

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceedings by the Commissioner of)	AMENDED ORDER TO SHOW CAUSE
Banking and Insurance, State of New)	
Jersey, to fine, suspend, and/or revoke)	
the insurance license of Lisa A. Mohen,)	
Reference No. 9617299, and)	
Arden Financial Services, Inc.,)	
Reference No. 9617518, and Brian Mohen)	

TO: Lisa A. Mohen
404 First Ave.
Spring Lake, NJ 07762

Brian Mohen
404 First Ave.
Spring Lake, NJ 07762

Arden Financial Services, Inc.
401 First Avenue
Spring Lake, NJ 07762

This matter, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that Respondent Lisa A. Mohen, formerly licensed as a resident individual insurance producer pursuant to N.J.S.A. 17:22A-26 et seq., until August 31, 2010, when her license expired; Respondent Arden Financial Services, Inc., formerly licensed as a resident organization insurance producer pursuant to N.J.S.A. 17:22A-26 et seq., until May 31, 2010, when its license expired; and Respondent Brian Mohen, an unlicensed individual who held himself out as and acted in the capacity of a New Jersey licensed producer (collectively, “Respondents”), may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Respondents are subject to the New Jersey Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 et seq.; and

WHEREAS, pursuant to N.J.S.A. 17:22A-29, a person shall not sell, solicit or negotiate insurance in this State unless the person is licensed for that line of authority; 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 or may levy a civil penalty in accordance with N.J.S.A. 17:22A-45c, or may take any combination of actions, for any one or more of the violations listed in N.J.S.A. 17:22A-40a(1) through (19); and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(2), an insurance producer shall not violate any insurance laws, regulations, subpoenas or orders 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 insurance business; and

WHEREAS, pursuant N.J.S.A. 17:22A-40a(6), an insurance producer shall not commit a felony or a crime of the fourth degree or higher; 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; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(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-40a(14), an insurance producer shall not fail to pay income tax; 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-40a(17), an insurance producer shall not knowingly facilitate or assist another person in violating insurance laws; 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 this 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.

WHEREAS, pursuant to N.J.S.A. 17:22A-45c, any person who violates any provision of this act shall be liable to a penalty not exceeding \$5,000 for the first offense and not exceeding \$10,000 for each subsequent offense; additionally, the court may order restitution of moneys owed any person and reimbursement of the costs of investigation and prosecution; and

WHEREAS, pursuant to N.J.A.C. 11:17C-2.1(a), all premium funds shall be held by an insurance producer in a fiduciary capacity and shall not be misappropriated, improperly converted to the insurance producer's own use, or illegally withheld by the licensee; and

WHEREAS, pursuant to N.J.A.C. 11:17C-2.1(b), all premium funds shall be segregated and not in any manner commingled with any other funds of the insurance producer, except as may be permitted by that chapter; and

WHEREAS, pursuant to N.J.A.C. 11:17C-2.2(a)1 through 3, all premium funds shall be remitted to an insurer or other insurance producer, as applicable, within five business days after receipt of the funds except as otherwise provided by the insurance producer's contract with the

insurer or written agreement with the insured; any controlling statute or administrative rule; or the rule of any residual market mechanism created by or pursuant to any statute; and

WHEREAS, pursuant to N.J.A.C. 11:17C-2.2(b), all premiums due the insured shall be paid to the insured or credited 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)1 and 2, 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 when the insurance producer holds any premiums for more than five business days before remitting the premiums to an insurer or other insurance producer, pursuant to N.J.A.C. 11:17C-2.2(a)1-3, or when an insurance producer deposits any collected premiums into a financial institution account or other investment, or otherwise uses the premiums, even though the premiums are remitted within five business days; and

WHEREAS, pursuant to N.J.A.C. 11:17C-2.3(f), an insurance producer may place trust account funds in interest bearing or income producing assets and retain the interest or income thereon provided the nature of the account has previously been disclosed to the principal and the insurance producer has secured from the principal a written authorization for the investment of the money and the retention of any earnings thereon; and

WHEREAS, pursuant to N.J.A.C. 11:17C-2.3(g), the following disbursements may be lawfully withdrawn from a trust account: 1.) non-premium monies received by the insurance producer in connection with soliciting, negotiating, effecting, procuring, renewing, continuing or binding policies of insurance; 2.) net or gross premium remittances due other insurance producers or insurers; 3.) claim payments or reinsurance premiums for transfer to another trust

account when authorized by an insurer; 4.) premiums due insureds; 5.) commissions due the insurance producer, net any financial institution charge or commission due another insurance producer, provided that commissions are withdrawn only on premiums deposited into the trust account; 6.) interest which the insurance producer is authorized to retain pursuant to this chapter; 7.) voluntary deposits; and 8.) funds for investment made pursuant to N.J.A.C. 11:17C-2.3(f); and

WHEREAS, pursuant to N.J.A.C. 11:17C-1.2, a “financial institution” means a Federal or State chartered bank, savings bank, or savings and loan institution which is a member of the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC); and

WHEREAS, pursuant to N.J.A.C. 11:17C-2.3(b), a trust account shall be designated a “Trust Account” on the bank records and those words shall be displayed on the face of the checks on that account; 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

COUNT 1
(Unlawful Withdrawals from Trust Account and Commingling of Premium Funds)

IT APPEARING THAT, Respondents engaged in a pattern of unlawfully withdrawing premium funds held in a trust account by transferring these funds to a non-trust account, commingling the premium funds with non-premium funds in the non-trust account, and then using the commingled funds to pay for personal items and expenses; and

IT FURTHER APPEARING THAT, the trust account was a Peapack-Gladstone bank account labeled “Arden Financial Services Inc, Trust Account,” account number XXX6384 (“Arden Trust Account”), and the non-trust account was a Peapack-Gladstone bank account

labeled "Arden Financial Services, Inc," account number XXX6392 ("Arden Financial Services Account"); and

IT FURTHER APPEARING THAT, Respondents regularly caused to be deposited premium funds received from various policyholders and premium finance companies into the Arden Trust Account, as illustrated by but not limited to the following examples:

1) Respondents caused to be deposited \$400,456.79 in premiums paid by or on behalf of the insured, MTR Gaming, Inc. ("MTR Gaming"), into the Arden Trust Account on or about February 15, 2008; and

2) Respondents caused to be deposited \$10,500.00 in premiums paid by or on behalf of the insured, Smart, LLC, into the Arden Trust Account on or about March 8, 2007; and

3) Respondents caused to be deposited \$4,099,738.00 in premiums paid by or on behalf of the insured, Mylan Laboratories, Inc. ("Mylan Labs"), into the Arden Trust Account on or about October 5, 2007; and

IT FURTHER APPEARING THAT, Respondents caused to be deposited numerous other premiums paid by other insureds or premium finance companies into the Arden Trust Account; and

IT FURTHER APPEARING THAT, Respondents unlawfully transferred premium funds from the Arden Trust Account into the Arden Financial Services Account, as illustrated by but not limited to the following examples:

1) Respondents transferred \$156,275.00 in premiums paid by or on behalf of Mylan Labs from Arden's Trust Account into the Arden Financial Services Account on or about April 21, 2008; and

2) Respondents transferred \$42,492.00 in premiums paid by or on behalf of Mylan Labs from Arden's Trust Account into the Arden Financial Services Account on or about June 25, 2008; and

3) Respondents transferred \$225,000.00 in premiums paid by or on behalf of (1) National Health Investors, Inc. and (2) National HealthCare Corporation from Arden's Trust Account into the Arden Financial Services Account on or about July 9, 2008; and

4) Respondents transferred \$155,000.00 in premiums paid by or on behalf of Pacer International, Inc. from Arden's Trust Account into the Arden Financial Services Account on or about July 25, 2008; and

IT FURTHER APPEARING THAT, the premiums unlawfully transferred from the Arden Trust Account to the Arden Financial Services Account were used to pay for personal items and expenses including, but not limited to, the following:

1) On or about February 1, 2008, Respondents caused \$1,000.00 to be transferred from the Arden Trust Account to Arden's Financial Services Account to make a payment on an "Amex Starwood" credit card; and

2) On or about February 14, 2008, Respondents caused \$793.40 to be transferred from the Arden Trust Account to Arden's Financial Services Account to make a car payment for a 2003 Lincoln Navigator; and

3) On or about February 14, 2008, Respondents caused \$744.98 to be transferred from the Arden Trust Account to Arden's Financial Services Account to make a car payment for a Dodge Sprinter; and

4) On or about January 9, 2008, Respondents caused \$2,500.00 to be transferred from the Arden Trust Account to Arden's Financial Services Account to make a payment on a "Starwood Amex" credit card; and

5) On or about May 6, 2008, Respondents caused \$2,404.00 to be transferred from the Arden Trust Account to Arden's Financial Services Account for "NY Jets: 2008 Season Tickets"; and

6) On or about May 28, 2008, Respondents caused \$920.16 to be transferred from the Arden Trust Account to Arden's Financial Services Account to make a "Mercedes Benz Payment"; and

7) On or about May 29, 2008, Respondents caused \$65,770.80 to be transferred from the Arden Trust Account to Arden's Financial Services Account for an "Amex May Payment"; and

8) On or about June 5, 2008, Respondents caused \$1,000.00 to be transferred from the Arden Trust Account to Arden's Financial Services Account to make a payment on a "Schwab Visa" credit card; and

9) On or about June 24, 2008, Respondents caused to be transferred \$80,223.55 from the Arden Trust Account into Arden's Financial Services Account for a "BOA Payment"; and

10) On or about July 7, 2008, Respondents caused \$1,000.00 to be transferred from the Arden Trust Account to Arden's Financial Services Account to make a payment on a "Schwab Visa" credit card; and

11) On or about August 22, 2008, Respondents caused \$924.26 to be transferred from the Arden Trust Account to Arden's Financial Services Account to make a Mercedes Benz car payment; and

12) On or about September 2, 2008, Respondents caused \$2,000.00 to be transferred from the Arden Trust Account to Arden's Financial Services Account to make a payment on an "Amex Starwood" credit card bill; and

13) On or about September 11, 2008, Respondents caused \$1,000.00 to be transferred from the Arden Trust Account to Arden's Financial Services Account to make a payment on a "Schwab Visa" credit card bill; and

14) On or about September 25, 2008, Respondents caused \$1,000.00 to be transferred from the Arden Trust Account to Arden's Financial Services Account to make a payment on a "Schwab Visa" credit card bill; and

15) On or about October 9, 2008, Respondents caused \$2,797.80 to be transferred from the Arden Trust Account to Arden's Financial Services Account to make a payment on an "Amex Starwood" credit card bill using Arden Financial Services Account funds; and

IT FURTHER APPEARING THAT, every transfer of premium funds from the Arden Trust Account to the Arden Financial Services Account was an unlawful withdrawal of premium funds, in violation of N.J.S.A. 17:22A-40a(2), (4), (8), (16); N.J.A.C. 11:17C-2.1(a)-(b); N.J.A.C. 11:17C-2.2(a)13; N.J.A.C. 11:17C-2.2(b); N.J.A.C. 11:17C-2.3(a)1-(a)2; N.J.A.C. 11:17C-2.3(g); and N.J.A.C. 11:17A-4.10; and

IT FURTHER APPEARING THAT, every withdrawal of premium funds from the Arden Financial Services Account to pay for personal items or expenses was an unlawful conversion and/or misappropriation of premium funds, in violation of N.J.S.A. 17:22A-40a(2), (4), (8), (16); N.J.A.C. 11:17C-2.1(a)-(b); N.J.A.C. 11:17C-2.2(a)13; N.J.A.C. 11:17C-2.2(b); N.J.A.C. 11:17C-2.3(a)1-(a)2; N.J.A.C. 11:17C-2.3(g); and N.J.A.C. 11:17A-4.10; and

COUNTS 2-32 (Amended)
(Premium Defalcation and Misappropriation)

IT APPEARING THAT, Respondents engaged in a broad pattern of premium defalcation, conversion and/or misappropriation, in which Respondents accepted premiums from insureds and did not timely remit and in some cases never remitted these premiums to the appropriate insurers as detailed in the chart below:

INSURED	CARRIER	POLICY NO.	POLICY EFFECTIVE DATE	PREMIUM PAID¹	DATE PREMIUM PAID BY INSURED	DATE PREMIUM FULLY REMITTED TO CARRIER BY RESPONDENTS
Smart, LLC	Zurich Ins. Group	FIDXXXX 33-00	2/13/07	\$10,000	On or about 3/8/07	On or about 12/4/08
Pacer International, Inc.	Zurich Ins. Group	DOCXXXX 83-00	6/13/07	\$180,000	On or about 7/13/07	On or about 12/4/08
DGSE Companies, Inc.	Zurich Ins. Group	DOCXXXX 66-02	8/13/07	\$10,500	On or about 9/4/07	On or about 12/4/08
Mylan Labs	Zurich Ins. Group	DOCXXXX 91-02	9/30/07	\$741,445	On or about 10/05/07	On or about 12/4/08
Baruch College Fund	Zurich Ins. Group	DOCXXXX 05-00	12/29/07	\$17,500	On or about 1/03/08	On or about 12/4/08
Nat'l Health Investors, Inc.	Zurich Ins. Group	DOCXXXX 61-00	4/01/08	\$119,000	In or around April 2008	On or about 12/4/08
Nat'l Healthcare Corp.	Zurich Ins. Group	DOCXXXX 74-01	4/01/08	\$132,500	In or around April 2008	On or about 12/4/08
MTR Gaming Group, Inc.	Zurich Ins. Group	DOCXXXX 83-05	1/30/08	\$119,000	On or about 2/15/08	On or about 12/4/08
Specialty Underwriters	Great American Ins. Group	DOLXXX 5286	10/01/08	\$119,000	On or about 10/16/08	To date unremitted
Specialty Underwriters	Great American Ins. Group	EPLXXX 3702	12/29/08	\$9,694.40	On or about 10/16/08	To date unremitted

¹ "Premium Paid" may include fees and/or taxes, may be a gross or net premium, and may be financed.

American Head and Neck Society	Great American Ins. Group	EPPXXX 6166	09/04/08	\$2,630	In or around September 2008	On or about 1/15/10
Int'l Arts Movement	Great American Ins. Group	EPPXXX 4705	1/01/08	\$1,705	In or around January 2008	On or about 1/15/10
HLB USA, Inc.	Great American Ins. Group	EPPXXX 8863	10/03/08	\$1,795	In or around October 2008	On or about 1/15/10
Friends of Trinity Strand Trail	Great American Ins. Group	EPPXXX 7742	10/13/08	\$1,400	In or around October 2008	On or about 1/15/10
Found'n For Human Movement Studies	Great American Ins. Group	EPPXXX 8780	9/12/08	\$3,100	In or around September 2008	On or about 1/15/10
Metropolitan Black Bar Assoc.	Great American Ins. Group	EPPXXX 4762	1/24/09	\$995	In or around January 2009	On or about 1/15/10
The Shanghai Initiative for Advanced Studies	Great American Ins. Group	EPPXXX 1882	8/01/08	\$1,465	In or around August 2008	On or about 1/15/10
Florida Historical Society	Great American Ins. Group	EPPXXX 5818	6/01/08	\$1,325	In or around June 2008	On or about 1/15/10
Specialty Underwriters	Indian Harbor (XL Ins. Subsidiary)	ELUXXXX 72-09	1/23/09	\$160,828.50	On or about 2/05/09	To date unremitted
Berenson & Co., Inc.	Indian Harbor (XL Ins. Subsidiary)	ELUXXXX 86-08	11/30/08	\$119,000	In or around December 2008	To date unremitted
Legacy Home Loans, Inc.	Greenwich Ins. Co. (XL Ins. Subsidiary)	ELUXXXX 06-08	6/13/08	\$4,200	In or around June 2008	To date unremitted
Specialty Underwriters	XL Specialty Ins. Co. (XL Ins. Subsidiary)	ELUXXXX 62-08	10/01/08	\$105,000	On or about 10/16/08	On or about 12/17/09

Creation Investments Social Ventures Fund	XL Specialty Ins. Co. (XL Ins. Subsidiary)	ELUXXXX 55-08	9/19/08	\$29,750	In or around September 2008	To date unremitted
Integrated Business Systems & Services	XL Specialty Ins. Co. (XL Ins. Subsidiary)	ELUXXXX 92-09	3/17/09	\$2,960	On or about 4/14/09	To date unremitted
Pacer International, Inc.	Travelers Ins. Co.	ECXXXX 2484	6/13/09	\$155,000	7/08/09	On or about 11/12/09
Pacer International, Inc.	AIG Group	XX-XXX-92-55	6/13/09	\$29,750	7/08/09	On or about 11/09/09
Pacer International, Inc.	Allied World Assurance Corp.	XXXX-7428	6/13/09	\$61,300	7/08/09	On or about 8/21/09
Pacer International, Inc.	Liberty Int'l Underwriters	XXXXX9-019	6/13/09	\$65,875	7/08/09	On or about 7/20/09
Pacer International, Inc.	Axis Ins. Co.	MNNXXX X15/01/2009	6/13/09	\$65,560	7/08/09	On or about 12/01/09
CareGuide	The Camden Fire Ins. Ass'n	MCP-XXXX-08	10/20/08	\$52,650	In or around 2008	Unremitted but policy canceled with no loss to carrier but apparent loss to insured ²
CareGuide	Navigators Insurance Company	NY08DOL XXXX43IV	In or around 2008	\$71,823.80	In or around 2008	Unremitted but policy canceled with no loss to carrier but apparent loss to insured ³

² Although Camden Fire did not suffer financial loss as a result of Respondents' defalcation of premium for this policy because coverage was voided *ab initio*, it appears that the insured, CareGuide, did. At this time, however, CareGuide appears to have closed and we have thus far been unable to make contact with its former principal(s).

³ Although Navigators did not suffer financial loss as a result of Respondents' defalcation of premium for this policy because coverage was voided *ab initio*, it appears that the insured, CareGuide, did. At this time, however, CareGuide appears to have closed and we have thus far been unable to make contact with its former principal(s).

IT FURTHER APPEARING THAT, the premiums unremitted by Respondents in Counts 2-32 as of this date total \$569,906.70; and

IT FURTHER APPEARING THAT, Respondents' defalcation, conversion and/or misappropriation of the premiums enumerated in the above chart constituted violations of N.J.S.A. 17:22A-40a(2), N.J.S.A. 17:22A-40a(4), N.J.S.A. 17:22A-40a(8), N.J.S.A. 17:22A-40a(16), N.J.A.C. 11:17A-4.10, N.J.A.C. 11:17C-2.1(a), N.J.A.C. 11:17C-2.2(a) and N.J.A.C. 11:17C-2.2(b); and

COUNT 33

(Submission of \$741,445 Premium Check Returned for Insufficient Funds)

IT APPEARING THAT, Respondents sold a Directors and Officers Liability and Reimbursement Excess policy to Mylan Labs through Zurich, bearing policy number DOCXXXXXXXX91-02, with a policy period of September 30, 2007 to September 30, 2008, and carrying a premium of \$741,445.00; and

IT FURTHER APPEARING THAT, at or near the same time, Respondents sold fourteen other policies to Mylan Labs through Zurich and other insurers which, together with policy DOCXXXXXXXX91-02, carried a combined premium of \$4,099,738.00; and

IT FURTHER APPEARING THAT, to pay the combined premium for all fifteen policies, Mylan Labs wired \$4,099,738.00 to Respondents on or about October 5, 2007; and

IT FURTHER APPEARING THAT, by invoice dated October 13, 2007, Zurich billed Respondents for payment of the premium for the Mylan Labs policy, due October 30, 2007; and

IT FURTHER APPEARING THAT, Respondents sent Zurich a check, dated June 5, 2008, in the amount of \$741,445.00, for the Mylan Labs policy; however, the check was returned for insufficient funds; and

IT FURTHER APPEARING THAT, Zurich gave Respondents notice that the check was returned for insufficient funds; and

IT FURTHER APPEARING THAT, Respondents did not fully remit the premiums owed Zurich for the Mylan Labs policy until December 4, 2008; and

IT FURTHER APPEARING THAT, Respondents' submission of a bad check to Zurich violated N.J.S.A. 17:22A-40a(4), and N.J.S.A. 17:22A-40a(8); and

COUNT 34
(Unlicensed Practice of Insurance by Brian Mohen and Facilitation Thereof by Lisa Mohen and Arden)

IT APPEARING THAT, Brian Mohen, who has never been a licensed producer, held himself out as such, solicited and/or negotiated insurance business for Respondents, in addition to handling the collection and remittance of premiums for numerous policies; and

IT FURTHER APPEARING THAT, Lisa Mohen, then a licensed New Jersey producer, routinely sold insurance policies, knowing that the business had been solicited and/or negotiated by Brian Mohen without a license; and

IT FURTHER APPEARING THAT, Brian Mohen, who has never been a licensed New Jersey producer, held himself out as such, and substantially assisted in soliciting and/or negotiating the insurance business set forth in this Count, each instance of which constituted a separate and distinct violation of N.J.S.A. 17:22A-29; and

IT FURTHER APPEARING THAT, Lisa Mohen and Arden knowingly facilitated and/or assisted Brian Mohen, whom they knew to be unlicensed as an insurance producer in this State, in his solicitation and/or negotiation of the insurance business set forth in this Count, and accepted the insurance business he procured as a result, each instance of which constituted a separate and distinct violation of N.J.S.A. 17:22A-40a(8), (12), and (16); and

COUNT 35 (AMENDED)
(Conviction of Lisa Mohen for Crimes in the Third Degree)

IT APPEARING THAT, on October 28, 2013, Lisa Mohen pleaded guilty in Somerset County Superior Court, Criminal Division, to the following: (1) one count of Misapplication of Entrusted Property and Property of Government or Financial Institution in the Third Degree, in violation of N.J.S.A. 2C:21-15, and (2) two counts of Failure to File Tax Returns in the Third Degree, in violation of N.J.S.A. 54:52-8; and

IT FURTHER APPEARING THAT, on October 28, 2013, Brian Mohen pleaded guilty in Somerset County Superior Court, Criminal Division, to the following: (1) one count of Misapplication of Entrusted Property and Property of Government or Financial Institution in the Second Degree, in violation of N.J.S.A. 2C:21-15, and (2) two counts of Failure to File Tax Returns in the Third Degree, in violation of N.J.S.A. 54:52-8; and

IT FURTHER APPEARING THAT, the Somerset County Superior Court, Criminal Division, accepted the guilty pleas of Lisa Mohen and Brian Mohen after making, among others, the following findings:

1. That Lisa Mohen was “the president of Arden while the codefendant, Brian Mohen, was a director and corporate secretary for the company.”
2. That “between March of 2007 and June of 2010 [the codefendants] . . . acting as principals of Arden Financial, were subject to producer agreements which established a fiduciary relationship between [the codefendants] and the insurance companies with whom [they] dealt requiring that all insurance premiums received be held in a segregated trust account.”

3. That “[t]hese producer agreements, as well as NJ law, prohibited the commingling of premiums with any other funds and misappropriation or conversion of these premiums to your own use.”
4. That “insurance premiums received by [both codefendants] were placed in the company trust account, which was commingled with the office bank account [and that] [t]he funds were subsequently used by [the codefendants] to pay for personal expenses and company expenses rather than to pay the insurance companies with whom [they] were under contract.”
5. That the codefendants “failed to file a NJ tax return for calendar years 2008 and 2009 and failed to seek extensions to file these returns [and] [a]s a result [the codefendants] failed to pay NJ income tax of \$49,911.50 in 2008 and \$21,969.68 in 2009.”
6. That the criminal investigation “determined that the total amount stolen from the insurance companies with whom [the codefendants] were contracted was \$660,446.70.”

IT FURTHER APPEARING THAT, for the foregoing violations, among others, the Somerset County Superior Court, Criminal Division, sentenced Lisa Mohen (1) to serve five years of non-custodial probation, (2) to “Revocation/forfeiture of Insurance Producers License,” and (3) to “[p]ay restitution, jointly and several, with co-defendant Brian Mohen . . . [to] [i]nsurance carriers in the amount of \$660,446.70 and . . . [to the] State of NJ income tax . . . in the amount of \$116,451.68”; and

IT FURTHER APPEARING THAT, for the foregoing violations, among others, the Somerset County Superior Court, Criminal Division, sentenced Brian Mohen (1) to serve five

years in New Jersey State Prison, (2) to “Revocation/forfeiture of Insurance Producers License,” and (3) to “[p]ay restitution, jointly and several, with co-defendant Lisa Stanko-Mohen . . . [to] [i]nsurance carriers in the amount of \$660,446.70 and . . . [to the] State of NJ income tax . . . in the amount of \$116,451.68”; and

IT FURTHER APPEARING THAT, the restitution to the insurance carriers ordered by the court did not include 1) a premium of \$29,750.00 owed to XL Specialty Insurance Co. for policy ELUXXXX55-08, 2) a premium of \$2,960 owed to owed to XL Specialty Insurance Co. for policy ELUXXXX92-09, 3) a premium of \$47,633.07 owed to Scottsdale Insurance Company for policy ABI-XXX921 (see Count 36), and 4) a premium of \$31,948.45 owed to American Safety Indemnity Company (see Count 37), for which the Commissioner also seeks restitution; and

IT FURTHER APPEARING THAT, Lisa Mohen committed crimes of the fourth degree or higher and failed to pay income tax as part of a criminal enterprise with Brian Mohen, in violation of N.J.S.A. 17:22A-40a(2), (6),(8),(14),(16) and (17); and

COUNT 36-38 (AMENDED – NEW)
(Use of “Buttonwood Excess and Surplus, Inc.” Entity to Defalcate Premiums)

IT APPEARING THAT, Buttonwood Excess & Surplus, Inc. (“Buttonwood”) was a formerly licensed New Jersey insurance agency; and

IT FURTHER APPEARING THAT, Respondents exercised substantial if not complete control of Buttonwood and its business dealings; and

IT FURTHER APPEARING THAT, at all relevant times, Lisa Mohen served as the broker of record for Buttonwood under the alias “Maria Russo”; and

IT FURTHER APPEARING THAT, at all relevant times, Brian Mohen, served as an officer of Buttonwood under the alias of “Tom Larkin”; and

IT FURTHER APPEARING THAT, at all relevant times, Buttonwood was merely a shell company used by Respondents; and

IT FURTHER APPEARING THAT, Respondents used Buttonwood as their agent to place certain insurance policies; and

IT FURTHER APPEARING THAT, Respondents held themselves out as the “wholesale” insurance broker for Buttonwood when dealing with certain carriers; and

IT FURTHER APPEARING THAT, Respondents engaged in a pattern of premium defalcation, conversion and/or misappropriation, in which Respondents, through and/or with the Buttonwood entity, accepted premiums from three insureds and never remitted these premiums to the appropriate insurers as detailed in the chart below:

INSURED	CARRIER	POLICY NO.	POLICY EFFECTIVE DATE	PREMIUM PAID⁴	DATE PREMIUM PAID BY INSURED	DATE PREMIUM FULLY REMITTED TO CARRIER BY RESPONDENTS
Programs Plus, Inc.	Scottsdale Insurance Company	ABI-XXX921	4/01/11	\$47,663.07	On or about 4/08/11	To date unremitted
Innovative Risk Management, Inc.	American Safety Indemnity Company	ENO-XXXXXXX-11-01	4/01/11	\$31,948.45	On or about 4/06/11	To date unremitted
Armour Residential REIT, Inc.	Catlin Specialty Insurance Company	DOP-XXXX0-110	11/06/09	\$123,250	In or around November 2009	To date unremitted

IT FURTHER APPEARING THAT, the premiums unremitted by Respondents in Counts 36-38 as of this date total \$202,861.52, which, together with the premiums cited in Counts 2-32, totals \$772,768.22 in premiums unremitted by Respondents to date; and

⁴ “Premium Paid” may include fees and/or taxes, may be a gross or net premium, and may be financed.

IT FURTHER APPEARING THAT, Respondents' defalcation, conversion and/or misappropriation of the premiums enumerated in the above chart constituted violations of N.J.S.A. 17:22A-40a(2), N.J.S.A. 17:22A-40a(4), N.J.S.A. 17:22A-40a(8), N.J.S.A. 17:22A-40a(16), N.J.A.C. 11:17A-4.10, N.J.A.C. 11:17C-2.1(a), N.J.A.C. 11:17C-2.2(a) and N.J.A.C. 11:17C-2.2(b); and

NOW THEREFORE, IT IS on this _____ day of _____, 2015

ORDERED, that Lisa Mohen and Arden appear and show cause why their inactive New Jersey insurance producer licenses should not be subject to revocation by the Commissioner and why they should not be fined up to \$5,000.00 for the first violation and not exceeding \$10,000.00 for each subsequent violation, pursuant to N.J.S.A. 17:22A-40a and N.J.S.A. 17:22A-45c; and

IT IS FURTHER ORDERED, that Brian Mohen appear and show cause why he should not be fined up to \$5,000.00 for the first violation and not exceeding \$10,000.00 for each subsequent violation, pursuant to N.J.S.A. 17:22A-40a and N.J.S.A. 17:22A-45c; and

IT IS FURTHER ORDERED, that Respondents appear and show cause why Respondents should not be subject to additional penalties including restitution and reimbursement of the costs of investigation and prosecution authorized pursuant to N.J.S.A. 17:22A-45c; 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 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 requested 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 and the Commissioner shall dispose of this matter in

accordance with the 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. The request shall contain:

- (a) The Respondent's name, address and daytime telephone number;
- (b) A specific admission or denial of each fact alleged in this Order to Show Cause. Where the party 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
- (c) A statement referring to each charge alleged in this Order to Show Cause and identifying any factual or legal 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; and
- (d) A statement requesting a hearing.



Peter L. Hart
Director of Insurance