

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 Abraham)
Lastra, Reference No. 1140882;)
Hotline Bail Bonds, Reference)
No. 1184178; Katherine)
Protogiannis, Reference No.)
1078399; Bails, Bails, Bails,)
Reference No. 108483)

ORDER
TO
SHOW CAUSE

TO: Abraham Lastra
1808 Bergenline Ave., Apt. 3
Union City, NJ 07087-3370

Hotline Bail Bonds
c/o Abraham Lastra
1716 Bergneline Ave.
Union City, NJ 07087

Katherine Protogiannis
201 West Jersey Str., Apt. 419
Elizabeth, NJ 07202

Bails, Bails, Bails
c/o Katherine Protogiannis
383 Summit Ave., Ground Floor,
Jersey City, NJ 07306

This matter, having been opened by the Commissioner of

Banking and Insurance ("Commissioner"), State of New Jersey, upon information that Abraham Lastra ("Lastra"), Hotline Bail Bonds ("HBB"), Katherine Protogiannis ("Protogiannis") and Bails, Bails, Bails ("BBB") (collectively "Respondents") may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Lastra was licensed as a resident insurance producer pursuant to N.J.S.A. 17:22A-32, until his license expired on February 29, 2012; and

WHEREAS, HBB was licensed as a resident business entity insurance producer pursuant to N.J.S.A. 17:22A-32, with Lastra listed as the designated responsible licensed producer ("DRLP"), prior to the expiration of its license on May 31, 2010; and

WHEREAS, Protogiannis is currently licensed as a resident insurance producer pursuant to N.J.S.A. 17:22A-32; and

WHEREAS, BBB was licensed as a resident business entity insurance producer pursuant to N.J.S.A. 17:22A-32, with Protogiannis listed as the designated responsible licensed producer ("DRLP"), prior to the expiration of its license on May 31, 2012; and

WHEREAS, Respondents are subject to the provisions of the New Jersey Insurance Producer Licensing Act ("Act"), N.J.S.A.

17:22A-26, et seq., producer licensing regulations, N.J.A.C.
11:17-1 et seq. and regulations governing Insurance Producer
Standards of Conduct, N.J.A.C. 11:17B-1.1 et seq. and N.J.A.C.
11:17C-1.1 et seq.; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40d and N.J.A.C.
11:17-2.14(c), allowing a license to expire shall not void any
disciplinary proceeding against the licensee, nor prevent
imposition of any penalty, ordered restitution, or costs; 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(8), an insurance
producer shall not use fraudulent, coercive or dishonest
business practices, or demonstrate incompetence,
untrustworthiness or financial irresponsibility in the conduct
of insurance business; 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-42a, an agent shall abide by the terms of its agency agreement with an insurer; and

WHEREAS, pursuant to N.J.S.A. 17:22-6.2a, any insurer which delivers in this State to any insurance broker a contract of insurance pursuant to the application or request of such broker, acting for an insured other than himself, shall be deemed to have authorized such broker to receive on its behalf payment of any premium which is due on such contract; and

WHEREAS, pursuant to N.J.A.C. 11:17A-4.1(a), premium monies collected by an insurance producer acting as an insurance agent shall be deemed to be received by the insurer by whom the agent is authorized to act whether or not the agent actually remits the monies to the insurer; and

WHEREAS, pursuant to N.J.A.C. 11:17A-4.1(b), premium monies collected by an insurance producer acting as an insurance broker shall be deemed to be received by the insurer; 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.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-40d, the Commissioner shall retain authority to enforce the provisions of and to impose any penalty or remedy authorized by this 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 this 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

ALLEGATIONS COMMON TO ALL COUNTS

IT APPEARING that on or about August 14, 2008, Financial Casualty & Surety, Inc. ("FCS"), an insurance company authorized to transact business in New Jersey, and Lastra and/or HBB entered into a Bail Bond Agency Agreement; and

IT FURTHER APPEARING that said Bail Bond Agreement authorized HBB to issue FCS Powers of Attorney as surety for bail bonds; and

IT FURTHER APPEARING that at all relevant times, Protogiannis had an agreement with Lastra to refer bail bond

business to HBB in return for a portion of the premium HBB would receive; and

IT FURTHER APPEARING that some time prior to January 8, 2009, Juan Matos ("Matos"), attorney for Mario Reynoso ("Reynoso"), contacted Protogiannis to initiate a bail bond for Reynoso; and

IT FURTHER APPEARING that in furtherance of the request for the execution of the bail bond, on January 8, 2009, Matos obtained a cashier's check in the amount of \$15,000 made payable to BBB, and delivered the check to Protogiannis; and

IT FURTHER APPEARING that thereafter Protogiannis deposited the check into BBB's bank account and issued a BBB check #091 made payable to HBB for \$15,000 with a notation "Collateral Mario Reynoso"; and

IT FURTHER APPEARING that on or about February 20, 2009, Matos and Protogiannis delivered to Lastra the BBB check #091 in the amount of \$15,000 made payable to HBB and cash in the amount of \$5,000 as collateral for the bail bond for Reynoso; and

IT FURTHER APPEARING that on or about February 20, 2009, Lastra issued a collateral receipt acknowledging receipt of the check in the amount of \$15,000 and \$5,000 in cash; and

IT FURTHER APPEARING that Lastra deposited BBB check #091

into HBB's bank account with a notation on the check "For Deposit Only Hotline Bail Bonds Inc.," and the check cleared the bank on or around February 25, 2009; and

IT FURTHER APPEARING that pursuant to N.J.A.C. 11:17A-4.1(a), FCS is deemed to have received the \$20,000 as collateral for Reynoso's bail by virtue of Lastra (a duly authorized agent of FCS) receiving said bail collateral; and

IT FURTHER APPEARING that on or about February 11, 2009, a then duly licensed employee of HBB, Omar S. Rodriguez, issued a FCS Power of Attorney FCS250-378775 as a bail bond for Reynoso; and

IT FURTHER APPEARING that the bond was filed with the Hudson County Superior Court; and

IT FURTHER APPEARING that Reynoso subsequently entered into a plea agreement; and

IT FURTHER APPEARING that as a result of the plea agreement, on June 28, 2013, Reynoso was sentenced to a five-year prison term; and

IT FURTHER APPEARING that after Reynoso was sentenced, Matos contacted BBB, HBB, and FCS requesting return of the \$20,000 collateral pledged for Reynoso's bail bond;

IT FURTHER APPEARING that to date, the \$20,000 was not

returned to Matos or Reynoso; and

COUNT 1

IT FURTHER APPEARING that Lastra and HBB failed to return the \$20,000 collateral pledged for Reynoso's bail, in violation of N.J.S.A. 17:22A-40a(2), (4), (8), and (16); and N.J.A.C. 11:17C-2.1(a); and

COUNT 2

IT FURTHER APPEARING that Protogiannis and BBB failed to return the \$20,000 collateral pledged for Reynoso's bail, in violation of N.J.S.A. 17:22A-40a(2), (4), (8), and (16); and N.J.A.C. 11:17C-2.1(a); and

(16); and N.J.A.C. 11:17A-4.1(a); and

NOW, THEREFORE, IT IS on this ~~11th~~^{8th} day of APRIL, 2016,

ORDERED that pursuant to the provisions of N.J.S.A. 17:22A-40a, Respondents shall appear and show cause why their insurance producer licenses shall not be revoked by the Commissioner; and

IT IS FURTHER ORDERED that Respondents appear and show cause why the Commissioner should not assess fines up to \$5,000.00 for the first violation and not exceeding \$10,000.00 for each subsequent violation, pursuant to the provisions of N.J.S.A. 17:22A-45c, due to their failure to comply with New Jersey's insurance laws and regulations; and

IT IS FURTHER ORDERED that Respondents appear and show cause why they should not be subject to additional penalties including reimbursement of the costs of investigation and prosecution by the Department of Banking and Insurance authorized pursuant to the provisions of N.J.S.A. 17:22A-45c; 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 own expense, to take testimony, to call or cross-examine witnesses, to have subpoena duces tecum 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, N.J. 08625 or by faxing the request to the Department at (609) 292-5337. The request shall contain:

(A) The licensee's 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 the 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 Respondent has no specific knowledge regarding a fact alleged in this 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.



PETER L. HARTT
Director of Insurance