

ORDER TO SHOW CAUSE NO. E16-19

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)
Randolph A. Fisher, Jr.,)
Reference No. 9616074, Kevin G.)
Madden, Reference No. 8934505,)
and Regal Financial Group, LLC,)
Reference No. 1054636)

ORDER TO SHOW CAUSE

TO: Randolph A. Fisher, Jr.
4 Frost Court
Flemington, NJ 08822

Kevin G. Madden
13 Amherst Court
Annandale, NJ 08801

Regal Financial Group, LLC
170 Route 31 North
Flemington, NJ 08822

THIS MATTER, having been opened by the Commissioner of Banking and Insurance ("Commissioner"), State of New Jersey, upon information that RANDOLPH A. FISHER, JR. ("Fisher" or "Respondent Fisher"), KEVIN G. MADDEN ("Madden or Respondent Madden"), and REGAL FINANCIAL GROUP, LLC ("Regal" or "Respondent Regal") (collectively, "Respondents") may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Respondent Fisher and Respondent Madden are currently licensed resident insurance producers in the State of New Jersey pursuant to N.J.S.A. 17:22A-32; and

WHEREAS, Respondent Regal is currently licensed as a resident business entity insurance producer in the State of New Jersey pursuant to N.J.S.A. 17:22A-32; and

WHEREAS, pursuant to N.J.S.A. 17:22A-32b(2), Respondent Fisher and Respondent Madden are each Designated Responsible Licensed Producers ("DRLP") for Respondent Regal and responsible for the activities of Respondent Regal and for Respondent Regal's compliance with the insurance laws; and

WHEREAS, pursuant to N.J.A.C. 11:17A-1.6(c), Respondent Fisher and Respondent Madden each own fifty percent of Respondent Regal and are responsible for all insurance related conduct of Respondent Regal, any of its branch offices, its other licensed officers or partners, and its employees; and

WHEREAS, Respondents are subject to the provisions of the New Jersey Insurance Producer Licensing Act, ("Producer Act") N.J.S.A. 17:22A-26 et seq., and the New Jersey Trade Practices Act ("Trade Practices Act"), N.J.S.A. 17:29B-1 et seq.; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(2), an insurance producer shall not violate any insurance law, regulation, subpoena, or order of the Commissioner; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(7), an insurance producer shall not admit or have been 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; 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.S.A. 17:22-6.37, no person shall in this State directly or indirectly act as agent for, or otherwise represent or aid on behalf of another, any insurer not then authorized to transact such insurance in this State, in the solicitation, negotiation, procurement or effectuation of insurance or annuity contracts, or renewals thereof, or in the dissemination of information as to coverage or rates, or forwarding of applications, or delivery of policies or contracts, or inspection of risks, or fixing of rates, or investigation or adjustment of claims or losses, or collection or forwarding of premiums, or in any other manner represent or assist such an insurer in the transaction of insurance with

respect to subjects of insurance resident, located or to be performed in this State; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40c, the producer license of a business entity may be suspended or revoked if an individual licensee's violation was known or should have been known by one or more of the partners, officers or managers acting on behalf of the business entity and the violation was neither reported nor corrective action taken; and

WHEREAS, pursuant to N.J.S.A. 17:29B-3, no person shall engage in this State in any trade practice which is defined in the Trade Practices Act as or determined pursuant to this the Trade Practices Act to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance; and

WHEREAS, pursuant to N.J.S.A. 17:29B-4(2), no producer shall make, publish, disseminate, circulate, or place before the public, or cause, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public, in a newspaper, magazine or other publication, or in the form of a notice, circular, pamphlet, letter or poster, or over any radio station, or in any other way, an advertisement, announcement or statement containing any assertion, representation or statement with respect to the business of insurance or with respect to any

person in the conduct of his insurance business, which is untrue, deceptive or misleading; and

WHEREAS, pursuant to N.J.S.A. 17B:30-3, no person shall make, issue, circulate or cause to be made, issued or circulated, any estimate, illustration, circular or statement misrepresenting the terms of any policy or annuity contract issued or to be issued or the benefits or advantages promised thereby or the dividends or share of the surplus to be received thereon, or make any false or misleading statement as to the dividends or share of surplus previously paid on similar policies or annuity contracts, or make any misleading representation or any misrepresentation as to the financial condition of any insurer, or as to the legal reserve system upon which any life insurer operates, or use any name or title of any policy or annuity contract or class of policies or annuity contracts misrepresenting the true nature thereof; and

WHEREAS, pursuant to N.J.S.A. 17B:30-6, no person shall make any misleading representations or incomplete or fraudulent comparison of any insurance policies or annuity contracts or insurers for the purpose of inducing, or tending to induce, any person to lapse, forfeit, surrender, terminate, retain, or convert any insurance policy or annuity contract, or to take out a policy of insurance or annuity contract in another insurer; and

WHEREAS, pursuant to N.J.S.A. 17:22A-47c, 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 the Financial Industry Regulatory Authority ("FINRA"), within 30 days of the final disposition of the matter; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(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 FINRA; and

WHEREAS, pursuant to N.J.A.C. 11:17A-4.8, an insurance producer shall reply in writing, to any inquiry of the Department of Banking and Insurance ("Department") relative to the business of insurance within the time requested in said inquiry, or no later than 15 calendar days from the date inquiry was made or mailed in cases where no response time was given; and

IT APPEARING, that National Foundation of America ("NFOA") was a business entity, chartered as a non-profit corporation in the State of Tennessee, that offered and sold, amongst other products, what NFOA referred to as a "Tax Deductible Installment Plan" ("NFOA Plan"); and

IT FURTHER APPEARING, that in or around January of 2006, NFOA submitted an application to the IRS for a Recognition of an Exemption under section 501(c)(3) of the Internal Revenue Code, but was denied an exemption in December 2007; and

IT FURTHER APPEARING, that at no time was NFOA a licensed 501(c)(3) charitable organization; and

IT FURTHER APPEARING, that at no time was NFOA admitted or authorized to sell the NFOA Plan by the State of New Jersey, or any other state; and

IT FURTHER APPEARING, that the NFOA plan was an annuity, pursuant to N.J.S.A. 17B:17-5; and

IT FURTHER APPEARING, that pursuant to N.J.S.A. 17B:17-5, an annuity is a contract not coming within the definition of life insurance as set forth in section 17B:17-3, or health insurance as set forth in section 17B:17-4, under which an insurer obligates itself to make periodic payments for a specified period of time, such as for a number of years, or until the happening of an event, or for life, or for a period of time determined by any combination thereof; and

IT FURTHER APPEARING, that on or about June 21, 2007, the Chancery Court of the State of Tennessee, Twentieth Judicial District, approved a Consent Order appointing the Tennessee Commissioner of Commerce and Insurance as receiver for purposes of rehabilitation and injunction of NFOA; and

IT FURTHER APPEARING, that Cease and Desist Orders preventing NFOA from conducting business were issued to NFOA and or their agents by, amongst other states the State of Washington Office of the Insurance Commissioner on September 18, 2006, and the State of Florida Office of Insurance Regulation on April 13, 2007; and

IT FURTHER APPEARING, that on March 7, 2013, NFOA President Richard Olive was convicted in the United States District Court for the Middle District of Tennessee by a federal jury of Mail Fraud, 18 U.S.C. 1341, Wire Fraud, 18 U.S.C. 1343, and Money Laundering, 18 U.S.C. 1957, related to his operation of NFOA; and

IT FURTHER APPEARING, that on August 19, 2013, NFOA President Richard Olive was sentenced by Judge Kevin H. Sharp, United States District Court for the Middle District of Tennessee, to serve 31 years in prison and ordered to pay \$5,992,181.24 in restitution to approximately 190 victims for crimes related to his operation of NFOA; and

IT FURTHER APPEARING, that from at least October of 2006, through at least May of 2007, Respondent Fisher and Respondent Regal acted as agents for NFOA in the State of New Jersey; and

COUNT 1

(Respondents Fisher & Regal)

IT FURTHER APPEARING, that on or before October 11, 2006, Respondent Fisher, through Respondent Regal, provided or disseminated the NFOA annuity plan to New Jersey consumers "JK" and "MK"; and

IT FURTHER APPEARING, that Respondent Fisher, through Respondent Regal, advertised the NFOA annuity plan to JK and MK and represented that an investment of \$211,788.00 would entitle JK and MK to \$61,614.00 in tax deductions, \$15,403.00 in tax savings, and immediate annual payouts of \$24,703.24 for a ten year period; and

IT FURTHER APPEARING, that the NFOA Plan Agreement contract stated that NFOA was recognized by the IRS as a charitable non-profit organization under section 501(c)(3) of the Internal Revenue Code; and

IT FURTHER APPEARING, that Respondent Fisher and Respondent Regal knew, or should have known, that NFOA was not at the time approved by the IRS as a charitable non-profit organization, and that if the IRS rejected NFOA's application any investors would not be eligible for the advertised tax reductions or tax savings; and

IT FURTHER APPEARING, that on or about October 11, 2006, JK and MK signed an NFOA contract for purchase of an NFOA annuity plan; and

IT FURTHER APPEARING, that Respondent Fisher, through Respondent Regal, signed JK's and MK's October 11, 2006 NFOA contract as the insurance producer; and

IT FURTHER APPEARING, that on or about October 11, 2006, JK issued a personal check payable to NFOA for \$90,000.00; and

IT FURTHER APPEARING, that on or about October 11, 2006, as part of the purchase of the NFOA annuity plan JK and MK transferred to NFOA 3,383 shares of General Electric Company stock, which at the time of transfer had a total value of \$119,927.35; and

IT FURTHER APPEARING, that the total amount JK and MK remitted to NFOA was \$209,927.35; and

IT FURTHER APPEARING, that on or about November 16, 2006, Respondent Fisher and Respondent Regal received a commission check from NFOA made payable to Respondent Regal for \$19,060.92 as compensation for selling the NFOA annuity plan to JK and MK; and

IT FURTHER APPEARING, that Respondent Fisher and Respondent Regal later complied with the NFOA liquidator's demand for complete disgorgement of Respondents' commission from the sale of the NFOA Plan to JK and MK; and

IT FURTHER APPEARING, that prior to being put into receivership, NFOA made payments to JK and MK totaling \$20,586.00; and

IT FURTHER APPEARING, that the NFOA in liquidation paid a total of \$157,978.98 to JK and MK; and

IT FURTHER APPEARING, JK and MK recovered a total of \$178,564.98 from their investment of \$209,927.35, for a total loss of \$31,362.37 resulting from their investment in the NFOA annuity plan; and

IT FURTHER APPEARING, that this instance where Respondent Fisher and Respondent Regal sold the NFOA plan to JK and MK constitutes violations of N.J.S.A. 17:22A-40a(2), (8), and constitutes a breach of fiduciary duty in violation of N.J.A.C. 11:17A-4.10; and

COUNT 2

(Respondents Fisher & Regal)

IT FURTHER APPEARING, that this instance where Respondent Fisher and Respondent Regal presented JK and MK with untrue, deceptive, and misleading information regarding insurance, constitutes violations of N.J.S.A. 17:22A-40a(2) & (7), N.J.S.A. 17:29B-3, N.J.S.A. 17:29B-4(2), and N.J.S.A. 17B:30-3; and

COUNT 3

(Respondents Fisher & Regal)

IT FURTHER APPEARING, that this instance involving JK and MK, where Respondent Fisher and Respondent Regal acted as an agent for, or otherwise represented or aided on behalf of another, an insurer not authorized to transact such insurance in this State, constitutes violations of N.J.S.A. 17:22-6.37; and

COUNT 4

(Respondents Fisher & Regal)

IT APPEARING that, on or before October 30, 2006, Respondent Fisher, through Respondent Regal, provided or disseminated the NFOA annuity plan to New Jersey consumer "WB"; and

IT FURTHER APPEARING, that Respondent Fisher, through Respondent Regal, advertised the NFOA annuity plan to WB and represented that an investment of \$111,258.85 would entitle WB to \$43,312.00 in tax deductions, \$10,828.00 in tax savings, and annual payouts of \$11,177.08 for a ten year period; and

IT FURTHER APPEARING, that the NFOA Plan Agreement contract stated that NFOA was recognized by the IRS as a charitable non-profit organization under section 501(c)(3) of the Internal Revenue Code; and

IT FURTHER APPEARING, that Respondent Fisher and Respondent Regal knew, or should have known, that NFOA was not at the time

approved by the IRS as a charitable non-profit organization, and that if the IRS rejected NFOA's application any investors would not be eligible for the advertised tax reductions or tax savings; and

IT FURTHER APPEARING, that on or about October 30, 2006, WB signed an NFOA contract for purchase of an NFOA annuity plan; and

IT FURTHER APPEARING, that Respondent Fisher, through Respondent Regal, signed WB's October 30, 2006 NFOA contract as the insurance producer; and

IT FURTHER APPEARING, that on or about October 30, 2006, as part of the purchase of the NFOA annuity plan WB transferred ownership of her existing annuity with Lincoln Benefit Life Company to NFOA; and

IT FURTHER APPEARING, that the total value of WB's Lincoln Benefit Life Company annuity, at the time of transfer to NFOA, was \$122,351.02; and

IT FURTHER APPEARING, that on or about January 2, 2007, Respondent Fisher and Respondent Regal received a commission check from NFOA made payable to Respondent Regal for \$9,321.12 as compensation for selling the NFOA Plan to WB; and

IT FURTHER APPEARING, that Respondent Fisher and Respondent Regal later complied with the NFOA liquidator's demand for

complete disgorgement of Respondents' commission from the sale of the NFOA Plan to WB; and

IT FURTHER APPEARING, that on or about January 2, 2007, WB received from NFOA a check number for \$18,000.00 as an advance payment on the contract; and

IT FURTHER APPEARING, that prior to being put into receivership, NFOA made payments to WB totaling \$8,382.78; and

IT FURTHER APPEARING, that the NFOA in liquidation paid a total of \$80,071.99 to WB; and

IT FURTHER APPEARING, WB recovered a total of \$106,454.77 from their investment of \$122,351.02, for a total loss of \$15,896.25 resulting from her investment in the NFOA annuity plan; and

IT FURTHER APPEARING, that this instance where Respondent Fisher and Respondent Regal sold the NFOA plan to WB constitutes violations of N.J.S.A. 17:22A-40a(2), (8), and constitutes a breach of fiduciary duty in violation of N.J.A.C. 11:17A-4.10; and

COUNT 5

(Respondents Fisher & Regal)

IT FURTHER APPEARING, that this instance where Respondent Fisher and Respondent Regal presented WB with untrue, deceptive, and misleading information in order to induce the consumer to change annuity contracts to another insurer, constitutes

violations of N.J.S.A. 17:22A-40a(2) & (7), N.J.S.A. 17:29B-3,
N.J.S.A. 17:29B-4(2), N.J.S.A. 17B:30-3, and N.J.S.A. 17B:30-6;
and

COUNT 6

(Respondents Fisher & Regal)

IT FURTHER APPEARING, that this instance involving WB, where Respondent Fisher and Respondent Regal acted as an agent for, or otherwise represented or aided on behalf of another, an insurer not authorized to transact such insurance in this State, constitutes violations of N.J.S.A. 17:22-6.37; and

COUNT 7

(Respondents Fisher & Regal)

IT APPEARING that, on or before April 4, 2007, Respondent Fisher, through Respondent Regal, provided or disseminated the NFOA plan to New Jersey consumers "GB" and "MB"; and

IT FURTHER APPEARING, that Respondent Fisher, through Respondent Regal, advertised the NFOA annuity plan to GB and MB and represented that an investment of \$108,161.26 would entitle GB and MB, after a 15 year deferred period, \$41,836.00 in tax deductions, \$10,459.00 in tax savings, and annual payouts of \$21,596.54 for a ten year period starting May 1, 2022; and

IT FURTHER APPEARING, that the NFOA Plan Agreement contract stated that NFOA was recognized by the IRS as a charitable non-

profit organization under section 501(c)(3) of the Internal Revenue Code; and

IT FURTHER APPEARING, that Respondent Fisher and Respondent Regal knew, or should have known, that NFOA was not at the time approved by the IRS as a charitable non-profit organization, and that if the IRS rejected NFOA's application any investors would not be eligible for the advertised tax reductions or tax savings; and

IT FURTHER APPEARING, that on or about April 4, 2007, GB and MB signed an NFOA contract for purchase of an NFOA annuity plan; and

IT FURTHER APPEARING, that Respondent Fisher, through Respondent Regal, signed GB's and MB's April 4, 2007 NFOA contract as the insurance producer; and

IT FURTHER APPEARING, that on or about April 4, 2007, as part of the purchase of the NFOA annuity plan GB and MB transferred ownership of two existing annuities with AIG Annuity Insurance Company to NFOA; and

IT FURTHER APPEARING, that the total value of GB's and MB's AIG Annuity Insurance Company annuities, at the time of remittance to NFOA, was \$128,161.26; and

IT FURTHER APPEARING, that on or about May 15, 2007, Respondent Fisher and Respondent Regal received a commission check from NFOA made payable to Respondent Regal for \$9,107.71

as compensation for selling the NFOA annuity plan to GB and MB;
and

IT FURTHER APPEARING, that Respondent Fisher and Respondent Regal later complied with the NFOA liquidator's demand for complete disgorgement of Respondent's commission from the sale of the NFOA annuity plan to GB and MB; and

IT FURTHER APPEARING, that on or about May 15, 2007, GB and MB received from NFOA a check for \$20,000.00 as an advance payment on the contract; and

IT FURTHER APPEARING, that prior to being taken into receivership, NFOA made zero payments to GB and MB; and

IT FURTHER APPEARING, that prior to being taken into receivership, ownership of GB's and MB's annuities with AIG Annuity Insurance Company were not transferred to NFOA; and

IT FURTHER APPEARING, that this instance where Respondent Fisher and Respondent Regal sold the NFOA plan to GB and MB constitutes violations of N.J.S.A. 17:22A-40a(2), (8), and constitutes a breach of fiduciary duty in violation of N.J.A.C. 11:17A-4.10; and

COUNT 8

(Respondents Fisher & Regal)

IT FURTHER APPEARING, that this instance where Respondent Fisher and Respondent Regal presented GB and MB with untrue, deceptive, and misleading information in order to induce the

consumers to change annuity contracts to another insurer, constitutes violations of N.J.S.A. 17:22A-40a(2) & (7), N.J.S.A. 17:29B-3, N.J.S.A. 17:29B-4(2), N.J.S.A. 17B:30-3, and N.J.S.A. 17B:30-6; and

COUNT 9

(Respondents Fisher & Regal)

IT FURTHER APPEARING, that this instance involving GB and MB, where Respondent Fisher and Respondent acted as an agent for, or otherwise represented or aided on behalf of another, an insurer not authorized to transact such insurance in this State, constitutes violations of N.J.S.A. 17:22-6.37; and

COUNT 10

(Respondents Fisher & Regal)

IT APPEARING that, on or before May 7, 2007, Respondent Fisher, through Respondent Regal, provided or disseminate the NFOA plan to New Jersey consumer "DC"; and

IT FURTHER APPEARING, that Respondent Fisher, through Respondent Regal, presented a NFOA Installment Plan Agreement to DC; and

IT FURTHER APPEARING, that the NFOA Plan Agreement contract stated that NFOA was recognized by the IRS as a charitable non-profit organization under section 501(c)(3) of the Internal Revenue Code; and

IT FURTHER APPEARING, that Respondent Fisher and Respondent Regal knew, or should have known, that NFOA was not at the time approved by the IRS as a charitable non-profit organization, and that if the IRS rejected NFOA's application any investors would not be eligible for the advertised tax reductions or tax savings; and

IT FURTHER APPEARING, that on or about May 7, 2007, DC signed an NFOA contract for purchase of an NFOA annuity plan; and

IT FURTHER APPEARING, that Respondent Fisher, through Respondent Regal, signed DC's May 7, 2007 NFOA contract as the insurance producer; and

IT FURTHER APPEARING, that on or about May 7, 2007, as part of the purchase of the NFOA annuity plan DC attempted to transfer ownership of an existing annuity with American Equity Investment Life Insurance Company to NFOA; and

IT FURTHER APPEARING, NFOA was placed into receivership on June 21, 2007 and the transaction to transfer DC's American Equity annuity funds to NFOA was cancelled; and

IT FURTHER APPEARING, that this instance where Respondent Fisher and Respondent Regal solicited, sold or attempted to sell the NFOA plan to DC constitutes violations of N.J.S.A. 17:22A-40a(2), (8), and constitutes a breach of fiduciary duty in violation of N.J.A.C. 11:17A-4.10; and

COUNT 11

(Respondents Fisher & Regal)

IT FURTHER APPEARING, that this instance where Respondent Fisher and Respondent Regal presented DC with untrue, deceptive, and misleading information regarding insurance, constitutes violations of N.J.S.A. 17:22A-40a(2) & (7), and N.J.S.A. 17B:30-3; and

COUNT 12

(Respondents Fisher & Regal)

IT FURTHER APPEARING, that this instance involving DC, where Respondent Fisher and Respondent Regal acted as an agent for, or otherwise represented or aided on behalf of another, an insurer not authorized to transact such insurance in this State, constitutes violations of N.J.S.A. 17:22-6.37; and

COUNT 13

(Respondent Fisher)

IT FURTHER APPEARING, that on or about January 14, 2011, FINRA's Department of Enforcement filed disciplinary proceeding No. 2009019041802 against Respondent Fisher regarding his sale of the NFOA plan to consumers; and

IT FURTHER APPEARING, that Respondent Fisher failed to notify the Department of the formal disciplinary proceeding by FINRA; and

IT FURTHER APPEARING, that this instance where Respondent Fisher failed to notify the Department of the formal disciplinary proceeding by FINRA within the time prescribed, constitutes a violation of N.J.S.A. 17:22A-40a(2), and N.J.S.A. 17:22A-47c; and

COUNT 14

(Respondent Fisher)

IT FURTHER APPEARING, that on or about March 8, 2012, FINRA Office of Hearing Officers, Department of Enforcement, issued an Order Accepting Offer of Settlement regarding disciplinary proceeding No. 2009019041802; and

IT FURTHER APPEARING, that the Order Accepting Offer of Settlement regarding disciplinary proceeding No. 2009019041802 ordered that Fisher "be suspended in all capacities for six months from associating with any FINRA member, pay restitution in the amount of \$47,258.90 and pay a fine of \$15,000.00; and

IT FURTHER APPEARING, that Respondent Fisher failed to notify the Department of the final disposition of the FINRA formal disciplinary proceeding; and

IT FURTHER APPEARING, that this instance where Respondent Fisher failed to notify the Department of the final disposition of the FINRA formal disciplinary proceeding within the time prescribed, constitutes a violation of N.J.S.A. 17:22A-40a(2), and N.J.S.A. 17:22A-40a(19); and

COUNT 15

(Respondent Fisher)

IT FURTHER APPEARING, that on or about July 18, 2007, The Department of Banking and Insurance, Consumer Protection Services ("Consumer Services"), issued a letter to Respondent Fisher, requesting a statement within 15 days, regarding his involvement with NFOA; and

IT FURTHER APPEARING, that Respondent Fisher's response to the Consumer Services letter was received 21 days later by the Department on August 8, 2007; and

IT FURTHER APPEARING, that this instance where Respondent Fisher failed to respond to an inquiry of the Department of Banking and Insurance ("Department") relative to the business of insurance within the time requested in said inquiry, constitutes a violation of N.J.S.A. 17:22A-40a(2), and N.J.A.C. 11:17A-4.8; and

COUNT 16

(Respondent Fisher)

IT FURTHER APPEARING, that on or about April 19, 2011, the Department's Office of Consumer Services, issued a letter to Respondent Fisher, requesting a statement regarding annuity solicitation and sales; and

IT FURTHER APPEARING, that Respondent Fisher's response to the Consumer Services letter was received more than 48 days later by the Department on or about June 6, 2011; and

IT FURTHER APPEARING, that this instance where Respondent Fisher failed to respond to an inquiry of the Department relative to the business of insurance within the time requested in said inquiry, or no later than 15 calendar days from the date inquiry was made or mailed in cases where no response time was given, constitutes a violation of N.J.S.A. 17:22A-40a(2), and N.J.A.C. 11:17A-4.8; and

COUNT 17

(Respondent Madden)

IT FURTHER APPEARING, that Respondent Madden, as DRLP of Respondent Regal, and having an ownership interest of more than 10 percent of Respondent Regal, was responsible for Respondent Fisher's and Respondent Regal's insurance related conduct as described in Counts One through and including Count Sixteen, and Respondent Madden failed to properly supervise Respondent Fisher's and Respondent Regal's conduct of insurance business, in violation of N.J.S.A. 17:22A-40a(2), and N.J.A.C. 11:17A-1.6(c); and

NOW, THEREFORE, IT IS on this 18th day of February, 2016

ORDERED, that pursuant to the provisions of N.J.S.A.

17:22A-40a, Respondents shall appear and show cause why their insurance producer licenses shall not be revoked by the Commissioner; and

IT IS FURTHER ORDERED that, Respondents shall appear and show cause why the Commissioner should not assess fines up to \$5,000.00 for the first violation and not exceeding \$10,000.00 for each subsequent violation, pursuant to the provisions of N.J.S.A. 17:22A-45c, due to their failure to comply with New Jersey's insurance laws and regulations; and

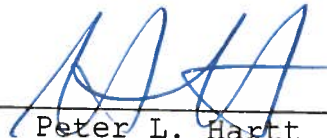
IT IS FURTHER ORDERED that, pursuant to N.J.S.A. 17:22A-45c, Respondents shall appear and show cause why they should not be subject to additional penalties, including restitution to their victims and reimbursement of the costs of investigation and prosecution by the Department of Banking and Insurance; 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 subpoena and subpoena duces tecum 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 the 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, New Jersey Department of Banking and Insurance, P.O. Box 329, Trenton, N.J. 08625 or by faxing the request to the Department at (609) 292-5337. The request shall contain:

- (A) The licensee's 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 Respondents have no specific knowledge regarding a fact alleged in this 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.



Peter L. Hartt
Director of Insurance