

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) CONSENT
Thaxton Group Inc., Ref. No. 1579488, and) ORDER
Michael Patrick Shea, Ref. No. 1447321.)

TO: **Thaxton Group Inc.**
100 North Tampa Street
Suite 3530
Tampa, FL 33602

Michael Patrick Shea
100 North Tampa Street
Suite 3530
Tampa, FL 33602

This matter, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that Thaxton Group Inc. (“Thaxton”), currently licensed as a nonresident business entity insurance producer pursuant to N.J.S.A. 17:22A-34, and Michael Patrick Shea (“Shea”), currently licensed as a nonresident individual insurance producer and Thaxton’s designated responsible licensed producer pursuant to N.J.S.A. 17:22A-32b(2), may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Thaxton and Shea, (collectively “Respondents”) are subject to the provisions of New Jersey Insurance Producer Licensing Act of 2001, 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 laws, or violate any regulation, subpoena or order of the Commissioner or of another state’s insurance regulator; 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 in the conduct of insurance business; and

WHEREAS, pursuant to N.J.S.A. 17:22A-29, no person shall sell, solicit or negotiate insurance in this State unless the person is licensed for that line of authority in accordance with this act; 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. 11:17C-2.3(a)1, any premiums held for more than five business days before remitting to an insurer or other insurance producer shall be held in a trust account; and

WHEREAS, pursuant to N.J.A.C. 11:17A-1.3 (a), (b), and (c), no person shall act as an insurance producer, by soliciting, negotiating or selling insurance, or maintaining or operating any office in this State for the transaction of the business of an insurance producer, without first obtaining a license from the Commissioner granting authority for the kind of insurance transacted; and

WHEREAS, pursuant to N.J.S.A. 17:22-6.42(c), if certain insurance coverages of subject's resident, located, or to be performed in this State cannot be procured from authorized insurers, such coverages, hereinafter designated "surplus lines," may be procured from unauthorized insurers placed through a licensed New Jersey surplus lines agent; and

WHEREAS, beginning in or around January 2015, Respondents began to negotiate for primary lawyer's professional liability insurance for New Jersey insured PK, and on or about January 12, 2015, after not being able to place the risk with an authorized insurer, Respondents

secured coverage in the surplus lines market, when they were not licensed to write surplus lines business, in violation of N.J.S.A. 17:22A-40a (2) and (8), N.J.S.A. 17:22A-29, N.J.A.C. 11:17A-1.3 (a), (b), and (c), and N.J.S.A. 17:22-6.42(c); and

WHEREAS, PK issued a check for premium payments to Respondents and on or about January 20, 2015, said funds were deposited into the operating account of SBG Partners Inc. d/b/a Thaxton Barclay Group, and said funds remained in the operating account until March 27, 2015, until they were paid to the insurer, in violation of N.J.S.A. 17:22A-40a (2) and (8) N.J.A.C. 11:17C-2.3(a)1, and N.J.A.C. 11:17C-2.1(b); and

WHEREAS, Respondents:

- 1) Have admitted responsibility for the aforementioned violations; and
- 2) Have cooperated with the investigation conducted by the New Jersey Department of Banking and Insurance; and
- 3) Have declared that these acts were unintentional; and

WHEREAS, cause does exist under N.J.S.A. 17:22A-40a and N.J.S.A. 17:22A-45c, to impose a fine; and

WHEREAS, Respondents have waived their right to a hearing on the aforementioned violations and have consented to being jointly and severally liable for the payment of a fine in the amount of \$2500.00; and

WHEREAS, this matter should be resolved upon the consent of the parties without resort to a formal hearing on the aforementioned violations, and further good cause appearing; and

NOW, THEREFORE, IT IS on this 28th day of OCTOBER, 2015

ORDERED AND AGREED, that Respondents pay a fine in the amount of \$2500.00 to the Department; and

IT IS FURTHER ORDERED AND AGREED, that said fine shall be paid by certified check, cashier's check or money order made payable to the State of New Jersey, General Treasury, with a fine payment of \$2500.00 due and payable immediately upon execution of this Consent Order by Respondents; and

IT IS FURTHER ORDERED AND AGREED, that the signed Consent Order together with the fine payment of \$2500.00 shall be remitted to:

New Jersey Department of Banking and Insurance
ATTN: Virgil Downtin, Chief of Investigations
9th Floor – Enforcement Unit
P.O. Box 329
Trenton, New Jersey 08625

IT IS FURTHER ORDERED AND AGREED, that in the event full payment of the fine is not made in accordance with this Order, the Commissioner may exercise any and all remedies available by law, including but not limited to recovery of any unpaid amounts in summary proceedings, in accordance with the penalty enforcement law N.J.S.A. 2A:58-10 et seq.; and

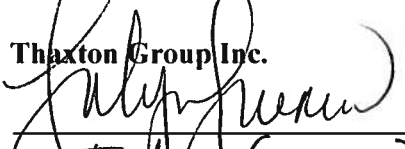
IT IS FURTHER ORDERED AND AGREED, that the provisions of this Consent Order represent a final agency decision and constitute a final resolution of the violations contained herein; and

IT IS FURTHER ORDERED AND AGREED, that Respondents shall cease and desist from engaging in the conduct that gave rise to this Consent Order and hereafter, shall comply in all respects with the New Jersey insurance laws and regulations.


Peter L. Hart
Director of Insurance

Consented to as to
Form, Entry, and Content

Thaxton Group Inc.



Stalyn Guerrero CFO/cro

(Print Name and Title)

Date: 10/14/15

Michael Patrick Shea



Date: 10/14/15

Partner