

STATE OF NEW JERSEY  
DEPARTMENT OF BANKING AND INSURANCE

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 the insurance license of )  
Ellen B. Edwards, Reference No. 1628591. )  
\_\_\_\_\_ )

**ORDER TO SHOW CAUSE**

TO: Ellen B. Edwards  
250 Beachway Ave, Unit 607  
Keansburg, NJ 07734-1881

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

WHEREAS, at all relevant times, Respondent was licensed as a resident individual insurance producer in the State of New Jersey pursuant to N.J.S.A.17:22A-32(a), until her license expired on December 31, 2018; 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 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-40(d), 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 of 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-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)(8), an insurance producer shall not use any fraudulent, coercive, or dishonest practices, or demonstrate incompetence or untrustworthiness in the conduct of insurance business; 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.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 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)(1), it is a violation of the Fraud Act to present or cause to be presented any written or oral statement as part of, or in support of, a claim for payment or other benefit pursuant to an insurance policy knowing that the statement contains

any false or misleading information concerning any fact or thing material to the claim; and

WHEREAS, pursuant to N.J.S.A. 17:33A-4(a)(3), no person shall conceal or knowingly fail to disclose the occurrence of any event which affects any person's initial or continued right or entitlement to (a) any insurance benefit or payment or (b) the amount of any benefit or payment to which the person is entitled; 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 on November 23, 2016, Respondent became a licensed insurance producer in the State of New Jersey; and

IT FURTHER APPEARING, that on or about June 18, 2017 at approximately 3:38 p.m., Respondent's daughter "C.E." sought treatment for an injury that occurred earlier that day; and

IT FURTHER APPEARING, that on or about June 18, 2017 at 7:11 p.m., Respondent submitted an application for an Accident Protector insurance policy to Combined Insurance Company of America ("Combined") for C.E.; and

IT FURTHER APPEARING, that on or about June 20, 2017, C.E. filed a claim with Combined for insurance benefits for lost wages under her insurance policy with Combined for an

injury which she falsely reported as having occurred on June 18, 2017; and

IT FURTHER APPEARING, that on or about July 5, 2017, during a phone call with a Combined representative, C.E. falsely stated that the injury occurred about four hours after signing her application; and

IT FURTHER APPEARING, that on or about July 5, 2017, during a second phone call with a Combined representative, C.E. falsely stated that she had no relation to Respondent; and

IT FURTHER APPEARING, that on or about July 5, 2017, during a phone call with a Combined representative, Respondent falsely stated that she first met C.E. on June 17, 2017 while C.E. was working as a bartender. Respondent further falsely stated that she met with C.E. the morning of June 18, 2017 to complete the application; and

IT FURTHER APPEARING, that on or about July 5, 2017, during a second phone call with a Combined representative, Respondent admitted that C.E. was her daughter and that she submitted the application with the knowledge that the injury had already occurred and knowingly continued the misrepresentations in order to have the injury claim covered; and

IT FURTHER APPEARING, that on or about July 18, 2017, Combined denied C.E.'s claim because the injury occurred prior to the inception of the policy; and

**COUNT ONE**  
**(Producer Act)**

IT FURTHER APPEARING, that on June 18, 2017, Respondent submitted a fraudulent insurance policy application by not disclosing C.E.'s injury earlier that day, and then during subsequent phone calls with Combined, concealing that C.E. was her daughter, and falsely stating that she first met C.E. on June 17, 2017 while C.E. was working as a bartender and that she met with C.E. the morning of June 18, 2017 to complete the application, in violation of N.J.S.A. 17:22A-

40(a)(2), (5), (8), and (16); and

**COUNT TWO**  
**(Fraud Act)**

IT FURTHER APPEARING, that by failing to disclose C.E.'s prior injury on June 18, 2017, when submitting the application for insurance to Combined, and by not disclosing her relationship with C.E. during subsequent conversations with Combined, Respondent knowingly failed to disclose the occurrence of an event that affected her initial or continued entitlement to an insurance benefit or payment, in violation of N.J.S.A. 17:33A-4(a) (3); and

IT FURTHER APPEARING, that Respondent by making false statements to Combined about her relationship to C.E. in support of the insurance claim, specifically that that she first met C.E. on June 17, 2017 while C.E. was working as a bartender and that she met with C.E. the morning of June 18, 2017 to complete the application, Respondent presented or caused to be presented written and oral statements in support of a claim or benefit pursuant to an insurance policy knowing that C.E.'s and her own statements to Combined contained false and misleading information that were material to C.E.'s claim, in violation of N.J.S.A. 17:33A-4(a)(1); and

NOW, THEREFORE, IT IS on this 6<sup>th</sup> day of June, 2023

ORDERED, that Respondent appear and show cause why her New Jersey insurance producer license should not be suspended or revoked pursuant to N.J.S.A. 17:22A-40(a); and

IT IS FURTHER ORDERED, that Respondent appear and show cause why the Commissioner should not assess a civil penalty of up to \$5,000.00 for the first violation and \$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 the provisions of N.J.S.A. 17:22A-45(c); and

IT IS FURTHER ORDERED, that Respondent appear and show cause why she should not

be required to reimburse the Department for the cost of the investigation and prosecution, including attorneys' fees, as authorized pursuant to N.J.S.A. 17:22A-45(c), N.J.S.A. 17:33A-5(c), and N.J.A.C. 11:16-7.9(c); and

IT IS FURTHER ORDERED, that Respondent appear and show cause why the Commissioner should not assess a civil penalty of up to \$5,000.00 for the first offense, up to \$10,000.00 for the second offense, and up to \$15,000 for each subsequent offense of the Fraud Act pursuant to the provisions of N.J.S.A. 17:33A-5(c) and N.J.A.C. 11:16-7.9(a); and

IT IS FURTHER ORDERED, that Respondent appear and show cause why the Commissioner should not impose a \$1,000.00 surcharge against her in accordance with N.J.S.A. 17:33A-5.1; and

IT IS PROVIDED, that Respondent has the right to request an administrative hearing, to be represented by counsel or other qualified representative, at her 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 the 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, 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 Deputy Attorney General Jessica Lugo at: Division of Law, P.O. Box 117, Trenton, NJ 08625. The request 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 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