

CONSENT ORDER NO. E14-144

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceedings by the Commissioner)
of the New Jersey Department of)
Banking and Insurance, to fine,)
suspend, and/or revoke the)
insurance producer licenses of)
Susan Caines, Reference No.)
9951173; Vincent Scaturro,)
Reference No. 0076095; and)
Luigi Sacco, Reference No.)
9610396.)
_____)

**CONSENT ORDER BETWEEN THE
COMMISSIONER AND VINCENT
SCATURRO**

TO: Adamo Ferreira, Esq.
Attorney for Respondent Vincent Scaturro
Degrado Halkovich, LLC
2 University Plaza, Suite 402
Hackensack, NJ 07601

THIS MATTER, having been opened by the Commissioner of the Department of Banking and Insurance ("Commissioner"), State of New Jersey, upon information that Vincent Scaturro ("Scaturro"), formerly licensed as a resident individual insurance producer, pursuant to N.J.S.A. 17:22A-32, Susan Caines ("Caines"), and Luigi Sacco ("Sacco"), formerly licensed as a resident individual insurance producer, pursuant to N.J.S.A. 17:22A-26 et seq., may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Scaturro is subject to the provisions of the New Jersey Insurance Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 et seq. ("Producer Act"); and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a, 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 in accordance with N.J.S.A. 17:22A-45c, or may take any combination of actions, for any one or more of the violations listed in N.J.S.A. 17:22A-40a(1) through (19); 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(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(6), an insurance producer shall not be convicted of a felony or crime of the fourth degree or higher; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(7), an insurance producer shall not commit an insurance unfair trade practice or fraud; 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

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.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, on May 21, 2014, the Commissioner issued Order to Show Cause No. E14-57 alleging the following facts and violations of New Jersey insurance laws by Scaturro; and

BACKGROUND

IT APPEARING THAT, Caines, Scaturro, and Sacco (collectively, "Respondents") worked for Monumental Life Insurance Company ("Monumental") as licensed producers; and

IT FURTHER APPEARING THAT, Respondents worked in Monumental's Union Office, district number "6-J," in a group designated "Staff 8"; and

IT FURTHER APPEARING THAT, Sacco served as "Sales Manager" for Staff 8; and

IT FURTHER APPEARING THAT, Respondents devised, conspired and carried out a scheme to fraudulently surrender numerous in force Monumental life insurance policies; and

IT FURTHER APPEARING THAT, the scheme involved the completion and submission to Monumental of falsified Disbursement Request Forms ("DRFs") designed to appear as though they had been completed and submitted by actual policyholders; and

IT FURTHER APPEARING THAT, on the falsified DRFs, Respondents would provide false addresses where the cash surrender checks from Monumental could be collected by the Respondents without the policyholders' knowledge; and

IT FURTHER APPEARING THAT, after receiving the cash surrender checks, Respondents would forge the policyholders'

signatures and endorse the cash surrender checks to 1) themselves, 2) Monumental 3) or to a third party organization involved in the scheme, namely, the "Helping Hands and Ears Crisis Intervention and Prevention Center" ("Helping Hands"), through which the majority of the cash surrender checks were laundered; and

IT FURTHER APPEARING THAT, using this scheme, Respondents succeeded in fraudulently surrendering one hundred and twenty-five (125) Monumental life insurance policies, totaling \$62,330.51 in cash value; and

IT FURTHER APPEARING THAT, at least ninety-six (96) of the 125 cash surrender checks, totaling \$45,604.03 in cash value, were endorsed by Respondents to Helping Hands and then deposited by the administrator of Helping Hands, into a bank account held and operated by the Helping Hands organization; and

IT FURTHER APPEARING THAT, after the cash surrender checks deposited into the Helping Hands bank account cleared, Helping Hands would issue checks to Sacco and Scaturro from the Helping Hands bank account in an amount equivalent to the amount deposited, less a nominal "donation" to the organization ("Helping Hands checks"); and

IT FURTHER APPEARING THAT, at the instruction of Sacco, Helping Hands issued a number of checks to Respondents wherein the "payee" section was left blank; and

IT FURTHER APPEARING THAT, nineteen (19) Helping Hands checks were endorsed to Scaturro, which were subsequently deposited into his personal account or cashed; and

IT FURTHER APPEARING THAT, nine (9) Helping Hands checks were endorsed to Caines, which were subsequently deposited into her personal account or cashed; and

IT FURTHER APPEARING THAT, six (6) Helping Hands checks were endorsed to Sacco, which were subsequently deposited into his personal account or cashed; and

IT FURTHER APPEARING THAT, Caines endorsed eighteen (18) fraudulently obtained cash surrender checks to herself, and subsequently deposited them into her personal account; and

IT FURTHER APPEARING THAT, at least five (5) of the 125 cash surrender checks were used by Respondents to pay premiums for certain Monumental policies which were then in arrears; and

IT FURTHER APPEARING THAT, by way of Order to Show Cause No. E14-57, the Commissioner alleged the following violations of the Producer Act:

COUNT 1

IT APPEARING THAT, Scaturro assisted and conspired with the other Respondents in carrying out the above-described scheme to fraudulently cash surrender Monumental life insurance policies, which involved, among other things, the completion and submission of fraudulent DRFs to Monumental and the forging of policyholders' signatures on the resulting cash surrender checks, in violation of N.J.S.A. 17:22A-40a(2), (4), (8), (10), (16), (17), N.J.A.C. 11:17A-4.10; and

COUNT 2

IT APPEARING THAT, in the course of carrying out the above scheme, Scaturro delivered or caused the delivery of a number of the fraudulently obtained and forged cash surrender checks to Helping Hands, in violation of N.J.S.A. 17:22A-40a(2), (4), (8), (10), (16), (17), and N.J.A.C. 11:17A-4.10; and

COUNT 3

IT APPEARING THAT, in the course of carrying out the above scheme, Scaturro endorsed and forged a number of the cash surrender checks to Helping Hands, in violation of N.J.S.A. 17:22A-40a(2), (4), (8), (10), (16), (17), and N.J.A.C. 11:17A-4.10; and

COUNT 4

IT APPEARING THAT, Scaturro deposited eighteen (18) Helping Hands checks into his personal account, and cashed one (1) other, totaling \$20,270.41, in violation of N.J.S.A. 17:22A-40a(2), (4), (8), (16), and N.J.A.C. 11:17A-4.10; and

COUNT 5

IT FURTHER APPEARING THAT, on or about December 9, 2009, Scaturro pleaded guilty to one count of criminal Insurance Fraud in the Third Degree, in violation of N.J.S.A. 17:22A-40a(2), (6), (7), and (8); and

WHEREAS, Scaturro admits and accepts responsibility for the foregoing violations alleged against him in Order to Show Cause No. E14-57; and

WHEREAS, the parties have come to an amicable resolution of the present matter wherein Scaturro has knowingly and voluntarily waived his right to a hearing, consented to a civil penalty of \$5,000.00 pursuant to N.J.S.A. 17:22A-40 and N.J.S.A. 17:22A-45c, and knowingly and voluntarily agrees to revocation of his expired insurance producer license and agrees never to apply or re-apply for an insurance license of any kind in this State; and

IT FURTHER APPEARING, that this matter should be resolved upon consent of the parties without resort to formal hearing; and

NOW, THEREFORE, IT IS on this 10th day of December, 2014:

ORDERED AND AGREED, that the charges contained in Order to Show Cause No. E14-57 are admitted by Scaturro; and

IT IS FURTHER ORDERED AND AGREED, that Scaturro shall pay a civil penalty payment of an amount totaling \$5,000.00 ("Settlement Amount") to the Department pursuant to N.J.S.A. 17:22A-45c for the violations admitted to herein and described in Order to Show Cause No. E14-57; and

IT IS FURTHER ORDERED AND AGREED, that the expired insurance producer license of Scaturro is hereby REVOKED; and

IT IS FURTHER ORDERED AND AGREED, that Scaturro shall never apply nor re-apply for an insurance license of any kind in this State; and

IT IS FURTHER ORDERED AND AGREED, that Scaturro shall pay the Settlement Amount as follows:

1. Scaturro shall pay \$1,000.00 to the Department, due immediately upon execution of this Consent Order by Scaturro. Payment shall be made by certified check, bank check, or money order made payable to the "State of New Jersey, General Treasury." Payment of the \$1,000.00 shall be sent to:

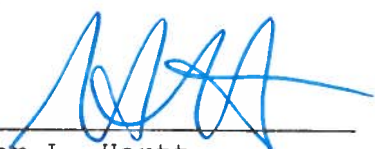
Jason N. Silberberg, Deputy Attorney General
Banking and Insurance Section
R.J. Hughes Justice Complex
P.O. Box 117
Trenton, New Jersey 08625-0117

2. Scaturro shall thereafter pay the remainder of the civil penalty, \$4,000.00, in sixteen (16) monthly installments of \$250.00, beginning on December 1, 2014, until the Settlement Amount is paid in full, which monthly payments are to be sent to:

Jan Allen, Collections
New Jersey Department of Banking and Insurance
20 . State Street, 10th Floor
21 Trenton, New Jersey 08625-0325

IT IS FURTHER ORDERED AND AGREED, that this final administrative order may be docketed as a judgment with the Clerk of Superior Court as provided by the Penalty Enforcement Law, N.J.S.A. 2A:58-10 et seq.; and

IT IS FURTHER ORDERED AND AGREED, that the provisions of this Consent Order represent a final agency decision and constitute a final resolution of the allegations in Order to Show Cause No. E14-57 against Scaturro.



Peter L. Hartt
Acting Director of Insurance

Consented as to Form, Content, and Entry:

Vincent Scaturro
Vincent Scaturro
Respondent


Dated: 11-20-14

Adamo Ferreira
Adamo Ferreira, Esq.
Attorney for Respondent

Dated: 11.20.2014

JOHN J. HOFFMAN
ACTING ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiff

Dated: 12-9-14

By: 
Carl M. Bornmann
Deputy Attorney General