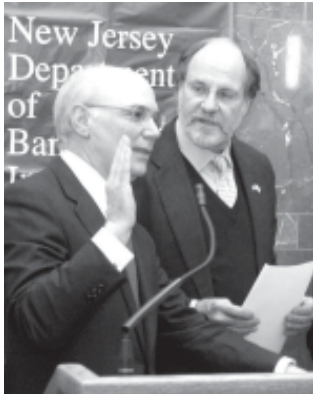


Fall 2006

Corzine Taps Goldman as New Head of DOBI



On March 24, Governor Jon S. Corzine administered the Oath of Office to Commissioner Steven M. Goldman.

Governor Jon S. Corzine ushered in a new era for banking, insurance, and real estate in New Jersey, selecting Steven M. Goldman to head up the department that oversees those three critical industries.

Governor Corzine administered the oath of office in March to the new Commissioner of the Department of Banking and Insurance at a ceremony held

at the Mary G. Roebling Building. Corzine named Goldman to the cabinet post on January 31, with the Senate Judiciary Committee and the full Senate unanimously approving Commissioner Goldman's appointment just prior to the ceremony.

Goldman was a senior member and 22-year veteran of Sills Cummis Epstein & Gross PC. During his time at the firm his focus was on corporate law, specifically mergers and acquisitions, banking and finance, joint ventures, and leveraged buy-outs.

Goldman earned a Masters of Law in taxation from New York University School of Law, a Jurist Doctorate with honors from the George Washington University School of Law and an undergraduate degree in political science from Boston University, where he was elected to Phi Beta Kappa. He lives in Woodcliff Lake with his wife. They have three children.

Continued on back cover

Commissioner Goldman Names DOBI team

A mixture of experienced financial service and insurance industry veterans from both the public and private sector will be the core of a new team at the Department of Banking and Insurance – a team that is more responsive to the needs of licensees and more attuned to the concerns of consumers, according to DOBI Commissioner Steven M. Goldman.

In announcing the department's new executive leadership, Commissioner

Goldman said it was important to strike a balance between experienced regulators and visionaries from outside the department to obtain a mindset that reflected the evolution of the industries the department serves.

"I am very excited about our new leadership at the department," Commissioner Goldman said. "We have streamlined our organization chart and have consolidated some functions to help save taxpayers money. By applying a private-sector philosophy, we

Continued on page 3

Jon S. Corzine
Governor

Steven M. Goldman
Commissioner

Inside this issue:

In the Department	2-3
Division of Banking	4-5
Division of Insurance	6-9
Real Estate Commission	10-11



A Letter from Commissioner Steven M. Goldman



Goldman

It is my pleasure to present to you the fall edition of Banking and Insurance Quarterly, a publication of the New Jersey Department of Banking and Insurance. It is my intent in the months and years ahead to put this publication to work as a viable communications vehicle for professionals in the insurance, banking, and real estate industries.

In my first six months as Commissioner, the department has experienced important developments in these areas in terms of personnel, legislative activity, and regulatory action. I believe that it is our duty as a regulatory authority to keep consumers, producers and licensees informed of these activities.

On numerous occasions since taking office, I have been asked my views in terms of the future of the banking, insurance, and real estate industries. And each time, I am reminded of the quote by poet Paul Valery: “The trouble with our times is the future is not what it used to be.”

To be more specific, those who have attempted to predict the future of these industries have, more often than not, been severely disappointed. Who would have predicted three years ago that today, New Jersey residents would be paying *less* for auto insurance? Certainly the success of auto insurance reform has confounded critics, and exceeded the expectations of advocates.

And who would have predicted the activity we’ve seen in the state’s real estate market, or the surge in new, state-chartered community banks? Some things escape even the boldest of prognosticators.

Some predictions, though, have certainly come to pass: as the baby boomer generation enters retirement, New Jersey’s population is getting older. This means additional pressure on the healthcare delivery system, and new challenges for the health insurance industry. It also means higher demand for retirement-related financial products, such as long-term care insurance and annuities, and the emergence of new products, such as the reverse mortgage.

These are exciting times for the Department of Banking and Insurance, as we adapt to the changing markets and implement innovations of our own to improve services to industry professionals, and still maintain the integrity of these industries by providing safeguards and protections for the consumer. The greatest service we can provide is to maintain confidence and stability for these industries, which are critical to New Jersey’s continued growth and prosperity.

I look forward to working with all of you as we plot a course for the future that will benefit each and every New Jersey resident.

Sincerely,
Steven M. Goldman, Commissioner
New Jersey Department of Banking and Insurance

Mission of the Department



The mission of the Department of Banking and Insurance is to regulate the banking, insurance and real estate industries in a professional and timely manner that protects and educates consumers and promotes the growth, financial stability and efficiency of these industries.

New Executive DOBI Team – *continued from page 1*

now have the tools in place to partner with and promote the growth of the industries we regulate while enhancing consumer confidence.”

After a 26-year career in the financial services industry, former bank executive **Terry K. McEwen** joins DOBI as the new director of the Division of Banking. McEwen joined the department in May, after having previously served as senior vice president of retail banking for First Washington State Bank. At First Washington, McEwen was responsible for more than 100 employees and managed \$600 million in assets.

McEwen also has extensive experience in business growth and development, having managed programs aimed at attracting new businesses to New Jersey for the state Economic Development Authority.

Adding proven leadership to the regulatory field is **Donald Bryan**, who returns as DOBI’s director of the Division of Insurance. Bryan played a significant role in helping institute the 2003 market reforms in the automobile insurance industry – reforms that have proven beneficial to both the insurance industry and consumers alike.

Bryan has twice served as the department’s acting commissioner, and remains committed to serving producers while executing regulatory duties in a manner consistent with maintaining market stability and consumer protection.

Taking a cue from his private-sector experience, Commissioner Goldman has consolidated four key managerial positions and combined them into two director-level positions – and staffed those positions with experienced managers from within the department.

Jaimee Gilmartin, previously assistant commissioner of Public Affairs, is now the department’s director of Operations and Communications – a newly created post that combines her former duties with those of chief of staff functions. Gilmartin will now

oversee the day-to-day operations of the department, in addition to her responsibilities of handling internal and external communications.

Sheila Kenny, previously legislative counsel for DOBI, is the new director of Legislation and Policy. This newly-created position combines the legislative counsel function with that of head of legislative and regulatory affairs and policy oversight, thus establishing a seamless integration of policy, regulatory, and legislative activities.

Few professions in New Jersey have seen growth that could compare with the state’s real estate industry, which now boasts more than 100,000 licensees. An individual who has served that industry as an agent, broker, and former Real Estate Commissioner has been tapped to see it through to the next level.

Robert L. Kinniebrew, an experienced real estate agent, real estate counselor, appraiser, and former member of the New Jersey Real Estate Commission, returns as the REC’s executive director. His first major task on the job was overseeing the REC’s move from its former location on State Street back to the Mary G. Roebling Building, DOBI’s primary location.

Other key members of the DOBI leadership team include:

- **Guillermo F. Vivas** is executive director for the Pinelands Development Credit Bank;
- Newcomer **David Eber** is legislative liaison.

“I’m very confident that the department’s new leadership will help achieve Governor Corzine’s goal of creating a fair, competitive climate in New Jersey for everyone,” said Commissioner Goldman. “Just like the Garden State, the Department of Banking and Insurance is open for business.”

Meet Director of Operations and Communications Jaimee Gilmartin



Gilmartin

- Served as DOBI Assistant Commissioner of Public Affairs from December 2004 to April 2006
- Formerly Public Information Officer with the New Jersey Lottery Commission
- Deputy Chief of Staff, then State Senate Minority Leader Richard J. Codey
- Executive Director, Senate Democratic Majority Political Action Committee
- Resides in Monmouth County

Meet Director of Legislation and Policy Sheila Kenny



Kenny

- Served as DOBI Legislative Counsel from July 2003 to April 2006
- Previously Associate General Counsel for the State General Assembly Majority Office, where she worked on auto insurance reform legislation, medical malpractice issues and predatory lending law
- B.S., Georgetown University; J.D., Rutgers School of Law
- Leadership New Jersey Fellow in 2003
- Resides in Union County

New Funding System for Division of Banking

New Jersey's state-chartered depositories and financial institutions are the latest in the financial services industry to support their respective state regulatory system through dedicated funding, a move that will significantly streamline the regulatory process.

As of July 1, the budget of the Division of Banking has been segregated from the state's general fund and will be supported entirely through direct assessment. As a result, regulated depositories and licensees will no longer pay multiple "nuisance fees," branching fees and exam fees over the course of a year. Instead, they will receive only one assessment, in September of each year. The assessment will reflect only actual expenses incurred by the division in the course of its regulatory activity.

In addition, all regulated licensees and depositories will now file annual reports. Many regulated entities, including insured depositories and most licensees, have already been filing these reports.

Rather than paying fees to the state for general purposes, the Division of Banking will recoup its actual expenses *after* the expenses have been incurred. The receipts will be placed in a segregated account. The division's budget will still be limited to the amount set by the Legislature and Governor during the state's annual budget process.

The new dedicated funding structure means depositories and licensees will operate in a less complicated, more predictable and more uniform billing system.

While the new law took effect on July 1, 2006, the first assessment will not be mailed to depositories and licensees until September 2007. This assessment will be apportioned based on financial information for the calendar year 2006, which runs from January 1, 2006 to December 31, 2006. It will reimburse the Division of Banking for its expenses for Fiscal Year 2007 which runs from July 1, 2006 to June 30, 2007.

Those affected by the new law include all state-chartered depositories such as banks, savings banks, savings and loan associations, and credit unions. Included also are all other licensees regulated by the Division of Banking, namely, mortgage bankers, mortgage brokers, secondary mortgage brokers, correspondent mortgage bankers, consumer lenders, sales finance companies, debt adjusters, high cost home loan credit counselors, home repair contractors, home repair finance agencies, insurance premium finance companies, money transmitters, foreign money transmitters, motor vehicle installment sellers, check cashers and pawnbrokers.

Important Dates* for Dedicated Funding

December 1, 2006

Hardcopy request form available

January 1, 2007

First day to file calendar year 2006 annual reports online

January 15, 2007

Deadline for filing request to submit annual report by hardcopy

March 1, 2007

Deadline to file annual report by hardcopy

April 1, 2007

Deadline to file annual report online
License renewal process begins

June 30, 2007

Last day to renew existing licenses without late penalty

July 1, 2007

New biennial (two-year) license period begins

September 15, 2007

Department issues Assessment Bills

October 15, 2007

Depositories/Licensees submit Assessment payment to Department

**All dates are approximate*

For updated information, visit www.njdoib.org/bankdedfund/bankdedfunding.htm

Did You Know?

In September, a new fingerprinting process was implemented for Licensed Lenders, Pawnbrokers, Check Cashers, Money Transmitters and Foreign Money Transmitters

For more information, visit www.state.nj.us/dobi/bankmnu.shtml

Meet Director of Banking Terry K. McEwen



McEwen

- Formerly Senior Vice President of retail banking for First Washington State Bank
- 26-year career in the financial services industry, including the New Jersey Economic Development Authority
- Received Masters of Business Administration degree from Rider University in Lawrenceville, and a Bachelor of Science in Business Administration with minors in economics and psychology from the University of Pittsburgh; graduated from the Hun School of Princeton
- Resides in Mercer County

Recent Legislative and Regulatory Actions – Division of Banking

Proposals

Available online at www.state.nj.us/dobi/proposed.htm

Home Repair Financing Act Regulation

Proposed Readoption: N.J.A.C. 3:19

General Provisions

Proposed Readoption with Amendments: N.J.A.C. 3:6

Pawnbrokering Law Regulations

Proposed Readoption with Amendments: N.J.A.C. 3:16

Adoptions

Available online at www.state.nj.us/dobi/adopt.htm

Safe and Sound Banking Methods

Readoption: N.J.A.C. 3:7

Governmental Unit Deposit Protection Eligible Collateral

Adopted Amendment: N.J.A.C. 3:1-4.13

Dedicated Funding – Depositories

Adopted Amendments: N.J.A.C. 3:1-2.3, 2.23, 2.24, 6.6, 6.7, 7.1, 7.2, 7.3, and 18.7; 3:6-8.2 and 17.2; 3:12-2.4; 3:13-1.2, 2.3, 2.4 and 5.3; 3:21-1.2 and 3.4; 3:32-3.3; and 3:35-1.5.

Adopted Repeals: N.J.A.C. 3:1-6.1, 6.2, 6.3, and 6.4; and 3:21-1.6.

Dedicated Funding Assessment

Adopted New Rules: N.J.A.C. 3:5.

Dedicated Funding

Fees and Annual Reports

Office of Consumer Finance

Adopted Amendments: N.J.A.C. 3:1-7.4 and 7.6; 3:15-2.1 through 2.8, 2.12, 2.13, 2.14, 2.15, 4.2, 6.3, 6.15, and 6.16; 3:16-1.2 and 2.1; 3:19-1.2; 3:22-1.3; 3:23-1.1, 2.1, 3.1 and 3.2; 3:24-1.5, 1.6, 6.1 and 6.2; 3:25-2.2 and 3.3; and 3:27-2.1, 2.2, 3.2 and 3.6.

Adopted New Rules: N.J.A.C. 3:23-4.

Adopted Repeals: N.J.A.C. 3:15-4.3; 3:24-1.4; 3:25-2.4; and 3:27-3.3, 3.4 and 3.5.

General Provisions

Readoption with Amendments: N.J.A.C. 3:1

Bulletins

Available online at www.state.nj.us/dobi/bulletin.shtml

Bulletin No. 06-15: Dedicated Funding Assessment

Public Notices

Available online at www.state.nj.us/dobi/lrnotice.htm

Notice of Extension of Comment Periods for all Notices of Proposal Published in the April 17, 2006 New Jersey Register

Administrative Correction:

Examination Charge and Per Diem Rate - N.J.A.C. 3:1-6.7

Recent Enforcement Actions – Division of Banking

Final Orders Issued in 2006

Seth Roslyn while employed as a registered solicitor received funds which should have been made payable to his employer. This activity demonstrated dishonesty in violation of N.J.S.A. 17:11C-18a(5). Final Order No. E05-0291F, issued January 12, 2006, revoked the solicitor registration of Seth Roslyn, imposed a \$5,000 penalty, and imposed a 10-year bar from future licensure or registration.

Richard Geck while employed as a registered solicitor pled guilty to one count of theft. This conduct provides for revocation pursuant to N.J.S.A. 17:11C-18. Final Order No. E05—0230, issued February 15, 2006, revoked the solicitor registration of Richard Geck and imposed a 10-year bar from future licensure or registration.

Andre Bernard Inc. T/A M S Funding Corp. was a licensed lender with mortgage banker authority with **Maria L. Mercadante**, the individual licensee. The licensee's surety bond was cancelled and the company failed to obtain coverage in violation of N.J.S.A. 17:11C-13. Final Order No. E04-0014F, issued March 20, 2006, revoked the licenses of Andre Bernard Inc. and Maria Mercadante, and imposed a \$2,500 penalty.

Olympia Mortgage Corp. was a licensed lender with mortgage banker authority whose license was surrendered November 12, 2004. **Esther Pinter** was the licensed individual. The company failed to pay the cost for the official examination of the business in violation of N.J.S.A. 17:11C-42(a). Final Order No. E05-0090F issued March 20, 2006 suspended the licenses of Olympia Mortgage Corp. and Esther Pinter and imposed a penalty of \$5,000.

Coverage for Dependents Under 30 Approved

Earlier this year New Jersey took aim at reducing the number of state residents without health insurance by enacting a measure that could help 500,000 of the 1.3 million uninsured.

New Jersey Assemblyman Neil Cohen drafted and sponsored the legislation, P.L. 2005 c.375, which provides health care coverage to young adults by allowing them to be included on their parent's policy until they turn 30. The bill was signed by then Governor Richard J. Codey in January and became effective May 12. It is considered the most liberal in the nation in terms of age eligibility.

The new law is designed to address a specific, growing demographic – adult children that have aged-out of their parent's group health insurance plan, but due to a variety of circumstances, have no insurance of their own. According to a Rutgers University study, approximately 50 percent of the non-elderly adult uninsured in New Jersey are between the ages of 19 and 30.

To qualify for the New Jersey plan, a young adult must have already aged-out of a parent's fully insured group health benefits plan issued in New Jersey, or be about to age-out of a plan issued in the state. If qualified, the young adult dependent can apply for continuation of coverage under his or her parent's group plan. Additional rules may apply if the parent is covered under a New Jersey Small Employer Health Benefits plan.

The adult dependent must be younger than 30 years old, have a parent in a fully insured group plan issued in New Jersey, not have any children of their own, and be a resident of New Jersey or a full-time student, if living out-of-state. The cost of coverage will depend on the adult child's parent's group coverage. Parents and adult dependents must pay a rate based on the average cost of a child without any employer contribution.

Although far from a cure-all, the move to allow dependent coverage for individuals under age 30 is seen as an important step in an era of rising healthcare costs and growing barriers to accessibility. For more information, visit www.state.nj.us/dobi/dependentsunder30.htm.

Meet Division of Insurance Director Donald Bryan



Bryan

- Appointed and confirmed Director, Division of Insurance in November 1999
- Served as Acting Commissioner of the Department from October 15, 2001 to February 6, 2002 and from March 2, 2005 to March 1, 2006
- Employed by the Department since 1982 in various units including Legislative and Regulatory Affairs, the Commissioner's Office and the New Jersey Real Estate Commission
- Admitted to practice of law in 1971; engaged in private practice in Burlington/Camden County areas 1971 – 1982
- Graduated Rutgers-Camden Law School, JD, 1971; University of Virginia, BA (Economics), 1968
- Resides in Burlington County

Recent Legislative and Regulatory Actions – Division of Insurance

Proposals

Available online at www.state.nj.us/dobi/proposed.htm

Producer Licensing
Proposed Amendments: N.J.A.C. 11:17-1 through 3

Basic Automobile Insurance Policy
Proposed Amendments: N.J.A.C. 11:3-3.2 and 3.3

New Jersey Commercial Automobile Insurance Plan
New Jersey Personal Automobile Insurance Plan
Definitions; Governing Committees
Reproposed Amendments: N.J.A.C. 11:3-1.2, 1.4, 2.2 and 2.5

Surplus Lines Insurance: Allocation of Premium Tax and Surcharge
Proposed Amendments: N.J.A.C. 11:2-34.2 and 34.3

Insurance Producer Standards of Conduct: Commissions and Fees
Proposed Amendments: N.J.A.C. 11:17B-1.2, 1.3, 2.1, 3.1, and 3.2

Adoptions

Available online at www.state.nj.us/dobi/adopt.htm

Selective Contracting Arrangements of Insurers; Minimum Standards for Network-Based Health Benefit Plans
Adopted Amendments: N.J.A.C. 11:4-37.2, 37.3, 37.4, and 37.6, and 11:22-5
Adopted Repeals: N.J.A.C. 11:4-37.5 and 37.7
Adopted New Rules: N.J.A.C. 11:22-5.7 and 5.8

Health Benefit Plans
Readoption with Amendments: N.J.A.C. 11:22

Electronic Receipt and Transmission of Health Care Claims; Use of Clearinghouses in Electronic Transactions
Adopted Amendments: N.J.A.C. 11:22-3.2 and 3.8

Continued on page 7

Adoptions – continued from page 6

Automobile Insurance

Readoption with Amendments: N.J.A.C. 11:3

Adopted Repeals: N.J.A.C. 11:3-17, 28.15 and 28.17

Medical Malpractice Insurance – Prohibited Premium Increase

Adopted Amendment: N.J.A.C. 11:27-5.3

Medical Malpractice Insurance – Medical Malpractice Liability Insurance Premium Assistance Fund - Premium Subsidy Application Process; Distribution of Funds

Adopted Amendments: N.J.A.C. 11:27-7.6 and 7.7

Public Notices

[Available online at www.state.nj.us/dobi/lrnotice.htm](http://www.state.nj.us/dobi/lrnotice.htm)

Notice of Receipt of Petition for Rulemaking

Review of Medical Fee Schedule

N.J.A.C. 11:3-29, Appendix Exhibit 4

Petitioner: Medical Transportation Association

Notice of Extension of Comment Periods for all Notices of Proposal Published in the April 17, 2006 New Jersey Register

Health Wellness Promotion Act - Notice of Mandated Adjustments to Benefit Payments and Value for Services Schedule

Notice of Action on Petition for Rulemaking

Petitioner: Medical Transportation Association

Orders

[Available online at www.state.nj.us/dobi/lrorders.htm](http://www.state.nj.us/dobi/lrorders.htm)

Order No. A06-113: In the Matter of the Establishment of the Urban Enterprise Zones as of December 31, 2005

Order No. A06-114: In the Matter of the Medical Malpractice Liability Insurance Premium Assistance Fund Premium Subsidy for 2005

Bulletins

[Available online at www.state.nj.us/dobi/bulletin.shtml](http://www.state.nj.us/dobi/bulletin.shtml)

Bulletin No.06-13: P.L. 2005, c. 375 Continuation Coverage of Eligible Dependents Until 30 Years of Age Administration - Claims and Billing

Bulletin No.06-14: P.L. 2005, c. 375 Continuation Coverage for Eligible Dependents Until 30 Years of Age Administration - Notices

Bulletin No. 06-16: P.L. 2005, C. 352 – Health Claims Authorization, Processing and Payment Act - Forms, Effective Date, and an Update on Arbitration

Bulletin No. 06-17: P.L. 2005, C. 352 – Health Claims Authorization, Processing and Payment Act (HCAPPA) - Forms

Bulletin No. 06-18: Standards for Equity Indexed Annuities

Recent Enforcement Actions – Division of Insurance**Final and Miscellaneous Orders**

James Adams, Dallas, TX, **Program Resource Management (PRM)**, Dallas, TX – Final Decision and Order #E06-85, May 24, 2006; Adams and PRM conducted insurance business without being licensed as producers in NJ; Adams owned three risk purchasing groups that were not registered to do business in NJ; Adams was solicited to place coverage for NJ insureds with an insurer that was not admitted in NJ, something Adams did not know or seek to determine; unlicensed PRM received commissions on policies placed with the nonadmitted insurer; Adams and PRM aided and abetted the Hurd Agency in violating NJ insurance laws. Sanctions: Fine - \$45,000; Restitution - \$79,500 plus pre-judgment interest; Costs - \$460.

Patricia Bickford, Mahwah, NJ – Decision and Order on Second Partial Summary Decision #E06-103, June 26, 2006 originating from Order to Show Cause # E04-112, issued September 27, 2004 and Order #E06-37, issued February 27, 2006. Producer failed to disclose material facts in her application for auto insurance. Sanctions: Revocation of license; Fine - \$5,000; Costs - \$1,312.50.

Israel Grossman, New York, NY – Final Order #E06-87, June 1, 2006; Order to Show Cause #E06-03, January 6, 2006 charged producer with failing to disclose on his license application his conviction of 19 counts of utilizing a manipulative or deceptive device in the trading of a security and 19 counts of mail fraud; being unworthy of continued licensure by reason of his conviction; failing to disclose on his license application that he had been disbarred from the practice of law in NY; falsely denying on an agent appointment agreement that he had been convicted of a felony; submitting an application for an appointment in which he falsely denied that he had

Continued on page 8

Insurance Enforcement Actions – *continued from page 7*

been convicted of a felony; failing to notify the Department of a change of business address and change of employer; failing to notify the Department of the institution of disciplinary proceedings by the NY Insurance Department; failing to notify the Department of the institution of criminal proceedings in the NY federal district court; and failing to respond to a Department communication. Although provided with notice and an opportunity to contest these charges, the respondent failed to do so. Sanctions: Revocation of license; Fine - \$19,000; Costs - \$925.

Jay A. Phillips, Pennsauken, NJ, **Jay Phillips, Inc. a/k/a Phillips Title Agency**, Pennsauken, NJ – Final Decision and Order #E06-102, June 23, 2006; Order to Show Cause #E04-22, March 31, 2004 charged producers with multiple counts of failing to properly disburse loan proceeds; failing to properly complete the duties of a closing agent; converting or misappropriating loan proceeds; converting or misappropriating settlement funds; presenting a check that was dishonored for insufficient funds; failing to record and discharge mortgages; and settling transactions without having obtained authority from the parties to the transaction. Prior to the Final Decision and Order, the matter was referred to the Office of Administrative Law and an Initial Decision was issued on May 9, 2006. Sanctions: Revocation of Licenses; Restitution - \$4,309,055.25, plus post-judgment interest; Fine - \$90,000; Costs - \$950.

Christopher J. Santarsiero, Freehold, NJ, **You're Out Bail Bonds**, Freehold, NJ – Final Order #E06-88, June 1, 2006; Order to Show Cause #E06-26, February 3, 2006 charged respondents with conducting business using the unregistered fictitious trade name "Dave's Bail Bonds;" permitting unlicensed persons to engage in the business of insurance; failing to procure a bail bond while also failing to return the \$33,000 premium and collateral until the Department intervened; failing to provide information in response to a Department subpoena; failing to timely notify the Department of federal criminal charges and a plea agreement charging Santarsiero with knowingly and willfully conspiring and agreeing with others to make materially false, fictitious and fraudulent statements and representations, to use false writing and documents knowing them to contain materially false, fictitious and fraudulent statements and entries, and to conceal and cover up by trick, scheme and device material facts, all in matters within the jurisdiction of the executive branch of the United States, namely HUD; and being unworthy for licensure by virtue of Santarsiero's conviction on January 18, 2006 for his role in a class D federal felony offense. Although provided with notice and an opportunity to contest these charges, the respondents failed to do so. Sanctions: Revocation of licenses; Fine - \$25,000; Costs - \$525.

Yvette C. Binn-Graham, Marlton, NJ, **Amalgamated Title Abstract Company, Inc.**, Mount Laurel, NJ – Order #E06-106, July 13, 2006; Producers failed to remit premium on 375 occasions; failed to disburse loan proceeds and failed to discharge a prior mortgage; failed to make disbursements toward outstanding liens in five real estate transactions; wrote two checks for reimbursement of premiums with checks that were dishonored for insufficient funds; and failed to keep real estate settlement proceeds and insurance premium payments segregated and in trust. Sanctions: Revocation of Licenses; Costs - \$1,200. The matter has been remanded to the OAL on the issue of the amount of fines to be imposed.

Leonard R. Rhett, Lawrenceville, NJ – Final Order #E06-107; July 21, 2006; Producer failed to remit numerous premium payments to insurers and converted premium payments to his own use (when Rhett's conduct was discovered, his employer/agency effectuated coverage for the consumers and paid premium to the affected insurers, and Rhett made full restitution to his employer/agency in the full amount of the misappropriated funds); paid his license fee with a check that was returned for insufficient funds; stated to the Department that he would remit the license fee payment but failed to do so; failed to respond to a Department communication; and failed to timely advise the Department of changes of business address. Although provided with notice and an opportunity to contest these charges, the respondents failed to do so. Sanctions: Revocation of License; Fine - \$13,000; Costs - \$1,150.

Consent Orders

Steven J. Bellon, Stony Point, NY – Consent Order #E06-81, May 10, 2006; Producer paid his license renewal fee with a check that did not clear for insufficient funds. Sanction: Fine - \$500.

Mitchell G. Berlin, Rockville, MD – Consent Order #E06-76, May 2, 2006; Producer failed to timely advise the Department of his current home address. Sanction: Fine - \$250.

Peter L. Clark, Cherry Hill, NJ, **Clark-Fish Associates, LLC**, Cherry Hill, NJ – Consent Order #E05-80, May 10, 2006; Producers admit the violations set forth in Order to Show Cause #E05-117, issued August 29, 2005, to wit: knowingly submitting annuity applications to insurers on Clark's behalf and on behalf of members of Clark's family together with worthless premium checks in the aggregate amount of over \$3 million; instructing the insurers to electronically deposit the commission payments for these annuities into their checking accounts in the aggregate amount of over \$300,000; failing to return these unearned commission payments; failing to

Insurance Enforcement Actions – *continued from page 8*

cooperate with the Department’s investigation (Peter Clark); being unfit for continued licensure as a result of his indictment/charge and subsequent conviction on second degree crimes of theft by deception and theft by failure to make required disposition of property; and failing to timely notify the Department of Clark’s indictment/charge and conviction. Sanctions: Revocation of licenses; Fine - \$20,000.

Keith A. Alexander, Florham Park, NJ, **Alexander Financial Group, LLC**, Florham Park, NJ – Consent Order #E06-93, June 7, 2006; producers published an advertisement which contained untrue, deceptive or misleading statements. Sanction: Fine - \$500.

Hilb Rogal & Hobbs of New York, LLC, New York, NY – Consent Order #E06-100, June 1, 2006; producer placed coverage without first obtaining surplus lines authority; placed coverage with an ineligible unauthorized insurer; and failed to file with the Department its legal business name that it maintains in its resident state. Sanction: Fine - \$5,000.

John B. Iannetta, Hainesport, NJ, **Weichert Title Insurance Agency**, Morris Plains, NJ – Consent Order #E06-90, June 1, 2006; Iannetta transacted insurance business after his producer license expired and prior to its reinstatement, Weichert Title having responsibility for permitting such violations. Sanctions: Fine - \$3,000 (allocated \$1,500 to Iannetta and \$1,500 to Weichert Title).

Louis M. Maione, Parlin, NJ – Consent Order #E06-95, June 14, 2006; Producer failed to advise the Department of current home address. Sanction: Fine - \$250.

Christopher Truscello, Newtown Square, PA – Consent Order #E06-105, June 27, 2006; Producer failed to advise the Department of current business address. Sanction: Fine - \$250.

Zenia Twumasi, Maplewood, NJ – Consent Order #E06-91, June 1, 2006; producer was responsible for allowing an unlicensed entity, “All USA Bail Bonds,” and an unlicensed individual, Ian Burrowes, to conduct the business of insurance; and she failed to reply to a Department communication. Sanction: Fine - \$1,500.

James R. Philbin, Clementon, NJ – Consent Order #E06-109; July 21, 2006; Public Adjuster issued a check in payment of his license fee which was dishonored for insufficient funds. Sanction: Fine - \$500.

QualCare, Inc., Piscataway, NJ – Consent Order #E06-113; July 21, 2006; Since surrendering its HMO authority, this producer improperly continued to identify itself as an HMO. Sanction: Fine - \$5,000.

Chris Randall, Bellevue, WA, **National Specialty Underwriters, Inc.**, Bellevue, WA – Consent Order #E06-110: July 21, 2006; Producers placed two NJ risks without first obtaining surplus lines authority. Sanction: Fine - \$500 (\$250 each – Randall and National Specialty Underwriters).

Jennise L. Sarmiento, Jersey City, NJ, **Big Lou’s Bail Bond, LLC**, Jersey City, NJ – Consent Order #E06-111; July 21, 2006; Producers issued noncompliant premium receipts. Sanction: Fine - \$1,000 (\$500 each – Sarmiento and Big Lou’s).

Christopher M. Vitale, Turnersville, NJ – Consent Order #E06-112; July 21, 2006; Producer failed to disclose on his license application an offense to which he pled guilty in municipal court; failed to timely notify the Department of a change of home or business address; and failed to respond to a Department inquiry. Sanctions: Revocation of License; Costs - \$250.

Matters Resolved Without Determination of Violation

Barbara A. Endres – Consent Order #E06-78, May 9, 2006; Issue: licensee address information; Administrative sanction - \$500.

Dale J. Fratianne – Consent Order #E06-82, May 10, 2006; Issue: licensee address information; Administrative sanction - \$500.

AAA Mid-Atlantic Insurance Company of New Jersey – Consent Order #E06-94, June 2, 2006; Issue: market conduct examination (auto). Administrative sanction: \$50,000.

Cumberland Mutual Fire Insurance Company – Consent Order #E06-98, June 19, 2006; Issue: market conduct examination (homeowner and dwelling fire). Administrative sanction: \$50,000.

Princeton Insurance Company – Consent Order #E06-89, June 1, 2006; Issue: market conduct examination (resolution of policyholder credit balances). Administrative sanction: \$20,000.

For more 2006 insurance enforcement actions, visit www.state.nj.us/dobi/insfines.htm

Live Scan Fingerprinting Now Required

As of September 5, real estate professionals applying for a license in New Jersey will now be required to provide digital fingerprints.

The new requirement applies to all new applicants for licensure through the New Jersey Real Estate Commission (REC), including any officer, director, partner or owner of a controlling interest of a corporation, limited liability company or partnership applying for a real estate license. In addition, anyone applying to the REC for a license as a real estate salesperson, broker, instructor, or school must submit digital fingerprints and written consent for a criminal record check.

Previously, fingerprinting involved the manual ink and roll method; however, technology is making this process more efficient and effective with a procedure called “live scan,” an electronic computerized fingerprinting technology. This will provide for a timely and efficient criminal history background review.

The State of New Jersey has contracted with a vendor, Sagem Morpho Inc., to perform this service. Appointment scheduling is available via the Internet, and the REC encourages applicants to schedule their appointment using the Sagem Morpho web site (www.bioapplicant.com/nj/) to avoid telephone holding times.

First, applicants will be required to access the basic information and the

universal form, depending on the license sought. The proper form must be completed for scheduling and presented at the appointment, or the applicant will be turned away from the scanning center and charged a \$14 cancellation fee. The form is available on the REC web site at www.state.nj.us/dobi/remnu.shtml.

Once the form is completed, applicants can schedule the appointment via the Sagem Morpho web site. The company has established permanent locations throughout New Jersey, with several mobile units available. For applicants who do not have Internet access, appointments are available through the toll-free call center at **1-(877)-503-5981** Monday through Friday, 8 a.m. to 5 p.m. and Saturday, 8 a.m. to noon. Hearing impaired scheduling is available at **1-(800)-673-0353**. English and Spanish operators are available.

There is a processing fee payable to Sagem Morpho of \$78 and a cancellation fee of \$14. Check the Sagem Morpho web site or call the toll-free center number for acceptable forms of payment and appointment cancellation terms.

Please note: Information concerning the fingerprinting process for **real estate instructors and real estate schools** is not available on the web site, but must be obtained by contacting the Education Bureau at **(609) 292-8300, extension 50113**.

Recent Legislative and Regulatory Action – Real Estate Commission

Public Notice

Available online at www.state.nj.us/dobi/lrnotice.htm

Notice of Receipt of and Action on Petition for Rulemaking
Consumer Information Statement: N.J.A.C. 11:5-6.9

Meet REC Executive Director Robert L. Kinniebrew



Kinniebrew

- Served as president of the American Guild of Appraisers #44 in 2005
- Former owner of Century 21 Candid Realty in Edgewater Park, NJ and a Realtor 33 years
- Appointed to the New Jersey Real Estate Commission in 1998
- Past president of the New Jersey Association of Realtors (NJAR) in 1996
- NJAR’s Realtor of the Year, 1983
- Resides in Burlington County

Did You Know the REC Moved?

The **New Jersey Real Estate Commission** offices are located at **20 W. State St., Trenton, NJ**

For general inquiries regarding investigations, subdivided land sales, and regulatory/enforcement issues, contact:

NJ Real Estate Commission
PO Box 328
Trenton, NJ 08625-0328
Telephone: (609) 292-8300; FAX: (609) 292-0944
E-mail: realestate@dobi.state.nj.us

Licensing Information

For licensing inquiries, contact:

Licensing Bureau, Real Estate
NJ Department of Banking and Insurance
PO Box 474
Trenton, NJ 08625-0474
Telephone: (609) 292-7053; FAX: (609) 292-6765
E-mail: relic@dobi.state.nj.us

Education Information

For prelicensure education and experience (broker) requirements, including a list of licensed schools, call: (609) 292-8300 ext. 50113 or 50137; FAX: (609) 292-0944

Subdivided Land Sales Control

Telephone: (609) 292-8385; FAX: (609) 292-0944

Recent Enforcement Actions – Real Estate Commission

Victor Wexler, formerly licensed salesperson, Bergen County. On January 10, 2006, after a full hearing, the Commission revoked Mr. Wexler's eligibility to hold a real estate salesperson's license pursuant to N.J.S.A. 45:15-19.1 for five years from the date of his criminal conviction (until June 5, 2010.) The Commission's action occurred as a result of Mr. Wexler's conviction on the offense of criminal conspiracy to commit wire fraud and commercial bribery. The Commission further found that the conduct underlying the criminal offenses demonstrated unworthiness and dishonesty in violation of N.J.S.A. 45:15-17(e).

Muhammad Nasir, salesperson, Middlesex County. On February 28, 2006, after a full hearing, the Commission revoked Mr. Nasir's real estate salesperson's license for five years based on his having been found by the Superior Court of New Jersey in a civil matter to have committed insurance fraud. The Commission found that such conduct constituted conduct demonstrating unworthiness, bad faith and dishonesty, in violation of N.J.S.A. 45:15-17(e) and fraud or dishonest dealing in violation of N.J.S.A. 45:15-17(l).

Donna Januik, salesperson, Union County. On March 21, 2006 after a full hearing, the Commission suspended Ms. Januik's license pursuant to N.J.S.A. 45:15-19.1 for 90 days to be followed by a period of probation to coincide with her criminal probation. The Commission's action occurred as a result of Ms. Januik's conviction on the offense of criminal conspiracy to commit tax fraud. The Commission further found that the conduct underlying the criminal offense demonstrated unworthiness and dishonesty in violation of N.J.S.A. 45:15-17(e) and fraud and dishonest dealing in violation of N.J.S.A. 45:15-17(l).

Dorothy Nicklus, broker and instructor, Morris County. On March 28, 2006 after a full hearing, the Commission found Ms. Nicklus had violated N.J.S.A. 45:15-17(n), procuring a license by fraud, misrepresentation or deceit when she completed three license applications and misrepresented that she had not had her New York broker's license suspended. The Commission found that her conduct in providing false information to the Commission and the conduct underlying the suspension of her New York real estate license constituted violations of N.J.S.A. 45:15-17(e), unworthiness, bad faith and dishonesty. The Commission revoked Ms. Nicklus's broker's license and her instructor's license for five years. She will be ineligible to apply for a salesperson's license for five years as well. The Commission assessed a \$3,000 fine.

Shawn Ross, salesperson, Union County. On April 25, 2006, after a full hearing, the Commission found that Ms. Ross had violated N.J.S.A. 45:15-17(n), procuring a license by fraud, misrepresentation or deceit when she completed a real estate salesperson's license application and misrepresented that she had not been convicted of a criminal offense. The Commission found that her conduct in providing false information to the Commission and constituted violations of N.J.S.A. 45:15-17(a), misrepresentation and N.J.S.A. 45:15-17(e), unworthiness, bad faith and dishonesty. The Commission revoked Ms. Ross's salesperson's license for one year and imposed a fine of \$500.

Walter Hinson, salesperson, Camden County. On April 25, 2006, after a full hearing, the Commission found that Mr. Hinson has violated N.J.S.A. 45:15-17(n) in that he obtained a license by misrepresentation, fraud or deceit by failing to disclose his criminal convictions when he applied for a license, and that his action in providing false information demonstrated unworthiness and dishonesty. The Commission revoked Mr. Hinson's license for six months and assessed a fine of \$1,000.

Rene Abreu, broker-salesperson, Bergen County. On May 2, 2006 after a full hearing, the Commission revoked Mr. Abreu's license pursuant to N.J.S.A. 45:15-19.1 for ten years or until he has completed the period of supervised release as set forth in his criminal conviction, whichever is longer. The Commission's action occurred as a result of Mr. Abreu's criminal conviction on the offenses of conspiracy, fraud and structuring money transactions. The Commission further found that the conduct underlying the criminal offenses demonstrated unworthiness and dishonesty in violation of N.J.S.A. 45:15-17(e) and fraud and dishonest dealing in violation of N.J.S.A. 45:15-17(l).

Lourdes Adan Abreu, broker, Bergen County. On May 16, 2006 after a full hearing, the Commission revoked Ms. Adan Abreu's license for a period of one year pursuant to N.J.S.A. 45:15-19.1, effective July 15, 2006. The Commission's action occurred as a result of Ms. Adan Abreu's conviction on the offense of criminal conspiracy to defraud the United States. The Commission further found that the conduct underlying the criminal offense demonstrated unworthiness and dishonesty in violation of N.J.S.A. 45:15-17(e) and fraud and dishonest dealing in violation of N.J.S.A. 45:15-17(l).

Lawrence Reid, broker, Bergen County. On July 25, 2006 after a hearing in mitigation, the Commission found that Mr. Reid had violated N.J.A.C. 11:5-4.2(a)(1), broker supervision and oversight of office operations regarding submission of a license application. A six-month period of probation was imposed. No fine was assessed.



New Jersey Department of Banking and Insurance
 Banking and Insurance Quarterly
 Office of Public Affairs
 PO Box 325
 Trenton, NJ 08625-0325

Jon S. Corzine, Governor

Steven M. Goldman, Commissioner

PRESORTED STANDARD
 US POSTAGE PAID
 TRENTON, NJ
 PERMIT 21

New Jersey Department of Banking and Insurance

BANKING AND INSURANCE QUARTERLY

Corzine Taps New Head of DOBI – *continued from page 1*

“I very much appreciate the confidence Governor Corzine has expressed in me by nominating me for this position and allowing me to be a part of his team,” said Commissioner Goldman. “As a proud native of New Jersey, this appointment is a particular privilege for me.”

Commissioner Goldman said he is committed to providing a balance between consumer protection and value added service to licensees in New Jersey, and he has assembled a team at DOBI with those goals in mind.

Among his goals are to launch efforts to reduce the number of individuals without health insurance in the state, and to implement better technology to serve the insurance, banking and real estate industries.

“When I accepted the Governor’s offer to join the administration, I made a commitment to him that I would like to share with all of you,” Goldman said. “As Commissioner I will perform my responsibilities honestly, conscientiously, efficiently and fairly for the benefit of the people of New Jersey. I remain committed to those objectives.”



Commissioner Steven M. Goldman

Contact the Editors:

NJDOBI Banking & Insurance Quarterly
 Office of Public Affairs
 PO Box 325
 Trenton, NJ 08625-0325

Telephone: (609) 292-5064
 E-mail: njbiq@dobi.state.nj.us

For Licensing Inquiries:

(questions, address changes, etc.)

Banking

E-mail: blic@dobi.state.nj.us
 Telephone: (609) 292-5340

Insurance

E-mail: inslic@dobi.state.nj.us
 Telephone: (609) 292-4337

Real Estate

E-mail: relic@dobi.state.nj.us
 Telephone: (609) 292-7053