

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 Eun Young Jung, Reference No.)
1037368)
_____)

FINAL ORDER

TO: Eun Young Jung
10B Abbott Avenue
Palisades Park, NJ 07650-1280

This matter, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon issuance of Order to Show Cause E17-94 alleging that Eun Young Jung (“Jung”), may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Jung was licensed as a resident insurance producer in the State of New Jersey pursuant to N.J.S.A. 17:22A-32a until her license expired on October 31, 2016; and

WHEREAS, Jung 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, the regulations governing Insurance Producer Standards of Conduct, N.J.A.C. 11:17A-1.1 to 11:17D-2.8, and the New Jersey Insurance Fraud Prevention Act, N.J.S.A. 17:33A-1 to -30 (“Fraud 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 the Producer Act and Title 17 of the Revised Statutes or Title 17B of the New Jersey Statutes against any person who is under investigation for or charged with a violation of the Producer Act or Title 17 of the Revised Statutes or Title 17B of the New Jersey Statutes even if the person's license or registration has been surrendered or has lapsed by operation of law; 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(5), an insurance producer shall not intentionally misrepresent the terms of an actual or proposed insurance contract, policy or application for insurance; 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 the 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. 17:33A-4a(4)(b), it is a violation of the Fraud Act to prepare or make 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. 17:22A-45c, any person violating 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, moreover, the Commissioner may order 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-5c, for violations of the Fraud Act, the Commissioner may assess a civil and administrative penalty of not more than \$5,000 for the first violation, \$10,000 for the second violation and \$15,000 for each subsequent violation, in addition the Commissioner may assess restitution and costs of prosecution; and

WHEREAS, pursuant to N.J.S.A. 17:33A-5.1, a person found in any legal proceeding to have committed insurance fraud shall be subject to a surcharge; and

WHEREAS, on October 20, 2017, the Commissioner issued Order to Show Cause E17-94, alleging violations of New Jersey insurance laws by Jung as set forth in the following Counts:

ALLEGATIONS COMMON TO ALL COUNTS

IT APPEARING that in or around March 2013, Respondent was hired as an insurance producer by Farmers Insurance (“Farmers”) agent B.P.; and

IT FURTHER APPEARING that Respondent was appointed to sell insurance for the following Farmers companies: Farmers Insurance Exchange, Fire Insurance Exchange, Mid-Century Insurance Company, Truck Insurance Exchange; and Foremost Insurance Company; and

IT FURTHER APPEARING that in or around June 2015, Respondent began working as an insurance producer for Farmers agent S.K.; and

IT FURTHER APPEARING that on January 8, 2016, Farmers’

Internal Audit department received a referral concerning a questionable “comprehensive only” automobile policy written for an insured from the B.P. agency; and

IT FURTHER APPEARING that a “comprehensive only” automobile policy provides limited coverage only for losses due to fire or theft; and

IT FURTHER APPEARING that Farmers’ Internal Audit discovered that Respondent, while working at the B.P. agency, added a vehicle to an insured’s policy, which the insured did not own, under a comprehensive only policy to qualify the insured for Farmers’ multi-car discount; and

IT FURTHER APPEARING that Farmers’ Internal Audit opened an investigation into all comprehensive only policies written at the B.P. agency; and

IT FURTHER APPEARING that Respondent wrote six comprehensive only policies at the B.P. agency; and

IT FURTHER APPEARING the Farmers’ Internal Audit Department also investigated all comprehensive only policies written at the S.K. agency; and

IT FURTHER APPEARING that Respondent wrote eight comprehensive only policies at the S.K. agency; and

IT FURTHER APPEARING that all fourteen comprehensive only policies written by Respondent, at both the B.P. agency and S.K. agency, received a multi-car discount from Farmers; and

IT FURTHER APPEARING that Farmers’ Internal Audit obtained a vehicle history report on the vehicles insured for all fourteen comprehensive only policies written by Respondent; and

IT FURTHER APPEARING that nine of the fourteen vehicle history reports showed someone other than the insured as the registered owner of the vehicle; and

IT FURTHER APPEARING that, on or about February 2, 2016, Farmers’ Internal Audit interviewed Respondent; and

IT FURTHER APPEARING that during that interview, Respondent admitted that she wrote nine fraudulent comprehensive

only policies for the purpose of qualifying the insureds for Farmers' multi-car discount; and

IT FURTHER APPEARING that Respondent stated that she would identify an older vehicle that the insured had previously owned from the Comprehensive Loss Underwriting Exchange report at the time she wrote a comprehensive only policy; and

IT FURTHER APPEARING that Respondent would not ask or confirm whether the insured owned that vehicle; and

IT FURTHER APPEARING that Respondent stated that she engaged in this practice specifically to lower the insurance premium for single vehicle customers in order to obtain the customer's business; and

IT FURTHER APPEARING that, on or about February 4, 2016, Farmers' Internal audit obtained a written statement from Respondent wherein she further stated, "The premium for the comp[rehensive] only policy was minimal and the multi-car discount more than made up the difference"; and

COUNT 1

IT FURTHER APPEARING that, from September 2013 through October 2015, Respondent wrote at least nine comprehensive only policies for vehicles which the insureds did not own in order to fraudulently obtain for each insured a multi-car discount from Farmers, in violation of N.J.S.A. 17:22A-40a(2), (5), (8), and (16); and

COUNT 2

IT FURTHER APPEARING that, from September 2013 through October 2015, Respondent wrote at least nine comprehensive only policies for vehicles which the insureds did not own in order to fraudulently obtain for each insured a multi-car discount from Farmers, in violation of N.J.S.A. 17:33A-4a(4)(b); and

WHEREAS, as set forth in the Certification of Deputy Attorney General Carl M. Bornmann, attached hereto as Exhibit A, Jung was given notice of the aforesaid charges and an opportunity to contest the charges at a hearing pursuant to to Order to Show Cause No. E17-94,

which was duly served upon Jung by certified and regular mail to her last known residence and mailing address according to files maintained by the Department, pursuant to N.J.A.C. 11:17D-2.1(a)3; and

WHEREAS, Jung failed to provide a written response to the charges contained in Order to Show Cause No. E17-94 within twenty days as provided by N.J.A.C. 11:17D-2.1(d)1, and therefore has waived her right to a hearing to contest these charges and the charges are deemed admitted pursuant to N.J.A.C. 11:17D-2.1(b)1;

NOW, THEREFORE, IT IS on this 1st day of June, 2018

ORDERED, that the charges contained in Counts One and Two of Order to Show Cause E17-94 are deemed admitted by Jung, pursuant to N.J.A.C. 11:17D-2.1(b)1; and

IT IS FURTHER ORDERED, that pursuant to N.J.S.A. 17:22A-40 and N.J.A.C. 11:17D-2.1(b)2, the insurance producer license of Jung is **REVOKED** effective upon the execution of this Final Order; and

IT IS FURTHER ORDERED, that pursuant to N.J.S.A. 17:22A-45c and 17:33A-5c, Jung shall be responsible for the payment of civil penalties for violations of the Producer Act, the Fraud act and other insurance laws cited above as follows:

Count 1: Jung shall pay a civil penalty in the amount of \$5,000.00 for violating the Producer Act; and

Count 2: Jung shall pay a civil penalty in the amount of \$5,000.00 for violating the Fraud Act; and

IT IS FURTHER ORDERED, that pursuant to N.J.S.A. 17:22A-45c and N.J.A.C. 11:1-

32.4(b)20, Jung shall reimburse the Department of Banking and Insurance for the costs associated with the investigation and prosecution of this matter, as evidenced by the Certification of Costs by Investigator Anil Patel, attached hereto as Exhibit B, totaling \$225.00; and

IT IS FURTHER ORDERED, that Jung shall pay an insurance fraud surcharge of \$250 pursuant to N.J.S.A. 17:33A-5.1, and

IT IS FURTHER ORDERED, that Jung shall pay the above fines, costs and surcharge totaling \$10,475.00 in full by remitting payment to the Commissioner of Banking and Insurance, State of New Jersey, 20 West State Street, P.O. Box 329, Trenton, New Jersey 08625, Attention: Virgil Dowtin, Chief of Investigations, by certified check, cashier's check or money order made payable to the "State of New Jersey, General Treasury," within ten (10) days from the date of service of this Order; and

IT IS FURTHER ORDERED, that in the event full payment of the fines, costs and surcharge is not made, the Commissioner may exercise any and all remedies available by law, including but not limited to recovery of any unpaid penalties, in accordance with the Penalty Enforcement Law of 1999, N.J.S.A. 2A:58-10 to -12; and

IT IS FURTHER ORDERED, that the fines in this Final Order are 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 are not intended to constitute debts which may be limited or discharged in a bankruptcy proceeding; and

IT IS FURTHER ORDERED, that the provisions of this Final Order represent a final agency decision and constitute a final resolution of the allegations contained in the Order to Show Cause E17-94.



Peter L. Hartt
Director of Insurance

EXHIBIT A

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 Eun Young Jung, Reference No.)
1037368)
_____)

**CERTIFICATION OF
DEPUTY ATTORNEY GENERAL
CARL M. BORNMANN**

I, Carl M. Bornmann, of full age, do of my own personal knowledge make the following statements by way of certification in lieu of affidavit pursuant to R. 1:4-4(b):

1. I am a Deputy Attorney General assigned as counsel for the Department of Banking and Insurance, State of New Jersey, ("Department"), in the above-captioned matter. I make this certification in support of entry of the Final Order in the above-captioned case against Respondent Eun Young Jung ("Jung").

2. On October 20, 2017, the Commissioner issued Order to Show Cause No. E17-94 against Jung charging her with violations of the insurance laws of this State.

3. Pursuant to N.J.A.C. 11:17D-2.1(a)3, the Order to Show Cause "shall be served by personal delivery, or by certified mail to the alleged violator's last known business or mailing address, according to the files maintained by the Department. Service in this manner shall be considered lawful service on the alleged violator."

4. By cover letter dated October 23, 2017, our office mailed Order to

Show Cause No. E17-94 to Jung via certified mail, return receipt requested, and regular mail to Jung's last known mailing and residence address on file with the Department at 10-B Abbott Avenue, Palisades Park, New Jersey 07650.

5. The regular mailing was not returned to this office and the certified mailing was returned "Unclaimed". A true and exact copy of the returned unclaimed certified mailing envelop and United States Postal Service tracking results are attached hereto as Exhibit 1.

6. Pursuant to N.J.S.A. 11:17D-2.1(a)3, service of the Order to Show Cause on the last known residence and mailing addresses of Jung on file with the Department as described above constitutes lawful service upon Jung.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.



Carl M. Bornmann
Deputy Attorney General

Dated: 6-1-18

EXHIBIT 1

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

CERTIFIED MAIL™



7013 0600 0001 4610 5024

U.S. POSTAGE



ZIP 08624 \$ 007.50
02 IN
9001989329 OCT 25 2017

From **Kenneth J. McGowan, DAG**

DEPARTMENT OF LAW AND PUBLIC SAFETY

Richard J. Hughes Justice Complex

DIVISION OF LAW ENFORCEMENT

TRENTON, NJ 08625

To: **Edin Young, Jung**

10-B Abbott Ave.

Palisades Park, NJ 07650

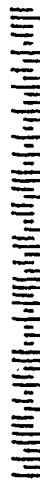
1st CLASS
2nd CLASS
RETURNED TO SENDER

POSTNET

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November 17, 2017, 8:36 am

Arrived at Unit
TRENTON, NJ 08650

November 17, 2017, 2:36 am

Departed USPS Regional Facility
TRENTON NJ DISTRIBUTION CENTER

November 16, 2017, 6:40 am

Arrived at USPS Regional Facility
TRENTON NJ DISTRIBUTION CENTER

November 15, 2017, 4:09 am

Departed USPS Regional Facility
TETERBORO NJ DISTRIBUTION CENTER

November 13, 2017, 2:47 pm

Unclaimed/Being Returned to Sender
PALISADES PARK, NJ 07650

November 1, 2017, 10:35 am

Available for Pickup
PALISADES PARK, NJ 07650

Reminder to Schedule Redelivery of your item

October 27, 2017, 12:53 pm

Notice Left (No Authorized Recipient Available)
PALISADES PARK, NJ 07650

October 26, 2017, 8:00 pm

Arrived at USPS Regional Facility
TETERBORO NJ DISTRIBUTION CENTER

EXHIBIT B

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 Eun Young)
Jung, Reference No. 1037368)

**CERTIFICATION OF COSTS
BY INVESTIGATOR
DAXESH PATEL**

I, Daxesh Patel, of full age, do of my own personal knowledge make the following statements by way of certification in lieu of affidavit pursuant to R. 1:4-4(b):

1. I am an investigator with the New Jersey Department of Banking and Insurance, Division of Enforcement and Consumer Protection (“Department”).

2. This certification is submitted in support of the Department’s application for reimbursement of its costs of investigation and prosecution, in accordance with N.J.S.A. 17:22A-45(c).

3. On or about October 03, 2017, I was re-assigned responsibility for conducting an investigation to determine whether Eun Young Jung may have violated certain provisions of the New Jersey Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 to -48, and related insurance regulations.

4. To determine the amount of time that I and former investigator Natalie Mintchwarner spent in the investigation and prosecution of this matter, I reviewed my files relative to this matter, including our time records. On the basis of this review, I have prepared the below schedule of costs:

DATE	TIME IN HRS.	PHONE	CASE PREP.	COMMENTS
4/18/2016	1.00		X	File Reviewed
4/25/2016	0.50		X	Sent a letter of request to the Respondent Eun Jung
5/06/2016	0.25		X	Received and reviewed Eun Jung's response
5/06/2016	2.00		X	Prepared factual and evidence Summary
5/13/2016	0.25		X	Prepared interoffice memorandum
5/30/2018	0.50		X	Prepared certification of cost
TOTAL TIME	4.50	@ \$50.00 per hour		= \$225.00 Total Cost of Investigation

5. As this schedule reflects, the investigative efforts expended by the Department of Insurance concerning this matter total 4.50 hours. Pursuant to N.J.A.C. 11:1-32.4(b)20, costs to the Department for the investigation and prosecution for violations of the New Jersey Insurance Producer Licensing Act, N.J.S.A. 17:22A-40, are reimbursable at the rate of \$50.00 per hour, rounded to the nearest quarter hour.

6. I therefore request that the Department's costs of investigation and prosecution be reimbursed in the amount of \$225.00.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements are willfully false, I am subject to punishment.



Daxesh Patel

Dated: 6/01/2018