

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

)	ORDER TO SHOW CAUSE
Proceedings by the Commissioner of)	
Banking and Insurance, State of New Jersey,)	
to fine Atlantic Business Association, Inc.,)	
and fine, suspend and/or revoke the insurance)	
producer license of Lawrence S. Ackerman,)	
Reference No. 8740444 and Atlantic)	
Business Association, Inc.,)	

TO: Lawrence S. Ackerman
14460 Strathmore Lane
BLDG 6
Delray Beach, FL 33446-3041

Atlantic Business Association, Inc.
c/o Lawrence S. Ackerman
14460 Strathmore Lane
BLDG 6
Delray Beach, FL 33446-3041

This matter, having been opened by the Commissioner of Banking and Insurance, State of New Jersey ("Commissioner"), upon information that Lawrence S. Ackerman ("Ackerman") and Atlantic Business Association, Inc. ("Atlantic") (collectively, "Respondents") may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Ackerman was first licensed as a resident insurance producer in the State of New Jersey in 1987 pursuant to N.J.S.A. 17:22A-32(a), and maintained said license until it expired on or about March 31, 2019; and

WHEREAS, Atlantic was a business entity created by Ackerman and incorporated in the State of New Jersey in December 1995 which engaged in the sale of health insurance policies and products, but was never licensed to act as an insurance producer in the State of New Jersey pursuant to N.J.S.A. 17:22A-32(b); 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") and the Producer Licensing regulations promulgated thereunder, 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(d), the Commissioner shall retain the authority to enforce the provisions of and impose any penalty or remedy authorized by this 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 this 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.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-1.4(a), no person shall solicit, negotiate or sell an insurance contract in New Jersey unless he or she is a licensed insurance producer; and

WHEREAS, pursuant to N.J.A.C. 11:17A-1.4(c), no insurance producer shall negotiate or solicit in New Jersey any insurance contract which has not first been filed in New Jersey where such contract is required to be filed; and

WHEREAS, pursuant to N.J.S.A. 17:22A-28, an "Insurance producer" means a person required to be licensed under the laws of this State to sell, solicit or negotiate insurance; and

WHEREAS, pursuant to N.J.S.A. 17:22A-32(b), a business entity acting as an insurance producer shall obtain an insurance producer license; 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)(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 commit any insurance unfair 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;

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

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a)(17), an insurance producer shall not knowingly facilitate or assist another person in violating any insurance laws; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a)(18), an insurance producer shall notify the commissioner within 30 days of his conviction of any crime, indictment or the filing of any formal criminal charges; 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 or may levy a civil penalty, or may take any combination of actions for violating the Producer Act; and

WHEREAS, pursuant to N.J.S.A. 17:22A-45(c), any licensee violating the Producer Act and/or the Insurance Producer Standards of Conduct 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

COUNT ONE

IT APPEARING, that at all relevant times, Atlantic was a business entity that, for a commission, brokerage fee, or other consideration, was engaged in the sale, solicitation or negotiation of group or blanket accident and health insurance policies to residents of New Jersey; and

IT FURTHER APPEARING, that at all relevant times, Atlantic engaged in the business of insurance without a license to act as an insurance producer pursuant to N.J.S.A. 17:22A-32(b); and

IT FURTHER APPEARING, that at all relevant times, Ackerman was a New Jersey licensed insurance producer and the Chief Executive Officer of Atlantic, and was the active officer individually responsible for all insurance related conduct of Atlantic; and

IT FURTHER APPEARING, that at all relevant times, Respondent Atlantic Business Association, Inc., for a commission, fee or other consideration, solicited and sold group health insurance coverage to New Jersey insureds and otherwise acted as an insurance producer without a license, in violation of N.J.S.A. 17:22A-32(b); and

IT FURTHER APPEARING, that at all relevant times, Ackerman was the owner and active officer in Atlantic Business Associates pursuant to N.J.A.C. 11:1-12.2, and therefore was individually responsible for Atlantic Business Association, Inc. acting as an unlicensed insurance producer, in violation of N.J.S.A. 17:22A-32(b) and N.J.S.A. 17:22A-40(a)(2), (7), (8) and (16); and

COUNT TWO

IT FURTHER APPEARING, that at all relevant times, Excellus BlueCross BlueShield (“Excellus”) was an insurance company headquartered in Rochester, New York, that finances and delivers healthcare services across upstate New York and long term care insurance nationwide; and

IT FURTHER APPEARING, that at all relevant times, Excellus administered a healthcare insurance plan known as “Council Plans” which was an employer-employee based group health insurance plan available only to persons who live and work in the state of New York; and

IT FURTHER APPEARING, that at all relevant times, neither Excellus nor its “Council Plans” were either licensed or approved by the New Jersey Department of Insurance for sale said plans in the state; and

IT FURTHER APPEARING, that in December 2016 and January 2017, Respondents solicited individuals seeking to purchase healthcare coverage and, for compensation received, sold “Council Plans” to New Jersey residents; and

IT FURTHER APPEARING, that Respondents falsely marketed “Council Plans” as an “individual standard health benefits plan” available in New Jersey when, in fact, it was an employer-employee based group health insurance plan available only to persons who live and work in the state of New York; and

IT FURTHER APPEARING, that in January 2017, Respondents sold seven (7) “Council Plans” to New Jersey residents which generated premiums in excess of \$11,000; and thereafter were compelled by the New Jersey Department of Insurance to refund all premiums collected from New Jersey policyholders given that New Jersey residents were not eligible to purchase said insurance coverage; and

IT FURTHER APPEARING, that in December 2018 and January 2019, Respondents marketed and sold “Council Plans” to New Jersey residents when, in fact, said insurance plan was not approved for sale in New Jersey, in violation of N.J.S.A. 17:22A-40(a)(2), (7), (8) and (16) and N.J.A.C. 11:17A-1.4(a); and

IT FURTHER APPEARING, that Ackerman was the owner and active officer of Atlantic Business Association, Inc. pursuant to N.J.A.C. 11:1-12.2, and therefore was individually responsible for the unlawful conduct of Atlantic of marketing and selling unapproved insurance contracts, in violation of N.J.S.A. 17:22A-40(a)(2), (7), (8) and (16), and N.J.A.C. 11:17A-1.4(c); and

COUNT THREE

IT FURTHER APPEARING, that from January 2009 through November 2013, Respondents solicited New Jersey residents seeking to purchase health care coverage and, for compensation received, enrolled these clients in a group healthcare benefit program (“Benefit Program”) by falsely representing to Horizon BCBS and to administrators of the Benefit Program that these clients were employees of Atlantic and members of a certain local union when, in fact, they were neither Atlantic employees nor local union members; and

IT FURTHER APPEARING, that as a consequence of the fraudulent conduct engaged by Respondents, Horizon BCBS and the Benefit Program were defrauded of millions of dollars as a result of having provided healthcare benefits and services, including paying of medical insurance claims, for Atlantic clients who were not, in fact, eligible to participate in the Benefit Program; and

IT FURTHER APPEARING, that in January 2017, Ackerman was indicted in the United State District Court, District of New Jersey, for conspiracy to defraud Horizon BCBS and the

Benefit Program, and in December 2018, pled guilty to one count of healthcare fraud in violation of 18 U.S.C Sections 1347 and 2, and was convicted and sentenced to a prison term of six months, three years of probation and ordered to pay \$486,400 in restitution; and

IT FURTHER APPEARING, that Respondents perpetrated a fraud upon Horizon BCBS and the Benefit Program by falsely representing that Atlantic clients enrolled in the Benefit Program were employees of Atlantic and members of a certain local union when, in fact, said persons were never employed by Atlantic nor ever members of the local union, in violation of N.J.S.A. 17:22A-40(a)(2), (7), (8), (16) and (17); and

COUNT FOUR
(As to Ackerman Only)

IT FURTHER APPEARING, that Ackerman failed to notify the Commissioner of his federal indictment and conviction for health care fraud within 30 days of the date of the indictment or conviction, in violation of N.J.S.A. 17:22A-40(a)(18); and

COUNT FIVE
(As to Ackerman Only)

IT FURTHER APPEARING, that Ackerman pled guilty to committing health care fraud and has a felony conviction of the fourth degree or higher, in violation of N.J.S.A. 17:22A-40(a)(6); and

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

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

IT IS FURTHER ORDERED, that Respondents appear and show cause why the Commissioner should not assess a civil penalty of not more than \$5,000.00 for the first violation and \$10,000.00 for each subsequent violation of the Producer Act and/or the Producer Standards

of Conduct regulations, and order Respondents 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 Respondents appear and show cause why, in addition to any other penalty, they should not be required to reimburse the Department for the costs of the investigation and prosecution as authorized by 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 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 Dakar R. Ross, Deputy Attorney General, Department of Banking and Insurance, P.O. Box 117, Trenton, New Jersey 08625. The request from each respondent 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 the 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 a hearing.



Justin Zimmerman
Acting Commissioner