

ORDER TO SHOW CAUSE NO. E13-82

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)
Asma Norris, Reference No.)
1001828)
_____)

ORDER TO SHOW CAUSE

TO: Asma Norris
10 Highland Drive
Chester, New Jersey 07930-3226

THIS MATTER, having been opened by the Commissioner of Banking and Insurance ("Commissioner"), State of New Jersey, upon information that Asma Norris ("Respondent"), licensed as a resident individual insurance producer pursuant to N.J.S.A. 17:22A-26 et seq., may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Respondent was at all relevant times a producer for Bankers Life & Casualty Company ("Bankers"); and

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

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(2), an insurance producer shall not violate any insurance laws or violate any regulation, subpoena or order of the Commissioner; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(5), an insurance producer shall not intentionally misrepresent the terms of an actual or proposed insurance contract, policy or application for insurance; 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 the insurance business; 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-2.8, an insurance producer shall not make any misleading representations or incomplete or fraudulent comparison of any insurance policies or annuity contracts or insurers for the purpose of inducing, or

tending to induce, any person to lapse, forfeit, surrender, terminate, retain, or convert any insurance policy or annuity contract, or to take out a policy of insurance or annuity contract; and

COUNT 1

IT APPEARING THAT, on or about March 25, 2008, Respondent induced M.S. into purchasing a Ten Year Renewable Convertible Term Life Policy by misrepresenting the instrument as a Universal Life Insurance Policy; and

IT FURTHER APPEARING THAT, Respondent failed to conduct a comprehensive policy review upon delivery of the Term Life Policy to ensure that M.S. understood the terms and conditions of the policy; and

IT FURTHER APPEARING THAT, Respondent admitted to Bankers that she represented to M.S. that the Term Life Policy was a Universal Life Policy; and

IT FURTHER APPEARING THAT, Respondent marked the policy as a Ten Year Renewable Convertible Term Life Policy on the policy application, which she signed; and

IT FURTHER APPEARING THAT, on August 24, 2009, following an internal investigation, Bankers voided the Term Life Policy and refunded M.S. all premiums paid towards the policy, totaling \$1,379.70 in value; and

IT FURTHER APPEARING THAT, Respondent's misrepresentation of the nature and terms of the policy she sold to M.S. constituted violations of N.J.S.A. 17:22A-40a(2), (5), (8), (16) and N.J.A.C. 11:17A-2.8; and

IT FURTHER APPEARING THAT, Respondent's failure to conduct a comprehensive policy review with M.S. upon her delivery to him of the Term Life Policy constituted violations of N.J.S.A. 17:22A-40a(2), (5), (8), (16) and N.J.A.C. 11:17A-2.8; and

Count 2

IT APPEARING THAT, in or around December 2006, Respondent met with J.S. and induced her into purchasing a Bankers' Equity Indexed Annuity ("EIA") by making multiple oral and written material misrepresentations as to the nature of the instrument; and

IT FURTHER APPEARING THAT, Respondent misrepresented to J.S. that purchasing the EIA would make J.S. eligible for the Specified Low-Income Beneficiary Program ("SLMB"), a federal program that assists qualified individuals with the payment of Medicare premiums; and

IT FURTHER APPEARING THAT, Respondent misrepresented to J.S. that the funds held in the EIA would be accessible at any time without penalty; and

IT FURTHER APPEARING THAT, prior to purchasing the EIA, J.S. stated to Respondent that she would purchase the annuity only if the funds held in the EIA would be fully accessible without penalty and that making the purchase would aid in J.S.' qualification for the SLMB program; and

IT FURTHER APPEARING THAT, on December 7, 2006, respondent sold J.S. a Bankers' EIA by inducing J.S. to roll over her Prudential IRA, valued at approximately \$17,0000, into the EIA; and

IT FURTHER APPEARING THAT, the purchase of the EIA was unnecessary for purposes of qualifying for the SLMB Program and, following the purchase, J.S. still did not qualify for the SLMB Program; and

IT FURTHER APPEARING THAT, the Annuity Suitability Questionnaire ("ASQ"), which was part of the EIA application, reflects that Respondent knowingly placed an annuity for J.S. that was contrary to J.S.' stated interests and needs; and

IT FURTHER APPEARING THAT, in response to question 2 on the ASQ, which asks how the EIA will be funded, the following boxes are checked: "Stocks/Bonds" and "Mutual Funds"; and

IT FURTHER APPEARING THAT, in response to question 17 on the ASQ, which asks about the applicant's savings, the

applicant is listed as having no "Stocks/bonds" or "Mutual Funds"; and

IT FURTHER APPEARING THAT, in response to question 22 on the ASQ, which asks "[h]ow much of your savings do you believe needs to be totally liquid and accessible for your use[,] " the answer given is: "All"; and

IT FURTHER APPEARING THAT, J.S. wrote Bankers a letter dated February 21, 2008, in which she complained about Respondent's misrepresentations and requested that Bankers transfer her annuity, without penalty, from the EIA "to an IRA with a firm [she] can trust"; and

IT FURTHER APPEARING THAT, J.S.' signature on the ASQ differs from the signatures on the EIA's delivery receipt and J.S.' letter; and

IT FURTHER APPEARING THAT, on February 26, 2008, Bankers denied J.S.' request for a penalty-free transfer of the EIA; and

IT FURTHER APPEARING THAT, Respondent's misrepresentations to J.S. that purchasing the EIA would assist J.S. in qualifying for the SLMB program constituted violations of N.J.S.A. 17:22A-40a(2), (5), (8), (16) and N.J.A.C. 11:17A-2.8; and

IT FURTHER APPEARING THAT, Respondent's misrepresentations to J.S. that J.S. would have unfettered and penalty-free access to the funds held in the EIA constituted violations of N.J.S.A. 17:22A-40a(2), (5), (8), (16) and N.J.A.C. 11:17A-2.8; and

IT FURTHER APPEARING THAT, Respondent's forging of J.S.' signature on the ASQ and/or her misrepresentations of fact concerning J.S.' finances on the ASQ constituted violations of N.J.S.A. 17:22A-40a(2), (5), (8), (10), (16) and N.J.A.C. 11:17A-2.8; and

Count 3

IT APPEARING THAT, Respondent induced F.B. into purchasing a Single Premium Deferred Fixed Annuity by misrepresenting the instrument as being equivalent to a Certificate of Deposit; and

IT FURTHER APPEARING THAT, in or around June 2008, Respondent contacted F.B. about renewing a CD that he owned; and

IT FURTHER APPEARING THAT, F.B. realized that the instrument Respondent intended to sell him was an annuity and not a CD; and

IT FURTHER APPEARING THAT, F.B. informed Respondent that he did not wish to purchase an annuity; rather, he wished

to purchase a "CD with instant liquidity after 1 years as [he] anticipated a large expense in home repairs[]" at that time; and

IT FURTHER APPEARING THAT, in response to F.B.'s concerns, Respondent stated that the instrument she wished to sell him was a "Bankers Life version of a CD";

IT FURTHER APPEARING THAT, based on Respondent's misrepresentations as to the nature of the Bankers Fixed Annuity, F.B. agreed to accompany Respondent and her trainee, Jessica Locascio, to his bank in order to cash out his old CD, with a value of \$53,284.33, to purchase the Bankers Fixed Annuity; and

IT FURTHER APPEARING THAT, F.B. later became aware that the Bankers Fixed Annuity was not a "version of a CD"; and

IT FURTHER APPEARING THAT, on June 9, 2009, F.B. submitted a complaint to the New Jersey Department of Banking and Insurance, in which he stated that he wished "to receive the full original value of [his] CD plus one year's interest as well as the bonus that was originally promised to [him]."; and

IT FURTHER APPEARING THAT, on June 22, 2009, the Department sent a letter to Bankers, demanding information concerning F.B.'s complaint; and

IT FURTHER APPEARING THAT, by letter dated July 14, 2009, Bankers responded to the Department's demand, in which it

denied F.B.'s request that the company surrender the Bankers Fixed Annuity without penalty; and

IT FURTHER APPEARING THAT, Bankers' response letter contained a written and signed response from the Respondent dated July 9, 2009; and

IT FURTHER APPEARING THAT, in the Respondent's July 9, 2009 response, she stated that she had told F.B. that "[A]n annuity is like a CD with regards to the term period. The annuity has a better advantage during the term though because you can withdraw a certain percentage without penalty. . ."; and

IT FURTHER APPEARING THAT, on August 28, 2012, a Department investigator made contact with Jessica Locascio, Respondent's former trainee; and

IT FURTHER APPEARING THAT, Locascio stated that she recalls the Respondent telling F.B. that the Bankers Fixed Annuity was "just like a CD and that he could draw his money at any time without penalty."; and

IT FURTHER APPEARING THAT, Locascio also stated that Respondent would make material misrepresentations of fact concerning the terms and conditions of Bankers' annuities to her elderly clients as a matter of course in order to induce them to purchase these annuities; and

IT FURTHER APPEARING THAT, Respondent's misrepresentations to F.B. concerning the nature and terms and conditions of the Bankers Fixed Annuity constituted violations of N.J.S.A. 17:22A-40a(2), (5), (8), (16) and N.J.A.C. 11:17A-2.8; and

Count 4

IT APPEARING THAT, Respondent induced B.B. into purchasing a Single Premium Deferred Fixed Annuity by misrepresenting the instrument as being a Certificate of Deposit; and

IT FURTHER APPEARING THAT, on or about June 30, 2008, as a result of Respondent's material misrepresentations concerning the nature of the instrument, B.B. agreed to and did purchase the Bankers Fixed Annuity for \$36,075.50 by means of a direct transfer from her Hartford US Wealth Management account; and

IT FURTHER APPEARING THAT, B.B. later realized that the Bankers Fixed Annuity was not a CD nor did it function like one; and

IT FURTHER APPEARING THAT, on June 9, 2009, B.B. submitted a complaint to the New Jersey Department of Banking and Insurance, in which she stated that she had purchased what

she had "thought was a fixed CD for a 1 year [term] from Agent Asma Norris and her associate Jessica Locascio."; and

IT FURTHER APPEARING THAT, in the June 9, 2009 complaint, she requested "to have the full original value of my variable annuity rollover plus interest and bonus refunded to me . . ."; and

IT FURTHER APPEARING THAT, on June 22, 2009, the Department sent a letter to Bankers, demanding information concerning B.B.'s complaint; and

IT FURTHER APPEARING THAT, by letter dated July 14, 2009, Bankers responded to the Department's demand, in which it denied B.B.'s request that the company surrender the Fixed Annuity without penalty; and

IT FURTHER APPEARING THAT, Bankers' response letter contained a written and signed response from the Respondent dated July 9, 2009; and

IT FURTHER APPEARING THAT, in the July 9, 2009 response by Respondent, she stated that she "never told [B.B.] this was a CD."; and

IT FURTHER APPEARING THAT, Respondent's misrepresentations to B.B. concerning the nature and terms and conditions of the Bankers Fixed Annuity constituted violations

of N.J.S.A. 17:22A-40a(2), (5), (8), (16) and N.J.A.C. 11:17A-2.8; and

NOW, THEREFORE, IT IS on this 30th day of August, 2013

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

IT IS FURTHER ORDERED, that Respondent shall appear and show cause why the Commissioner should not assess fines not exceeding \$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 her failure to comply with New Jersey's insurance laws and regulations; and

IT IS FURTHER ORDERED, that, pursuant to N.J.S.A. 17:22A-45c, Respondent shall appear and show cause why she should not be subject to additional penalties, including restitution to her victims and reimbursement of the costs of investigation and prosecution by the Department of Banking and Insurance; and

IT IS PROVIDED THAT, Respondent has the right to request an administrative hearing, to be represented by counsel or other qualified representative, at her own expense, to take testimony, to call or cross-examine witnesses, to have subpoena

and 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 the Respondent 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, New Jersey 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. A copy of the request for a hearing shall also be sent to Deputy Attorney General Jason Silberberg at fax number (609) 777-3503.

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 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.

A handwritten signature in blue ink, appearing to be 'PLH', written over a horizontal line.

Peter L. Hartt
Acting Director of Insurance