

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 Christopher M. Carlino)
and Arrow PEO Brokerage, Inc. d/b/a Arrow)
Brokers.)
_____)

CONSENT ORDER

TO: Christopher M. Carlino
2489 Waterhaven Drive
Chattanooga, TN 37406

Arrow PEO Brokerage, Inc.
d/b/a Arrow Brokers
439 S. Charles G. Seivers Blvd.
Clinton, TN 37716

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. E19-35 (“Order to Show Cause”), alleging that Christopher M. Carlino (“Carlino”) and Arrow PEO Brokerage, Inc. d/b/a Arrow Brokers (“Arrow”) (collectively, “Respondents”) 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 Insurance Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 to -48 (“Producer Act”), 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. 17:22-6.37, no person shall in this State directly or indirectly act as agent for, or otherwise represent or aid on behalf of another, any insurer not then

authorized to transact such insurance in this State, in the solicitation, negotiation, procurement or effectuation of insurance or annuity contracts, or renewals thereof, or in the dissemination of information as to coverage or rates, or forwarding of applications, or delivery of policies or contracts, or inspection of risks, or fixing of rates, or investigation or adjustment of claims or losses, or collection or forwarding of premiums, or in any other manner represent or assist such an insurer in the transaction of insurance with respect to subjects of insurance resident, located or to be performed in this State; and

WHEREAS, pursuant to N.J.S.A. 17:22A-29, a person shall not sell, solicit or negotiate insurance in this State unless the person is licensed for that line of authority; and

WHEREAS, pursuant to N.J.S.A. 17:22A-41b, a person shall not accept a commission, service fee, brokerage or other valuable consideration for selling, soliciting or negotiating insurance in this State if that person is required to be licensed under this act and is not so licensed; and

WHEREAS, pursuant to N.J.A.C. 11:17A-1.3(a), subject to certain exceptions, no person shall act as an insurance producer or maintain or operate any office in this State for the transaction of the business of an insurance producer, or receive any commission, brokerage fee, compensation or other consideration for services rendered as an insurance producer, without first obtaining a license from the Commissioner granting authority for the kind of insurance transacted; and

WHEREAS, pursuant to N.J.A.C. 11:17A-1.3(b), subject to certain exceptions, any person who solicits, negotiates or sells contracts of insurance in New Jersey shall be considered to be transacting the business of insurance in New Jersey so as to require licensure as an insurance producer; and

WHEREAS, pursuant to N.J.A.C. 11:17A-1.3(c), engaging in a single act or transaction of the business of an insurance producer, or holding oneself out to the public or an insurance producer as being so engaged, shall be sufficient proof of engaging in the business of an insurance producer as to require licensure pursuant to the Producer Act; and

WHEREAS, pursuant to N.J.A.C. 11:17A-1.4(a), no person shall solicit, negotiate or sell an insurance contract in New Jersey unless he or she is a licensed insurance producer; and

WHEREAS, pursuant to N.J.A.C. 11:17A-1.4(d), except as provided in N.J.A.C. 11:17A-1.4(d)1, no professional employer organization or its employees, principals and/or agents shall engage in any activities listed in N.J.A.C. 11:17A-1.4(b) at any time, including while negotiating and/or conducting business with any client company or prospective client company, unless the activity is conducted or performed by a properly licensed 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 the Producer Act is subject to fines of up to \$5,000.00 for the first offense, and up to \$10,000.00 for each subsequent offense; moreover, the Commissioner may order restitution of moneys owed any person and reimbursement of costs of the investigation and prosecution; and

WHEREAS, on July 29, 2019, the Commissioner issued the Order to Show Cause alleging violations of New Jersey's insurance laws by Respondents as set forth in the following Count:

FACTUAL ALLEGATIONS

IT APPEARING, that Spectrum Show Services, Inc. ("Spectrum") was a full service exhibitor appointed labor contractor headquartered in Bellmawr, New Jersey; and

IT FURTHER APPEARING, that Spectrum sought workers' compensation coverage by utilizing Resourcing Edge, Inc. ("REI"), a Professional Employer Organization ("PEO"); and

IT FURTHER APPEARING, that a PEO is an entity that provides human resources outsourcing services to client companies through the use of a co-employment relationship, where the PEO acts as the administrative employer and the client acts as the worksite employer; and

IT FURTHER APPEARING, that Carlino, while National Program Director of Arrow, is the insurance producer who completed the placement of the workers' compensation insurance policy for Spectrum; and

IT FURTHER APPEARING, that at all relevant times, Carlino was not licensed as an insurance producer in the State of New Jersey; and

IT FURTHER APPEARING, that at all relevant times, Arrow was not licensed as an insurance producer in the State of New Jersey; and

IT FURTHER APPEARING, that on or about June 18, 2014, Carlino submitted a Proposal to Spectrum for an "Alternative Workers' Compensation Program," with Texas Mutual Insurance Company ("Texas Mutual") as the workers' compensation insurance carrier; and

IT FURTHER APPEARING, that Carlino provided Spectrum with all of the necessary documents to complete the enrollment process, including the "Client Services Agreement" between REI and Spectrum and a "Fee Schedule"; and

IT FURTHER APPEARING, that according to the Client Services Agreement, REI was to provide Spectrum with workers' compensation insurance; and

IT FURTHER APPEARING, that on or about June 30, 2014, REI submitted a "New Client Form" to Texas Mutual listing Spectrum as a new client; and

IT FURTHER APPEARING, that Texas Mutual provided insurance coverage for states other than Texas, including New Jersey, through an agreement with Argonaut Insurance Company ("Argonaut"); and

IT FURTHER APPEARING, that on or about July 3, 2014, Argonaut issued Policy No.: WC 927928 ("WC Policy 1") to REI for the "leased

employees” of Spectrum with a policy period of July 1, 2014 to October 1, 2014; and

IT FURTHER APPEARING, that on or about September 29, 2014, Argonaut issued Policy No.: WC 927958 (“WC Policy 2”) to REI for the “leased employees” of Spectrum with a policy period of October 1, 2014 to October 1, 2015; and

IT FURTHER APPEARING, that Argonaut issued a total of 134 Certificates of Liability Insurance (“Certificates”) with the insured listed as REI, stating that workers’ compensation coverage was to be provided to employees leased to Spectrum through REI; and

IT FURTHER APPEARING, that the Certificates issued by Argonaut listed Spectrum under the Schedule of Named Insureds; and

COUNT 1

IT FURTHER APPEARING, that by conducting insurance producer business without maintaining a New Jersey license, Carlino and Arrow violated N.J.S.A. 17:22-6.37, N.J.S.A. 17:22A-29, N.J.S.A. 17:22A-41b, N.J.A.C. 11:17A-1.3(a), (b), and (c), and N.J.A.C. 11:17A-1.4(a) and (d); and

WHEREAS, Respondents were given notice of the allegations contained in the Order to Show Cause and an opportunity to be heard; and

WHEREAS, Respondents submitted a Response to the Order to Show Cause and a Request for a Hearing; and

WHEREAS, this Consent Order encompasses and resolves the violations described in the Order to Show Cause; and

WHEREAS, Respondents admit and agree to take responsibility for the violations described in the Order to Show Cause and this Consent Order; and

WHEREAS, good cause exists to enter into this Consent Order and to impose a civil penalty pursuant to N.J.S.A. 17:22A-40(a) and N.J.S.A. 17:22A-45(c); and

WHEREAS, Respondents have waived their right to a hearing on the aforementioned violations and have consented to the payment of a civil penalty in the amount of ten thousand dollars (\$10,000.00); and

WHEREAS, it appearing that this matter should be resolved upon the consent of the parties without resort to a formal hearing; and

NOW, THEREFORE, IT IS on this 28th day of January, 2020

ORDERED AND AGREED, that Respondents admit and agree to take responsibility for the aforementioned violations of the Producer Act described in the Order to Show Cause and this Consent Order; and

IT IS FURTHER ORDERED AND AGREED, that Respondents shall pay a civil penalty in the amount of \$10,000.00 to the New Jersey Department of Banking and Insurance, jointly and severally, for the violations admitted to herein; and

IT IS FURTHER ORDERED AND AGREED, that said civil penalty shall be paid by certified check, official bank check, or money order made payable to the "State of New Jersey, General Treasury" and shall be remitted to:

Jeffrey S. Posta, DAG
State of NJ, Division of Law
R.J. Hughes Justice Complex
25 Market Street
P.O. Box 117
Trenton, New Jersey 08625-0117

and


IT IS FURTHER ORDERED AND AGREED, that in the event that full payment of the civil penalty is not made in accordance with this Consent Order, the Commissioner may exercise any and all remedies available by law, including, but not limited to, recovery of any unpaid penalty

in a summary proceeding, pursuant to the Penalty Enforcement Law of 1999, N.J.S.A. 2A:58-10 to -12; and

IT IS FURTHER ORDERED AND AGREED, that the civil penalty in this Consent Order is 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 is not intended to constitute a debt that may be limited or discharged in a bankruptcy proceeding; and

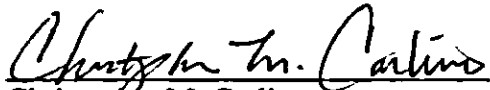
IT IS FURTHER ORDERED AND AGREED, that the provisions of this Consent Order represent a final agency decision and constitute a final resolution of the violations contained in the Order to Show Cause and this Consent Order; and

IT IS FURTHER ORDERED AND AGREED, that Respondents shall cease and desist from engaging in the conduct that gave rise to the Order to Show Cause and this Consent Order.



Marlene Caride
Commissioner

Consented to as to Form, Content and Entry:


Christopher M. Carlino

Date: December 17, 2019

ARROW PEO BROKERAGE, INC.

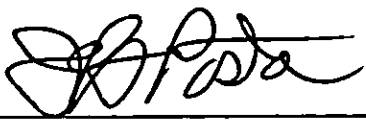
By: _____

Date: _____, 2019

Name: _____

Title: _____

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the New Jersey
Department of Banking and Insurance

By: 
Jeffrey S. Posta
Deputy Attorney General

Date: December 23, 2019

Consented to as to Form, Content and Entry:

Christopher M. Carlino

Date: _____, 2019

ARROW PEO BROKERAGE, INC.

By: W M Arowood Date: JANUARY 6, 2019 ~~2020~~

Name: William M. Arowood

Title: Secretary of Corporation

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the New Jersey
Department of Banking and Insurance

By: _____ Date: _____, 2019

Jeffrey S. Posta
Deputy Attorney General