ORDER NO. ~~E24~~ E26-10

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 Atlantic Business Association, Inc., and fine, suspend and/or revoke the insurance producer license of Lawrence S. Ackerman, Reference No. 8740444 and Atlantic Business Association, Inc.	)))))))	FINAL ORDER

TO:

LAWRENCE S. ACKERMAN
37 Glenwood Avenue
Demarest, New Jersey 07627-2604

Atlantic Business Association, Inc.
c/o Lawrence S. Ackerman
37 Glenwood Avenue
Demarest, New Jersey 07627-2604

This matter, having been opened by the Commissioner of Banking and Insurance, State of New Jersey ("Commissioner"), upon information that Lawrence S. Ackerman ("Ackerman") and Atlantic Business Association, Inc. ("Atlantic") (collectively, "Respondents") may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Ackerman was first licensed as a resident insurance producer in the State of New Jersey in 1987 pursuant to N.J.S.A. 17:22A-32(a), and maintained said license until it expired on or about March 31, 2019; and

WHEREAS, Atlantic was a business entity created by Ackerman and incorporated in the State of New Jersey in December 1995 which engaged in the sale of health insurance policies and

products, but was never licensed to act as an insurance producer in the State of New Jersey pursuant to N.J.S.A. 17:22A-32(b); 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 Producer Licensing regulations promulgated thereunder, 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; 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 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

WHEREAS, pursuant to N.J.A.C. 11:1-12.2, active officers shall be held individually responsible for all insurance related conduct of the corporate licensee; 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(c), no insurance producer shall negotiate or solicit in New Jersey any insurance contract which has not first been filed in New Jersey where such contract is required to be filed; and

WHEREAS, pursuant to N.J.S.A. 17:22A-28, an "Insurance producer" means a person required to be licensed under the laws of this State to sell, solicit or negotiate insurance; and

WHEREAS, pursuant to N.J.S.A. 17:22A-32(b), a business entity acting as an insurance producer shall obtain an insurance producer license; 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)(6), an insurance producer shall not have been convicted of a felony or crime of the fourth degree or higher; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a)(7), an insurance producer shall not commit any insurance unfair trade practice or fraud; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a)(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;

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a)(16), an insurance producer shall not commit any fraudulent act;

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a)(17), an insurance producer shall not knowingly facilitate or assist another person in violating any insurance laws; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a)(18), an insurance producer shall notify the commissioner within 30 days of his conviction of any crime, indictment or the filing of any formal criminal charges; 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, or may take any combination of actions for violating the Producer Act; and

WHEREAS, pursuant to N.J.S.A. 17:22A-45(c), any licensee violating the Producer Act and/or the Insurance Producer Standards of Conduct 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, the Commissioner issued Order to Show Cause No. E24-37 on July 31, 2024, alleging violations of the Producer Act by Respondents as set forth below:

COUNT ONE

IT APPEARING, that at all relevant times, Atlantic was a business entity that, for a commission, brokerage fee, or other consideration, was engaged in the sale, solicitation or negotiation of group or blanket accident and health insurance policies to residents of New Jersey; and

IT FURTHER APPEARING, that at all relevant times, Atlantic engaged in the business of insurance without a license to act as an insurance producer pursuant to N.J.S.A. 17:22A-32(b); and

IT FURTHER APPEARING, that at all relevant times, Ackerman was a New Jersey licensed insurance producer and the Chief Executive Officer of Atlantic, and was the active officer individually responsible for all insurance related conduct of Atlantic; and

IT FURTHER APPEARING, that at all relevant times, Respondent Atlantic Business Association, Inc., for a commission, fee or other consideration, solicited and sold group health insurance coverage to New Jersey insureds and otherwise acted as an insurance producer without a license, in violation of N.J.S.A. 17:22A-32(b); and

IT FURTHER APPEARING, that at all relevant times, Ackerman was the owner and active officer in Atlantic Business Associates pursuant to N.J.A.C. 11:1-12.2, and therefore was individually responsible for Atlantic Business Association, Inc. acting as an unlicensed insurance producer, in violation of N.J.S.A. 17:22A-32(b) and N.J.S.A. 17:22A-40(a)(2), (7), (8) and (16);

COUNT TWO

IT FURTHER APPEARING, that at all relevant times, Excellus BlueCross BlueShield ("Excellus") was an insurance company headquartered in Rochester, New York, that finances and delivers healthcare services across upstate New York and long term care insurance nationwide; and

IT FURTHER APPEARING, that at all relevant times, Excellus administered a healthcare insurance plan known as "Council Plans" which was an employer-employee based group health insurance plan available only to persons who live and work in the state of New York; and

IT FURTHER APPEARING, that at all relevant times, neither Excellus nor its "Council Plans" were either licensed or approved by the New Jersey Department of Insurance for sale said plans in the state; and

IT FURTHER APPEARING, that in December 2016 and January 2017, Respondents solicited individuals seeking to purchase healthcare coverage and, for compensation received, sold "Council Plans" to New Jersey residents; and

IT FURTHER APPEARING, that Respondents falsely marketed "Council Plans" as an "individual standard health benefits plan" available in New Jersey when, in fact, it was an employer-employee based group health insurance plan available only to persons who live and work in the state of New York; and

IT FURTHER APPEARING, that in January 2017, Respondents sold seven (7) "Council Plans" to New Jersey residents which generated premiums in excess of $11,000; and thereafter were compelled by the New Jersey Department of Insurance to refund all premiums collected from New Jersey policyholders given that New Jersey residents were not eligible to purchase said insurance coverage; and

IT FURTHER APPEARING, that in December 2018 and January 2019, Respondents marketed and sold "Council Plans" to New Jersey residents when, in fact, said insurance plan was not approved for sale in New Jersey, in violation of N.J.S.A. 17:22A-40(a)(2), (7), (8) and (16) and N.J.A.C. 11:17A-1.4(a); and

IT FURTHER APPEARING, that Ackerman was the owner and active officer of Atlantic Business Association, Inc. pursuant to N.J.A.C. 11:1-12.2, and therefore was individually responsible for the unlawful conduct of Atlantic of marketing and selling unapproved insurance contracts, in violation of N.J.S.A. 17:22A-40(a)(2), (7), (8) and (16), and N.J.A.C. 11:17A-1.4(c); and

COUNT THREE

IT FURTHER APPEARING, that from January 2009 through November 2013, Respondents solicited New Jersey residents seeking to purchase health care coverage and, for compensation received, enrolled these clients in a group healthcare benefit program ("Benefit Program") by falsely representing to Horizon BCBS and to administrators of the Benefit Program that these clients were employees of Atlantic and members of a certain local union when, in fact, they were neither Atlantic employees nor local union members; and

IT FURTHER APPEARING, that as a consequence of the fraudulent conduct engaged by Respondents, Horizon BCBS and the Benefit Program were defrauded of millions of dollars as a result of having provided healthcare benefits and services, including paying of medical insurance claims, for Atlantic clients who were not, in fact, eligible to participate in the Benefit Program; and

IT FURTHER APPEARING, that in January 2017, Ackerman was indicted in the United State District Court, District of New Jersey, for conspiracy to defraud Horizon BCBS and the Benefit Program, and in December 2018, pled guilty to one count of healthcare fraud in violation of 18 U.S.C Sections 1347 and 2, and was convicted and sentenced to a prison term of six months, three years of probation and ordered to pay $486,400 in restitution; and

IT FURTHER APPEARING, that Respondents perpetrated a fraud upon Horizon BCBS and the Benefit Program by falsely representing that Atlantic clients enrolled in the Benefit Program were employees of Atlantic and members of a certain local union when, in fact, said persons were never employed by Atlantic nor ever members of the local union, in violation of N.J.S.A. 17:22A-40(a)(2), (7), (8), (16) and (17); and

COUNT FOUR

(As to Ackerman only)

IT FURTHER APPEARING, that on January 9, 2017, Ackerman was indicted in the United States District Court, District of New Jersey, on one count of Conspiracy to Defraud Horizon BCBS in violation of 18 U.S.C. §1349 and on one count of Conspiracy to Defraud the Benefit Program in violation of 18 U.S.C. §1349; and

IT FURTHER APPEARING, that Ackerman failed to notify the Commissioner of his federal indictment and conviction for health

care fraud within 30 days of the date of the indictment or conviction, in violation of N.J.S.A. 17:22A-40(a)(18); and

COUNT FIVE
(As to Ackerman only)

IT FURTHER APPEARING, that Ackerman pled guilty to committing health care fraud in violation of 18 U.S.C. §1347 and 2, and has a felony conviction of the fourth degree or higher, in violation of N.J.S.A. 17:22A-40(a)(6); and

IT FURTHER APPEARING, that as set forth in the Certification of Dakar Ross ("Ross Cert."), attached as Exhibit A, ¶¶3-4, Ackerman was given notice of the aforesaid charges and an opportunity to contest the charges at a hearing pursuant to Order to Show Cause E24-37; and

IT FURTHER APPEARING, that as set forth in Ross Cert., ¶¶5-7, Ackerman was duly served with Order to Show Cause E24-37 by certified mail, RRR, and regular mail sent to the address listed on this Final Order in accordance with N.J.A.C. 11:17D-2.1(a)(3); and

IT FURTHER APPEARING, that as set forth in Ross Cert., ¶8, Ackerman failed to appear, respond or otherwise defend against Order to Show Cause E24-37, and has waived his rights to a hearing, and therefore the violations in the OTSC are deemed admitted pursuant to N.J.A.C. 11:17D-2.1(b)(1); and

IT FURTHER APPEARING, that in Kimmelman v. Henkels & McCoy, Inc., 108 N.J. 123 (1987), the Supreme Court established seven factors to be considered in determining the imposition of civil fines in administrative proceedings ("Kimmelman Factors"); and

IT FURTHER APPEARING, that the seven Kimmelman Factors are as follows: (1) the good or bad faith of the defendant; (2) defendant's ability to pay a civil fine; (3) the amount of profits obtained from the illegal activity; (4) the injury to the public; (5) the duration of the misconduct; (6) the existence of criminal or treble damages actions; and (7) the past violations of defendant; and

IT FURTHER APPEARING, that the Kimmelman Factors apply to this matter as follows: (1) Respondents showed bad faith by engaging in the business of insurance without an insurance producer license and marketing and selling fraudulent and unapproved health benefits plans; (2) Respondents have not provided any evidence of their inability to pay a civil fine; (3) Respondents received income/profits from selling fraudulent and unapproved insurance policies to the public, but the Department has no information as to the specific amount of said income/profit; (4) there was injury to the public because New Jersey residents purchased fraudulent and unapproved insurance policies and did not receive any insurance benefits under said policies; (5) Respondents engaged in a pattern or scheme of illegal conduct from 2009 to 2013; (6) Ackerman has pled guilty to federal charges of healthcare fraud and was ordered to pay $486,400 in restitution; and (7) Respondents have no prior violations of the Producer Act; and

NOW, THEREFORE, IT IS on this 20th day of January, 2026,

ORDERED, that the charges contained in Counts One through Count Five of Order to Show Cause E24-37 are deemed admitted by Respondents Lawrence S. Ackerman and Atlantic Business Association, Inc., 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, and N.J.A.C. 11:17D-2.1(b)(2), the insurance producer license of Respondent Lawrence S Ackerman is 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-45(c), Respondents Lawrence Ackerman and Atlantic Business Association, Inc. shall be responsible, jointly and severally, for the payment of civil penalties to the Division of Insurance, Office of Enforcement and Consumer Protection Services, in the total amount of $95,000.00 for the Producer Act violations cited in Order to Show Cause E24-37, which is determined as follows:

a. Count One — Engaging in insurance business and acting as an insurance producer without a license, in violation of N.J.S.A. 17:22A-32(b) and N.J.S.A. 17:22A-40(a)(2), (7), (8) and (16) ($5,000 penalty);

b. Count Two — Selling seven (7) policies for an insurance plan that was neither authorized nor approved by DOBI, in violation of N.J.S.A. 17:22A-40(a)(2), (7), (8) and (16) and N.J.A.C. 11:17A-1.4(a) ($70,000 penalty for seven separate violations);

c. Count Three — Engaging in fraud and misrepresentation to enroll individuals in an insurance plan that said individuals were not qualified or approved to participate therein, in violation of N.J.S.A. 17:22A-40(a)(2), (7), (8), (16) and (17) ($10,000 penalty);

d. Count Four — Ackerman failing to notify the Commissioner of his federal indictment and conviction for healthcare fraud within 30 days of the date of the indictment or conviction, in violation of N.J.S.A. 17:22A-40(a)(18) ($10,000 penalty); and

e. Count Five — Ackerman having been convicted of healthcare fraud in violation of 18 U.S.C. §1347 and 2, a felony conviction of the fourth degree or higher, in violation of N.J.S.A. 17:22A-40(a)(6) (revocation only);

and

IT IS FURTHER ORDERED, that pursuant to N.J.S.A. 17:22A-45(c), Respondents Lawrence Ackerman and Atlantic Business Association, Inc. shall be responsible, jointly and severally, for the reimbursement to the Department of the costs of investigation totaling $362.50. A true and exact copy of the Certification of Eugene Shannon, Chief of Investigations, Department of Banking and Insurance, is attached hereto as Exhibit B. The Commissioner has reviewed the investigative costs application and finds the amount of time to be reasonable; and

IT IS FURTHER ORDERED, that Respondents Lawrence Ackerman and Atlantic Business Association, Inc., jointly and severally, shall pay the above penalties and costs totaling $95,362.50 to the Commissioner of Banking and Insurance, State of New Jersey, P.O. Box 329, Trenton, New Jersey 08625, Attention: Eugene Shannon, 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, with post-judgment interest, 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. E24-37.

Justin Zimmerman,
Commissioner