

STATE OF NEW JERSEY  
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

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Proceedings by the Commissioner of )  
Banking and Insurance, State of New Jersey, )  
to fine, suspend, and/or revoke the insurance )  
producer licenses of Hany Shehata d/b/a )  
MHM Insurance Agency, Reference No. )  
9939802. )  
\_\_\_\_\_

**ORDER TO SHOW CAUSE**

TO: Hany Shehata  
26 Cunningham Drive  
West Orange, NJ 07052

Hany Shehata d/b/a MHM Insurance Agency  
3402 Kennedy Blvd.  
Jersey City, NJ 07307

THIS MATTER, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that Respondent Hany Shehata d/b/a MHM Insurance Agency (“Respondent”), may have violated various provisions of the insurance laws of the State of New Jersey; and

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

WHEREAS, Respondent operated under the trade name MHM Insurance Agency; and

WHEREAS, Respondent is subject to the provisions of the New Jersey Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 to -48 (“Producer Act”) 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-40a(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-40a(4), an insurance producer shall not improperly withhold, misappropriate or convert any monies or properties received in the course of doing business; 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.A.C. 11:17C-2.2(b), an insurance producer shall pay all premiums due to the insured or credit to the insured's account within five business days after receipt by the insurance producer from the insurer, or other insurance producer or premium finance company; and

WHEREAS, pursuant to N.J.A.C. 11:17C-2.3(a), an insurance producer shall establish and maintain a trust account into which shall be deposited cash, checks and other instruments payable to the insurance producer; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a, the Commissioner may place on probation, suspend, revoke or refuse to issue or renew an insurance producer's license, and may levy a civil penalty, for a violation of the Producer Act; and

WHEREAS, pursuant to N.J.S.A. 17:22A-45c, any person violating the Producer Act is subject to a penalty not exceeding \$5,000.00 for the first offense and not exceeding \$10,000.00 for each subsequent offense; moreover, the Commissioner may order restitution of moneys owed any person and reimbursement of costs of investigation and prosecution, as appropriate; and

**ALLEGATIONS COMMON TO ALL COUNTS**

IT APPEARING, that L.C. purchased a home improvement insurance policy through Respondent; and

IT FURTHER APPEARING, that the home improvement insurance policy was written by Tapco Underwriters; and

IT FURTHER APPEARING, that Tapco Underwriters cancelled the policy on March 15, 2014 and forwarded the refunded premium in the amount of \$809.37 to Respondent; and

IT FURTHER APPEARING, that Respondent did not advise L.C. of the cancellation and did not refund the premium; and

IT FURTHER APPEARING, that on March 20, 2015, after learning about the refund L.C. filed a consumer complaint with the Department of Banking and Insurance, Consumer Protection Services Unit ("Department") against Respondent; and

IT FURTHER APPEARING, that on March 25, 2015, an investigator from the Department sent a letter to Respondent inquiring about the refund; and

IT FURTHER APPEARING, on April 5, 2015, Respondent issued a refund check in the amount of \$809.00 to L.C. from a personal bank account; and

**COUNT ONE**

IT FURTHER APPEARING, that Respondent failed to advise L.C. of cancellation of the policy, in violation of N.J.S.A. 17:22A-40a(8); and

**COUNT TWO**

IT FURTHER APPEARING, that Respondent failed to forward to L.C. the refunded premium within five business days, in violation of N.J.S.A. 17:22A-40a(2), (4) and (8), and N.J.A.C. 11:17C-2.2; and

**COUNT THREE**

IT FURTHER APPEARING, that Respondent failed to maintain a trust account, in violation of N.J.S.A 11:17C-2.3; and

NOW, THEREFORE, IT IS on this 25<sup>TH</sup> day of May, 2018;

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

IT IS FURTHER ORDERED, that Respondent appear and show cause why the Commissioner should not assess a civil penalty of up to \$5,000.00 for the first violation and up to \$10,000.00 for each subsequent violation, pursuant to the provisions of N.J.S.A. 17:22A-45c; and


IT IS FURTHER ORDERED, that Respondent appear and show cause why he should not be required to reimburse the Department for the cost of the investigation and prosecution, as authorized pursuant to N.J.S.A. 17:22A-45c; 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 subpoenas issued and to present evidence or argument if a hearing is requested; and

IT IS FURTHER PROVIDED, that, unless a request for a hearing is received within twenty (20) days of the service of this Order to Show Cause, the right to a hearing in this matter shall be deemed to have been waived by Respondent, and the Commissioner shall dispose of this matter in accordance with law. A hearing may be requested by mailing the request to Virgil Downtin, Chief of Investigations, Department of Banking and Insurance, P.O. Box 329, Trenton, New Jersey 08625, or by faxing the hearing request to the Department at (609) 292-5337. A copy shall be sent to Anita Bittner, Deputy Attorney General, State of New Jersey, Division of Law, R.J. Hughes Justice Complex, 25 Market Street, Second Floor West Wing, P.O. Box 117, Trenton, New Jersey 08625. The request shall contain the following:

- (a) Respondent's full name, address and daytime telephone number;
- (b) A statement referring to each charge alleged in this Order to Show Cause and identifying any defense intended to be asserted in response to each charge. Where the defense relies on facts not contained in the Order to Show Cause, those specific facts must be stated;
- (c) A specific admission or denial of each fact alleged in this Order to Show Cause. Where 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 the hearing.

  
Peter L. Hart  
Director of Insurance