

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 Ralph A. Valente, Reference No.)
9022038; and Corporate Benefit Solutions,)
LLC, Reference No. 1187375)
_____)

ORDER TO SHOW CAUSE

TO: Ralph A. Valente
704 Passaic Avenue
West Caldwell, New Jersey 07006

Corporate Benefit Solutions, LLC
c/o Ralph A. Valente
704 Passaic Avenue
West Caldwell, New Jersey 07006

This matter, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that Ralph A. Valente (“Valente”), and Corporate Benefit Solutions, LLC (“CBS”) (collectively, “Respondents”), may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Valente is currently licensed as resident insurance producers, pursuant to N.J.S.A. 17:22A-32a; and

WHEREAS, CBS is currently licensed as a resident business entity insurance producer, pursuant to N.J.S.A. 17:22A-32b; and

WHEREAS, Valente is the owner and the designated responsible licensed producer (“DRLP”) for CBS and responsible for the activities of CBS and CBS’s compliance with the insurance law, rules and regulations of this State, pursuant to N.J.S.A. 17:22A-32b(2); 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”), the Trade Practices Act, N.J.S.A. 17B:30-1 to -57 (“Trade Practices 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. 17:22A-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(7), an insurance producer shall not be found to have committed any insurance unfair trade practice or fraud; and

WHEREAS, pursuant to N.J.S.A. 17B:30-2, no person shall engage in this State in any trade practice which is defined in or determined pursuant to the Trade Practices Act to be an unfair method of competition, or an unfair or deceptive act or practice in the business of life insurance, health insurance or annuity; and

WHEREAS, pursuant to N.J.S.A. 17B:30-13, no person shall knowingly make, permit to be made or offer to make any contract of life insurance, annuity or health insurance, or agreement as to such contract other than as plainly expressed in the contract issued thereon, or pay or allow, or give or offer to pay, allow, or give, directly or indirectly, as an inducement to such insurance,

or annuity, any rebate of premiums payable on the contract or of any agent's, solicitor's or broker's commission relating thereto, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatsoever not specified in the contract; or give, or sell, or purchase or offer to give, sell, or purchase as an inducement to such insurance or annuity or in connection therewith, any stocks, bonds, or other securities of any insurance company or other corporation, association, or partnership, or any dividends or profits accrued thereon, or anything of value whatsoever not specified in the contract; and

WHEREAS, pursuant to N.J.A.C. 11:17A-1.6(c), licensed partners, officers and directors, and all owners with an ownership interest of 10 percent or more in the organization shall be held responsible for all insurance related conduct of the organization licensee, any of its branch offices, its other licensed officers or partners, and its employees; and

WHEREAS, pursuant to N.J.A.C. 11:1-12.2(a), active officers shall be held individually responsible for all insurance related conduct of the corporate licensee; and

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, and may levy a civil penalty, for a violation of the Producer Act; and

WHEREAS, pursuant to N.J.S.A. 17:22A-45c, any person violating the Producer Act is subject 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 the investigation and prosecution; and

COUNT ONE

IT APPEARING, that at all relevant times, CBS was responsible for managing health benefits enrollments with Horizon Healthcare Services, Inc., doing business as Horizon Blue Cross Blue Shield of New Jersey (“Horizon”) for employees of the Township of Harding, Metra Industries, and Miele, Inc.; and

IT FURTHER APPEARING, that on or about December 19, 2013, Valente paid Township of Harding employee “MF” \$100.00 by way of check No. 612 from CBS bank account ending in 0239; and

IT FURTHER APPEARING, that Valente paid MF the \$100.00 as compensation for a copay dispute between MF and Horizon; and

IT FURTHER APPEARING, that on or about November 24, 2014, Valente paid Metra Industries employee “SD” \$420.00 by way of check No. 796 from CBS bank account ending in 0239; and

IT FURTHER APPEARING, that Valente paid SD the \$420.00 as compensation for a deductible dispute between SD and Horizon; and

IT FURTHER APPEARING, that on or about April 23, 2015, Valente paid Miele Inc. employee “VM” \$40.15 by way of check No. 1075 from CBS bank account ending in 0239; and

IT FURTHER APPEARING, that Valente paid VM the \$40.15 as compensation for a claim dispute between VM and Horizon; and

IT FURTHER APPEARING, that the payments were provided by Valente to the insureds as valuable consideration or inducements not specified in the Horizon contracts, in violation of N.J.S.A. 17:22A-40a(2) and (7), N.J.S.A. 17B:30-2, and N.J.S.A. 17B:30-13; and

NOW, THEREFORE, IT IS on this 25th day of August 2019;

ORDERED, that Respondents appear and show cause why their New Jersey insurance producer licenses should not be suspended or revoked pursuant to N.J.S.A. 17:22A-40a; and

IT IS FURTHER ORDERED, that Respondents appear and show cause why the Commissioner should not assess a civil penalty of up to \$5,000.00 for the first violation and \$10,000.00 for each subsequent violation of the Producer Act and order Respondents to pay restitution of moneys owed to any person, pursuant to the provisions of N.J.S.A. 17:22A-45c; and

IT IS FURTHER ORDERED, that Respondents appear and show cause why they should not be required to reimburse the Department for the cost of the investigation and prosecution, as authorized pursuant to N.J.S.A. 17:22A-45c; and

IT IS PROVIDED, that Respondents have the right to request an administrative hearing, to be represented by counsel or other qualified representative, at their own expense, to take testimony, to call or cross-examine witnesses, to have subpoenas 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 Respondents, 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, Department of Banking and Insurance, P.O. Box 329, Trenton, New Jersey 08625, or by faxing the hearing request to the Department at (609) 292-5337. A copy of the request for a hearing shall also be sent to Deputy Attorney General Ryan S. Schaffer at Division of Law,

Banking and Insurance Section, 25 Market Street, P.O. Box 117, Trenton, NJ 08625-0117. The request shall contain the following:

- (a) Respondent's full 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 Respondent has no specific knowledge regarding a fact alleged in the 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 the hearing.



Marlene Caride
Commissioner