

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 )  
Hany Shehata d/b/a MHM Insurance )  
Agency, Reference No. 9939802. )  
\_\_\_\_\_ )

**FINAL ORDER**

TO: Hany Shehata  
26 Cunningham Drive  
West Orange, NJ 07052

Gerald D. Miller, Esq.  
Miller Meyerson & Corbo  
35 Journal Square, Suite 1105  
Jersey City, NJ 07306

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. E18-52, alleging that Respondent Hany Shehata d/b/a MHM Insurance Agency (“Respondent”) may have violated various provisions of the insurance laws of the State of New Jersey; and

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

WHEREAS, Respondent operated under the trade name MHM Insurance Agency; 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, the regulations governing Insurance Producer Standards of Conduct, N.J.A.C. 11:17A-1.1 to 11:17D-2.8, and the Persons Employed in the Business of Insurance regulations, N.J.A.C. 11:17E-1.1 to -1.7; 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)(4), an insurance producer shall not improperly withhold, misappropriate, or convert any monies or properties received in the course of doing business; 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.A.C. 11:17C-2.2(b), an insurance producer shall pay all premiums due to the insured or credit to the insured's account within five business days after receipt by the insurance producer from the insurer, or other insurance producer or premium finance company; and

WHEREAS, pursuant to N.J.A.C. 11:17C-2.3(a), an insurance producer shall establish and maintain a trust account into which shall be deposited cash, checks, and other instruments payable to the insurance producer; 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, and may levy a civil penalty, for a violation of the Producer Act; and

WHEREAS, pursuant to N.J.S.A. 17:22A-45(c), any person violating any provision of the Producer Act shall be liable 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, as appropriate; and

WHEREAS, the Commissioner issued Order to Show Cause E18-52 on May 25, 2018 alleging violations of New Jersey insurance laws by Respondent as set forth in the following Counts:

**ALLEGATIONS COMMON TO ALL COUNTS**

IT APPEARING, that L.C. purchased a home improvement insurance policy through Respondent; and

IT FURTHER APPEARING, that the home improvement insurance policy was written by Tapco Underwriters; and

IT FURTHER APPEARING, that Tapco Underwriters cancelled the policy on March 15, 2014 and forwarded the refunded premium in the amount of \$809.37 to Respondent; and

IT FURTHER APPEARING, that Respondent did not advise L.C. of the cancellation and did not refund the premium; and

IT FURTHER APPEARING, that on March 20, 2015, after learning about the refund L.C. filed a consumer complaint with the Department of Banking and Insurance, Consumer Protection Services Unit (“Department”) against Respondent; and

IT FURTHER APPEARING, that on March 25, 2015, an investigator from the Department sent a letter to Respondent inquiring about the refund; and

IT FURTHER APPEARING, that on April 5, 2015, Respondent issued a refund check in the amount of \$809.00 to L.C. from a personal bank account; and

**COUNT 1**

IT FURTHER APPEARING, that Respondent failed to advise L.C. of cancellation of the policy, in violation of N.J.S.A. 17:22A-40(a)(8); and

**COUNT 2**

IT FURTHER APPEARING, that Respondent failed to forward to L.C. the refunded premium within five business days, in violation of N.J.S.A. 17:22A-40(a)(2), (4), and (8), and N.J.A.C. 11:17C-2.2; and

**COUNT 3**

IT FURTHER APPEARING, that Respondent failed to maintain a trust account, in violation of N.J.A.C. 11:17C-2.3; and

IT FURTHER APPEARING, that as set forth in the Certification of Brian R. Fitzgerald, attached hereto as Exhibit A, Respondent was given notice of the aforesaid charges and an opportunity to contest the charges at a hearing pursuant to Order to Show Cause E18-52, which was duly served on Respondent by certified and regular mail at his last known mailing address; and

IT FURTHER APPEARING, that Respondent failed to provide a written response to the charges contained in Order to Show Cause E18-52 within 20 days as provided by N.J.A.C. 11:17D-2.1(d)(1), and therefore Respondent has waived his 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 25<sup>th</sup> day of August, 2019,

ORDERED, that the charges contained in Counts One, Two, and Three of Order to Show Cause E18-52 are deemed admitted by Respondent, 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 resident insurance producer license of Respondent is hereby **REVOKED** effective upon the execution of this Final Order by the Commissioner; and

IT IS FURTHER ORDERED, that pursuant to N.J.S.A. 17:22A-45(c), Respondent is responsible for the payment of civil penalties in the amount of \$25,000.00 for the violations of the Producer Act and other regulations cited above as follows:

Count 1: Respondent shall pay a civil penalty of \$5,000.00; and

Count 2: Respondent shall pay a civil penalty of \$10,000.00; and

Count 3: Respondent shall pay a civil penalty of \$10,000.00; and

IT IS FURTHER ORDERED, that pursuant to N.J.S.A. 17:22A-45(c) and N.J.A.C. 11:1-32.4(b)(20), Respondent 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 Daxesh Patel, attached hereto as Exhibit B, totaling \$487.50.

IT IS FURTHER ORDERED, that Respondent shall pay the above penalties and costs totaling \$25,487.50 in full by remitting payment to the Commissioner of Banking and Insurance, State of New Jersey, P.O. Box 329, Trenton, New Jersey 08625, Attention: Virgil Downtin, Chief of Investigations, by certified check, cashier's check, or money order made payable to the "State of New Jersey, General Treasury," within ten days from the date of service of this Order; and

IT IS FURTHER ORDERED, that in the event full payment of the penalty and costs 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, N.J.S.A. 2A:58-10 to -12; and

IT IS FURTHER ORDERED, that the civil penalties 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 Order to Show Cause No. E18-52.

  
\_\_\_\_\_  
Marlene Caride  
Commissioner

GURBIR S. GREWAL  
ATTORNEY GENERAL OF NEW JERSEY  
Richard J. Hughes Justice Complex  
25 Market Street  
P. O. Box 117  
Trenton, New Jersey 08625  
Attorney for the Department of Banking and Insurance

By: Brian R. Fitzgerald  
Deputy Attorney General  
NJ Attorney ID No. 024972004  
(609) 376-2965  
[Brian.Fitzgerald@law.njoag.gov](mailto:Brian.Fitzgerald@law.njoag.gov)

IN THE MATTER OF:

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Proceedings by the Commissioner of )  
Banking and Insurance, State of New )  
Jersey, to fine, suspend, and/or revoke )  
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Hany Shehata, Reference No. )  
9939802 d/b/a MHM Insurance )  
Agency. )  
\_\_\_\_\_

**CERTIFICATION OF BRIAN R.  
FITZGERALD**

I, Brian R. Fitzgerald, 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 matter. I submit this certification in support of the Department’s request that a Final Order be entered against Respondent Hany Shehata d/b/a MHM Insurance Agency (“Respondent”), and specifically to establish that proper service of Order No. E18-52 was made upon Respondent.

2. The Commissioner of the Department issued Order No. E18-52 (“Order to Show Cause”) on May 25, 2018.

3. By letter dated May 29, 2018, this office served a copy of the Order to Show Cause on Respondent via regular and certified mail, return receipt requested, at the following residence and business addresses for Respondent on file with the Department: 26 Cunningham Drive, West Orange, New Jersey (residence) and 3402 Kennedy Boulevard, Jersey City, New Jersey (business). (Attached as Exhibit 1 is a copy of the May 29, 2018 cover letter).

4. Neither the regular mail nor certified mail sent to both addresses on May 29, 2018 were returned to this office, nor were the certified mail green cards returned to this office.

5. By letter dated January 23, 2019, this office served copies of the Order to Show Cause on Respondent (as both Hany Shehata and Hany Shchata d/b/a MHM Insurance Agency) via regular and certified mail, return receipt requested at the last known residential address for Respondent according to the New Jersey Motor Vehicle Commission at 26 Cunningham Drive, West Orange, New Jersey. (Attached as Exhibit 2 is a copy of the January 23, 2019 cover letter.)

6. The certified mail sent on January 23, 2019 was delivered to Respondent on January 25, 2019. (Attached as Exhibit 3 is a copy of the certified mail return receipt green card).

7. Respondent was effectively served with the Order to Show Cause on May 29, 2018 and January 23, 2019.

8. Respondent has not filed or otherwise provided an answer to the Order to Show Cause within 20 days from service as required by N.J.A.C. 11:17D-2.1(d)(1). Further, to date, Respondent has not filed an answer nor requested a hearing to contest the allegations set forth in Order to Show Cause No. E18-52.



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.

A handwritten signature in blue ink, appearing to be 'Brian R. Fitzgerald', written over a horizontal line.

Brian R. Fitzgerald

Dated: August 13, 2019

**EXHIBIT 1**



PHILIP D. MURPHY  
*Governor*

SHEILA Y. OLIVER  
*Lt. Governor*

*State of New Jersey*  
OFFICE OF THE ATTORNEY GENERAL  
DEPARTMENT OF LAW AND PUBLIC SAFETY  
DIVISION OF LAW  
25 MARKET STREET  
PO Box 117  
TRENTON, NJ 08625-0117

GURBIR S. GREWAL  
*Attorney General*

MICHELLE L. MILLER  
*Director*

May 29, 2018

Via Regular and Certified Mail

Hany Shehata  
26 Cunningham Drive  
West Orange, NJ 07052

Hany Shehata d/b/a MHM Insurance Agency  
3402 Kennedy Blvd.  
Jersey City, NJ 07307

Dear Mr. Shehata:

We represent the New Jersey Department of Banking and Insurance ("Department"). Enclosed, please find Order to Show Cause No. E18-52 issued by the Director of Insurance on May 25, 2018. The Order to Show Cause charges you with various violations of the insurance laws and regulations of the State of New Jersey, and orders you to appear and show cause as to why your insurance producer licenses should not be suspended or revoked, and why other administrative fines and costs should not be imposed against you.

You have the right to request an administrative hearing in regard to these allegations. Complete instructions on how to request a hearing are contained within the enclosed Order to Show Cause. Briefly here, a request for hearing must provide a specific statement responding to each charge alleged in the Order to Show Cause, specifically admit or deny each fact alleged in the Order to Show Cause, identify any facts of which you have no specific knowledge, and identify any defenses intended to be asserted in response to each charge. N.J.A.C. 11:17D-2.1(d). The request for hearing must be received by the Department within twenty (20) days of service of the Order to



Show Cause upon you. The request for hearing should be sent to: Virgil Downtin, Chief of Investigations, Department of Banking and Insurance, P.O. Box 329, Trenton, New Jersey 08625; or, faxed to Mr. Downtin's attention at (609) 292-5337, with a copy to me. If you fail to respond to this Order to Show Cause within the time provided, a Final Order will be issued by the Commissioner.

Thank you for your attention to this matter.

Sincerely yours,

GURBIR S. GREWAL  
ATTORNEY GENERAL OF NEW JERSEY

By:

  
Anita Bittner

Deputy Attorney General

Encls.

**EXHIBIT 2**



State of New Jersey

OFFICE OF THE ATTORNEY GENERAL  
DEPARTMENT OF LAW AND PUBLIC SAFETY  
DIVISION OF LAW  
25 MARKET STREET  
PO Box 117  
TRENTON, NJ 08625-0117

PHILIP D. MURPHY  
Governor

GURBIR S. GREWAL  
Attorney General

SHEILA Y. OLIVER  
Lt. Governor

MICHELLE L. MILLER  
Director

January 22, 2019

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED AND REGULAR MAIL

Mr. Hany Shehata  
26 Cunningham Drive  
West Orange, NJ 07052

Mr. Hany Shehata  
d/b/a/ MHM Insurance Agency  
3402 Kennedy Boulevard  
Jersey City, NJ 07307

Re: Proceedings by the Commissioner of Banking and Insurance, State of New Jersey, to fine, suspend, and/or revoke the insurance producer licenses of Hany Shehata d/b/a MHM Insurance Agency, Ref. No. 9939802 - Order to Show Cause No. E18-52.

Dear Mr. Shehata:

This office represents the Commissioner of the New Jersey Department of Banking and Insurance ("Commissioner") in connection with the above-referenced matter. Enclosed for service upon you is Order to Show Cause No. E18-52 that was issued against you by the Commissioner. Please be guided accordingly.

Very truly yours,

GURBIR S. GREWAL  
ATTORNEY GENERAL OF NEW JERSEY

By: \_\_\_\_\_  
Brian R. Fitzgerald  
Deputy Attorney General

Encl.



**EXHIBIT 3**

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mr. Hany Shehata  
26 Cunningham Drive  
West Orange, NJ 07052



9590 9402 3824 8032 6084 62

2. Article Number (transfer from service label)  
7011 0110 0000 4649 2631

PS Form 3811, July 2015 PSN 7530-02-000-8053

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  Addressee

**X** 

B. Received by (Printed Name)  Date of Delivery

17/05/18

D. Is delivery address different from item 1?  Yes  No  
If YES, enter delivery address below:

3. Service Type
- Adult Signature
  - Adult Signature Restricted Delivery
  - Certified Mail®
  - Certified Mail Restricted Delivery
  - Collect on Delivery
  - Collect on Delivery Restricted Delivery
  - Insured Mail (over \$500)
  - Insured Mail Restricted Delivery
  - Priority Mail Express®
  - Registered Mail
  - Registered Mail Restricted Delivery
  - Return Receipt for Merchandise
  - Signature Confirmation™
  - Signature Confirmation Restricted Delivery

Domestic Return Receipt



GURBIR S. GREWAL  
ATTORNEY GENERAL OF NEW JERSEY  
Richard J. Hughes Justice Complex  
25 Market Street  
P. O. Box 117  
Trenton, New Jersey 08625  
Attorney for the Department of Banking and Insurance

By: Brian R. Fitzgerald  
Deputy Attorney General  
NJ Attorney ID No. 024972004  
(609) 376-2965  
brian.fitzgerald@law.njoag.gov

IN THE MATTER OF:

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Proceedings by the Commissioner of )  
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Hany Shehata, Reference No. )  
9939802 d/b/a MHM Insurance )  
Agency. )  
\_\_\_\_\_

**CERTIFICATION OF  
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 employed by the New Jersey Department of Banking and Insurance ("Department"), Enforcement Unit, and hold the title of Investigator.

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

3. On or about 05/14/2015, I was assigned responsibility for determining whether Respondent, Hany Shehata d/b/a MHM Insurance Agency, may have violated provisions of the New Jersey Insurance Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 to -48 ("Producer Act").

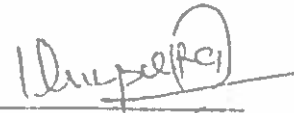
4. To determine the amount of time that I spent on the investigation and prosecution of the referenced licensed producer, I reviewed the files relative to this matter, including time records. Based on this review I have prepared the schedule of costs attached hereto as Exhibit 1.

5. As this schedule reflects, I spent a total of 9.75 hours on the investigation and prosecution of this matter.

6. Under N.J.A.C. 11:1-32.4(b)(20), costs to the Department for the investigation and prosecution of violations of the Producer Act are reimbursable at the rate of \$50.00 per hour, rounded to the nearest quarter hour.

7. I therefore request that the Department's costs of investigation and prosecution be reimbursed in the amount of \$487.50.

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.



Daxesh Patel

Dated: 6/14/2019

## EXHIBIT 1

DATE	TIME SPENT HOURS/MINUTES	PHONE	CASE PREP.	COMMENTS
5/18/2015	0.50		X	File reviewed
5/18/2015	0.25	X		Called producer Shehata and discussed the issue on file
6/04/2015	0.25	X	X	Received response from Shehata. Reviewed the response. Called Shehata and left a message.
6/05/2015	1.00		X	Prepared IR No. 1
7/15/2015	0.25	X		Called Shehata and requested additional information/documents.
8/04/2015	0.50		X	Prepared and sent a letter of request to Shehata.
8/13/2015	1.00		X	Prepared IR No. 2
8/14/2015	0.25		X	Received response from Shehata. Reviewed and updated in the system.
8/25/2015	2.50		X	Prepared F & E
8/31/2015	1.00		X	Prepared and sent a letter of request to Shehata.
12/08/2015	1.00		X	Prepared IR No.3
1/13/2016	0.25		X	Conducted and obtained Accurint search report.
2/01/2016	0.25	X		Received call from Shehata and discussed the issue related to the trust account.
4/08/2016	0.50		X	Prepared Memo to file.
4/12/2016	0.25		X	This file sent to the AG's office.
Total Hours:	9.75 @ \$50.00 = \$487.50			