

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 license of)
Calvin Butterworth, Reference No.)
16091178832956, and Contractors First)
Insurance Inc., Reference No. 1543451.)

ORDER TO SHOW CAUSE

TO: Calvin Butterworth Contractors First Insurance, Inc.
1114 Grinnell Street 625 Overseas Highway, Suite 104
Key West, FL 33040-3206 Key West, FL 33040-5603

THIS MATTER, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that Respondent Calvin Butterworth (“Respondent Butterworth”) and Respondent Contractors First Insurance Inc. (“Respondent Contractors First”) (collectively, “Respondents”), may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, beginning on February 26, 2014, Respondent Butterworth is licensed as a non-resident individual insurance producer in the State of New Jersey, pursuant to N.J.S.A. 17:22A-34(a), and

WHEREAS, beginning on April 19, 2016, Respondent Contractors First became a licensed insurance producer in the State of New Jersey; and

WHEREAS, beginning on April 19, 2016, Respondent Butterworth became the designated responsible licensed producer for Respondent Contractors First; and

WHEREAS, Respondents are subject to the provisions of the New Jersey Insurance Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 to -48 (“Producer Act”), the Producer Licensing regulations, N.J.A.C. 11:17-1.1 to -2.17, and the regulations governing Insurance Producer Standards of Conduct, N.J.A.C. 11:17A-1.1 to 11:17D-2.8; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40(d), the Commissioner shall retain the authority to enforce the provisions of and impose any penalty or remedy authorized by the Producer Act and Title 17 of the Revised Statutes or Title 17B of the New Jersey Statutes against any person who is under investigation for or charged with a violation of the Producer Act or Title 17 of the Revised Statutes or Title 17B of the New Jersey Statutes even if the person’s license or registration has been surrendered or has lapsed by operation of law; and

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

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a)(7), the Commissioner may suspend, revoke, or refuse to issue or renew an insurance producer’s license for anyone who admitted or has been found to have committed any insurance unfair trade practice or fraud; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a)(8), an insurance producer shall not use any fraudulent, coercive, or dishonest practices, or demonstrate incompetence or untrustworthiness in the conduct of insurance business; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a), the Commissioner may place on probation, suspend, revoke or refuse to issue or renew an insurance producer’s license for violating the Producer Act; and

WHEREAS, pursuant to N.J.A.C. 11:17B-3.1(b), an insurance producer shall not charge a fee to an insured without obtaining a separate written fee agreement from the insured or the prospective insured; and

WHEREAS, pursuant to N.J.S.A. 17:22A-45(c), 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; additionally, the Commissioner may order restitution of moneys owed any person and reimbursement of costs of the investigation and prosecution; and

ALLEGATIONS COMMON TO ALL COUNTS

IT APPEARING, that starting February 26, 2014, Respondent Butterworth became a licensed non-resident insurance producer in the State of New Jersey; and

IT FURTHER APPEARING, that Respondent Butterworth is the sole owner and designated responsible licensed producer of Respondent Contractors First; and

IT FURTHER APPEARING, that from March 2014 through December 2017, Respondents assessed service fees to various insureds (“the Insureds”) without first issuing them separate fee agreements, in violation of N.J.A.C. 11:17B-3.1(b); and

IT FURTHER APPEARING, that Respondents charged New Jersey Affordable Home Improvement a \$300.00 service fee, without issuing a separate fee agreement, for policy term March 15, 2014 through March 16, 2015; and

IT FURTHER APPEARING, that Respondents charged Bailey Construction a \$500.00 service fee, without issuing a separate fee agreement, for policy term April 21, 2014 through April 22, 2015; and

IT FURTHER APPEARING, that Respondents charged Bailey Construction a \$500.00 service fee, without issuing a separate fee agreement, for policy term April 21, 2015 through April 22, 2016; and

IT FURTHER APPEARING, that Respondents charged WK Construction Solutions, LLC, a \$700.00 service fee, without issuing a separate fee agreement, for policy term November 6, 2015 through November 7, 2016; and

IT FURTHER APPEARING, that Respondents charged R. Brown Contract, LLC a \$300.00 service fee, without issuing a separate fee agreement, for policy term December 4, 2015 through December 6, 2016; and

IT FURTHER APPEARING, that Respondents charged Rodney Brown a \$250.00 service fee, without issuing a separate fee agreement, for policy term December 4, 2016 through December 5, 2017; and

IT FURTHER APPEARING, that the service fees issued by Respondents to the Insureds totaled \$2,550.00; and

IT FURTHER APPEARING, that on October 10, 2016, Respondent Butterworth admitted to the Department of Banking and Insurance that he did not issue separate fee agreements because he “did not know about them;” and

IT FURTHER APPEARING, that from 2017 through 2018, Respondent Butterworth issued service fee refund checks to all of the Insureds; and

COUNT ONE

IT FURTHER APPEARING, that Respondents failed to obtain a separate written fee agreement prior to charging a fee to six Insureds, in violation of N.J.A.C. 11:17B-3.1(b), and N.J.S.A. 17:22A-40(a)(2), (7), and (8); and

NOW, THEREFORE, IT IS on this 16th day of November, 2021,

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-40(a); and

IT IS FURTHER ORDERED, that Respondents appear and show cause why the Commissioner should not assess a civil penalty of up to \$5,000.00 for the first violation and \$10,000.00 for each subsequent violation of the Producer Act and order Respondents to pay restitution of moneys owed to any person, pursuant to the provisions of N.J.S.A. 17:22A-45(c); and

IT IS FURTHER ORDERED, that Respondents appear and show cause why they should not be required to reimburse the Department for the cost of the investigation and prosecution, including attorneys' fees, as authorized pursuant to N.J.S.A. 17:22A-45(c), N.J.S.A. 17:33A-5(c), and N.J.A.C. 11:16-7.9(c); and

IT IS PROVIDED, that Respondents have the right to request an administrative hearing, to be represented by counsel or other qualified representative, at 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 Respondents, and the Commissioner shall dispose of this matter in accordance with law. A hearing may be requested by mailing the request to Virgil Downtin, Chief of Investigations, Department of Banking and Insurance, P.O. Box 329, Trenton, New Jersey 08625, or by faxing the hearing request to the Department at (609) 292-5337. A copy of the request for a hearing shall also be sent to Deputy Attorney General Ashleigh B. Shelton at: Division of Law, P.O. Box 117, Trenton, NJ 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 Respondents have 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.



Marlene Caride
Commissioner