

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 Gerard Raimondi,)
Reference No. 8050922.)

FINAL ORDER

TO: Gerard Raimondi
225 Medjay Lane
Toms River, New Jersey 08755

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. E19-89 alleging that Respondent, Gerard Raimondi (“Raimondi”), may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Raimondi is a licensed resident insurance producer pursuant to N.J.S.A. 17:22A-32(a), with an active license; and

WHEREAS, Raimondi 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 the regulations promulgated thereunder, N.J.A.C. 11:16-1.1 to -7.10, the Producer Licensing regulations, N.J.A.C. 11:17-1.1 to -2.17, and the regulations governing Insurance Producer Standards of Conduct, N.J.A.C. 11:17A-1.1 to 11:17D-2.8;

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(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-40a(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.S.A. 17:22A-40a(10), an insurance producer shall not forge another's name to an application for insurance or to any document related to an insurance transaction; 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.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.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 or may levy a civil penalty in accordance with N.J.S.A. 17:22A-45(c), or may take any combination of actions, for any one or more of the violations listed in N.J.S.A. 17:22A-40(a)(1) through (19); 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; moreover, the Commissioner may order restitution of moneys owed any person and reimbursement of costs of investigation and prosecution; 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-4(a)(4)(b), a person violates the Fraud Act if he or she prepares or makes any written or oral statement, intended to be presented to any insurance company or producer for the purpose of obtaining an insurance policy, knowing that the statement contains any false or misleading information concerning any fact or thing material to an insurance application or contract; and

WHEREAS, pursuant to N.J.S.A. 17:33A-5(a) and 5(c), violations of the Fraud Act subject the violator to a civil and administrative penalty of not more than \$5,000.00 for the first violation, \$10,000.00 for the second violation and \$15,000.00 for each subsequent violation; moreover, the Commissioner may issue a final order assessing restitution and 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

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 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

WHEREAS, the Commissioner issued Order to Show Cause No. E19-89 (“OTSC”) on September 9, 2019, all violations of the New Jersey insurance laws by Raimondi as follows:

IT APPEARING, that at all relevant times, Cigna is an insurance carrier; and

IT FURTHER APPEARING, that at all relevant times, Loyal American Life Insurance Company (“Loyal American”) is a subsidiary of Cigna; and

IT FURTHER APPEARING, that at all relevant times, Cigna solicited and sold lump sum cancer insurance policies, lump sum heart attack and stroke insurance policies, and Medicare Supplement insurance policies (“supplemental policies”) which are insured by Loyal American; and

IT FURTHER APPEARING, that on November 19, 2013, Respondent entered into a Cigna Supplemental Benefits Associate Agreement to be contracted and associated with Loyal American; and

IT FURTHER APPEARING, that from September 2014 through March 2016, Respondent transmitted to Cigna 237 applications for supplemental policies which contained the names of real individuals, but with fictitious identifying information about each applicant such as fabricated social security numbers and fabricated contact information; and

IT FURTHER APPEARING, that each of the 237 applications for supplemental policies contained a mailing address separate from the applicants’ home address; and

IT FURTHER APPEARING, that each of the mailing addresses for the 237 applications for supplemental policies were listed as a P.O. Box which was owned and controlled by Respondent; and

IT FURTHER APPEARING, that each of the 237 applications for supplemental policies contained an electronic signature purporting to be that of the applicant; and

IT FURTHER APPEARING, for each of the 237 applications for supplemental policies Respondent transmitted to Cigna an Agent’s Certification stating that he met with the applicant in person and that all information in the application was true and accurate according to the applicant; and

IT FURTHER APPEARING, for each of the 237 applications for supplemental policies, Respondent selected Electronic Funds Transfer (“ETF”) as the premium payment method for each application and transmitted to Cigna a Pre-Authorization Agreement for ETF which contained fictitious bank account information and an electronic signature purporting to be that of the applicant; and

IT FURTHER APPEARING, for each of the 237 applications for supplemental policies, Respondent transmitted to Cigna an Authorization Form for Disclosure of an Applicant’s Protected Health Information (“Health Disclosure Form”) which contained a fictitious social security number and an electronic signature purporting to be that of the applicant; and

IT FURTHER APPEARING, that Cigna received from Respondent the 237 applications for supplemental policies and issued supplemental policies as a result; and

IT FURTHER APPEARING, that because each of the 237 applications contained a P.O. Box mailing address that was owned and controlled by Respondent, all correspondence and policy materials were delivered and retained by Respondent; and

IT FURTHER APPEARING, that because each of the 237 applications for supplemental policies were to be paid by ETF, and each authorization form for ETF withdrawals contained fictitious information, each of the 237 supplemental policies were cancelled for non-payment of premium; and

IT FURTHER APPEARING, none of the real individuals named as applicants in the 237 Cigna applications for supplemental policies authorized Respondent to submit an application to Cigna on their behalf; and

IT FURTHER APPEARING, none of the real individuals named as applicants in the 237 Cigna applications for supplemental policies met with Respondent; and

IT FURTHER APPEARING, none of the real individuals named as applicants in the 237 Cigna applications for supplemental policies electronically signed, or authorized Respondent to electronically sign, their name to any supplemental policy application, Pre-Authorization Agreement for ETF, or Health Disclosure Form; and

IT FURTHER APPEARING, that Respondent received advanced commissions from Cigna for each of the 237 Cigna supplemental policies in the total amount of \$57,798.61; and

IT FURTHER APPEARING, that on January 11, 2017, a check in the amount of \$57,455.09 was issued to Loyal American by Respondent's agency's corporate owner, ALG Administrative Services, LLC, to payoff Respondent's debt to for his unearned commissions; and

IT FURTHER APPEARING, as a result of the 237 fraudulent applications, Respondent was terminated from Loyal American "for cause;" and

COUNT 1

IT APPEARING, that Respondent's transmission to Cigna of 237 applications for supplemental policies which contained fictitious insured information and/or forgeries of insureds names constitutes 237 separate violations of N.J.S.A. 17:22A-40a(2), (8), (10) and (16), and N.J.A.C. 11:17A-4.2; and

COUNT 2

IT FURTHER APPEARING, Respondent's transmission to Cigna of 237 applications for supplemental policies which contained fictitious insured information and/or forgeries of insureds names constitutes 237 separate violations of N.J.S.A. 17:33A-4a(3) and 4a(4)(b)

WHEREAS, as set forth in the Certification of Service of Deputy Attorney General Telge N. Peiris, attached hereto as Exhibit "A," Raimondi was given notice of the aforesaid charges and an opportunity to contest the charges at a hearing pursuant to the OTSC, which was duly served by certified and regular mail on Raimondi at his last known business or mailing address according to files maintained by the Department of Banking and Insurance ("Department") in accordance with N.J.A.C. 11:17D-2.1(a)(3); and

WHEREAS, although due notice of the charges provided an opportunity to oppose the allegations, Raimondi failed to provide written responses to the charges contained in Order to

Show Cause E19-89 and therefore Raimondi has waived his right to 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 21 day of March, 2022;

ORDERED, that the charges contained in the OTSC are deemed admitted by Raimondi due to his failure to respond to the alleged violations 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(a) and N.J.A.C. 11:17D-2.1(b)(2), the resident insurance producer license of Raimondi is hereby **REVOKED**; and

IT IS FURTHER ORDERED, in consideration of the factors relevant to the calculation of civil penalties as set forth in Kimmelman v. Henkels & McCoy, Inc., 108 N.J. 123 (1987), Raimondi shall be liable for the payment of a civil penalty in the amount of \$1,185,000 for the violations of the Producer Act as set forth in the OTSC, liable for the payment of an additional civil penalty in the amount of 1,185,000 for the violations of the Fraud Act as set forth in the OTSC, and liable for the payment of a statutory surcharge in the amount of \$1,000 pursuant to N.J.S.A. 17:33A-5.1;

IT IS FURTHER ORDERED, that pursuant to N.J.S.A. 17:33A-5(c), Respondent shall be liable to the Department for the reimbursement of attorneys' fees totaling \$4,496.50 pursuant to the true and exact copy of the Certification of Telge N. Peiris, Deputy Attorney General, attached hereto as Exhibit "A"; and

IT IS FURTHER ORDERED, that pursuant to N.J.S.A. 17:22A-45(c), Respondent shall be liable to the Department for the reimbursement of the costs of investigation totaling \$722.50 pursuant to the true and correct copy of the Certification of Drew Gowen, Department of Banking and Insurance Investigator, attached hereto as Exhibit "B"; and

IT IS FURTHER ORDERED, that Respondent shall pay the above penalties and costs totaling \$2,376,219.00 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 penalty in this Final 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 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. E19-89 as to Respondent Gerard Raimondi.



Marlene Caride
Commissioner