

ORDER TO SHOW CAUSE NO. E16-29

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 license of Zia Hassan)
Shaikh, Reference No. 9584986)

ORDER TO SHOW CAUSE

TO: Zia Hassan Shaikh
412 North Main Street
Unit 100
Buffalo, WY 82834

THIS MATTER, having been opened by the Commissioner of Banking and Insurance ("Commissioner"), State of New Jersey, upon information that Zia Hassan Shaikh ("Respondent") may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Respondent is subject to the provisions of the New Jersey Insurance Producer Licensing Act ("Producer Act"), N.J.S.A. 17:22A-26 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 commit any insurance unfair trade practice; 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 insurance business in this State or elsewhere; and

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

WHEREAS, pursuant to N.J.S.A. 17:22A-45c, any person violating any provision of the Producer Act shall be liable to a penalty not exceeding \$5,000.00 for the first offense and not exceeding \$10,000.00 for each subsequent offense, in addition, the commissioner or the court, as the case may be, may order restitution of moneys owed any person and reimbursement of the costs of investigation and prosecution, as appropriate.

WHEREAS, Respondent is subject to the New Jersey Unfair Trade Practices Act, N.J.S.A. 17B:30-1 et seq.; and

WHEREAS, pursuant to N.J.S.A. 17B:30-4, no person 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 or television station, or in any other way, an advertisement, announcement or statement containing any assertion, representation or statement with respect to the business of insurance and annuities or with respect to any person in the conduct of his insurance and annuity business, which is untrue, deceptive or misleading; and

WHEREAS, pursuant to N.J.S.A. 17B:30-17b, any person violating any provision of the Unfaor Trade Practices Act shall be liable to a penalty not exceeding \$1,000.00 for each and every act or violation, unless the person knew or reasonably should have known he was in violation of the Unfair Trade Practice Act, in which case the penalty shall be not more than \$5,000.00 for each act or violation; and

WHEREAS, Respondent is subject to regulations governing the advertisement of life insurance and annuities, N.J.A.C. 11:2-23.1 et seq.; and

WHEREAS, pursuant to N.J.A.C. 11:2-23.4(a), advertisements shall be truthful and not misleading in fact or by implication. Words or phrases the meaning of which is clear only by implication or by familiarity with insurance terminology shall not be used. The form and content of an advertisement of a policy shall be sufficiently complete and clear so as to avoid

deception. The advertisement shall not have the capacity or tendency to mislead or deceive; and

ALLEGATIONS COMMON TO ALL COUNTS

IT APPEARING that, at all relevant times, Respondent was a licensed nonresident insurance producer in the State of New Jersey, pursuant to N.J.S.A. 17:22A-32; and

IT FURTHER APPEARING, that during or about August 2010, Respondent issued, or caused to be issued, 3,550 postcard advertisements to New Jersey residents which stated:

NOTIFICATION

Dear [Customer Name]:

We are attempting to reach you regarding important annuity information.

Our recovery team is now scheduling reviews for orphaned accounts greater than five years.

Please call our scheduling department for more information.

IT FURTHER APPEARING, that Respondent had no reason to believe that the postcard advertisement recipients owned any annuities or owned any orphaned annuities; and

COUNT 1

IT FURTHER APPEARING, that this instance where Respondent mailed, or caused to be mailed, 3,550 postcard advertisements to New Jersey residents which were untrue,

deceptive or misleading, constitutes 3,550 violations of N.J.S.A. 17:22A-40a(2), (7), (8), (16), N.J.S.A. 17B:30-4, and N.J.A.C. 11:2-23.4(a); and

NOW, THEREFORE, IT IS on this 30th day of March, 2016

ORDERED, that pursuant to the provisions of N.J.S.A. 17:22A-40a, and N.J.S.A. 17B:30-17a, Respondent shall appear and show cause why his insurance producer license shall not be revoked by the Commissioner; and

IT IS FURTHER ORDERED, that Respondent 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 of the Producer Act, pursuant to the provisions of N.J.S.A. 17:22A-45c; and

IT IS FURTHER ORDERED, that Respondent shall appear and show cause why the Commissioner should not assess a penalty not exceeding \$5,000.00 for each and every act or violation of the Unfair Trade Practice Act, pursuant to the provisions of N.J.S.A. 17B:30-17b; and

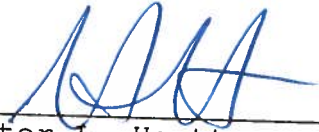
IT IS FURTHER ORDERED, that pursuant to N.J.S.A. 17:22A-45c, Respondent shall appear and show cause why he should not be subject to additional penalties, including restitution to victims and reimbursement of the costs of investigation and prosecution by the Department of Banking and Insurance; and

IT IS PROVIDED that Respondent has the right to request an administrative hearing, to be represented by counsel or other qualified representative, at his 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 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, 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 Respondent has 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