

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 license of)
Margot Brown, Reference No. 8832956.)
_____)

ORDER TO SHOW CAUSE

TO: Margot F. Brown
34 Cedar Drive
Toms River, NJ 08753

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

WHEREAS, Respondent is 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, 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”) and the New Jersey Insurance Fraud Prevention Act, N.J.S.A. 17:33A-1 to -30 (“Fraud Act”); 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)(8), an insurance producer shall not use any fraudulent, coercive, or dishonest practices, or demonstrate incompetence or untrustworthiness in the conduct of insurance business; 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), 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; and

WHEREAS, pursuant to N.J.S.A. 17:33A-4(a)(4)(b), no person shall prepare any written or oral statement, intended to be presented to any insurance company, for the purpose of obtaining an insurance policy, knowing that the statement contains any false or misleading information; and

WHEREAS, pursuant to N.J.S.A. 17:33A-5(a) and (c), violations of the Fraud Act subject the violator to a civil and administrative penalty not to exceed \$5,000.00 for the first offense, not to exceed \$10,000.00 for the second offense and not to exceed \$15,000.00 for each subsequent offense; moreover, the Commissioner may issue a final order recovering 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

ALLEGATIONS COMMON TO ALL COUNTS

IT APPEARING, that starting October 13, 1988, Respondent became a licensed insurance producer in the State of New Jersey; and

IT FURTHER APPEARING, that on June 2, 2015, Respondent submitted a claim to Farmers Insurance Company (“Farmers”) for a lost Cartier watch valued at \$6,000.00; and

IT FURTHER APPEARING, that on June 8, 2015, Farmers paid Respondent \$6,000.00 for the Cartier watch; and

IT FURTHER APPEARING, that on May 2, 2016, Respondent submitted a claim to Lexington Insurance Company, a subsidiary of AIG (“Lexington”), for a lost engagement ring valued at \$47,500.00; and

IT FURTHER APPEARING, that Respondent was not paid for the Lexington claim, because she allegedly found the ring and withdrew the claim; and

IT FURTHER APPEARING, that on June 29, 2016, Respondent applied for a homeowners insurance policy with Preferred Mutual Insurance Company (“Preferred Mutual”); and

IT FURTHER APPEARING, that page 2 of the Preferred Mutual homeowners insurance application asks if the applicant has had “Any losses, whether or not paid by insurance, during the last 3 years, at this or at any other location?” to which Respondent checked the “No” box; and

IT FURTHER APPEARING, that on July 14, 2018, Respondent filed a claim with Preferred Mutual for a lost diamond ring valued at \$40,000.00; and

IT FURTHER APPEARING, that on August 21, 2018, in a recorded statement with a Preferred Mutual representative, Respondent admitted that she had prior losses in the last three years, even though she indicated on her homeowners insurance application that she had no prior losses in the last three years; and

COUNT ONE
(Producer Act)

IT FURTHER APPEARING, that Respondent provided false information on an application for homeowners insurance, in violation of N.J.S.A. 17:22A-40(a)(2), (8), and (16); and

COUNT TWO
(Fraud Act)

IT FURTHER APPEARING, that Respondent provided false information on an application for homeowners insurance, in violation of N.J.S.A. 17:33A-4(a)(4)(b); and

NOW, THEREFORE, IT IS on this 13th day of May, 2020

ORDERED, that Respondent appear and show cause why her New Jersey insurance producer license should not be suspended or revoked pursuant to N.J.S.A. 17:22A-40(a); 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-45(c); and

IT IS FURTHER ORDERED, that Respondent appear and show cause why she should not be required to reimburse the Department for the cost of the investigation and prosecution, including attorneys' fees, as authorized pursuant to N.J.S.A. 17:22A-45(c), N.J.S.A. 17:33A-5(c), and N.J.A.C. 11:16-7.9(c); 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 offense, up to \$10,000.00 for the second offense, and up to \$15,000 for each subsequent offense of the Fraud Act pursuant to the provisions of N.J.S.A. 17:33A-5(c) and N.J.A.C. 11:16-7.9(a); and

IT IS FURTHER ORDERED, that Respondent appear and show cause why the Commissioner should not impose a \$1,000.00 surcharge against her in accordance with 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 her 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 Ashleigh B. Shelton at: Division of Law, P.O. Box 117, Trenton, NJ 08625. 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.

A handwritten signature in blue ink that reads "Marlene Caride". The signature is written in a cursive style with a prominent initial "M".

Marlene Caride
Commissioner

Date: May 18, 2020