

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 and revoke the)
Insurance License of Carmine)
Fusco, Reference No. 1016135)

ORDER TO SHOW CAUSE

TO: Carmine Fusco
USP-Lewisburg
U.S. Penitentiary
2400 Robert F. Miller Drive
Lewisburg, PA 17837

Carmine Fusco
157 Vista Terrace
Pompton Lakes, NJ 07442
P.O. Box 1000

This matter, having been opened by the Commissioner of Banking and Insurance ("Commissioner"), State of New Jersey, upon information that Carmine Fusco ("Fusco") may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Fusco was licensed as a resident individual insurance producer, pursuant to N.J.S.A. 17:22A-32, until the license expired on July 31, 2012; and

WHEREAS, Fusco was subject to the provisions of the New Jersey Insurance Producer Licensing Act ("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 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(6), an insurance producer shall not have been convicted of a felony or crime of the fourth degree or higher; 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(16), an insurance producer shall not commit any fraudulent act; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40d, the Commissioner shall retain the authority to enforce the provisions of and impose any penalty or remedy authorized by this Act, against any person who is under investigation for or charged with a violation of this Act even if the person's license or registration has been surrendered or lapsed by operation of law; and

IT APPEARING that on January 23, 2013, Fusco was charged by the United States of America, District of New Jersey, with, inter alia, the crime of mortgage fraud, pursuant to 18 U.S.C. § 1349, in particular a conspiracy to commit wire fraud affecting a financial institution from March 2011 through July 2012 (the "Mortgage Fraud Scheme"); and

IT FURTHER APPEARING that Fusco participated in the Mortgage Fraud Scheme from approximately March 2011 through July 2012, while he was an active insurance producer licensed with the State of New Jersey; and

IT FURTHER APPEARING that Fusco knowingly and willfully assisted in the Mortgage Fraud Scheme acting as a title settlement agent prior to the expiration of his insurance producer license; and

IT FURTHER APPEARING that on July 14, 2015, Fusco entered a plea agreement and an allocution in which he admitted guilt in connection with his participation in the Mortgage Fraud Scheme on at least sixteen separate occasions; and;

IT FURTHER APPEARING that Fusco pled guilty to a felony; and

IT FURTHER APPEARING that on July 15, 2015, a criminal Judgment was entered against Fusco by the United States District Court, District of New Jersey (the "Judgment"); and

IT FURTHER APPEARING that, pursuant to the Judgment, Fusco is now serving a 27-month prison term at the Lewisburg Federal Penitentiary for the crime of mortgage fraud, and is required to pay restitution in the amount of \$2,233,131.55; and

IT FURTHER APPEARING that, pursuant to the Judgment, a condition of Fusco's Supervised Release requires that "Defendant . . . refrain from holding, seeking or obtaining employment, salaried or otherwise, in the mortgage and/or real estate industries, and shall be prohibited from services related [to] mortgage origination, processing, and/or closing";

COUNT 1

IT APPEARING that Fusco has admitted to using fraudulent and deceptive practices and knowingly and willfully aided the Mortgage Fraud Scheme; and

IT FURTHER APPEARING that Fusco has pled guilty to a felony and knowing and willful assistance on at least sixteen separate occasions in the Mortgage Fraud Scheme, converting monies, committing fraudulent acts, and using fraudulent, coercive or dishonest business practices in the conduct of insurance business, in violation of N.J.S.A. 17:22A-40a(2), (4), (6), (8) and (16);

NOW, THEREFORE, IT IS on this 22nd day of March, 2016

ORDERED that pursuant to the provisions of N.J.S.A. 17:22A-40a, Fusco shall appear and show cause why his insurance

producer license shall not be revoked by the Commissioner; and

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

IT IS PROVIDED that Fusco 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 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 Fusco, 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

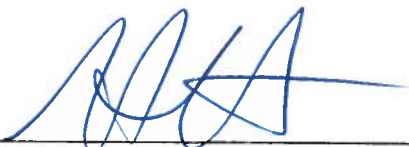
Investigations, Department of Banking and Insurance, P.O. Box 329, Trenton, N.J. 08625 or by faxing the request to the Department at (609) 292-5337. The request shall contain:

(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.



PETER L. HARTT
Director of Insurance