

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, and the New Jersey)
Real Estate Commission, to fine, suspend and/or revoke)
the insurance producer license, Ref. No. 9360862, and)
the real estate salesperson license, Ref. No. 1221718, of)
Ronald M. Patetta)

**ORDER
TO
SHOW CAUSE**

To: Ronald M. Patetta
525 E. Bay Ave., Unit 326
Manahawkin, NJ 08050-7013

This matter, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, and the New Jersey Real Estate Commission (“REC”), upon information that Ronald M. Patetta (“Patetta”) may have violated various provisions of the insurance and real estate laws of the State of New Jersey; and

WHEREAS, Patetta is currently licensed as a resident individual insurance producer, pursuant to N.J.S.A. 17:22A-32a; and

WHEREAS, Patetta is currently licensed as a real estate salesperson pursuant to N.J.S.A. 45:15-1; and

WHEREAS, Patetta is subject to the New Jersey Insurance Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 et seq. (“Producer Act”), the Producer Licensing regulations, N.J.A.C. 11:17-1.1 et seq. and the Real Estate License Act, N.J.S.A. 45:15-1 et seq.; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(1), an insurance producer shall not provide incorrect, misleading, incomplete or materially untrue information in the license application; 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 or of another state's insurance regulator; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(3), an insurance producer shall not obtain or attempt to obtain a license through misrepresentation or fraud; 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(15), an insurance producer shall not intentionally withhold material information or make a material misstatement in an application for a license; 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(18), an insurance producer shall not fail to notify the Commissioner within 30 days of his conviction of any crime, indictment or the filing of any formal criminal charges, or the suspension or revocation of any insurance license or authority by a state, other than this State, or the initiation of formal

disciplinary proceedings in a state, other than this State, affecting the producer's insurance license; or fail to obtain the written consent pursuant to sections 1033 and 1034 of Title 18, United States Code (18 U.S.C. §§ 1033 and 1034); or fail to supply any documentation that the Commissioner may request in connection therewith; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40d, 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 violations 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-45c, any person violating any provision of the Producer Act shall be liable to a penalty not exceeding \$5,000 for the first offense and not exceeding \$10,000 for each subsequent offense, to be recovered in a summary proceeding in accordance with the "Penalty Enforcement Law of 1999," P.L.1999, c. 274 (C. 2A:58-10 et seq.); additionally, the Commissioner or the court as the case may be, may order restitution of moneys owed any person and reimbursement of the costs of investigation and prosecution, as appropriate; and

WHEREAS, pursuant to N.J.S.A. 45:15-17(e), a real estate salesperson shall not engage in any conduct which demonstrates unworthiness, incompetency, bad faith or dishonesty; and

WHEREAS, pursuant to N.J.S.A. 45:15-17(h), a real estate salesperson shall not be convicted of a crime, knowledge of which the REC did not have at the time of last issuing a real estate license to the licensee; and

WHEREAS, pursuant to N.J.S.A. 45:15-17(l), a real estate salesperson shall not engage in any other conduct, whether of the same or a different character than specified in this section, which constitutes fraud or dishonest dealing; and

WHEREAS, pursuant to N.J.S.A. 45:15-17(n), a real estate salesperson shall not procure a real estate license, for himself or anyone else, by fraud, misrepresentation or deceit; and

WHEREAS, pursuant to N.J.S.A. 45:15-17(s), a real estate salesperson shall not fail to notify the REC within 30 days of having been convicted of any crime, misdemeanor or disorderly persons offense, or of having been indicted, or of the filing of any formal criminal charges, or of the suspension or revocation of any real estate license issued by another state, or of the initiation of formal disciplinary proceedings in another state affecting any real estate license held, or fail to supply any documentation available to the licensee that the REC may request in connection with such matter; and

WHEREAS, pursuant to N.J.S.A. 45:15-19.1, when, during the term of any license issued by the REC, the licensee shall be convicted in a court of competent jurisdiction in the State of New Jersey or any state (including federal courts) of forgery, burglary, robbery, any theft or related offense with the exception of shoplifting, criminal conspiracy to defraud, or other like offense or offenses, or any crime involving, related to or arising out of the licensee's activities as a real estate broker, broker-salesperson, salesperson or referral agent, and a duly certified or exemplified copy of the judgment of conviction shall be obtained by the REC, the REC shall revoke forthwith the license by it theretofore issued to the licensee so convicted; and

WHEREAS, pursuant to N.J.S.A. 45:15-17, the REC may impose a penalty of not more than \$5,000 for the first violation, and a penalty of not more than \$10,000 for any subsequent violation, on any person violating any provision of N.J.S.A. 45:15-17; and

ALLEGATIONS COMMON TO ALL COUNTS

IT APPEARING, that Patetta has been licensed by the New Jersey Department of Banking and Insurance (“Department”) as a resident insurance producer since December 17, 1997; and

IT FURTHER APPEARING, that on November 30, 2011, Patetta was indicted by a federal grand jury on five counts of attempting to evade or defeat tax, in violation of 26 U.S.C. § 7201, for failing to file tax returns for the years 2001 through 2006, during which time he earned \$890,973; and on five counts of filing false tax returns, in violation of 26 U.S.C. § 7206(1), for willfully subscribing to tax returns with false income information; and

IT FURTHER APPEARING, that on December 2, 2011, Patetta applied to the REC for a real estate salesperson license; and

IT FURTHER APPEARING, that Question 2 on the REC’s application asked Patetta, “[i]s there a criminal complaint, disorderly persons charge, a criminal accusation or criminal information presently pending against you or are you presently under indictment in New Jersey, any other state or by the federal government, or are you presently enrolled in new Jersey’s Pre-Trial Intervention (“PTI”) program or any similar State or Federal program involving the deferral of the disposition or sentencing in a criminal matter;” and

IT FURTHER APPEARING, that Patetta answered “No” in response to Question 2; and

IT FURTHER APPEARING, that on December 9, 2011, Patetta sent to the REC a letter informing them that, “on December 1st [Patetta] was indicted by the IRS” and that he “answered question #2 in error, not fully understanding if this applied;” and

IT FURTHER APPEARING, that on January 6, 2012, the REC denied Patetta’s application based on his then pending criminal case; and

IT FURTHER APPEARING, that on February 2, 2012, Patetta appealed the denial of his application; and

IT FURTHER APPEARING, that by letter dated April 4, 2012, the REC informed Patetta that he was granted a real estate salesperson license on a probationary basis, which was to terminate upon the resolution of his then-pending criminal case; and

IT FURTHER APPEARING, that as a condition of his probationary license, Patetta was required to, among other things, notify the REC in writing within 30 days of any verdict or guilty plea or other disposition of the criminal charges then pending, as required by N.J.S.A. 45:5-17(s); and if Patetta failed to do so, his license would be suspended pending further hearing before the REC; and

IT FURTHER APPEARING, that on April 29, 2013, Patetta pleaded guilty to one count of tax evasion, in violation of 26 U.S.C. § 7201; and

IT FURTHER APPEARING, that on December 16, 2013, Patetta was convicted of one count of tax evasion, in violation of 26 U.S.C. § 7201, and was sentenced to federal prison for a term of seven months, followed by a term of three years of supervised release; and

IT FURTHER APPEARING, that Patetta's insurance producer license would have expired on December 31, 2013 had he not voluntarily surrendered said license prior to that date; and

IT FURTHER APPEARING, that on December 16, 2013, Patetta voluntarily surrendered his insurance producer license by filing with the Department an Insurance Producer Request for License Surrender/ Status Change Form; and

IT FURTHER APPEARING, that Patetta failed to inform the REC in writing of his guilty plea or conviction, as required by the terms of his probationary real estate salesperson license; and

IT FURTHER APPEARING, that on October 27, 2014, Patetta filed with the Department a late application to renew his insurance producer license, despite having voluntarily surrendered his license on December 16, 2013; and

IT FURTHER APPEARING, that Patetta failed to disclose to the Department on his October 27, 2014 renewal application that he had been convicted of felony tax evasion or that he had previously surrendered his insurance producer license; and

IT FURTHER APPEARING, that the Department mistakenly processed Patetta's renewal application and renewed his insurance producer license, despite the fact that Patetta had voluntarily surrendered his license, was not eligible to renew or reinstate his license and was required to apply for a new license; and

IT FURTHER APPEARING, that on December 11, 2015, Patetta filed with the Department an application to renew his insurance producer license; and

IT FURTHER APPEARING, that Patetta failed to disclose to the Department on his December 11, 2015 renewal application that he had been convicted of felony tax evasion or that he had previously surrendered his insurance producer license; and

IT FURTHER APPEARING, that the Department processed Patetta's renewal application and renewed his insurance producer license; and

IT FURTHER APPEARING, that Patetta never obtained the written consent of the Commissioner to engage or participate in the business of insurance, as required by 18 U.S.C. § 1033(e)(2); and

IT FURTHER APPEARING, that on May 8, 2015 and April 11, 2017, Patetta completed REC Qualifying Questionnaires and failed to disclose to the REC in either Questionnaire that he had been convicted of felony tax evasion or that he had voluntarily surrendered his insurance producer license; and

COUNT 1

IT FURTHER APPEARING, that Patetta's conviction on charges of felony tax evasion constitutes violations of N.J.S.A. 17:22A-40a(6) and (16); and

COUNT 2

IT FURTHER APPEARING, that Patetta failed to notify the Commissioner within 30 days of his conviction for felony tax evasion, in violation of N.J.S.A. 17:22A-40a(2) and (18); and

COUNT 3

IT FURTHER APPEARING, that Patetta failed to obtain the written consent of the Commissioner before he engaged or participated in the business of insurance after he was

convicted of felony tax evasion, in violation of 18 U.S.C. § 1033(c)(2), and N.J.S.A. 17:22A-40a(2) and (18); and

COUNT 4

IT FURTHER APPEARING, that Patetta failed to disclose that he was convicted of felony tax evasion or that he had voluntarily surrendered his insurance producer license on the insurance producer license renewal applications that he filed with the Department on October 27, 2014 and December 11, 2015, in violation of N.J.S.A. 17:22A-40a(1), (2), (3), (15), and (16); and

COUNT 5

IT FURTHER APPEARING, that Patetta's conviction on charges of felony tax evasion constitutes violations of N.J.S.A. 45:15-17(e), (h), and (l), and subjects Patetta's real estate salesperson license to mandatory revocation, pursuant to N.J.S.A. 45:15-19.1; and

COUNT 6

IT FURTHER APPEARING, that Patetta failed to notify the REC within 30 days of his guilty plea to or conviction of felony tax evasion, in violation of N.J.S.A. 45:15-17(s) and the conditions of his probationary real estate salesperson license; and

COUNT 7

IT FURTHER APPEARING, that Patetta failed to disclose that he was convicted of felony tax evasion or that he had voluntarily surrendered his insurance producer license on REC Qualifying Questionnaires that he filed with the REC on May 8, 2015 and April 11, 2017, in violation of to N.J.S.A. 45:15-17(e) and (n); and

NOW, THEREFORE, IT IS on this 7th day of DECEMBER, 2017;

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

IT IS FURTHER ORDERED, that Patetta appear and show cause why the Commissioner should not assess a fine of up to \$5,000 for the first violation and \$10,000 for each subsequent violation of the Producer Act and order Patetta to pay restitution of moneys owned any person, pursuant to N.J.S.A. 17:22A-40 and 17:22A-45c; and

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

IT IS FURTHER ORDERED, that Patetta appear and show cause why the real estate salesperson license issued to him shall not be revoked by the REC pursuant to N.J.S.A. 45:15-17; and

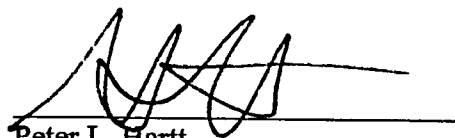
IT IS FURTHER ORDERED, that Patetta appear and show cause why he should not be fined up to \$5,000 for the first violation, and up to \$10,000 for each subsequent violation of the Real Estate License Act, pursuant to N.J.S.A. 45:15-17; and

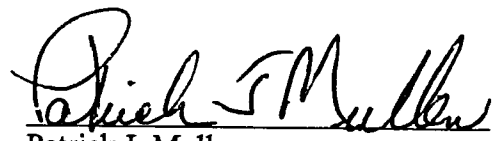
IT IS PROVIDED, that Patetta has the right to request an administrative hearing for the alleged violations of the Producer Act and the Real Estate License Act, to be represented by counsel or other qualified representative at his own expense, to take testimony, to call or cross-examine witnesses, to 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 Patetta, 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; and by mailing the request to Patricia Coppel, Regulatory Officer, Department of Banking and Insurance, P.O. Box 328, Trenton, New Jersey 08625, or by faxing the hearing request to the REC at (609) 292-0944. The request shall contain the following:

- (a) The licensee'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 licensee 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


Patrick J. Mullen
Director of Banking
New Jersey Real Estate Commission