

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 licenses of )  
Juan M. Guzman, Ref. No. 1010052 and ) **FINAL**  
La Raza Bail Bonds, Inc., Ref. No. 1010054, ) **ORDER**  
and to revoke the limited insurance representative )  
registrations of Juan M. Guzman and La Raza Bail )  
Bonds, Inc. )

TO: Juan M. Guzman  
51 Lincoln Drive  
Clifton, NJ 07011

La Raza Bail Bonds, Inc.  
c/o Juan M. Guzman  
129 Summer Street  
Passaic, NJ 07055

This matter, having been opened to the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that Juan M. Guzman, formerly licensed as a resident individual insurance producer pursuant to N.J.S.A. 17:22A-32a, N.J.S.A. 17:22A-33a(8) and N.J.S.A. 17:22A-39 until October 31, 2007 when said license was not renewed; and La Raza Bail Bonds, Inc., (collectively referred to as “Respondents”) formerly licensed as a resident business entity insurance producer pursuant to N.J.S.A. 17:22A-32b, N.J.S.A. 17:22A-33a(8) and N.J.S.A. 17:22A-39 until October 31, 2007 when said license was not renewed, may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Respondents are subject to the provisions of the New Jersey Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 et seq.; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40d and N.J.A.C. 11:17-2.14(c) the commissioner shall retain the authority to enforce the provisions of and impose any penalty or remedy authorized by the Insurance Producer Licensing Act of 2001 for any person who is under investigation for or charged with a violation of this act even if the person's license or registration has been surrendered or has lapsed by operation of law; and

WHEREAS, on August 12, 2008, the Commissioner issued Order to Show Cause No E08-70 alleging that Respondents violated various provisions of New Jersey insurance laws as set forth in the following Counts 1 through 4:

#### **COUNT 1**

IT APPEARING, that on August 19, 2003, Respondents received the sum of \$6,000 from T.J. representing \$1,160 as the premium and \$4,840 as the collateral for a \$15,000 bail bond for the benefit of J.J. The bail was subsequently discharged on October 26, 2005, however, Respondents failed to return the \$4,840 collateral payment, instead misappropriating the funds by using the funds for their own benefit and thus requiring Surety Administrators, Inc., ("Surety") to refund the collateral payment to T.J. Respondents' acts of misappropriation and conversion of the collateral payments are 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 on August 19, 2003, Respondents received the sum of \$6,000 from J.E. representing \$1,160 as the premium and \$4,840 as the collateral for a \$15,000 bail bond for the benefit of D.B. The bail was subsequently discharged, however, Respondents failed to return the \$4,840 collateral payment, instead misappropriating the funds by using the funds for their own benefit and thus requiring Surety to refund the collateral payment to J.E. Respondents' acts of misappropriation and conversion of the collateral payments are 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 3

IT FURTHER APPEARING, that Respondents failed to timely remit numerous bond premium payments to Surety. The premium funds in which Respondents have failed to timely remit total \$2,679.96 in the aggregate for one (1) bond dated January 27, 2004 and forty eight (48) other bonds billed by Surety on July 26, 2004, in violation of N.J.S.A. 17:22A-40a(2), (4) and (8) and N.J.A.C. 11:17C-2.1(a); and

IT FURTHER APPEARING, that from January 27, 2004 to April 7, 2004, Respondents failed to timely remit \$57,400 in fees owed for unaccounted and unreturned Powers of Attorney which were assigned to La Raza Bail Bonds, in violation of N.J.S.A. 17:22A-40a(2), (4) and (8) and N.J.A.C. 11:17C-2.1(a); and

### COUNT 4

IT FURTHER APPEARING, that that the Department sent several letters to Guzman at La Raza Bail Bonds, Inc., concerning the Department's investigation of the subject matter of this Order to Show Cause, dated 7/6/04, 9/15/04 and 5/28/06, however, Respondents failed to respond to these Department letters, in violation of N.J.A.C. 11:17A-4.8; and

WHEREAS, Respondents were given notice of the above referenced changes and an opportunity to contest the charges at a hearing; and

WHEREAS, Order to Show Cause No. E08-70 was duly served upon Respondents by certified and regular mail at the addresses listed in this Final Order (which are Respondents' last known mailing and business addresses on file with the Department) in accordance with N.J.A.C. 11:17D-2.1(a)3; and

WHEREAS, pursuant to the certification of Deputy Attorney General Gregory M. McHugh, attached hereto as Exhibit "1", Counsel for the Respondents requested an extension of time to respond to the allegations contained in Order to Show Cause No. E08-70 and Counsel for the Respondents was granted an extension to November 21, 2008 to respond to the allegations and request a hearing and Counsel for Respondents has failed to respond to the allegations, request a hearing or otherwise contact the Department

and therefore pursuant to N.J.A.C. 11:17D-2.1(b), Respondents have waived their right to a hearing to contest these charges and the charges are deemed admitted; and

NOW, THEREFORE, IT IS on this 9 day of April, 2010;

ORDERED, that the charges contained in the Order to Show Cause No. E08-70 are deemed admitted by Respondents pursuant to N.J.A.C. 11:17D-2.1(b); and

IT IS FURTHER ORDERED that pursuant to N.J.S.A. 17:22A-40a the insurance producer licenses issued to Respondents are 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-45c, Respondents shall pay an administrative fine in the total amount of \$30,000 to the New Jersey Department of Banking and Insurance, which total amount has been determined as follows:

- a. \$5,000 for the violations described in Count 1 of Order to Show Cause No. E08-70; and
- b. \$5,000 for the violations described in Count 2 of Order to Show Cause No. E08-70; and
- c. \$15,000 for the violations described in Count 3 of Order to Show Cause No. E08-70; and
- d. \$5,000 for the violations described in Count 4 of Order to Show Cause No. E08-70; and

IT IS FURTHER ORDERED that in addition to the aforementioned fine, pursuant to N.J.S.A. 17:22A-45a and N.J.A.C. 11:1-32.4(b)20, and pursuant to the certification of Investigator Stanley J. Lewis, attached hereto as Exhibit "2", Respondents shall

reimburse the Department \$322.00 for the costs associated with the investigation of this matter; and

IT IS FURTHER ORDERED that payment of the fines and costs shall be made in one payment and shall be remitted to the Department of Banking and Insurance, 20 West State Street, P.O. Box 329, Trenton, New Jersey 08625, Attention: George Kroll, Manager, Division of Anti-Fraud Compliance, by certified check, cashier's check or money order made payable to the State of New Jersey, General Treasury; and

IT IS FURTHER ORDERED that the fines and investigation costs are imposed herein 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 in the event full payment of fines and investigation costs are 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 et seq.; and

IT IS FURTHER ORDERED that in addition to the aforementioned administrative fines and reimbursement for the costs of investigation and prosecution, Respondents shall pay restitution to Surety Administrators, Inc., or its successors or assigns, in the amount \$25,000 minus any payments previously made by Respondents to Surety subsequent to the parties' consent judgment entered on April 19, 2007 in the United States District Court for the Eastern District of Pennsylvania, pursuant to N.J.S.A. 17:22A-45c; 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. E08-70.

A handwritten signature in black ink, appearing to read "Tom Considine", written over a horizontal line.

Thomas B. Considine  
Commissioner



PAULA T. DOW  
Attorney General of New Jersey  
Attorney for Department of Banking and Insurance  
Station Plaza #4, 2<sup>nd</sup> Floor  
P.O. Box 117  
22 South Clinton Avenue  
Trenton, New Jersey 08625

By: Gregory M. McHugh  
Deputy Attorney General  
(609) 292-7669

STATE OF NEW JERSEY  
DEPARTMENT OF BANKING AND INSURANCE

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Bonds, Inc. )

**CERTIFICATION OF DEPUTY  
ATTORNEY GENERAL  
GREGORY M. MCHUGH**

I, Gregory M. McHugh, 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 New Jersey Department of Banking and Insurance ("Department") in the above matter. I submit this certification in support of the Department's request that a Final Order be entered against Juan M. Guzman and La Raza Bail Bonds, Inc. (collectively referred to as "Respondents"), and specifically, to establish that proper service of Order to Show Cause No. E08-70 was made upon Respondents.

2. The Commissioner of the Department issued Order to Show Cause No. E08-70 against Respondents on August 12, 2008.

3. By letter dated August 15, 2008, my office served a copy of Order to Show Cause No. E08-70 upon Respondents via regular and certified mail, return receipt requested at the

following, last known home and business addresses for Respondents on file with the Department:

129 Summer Street  
Passaic, NJ 07055

51 Lincoln Drive  
Clifton, NJ 07011

4. The certified and regular mailings sent to Respondents at 129 Summer Street, Passaic, NJ 07055, were both returned by the U.S. Post Office "Attempted – Not Known."
5. The certified mailing to Respondents at 51 Lincoln Drive, Clifton, NJ 07011, was delivered and signed for by Juan M. Guzman on August 19, 2008.
6. On August 26, 2008, Joseph A. Ferrante, Esq., called the undersigned and advised that he was representing the Respondents in this matter and requested an extension of time to file a response to Order to Show Cause E08-70 as he was scheduled to be out of the office on vacation.
7. On September 25, 2008, the undersigned telephoned Mr. Ferrante and left a message advising that he must file a response to Order to Show Cause E08-70.
8. On October 7, 2008, the undersigned again telephoned Mr. Ferrante and left a message advising that he must file a response to Order to Show Cause E08-70 by October 31, 2008, which deadline was confirmed in writing.
9. On November 5, 2008, the undersigned telephoned Mr. Ferrante and left a message advising the deadline to file a response to Order to Show Cause E08-70 has passed and the Department will be proceeding with a Final Order based upon Respondents failure to respond.
10. On November 5, 2008, Mr. Ferrante telephoned the undersigned and advised that he was unable to file a response to Order to Show Cause E08-70 because he had experienced medical issues requiring attention. Respondents were granted a final extension to November 21, 2008 to respond to Order to Show Cause E08-70, which deadline was confirmed in writing.
11. On February 26, 2008, the undersigned sent a final letter to Mr. Ferrante via fax and certified mail. The letter advised that in light of Respondents failure to file a response to the

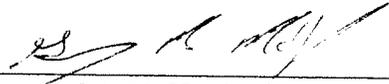
Order to Show Cause, he will need to confirm his representation and forward a response to the attention of the undersigned by the close of business on Monday, March 8, 2008. A copy of the letter was also sent to the Respondents to ensure Mr. Ferrante's representation and the undersigned's fax number and electronic mail address was provided for filing of the response. The fax to Mr. Ferrante was confirmed as received on February 26, 2010 and the certified mail was confirmed as delivered to Mr. Ferrante on March 3, 2010. As of this date an answer to the Order to Show Cause has still not been received.

12. Pursuant to N.J.A.C. 11:17D-2.1(a)3, service of the Order to Show Cause in this manner constitutes lawful service upon Respondents.

13. The fact that Juan M. Guzman signed for the certified mailing of Order to Show Cause E08-70 constitutes further proof of lawful service upon Respondents.

14. Despite the lawful service of Order to Show Cause E08-70 and numerous opportunities to file a response, Respondents have failed to file a response with the Department and therefore a Final Order should be issued in this matter.

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.

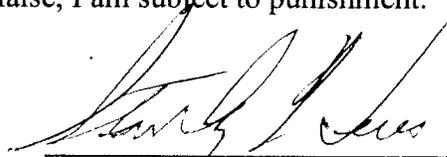
  
\_\_\_\_\_  
Gregory M. McHugh  
Deputy Attorney General

Dated: March 9, 2010



- 4) To determine the amount of time that I spent in the investigation and prosecution of this matter, I reviewed my file relative to this matter, including my time records. On the basis of this review I have prepared the schedule of costs attached hereto as Exhibit "A".
- 5) As this schedule reflects, I personally spent at least 6 hours 30 minutes investigating and prosecuting this matter.
- 6) Pursuant to N.J.A.C. 11:1-32.4 (b) (20), costs to the Department for the investigation and prosecution for violations of the New Jersey Insurance Producer Licensing Act, N.J.S.A. 17:22A-40, 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 \$322.00.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements are willfully false, I am subject to punishment.



---

Stanley J. Lewis

Dated: 8/18/06

# EXHIBIT A



State of New Jersey  
DEPARTMENT OF INSURANCE

CN 325  
TRENTON 08625-0325

RECORD OF TIME EXPENDED ON  
INVESTIGATION AND/OR PROSECUTION

Re: LARAZA BAIL BONDS / JUAN GUZMAN

Department File No.: 200400278

Investigator: S. LEWIS

DATE	TIME SPENT HOURS/MINS	PHONE	CASE PREP.	OTHER
5/19/04	1/15			LETTER TO GUZMAN
6/4/04	1/15	✓		
7/6/04	1/15			LETTER TO GUZMAN
9/15/04	1/15			LETTER TO GUZMAN
3/28/06	1/15			LETTER TO GUZMAN
5/16/06	1/15	✓		
5/17/06	1/15			LETTER TO DELORENZO
4/13/06	1/15			LETTER TO JAHALAL
6/13/06	1/15			LETTER TO EVANS
8/18/06	4/15		✓	FIRE

6 30