17B:25-38b(3), the reasonable grounds for an insurance producer for believing the annuity is suitable for the consumer shall be based upon all relevant information and circumstances of the consumer actually obtained or known, and recorded, during the time of any negotiation or offer of sale on the annuity; and

WHEREAS, pursuant to N.J.S.A. 17B:25-42a, a violation of the Annuities Act shall be a violation of the Trade Practices Act; and

WHEREAS, pursuant to N.J.S.A. 17B:30-2, no person shall engage in this State in any trade practice which is an unfair method of competition or an unfair or deceptive act or practice in the business of life insurance, health insurance or annuity; and

WHEREAS, pursuant to N.J.S.A. 17B:30-3, no person shall make any statement misrepresenting the terms of any annuity contract issued or the benefits or advantages promised; and

WHEREAS, pursuant to N.J.S.A. 17B:30-6, no person shall make any misleading representation or incomplete or fraudulent comparison of any annuity contract for the purpose of inducing, or tending to induce, any person to lapse, forfeit, surrender, terminate, retain, or convert any annuity contract, or to take out

a policy of life insurance or annuity contract in another insurer;
and

WHEREAS, pursuant to N.J.A.C. 11:17-2.7(b), no nonresident, licensed producer shall conduct business under a name other than its legal or business name in the state where it maintains a resident license; and

WHEREAS, pursuant to N.J.A.C. 11:17-2.8(a), licensees shall file with the Department by hard copy or electronic means a branch office registration form within 30 days before business is first conducted there; and

WHEREAS, pursuant to N.J.A.C. 11:17-2.9(b)4, an employer shall be responsible for the insurance-related conduct of an employee; and

WHEREAS, pursuant to N.J.A.C. 11:17A-1.3(d), no licensed insurance producer shall permit or allow any unlicensed person to transact the business of an insurance producer; and

WHEREAS, pursuant to N.J.A.C. 11:17A-1.3(e), employees of licensed insurance producers who solicit, negotiate or sell insurance by communicating directly with the public whether in person or by mail, fax, computer or telephone, in the name of or on behalf of the licensed insurance producer, for compensation of any type, shall be licensed as an insurance producer; and

WHEREAS, pursuant to N.J.A.C. 11:17A-1.6(b), any insurance producer who has established one or more places of business for

the purpose of transacting the business of insurance shall assign at least one insurance producer to each location and shall register each branch office; and

WHEREAS, pursuant to N.J.A.C. 11:17A-1.6(c), licensed partners, officers and directors, and all owners with an ownership interest of 10 percent or more in the organization, shall be held responsible for all insurance related conduct of the organization licensee, any branch offices, its other licensed officers or partners, and its employees; and

WHEREAS, pursuant to N.J.A.C. 11:17A-2.8, no insurance producer shall make any misleading representations or incomplete or fraudulent comparison of any insurance policies or annuity contracts or insurers for the purpose of inducing, or tending to induce, any person to lapse, surrender, terminate, retain, or convert any insurance policy or annuity contract, or to take out a policy of insurance or annuity contract with another insurer; 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. 11:17B-3.1(a), an insurance producer, acting as an agent for an insurance company for personal lines insurance shall not charge or receive a fee on a policy to or from a policy holder or insured for services rendered as an insurance producer except for reimbursement of actual out-of-

pocket expenses incurred obtaining documents and other materials related to the underwriting process; and

WHEREAS, pursuant to N.J.A.C. 11:17B-3.1(b), an insurance producer charging a fee to an insured or prospective insured shall first obtain from the insured or prospective insured a written agreement, which shall be separate and apart from all other agreements and applications, and shall contain the following provisions and no other provisions:

1. A clear statement of the amount of the fee to be charged and the nature of the service to be provided therefor;
2. A statement that such fees are not part of the premium charged by the insurance company and that such fees can be charged only if the insured or prospective insured so consents in writing;
3. A clear statement as to whether a commission will be received from the purchase of insurance; and
4. The signature of the insured or prospective insured and the licensed insurance producer and the date of execution of the agreement.

WHEREAS, pursuant to N.J.A.C. 11:17B-3.1(c), any fee charged by an insurance producer shall bear a reasonable relationship to the services provided; and

WHEREAS, pursuant to N.J.A.C. 11:17B-3.1(d), a new written agreement shall be entered into for each fee charged and each time

a fee is charged; and

WHEREAS, pursuant to N.J.A.C. 11:17B-3.1(f), no insurance producer shall charge a fee for services not actually performed; and

IT APPEARING that on or about October 29, 2001, SSS Inc. was incorporated in the State of Pennsylvania; and

IT FURTHER APPEARING that on or about October 23, 2002, O'Neill was first licensed by the State of New Jersey as a nonresident insurance producer, pursuant to N.J.S.A. 17:22A-34; and

IT FURTHER APPEARING that on or about August 7, 2009, SSS Inc. was first licensed by the State of New Jersey as a nonresident business entity insurance producer, pursuant to N.J.S.A. 17:22A-34; and

COUNT 1

IT FURTHER APPEARING that from on or about October 23, 2002, through August 7, 2009, while SSS Inc. was unlicensed in the State of New Jersey, SSS Inc. and O'Neill conducted seminars and meetings in the State of New Jersey where, among other matters, Respondents discussed, sold, solicited or negotiated insurance products and services with prospective clients in this State, in violation of N.J.S.A. 17:22A-29, N.J.S.A. 17:22A-40a(2) and (8), N.J.A.C. 11:17-2.7(b) and 11:17A-1.6(c); and

COUNT 2

IT FURTHER APPEARING that from September 2006 through December 3, 2009, Theresa Ferguson ("Ferguson") was an unlicensed employee of Respondents; and

IT FURTHER APPEARING that from September 2006 through December 3, 2009, O'Neill directed Ferguson to sell, solicit, or negotiate annuity and life insurance products and to discuss and explain the benefits of insurance to prospective and current customers of the Respondents in this State; and

IT FURTHER APPEARING that, on October 25, 2010, Ferguson entered into a Consent Order with the Department in which she admitted that she sold, solicited or negotiated insurance products in the State of New Jersey while unlicensed in this State, and employed and supervised by Respondents, in violation of N.J.A.C. 11:17A-1.3(e); and

IT FURTHER APPEARING that, pursuant to N.J.S.A. 17:22A-32b(2) and N.J.A.C. 11:17A-1.6(c), O'Neill, as owner and DRLP of SSS Inc., is responsible for the violations committed and admitted to by her employee, Ferguson, and that O'Neill failed to properly supervise the conduct of insurance business and either directed and/or knew Ferguson conducted the business of insurance in this State directly with the public on behalf of her and SSS Inc., in violation of N.J.S.A. 17:22A-40a(2), (8), (12) and (17), N.J.A.C. 11:17-2.9(b)4 and N.J.A.C. 11:17A-1.3(d) and (e); and

COUNT 3

IT FURTHER APPEARING that on or before July 28, 2009, Respondents established a branch office of SSS Inc. in Cape May, New Jersey and thereafter produced and distributed brochures, to prospective and current clients in this State, that stated "**Now two offices,**" referring to SSS Inc.; and

IT FURTHER APPEARING that up until March 9, 2010, these brochures continued to reflect that Respondents had two branches, with one branch location in Cape May, New Jersey; and

IT FURTHER APPEARING that even though Respondents advertised that SSS Inc. had a branch office in this State, Respondents never reported or licensed the New Jersey branch office of SSS Inc. with the Department, in violation of N.J.S.A. 17:22A-40a(2) and (8), N.J.A.C. 11:17-2.8(a) and N.J.A.C. 11:17A-1.6(b); and

COUNT 4

IT FURTHER APPEARING that on July 17, 2001, the Society of Certified Senior Advisors ("SCSA") conferred upon O'Neill the designation of Certified Senior Advisor ("CSA"); and

IT FURTHER APPEARING that on or about July 31, 2008, the Society of Certified Senior Advisors revoked O'Neill's Certified Senior Advisor designation because O'Neill violated SCSA Rules 201 and 203; and

IT FURTHER APPEARING that on August 5, 2009, O'Neill conducted a presentation to senior citizens in Lawrenceville, New

Jersey where she presented a sign-up sheet to attendees at the event which stated "FREE CONSULTATIONS ALL OF YOUR QUESTIONS ANSWERED BY C.S.A.'S (CERTIFIED SENIOR ADVISORS)"; and

IT FURTHER APPEARING, that on August 5, 2009, at the same presentation in Lawrenceville, New Jersey, O'Neill confirmed to the Department's Investigator that she held the designation of Certified Senior Advisor; and

IT FURTHER APPEARING that on January 29, 2010, the Department's Investigator again asked O'Neill to provide the Department with a copy of her certificate indicating that she held the designation of CSA; and

IT FURTHER APPEARING that on or about February 16, 2010, Respondents sent a copy of O'Neill's CSA certificate by facsimile to the Department; and

IT FURTHER APPEARING that O'Neill's use of the CSA designation after its revocation at seminars, in conversations with the Department's investigator, and in advertising literature was untrue, deceptive, misleading and false, in violation of N.J.S.A. 17B:25-36a(1), N.J.S.A. 17B:30-2 and N.J.S.A. 17:22A-40a(2), (8) and (16); and

ALLEGATION COMMON TO COUNTS 5 THROUGH 12
(Allegations of Misleading, Dishonest, Coercive and
Fraudulent Insurance Business with John M.)

IT FURTHER APPEARING that on August 8, 2007, John M. purchased two annuity contracts from Lincoln Financial Group

("Lincoln") through his nephew using the proceeds of the sale of his home and some retirement funds, investing a total of \$332,667.40; and

IT FURTHER APPEARING that during the period from August 8, 2007, through February 11, 2011, John M. voluntarily withdrew \$67,047.31 from these two annuity policies for living expenses; during the same period of time, the value of these two annuity policies declined \$56,304.14, or about 17%, due to a decline in the value of the index funds the two annuities were invested in; and

IT FURTHER APPEARING that on January 5, 2011, John M. attended a seminar hosted by Respondents on senior issues in the clubhouse of Homestead Run, an adult community in Toms River, New Jersey, where John M. resided; and

IT FURTHER APPEARING that at that seminar, hosted by Respondents, John M. provided his contact information to Respondents; and

IT FURTHER APPEARING that after the seminar, on or about January 24, 2011, O'Neill met, individually, with John M. at his home in Homestead Run; and

IT FURTHER APPEARING that at this meeting on January 24, 2011, O'Neill contacted Lincoln from John M.'s home to ask Lincoln about the type and value of the annuity policies owned by John M. and to ask Lincoln to send her transfer forms immediately; and

IT FURTHER APPEARING that at this meeting, O'Neill spoke to Lincoln and stated during the telephone call, in John M.'s presence, "It (the annuity value) is all the way down to that?"; and

IT FURTHER APPEARING that on the same date, January 24, 2011, O'Neill telephoned Lincoln a second time from John M.'s home, to inquire about the nature of an income rider on the annuity and stating on the phone, in the presence of John M., that the nature of the annuity was "not good" and that John M. "does not need income," when in fact, the income rider was specifically set up to provide John M. with automatic monthly distributions from the annuity to help pay his living expenses; and

IT FURTHER APPEARING that on January 24, 2011, for a third time, from John M.'s home, O'Neill telephoned Lincoln and instructed Lincoln to liquidate John M.'s current investment profile of the annuity and to place the funds in the Money Market Fund option because John M. had "lost so much money;" and

IT FURTHER APPEARING that on or about January 27, 2011, O'Neill completed the distribution request and wire transfer forms provided by Lincoln, instructing Lincoln to completely liquidate John M.'s annuity policies and remit the proceeds to North American Company ("North American"), a company that Respondents were appointed agent and from which Respondents would receive a commission; and

IT FURTHER APPEARING that O'Neill composed a cover letter that was included with the distribution and transfer forms sent to Lincoln, which, in part, stated: "I am fully aware of my current surrender charges if applicable and realize I will be transferring cash surrender value of my policy! I **DO NOT** want you to **PROLONG** this process by sending me an unnecessary conservation letter. I want you to know that I have **ABSOLUTELY** made up my mind and want you to **IMMEDIATELY SURRENDER MY POLICY WITHOUT DELAY. IT'S MY MONEY!!**" and "I demand you not slow up the transfer of MY money;" and

IT FURTHER APPEARING that on or about January 31, 2011, O'Neill faxed the cover letter, distribution request and wire transfer forms from SSS Inc.'s office to Lincoln; and

IT FURTHER APPEARING that on or about February 11, 2011, Lincoln liquidated John M.'s two annuity policies and made two transfers to North American, one in the amount of \$26,361.78 and one in the amount of \$169,463.12, these amounts representing the value of John M.'s Lincoln annuity policies, less the surrender penalties assessed by Lincoln of \$13,441.05; and

Count 5

IT FURTHER APPEARING that O'Neill, induced and persuaded John M. to liquidate the two Lincoln annuity policies by misrepresenting the terms and features of the annuity policies and making misleading, incomplete and/or fraudulent statements

regarding the actual performance of the two annuity policies, in violation of N.J.S.A. 17B:30-2, -3 and -6, N.J.S.A. 17:22A-40a(2), (5), (8) and (16), N.J.A.C. 11:17A-2.8 and N.J.A.C. 11:17A-4.10; and

COUNT 6

IT FURTHER APPEARING that Respondents were appointed as agents for North American, but not Lincoln; and

IT FURTHER APPEARING that on or about February 3, 2011, after Respondents had requested liquidation of John M.'s Lincoln annuity policies, O'Neill completed two applications for new annuity policies from North American for John M.; and

IT FURTHER APPEARING that on the North American applications, O'Neill falsely stated that the Lincoln annuities had "lost over \$130K in variable annuities," when, in fact, John M.'s Lincoln annuity policies had lost \$56,304.14 in value; and

IT FURTHER APPEARING that on the Deferred Annuity Suitability Form O'Neill falsely stated that John M.'s assets consisted of \$100,000 invested in certificates of deposit ("CDs"), \$50,000 invested in Money Market accounts, \$100,000 deposited in checking and savings accounts and the two annuities at Lincoln, valued at \$180,000, when, in fact, she never asked John M. about any of these investments and when, in fact, John M. had only about \$35,000 deposited in his checking and savings accounts and no CDs or Money Market investments; and

IT FURTHER APPEARING that on February 14, 2011, based upon the applications submitted by Respondents, North American issued two annuity policies in the name of John M.; and

IT FURTHER APPEARING that O'Neill made false, incomplete or misleading statements on the North American annuity applications and disclosure forms, in violation of N.J.S.A. 17B:30-2, -3 and -6 and N.J.S.A. 17:22A-40a(2), (5), (8) and (16); and

COUNT 7

IT FURTHER APPEARING that O'Neill failed to make reasonable efforts to obtain relevant information regarding John M.'s financial status, investment objectives and whether the North American deferred annuity policies were suitable for John M., in violation of N.J.S.A. 17B:25-38b(3), N.J.S.A. 17:22A-40a(2), (8) and (16) and N.J.A.C. 11:17A-4.10; and

COUNT 8

IT FURTHER APPEARING that O'Neill made misleading representations or incomplete or fraudulent comparisons of the annuity contracts for the purpose of inducing John M. to surrender the Lincoln annuity contracts and to purchase the North American annuity contracts, in violation of N.J.S.A. 17B:30-2, -3 and -6, N.J.S.A. 17:22A-40a(2), (8) and (16), N.J.A.C. 11:17A-2.8 and N.J.A.C. 11:17A-4.10; and

COUNTS 9 & 10

IT FURTHER APPEARING that on or about July 14, 2011, O'Neill

visited John M. again at his home and took physical possession and control of John M.'s financial records, including his bank checking and savings account and check register; and

IT FURTHER APPEARING that O'Neill personally wrote checks on the checking account and recorded transactions in the check register; and

IT FURTHER APPEARING that on August 1, 2011, Respondents sent a partial surrender request to North American, instructing North American to withdraw \$60,000 from John M.'s new annuity and to remit the funds by electronic transfer to John M.'s checking account, knowing that John M. would incur penalty surrender charges of \$11,654.88; and

IT FURTHER APPEARING that on August 17, 2011, North American remitted \$48,345.12 to John M.'s checking account, representing the \$60,000.00 withdrawal less the \$11,654.88 penalty surrender charge; and

IT FURTHER APPEARING that when North American surrendered part of his newly purchased annuity, John M. incurred a substantial surrender penalty charge of \$11,654.88 and a tax liability on the withdrawn amount; and

IT FURTHER APPEARING that from the period July 14, 2011, through August 20, 2011, O'Neill wrote checks totaling over \$40,000 to pay repairmen, caretakers, herself, SSS Inc. and AMO's Adventure LLC (O'Neill's purported non-profit corporation), all

using John M.'s funds, including the proceeds of the surrendered annuity policy; and

IT FURTHER APPEARING that Respondents' direction and control over John M.'s financial affairs, including, but not limited to, writing checks from his checking account, constitutes coercive and/or dishonest business practices and demonstrates untrustworthiness in the conduct of insurance business, in violation of N.J.A.C. 11:17A-4.10 and N.J.S.A. 17:22A-40a(2), (8) and (16); and

IT FURTHER APPEARING that from the period July 14, 2011 through August 20, 2011, Respondents paid themselves fees totaling \$5,000.00 using John M.'s funds, that bore no reasonable relation to services provided and without any written agreement with the insured, in violation of N.J.S.A. 17:22A-40a(2), (4), (8) and (16), N.J.A.C. 11:17B-3.1(a), (b), (c) and (d) and N.J.A.C. 11:17A-4.10; and

COUNT 11

IT FURTHER APPEARING that on August 15, 2011, O'Neill wrote a check on John M.'s checking account for \$5,000 payable to O'Neill's attorney, and recorded such payment in John M.'s check register; and

IT FURTHER APPEARING that John M. never met or hired O'Neill's attorney; and

IT FURTHER APPEARING that O'Neill's attempt to divert John

M.'s funds to pay her attorney, for her own benefit, constitutes a misappropriation of those funds, was fraudulent, dishonest and demonstrates untrustworthiness in the conduct of insurance business, in violation of N.J.S.A. 17:22A-40a(2), (4), (8) and (16); and

COUNT 12

IT FURTHER APPEARING that on January 19, 2012, John M. instructed North American to remove O'Neill as the agent of record on his North American annuities; and

IT FURTHER APPEARING that on January 26, 2012, North American notified John M. that his request to change the agent of record on his annuity policies had been processed; and

IT FURTHER APPEARING that on or about February 28, 2012, after the change of agent of record had been made by North American, Respondents composed and sent John M. a letter for John M.'s signature, which was addressed to North American and which, in part stated that he was contacting North American "in writing to give my authorization for the staff of SSS Inc. and O'Neill to have full access to any/all information regarding my policy," and instructing North American to send all client information to Respondents; and

IT FURTHER APPEARING that on July 23, 2012, Respondents, once again, composed and sent John M. another letter for John M.'s signature attempting to obtain authorization for North American to

give all John M.'s client information to Respondents; and

IT FURTHER APPEARING that Respondents' continued harassment, in a manner causing John M. annoyance and alarm, is an attempt to gain access to John M.'s personal financial information and control over his financial assets, including his two annuity policies, constitutes coercive and/or dishonest business practices and demonstrates untrustworthiness in the conduct of insurance business, in violation of N.J.S.A. 17:22A-40a(2) and (8).

NOW, THEREFORE, IT IS on this 19th day of FEBRUARY, 2013:

ORDERED that pursuant to the provisions of N.J.S.A. 17:22A-40a, Respondents shall appear and show cause why their insurance producer licenses should not be revoked by the Commissioner; and

IT IS FURTHER ORDERED that Respondents appear and show cause why the Commissioner should not assess fines up to \$5,000.00 for the first violation and not exceeding \$10,000.00 for each subsequent violation of the Act, pursuant to the provisions of N.J.S.A. 17:22A-45c; and

IT IS FURTHER ORDERED that Respondents appear and show cause why they should not be ordered to cease and desist from all conduct in violation of the insurance laws and why the Commissioner should not assess fines against them of of \$1,000 and up to \$5,000, pursuant to the Trade Practices Act, N.J.S.A. 17B:30-17b; and

IT IS FURTHER ORDERED that Respondents appear and show cause why they should not be subject to additional penalties including reimbursement of the costs of investigation and prosecution by the Department of Banking and Insurance and restitution pursuant to N.J.S.A. 17:22A-45c; and

IT IS PROVIDED that Respondents have 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 subpoena duces tecum 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 Respondents, 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, N.J. 08625 or by faxing the request to the Department at (609) 292-5337. The request shall contain:

(A) The licensee's 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 the 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 this 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.

A handwritten signature in blue ink, appearing to read 'PLH', is written over a horizontal line.

PETER L. HART

Acting Director of Insurance