

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 suspend, revoke,)
and/or refuse to renew the insurance license)
of Dimitrios Hallas. Ref. No. 1281931.)

FINAL ORDER

To: Dimitrios Hallas
61 Fountain Place
Poughkeepsie, New York 12603-2726

THIS MATTER, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that Dimitrios Hallas (“Hallas” or “Respondent”) may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Hallas was formerly licensed as a resident insurance producer in the State of New Jersey, pursuant to N.J.S.A. 17:22A-32(a), until August 31, 2016, when his license expired; and

WHEREAS, Hallas 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”), 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(d), the Commissioner shall retain the authority to enforce the provisions of and impose any penalty or remedy authorized by the

Producer Act and Title 17 of the Revised Statutes or Title 17B of the New Jersey Statutes against any person who is under investigation for or charged with a violation of the Producer Act or Title 17 of the Revised Statutes or Title 17B of the New Jersey Statutes even if the person's license or registration has been surrendered or has lapsed by operation of law; 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)(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-40(a)(6), an insurance producer shall not have been convicted of a felony or crime of the fourth degree or higher; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a)(7), an insurance producer shall not have admitted or have been found to have committed any unfair insurance trade practice or fraud; 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)(15), an insurance producer shall not intentionally withhold material information or make a material misstatement in an application for a license; 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.S.A. 17:22A-40(a)(18), an insurance producer shall not fail

to notify the commissioner within 30 days of his conviction of any crime, indictment, or the filing of any formal criminal charges, or the suspension or revocation of any insurance license or authority by a state, other than this State, or the initiation of formal disciplinary proceedings in a state, other than this State, affecting the producer's insurance license, or fail to obtain the written consent pursuant to sections 1033 and 1034 of Title 18, United States Code (18 U.S.C. 1033 and 1034), or fail to supply any documentation that the commissioner may request in connection therewith; and

WHEREAS, pursuant to N.J.S.A. 17:22A-47(b), within thirty days of the initial pretrial hearing date, an insurance producer shall report to the Commissioner any criminal prosecution of the producer taken in any jurisdiction, which report shall include a copy of the initial complaint filed, the order resulting from the hearing, and any other relevant legal documents; and

WHEREAS, pursuant to N.J.A.C. 11:17E-1.3(a), no person having been convicted of a felony involving breach of trust or dishonesty shall be employed in the business of insurance in this State in any capacity without having obtained a waiver from the Commissioner or his designee in accordance with 18 U.S.C. §1033 and N.J.A.C. 11:17E-1.3; and

WHEREAS, pursuant to N.J.A.C. 11:17A-1.2, a felony means, among other things, any crime identified as an offense of the first, second, third or fourth degree pursuant to N.J.S.A. 2C:1-4 and 43-1; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a)(19), an insurance producer shall not fail to notify the Commissioner within 30 days of the final disposition of any formal disciplinary proceedings initiated against the insurance producer, or disciplinary action taken against the producer, by the Financial Industry Regulatory Authority ("FINRA"), any successor organization, or other similar non-governmental regulatory authority with statutory authority to create and

enforce industry standards of conduct, or of any other administrative actions or criminal prosecutions, as required by sections 15 and 22 of P.L.2001, c.210 (C.17:22A-40 and 17:22A-47), or fail to supply any documentation the Commissioner may request in connection therewith; and

WHEREAS, pursuant to N.J.S.A. 17:22A-47(c), an insurance producer shall report to the Commissioner any disciplinary action taken against the insurance producer, or any formal disciplinary proceedings initiated against the producer, by FINRA, any successor organization, or other similar non-governmental regulatory authority with statutory authority to create and enforce industry standards of conduct, within 30 days of the final disposition of the matter. This report shall include a copy of the order, consent order or other relevant legal documents; 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; moreover, the Commissioner may order restitution of moneys owed any person and reimbursement of costs of the investigation and prosecution; and

WHEREAS, on January 8, 2024, the Commissioner issued Order to Cause No. E24-02 ("OTSC"), alleging that Hallas violated various New Jersey insurance laws as set forth in the following:

COUNT 1

IT APPEARING, that Hallas misappropriated money received from client, K.F. in the course of doing insurance business, in violation of N.J.S.A. 17:22A-40(a)(2), (4), (7), (8), (16); and

COUNT 2

IT FURTHER APPEARING, that on June 23, 2014, Hallas consented to an Order Accepting Offer of Settlement with FINRA for making unsuitable investment recommendations to his clients; and

IT FURTHER APPEARING, FINRA charged Hallas a fine of \$5,000.00 and restitution of \$6,110.00 and suspended him for 30 days; and

IT FURTHER APPEARING, Hallas failed to notify the Department of Banking and Insurance (“Department”) of this FINRA settlement, in violation of N.J.S.A. 17:22A-40(a)(2), (7), (8), (19); and

COUNT 3

IT FURTHER APPEARING, that on September 8, 2016, Hallas submitted an application to renew his insurance producer license in the State of New Jersey; and

IT FURTHER APPEARING, Hallas did not disclose his FINRA sanctions and represented that he was not the subject of any prior administrative proceedings, in violation of N.J.S.A. 17:22A-40(a) (2), (8), (15), (16), (19); and

COUNT 4

IT FURTHER APPEARING, that on April 25, 2017, the United States Securities and Exchange Commission (“SEC”) filed a civil complaint against Hallas in the United States District Court for the Southern District of New York, alleging that he sold unsuitable leveraged products without a reasonable basis and misappropriated \$170,750.00 from a client; and

IT FURTHER APPEARING, that on September 27, 2017, the District Court entered a corrected default judgment against Hallas, imposing a civil penalty of \$260,193.39, an equal amount of disgorgement, and prejudgment interest; and

IT FURTHER APPEARING, Hallas did not disclose the SEC complaint, the resulting judgment, or the sanctions imposed by the SEC to the Department, in violation of N.J.S.A. 17:22A-40(a) (2), (8), (15), (16), (19); and

COUNT 5

IT FURTHER APPEARING, that on November 2, 2017, FINRA permanently barred Hallas from associating with any FINRA member firm in any capacity because he recommended an unsuitable security transaction to a former client; and

IT FURTHER APPEARING, Hallas failed to notify the Department of the FINRA decision, in violation of N.J.S.A. 17:22A-40(a) (2), (8), (19); and

COUNT 6

IT FURTHER APPEARING, that on October 24, 2018, Hallas pled guilty to third-degree grand larceny, a felony offense, in the Superior Court of Westchester County, New York; and

IT FURTHER APPEARING, Hallas admitted to stealing \$170,750.00 from a client, in violation of N.J.S.A. 17:22A-40(a)(2), (4), (6), (7), (8), (16), (18); and

IT FURTHER APPEARING, that Hallas failed to advise the Commissioner of the arrest and subsequent conviction within 30 days, in violation of N.J.S.A. 17:22A-40(a)(18) and N.J.S.A. 17:22A-47(b); and

COUNT 7

IT FURTHER APPEARING, that on February 22, 2019, the SEC barred Hallas from associating with a broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

IT FURTHER APPEARING, the SEC barred Hallas from participating in any offering of penny stock; and

IT FURTHER APPEARING, that Hallas did not report the administrative action taken by the SEC to the Commissioner within 30 days of the final disposition of the matter, in violation of N.J.S.A. 17:22A-40(a)(19) and N.J.S.A. 17:22A-47(c); and

IT FURTHER APPEARING that Hallas was given notice of the aforesaid charges and an opportunity to contest the charges at a hearing pursuant to the OTSC; and

IT FURTHER APPEARING that as set forth in the Certification of Jessica Lugo, attached as Exhibit A, under a cover letter dated January 9, 2024, the OTSC was sent by certified and

regular mail to the most recent address known to the Department for Hallas at 61 Fountain Place, Poughkeepsie, New York 12603;

IT FURTHER APPEARING that the mailing of the OTSC by regular and certified mail to the residential address of Hallas, according to the file maintained by the Department, and the regular mail not returned and the certified mail having been signed for by “Hallas M.” on January 13, 2024, constitutes lawful service pursuant to N.J.A.C. 11:17D-2.1(a)(3); and

IT FURTHER APPEARING that on February 16, 2024, a copy of the OTSC was also emailed to Hallas; and

IT FURTHER APPEARING that Hallas made no response to the OTSC; and

IT FURTHER APPEARING, that Hallas failed to provide written response so the charges contained in the OTSC within the 20 days provided by N.J.A.C. 11:17D-2.1(d)(1), and therefore has waived his rights to a hearing to contest these charges and the charges deemed admitted, pursuant to N.J.A.C. 11:17D-2.1(b)(1); and

IT FURTHER APPEARING, in Kimmelman v. Henkels & McCoy, Inc., 108 N.J. 123 (1987) the Supreme Court established seven factors to be considered in determining the imposition of civil fines in administrative proceedings (“Kimmelman factors”); and

IT FURTHER APPEARING, the seven Kimmelman factors are as follows: (1) the good or bad faith of the defendant; (2) defendant’s ability to pay a civil fine; (3) the amount of profits obtained from the illegal activity; (4) the injury to the public; (5) the duration of the misconduct; (6) the existence of criminal or treble damages actions; and (7) the past violations of defendant; and

IT FURTHER APPEARING, the Kimmelman factors apply to this matter as follows: (1) Respondent showed bad faith by misappropriating money received from a client, and by failing to

report to the Department the resulting FINRA sanctions, SEC sanctions and felony conviction; (2) Respondent has not provided any evidence of his inability to pay a civil fine; (3) Respondent gained \$170,750.00 from his illegal activity; (4) there was injury to the public because Respondent was misappropriating money from clients and any producer misconduct harms the reputation of the insurance industry as a whole; (5) Respondent's illegal activity occurred from 2014 to 2019; (6) criminal actions were filed against Respondent regarding his illegal activity; and (7) Respondent had no past violations; and

NOW, THEREFORE, IT IS on this 31st day of July, 2024,

ORDERED, that the charges contained in the OTSC are deemed admitted by Hallas due to his failure to respond to the charges, pursuant to N.J.A.C. 11:17D-2.1(b)1; and

IT IS FURTHER ORDERED, that pursuant to N.J.S.A. 17:22A-40, and N.J.A.C. 11:17D-2.1(b)2, the insurance producer license of Hallas is **REVOKED** effective upon the execution of this Final Order; and

IT IS FURTHER ORDERED, that upon review of the Kimmelman factors above, Hallas shall be responsible for the payment of \$11,000.00 for violations of the Producer Act and other insurance laws cited above as follows:

Count 1: \$5,000; Count 2: \$1,000; Count 3: \$1,000; Count 4: \$1,000; Count 5: \$1,000; Count 6: \$1,000; Count 7: \$1,000; and

IT IS FURTHER ORDERED, that pursuant to N.J.S.A. 17:22A-45c and N.J.A.C. 11:1-32.4(b)(20), Hallas shall reimburse the Department of Banking and Insurance, Division of Insurance Enforcement for the costs associated with the investigation and prosecution of this matter, as evidenced by the Certification of Costs by Investigator Daxel Patesh (attached as Exhibit B), totaling \$725.00. The Commissioner has reviewed the investigative costs application and finds the amount of time to be reasonable; and

IT IS FURTHER ORDERED, that Hallas shall pay the above fines and costs totaling \$11,725.00 by remitting full payment to the Commissioner of Banking and Insurance, State of New Jersey, 20 West State Street, P.O. Box 329, Trenton, New Jersey 08625, Attention: Eugene Shannon, Supervisor of Investigations by certified check, cashier's check or money order made payable to the "State of New Jersey, General Treasury," within ten (10) days from the date of service of this Order; and

IT IS FURTHER ORDERED AND AGREED, that this Final Order shall be docketed as a statewide lien until paid in full and in the event full payment is not made, the Commissioner may exercise any and all remedies available by law, including, but not limited to, recovery of attorneys' fees and any unpaid penalties in a summary proceeding, in accordance with the Penalty Enforcement Law, N.J.S.A. 2A:58-10 to -12; and

IT IS FURTHER ORDERED, that in the event full payment of the fines and costs is not made, the Commissioner may exercise any and all remedies available by law, including but not limited to recovery of any unpaid penalties, in accordance with the Penalty Enforcement Law of 1999, N.J.S.A. 2A:58-10 to -12; and

IT IS FURTHER ORDERED, that the fines in this Final Order are imposed pursuant to the police powers of the State of New Jersey for the enforcement of the law and the protection of the public health, safety and welfare, and are not intended to constitute debts which may be limited or discharged in a bankruptcy proceeding; and

IT IS FURTHER ORDERED, that the provisions of this Final Order represent a final agency decision and constitute a final resolution of the allegations contained in the OTSC.


Justin Zimmerman
Acting Commissioner