

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, )	ORDER TO SHOW CAUSE
and/or revoke the insurance )	
license of Hugh R. Hunsinger, Jr., )	
Reference No. 9472608 )	
_____ )	

TO: Hugh R. Hunsinger, Jr.  
3 Hamilton Place  
Pine Brook, New Jersey 07058

Hugh R. Hunsinger, Jr.  
14 Stiles Lane  
Pine Brook, New Jersey 07058

THIS MATTER, having been opened to the Commissioner of Banking and Insurance ("Commissioner"), State of New Jersey, upon information that Hugh R. Hunsinger, Jr. ("Hunsinger" or "Respondent"), may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, the Respondent was licensed as a resident insurance producer, pursuant to N.J.S.A. 17:22A-32, until his license expired on August 31, 2012; and

WHEREAS, the Respondent is subject to the provisions of the New Jersey Insurance Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 et seq. (the "Producer Act"); and

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

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(6), an insurance producer shall not have been convicted of a felony or 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 in this State or elsewhere; 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-40d, the Commissioner shall retain authority to enforce the provisions of and impose any penalty or remedy authorized by the Producer Act or 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 has been surrendered or has lapsed by operation of law; 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

IT APPEARING that, on or about June 6, 2013, the Financial Industry Regulatory Authority ("FINRA") served a complaint upon Respondent Hunsinger charging him with possible actionable misconduct; and

IT FURTHER APPEARING that, on October 15, 2013, FINRA issued a Default Decision against Respondent; and

IT FURTHER APPEARING that FINRA found and concluded that between 2002 and 2011 Respondent converted customer funds from Individual Retirement Accounts in the total amount of \$1,452,503.57 from HRH and MLH, in violation of NASD Rules 2330(a) and 2110, and FINRA Rules 2150 and 2010; and

IT FURTHER APPEARING that FINRA found and concluded that between 2006 and 2011 Respondent engaged in securities fraud in violation of Section 10(b) of the Securities and Exchange Act of 1934 and Rule 10b-5 of the Securities and Exchange Commission and willfully violated FINRA Rules 2010, 2020 and NASD Rule 2120 by convincing HRH and MLH to sell securities to purchase an annuity, even though Respondent intended to, and did, use the sales proceeds

for his own purposes and then made repeated false statements to HRH and MLH that the investment had been made, when, in fact, it had not been made; and

IT FURTHER APPEARING that FINRA found and concluded that on November 23, 2011 and December 12, 2011, respectively, FINRA requested Respondent to provide information and documents related to its investigation and Respondent failed to provide information requested by FINRA in violation of FINRA Rule 8210; and

IT FURTHER APPEARING that the FINRA's Default Decision dated October 15, 2013 ordered that Respondent Hunsinger be barred from associating with any FINRA member firm in any capacity for converting customers' funds, engaging in securities fraud and for failing to respond in any manner to FINRA's requests for information; and

IT FURTHER APPEARING that FINRA's Default Decision dated October 15, 2013 ordered that Respondent Hunsinger pay restitution in the principal amount of \$1,452,503.57, plus interest from July 8, 2011, until paid in full; and

IT FURTHER APPEARING that Respondent's misappropriation of customer funds constitutes violations of N.J.S.A. 17:22A-40a(2), (4), and (8); and

IT FURTHER APPEARING that Respondent committed fraudulent acts when he made material false and misleading statements in the sale of securities and failed to purchase an annuity as promised as set

forth above in violation of N.J.S.A. 17:22A-40a(16) and N.J.A.C. 11:17A-4.10; and

COUNT 2

IT FURTHER APPEARING, on August 6, 2013, Respondent pleaded guilty in an action brought in the Superior Court, Bergen County, bearing docket number BER-13-08-1074-A to criminal Accusation No. 1074 charging him with second degree Theft by Unlawful Taking in violation of N.J.S.A. 2C:20-3a; and

IT FURTHER APPEARING, on November 14, 2013, a Judgment of Conviction and Order of Commitment was entered against Respondent sentencing him to 5 years at the Department of Corrections; and

IT FURTHER APPEARING that the Superior Court action was related to the same conduct of Respondent as described above in Count 1; and

IT FURTHER APPEARING that on August 6, 2013, Respondent entered into a Consent Judgment in favor of HRH and MLH in the amount of \$1,354,496.44; and

IT FURTHER APPEARING that, on November 20, 2013, an Order of Suspension was entered by the Honorable Edward A. Jerejian, J.S.C. against Respondent ordering that Respondent's New Jersey insurance producer license be suspended for a period of five years and that the Order did not prevent the New Jersey Department of Banking and Insurance from taking any other action permitted by law against the Respondent; and

IT FURTHER APPEARING that Respondent's criminal conviction for Theft by Unlawful Taking in the Second Degree constitutes a violation of N.J.S.A. 17:22A-40a(6); and

NOW, THEREFORE, IT IS on this 3<sup>rd</sup> day of March, 2017,

ORDERED that Respondent shall appear and show cause why his insurance producer license shall not be revoked by the Commissioner pursuant to the provisions of N.J.S.A. 17:22A-40a; and


IT IS FURTHER ORDERED that Respondent appear and show cause why the Commission should not assess fines up to \$5,000.00 for the first violation and not exceeding \$10,000.00 for each subsequent violation, pursuant to the provisions of N.J.S.A. 17:22A-45c, due to his failure to comply with New Jersey's insurance laws and regulations; and

IT IS FURTHER ORDERED that Respondent appear and show cause why he should not be subject to additional penalties, including the reimbursement of the costs of investigation and prosecution by the Department of Banking and Insurance and restitution, 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, to call or cross-examine witnesses, to have subpoenas and subpoenas duces tecum 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 the 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 request to the Department at (609) 292-5337. A copy of the request for a hearing shall also be sent to Deputy Attorney General Carl M. Bornmann at fax number (609) 777-3503. The request shall contain;

- (A) The licensee's 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 this 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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Peter W. Hartt  
Director of Insurance