

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 producer license of Kwen )  
Y. Chun, Reference No. 9951650. )  
\_\_\_\_\_ )

CONSENT  
ORDER

TO: Kwen Y. Chun  
22316 Sweet Pepperbush Alley  
Clarksburg, MD 20871

This matter, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that Kwen Y. Chun (“Respondent”), formerly licensed as a resident insurance producer in the State of New Jersey, pursuant to N.J.S.A. 17:22A-32, may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Respondent was licensed as a resident insurance producer pursuant to N.J.S.A. 17:22A-32a, until his license expired on October 31, 2015; 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”) 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-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 of 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 been 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 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 be convicted of a felony or crime of the fourth degree or higher; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(7), an insurance producer shall not admit of being found to have committed any insurance unfair practice or fraud; 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(10), an insurance producer shall not forge another's name to an application for insurance or to any document related to an insurance transaction; 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(18), an insurance producer shall not fail to notify the Commissioner within 30 days of his conviction of any crime, indictment or the filing of any formal criminal charges, or the suspension or revocation of any insurance license or

authority by a state, other than this State, or the initiation of formal disciplinary proceedings in a state, other than this State, affecting the producer's insurance license; or fail to supply any documentation that the Commissioner may request in connection therewith; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(19), an insurance producer shall not fail to notify the Commissioner within 30 days of the final disposition of any formal disciplinary proceedings initiated against the insurance producer, or disciplinary action taken against the producer, by the Financial Industry Regulatory Authority (“FINRA”), any successor organization, or other similar non-governmental regulatory authority with statutory authority to create and enforce industry standards of conduct, or of any other administrative actions or criminal prosecutions, as required by N.J.S.A. 17:22A-40 and N.J.S.A. 17:22A-47; or fail to supply any documentation the Commissioner may request in connection therewith; and

WHEREAS, pursuant to N.J.S.A. 17:22A-47a, an insurance producer shall report to the Commissioner any administrative action taken against the insurance producer in another jurisdiction or by another governmental agency in this State within 30 days of the final disposition of the matter; and this report shall include a copy of the order, consent order or other relevant legal documents; and

WHEREAS, pursuant to N.J.S.A. 17:22A-47b, an insurance producer shall report to the Commissioner within 30 days of the initial pretrial hearing date any criminal prosecution of the producer taken in any jurisdiction; and this report shall include a copy of the initial complaint filed, the order resulting from the hearing and any other relevant legal documents; and

WHEREAS, pursuant to N.J.S.A. 17:22A-47c, an insurance producer shall report to the Commissioner any disciplinary action taken against the insurance producer, or any formal disciplinary proceedings initiated against the producer, by FINRA, any successor organization,

or other similar non-governmental regulatory authority with statutory authority to create and enforce industry standards of conduct, within 30 days of the final disposition of the matter; and this report shall include a copy of the order, consent order or other relevant legal documents; and

WHEREAS, pursuant to N.J.A.C. 11:17C-2.1(a), all premium funds shall be held by an insurance producer in a fiduciary capacity and shall not be misappropriated, improperly converted to the insurance producer's own use, or illegally withheld by the licensee; 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 for violating 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 offense and not exceeding \$10,000.00 for each subsequent offense; additionally, the Commissioner may order restitution of moneys owed any person and reimbursement of costs of the investigation and prosecution; and

#### **FACTS COMMON TO ALL COUNTS**

WHEREAS, at all times relevant hereto, Respondent had been an agent and employee of Metropolitan Life Insurance Company ("MetLife"); and

WHEREAS, from at least August 2005 until April 2014, Respondent engaged in fraudulent and illegal conduct with regard to at least eight of his clients: (1) M.K.; (2) N.Y.; (3) J.Q.; (4) H.K.; (5) Y.P.; (6) Y.J.; (7) H.M.; and (8) C.L.; and

#### **1. M.K.**

WHEREAS, M.K. was Respondent's client who maintained two annuity policies with MetLife; and

WHEREAS, from December 2010 to December 2013, Respondent forged M.K.'s signatures on at least seven annuity withdrawal and two loan request forms, without M.K.'s knowledge or consent, to make them appear as genuine documents; and

WHEREAS, Respondent then submitted the forged documents to MetLife to obtain seven fraudulent withdrawals and two fraudulent loans on M.K.'s MetLife accounts; and

WHEREAS, MetLife issued nine checks in the total amount of \$201,144.22 which Respondent deposited into bank accounts that he controlled; and

WHEREAS, Respondent used the proceeds from the nine fraudulent transactions for his personal benefit; and

WHEREAS, Metlife provided full restitution to M.K. for Respondent's fraudulent activity; and

## 2. N.Y.

WHEREAS, N.Y. was Respondent's client who maintained two annuity policies with MetLife; and

WHEREAS, from August 2005 to August 2013, Respondent forged N.Y.'s signatures on at least nine annuity loan request forms, without N.Y.'s knowledge or consent, to make them appear as genuine documents; and

WHEREAS, Respondent then submitted the forged documents to MetLife to obtain nine fraudulent loans on N.Y.'s MetLife accounts; and

WHEREAS, MetLife issued nine checks in the total amount of \$126,283.35 which Respondent deposited into bank accounts that he controlled; and

WHEREAS, Respondent used the proceeds from the nine fraudulent transactions for his personal benefit; and

WHEREAS, MetLife provided full restitution to J.Q. for Respondent's fraudulent activity; and

### **3. J.Q.**

WHEREAS, J.Q. was Respondent's client who maintained five annuity policies with MetLife; and

WHEREAS, from November 2010 to April 2014, Respondent forged J.Q.'s signatures on at least seventeen loan request forms, without J.Q.'s knowledge or consent, to make them appear as genuine documents; and

WHEREAS, Respondent then submitted the forged documents to MetLife to obtain seventeen fraudulent loans on J.Q.'s MetLife accounts; and

WHEREAS, MetLife issued seventeen checks in the total amount of \$72,228.68 which Respondent deposited into bank accounts that he controlled; and

WHEREAS, Respondent used the proceeds from the seventeen fraudulent transactions for his personal benefit; and

WHEREAS, Metlife provided full restitution to J.Q. for Respondent's fraudulent activity; and

### **4. H.K.**

WHEREAS, H.K. was Respondent's client who maintained three annuity policies with MetLife; and

WHEREAS, from April 2014 to May 2014, Respondent forged H.K.'s signatures on at least four loan request forms, without H.K.'s knowledge or consent, to make them appear as genuine documents; and

WHEREAS, Respondent then submitted the forged documents to MetLife to obtain four fraudulent loans on H.K.'s MetLife accounts; and

WHEREAS, MetLife issued four checks in the total amount of \$32,163.28 which Respondent deposited into bank accounts that he controlled; and

WHEREAS, Respondent used the proceeds from the four fraudulent transactions for his personal benefit; and

WHEREAS, Metlife provided full restitution to H.K. for Respondent's fraudulent activity; and

#### **5. Y.P.**

WHEREAS, Y.P. was Respondent's client who maintained two annuity policies with MetLife; and

WHEREAS, from April 2014 to May 2014, Respondent forged Y.P.'s signatures on at least three loan request forms, without Y.P.'s knowledge or consent, to make them appear as genuine documents; and

WHEREAS, Respondent then submitted the forged documents to MetLife to obtain three fraudulent loans on Y.P.'s MetLife accounts; and

WHEREAS, MetLife issued three checks in the total amount of \$48,149.22 which Respondent deposited into bank accounts that he controlled; and

WHEREAS, Respondent used the proceeds from the three fraudulent transactions for his personal benefit; and

WHEREAS, Metlife provided full restitution to Y.P. for Respondent's fraudulent activity; and

**6. Y.J.**

WHEREAS, Y.J. was Respondent's client who maintained two annuity policies with MetLife; and

WHEREAS, from in April 2012, Respondent forged Y.J.'s signatures on at least two loan request forms, without Y.J.'s knowledge or consent, to make them appear as genuine documents; and

WHEREAS, Respondent then submitted the forged documents to MetLife to obtain two fraudulent loans on Y.J.'s MetLife accounts; and

WHEREAS, MetLife issued two checks in the total amount of \$6,000.00 which Respondent deposited into bank accounts that he controlled; and

WHEREAS, Respondent used the proceeds from the two fraudulent transactions for his personal benefit; and

WHEREAS, Metlife provided full restitution to Y.J. for Respondent's fraudulent activity; and

**7. H.M.**

WHEREAS, sometime before July 28, 2013, Respondent approached H.M. and solicited H.M. to obtain a MetLife annuity product through Respondent; and

WHEREAS, on or about July 28, 2013, H.M. delivered three checks in the total amount of \$100,000 to Respondent with instructions to open an annuity policy at MetLife under the name H.M. and deposit said \$100,000 into the annuity policy; and



WHEREAS, Respondent accepted the \$100,000 from H.M. but failed to open the annuity policy for H.M. and instead deposited the funds into his own bank account for his personal benefit; and

WHEREAS, Metlife provided full restitution to H.M. for Respondent's fraudulent activity; and

**8. C.L.**

WHEREAS, sometime before May 8, 2012, Respondent approached C.L. and solicited C.L. to obtain a MetLife annuity product through Respondent; and

WHEREAS, on or about May 8, 2012, C.L. delivered two checks in the total amount of \$23,000 to Respondent with instructions to open an annuity policy at MetLife under the name C.L. and deposit said \$23,000 into the annuity policy; and

WHEREAS, Respondent accepted the \$23,000 from C.L. but failed to open the annuity policy for C.L. and instead deposited the funds into his own bank account for his personal benefit; and

WHEREAS, Metlife provided full restitution to C.L. for Respondent's fraudulent activity; and

**COUNT 1**

WHEREAS, Respondent misappropriated client funds received for placement into insurance product investments, in violation of N.J.S.A. 17:22A-40a(2), (4), (7), (8), and (16); and N.J.A.C. 11:17C-2.1(a); and

**COUNT 2**

WHEREAS, Respondent fraudulently withdrew funds from insurance policies and annuities of eight of his clients without clients' knowledge or authorization, in violation of

N.J.S.A. 17:22A-40a(2), (4), (7), (8), and (16); and

**COUNT 3**

WHEREAS, Respondent forged loan requests and withdrawal forms and submitted these forged documents to MetLife, in violation of N.J.S.A. 17:22A-40a(2), (7), (8), (10) and (16); and

**COUNT 4**

WHEREAS, at all relevant times, Respondent was associated with various firms registered by FINRA; and

WHEREAS, on August 11, 2014, FINRA commenced a disciplinary action against Respondent and issued a Letter of Acceptance, Waiver and Consent based on the fraudulent activities described in this Consent Order; and

WHEREAS, the Letter of Acceptance, Waiver and Consent barred Respondent from associating in any capacity with any firm registered by FINRA; and

WHEREAS, Respondent failed to report to the Commissioner within 30 days the FINRA disciplinary action and the August 11, 2014 Letter of Acceptance, Waiver and Consent, in violation of N.J.S.A. 17:22A-40a(8), (16) and (19), and N.J.S.A. 17:22A-47c; and

**COUNT 5**

WHEREAS, on July 22, 2015, Respondent was charged with, and pleaded guilty to, one count of Mail Fraud, in violation of 18 U.S.C. 1341 and 18 U.S.C. 1342; and

WHEREAS, on March 3, 2016, Respondent was convicted of one count of Mail Fraud, in violation of 18 U.S.C. 1341 and 18 U.S.C. 1342; and

WHEREAS, pursuant to the judgment of conviction, Respondent was sentenced to 33 months in prison and was ordered to pay full restitution to MetLife in the amount of \$530,418.34 for his fraudulent activity; and

WHEREAS, Respondent failed to report to the Commissioner within 30 days the criminal prosecution and the March 3, 2016 judgment of conviction, in violation of N.J.S.A. 17:22A-40a(6) and (18), and N.J.S.A. 17:22A-47b; and

**COUNT 6**

WHEREAS, at all relevant times, Respondent was registered with the New Jersey Bureau of Securities as an agent and an investment adviser representative of MetLife; and

WHEREAS, on July 23, 2015, Respondent entered into an Administrative Consent Order with the New Jersey Bureau of Securities; and

WHEREAS, pursuant to the July 23, 2015 Administrative Consent Order, Respondent was assessed a civil monetary penalty in the amount of \$80,000.00 and his agent registration and investment adviser representative registrations were revoked;

WHEREAS, Respondent failed to report to the Commissioner within 30 days the revocation order dated July 23, 2015, in violation of N.J.S.A. 17:22A-40a(19), and N.J.S.A. 17:22A-47a ; and

**CONCLUSION**

WHEREAS, Respondent admits and agrees to take responsibility for the aforementioned violations; and

WHEREAS, this matter should be resolved upon the consent of the parties without resort to a formal hearing on the aforementioned violations; and

WHEREAS, cause does exist under N.J.S.A. 17:22A-40a and N.J.S.A. 17:22A-45c to impose a civil penalty; and

WHEREAS, Respondent waives his right to a hearing on the aforementioned violations and consents to the revocation of his expired insurance producer license and to the payment of a fine in the amount of \$100,000.00;

NOW, THEREFORE, IT IS on this 3<sup>rd</sup> day of January, 2019,

IT IS ORDERED AND AGREED, that Respondent's insurance producer license, Reference No. 9951650, is revoked pursuant to N.J.S.A. 17:22A-40, and said license shall immediately be returned to the Department upon execution of this Consent Order by Respondent; and

IT IS FURTHER ORDERED AND AGREED, that Respondent shall never apply for an insurance producer license in this State; and

IT IS FURTHER ORDERED AND AGREED, that Respondent shall cease and desist from engaging in the conduct that gave rise to this Consent Order; and

IT IS FURTHER ORDERED AND AGREED, that Respondent shall pay a civil penalty in the amount of \$100,000.00 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," which shall be paid upon execution of this Consent Order by Respondent; and

IT IS FURTHER ORDERED AND AGREED, that the signed Consent Order and license together with the civil penalty of \$100,000.00 shall be remitted 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

and

IT IS FURTHER ORDERED AND AGREED. that Respondent shall fully satisfy restitution to MetLife as ordered in the March 3, 2016 judgment of conviction; and

IT IS FURTHER ORDERED AND AGREED, that the provisions of this Consent Order represent a final agency decision and constitute final resolution of the violations against Respondent contained herein.

  
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Mariene Caride  
Commissioner

**CONSENTED AS TO FORM, CONTENT, AND ENTRY:**

  
\_\_\_\_\_  
Kwen Y. Chun

Dated: 11/30/2018

GUBRIR S. GREWAL  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for Commissioner

By:   
\_\_\_\_\_  
Garen Gazaryan  
Deputy Attorney General

Dated: 12/5/2018