

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)
_____)

ORDER TO SHOW CAUSE

TO: Gerard Raimondi
225 Medjay Lane
Toms River, NJ 08755

This matter, having been opened by the Commissioner of Banking and Insurance ("Commissioner"), State of New Jersey, upon information that Gerard Raimondi ("Respondent") may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Respondent is currently licensed as a resident insurance producer, pursuant to N.J.S.A. 17:22A-32a; 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 to -48 ("Producer Act"), 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; 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(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-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 any combinations of actions, for violations 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

WHEREAS, pursuant to N.J.S.A. 17:33A-4a(3), a person violates the Fraud Act if he conceals or knowingly fails 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-4a(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-5a and 5c, 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

FACTS COMMON TO ALL COUNTS

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

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

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

IT FURTHER APPEARING, that on November 19, 2013, Respondent entered into a Cigna Supplemental Benefits Associate Agreement pursuant to which he 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 also contained 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 was 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, each of the 237 applications for supplemental policies Respondent transmitted to Cigna included 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, on each of the 237 applications for supplemental policies, Respondent selected Electronic Funds Transfer (“EFT”) as the premium payment method for each application and transmitted to Cigna a Pre-Authorization Agreement for EFT 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 EFT, and each authorization form for EFT withdrawals contained fictitious information, each of the 237 supplemental policies was cancelled for non-payment of premium; and

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

IT FURTHER APPEARING, none of the 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 EFT, or Health Disclosure Form; and

IT FURTHER APPEARING, that Respondent received advance 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 ONE

IT FURTHER APPEARING, Respondent's transmission to Cigna of 237 applications for supplemental policies which contained fictitious applicant information and/or forgeries of applicant 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 TWO

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

NOW, THEREFORE, IT IS on this 9th day of September, 2019

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

IT IS FURTHER ORDERED, that Respondent 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 Respondent 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 Respondent appear and show cause why he 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 FURTHER ORDERED, that Respondent appear and show cause why the Commissioner should not assess a penalty of not more than \$5,000 for the first violation, \$10,000 for the second violation, and \$15,000 for each subsequent violation of the Fraud Act and order restitution, pursuant to N.J.S.A. 17:33A-5c; and

IT IS FURTHER ORDERED, that Respondent appear and show cause why the Commissioner should not assess costs of prosecution, including attorneys' fees, pursuant to N.J.S.A. 17:33A-5c; and

IT IS FURTHER ORDERED, that Respondent appear and show cause why the Commissioner should not assess a surcharge in the amount of \$1,000.00 against Respondent, pursuant to N.J.S.A. 17:33A-5.1; and

IT IS PROVIDED, that Respondent has the right to request an administrative hearing, to be represented by counsel or other qualified representative, at his 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 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, 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, or by faxing the hearing request to (609) 777-3607. 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