

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 Kimberly A. Williams,
Reference No. 0207597 and KEI Integrity
Solutions, Reference No. 1524984

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ORDER
TO SHOW CAUSE

TO: Kimberly A. Williams
9 Oyster Bay Road, Apt. F
Absecon, New Jersey 08201-2895

KEI Integrity Solutions
P.O. Box 592
Pleasantville, New Jersey 08232-0592

This matter, having been opened by the Commissioner of Banking and Insurance, State of New Jersey (“Commissioner”), upon information that Kimberly A. Williams (“Williams”) and KEI Integrity Solutions (“KEI”) (collectively, “Respondents”) may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Williams is currently licensed as a resident insurance producer in the State of New Jersey pursuant to N.J.S.A. 17:22A-32(a); and

WHEREAS, KEI is currently licensed as a resident business entity insurance producer in the State of New Jersey pursuant to N.J.S.A. 17:22A-32(b), with Williams listed as its Designated Responsible Licensed Producer (“DRLP”); 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 to -48 (“Producer Act”), the New Jersey Insurance Fraud Prevention Act, N.J.S.A. 17:33A-1 to -30 (“Fraud Act”) and the regulations

promulgated thereunder, N.J.A.C. 11:16-1.1 to -7.10, 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-40(a)(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-40(a)(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-40(a)(7), an insurance producer shall not commit any insurance unfair trade practice or fraud; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a)(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-40(a)(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-40(a)(16), an insurance producer shall not commit any fraudulent act; and

WHEREAS, pursuant to N.J.A.C. 11:17A-4.10, an insurance producer acts in a fiduciary capacity in the conduct of his or her insurance business; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a), the Commissioner may place on probation, suspend, revoke or refuse to issue or renew an insurance producer's license or may levy a civil penalty, or may take any combination of actions for violating the Producer Act; and

WHEREAS, pursuant to N.J.S.A. 17:22A-45(c), 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

WHEREAS, pursuant to N.J.S.A. 17:33A-4(a)(4)(b), no person shall 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. 17:33A-5(a) and (c), violations of the Fraud Act subject the violator to a civil and administrative penalty not to exceed \$5,000.00 for the first offense, not to exceed \$10,000.00 for the second offense and not to exceed \$15,000.00 for each subsequent offense; moreover, the Commissioner may issue a final order recovering costs of prosecution, including attorneys' fees in accordance with N.J.A.C. 11:16-7.9(c); and

WHEREAS, pursuant to N.J.S.A. 17:33A-5.1, any person who is found in any legal proceeding to have committed insurance fraud shall be subject to a surcharge in the amount of \$1,000.00; and

ALLEGATIONS COMMON TO ALL COUNTS

IT APPEARING, that at all relevant times, Corporate Employee Benefits, LLC (“CEB”) was a licensed business entity insurance producer in the State of New Jersey, and Curtis M. Lackland (“Lackland”) was the owner, president and DRLP of CEB; and

IT FURTHER APPEARING, that at all relevant times, Williams was an employee of CEB and simultaneously the owner and DRLP of KEI; and

IT FURTHER APPEARING, that on or about May 15, 2015, CEB terminated the employment of Williams for engaging in various activities and conduct for the exclusive benefit of Williams and/or KEI without the authorization, approval or knowledge of Lackland or CEB, and in violation of CEB’s policies, rules and procedures; and

COUNT 1
(Williams Only)
(Producer Act)

IT FURTHER APPEARING, that on or about February 13, 2014, Williams submitted to the New Jersey Division of Revenue a “Certificate of Amendment” in the name of CEB that falsely stated she was a partner and member of the Board of Directors of CEB and which contained the forged signature of Lackland; and

IT FURTHER APPEARING, that Williams paid the filing fees for the “Certificate of Amendment” with two (2) checks drawn on the bank account of CEB which contained the forged signature of Lackland; and

IT FURTHER APPEARING, that Williams submitted the “Certificate of Amendment” and the two CEB checks without the authorization, approval or knowledge of Lackland or CEB; and

IT FURTHER APPEARING, that Williams submitted false and misleading documents to the Division of Revenue with misappropriated checks from CEB’s bank account all of which

contained the forged signature of Lackland, in violation of the Producer Act, N.J.S.A. 17:22A-40(a)(2), (8), and (16); and

COUNT 2
(Williams and KEI)
(Producer Act)

IT FURTHER APPEARING, that on or about February 23, 2015, Respondents sent a written request to Fiorelli Financial Group (“Fiorelli”), CEB’s insurance broker, to amend CEB’s “Errors and Omissions” insurance policy to include KEI as an additional named insured; and

IT FURTHER APPEARING, Respondents also submitted to Fiorelli a falsified “Operating Agreement” containing the forged signature of Lackland to facilitate amending CEB’s “Errors and Omissions” insurance policy to add KEI as a named insured; and

IT FURTHER APPEARING, that Respondents submitted to Fiorelli the written request to amend CEB’s “Errors and Omissions” insurance policy and the Operating Agreement, without the authorization, approval or knowledge of Lackland or CEB; and

IT FURTHER APPEARING, that Respondents submitted false and misleading requests for insurance coverage to CEB’s broker supported by a fake agreement between CEB and KEI that contained the forged signature of Lackland, in violation of the Producer Act, N.J.S.A. 17:22A-40a(2), (5), (7), (8), (10) and (16), and N.J.A.C. 11:17A-4.10; and

COUNT 3
(Williams and KEI)
(Fraud Act)

IT FURTHER APPEARING, that Respondents submitted to Fiorelli the written request to amend CEB’s “Errors and Omissions” insurance policy and the Operating Agreement, referenced in Count 2, without the authorization, approval or knowledge of Lackland or CEB, and knowing that said request and agreement were falsified and contained the forged signature of Lackland and

other false or misleading information concerning any fact or thing material to the form or document, also in violation of the New Jersey Insurance Fraud Prevention Act, N.J.S.A. 17:33A-4(a)(4)(b); and

COUNT 4
(Williams Only)
(Producer Act)

IT FURTHER APPEARING, that in or about April 10, 2015, Williams submitted to the New Jersey Department of Banking and Insurance an “Address Change Request” in the name of CEB, and falsely represented on the form that the Respondent was an “Officer” of CEB; and

IT FURTHER APPEARING, Williams submitted the “Address Change Request” without the authorization, approval or knowledge of Lackland or CEB; and

IT FURTHER APPEARING, that Williams’ submitted a false or misleading “Address Change Request” to the Department in violation of the Producer Act, N.J.S.A. 17:22A-40(a)(2), (8) and (16); and

COUNT 5
(Williams and KEI)
(Producer Act)

IT FURTHER APPEARING, that on or about July 2, 2015, Respondents submitted an application in the name of KEI to Rockwood Programs Inc. (“Rockwood”), an insurance broker, seeking to purchase an “Errors and Omissions” insurance policy for KEI; and

IT FURTHER APPEARING, that Respondents also submitted to Rockwood a falsified “Operating Agreement” containing the forged the signature of Lackland to facilitate securing the “Errors and Omissions” insurance policy for KEI; and

IT FURTHER APPEARING, that Respondents submitted to Rockwood the Operating Agreement without the authorization, approval or knowledge of Lackland or CEB; and

IT FURTHER APPEARING, that Respondents submitted an application for insurance for KEI supported by a false and misleading "Operating Agreement" that contained the forged signature of Lackland, in violation of the Producer Act, N.J.S.A. 17:22A-40a(2), (5), (7), (8), (10) and (16) and N.J.A.C. 11:17A-4.10; and

COUNT 6
(Williams and KEI)
(Fraud Act)

IT FURTHER APPEARING, that Respondents submitted to Rockwood the Operating Agreement, referenced in Count 5, without the authorization, approval or knowledge of Lackland or CEB, and knowing that said agreement was falsified and contained the forged signature of Lackland and other false or misleading information concerning any fact or thing material to the form or document, also in violation of the Insurance Fraud Prevention Act, N.J.S.A. 17:33A-4(a)(4)(b); and

NOW, THEREFORE, IT IS on this *2nd* day of *April*, 2019

ORDERED, that Respondents appear and show cause why their New Jersey insurance producer licenses should not be suspended or revoked pursuant to N.J.S.A. 17:22A-40; and

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

IT IS FURTHER ORDERED, that Respondents appear and show cause why, in addition to any other penalty, they should not be required to reimburse the Department for the costs of the

investigation and prosecution as authorized by N.J.S.A. 17:22A-45(c) and N.J.S.A. 17:33A-5(c); and

IT IS FURTHER ORDERED, that Respondents appear and show cause why the Commissioner should not assess a penalty of not more than \$5,000 for the first violation, \$10,000 for the second violation, and \$15,000 for each subsequent violation of the Fraud Act and order restitution, pursuant to N.J.S.A. 17:33A-5(c); and

IT IS FURTHER ORDERED, that Respondents appear and show cause why the Commissioner should not assess costs of prosecution, including attorneys' fees, pursuant to N.J.S.A. 17:33A-5(c); and

IT IS FURTHER ORDERED, that Respondents appear and show cause why the Commissioner should not assess a surcharge in the amount of \$1,000.00 against Respondents, pursuant to N.J.S.A. 17:33A-5.1; and

IT IS PROVIDED, that Respondents have the right to request an administrative hearing, to be represented by counsel or other qualified representative, at their 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 the service of this Order to Show Cause, the right to a hearing in this matter shall be deemed to have been waived by Respondents 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, New Jersey 08625, or by faxing the hearing request to the Department at (609) 292-5337. A copy of the request for a hearing shall also be sent to Dakar R. Ross, Deputy Attorney General, Department of Banking

and Insurance, P.O. Box 117, Trenton, New Jersey 08625. The request from each respondent shall contain the following:

- A. Respondent's full 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 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 Respondents 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 a hearing.



Marlene Caride
Marlene Caride
Commissioner