

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 and suspend the insurance producer)
licenses of Enrico Smith, Reference No.)
1354714, and Earline Princewill, Reference No.)
1243889.)

CONSENT ORDER

TO: Enrico Smith
83 Still Run,
Clayton, N.J. 08312

Earline Princewill
83 Still Run,
Clayton, N.J. 08312

This matter, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon issuance of Order to Show Cause No. E17-19 (the “OTSC”) on March 30, 2017, alleging that Enrico Smith (“Smith”) and Earline Princewill (“Princewill”) (collectively “Respondents”) may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Smith is currently licensed as a resident insurance producer pursuant to N.J.S.A. 17:22A-32; and

WHEREAS, Princewill is currently licensed as a non-resident insurance producer pursuant to N.J.S.A. 17:22A-32; and

WHEREAS, Respondents are 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 the

regulations governing Insurance Producer Standards of Conduct, N.J.A.C. 11:17A-1.1 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 of order or the Commissioner or 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-40a(17), an insurance producer shall not knowingly facilitate or assist another person in violating any insurance laws; and

WHEREAS, pursuant to N.J.S.A. 17:22A-45c, any person who violates any provision of the Producer Act shall be liable to a penalty not exceeding \$5,000 for the first offense and not exceeding \$10,000 for each subsequent offense; additionally, the court may order restitution of moneys owed any person and reimbursement of the costs of investigation and prosecution; and

WHEREAS, pursuant to N.J.A.C. 11:17A-4.2, in cases where an applicant's signature is required, an insurance producer who takes an application for insurance shall be required to witness the signature of the prospective insured on the application prior to the submission of the application to the insurer only when the application is signed by the applicant after having been completed in a face to face meeting between the producer and the prospective insured, unless this requirement has been waived by prior written authorization by the insurer; and

WHEREAS, on March 30, 2017, the Commissioner issued the OTSC, alleging as

follows:

ALLEGATIONS COMMON TO ALL COUNTS

IT APPEARING that, at all relevant times, Respondent Smith was married to Respondent Princewill; and

IT FURTHER APPEARING that, at all times relevant hereto, Respondent Princewill was appointed as a licensed agent by Independence Blue Cross Insurance Company (“Independence”) to solicit and sell various insurance products, including AmeriHealth 65 Medicare insurance plans; and

IT FURTHER APPEARING that, in May 2013, Respondent Smith applied to Independence to be appointed as a licensed agent to solicit and sell Independence insurance products; and

IT FURTHER APPEARING that, Respondent Smith’s application with Independence to be a licensed agent was denied by Independence because of Respondent Smith’s criminal record; and

IT FURTHER APPEARING that, after being rejected for appointment by Independence, Respondent Smith conspired with Respondent Princewill to enable Respondent Smith to solicit and sell Independence insurance products; and

IT FURTHER APPEARING that, Respondent Smith marketed, solicited and made presentations to prospective insureds about the Independence insurance products, including Medicare insurance plans; and

IT FURTHER APPEARING that, Respondent Smith led prospective insureds to believe that he was associated with Independence and that he was appointed as a licensed agent of Independence; and

IT FURTHER APPEARING that, Respondent Smith solicited prospective insureds to purchase Independence insurance products and assisted them in completing enrollment forms for such products, including Medicare plans; and

IT FURTHER APPEARING that, Respondent Smith submitted partially completed and signed enrollment forms for Independence insurance products to Respondent Princewill who then completed the required insurance producer section of the enrollment forms; and

IT FURTHER APPEARING that, the producer section required

identifying information about the insurance producer who solicited the prospective insured, and required the producer to list his name, phone number, agent number, date of the application, effective date of coverage, insured's name, method of contact with the insured, and the date of the meeting with the insured; and

IT FURTHER APPEARING that, upon receiving a completed and signed enrollment form from Respondent Smith, Respondent Princewill completed the producer section of the enrollment form, identifying herself as the producer for the application, despite the fact that she did not solicit the prospective insured and she did not witness the prospective insured signing the application; and

IT FURTHER APPEARING that, upon completing and executing enrollment forms solicited by Respondent Smith, Respondent Princewill submitted the enrollment forms to Independence for underwriting; and

IT FURTHER APPEARING that, when submitting to Independence the enrollment forms of persons solicited by Respondent Smith, Respondent Princewill falsely represented to Independence that she was the insurance producer who solicited the prospective insured; and

IT FURTHER APPEARING that, when submitting to Independence the enrollment forms solicited by Respondent Smith, Respondent Princewill failed to disclose to Independence that it was Respondent Smith who actually solicited and sold the Independence insurance products; and

IT FURTHER APPEARING that, after issuing the insurance policies submitted by Respondent Princewill, Independence issued to Respondent Princewill a commission check; and

IT FURTHER APPEARING that, specific examples of the conspiracy between Respondent Smith and Respondent Princewill, are as follows:

1. Medicare Application of G. W.

IT FURTHER APPEARING that, on or about November 6, 2013, Respondent Smith set up a presentation table featuring Independence Medicare products in front of a supermarket in Atlantic City, New Jersey; and

IT FURTHER APPEARING that, on or about November 6, 2013, Respondent Smith solicited AmeriHealth 65 HMO, an Independence Medicare insurance product, to G. W.; and

IT FURTHER APPEARING that, on or about November 6, 2013, Respondent Smith assisted G. W. in completing the AmeriHealth 65 HMO enrollment form; and

IT FURTHER APPEARING that, after assisting in the completion of the enrollment form, Respondent Smith submitted the enrollment form to Respondent Princewill for her to complete the required producer section of the application; and

IT FURTHER APPEARING that, upon completing the required producer section of the enrollment form of G. W., Respondent Princewill submitted the enrollment form to Independence without disclosing that she did not actually solicit or sell the insurance product; and

2. Medicare Application of J. H.

IT FURTHER APPEARING that, on or about November 6, 2013, Respondent Smith set up a presentation table featuring Independence Medicare products in the lobby of a senior citizen center in Atlantic City, New Jersey; and

IT FURTHER APPEARING that, on or about November 6, 2013, Respondent Smith solicited AmeriHealth 65 HMO, an Independence Medicare insurance product, to J. H.; and

IT FURTHER APPEARING that, on or about November 6, 2013, Respondent Smith assisted J. H. in completing the AmeriHealth 65 HMO enrollment form; and

IT FURTHER APPEARING that, after assisting in the completion of the enrollment form, Respondent Smith submitted the enrollment form to Respondent Princewill for her to complete the required producer section of the application; and

IT FURTHER APPEARING that, upon completing the required producer section of the enrollment form of J. H., Respondent Princewill submitted the enrollment form to Independence without disclosing that she did not actually solicit or sell the insurance product; and

3. Medicare Application of E. D.

IT FURTHER APPEARING that, on or about November 6, 2013, Respondent Smith set up a presentation table featuring Independence Medicare products in Atlantic City, New Jersey; and

IT FURTHER APPEARING that, on or about November 6, 2013,

Respondent Smith solicited AmeriHealth 65 HMO, an Independence Medicare insurance product, to E. D.; and

IT FURTHER APPEARING that, on or about November 6, 2013, Respondent Smith traveled with Respondent Princewill to E. D.'s residence; and

IT FURTHER APPEARING that, on or about November 6, 2013, Respondent Smith solicited and assisted E. D. in the completion of the AmeriHealth 65 HMO enrollment form, although Respondent Princewill was present during the solicitation she did not speak to E.D. and did not assist E.D. in completing the enrollment form; and

IT FURTHER APPEARING that, after assisting in the completion of the enrollment form, Respondent Smith submitted the enrollment form to Respondent Princewill for her to complete the required producer section of the application; and

IT FURTHER APPEARING that, upon completing the required producer section of the enrollment form of E. D., Respondent Princewill submitted the enrollment form to Independence without disclosing that she did not actually solicit or sell the insurance product; and

4. Medicare Application of C. H.

IT FURTHER APPEARING that, on or about November 7, 2013, Respondent Smith set up a presentation table featuring Independence Medicare products in an apartment building in Atlantic City, New Jersey; and

IT FURTHER APPEARING that, on or about November 7, 2013, Respondent Smith solicited AmeriHealth 65 HMO, an Independence Medicare insurance product, to C. H.; and

IT FURTHER APPEARING that, on or about November 7, 2013, Respondent Smith assisted C. H. in completing the AmeriHealth 65 HMO enrollment form; and

IT FURTHER APPEARING that, after assisting in the completion of the enrollment form, Respondent Smith submitted the enrollment form to Respondent Princewill for her to complete the required producer section of the application; and

IT FURTHER APPEARING that, upon completing the required producer section of the enrollment form of C. H., Respondent Princewill submitted the enrollment form to Independence without

disclosing that she did not actually solicit or sell the insurance product; and

COUNT 1

IT FURTHER APPEARING that, by soliciting and assisting insureds to apply for Independence insurance products, without being appointed by Independence to do so, Respondent Smith engaged in fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness, or financial irresponsibility in the conduct of insurance business and committed a fraudulent act, in violation of N.J.S.A. 17:22A-40a(2), (8), and (16); and

IT FURTHER APPEARING that each act of assisting a consumer to apply for an Independence insurance product without being appointed to do so constitutes a separate violation of the Producer Act; and

COUNT 2

IT FURTHER APPEARING that, by soliciting and selling insurance products to potential insureds and later submitting completed enrollment forms to Respondent Princewill, knowing that Respondent Princewill would then submit the completed application to Independence, Respondent Smith facilitated and assisted another person in violating insurance laws, in violation of N.J.S.A. 17:22A-40a(17); and

IT FURTHER APPEARING that each act of assisting Respondent Princewill's violation of insurance laws constitutes a separate violation by Respondent Smith of the Producer Act; and

COUNT 3

IT FURTHER APPEARING that, by completing the producer section of the enrollment forms solicited and completed by Respondent Smith and by later submitting the completed enrollment forms to Independence without disclosing that she was not the originator of the insurance business, Respondent Princewill engaged in fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness, or financial irresponsibility in the conduct of insurance business and committed a fraudulent act, in violation of N.J.S.A. 17:22A-40a(2), (8), and (16); and

IT FURTHER APPEARING that each act of submitting an enrollment form that she signed but which she did not personally

solicit constitutes a separate violation of the Producer Act; and

COUNT 4

IT FURTHER APPEARING that, by allowing and assisting Respondent Smith to solicit insurance business when he was not appointed to do so. Respondent Princewill facilitated and assisted another person in violating insurance laws, in violation of N.J.S.A. 17:22A-40a(17); and

IT FURTHER APPEARING that each act of assisting Respondent Smith's violation of insurance laws constitutes a separate violation by Respondent Princewill of the Producer Act.;

IT FURTHER APPEARING that Respondents were given notice of the aforesaid allegations and an opportunity to contest them at a hearing; and

IT FURTHER APPEARING that on June 7, 2017, Respondents filed an Answer and Request for a Hearing; and

IT FURTHER APPEARING that on June 26, 2017, this matter was transmitted to the Office of Administrative Law for a hearing; and

IT FURTHER APPEARING that Respondents acknowledge the allegations contained in Counts 1 through 4 of the OTSC; and

IT FURTHER APPEARING that Respondents have waived their right to a hearing and consented to the payment of a fine totaling \$10,000.00; and

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

IT FURTHER APPEARING that good cause exists to enter into this Consent Order and impose a fine pursuant to N.J.S.A. 17:22A-40a and N.J.S.A. 17:22A-45c; and

NOW, THEREFORE, IT IS on this 7th day of FEBRUARY, 2018,

ORDERED AND AGREED, that Respondents do not contest the allegations of Counts 1 through 4 of the OTSC; and

IT IS FURTHER ORDERED AND AGREED, that Respondents shall pay a fine in the amount of \$10,000.00 to the Department of Banking and Insurance (“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.**” upon execution of this Consent Order by Respondents; and

IT IS FURTHER ORDERED AND AGREED, that upon execution of this Consent Order, Respondents shall remit to the attorney for the Commissioner the executed copy of this Consent Order along with a payment in the amount of \$400.00, by certified check, official bank check, or money order made payable to the “**State of New Jersey, General Treasury**”, and send to:

Garen Gazaryan, 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 Respondents shall remit the remaining balance of \$9,600.00 in monthly installment payments of \$400.00, to be paid on or by the first day of each month, beginning March 1, 2018, until the full settlement amount has been paid, by way of certified check, official bank check, or money order made payable to the “**State of New Jersey, General Treasury,**” and send to:

Rose V. McGill
Collections Department
New Jersey Department of Banking and Insurance
20 West State Street, 10th Floor
P.O. Box 325
Trenton, New Jersey 08625-0325

IT IS FURTHER ORDERED AND AGREED, that if Respondents fail to make any scheduled payment within ten (10) days of its due date, the Commissioner can, upon notice to Respondent, declare the entire outstanding balance to be immediately due and payable. Thereafter, the Commissioner may take any action available under the law of this State to collect the amount outstanding at that time, including post-judgment interest from the date of the judgment, attorneys' fees, and any other remedies available under the law; and

IT IS FURTHER ORDERED AND AGREED, that the fine in this Consent Order is imposed pursuant to the police powers of the State of New Jersey for the enforcement of the law and the protection of the public health, safety and welfare, and is not intended to constitute a debt which may be limited or discharged in a bankruptcy proceeding; and

IT IS FURTHER ORDERED AND AGREED, that in the event full payment of the Settlement Amount is not made, the Commissioner may exercise any and all remedies available by law, including, but not limited to, recovery of any unpaid penalties pursuant to the Penalty Enforcement Law of 1999, 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 final resolution of this OTSC.



PETER L. HARTT
Director of Insurance

CONSENTED AS TO FORM, CONTENT, AND ENTRY:



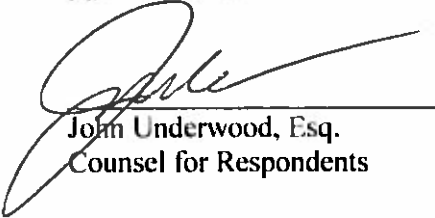
Enrico Smith

Dated: 1-26-18



Earline Princewill

Dated: 1-26-18



John Underwood, Esq.
Counsel for Respondents

Dated: 1/29/18

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiff

Dated: 2/5/18

By: 
Garen Gazaryan
Deputy Attorney General