

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 licenses of)
Peter M. Forde, Reference No. 9137654 and)
Madison Insurance and Financial Services)
LLC, Reference No. 1097312.)

ORDER TO SHOW CAUSE

TO: Peter M. Forde Madison Insurance and Financial Services LLC
 661 Shunpike Road 661 Shunpike Road
 Green Village, NJ 07935 Green Village, NJ 0793

Peter M. Forde
14 Stonehedge Lane
Madison, NJ 07940

THIS MATTER, having been opened by the Commissioner of Banking and Insurance ("Commissioner"), State of New Jersey, upon information that Peter M. Forde ("Forde") and Madison Insurance and Financial Services LLC ("Madison") (collectively "Respondents") may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Forde is currently licensed as a resident individual insurance producer in the State of New Jersey pursuant to N.J.S.A. 17:22A-32(a); and

WHEREAS, Madison is currently licensed as a business entity insurance producer in the State of New Jersey pursuant to N.J.S.A. 17:22A-32(b) and Forde is the owner and designated responsible producer of Madison; 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 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-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)(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-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; and

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

WHEREAS, pursuant to N.J.S.A. 17:22A-45(c), 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; additionally, the Commissioner may order restitution of moneys owed any person and reimbursement of costs of the investigation and prosecution, as appropriate; and

ALLEGATIONS COMMON TO ALL COUNTS

IT APPEARING, that in or around August 2014, "L.D." requested that Respondents obtain general liability and cargo insurance policies for her trucking company; and

IT FURTHER APPEARING, that in August 2014, Respondents contacted insurance broker Risk Placement Services ("RPS") and requested and received a quote from Essex Insurance Company ("Essex") for cargo insurance for L.D.'s trucking company; and

IT FURTHER APPEARING, that Respondents never placed the cargo insurance policy for L.D.'s trucking company; and

IT FURTHER APPEARING, that in August 2014, Respondents contacted RPS and requested and received a quote from Covington Insurance Company ("Covington") for general liability insurance for L.D.'s trucking company; and

IT FURTHER APPEARING, that Respondents never placed the general liability insurance policy for L.D.'s trucking company; and

IT FURTHER APPEARING, that between June 2015 and January 2016, Respondents issued eleven Certificates of Liability Insurance ("COLI") to L.D.'s trucking company purporting to indicate that L.D.'s trucking company had both general liability insurance from Covington and cargo insurance from Essex; and

IT FURTHER APPEARING, that Respondents fabricated the policy numbers on the COLIs for both the nonexistent general liability and cargo insurance policies; and

IT FURTHER APPEARING, that in November 2015, one of L.D.'s trucking

company's trucks was involved in a cargo spill, resulting in a loss of \$8,600.00; and

IT FURTHER APPEARING, that L.D. filed a claim with Essex under the purported cargo insurance policy; and

IT FURTHER APPEARING, that Essex informed L.D. that no cargo policy had ever been placed and therefore denied the claim; and

COUNT
ONE

IT FURTHER APPEARING, that by failing to place insurance for L.D.'s trucking company, Respondents demonstrated incompetence, untrustworthiness, or financial irresponsibility in the conduct of insurance business, in violation of N.J.S.A. 17:22A-40(a)(8); and

COUNT
TWO

IT FURTHER APPEARING, that by providing L.D.'s trucking company with eleven COLIs that contained fabricated insurance policy numbers for insurance policies that did not exist, the issuance of each COLI constituting a separate offense under the Producer Act, Respondents violated N.J.S.A. 17:22A-40(a)(2), (5), (8), and (16); and

NOW, THEREFORE, IT IS on this 7th day of February, 2020

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-40(a); 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 L.D. or any person, pursuant to the provisions of N.J.S.A. 17:22A- 45(c); 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 pursuant to N.J.S.A. 17:22A-45(c); 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 Brian R. Fitzgerald at: Division of Law, P.O. Box 117, Trenton, New Jersey 08625. The request shall contain the following:

- (a) Respondents' full names, current addresses, and daytime telephone numbers;
- (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 Respondents have 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