

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 )  
license of Lee Stokes, Ref. No. 1102511. )

**ORDER TO SHOW CAUSE**

TO: Lee Stokes  
500 Pelham Drive  
Galloway, NJ 08205-9666

THIS MATTER, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that Lee Stokes (“Respondent”) may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, at all relevant times, Respondent was and is currently licensed as a resident individual insurance producer in the State of New Jersey pursuant to N.J.S.A. 17:22A-32a; and

WHEREAS, Respondent is subject to the provisions of the New Jersey Insurance Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 to -48 (“Producer Act”), the Producer Licensing regulations, N.J.A.C. 11:17-1.1 to -2.17, and the regulations governing Insurance Producer Standards of Conduct, N.J.A.C. 11:17A-1.1 to 11:17D-2.8; 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 business 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.A.C. 11:17A-2.3(a), no insurance producer shall offer, make or give, or permit to be offered, made or given, to any person directly or indirectly, an inducement to purchase insurance other than that plainly expressed in the insurance contract; and

WHEREAS, pursuant to N.J.A.C. 11:17A-2.3(h), services or monetary benefits provided for free or at a discounted price that inure to the personal benefit of the person and that are largely extraneous to the coverage being purchased or the insurance services being provided by an insurance producer, or services offered in a discriminatory manner as an inducement to write or move business shall be deemed a prohibited rebate(s) or inducement(s). Examples of such services or benefits that the Department would consider prohibited rebates or inducements include: 1. Payments of cash or cash equivalents of greater than \$100.00; 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, and may levy a civil penalty against the producer, for a violation of the Producer Act; and

WHEREAS, pursuant to N.J.S.A. 17:22A-45c, any person violating the Producer Act is subject to a penalty not exceeding \$5,000.00 for the first violation and not exceeding \$10,000.00 for each subsequent violation; moreover, the Commissioner may order restitution of moneys owed any person and reimbursement of the costs of investigation and prosecution; and

### **COUNT ONE**

IT APPEARING, that on or about March 21, 2016, Respondent requested that his employee, AM, locate a bottle of a certain brand of whiskey to give to a prospective client, TS,

that Respondent was trying to “lockdown”; and

IT FURTHER APPEARING, that in or around March 2016, at Respondent’s direction, AM purchased the bottle of whiskey for \$377.22 and sent it to TS; and

IT FURTHER APPEARING, that in or around December 2016, AM, at Respondent’s direction, AM purchased gift baskets for clients TF, RS, and TO, each for \$114.00; and

IT FURTHER APPEARING, that in or around December 2016, at Respondent’s direction, AM purchased a gift basket for client EO’s human resources department for \$152.77; and

IT FURTHER APPEARING, that Respondent, by providing gifts to current and prospective clients as an inducement to purchase insurance and/or that inured to the personal benefit of the current and prospective clients that were largely extraneous to the coverage being purchased or the insurance services being provided by Respondent, in excess of \$100.00, violated N.J.S.A. 17:22A-40a(2) and (8), and N.J.A.C. 11:17A-2.3(a) and (h); and

NOW, THEREFORE, IT IS on this *24<sup>th</sup>* day of *December*, 2018

ORDERED, that Respondent shall appear and show cause why his insurance producer license shall not be revoked pursuant to N.J.S.A. 17:22A-40a; and

IT IS FURTHER ORDERED, that Respondent appear and show cause why the Commissioner should not assess a civil penalty up to \$5,000.00 for the first violation, and up to \$10,000.00 for each subsequent violation of the Producer Act, and order Respondent to pay restitution of moneys owed to any person, pursuant to N.J.S.A. 17:22A-45c; and


IT IS FURTHER ORDERED, that Respondent appear and show cause why he should not be required to reimburse the New Jersey Department of Banking and insurance for the costs of investigation and prosecution pursuant to N.J.S.A. 17:22A-45c; and

IT IS PROVIDED, that Respondent 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 subpoenas 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 service of this Order to Show Cause, the right to a hearing in this matter shall be deemed to have been waived by Respondent, 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 ("Department"), P.O. Box 329, Trenton, N.J. 08625, or by faxing the request to the Department at (609) 292-5337. A copy of the request for a hearing shall also be sent to Deputy Attorney General Brian R. Fitzgerald at: 25 Market Street, Box 117, Trenton, NJ 08625. The request shall contain the following:

- (a) Respondent's full name, current 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 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 Respondent has no specific knowledge regarding a fact alleged in the 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 the hearing.

  
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Marlene Caride  
Commissioner