

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 licenses of )  
Kiran M. Sondhi, Reference No. )  
8934739, and KK Insurance )  
Agency, Inc., Reference No. )  
1050394 )

**CONSENT ORDER**

TO: Matthew Oliver, Esq.  
Lowenstein Sandler LLP  
65 Livingston Avenue  
Roseland, NJ 07068

Amit Sondhi, Esq.  
Mintz & Gold LLP  
600 Third Avenue, 25<sup>th</sup> Flr.  
New York, NY 10016

THIS MATTER, having been opened by the Commissioner of Banking and Insurance ("Commissioner"), State of New Jersey, upon information that Kiran Sondhi ("Sondhi") and KK Insurance Agency, Inc. ("KK Insurance") (collectively, "Respondents"), actively licensed as a resident individual producer and as a resident business entity producer, respectively, may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Respondents are subject to the provisions of the New Jersey Insurance Producer Licensing Act of 2001 ("Producer Act"), N.J.S.A. 17:22A-26, et seq., and the New Jersey Insurance Fraud Prevention Act ("Fraud Act"), N.J.S.A. 17:33A-1 et seq.; and

WHEREAS, Respondent Sondhi is the Designated Responsible Licensed Producer of KK Insurance and responsible for the activities of KK Insurance, and responsible for ensuring that KK Insurance complies with the insurance laws, rules and regulations of this State, pursuant to N.J.S.A. 17:22A-32b(2); and

WHEREAS, Respondent Sondhi is the sole owner of KK Insurance and responsible for all insurance related conduct of KK Insurance, any of its branch offices, its other licensed officers or partners, and its employees, pursuant to N.J.A.C. 11:17A-1.6(c); 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 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, 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-40a(16), an insurance producer shall not commit any fraudulent act; and

WHEREAS, pursuant to N.J.S.A. 17:22A-45c, any person violating any provision of the Producer Act shall be liable to a penalty not exceeding \$5,000.00 for the first offense, and not exceeding \$10,000.00 for each subsequent offense, in addition to restitution of moneys owed any person and reimbursement of the costs of investigation and prosecution, as appropriate; and

WHEREAS, pursuant to N.J.S.A. 17:33A-5a(2), the Commissioner is authorized to levy a civil administrative penalty and order restitution against those who violate the provisions of the Fraud Act; and

WHEREAS, pursuant to N.J.S.A. 17:33A-4a(4)(b), a person violates the Fraud Act if she prepares or makes any written or oral statement, intended to be presented to any insurance company or producer for the purpose of obtaining an insurance policy, knowing that the statement contains any false or misleading information concerning any fact or thing material to an insurance application or contract; and

WHEREAS, pursuant to N.J.S.A. 17:33A-5c, the Commissioner is authorized to assess a civil and administrative penalty of not more than \$5,000.00 for the first violation, \$10,000.00 for

the second violation and \$15,000.00 for each subsequent violation of the Fraud Act and to order restitution to any insurance company or other person who has suffered a loss as a result of a violation of the Fraud Act; and

WHEREAS, the Commissioner issued Order to Show Cause No. E16-25 on March 30, 2016, alleging violations of the Producer Act and the Fraud Act by Respondents; and

WHEREAS, the allegations contained in Order to Show Cause No. E16-25 are recited herein:

**COUNT 1**

IT APPEARING, that at all relevant times United States Liability Insurance Group ("U.S. Liability") is an insurance company; and

IT FURTHER APPEARING, that at all relevant times Apogee Insurance Group ("Apogee") is a specialty lines professional and management insurance wholesaler utilized by Respondents; and

IT FURTHER APPEARING, that at all relevant times Jimcor Agencies ("Jimcor") is an independent managing general agent and insurance wholesaler utilized by Respondents; and

IT FURTHER APPEARING, that at all relevant times SSN Hotel Management ("SSN Management"), is a business entity incorporated in Newark, Delaware that manages several hotels; and

IT FURTHER APPEARING, that at all relevant times Ghanshyam Hospitality, LLC, d/b/a Hampton Inn ("Ghanshyam"), is a business entity which owns a hotel in Linden, New Jersey; and

IT FURTHER APPEARING, that at all relevant times SSN Management was associated with and or managed Ghanshyam; and

IT FURTHER APPEARING, that on or about February 27, 2009, "CL", an employee of Ghanshyam, filed a complaint against SSN Management in Union County Superior Court, Docket No. UNN-L-0834-09, alleging, amongst other things, that SSN Management violated the Law Against Discrimination, N.J.S.A. 10:5-1 through -42; and

IT FURTHER APPEARING, that "JH" was an employee of Ghanshyam until his termination on October 5, 2009; and

IT FURTHER APPEARING, that on or about December 4, 2009, Respondents submitted to U.S. Liability, via Apogee, an application to obtain an Employment Practices Liability insurance policy for Ghanshyam; and

IT FURTHER APPEARING, that on or about January 13, 2010, U.S. Liability issued Ghanshyam an Employment Practices Liability insurance policy; and

IT FURTHER APPEARING, that the January 13, 2010 Employment Practices Liability policy had a policy inception date of November 30, 2009; and

IT FURTHER APPEARING, that on or about March 16, 2010, JH filed a complaint against SSN Management in Union County Superior Court, Docket No. UNN-L-1076-10, alleging, amongst other things, that SSN violated the New Jersey Law Against Discrimination, N.J.S.A. 10:5-1 through -42; and

IT FURTHER APPEARING, that on or about March 29, 2010, Respondents submitted a claim to U.S. Liability, via Apogee, seeking coverage and defense of the JH lawsuit under the Ghanshyam Employment Practices Liability policy; and

IT FURTHER APPEARING, that on or about April 1, 2010, the claim was denied by U.S. Liability because SSN Management was not a named insured on the Ghanshyam policy and there was no coverage for SSN Management under the policy; and

IT FURTHER APPEARING, that on or about April 21, 2010, Respondents submitted a request to Apogee to add SSN Management to Ghanshyam's U.S. Liability Employment Practices Liability policy as an additional insured; and

IT FURTHER APPEARING, that on or about April 27, 2010, U.S. Liability declined to add SSN Management to the Ghanshyam policy because SSN Management manages hotels in addition to the single hotel owned and operated by Ghanshyam; and

IT FURTHER APPEARING, that on or about April 28, 2010, Respondents submitted to U.S. Liability, via Jimcor, an Employment Practices Liability Application for SSN Management; and

IT FURTHER APPEARING, that on the April 28, 2010 application, Respondents stated "No" in response to Question 7 which asked "Within the last 5 years, has any employment related, or third party discrimination, or third party harassment inquiry, complaint, notice of hearing, claim, or suit been made against any entity proposed for Insurance or any person proposed for Insurance in the capacity of either Director, Officer, Member (if an LLC), or Employee of any entity proposed for Insurance?"; and

IT FURTHER APPEARING, that the April 28, 2010 application was declined by U.S. Liability due to claim activity involving JH's law suit against SSN Management; and

IT FURTHER APPEARING, that this instance, where Respondents submitted to an insurance company an application for insurance which contained misrepresentations of material fact constitutes fraudulent, coercive or dishonest practices, or demonstrates incompetence, untrustworthiness or financial irresponsibility in the conduct of insurance business, in violation of N.J.S.A. 17:22A-40a(2), (8), and (16); and

COUNT 2

IT FURTHER APPEARING, that this instance where Respondents prepared or made a written or oral statement, intended to be presented to any insurance company or producer for the purposes of obtaining an insurance policy, knowing that the statement contains any false or misleading information concerning any fact or thing material to an insurance application or contract, constitutes violations of N.J.S.A. 17:33A-4a(4)(b), and N.J.S.A. 17:22A-40a(2); and

WHEREAS, Respondents requested a hearing on the allegations contained in Order to Show Cause No. E16-25; and

WHEREAS, Respondents admit and agree that the above stated allegations constitute violations of N.J.S.A. 17:22A-40a(2) and (8); and

WHEREAS, the Department agrees to withdraw the Producer Act violation charge of N.J.S.A. 17:22A-40a(16), as stated in Count 1 of Order to Show Cause No. E16-25; and the charges in Count 2 of Order to Show Cause No. E16-25; and

WHEREAS, cause does exist under N.J.S.A. 17:22A-40a and N.J.S.A. 17:22A-45c for the imposition of a fine upon Respondents for the violations described above; and

WHEREAS, Respondents have waived their right to a hearing on the above violations and consent to the payment of a fine to the Department in the amount of \$25,000.00; and

WHEREAS, this matter should be resolved upon the consent of the parties without resort to a formal hearing.

NOW, THEREFORE, IT IS on this 20<sup>th</sup> day of January 2016,  
ORDERED AND AGREED, that the allegations of Order to Show  
Cause No. E16-25 constitute violations of N.J.S.A. 17:22A-40a(2)  
and (8); and

IT IS FURTHER ORDERED AND AGREED, that the Department  
withdraws the Producer Act violation charge of N.J.S.A. 17:22A-  
40a(16), as stated in Count 1 of Order to Show Cause No. E16-25;  
and

IT IS FURTHER ORDERED AND AGREED, that the Department  
withdraws the charges in Count 2 of Order to Show Cause No. E16-  
25; and

IT IS FURTHER ORDERED AND AGREED, that pursuant to N.J.S.A.  
17:22A-45c, Respondents shall pay a fine in the amount of  
\$25,000.00 to the Department for the violations of the Producer  
Act admitted to herein; and


IT IS FURTHER ORDERED AND AGREED, that said amount of  
\$25,000.00 shall be paid by certified check, cashier's check or  
money order made payable to the "State of New Jersey, General  
Treasury," due and payable in full immediately upon the  
execution of this Consent Order by Respondents; and



IT IS FURTHER ORDERED AND AGREED, that this signed Consent Order together with the payment of \$25,000.00 shall be remitted to:

Ryan S. Schaffer, Deputy Attorney General  
State of New Jersey, Division of Law  
R.J. Hughes Justice Complex  
25 Market Street  
P.O. Box 117  
Trenton, New Jersey 08625

IT IS FURTHER ORDERED AND AGREED, that the provisions of this Consent Order represent a final agency decision and constitute final resolution of Order to Show Cause No. E16-25.

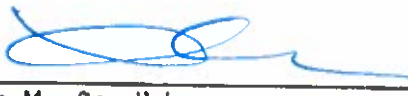
  
\_\_\_\_\_  
Peter L. Hartt  
Director of Insurance

Consented to as to Form, Consent, and Entry:

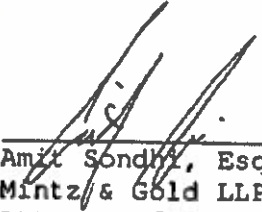
REBECCA RICIGILIANO  
ACTING ATTORNEY GENERAL OF NEW JERSEY  
Attorney for New Jersey Department of Banking & Insurance

  
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Ryan S. Schaffer  
Deputy Attorney General


Date: December 13, 2016

  
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Kiran M. Sondhi  
Individually, and as the  
Designated Responsible  
Licensed Producer of KK  
Insurance Agency, Inc.

Date: 12/8/16

  
\_\_\_\_\_  
Amit Sondhi, Esq.  
Mintz & Gold LLP  
Attorney for Respondents

Date: 12/8/16

  
\_\_\_\_\_  
Matthew Oliver, Esq.  
Lowenstein Sandler LLP  
Attorney for Respondents

Date: 12/8/16