



WHEREAS, pursuant to N.J.S.A. 17:22A-40a, 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-45c, or may take any combination of actions, for any one or more of the violations listed in N.J.S.A. 17:22A-40a(1) through (19); and

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; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(4), an insurance producer shall not improperly withhold, misappropriate or convert any monies or properties received in the course of doing insurance business; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(6), an insurance producer shall not be convicted of a felony or crime of the fourth degree or higher; and

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

WHEREAS, pursuant to the New Jersey Insurance Fraud Prevention Act, N.J.S.A. 17:33A-1 et seq. ("IFPA"), the Commissioner of the New Jersey Department of Banking and Insurance is authorized to institute suit for civil penalties and other relief against any person who violates the provisions of the IFPA. N.J.S.A. 17:33A-5; and

WHEREAS, pursuant to N.J.S.A. 17:33A-4a(1), a person who presents or causes to be presented any written or oral statement as part of, or in support of or opposition to, a claim for payment or other benefit pursuant to an insurance policy knowing that the statement contains any false or misleading

information concerning any fact or thing material to the claim violates the IFPA; and

WHEREAS, pursuant to N.J.S.A. 17:33A-4a(2), a person who prepares or makes any written or oral statement that is intended to be presented to any insurance company, the Unsatisfied Claim and Judgment Fund or any claimant thereof in connection with, or in support of or opposition to any claim for payment or other benefit pursuant to an insurance policy or the "Unsatisfied Claim and Judgment Fund Law," knowing that the statement contains any false or misleading information concerning any fact or thing material to the claim violates the IFPA; and

WHEREAS, pursuant to N.J.S.A. 17:33A-4a(3), a person who conceals or knowingly fails to disclose the occurrence of an 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 violates the IFPA; and

WHEREAS, pursuant to N.J.S.A. 17:33A-4b, a person violates the IFPA if he knowingly assists, conspires with, or urges any person or practitioner to violate any of the provisions of the IFPA; and

WHEREAS, pursuant to N.J.S.A. 17:33A-4c, a person violates the IFPA if, due to the assistance, conspiracy or

urging of any person or practitioner, he knowingly benefits, directly or indirectly, from the proceeds derived the a violation of this act; and

WHEREAS, pursuant to N.J.S.A. 17:33A-5b, violations of the IFPA subject the violator to a civil penalty not to exceed \$5,000 for the first offense, not to exceed \$10,000 for the second offense, and not to exceed \$15,000 for each subsequent offense, and the court shall also award court costs and reasonable attorney fees; and

WHEREAS, pursuant to N.J.S.A. 17:33A-5.1, if a person is charged with insurance fraud in a legal proceeding and the charge is resolved through a settlement requiring the person to pay a sum of money, the person shall be subject to a surcharge in the amount of 5 percent of the settlement payment; 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, on May 21, 2014, the Commissioner issued Order to Show Cause No. E14-57 alleging the following facts and violations of New Jersey insurance laws by Sacco; and

**BACKGROUND**

IT APPEARING THAT, Caines, Scaturro, and Sacco (collectively, "Respondents") worked for Monumental Life Insurance Company ("Monumental") as licensed producers; and

IT FURTHER APPEARING THAT, Respondents worked in Monumental's Union Office, district number "6-J," in a group designated "Staff 8"; and

IT FURTHER APPEARING THAT, Sacco served as "Sales Manager" for Staff 8; and

IT FURTHER APPEARING THAT, Respondents devised, conspired and carried out a scheme to fraudulently surrender numerous in force Monumental life insurance policies; and

IT FURTHER APPEARING THAT, the scheme involved the completion and submission to Monumental of falsified Disbursement Request Forms ("DRFs") designed to appear as though they had been completed and submitted by actual policyholders; and

IT FURTHER APPEARING THAT, on the falsified DRFs, Respondents would provide false addresses where the cash surrender checks from Monumental could be collected by the Respondents without the policyholders' knowledge; and

IT FURTHER APPEARING THAT, after receiving the cash surrender checks, Respondents would forge the policyholders'

signatures and endorse the cash surrender checks to 1) themselves, 2) Monumental 3) or to a third party organization involved in the scheme, namely, the "Helping Hands and Ears Crisis Intervention and Prevention Center" ("Helping Hands"), through which the majority of the cash surrender checks were laundered; and

IT FURTHER APPEARING THAT, using this scheme, Respondents succeeded in fraudulently surrendering one hundred and twenty-five (125) Monumental life insurance policies, totaling \$62,330.51 in cash value; and

IT FURTHER APPEARING THAT, at least ninety-six (96) of the 125 cash surrender checks, totaling \$45,604.03 in cash value, were endorsed by Respondents to Helping Hands and then deposited by the administrator of Helping Hands, into a bank account held and operated by the Helping Hands organization; and

IT FURTHER APPEARING THAT, after the cash surrender checks deposited into the Helping Hands bank account cleared, Helping Hands would issue checks to Sacco and Scaturro from the Helping Hands bank account in an amount equivalent to the amount deposited, less a nominal "donation" to the organization ("Helping Hands checks"); and

IT FURTHER APPEARING THAT, at the instruction of Sacco, Helping Hands issued a number of checks to Respondents wherein the "payee" section was left blank; and

IT FURTHER APPEARING THAT, nineteen (19) Helping Hands checks were endorsed to Scaturro, which were subsequently deposited into his personal account or cashed; and

IT FURTHER APPEARING THAT, nine (9) Helping Hands checks were endorsed to Caines, which were subsequently deposited into her personal account or cashed; and

IT FURTHER APPEARING THAT, six (6) Helping Hands checks were endorsed to Sacco, which were subsequently deposited into his personal account or cashed; and

IT FURTHER APPEARING THAT, Caines endorsed eighteen (18) fraudulently obtained cash surrender checks to herself, and subsequently deposited them into her personal account; and

IT FURTHER APPEARING THAT, at least five (5) of the 125 cash surrender checks were used by Respondents to pay premiums for certain Monumental policies which were then in arrears; and

IT FURTHER APPEARING THAT, by way of Order to Show Cause No. E14-57, the Commissioner alleged the following violations of the Producer Act and the Fraud Act:



**COUNT 6**

IT APPEARING THAT, Sacco assisted and conspired with the other Respondents in carrying out the above-described scheme to fraudulently cash surrender Monumental life insurance policies, which involved, among other things, the completion and submission of fraudulent DBRs to Monumental and the forging of policyholders' signatures on the resulting cash surrender checks, in violation of N.J.S.A. 17:22A-40a(2), (4), (8), (10), (16), (17), N.J.A.C. 11:17A-4.10, N.J.S.A. 17:33A-4a(1)-(3), N.J.S.A. 17:33A-4b, and N.J.S.A. 17:33A-4c; and

**COUNT 7**

IT APPEARING THAT, Sacco instructed Caines and Scaturro to fraudulently cash surrender the Monumental life insurance policies in the above-described fashion, in violation of N.J.S.A. 17:22A-40a(2), (4), (8), (10), (16), (17), N.J.A.C. 11:17A-4.10, N.J.S.A. 17:33A-4a(1)-(3), N.J.S.A. 17:33A-4b, and N.J.S.A. 17:33A-4c; and

**COUNT 8**

IT APPEARING THAT, in the course of carrying out the above scheme, Sacco delivered or caused the delivery of a number of the forged cash surrender checks to Helping Hands, in violation of N.J.S.A. 17:22A-40a(2), (4), (8), (10), (16), (17), and N.J.A.C. 11:17A-4.10; and

**COUNT 9**

IT APPEARING THAT, in the course of carrying out the above scheme, Sacco endorsed and forged a number of the cash surrender checks to Helping Hands, in violation of N.J.S.A. 17:22A-40a(2), (4), (8), (10), (16), (17), and N.J.A.C. 11:17A-4.10; and

COUNT 10

IT APPEARING THAT, Sacco deposited four (4) Helping Hands checks into his personal account, and cashed two (2) others, totaling \$13,235, in violation of N.J.S.A. 17:22A-40a(2), (4), (8), (16), and N.J.A.C. 11:17A-4.10; and

COUNT 11

IT FURTHER APPEARING THAT, on or about June 21, 2010, Sacco pleaded guilty to one count of criminal Insurance Fraud in the Second Degree, and one count of Liability for Conduct of Another, in violation of N.J.S.A. 17:22A-40a(2), (6), (7), and (8); and

WHEREAS, Sacco admits and accepts responsibility for the foregoing violations alleged against him in Order to Show Cause No. E14-57; and

WHEREAS, the parties have come to an amicable resolution of the present matter wherein Sacco has knowingly and voluntarily waived his right to a hearing, consented to a civil penalty of \$10,500.00 pursuant to N.J.S.A. 17:22A-40, N.J.S.A. 17:22A-45c, N.J.S.A. 17:33A-5, N.J.S.A. 17:33A-5.1, and knowingly and voluntarily agrees to the revocation of his expired insurance producer license and agrees never to apply or re-apply for an insurance license of any kind in this State; and

IT IS FURTHER AGREED, that this matter should be resolved upon the consent of the parties without resort to formal hearing; and

NOW, THEREFORE, IT IS on this 25<sup>TH</sup> day of NOVEMBER  
, 2014:

ORDERED AND AGREED, that the charges contained in Order  
to Show Cause No. E14-57 are admitted by Sacco; and

IT IS FURTHER ORDERED AND AGREED, that Sacco shall pay a  
civil penalty payment of an amount totaling \$10,500.00  
("Settlement Amount") to the Department pursuant to N.J.S.A.  
17:22A-45c; and

IT IS FURTHER ORDERED AND AGREED, that the expired  
insurance producer license of Sacco is hereby REVOKED; and

IT IS FURTHER ORDERED AND AGREED, that Sacco shall never  
apply nor re-apply for an insurance license of any kind in this  
State; and

IT IS FURTHER ORDERED AND AGREED, that Sacco shall pay  
the Settlement Amount as follows:

1. Sacco shall pay \$1,500.00 to the Department, due  
immediately upon execution of this Consent Order by Sacco.  
Payment shall be made by certified check, bank check, or  
money order made payable to the "State of New Jersey,  
General Treasury." Payment of \$1,500.00 shall be sent to:

Jason N. Silberberg, Deputy Attorney General  
Banking and Insurance Section  
R.J. Hughes Justice Complex  
P.O. Box 117  
Trenton, New Jersey 08625-0117

2. Sacco shall thereafter pay the remainder of the civil penalty, \$9,000.00, in thirty six (36) monthly installments of \$250.00, beginning on December 1, 2014, until the Settlement Amount is paid in full, which monthly payments are to be sent to:

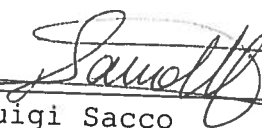
Jan Allen, Collections  
New Jersey Department of Banking and Insurance  
20 W. State Street, 10<sup>th</sup> Floor  
Trenton, New Jersey 08625-0325

IT IS FURTHER ORDERED AND AGREED, that this final administrative order may be docketed as a judgment with the Clerk of Superior Court as provided by the Penalty Enforcement Law, N.J.S.A. 2A:58-10 et seq.; 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 allegations in Order to Show Cause No. E14-57 against Sacco.

  
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Peter L. Hartt  
Acting Director of Insurance

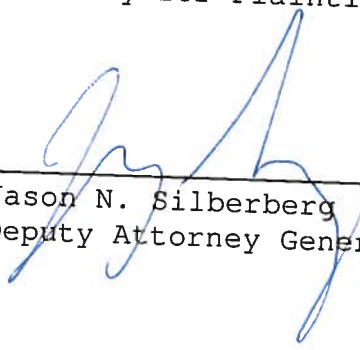
Consented as to Form, Content, and Entry:

  
\_\_\_\_\_  
Luigi Sacco  
Respondent

Dated: 11/12/14

JOHN J. HOFFMAN  
ACTING ATTORNEY GENERAL OF NEW JERSEY  
Attorney for Plaintiff

Dated: 11-19-14

By:   
\_\_\_\_\_  
Jason N. Silberberg  
Deputy Attorney General