

STATE OF NEW JERSEY  
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

	)	ORDER TO SHOW CAUSE
Proceedings by the Commissioner of	)	
Banking and Insurance, State of New Jersey,	)	
to fine, suspend and/or revoke the insurance	)	
producer license of John M. Collins,	)	
Reference No. 1022267	)	
	)	

TO: John M. Collins  
36 White Cedar Drive  
Madison, CT 06442

This matter, having been opened by the Commissioner of Banking and Insurance, State of New Jersey (“Commissioner”), upon information that John M. Collins (“Collins” or “Respondent”) may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Collins was licensed as a non-resident insurance producer by the State of New Jersey pursuant to N.J.S.A. 17:22A-32(a), until his license expired on or about December 31, 2018; and

WHEREAS, Respondent is 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”) 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 this 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 laws, or violate any 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), an insurance producer shall not commit 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 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-40(a)(12), an insurance producer shall not knowingly accept insurance business from an unlicensed insurance producer; and

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

WHEREAS, pursuant to N.J.A.C. 11:17A-4.2, in cases where an applicant's signature is required, an insurance producer who takes an application for insurance shall be required to witness the signature of the prospective insured on the application prior to the submission of the application to the insurer only when the application is signed by the applicant after having been completed in a face to face meeting between the producer and the prospective insured; 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 relative to the business of insurance within the time

requested in said inquiry, or no later than 15 calendar days from the date the inquiry was made or mailed in cases where no response time is given; and

WHEREAS, pursuant to N.J.A.C. 11:17A-4.10, an insurance producer shall act in a fiduciary capacity in the conduct of his or her insurance business; and

WHEREAS, pursuant to N.J.A.C. 11:17B-2.1(a), no insurance producer shall pay any commission to any unlicensed individual or organization for services rendered in this State as an insurance producer except for services rendered while licensed; 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 or may levy a civil penalty, or may take any combination of actions for violating the Producer Act; and

WHEREAS, pursuant to N.J.S.A. 17:22A-45(c), any licensee violating the Producer Act and/or the Insurance Producer Standards of Conduct 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

WHEREAS, pursuant to N.J.A.C. 11:17A-4.11 and 11:17B-1.4, any licensee violating the Insurance Producer Standards of Conduct is subject to the same penalties imposed in accordance with the Producer Act and any other applicable law, and for the purpose of determining the existence of a violation and assessing a penalty thereunder, a separate violation shall be deemed to exist, and a separate penalty therefor shall be assessed, for each violation of the provisions of this subchapter; and

**ALLEGATIONS COMMON TO ALL COUNTS**

IT APPEARING, that at all relevant times, Respondent was a licensed resident insurance producer in the state of Connecticut and employed by Metropolitan Life Insurance Company (“MetLife”) to sell insurance and investment products only through MetLife and other insurance entities affiliated or approved by MetLife; and

IT FURTHER APPEARING, that at all relevant times, Respondent was also simultaneously licensed as a non-resident insurance producer in the State of New Jersey; and

IT FURTHER APPEARING, that in or about 2008, Kevin Collins, Respondent’s brother and a formerly licensed insurance producer in the state of New Jersey, began soliciting New Jersey residents for insurance business on behalf of Respondent; and

IT FURTHER APPEARING, that as the direct result of his brother’s solicitation efforts in New Jersey, Respondent was designated as the “Agent of Record” for G.K., a New Jersey resident, in connection with the following transactions;

- (a) August 2008 sale to G.K. of an “Indexed Annuity” in the principal amount of \$100,000 from Sun Life Assurance Company of Canada (“Sun Life”);
- (b) September 2008 sale to G.K. of an “Indexed Annuity” in the principal amount of \$200,000 from Sun Life;
- (c) March 2009 sale to G.K. of an “Indexed Annuity” in the principal amount of \$150,000 from Sun Life; and
- (d) August 2009 sale to G.K. of a “Fixed Annuity” in the principal amount of approximately \$1.2 million from Reliance Standard Life Insurance Company (“Reliance”); and

IT FURTHER APPEARING, that on or about December 14, 2015, MetLife terminated Respondent “for cause” after having investigated Respondent’s business activities and determining that the completed transactions on behalf G.K. violated his agency agreement with MetLife because he sold G.K. insurance products from companies which were not approved by nor affiliated with MetLife; and

IT FURTHER APPEARING, that on or about January 25, 2016, MetLife provided the first written notice to the New Jersey Department of Banking and Insurance (“Department”) that Respondent had been terminated “for cause” and thereupon the Department then commenced its investigation into the alleged violations by Respondent; and

**COUNT ONE**

IT FURTHER APPEARING, that Respondent’s sales of annuities to G.K. in August 2008, September 2008, March 2009 and August 2009 were improper and prohibited in that Respondent knowingly accepted said insurance business from Kevin Collins, who was not then licensed as an insurance producer in New Jersey, in violation of N.J.S.A. 17:22A-40(a)(2) and (12); and

**COUNT TWO**

IT FURTHER APPEARING, that Respondent received commissions in connection with the sales of said annuities to G.K. and thereafter paid a portion thereof to Kevin Collins as compensation for his solicitation efforts in New Jersey which was improper and prohibited in that Kevin Collins was not then licensed insurance as an producer in New Jersey, in violation of N.J.S.A. 17:22A-40(a)(2) and N.J.A.C. 11:17B-2.1(a); and

**COUNT THREE**

IT FURTHER APPEARING, that on behalf of G.K., Respondent completed and submitted to Sun Life and Reliance annuity applications which contained false and misleading material

statements, specifically that G.K. had executed each said application while present in Connecticut when, in fact, G.K. executed all said applications in New Jersey; and that Respondent had maintained a ten (10) year business relationship with G.K when, in fact, Respondent had never met with nor spoken to G.K., in violation of N.J.S.A. 17:22A-40(a)(2), (7), (8) and (16) and N.J.A.C. 11:17A-4.2; and

**COUNT FOUR**

IT FURTHER APPEARING, that on behalf of G.K., Respondent had established several annuity accounts with Sun Life and authorized transfers of funds between said accounts without the authorization, knowledge, or consent of G.K., in violation of N.J.S.A. 17:22A-40(a)(2), (7), (8) and (16) and N.J.A.C. 11:17A-4.10; and

**COUNT FIVE**

IT FURTHER APPEARING, that via letter dated March 23, 2016, the Department requested that on or before April 8, 2016, Respondent provide information and produce documents in connection with all annuity transactions completed on behalf of G.K.; and

IT FURTHER APPEARING, that Respondent failed to respond or to produce any of the requested documents or information by said deadline, in violation of N.J.S.A. 17:22A-40(a)(2) and N.J.A.C. 11:17A-4.8; and

**NOW, THEREFORE, IT IS** on this 26 day of March, 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; and

**IT IS FURTHER ORDERED**, that Respondent appear and show cause why the Commissioner should not assess a civil penalty of not more than \$5,000.00 for the first violation and \$10,000.00 for each subsequent violation of the Producer Act and/or the Producer Standards

of Conduct regulations, and order Respondent 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 Respondent appear and show cause why, in addition to any other penalty, they should not be required to reimburse the Department for the costs of the investigation and prosecution as authorized by N.J.S.A. 17:22A-45(c); and

IT IS PROVIDED, that Respondent has the right to request an administrative hearing, to be represented by counsel or other qualified representative, at their 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 of the request for a hearing shall also be sent to Dakar R. Ross, Deputy Attorney General, Department of Banking and Insurance, 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 a hearing.



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Marlene Caride  
Commissioner