

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 Robert W. Mania, Reference No.)
0337243; Heidi Ann Mania, Reference No.)
9610763; and RHM Benefits, Inc., Reference)
No. 1069452.)
_____)

ORDER TO SHOW CAUSE

TO: Robert W. Mania
3 Madisonville Road
Basking Ridge, NJ 07920

Heidi Ann Mania
3 Madisonville Road
Basking Ridge, NJ 07920

RHM Benefits, Inc.
3 Madisonville Road
Basking Ridge, NJ 07920

THIS MATTER, having been opened to the Commissioner of Banking and Insurance ("Commissioner"), State of New Jersey, upon information that Robert W. Mania ("Robert"), Heidi Ann Mania ("Heidi"), and RHM Benefits, Inc. ("RHM") (collectively, "Respondents"), may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Robert was licensed as a resident insurance producer in the State of New Jersey, pursuant to N.J.S.A. 17:22A-32, from July 23, 2003 until September 30, 2017 when his license expired; and

WHEREAS, Heidi has been licensed as a resident insurance producer in the State of New Jersey pursuant to N.J.S.A. 17:22A-32 since June 26, 1996 and is currently licensed; and

WHEREAS, RHM was licensed as a resident insurance producer in the State of New Jersey, pursuant to N.J.S.A. 17:22A-32, from May 10, 2006 until May 31, 2018 when its license expired; and

WHEREAS, Robert and Heidi were at all relevant times listed as the designated licensed responsible producers (“DLRPs”) for RHM, until 2012, when Heidi became the sole DLRP for RHM; 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, the regulations governing Insurance Producer Standards of Conduct, N.J.A.C. 11:17A-1.1 to 11:17D-2.8, and the Persons Employed in the Business of Insurance regulations, N.J.A.C. 11:17E-1.1 to -1.7; 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-40a(1), an insurance producer shall not provide incorrect, misleading, incomplete or materially untrue information in the license application; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(2), an insurance producer shall not violate any insurance laws, or violate any 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(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 have been convicted of a felony of the fourth degree or higher; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(7), an insurance producer shall not admit or found to have committed any 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 in this State or elsewhere; 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(18), an insurance producer shall not fail to notify the commissioner within thirty (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; and

WHEREAS, pursuant to N.J.S.A. 17:22A-47(b), within thirty (30) days of the initial pretrial hearing date, an insurance producer shall report to the commissioner any criminal prosecution of the producer taken in an jurisdiction; and

WHEREAS, pursuant to N.J.A.C. 11:1-12.2, active officers shall be held individually responsible for all insurance related conduct of the corporate licensee; 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.A.C. 11:17E-1.3(a), no person having been convicted of a felony involving, among other things, 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 or her designee in accordance with 18 U.S.C. §§ 1033(e)(2); and

WHEREAS, pursuant to N.J.A.C. 11:17E-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 18 U.S.C. §§ 1033(e)(1)(A) and 1033(e)(2), a person who has been convicted of any felony involving dishonesty may engage or participate in the business of insurance only if he or she obtains the written consent of the insurance regulatory official who is authorized to regulate the insurer; and

ALLEGATIONS COMMON TO ALL COUNTS

IT APPEARING THAT Robert participated in a scheme to overcharge the Mount Olive Township School District (“MOTSD”) of more than \$400,000.00 by fraudulently overstating insurance commissions; and

IT FURTHER APPEARING THAT Robert entered into a Plea Agreement with the United States Department of Justice (“DOJ”) on July 2, 2012, for the aforementioned scheme; and

IT FURTHER APPEARING THAT Robert admitted, via the Plea Agreement, that from in or about 2007 to in or about 2009, he participated in a scheme to defraud the MOTSD out of over \$400,000.00 by fraudulently overstating and diverting to himself and others health insurance due for MOTSD’s health insurance coverage; and

IT FURTHER APPEARING THAT the MOTSD funds were distributed through RHM to Robert; and

IT FURTHER APPEARING THAT Robert also entered into a Cooperation Agreement with the DOJ, supplementing the aforementioned Plea Agreement, on July 2, 2012; and

IT FURTHER APPEARING THAT on April 21, 2016, the DOJ filed criminal charges against Robert, for the aforementioned scheme, and charged him with mail fraud as per 18 U.S.C. 1341 (“Mail Fraud”); and

IT FURTHER APPEARING THAT on April 25, 2017, Robert pleaded guilty to Mail Fraud and was sentenced to a term of three (3) months in prison and ordered to pay restitution of \$403,912; and

IT FURTHER APPEARING THAT said crime is a felony conviction involving dishonesty and breach of trust as defined in 18 U.S.C. § 1033(e) and N.J.A.C. 11:17E-1.3(a); and

IT FURTHER APPEARING THAT pursuant to 18 U.S.C. § 1033(e) and N.J.A.C. 11:17E-1.3(a), Robert cannot engage in the business of insurance as a result of said conviction until such time as he obtains a written waiver from the Commissioner; and

IT FURTHER APPEARING THAT the Commissioner has not issued a waiver to Robert, and as a result, Robert cannot legally engage in the business of insurance in this State; and

COUNT ONE
(Robert Mania)

IT FURTHER APPEARING THAT Robert failed to notify the Commissioner of the criminal prosecutions against him within thirty (30) days, in violation of N.J.S.A. 17:22A-40(a)(18) and N.J.S.A. 17:22A-47; and

COUNT TWO
(Robert Mania)

IT FURTHER APPEARING THAT Robert pleaded guilty to and was convicted of Mail Fraud, a felony, and failed to notify the Commissioner within thirty (30) days his his conviction of Mail Fraud, in violation of N.J.S.A. 17:22A-40(a)(2), (6), (7), (8), and (16), and further, following his conviction of a felony in the fourth degree or higher, failed to obtain a waiver from the Commissioner to be employed in the business of insurance in this State as required by N.J.A.C. 11:17E-1.3 and 18 U.S.C. § 1033(e)(2); and

COUNT THREE
(All Respondents)

IT FURTHER APPEARING THAT by engaging in and admitting to the scheme to defraud MOTSD, for which Robert pled guilty and was convicted of mail fraud, a class 3 felony, and which scheme was conducted through RHM, Robert and RHM violated N.J.S.A. 17:22A-40(a)(2), (4), (6), (7), (8), and (16); and

IT FURTHER APPEARING THAT during the timeframe Robert and RHM engaged in the aforementioned scheme, Heidi was an active officer and a DLRP of RHM, and therefore individually responsible for the insurance-related conduct of RHM, pursuant to N.J.A.C. 11:1-

12.2, and therefore additionally liable for the violations of N.J.S.A. 17:22A-40(a)(2), (4), (6), (7), (8), and (16); and

COUNT FOUR
(All Respondents)

IT FURTHER APPEARING THAT on April 25, 2016, RHM submitted an application (“application”) to the Department for renewal of its producer license; and

IT FURTHER APPEARING THAT in its application, RHM answered “no” to Question 1, which asks whether “the business entity or any owner, partner, officer or director of the business entity, or member or manager of a limited liability company, been convicted of, or is currently charged with, committing a crime or had a judgment or deferred which has not been previously reported to this insurance department?”; and

IT FURTHER APPEARING THAT on the date of the application, Robert and Heidi were aware of the criminal prosecution of Robert by the DOJ; and

IT FURTHER APPEARING THAT during the timeframe RHM failed to disclose Robert’s conviction, Robert and Heidi were active officers and the DLRLPs of RHM, and therefore individually responsible for the insurance-related conduct of RHM, pursuant to N.J.A.C. 11:1-12.2; and

IT FURTHER APPEARING THAT, by failing to report Robert’s criminal prosecution on its application, Respondents violated N.J.S.A. 17:22A-40(a)(1), (2), (4), (8), and (16) and N.J.S.A. 17:22A-47(b);

NOW, THEREFORE, IT IS on this 7 day of April, 2022,

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 not exceeding \$5,000.00 for the first violation, and not exceeding \$10,000.00 for each subsequent violation of the Producer Act, and order Respondents to pay restitution of moneys owned to any person, pursuant to the provisions of N.J.S.A. 17:22A-45(c); and

IT IS FURTHERED 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. 17:22-45(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 hearing shall also be sent to Deputy Attorney General Chandra M. Arkema at: Division of Law, P.O. Box 117, Trenton, New Jersey 08625, fax (609) 777-3503. The request shall contain the following:

- (a) Respondent's full name, current 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; and
- (c) A statement requesting the hearing.



Marlene Caride
Commissioner