ORDER NO. E24-62

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, and/or revoke the insurance license of Jeffrey Glaser, Reference No. 8201201.	CONSENT ORDER

TO: Jeffrey Glaser
c/o Harris Katz, Esq.
Winget Spadafora Schwartzberg, LLP
45 Broadway, 32nd Fl.
New York, NY 10006

THIS MATTER, having been opened by the Commissioner of Banking and Insurance ("Commissioner"), State of New Jersey, alleging that Jeffrey Glaser ("Respondent"), may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, at all relevant times, Respondent is licensed as a resident individual insurance producer in the State of New Jersey pursuant to N.J.S.A.17:22A-32(a); 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

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a)(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-40(a)(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-40(a)(8), an insurance producer shall not use any fraudulent, coercive, or dishonest practices, or demonstrate incompetence or untrustworthiness in the conduct of insurance business; and

WHEREAS, pursuant to N.J.A.C. 11:4-2.3(a), an insurance producer shall submit as part of an application whether the applicant has existing policies or contracts; and

WHEREAS, pursuant to N.J.A.C. 11:4-2.8(a), an insurance producer shall not intentionally record an incorrect answer or fail to ask an applicant pertinent questions regarding financing or replacement of existing policies or contracts; and

WHEREAS, pursuant to N.J.S.A. 17B:30-6, no person shall make any misleading representation or incomplete or fraudulent comparison of any insurance policies or annuity contracts or insurers for the purpose of inducing, or tending to induce, any person to lapse, forfeit, surrender, terminate, retain, or convert any insurance policy or annuity contract, or to take a policy of insurance or annuity contract in another insurer; and

WHEREAS, pursuant to N.J.A.C. 11:4-59A.3(a)(1), an insurance producer shall have reasonable grounds for believing that the recommendation is suitable for the consumer on the basis of the facts disclosed by the consumer as to his or her investments and other insurance products and as to their financial situation and needs, including the consumer's suitability information, and that there is a reasonable basis to believe the consumer has been reasonably informed of various features of the annuity, such as the potential surrender period and surrender charge; potential tax penalty if the consumer sells, exchanges, surrenders, or annuitizes the annuity; mortality and expense fees; investment advisory fees; potential charges for and features of riders; limitations on interest returns; insurance and investment components; and market risk; and

WHEREAS, pursuant to N.J.A.C. 11:4-59A.3(a)(3), an insurance producer shall have reasonable grounds for believing that the recommendation is suitable for the consumer on the basis of the facts disclosed by the consumer as to his or her investments and other insurance products and as to their financial situation and needs, including the consumer's suitability information, and that there is a reasonable basis to believe the particular annuity as a whole, the underlying subaccounts to which funds are allocated at the time of purchase or exchange of the annuity, and riders and similar product enhancements, if any, are suitable (and in the case of an exchange or replacement, the transaction as a whole is suitable) for the particular consumer based on his or her suitability information; and

WHEREAS, pursuant to N.J.A.C. 11:4-59A.3(a)(4)(i), an insurance producer shall have reasonable grounds for believing that the recommendation is suitable for the consumer on the basis of the facts disclosed by the consumer as to his or her investments and other insurance products and as to their financial situation and needs, including the consumer's suitability information, and that there is a reasonable basis to believe, in the case of an exchange or replacement of an annuity, the exchange or replacement is suitable including taking into consideration whether the consumer will incur a surrender charge, be subject to the commencement of a new surrender period, lose existing benefits (such as death, living, or other contractual benefits), or be subject to increased fees, investment advisor fees, or charges for riders and similar product enhancements; and

WHEREAS, pursuant to N.J.S.A. 17:22A-45(c), any person violating the Producer Act 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, the Commissioner issued Order to Show Cause E23-12 ("OTSC E23-12") on March 21, 2023, alleging violations of New Jersey insurance laws by Respondent as set forth in the following allegations:

ALLEGATIONS COMMON TO ALL COUNTS

IT APPEARING, that on July 29, 1982, Respondent became a licensed insurance producer in the State of New Jersey; and

IT FURTHER APPEARING, that, at all relevant times, Respondent was the financial planner and insurance producer for "T.B." and "J.B."; and

IT FURTHER APPEARING, that T.B. and J.B. were policyholders of two annuity contracts with Dearborn National ("Dearborn"); and

IT FURTHER APPEARING, that T.B. and J.B. used their Dearborn annuities as a source of income; and

IT FURTHER APPEARING, that, in 2014, Respondent advised T.B. and J.B. to surrender their annuity contracts with Dearborn; and

IT FURTHER APPEARING, that, in 2014, Respondent advised T.B. and J.B. to use the funds remaining from the surrendered annuity contracts with Dearborn and enroll it with the annuities of Fidelity & Guaranty Life Insurance Company ("Fidelity"); and

IT FURTHER APPEARING, that, in 2014, Respondent advised T.B. and J.B. that the Fidelity annuity provided a nine percent bonus; and

IT FURTHER APPEARING, that, in 2014, Respondent advised T.B. and J.B. that the nine percent bonus from the Fidelity annuity is higher than the surrender charges that T.B. and J.B. would incur by withdrawing from their two Dearborn annuities; and

IT FURTHER APPEARING, that, in 2014, Respondent failed to advise T.B. and J.B. that the nine percent bonus from the Fidelity annuity would be deposited over the course of ten years, not up front; and

IT FURTHER APPEARING, that, in 2014, Respondent wrote to T.B. and J.B. in an undated letter recommending T.B. and J.B. deposit their money in the Fidelity annuity; and

IT FURTHER APPEARING, that Respondent's undated letter to T.B. and J.B. contained the heading "Revision of Income Generation with No-Risk for [T. and J.B.]"; and

IT FURTHER APPEARING, that Respondent wrote in the letter to T.B. and J.B. that "the bonus credited is $1,691.00 higher than the surrender charge"; and

IT FURTHER APPEARING, that Respondent wrote in the letter to T.B. and J.B. that "the move is critical and strongly recommended to take effect ASAP"; and

IT FURTHER APPEARING, that Respondent failed to advise T.B. and J.B. of any product option other than the Fidelity annuity; and

IT FURTHER APPEARING, that Respondent failed to advise T.B. and J.B. of the associated rider fees on their new Fidelity annuity; and

IT FURTHER APPEARING, that Respondent failed to advise T.B. and J.B. of the tax implications of their surrender of the Dearborn annuities and enrollment in the Fidelity annuities; and

IT FURTHER APPEARING, that Respondent failed to advise T.B. and J.B. that the Fidelity annuity did not allow withdrawal of funds as a source of income without payment of fees and/or penalties; and

IT FURTHER APPEARING, that, on the basis of Respondent's advice, T.B. and J.B. surrendered their first annuity with Dearborn on December 4, 2014; and

IT FURTHER APPEARING, that T.B. and J.B. were in the ninth year of their first annuity with Dearborn at the time of surrender; and

IT FURTHER APPEARING, that T.B. and J.B. were issued a twelve percent surrender charge by Dearborn for withdrawing early from their first annuity; and

IT FURTHER APPEARING that, on the basis of

Respondent's advice, T.B. and J.B. deposited the proceeds from their first Dearborn annuity into their personal bank account; and

IT FURTHER APPEARING, that T.B. and J.B. faced a tax penalty for withdrawing funds from their first Dearborn annuity; and

IT FURTHER APPEARING, that Respondent submitted the application of T.B. and J.B. for the first Fidelity annuity on January 7, 2015 with a check from the personal bank account of T.B. and J.B.; and

IT FURTHER APPEARING, that Respondent failed to indicate in the application for the first Fidelity annuity that the annuity was a replacement of a prior annuity; and

IT FURTHER APPEARING, that Respondent failed to indicate in the application for the first Fidelity annuity that the annuity was intended to be a source of income for T.B. and J.B.; and

IT FURTHER APPEARING, that Respondent misrepresented in the application for the first Fidelity annuity the liquid assets of T.B. and J.B.; and

IT FURTHER APPEARING, that the application for the first Fidelity annuity stated that a reason T.B. and J.B. applied for the Fidelity annuity was tax deferral; and

IT FURTHER APPEARING, that Fidelity issued an annuity policy to T.B. and J.B. on January 15, 2015; and

IT FURTHER APPEARING, that Respondent received a commission for the first Fidelity annuity of T.B. and J.B.; and

IT FURTHER APPEARING, that, on the basis of Respondent's advice, T.B. and J.B. surrendered their second annuity with Dearborn on May 18, 2015; and\

IT FURTHER APPEARING, that T.B. and J.B. were in the seventh year of their second annuity with Dearborn at the time of surrender; and

IT FURTHER APPEARING, that T.B. and J.B. were issued an eight percent surrender charge by Dearborn for withdrawing early from their second annuity; and

IT FURTHER APPEARING that, on the basis of

Respondent's advice, T.B. and J.B. deposited the proceeds from their second Dearborn annuity into their personal bank account; and

IT FURTHER APPEARING, that T.B. and J.B. faced a tax penalty for withdrawing funds from their second Dearborn annuity; and

IT FURTHER APPEARING, that Respondent submitted the application of T.B. and J.B. for a second Fidelity annuity on June 9, 2015 with a check from the personal bank account of T.B. and J.B.; and

IT FURTHER APPEARING, that Respondent failed to indicate in the application for the second Fidelity annuity that the annuity was a replacement of a prior annuity; and

IT FURTHER APPEARING, that Respondent failed to indicate in the application for the second Fidelity annuity that the annuity was intended to be a source of income for T.B. and J.B.; and

IT FURTHER APPEARING, that Respondent misrepresented in the application for the second Fidelity annuity the liquid assets of T.B. and J.B.; and

IT FURTHER APPEARING, that Fidelity issued a policy to T.B. and J.B. on June 15, 2015; and

IT FURTHER APPEARING, that Respondent received a commission for the second Fidelity annuity of T.B. and J.B.; and

COUNT ONE

IT FURTHER APPEARING, that Respondent submitted two annuity applications to Fidelity in which he failed to indicate that these were replacements of the prior Dearborn annuities of T.B. and J.B., in violation of N.J.S.A. 17:22A-40(a)(2); N.J.S.A. 17:22A-40(a)(5); N.J.S.A. 17:22A-40(a)(8); N.J.A.C. 11:4-2.3; and N.J.A.C. 11:4-2.8(a); and

COUNT TWO

IT FURTHER APPEARING, that Respondent submitted two annuity applications to Fidelity in which he failed to indicate that T.B. and J.B. intended to withdraw funds and use these funds as a source of income, in violation of N.J.S.A. 17:22A-40(a)(2); N.J.S.A. 17:22A-40(a)(5); N.J.S.A. 17:22A-40(a)(8); and N.J.A.C.

11:4-2.8(a); and

COUNT THREE

IT FURTHER APPEARING, that Respondent submitted two annuity applications to Fidelity in which he misrepresented the liquid assets of T.B. and J.B., in violation of N.J.S.A. 17:22A-40(a)(2); N.J.S.A. 17:22A-40(a)(5); N.J.S.A. 17:22A-40(a)(8); and N.J.A.C. 11:4-2.8(a); and

COUNT FOUR

IT FURTHER APPEARING, that Respondent failed to provide T.B. and J.B. with a tax free exchange during the replacement of prior annuities, which was contrary to T.B.'s and J.B.'s purported reason of tax deferral for purchase of the first Fidelity annuity, in violation of N.J.S.A. 17:22A-40(a)(2); N.J.S.A. 17:22A-40(a)(8); N.J.S.A. 17B:30-6; N.J.A.C. 11:4-59A.3(a)(1); N.J.A.C. 11:4-59A.3(a)(3); N.J.A.C. 11:4-59A.3(a)(4)(i); and

COUNT FIVE

IT FURTHER APPEARING, that Respondent misrepresented or omitted information to T.B. and J.B. concerning riders, applicable fees, and policy bonuses relative to the purchase of the Fidelity annuities, in violation of N.J.S.A. 17:22A-40(a)(2); N.J.S.A. 17:22A-40(a)(5); and N.J.S.A. 17:22A-40(a)(8); and

WHEREAS, Respondent was given notice of the aforesaid allegations and an opportunity to contest them at a hearing; and

WHEREAS, on or about April 10, 2023, Respondent filed an Answer and Request for Hearing, in which Respondent denied the allegations, and this matter was transmitted to the Office of Administrative Law as a contested matter; and

WHEREAS, Respondent desires to settle this matter with the New Jersey Department of Banking and Insurance without resort to a formal hearing and consents to the payment of a fine in order to fully and completely resolve all issues arising from this matter; and

WHEREAS, Respondent asserts that he did not intend to violate any insurance laws of this State and believed he was complying with the Producer Act, but now acknowledges and admits that his services did not fully comply; and

WHEREAS, cause does exist under N.J.S.A. 17B:27B-24 for the imposition of a civil penalty; and

WHEREAS, Respondent has waived his right to a hearing on the aforementioned violation in OTSC E23-12; and

WHEREAS, this matter should be resolved upon the consent of the parties without resort to a formal hearing; and

NOW, THEREFORE, IT IS on this 23rd day of October, 2024:

ORDERED AND AGREED, that Respondent shall pay a total of $57,944.30 as follows:

IT IS FURTHER ORDERED AND AGREED, that Respondent shall pay a civil penalty totaling $25,000.00 to the Department of Banking and Insurance; and

IT IS FURTHER ORDERED AND AGREED, that pursuant to N.J.S.A. 17:22A-45(c) and N.J.A.C. 11:1-32.4(b)(20), Respondent shall reimburse the Department of Banking and Insurance, Division of Insurance Enforcement, for the costs associated with the investigation and prosecution of this matter totaling $1,077.50; and

IT IS FURTHER ORDERED AND AGREED, that the $26,077.50 due to the Department shall be paid by Respondent by certified check, cashier's check, or money order made payable to the "State of New Jersey, General Treasury," which shall be paid upon execution of this Consent Order by Respondent; and

IT IS FURTHER ORDERED AND AGREED, that the signed Consent Order, together with the fine payment of $26,077.50, shall be remitted to:

William E. Vaughan
Deputy Attorney General
Banking and Insurance Section
R.J. Hughes Justice Complex
25 Market Street
P.O. Box 117
Trenton, New Jersey 08625-117

; and

IT IS FURTHER ORDERED AND AGREED, that pursuant to N.J.S.A. 17:22A-45(c), Respondent shall pay T.B. and J.B. restitution in the total amount of $31,866.80 following Respondent's receipt of this signed order and the W-9s of T.B. and J.B. Respondent shall deliver such payment to T.B. and J.B at the address listed in the W-9s. Respondent shall provide proof to the Department of Banking and Insurance of payment of this restitution; and

IT IS FURTHER ORDERED AND AGREED, that the provisions of this Consent Order represent a final agency decision and constitute a final resolution of the violations contained herein.

Justin Zimmerman
Acting Commissioner

Consented to as to Form, Content, and Entry:

By: _____ Date: 9-6-24
Jeffrey Glaser

By: _____ Date: 9/18/24
Harris Katz, Esq.
Attorney for Jeffrey Glaser

MATTHEW J. PLATKIN
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Commissioner

By: _____ Date: 9/19/24
William E. Vaughan
Deputy Attorney General