

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceedings by the Commissioner of Banking)	ORDER
and Insurance, State of New Jersey, to fine, suspend)	TO
and/or revoke the insurance producer license of)	SHOW CAUSE
Mordechai Rubin, Ref. No. 1142128		

TO: Mordechai Rubin
390 Berry Street
Brooklyn, NY 11211

Mordechai Rubin
58 Whispering Pines Lane
Lakewood, NJ 08701

This matter, having been opened to the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that Mordechai Rubin, (“Rubin”), formerly licensed as a nonresident individual insurance producer pursuant to N.J.S.A. 17:22A-34 until April 30, 2013 when his license expired, may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Respondent Rubin is subject to the provisions of the New Jersey Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 et seq. (“Producer Licensing Act”), Trade Practices and Discriminations, N.J.S.A. 17B:30-1 et seq., and the rules governing same; 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(5), an insurance producer shall not intentionally misrepresent the terms of an actual or proposed insurance contract, policy, or application for insurance; 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(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 any insurance laws; and

WHEREAS, pursuant to N.J.S.A. 17:22A-45, the Commissioner shall have the power to conduct investigations, to administer oaths, to interrogate licensees and other, and to issue subpoenas to any licensee or any other person in connection with any investigation, hearing, or other proceeding pursuant to the Producer Licensing Act, without fee; and

WHEREAS, pursuant to N.J.S.A. 17B:30-2, no person shall engage in this State in any trade practice which is defined in this chapter as or determined pursuant to this chapter to be an unfair method of competition or an unfair or deceptive act or practice in the business of life insurance, health insurance, or annuity; and

WHEREAS, pursuant to N.J.S.A. 17B:30-13, except as otherwise expressly provided by law, no person shall knowingly make, permit to be made or offer to make any contract of life insurance, annuity, or health insurance, or agreement as to such contract other than as plainly expressed in the contract issued thereon, or pay or allow, or give or offer to pay, allow, or give, directly or indirectly, as an inducement to such insurance, or annuity, any

rebate of premiums or considerations payable on the contract or of any agent's, solicitor's, or broker's commission relating thereto, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract; or give, or sell, or purchase or offer to give, sell, or purchase as an inducement to such insurance or annuity or insurance company or other corporation, association, or partnership or any dividends or profits accrued thereon, or anything of value whatsoever not specified in the contract; and

WHEREAS, pursuant to N.J.A.C. 11:17A-2.3, no insurance producer shall offer, make or give, or permit to be offered, made or given, to any person directly or indirectly, an inducement to purchase insurance other than that plainly expressed in the insurance contract; and

WHEREAS, pursuant to N.J.A.C. 11:17A-4.8, an insurance producer shall reply, in writing, to any inquiry of the New Jersey Department of Banking and Insurance ("DOBI") relative to the business of insurance within the time requested in said inquiry, or no later than fifteen (15) calendar days from the date the inquiry was made or mailed in cases where no response time is given; and

ALLEGATIONS COMMON TO ALL COUNTS

IT APPEARING, that between the fall of 2008 and July 2009, Respondent Rubin spoke with Thomas Cannella regarding obtaining a life insurance policy; and

IT FURTHER APPEARING, that Respondent Rubin offered Cannella \$15,000.00 for using his name to apply for a life insurance policy and told Cannella that he had to be more than seventy (70) years of age and in good health; and

IT FURTHER APPEARING, that Respondent Rubin further advised Cannella that he would not have to pay the premium for the policy and that as soon as the policy was approved, Cannella would receive the \$15,000.00; and

IT FURTHER APPEARING, that Respondent Rubin further stated to Cannella that a “group of guys do it all the time” and informed Cannella that after two (2) years, the insurance policy would not be Cannella’s; and

IT FURTHER APPEARING, that, on or around July 15, 2009, Respondent Rubin completed and submitted an Application for Life Insurance containing untrue, deceptive, and/or misleading financial information to Lincoln Benefit Life Company (“LBLC”), in support of having issued a \$1.5 million life insurance policy for Thomas Cannella, specifically, that Cannella had a total net worth of \$5,775,000, and that Cannella had unearned income of \$475,000 for the two years prior to the application, when, in fact, this information was false; and

IT FURTHER APPEARING, that Thomas Cannella never told Respondent Rubin that he had a net worth of \$5,775,000, or unearned income of \$475,000 for the two years prior to the LBLC life insurance application; and

IT FURTHER APPEARING, that the handwriting on the responses to questions and financial statement on the LBLC life insurance application is not Thomas Cannella’s handwriting; and

IT FURTHER APPEARING, that Thomas Cannella’s son, Vince Cannella, received a stack of already completed documents from Respondent Rubin for him and Thomas Cannella to sign before the LBLC life insurance policy application was submitted to LBLC by Respondent Rubin; and

IT FURTHER APPEARING, that LBLC denied the life insurance policy application for Thomas Cannella submitted by Respondent Rubin to LBLC because it did not meet LBLC's underwriting guidelines; and

IT FURTHER APPEARING, that by letters dated December 18, 2012, and January 22, 2013, DOBI requested Respondent Rubin, by December 31, 2012, and January 31, 2013, respectively, to provide his complete file and written statement of facts, along with supporting documents, and to explain why it was not an inducement and/or financial/material misrepresentations to induce Thomas Cannella and/or LBLC to issue a life insurance policy; and

IT FURTHER APPEARING, that Respondent Rubin failed to respond to DOBI's letters; and

COUNT 1

IT FURTHER APPEARING, that Respondent Rubin fraudulently induced Thomas Cannella to apply for a \$1.5 million life insurance policy with LBLC by offering Cannella \$15,000.00, in violation of N.J.S.A. 17:22A-40a(2), (5), (8), (16) and (17); N.J.S.A. 17B:30-2, -13, -15; and N.J.A.C. 11:17A-2.3; and

COUNT 2

IT FURTHER APPEARING, that Respondent Rubin completed and submitted to LBLC an application for a life insurance policy for Thomas Cannella that contained answers to questions that were untrue, deceptive, and/or misleading, in violation of N.J.S.A. 17:22A-40a(2), (5), (8), (16) and (17); and

COUNT 3

IT FURTHER APPEARING, that Respondent Rubin failed to respond to DOBI's inquiries dated December 18, 2012 and January 22, 2013, specifically, Respondent Rubin failed to provide DOBI with his complete file and written statement of facts, along with supporting documents, and to explain why it was not an inducement and/or financial/material misrepresentations to induce Thomas Cannella and/or LBLC to issue a life insurance policy, in violation of N.J.S.A. 17:22A-40a(2) and N.J.A.C. 11:17A-4.8; and

NOW, THEREFORE, IT IS on this 17th day of JUNE, 2015;

ORDERED, that Respondent Rubin appear and show cause why his nonresident New Jersey insurance producer license should not be suspended or revoked and/or why he should not be subject to civil penalty by the Commissioner pursuant to N.J.S.A. 17:22A-40; and


IT IS FURTHER ORDERED, that Respondent Rubin appear and show cause why the Commissioner should not assess a fine of up to \$5,000.00 for the first violation and \$10,000.00 for each subsequent violation, pursuant to the provisions of N.J.S.A. 17:22A-40 and N.J.S.A. 17:22A-45c; and

IT IS FURTHER ORDERED, that Respondent Rubin appear and show cause why, in addition to any other penalty, he should not be required to reimburse the Department for the cost of the investigation and prosecution authorized pursuant to N.J.S.A. 17:22A-45c; and

IT IS PROVIDED, that Respondent Rubin 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 Rubin, 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. 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. Hartt
Director of Insurance