

ORDER TO SHOW CAUSE NO. E14-130

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)
John Savadjian, Reference No.)
8300284)

**FIRST AMENDED
ORDER TO SHOW CAUSE**

TO: Matthew S. Adams, Esq.
c/o John Savadjian
Fox Rothschild, LLP
75 Eisenhower Parkway, Suite 200
Roseland, NJ 07068-1600

THIS MATTER, having been opened by the Commissioner of Banking and Insurance ("Commissioner"), State of New Jersey, upon information that JOHN SAVADJIAN ("Savadjian" OR "Respondent") may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Respondent is subject to the provisions of the New Jersey Insurance Producer Licensing Act, ("Producer Act") N.J.S.A. 17:22A-26 et seq.; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(2), an insurance producer shall not violate any insurance law, regulation, subpoena, or order of the Commissioner; and

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

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(10), an insurance producer shall not forge another's name to an application for insurance or to any document related to an insurance transaction; and

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

IT APPEARING that, Respondent Savadjian is currently a licensed resident insurance producer in the State of New Jersey pursuant to N.J.S.A. 17:22A-32; and

COUNT 1

IT FURTHER APPEARING that, from at least June 30, 2010, until on or about December 1, 2011, Respondent was acting as an insurance agent for Prudential Insurance Company of America ("Prudential") from a local Prudential agency office in Oradell, New Jersey ("Oradell Office"); and

IT FURTHER APPEARING that, Prudential accounts that are without a servicing Prudential agent are considered "orphaned accounts"; and

IT FURTHER APPEARING that, Prudential procedures required agents to receive a policyholder's signed consent prior to the transfer of the policyholder's orphaned account to an agent's book of business; and

IT FURTHER APPEARING that, during this time period Respondent's position as an agent for Prudential at the Oradell office was subordinate to that of the Oradell Managing Director; and

IT FURTHER APPEARING that, the Managing Director was the only person at the Oradell Office authorized by Prudential procedures to transfer, without the signed consent of policyholders, orphaned accounts to a new servicing agent; and

IT FURTHER APPEARING that, on or about June 30, 2010, the Managing Director approved the transfer of a limited number of orphaned accounts, without the policyholders' signed consent for transfer, to Respondent's book of business by issuing a fax cover letter to Prudential instructing them to transfer the attached accounts to Respondent;

IT FURTHER APPEARING that, on the same day, Respondent faxed the June 30, 2010 cover letter along with forty-five (45) attached orphaned accounts to Prudential for transfer to his book of business; and

IT FURTHER APPEARING that, without the knowledge or approval of the Managing Director, and without the knowledge or

consent of the policyholders, on or about August 3, 2010, Respondent utilized the same fax cover letter from June 30, 2010 in a fax transmission to Prudential with eighty (80) additional orphaned accounts attached to be transferred to his book of business, causing Prudential to effectuate such transfers; and

IT FURTHER APPEARING that, this instance, where Respondent fraudulently reused the June 30, 2010 fax cover letter, giving approval to transfer eighty (80) orphaned accounts to his book of business for which he was not entitled to, and transmitted the same to an insurance company, constitutes violations of N.J.S.A. 17:22A-40a(2), (8), (10), and (16); and

COUNT 2

IT FURTHER APPEARING that, on or about July 15, 2010, the Managing Director approved the transfer of a limited number of orphaned accounts, that were without the policyholders' signed consent for transfer, to Respondent's book of business by issuing a fax cover letter to Prudential instructing them to transfer the attached accounts to Respondent;

IT FURTHER APPEARING that, on or about July 15, 2010, Respondent faxed the cover letter and ninety (90) attached orphaned accounts to Prudential for transfer of the accounts to his book of business; and

IT FURTHER APPEARING that, without the knowledge or approval of the Managing Director, and without the knowledge or consent of the policyholders, on or about August 3, 2010, Respondent utilized the same fax cover letter from July 15, 2010 in a fax transmission to Prudential with twenty-six (26) additional orphaned accounts attached to be transferred to his book of business, causing Prudential to effectuate such transfers; and

IT FURTHER APPEARING that, this instance, where Respondent fraudulently reused the July 15, 2010 fax cover letter, giving approval to transfer twenty-six (26) orphaned accounts to his book of business for which he was not entitled to, and transmitted the same to an insurance company, constitutes violations of N.J.S.A. 17:22A-40a(2), (8), (10), and (16); and

COUNT 3

IT FURTHER APPEARING that, on or about September 9, 2010, the Managing Director approved the transfer of a limited number of orphaned accounts, that were without the consumers' signed consent for transfer, to Respondent's book of business by issuing a fax cover letter to Prudential instructing them to transfer the attached accounts to Respondent;

IT FURTHER APPEARING that, on or about September 9, 2010, Respondent faxed the cover letter and attached twenty-three (23)

orphaned accounts to Prudential for transfer of the orphaned accounts to his book of business; and

IT FURTHER APPEARING that, without the knowledge or approval of the Managing Director, and without the knowledge or consent of the policyholders, on or about October 5, 2010, Respondent utilized the same fax cover letter from September 9, 2010 in a fax transmission to Prudential with eight (8) additional orphaned accounts attached to be transferred to his book of business, causing Prudential to effectuate such transfers; and

IT FURTHER APPEARING that, this instance, where Respondent fraudulently reused the September 9, 2010 fax cover letter, giving approval to transfer eight (8) orphaned accounts to his book of business for which he was not entitled to, and transmitted the same to an insurance company, constitutes violations of N.J.S.A. 17:22A-40a(2), (8), (10), and (16); and

COUNT 4

IT FURTHER APPEARING that, without the knowledge or approval of the Managing Director, and without the knowledge or consent of the policyholders, on or about November 29, 2010, Respondent utilized the same fax cover letter from September 9, 2010 in a fax transmission to Prudential with twenty-nine (29) additional orphaned accounts attached to be transferred to his

book of business, causing Prudential to effectuate such transfers; and

IT FURTHER APPEARING that, this instance, where Respondent fraudulently reused the September 9, 2010 fax cover letter, giving approval to transfer twenty-nine (29) orphaned accounts to his book of business for which he was not entitled to, and transmitted the same to an insurance company, constitutes violations of N.J.S.A. 17:22A-40a(2), (8), (10), and (16); and

COUNT 5

IT FURTHER APPEARING that, without the knowledge or approval of the Managing Director, and without the knowledge or consent of the policyholders, on or about January 10, 2011, Respondent utilized the same fax cover letter from September 9, 2010 in a fax transmission to Prudential with sixty-two (62) additional orphaned accounts to be transferred to this book of business, causing Prudential to effectuate such transfers; and

IT FURTHER APPEARING that, this instance, where Respondent fraudulently reused the September 9, 2010 fax cover letter, giving approval to transfer sixty-two (62) orphaned accounts to his book of business for which he was not entitled to, and transmitted the same to an insurance company, constitutes violations of N.J.S.A. 17:22A-40a(2), (8), (10), and (16); and

COUNT 6

IT FURTHER APPEARING that, on or about November 10, 2010, the Managing Director approved the transfer of a limited number of orphaned accounts, that were without the consumers' signed consent for transfer, to Respondent's book of business by issuing a fax cover letter to Prudential instructing them to transfer the attached accounts to Respondent;

IT FURTHER APPEARING that, on or about November 10, 2010, Respondent faxed the cover letter and attached two (2) orphaned accounts to Prudential for transfer of the orphaned accounts to his book of business; and

IT FURTHER APPEARING that, without the knowledge or approval of the Managing Director, and without the knowledge or consent of the policyholders, on or about December 22, 2010, Respondent utilized the same fax cover letter from November 10, 2010 in a fax transmission to Prudential with thirty-one (31) additional orphaned accounts attached to be transferred to his book of business, causing Prudential to effectuate such transfers; and

IT FURTHER APPEARING that, this instance, where Respondent fraudulently reused the November 10, 2010 fax cover letter, giving approval to transfer thirty-one (31) orphaned accounts to his book of business for which he was not entitled to, and

transmitted the same to an insurance company, constitutes violations of N.J.S.A. 17:22A-40a(2), (8), (10), and (16); and

COUNT 7

IT FURTHER APPEARING that, on or before January 17, 2011, the accounts of Prudential policyholders "BK", "GK", and "MK" were orphaned; and

IT FURTHER APPEARING that, Respondent received individual Premium Frequency Change forms from consumers BK, GK, and MK which contained the consumers' signatures necessary for approval to change the date in which the policy premiums were paid each month; and

IT FURTHER APPEARING that, on or before January 17, 2011, Respondent forged the signatures of BK, GK, and MK to individual forms, referred to as Transfer Report Servicing Responsibility forms, to transfer the policyholders' orphaned accounts to Respondent's book of business, by means of cutting and pasting the signatures from the Premium Frequency Change form; and

IT FURTHER APPEARING that, consumers BK, GK and MK did not sign any Transfer Report Servicing Responsibility form, nor give any type of authorization to Respondent to utilize their signatures; and

IT FURTHER APPEARING that, Respondent faxed the three (3) Transfer Report Servicing Responsibility forms, which contained

the forged signatures of BK, GK and MK, to Prudential to effectuate the transfer of the orphaned accounts to his book of business; and

IT FURTHER APPEARING that, this instance, where Respondent forged the signatures of three (3) consumers to three (3) separate documents, and transmitted the same to an insurance company, constitutes violations of N.J.S.A. 17:22A-40a(2), (8), (10), and (16); and

COUNT 8

IT FURTHER APPEARING that, on or before January 18, 2011, Respondent forged the signature of Prudential account holder "HA" to a Transfer Report Servicing Responsibility form; and

IT FURTHER APPEARING that, consumer HA did not sign any Transfer Report Servicing Responsibility form, nor give any type of authorization to Respondent to utilize his signature; and

IT FURTHER APPEARING that, Respondent faxed the Transfer Report Servicing Responsibility form, which contained the forged signature of HA, to Prudential to effectuate the transfer of the orphaned account to his book of business; and

IT FURTHER APPEARING that, this instance, where Respondent forged the signature of a consumer to a document, and transmitted the same to an insurance company, constitutes violations of N.J.S.A. 17:22A-40a(2), (8), (10), and (16); and

COUNTS 9 - 45

IT FURTHER APPEARING that, from on or about December 1, 2011 through on or about June 12, 2013, Respondent made thirty-seven (37) telephone calls to Prudential's Customer Services Office ("CSO") and fraudulently identified himself as Prudential insurance agent "MF"; and

IT FURTHER APPEARING that, in each of these thirty-seven (37) telephone calls to the CSO, which were recorded by Prudential, Respondent authenticated this false identity to Prudential by providing MF's agency contract number and personal identification number to Prudential; and

IT FURTHER APPEARING that, in each of the thirty-seven (37) telephone calls to the CSO, Respondent used the false identity to collect private and sensitive policy information and data on multiple insurance consumers and policy holders; and

IT FURTHER APPEARING that, these thirty-seven (37) instances where Respondent contacted an insurance company, lied about his true identity, and fraudulently used the identity of another insurance producer, to collect private and sensitive policy information and data on multiple insurance consumers and policy holders, constitute thirty-seven (37) violations of N.J.S.A. 17:22A-40a(2), (8), and (16); and

COUNTS 46 - 55

IT FURTHER APPEARING that, from on or about December 1, 2011 through on or about June 12, 2013, Respondent made nine (9) telephone calls to Prudential's Customer Services Office ("CSO") and fraudulently identified himself as former third party Prudential insurance agent "AS"; and

IT FURTHER APPEARING that, in each of these nine (9) telephone calls to the CSO, which were recorded by Prudential, Respondent authenticated this false identity to Prudential by providing AS's agency contract number; and

IT FURTHER APPEARING that, in each of the nine (9) telephone calls to the CSO, Respondent used the false identity to collect private and sensitive policy information and data on multiple insurance consumers and policy holders; and

IT FURTHER APPEARING that, these nine (9) instances where Respondent contacted an insurance company, lied about his true identity, and fraudulently used the identity of another insurance producer, to collect private and sensitive policy information and data on multiple insurance consumers and policy holders, constitute nine (9) violations of N.J.S.A. 17:22A-40a(2), (8), and (16); and

COUNT 56

IT FURTHER APPEARING that, between on or about December 1, 2011 and on or about June 12, 2013, Respondent made one (1) telephone call to Prudential's Customer Services Office ("CSO") and fraudulently identified himself as Prudential insurance consumer "BS"; and

IT FURTHER APPEARING that, during this telephone call to the CSO, which was recorded by Prudential, Respondent authenticated this false identity to Prudential by providing consumer BS's name, policy number, last four digits of BS's social security number, and date of birth; and

IT FURTHER APPEARING that, during this telephone call to the CSO, Respondent used BS's identity to collect private and sensitive policy information and data concerning the consumer's insurance policy; and

IT FURTHER APPEARING that, this instance where Respondent contacted an insurance company, lied about his true identity, and fraudulently used the identity of an insurance consumer, to collect private and sensitive policy information and data concerning an insurance consumer and policy holder, constitutes violations of N.J.S.A. 17:22A-40a(2), (8), and (16); and

COUNTS 57-58

IT FURTHER APPEARING that, between on or about December 1, 2011 and on or about June 12, 2013, Respondent made two (2) telephone calls to Prudential's Customer Services Office ("CSO") and fraudulently identified himself as Prudential insurance consumer "BC"; and

IT FURTHER APPEARING that, during these telephone calls to the CSO, which were recorded by Prudential, Respondent authenticated this false identity to Prudential by providing consumer BC's name, address, policy number, and date of birth; and

IT FURTHER APPEARING that, during these telephone calls to the CSO, Respondent used BC's identity to collect private and sensitive policy information and data concerning the consumer's insurance policy; and

IT FURTHER APPEARING that, these instances where Respondent contacted an insurance company, lied about his true identity, and fraudulently used the identity of an insurance consumer, to collect private and sensitive policy information and data concerning an insurance consumer and policy holder, constitute two (2) violations of N.J.S.A. 17:22A-40a(2), (8), and (16); and

COUNT 59

IT FURTHER APPEARING that, between on or about December 1, 2011 and on or about June 12, 2013, Respondent made one (1) telephone call to Prudential's Customer Services Office ("CSO") and fraudulently identified himself as Prudential insurance consumer "SS"; and

IT FURTHER APPEARING that, during this telephone call to the CSO, which was recorded by Prudential, Respondent authenticated this false identity to Prudential by providing consumer SS's name, policy number, address, last four digits of SS's social security number, and date of birth; and

IT FURTHER APPEARING that, during this telephone call to the CSO, Respondent used SS's identity to collect private and sensitive policy information and data concerning the consumer's insurance policy; and

IT FURTHER APPEARING that, this instance where Respondent contacted an insurance company, lied about his true identity, and fraudulently used the identity of an insurance consumer, to collect private and sensitive policy information and data concerning an insurance consumer and policy holder, constitutes violations of N.J.S.A. 17:22A-40a(2), (8), and (16); and

COUNT 60

IT FURTHER APPEARING that, between on or about December 1, 2011 and on or about June 12, 2013, Respondent made one (1) telephone call to Prudential's Customer Services Office ("CSO") and fraudulently identified himself as Prudential insurance consumer "GA"; and

IT FURTHER APPEARING that, during this telephone call to the CSO, which was recorded by Prudential, Respondent authenticated this false identity to Prudential by providing consumer GA's name, policy number, address, and phone number; and

IT FURTHER APPEARING that, during this telephone call to the CSO, Respondent used GA's identity to collect private and sensitive policy information and data concerning the consumer's insurance policy; and

IT FURTHER APPEARING that, this instance where Respondent contacted an insurance company, lied about his true identity, and fraudulently used the identity of an insurance consumer, to collect private and sensitive policy information and data concerning an insurance consumer and policy holders, constitutes violations of N.J.S.A. 17:22A-40a(2), (8), and (16); and

NOW, THEREFORE, IT IS on this 7th day of November, 2014

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

IT IS FURTHER ORDERED that, Respondent shall 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, pursuant to the provisions of N.J.S.A. 17:22A-45c, due to his failure to comply with New Jersey's insurance laws and regulations; and


IT IS FURTHER ORDERED that, pursuant to N.J.S.A. 17:22A-45c, Respondent shall appear and show cause why he should not be subject to additional penalties, including restitution to his victims and reimbursement of the costs of investigation and prosecution by the Department of Banking and Insurance; 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 subpoena and 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 the 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, New Jersey 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 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.



Peter L. Hartt
Acting Director of Insurance