

2017 FEB -3 AM 10:51

ADMIN HEARINGS OFFICE

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE:	:	VIOLATIONS:
	:	
JOHN F. SMART, JR. d/b/a	:	40 P.S. §§310.3(a), 310.11(1), (7)
SMART RETIREMENT	:	(20) and 310.78(a)
SOLUTIONS, INC.	:	
1140 Michele Avenue	:	31 Pa Code §37.37(a)
P.O. Box 480	:	
Creamery, PA 19430	:	
	:	
Respondent.	:	Docket No. CO15-10-017

CONSENT ORDER

AND NOW, this 3rd day of February, 2017, this Order is hereby issued by the Insurance Department of the Commonwealth of Pennsylvania pursuant to the statutes cited above and in disposition of the matter captioned above.

1. Respondent hereby admits and acknowledges that he has received proper notice of his rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa. C.S. §101, et seq., or other applicable law.

2. Respondent hereby waives all rights to a formal administrative hearing in this matter, and agrees that this Consent Order, and the Findings of Fact and Conclusions of Law contained herein, shall have the full force and effect of an Order duly entered in accordance with the adjudicatory procedures set forth in the Administrative Agency Law, supra, or other applicable law.

FINDINGS OF FACT

3. The Insurance Department finds true and correct each of the following Findings of Fact:

- (a) Respondent is John F. Smart, Jr. d/b/a Smart Retirement Solutions, Inc., and maintains his address at 1140 Michele Avenue, P.O. Box 480, Creamery, PA 19430.
- (b) Respondent is, and at all times relevant hereto has been, a licensed resident producer.
- (c) Respondent has conducted business as Smart Retirement Solutions, Inc. since September 12, 2003 without obtaining a resident business entity license.
- (d) Respondent marked two (2) questions on an annuity application dated November 10, 2011, indicating the annuity would not replace or change an existing life insurance policy or annuity contract when it was known by the Respondent that existing annuities were being surrendered.
- (e) Respondent informed the insured/policyholder that the annuity applied for on November 10, 2011 offered a 10% bonus when it only offered a 3% bonus.
- (f) Respondent, on October 16, 2012, on two (2) annuity applications for the same consumer indicated in 3(e), indicated that each annuity would not replace or change an existing life insurance policy or annuity contract, when it was known by Respondent that existing annuities were being surrendered.

- (g) Respondent failed to report administrative action taken against him on August 22, 2003 by the U.S. Securities and Exchange Commission under Administrative Proceeding File No. 3-10587.
- (h) Respondent, during his license renewals of 2004 and 2006 marked "NO" to interrogatories wherein he should have reported "YES" to being a subject of an administrative action.

CONCLUSIONS OF LAW

4. In accord with the above Findings of Fact and applicable provisions of law, the Insurance Department concludes and finds the following Conclusions of Law:

- (a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.
- (b) 40 P.S. §310.3(a) prohibits a person from acting as a producer unless he obtains a certificate from the Insurance Department reflecting the lines of authority for the kinds of insurance for which he intends to act as producer.
- (c) Respondent's activities described above in paragraph 3(c) constitute acting as an insurance producer without a certificate of qualification, in violation of 40 P.S. §310.3(a).
- (d) 40 P.S. §310.11(1) prohibits a licensee or an applicant for a license from providing incorrect, misleading, incomplete or false information to the Department in a license application.

- (e) Respondent's activities described above in paragraph 3(h) violate 40 P.S. §310.11(1).
- (f) 40 P.S. §310.11(7) prohibits a licensee or an applicant from using fraudulent, coercive or dishonest practices or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of doing business.
- (g) Respondent's activities described above in paragraphs 3(c) through 3(h) violate 40 P.S. §310.11(7).
- (h) 40 P.S. §310.11(20) prohibits a licensee or an applicant from demonstrating a lack of general fitness, competence or reliability sufficient to satisfy the department that the licensee is worthy of licensure.
- (i) Respondent's activities described above in paragraphs 3(c) through 3(h) violate 40 P.S. §310.11(20).
- (j) 40 P.S. §310.78(a) requires a licensee to report any administrative action taken in another jurisdiction or by another governmental agency within 30 days of the final disposition, to include a copy of the order, consent order or other relevant legal documents.
- (k) Respondent's activities described above in paragraph 3(g) violate 40 P.S. §310.78(a).
- (l) Respondent's violations of Sections 310.3, 310.11(1), (7), (20) and 310.78(a) are punishable by the following, under 40 P.S. §310.91:

- (i) suspension, revocation or refusal to issue the license;
 - (ii) imposition of a civil penalty not to exceed five thousand dollars (\$5,000.00) for every violation of the Act;
 - (iii) an order to cease and desist; and
 - (iv) any other conditions as the Commissioner deems appropriate.
- (m) Title 31 Pa.Code §37.37(a) requires a separate license for each corporation or partnership which has a separate Federal tax identification number and engages in the business of insurance in this Commonwealth.
- (n) Respondent's activities described above in paragraph 3(h) violate 31 Pa. Code §37.37(a).

ORDER

5. In accord with the above Findings of Fact and Conclusions of Law, the Insurance Department orders and Respondent consents to the following:

- (a) Respondent shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.
- (b) Respondent shall pay a civil penalty of Ten Thousand Dollars (\$10,000.00) to the Commonwealth of Pennsylvania. Payment of this penalty shall be made by certified check or money order, payable to the Commonwealth of Pennsylvania. Payment should be directed to Bureau of Licensing and Enforcement, 1227 Strawberry Square,

Harrisburg, Pennsylvania 17120. Payment may be enclosed with the Consent Order, but must be paid in any event no later than fourteen (14) days after the date of the Consent Order.

- (c) Respondent shall pay restitution the amount of \$3,496.07 to the policyholder as indicated in 3(e) within thirty (30) days from the date of this Order. Proof of restitution shall be provided to the Insurance Department by Respondent.
- (d) Respondent's licenses may be immediately suspended by the Department following its investigation and determination that (i) any terms of this Order have not been complied with, or (ii) any confirmed complaint against Respondent is accurate and a statute or regulation has been violated. The Department's right to act under this section is limited to a period of five (5) years from the date of this Order.
- (e) Respondent specifically waives his right to prior notice of said suspension, but will be entitled to a hearing upon written request received by the Department no later than thirty (30) days after the date the Department mailed to Respondent by certified mail, return receipt requested, notification of said suspension, which hearing shall be scheduled for a date within sixty (60) days of the Department's receipt of Respondent's written request.
- (f) At the hearing referred to in paragraph 5(e) of this Order, Respondent shall have the burden of demonstrating that he is worthy of an insurance license.

- (g) In the event Respondent's licenses are suspended pursuant to paragraph 5(d) above, and Respondent either fails to request a hearing within thirty (30) days or at the hearing fails to demonstrate that he is worthy of a license, Respondent's suspended licenses shall be revoked.

6. In the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, based upon the Findings of Fact and Conclusions of Law contained herein, the Department may pursue any and all legal remedies available, including but not limited to the following: The Department may enforce the provisions of this Order in an administrative action pursuant to the Administrative Agency Law, supra, or other relevant provision of law; or, if applicable, the Department may enforce the provisions of this Order in any other court of law or equity having jurisdiction.

7. Alternatively, in the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, the Department may declare this Order to be null and void and, thereupon, reopen the entire matter for appropriate action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

8. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

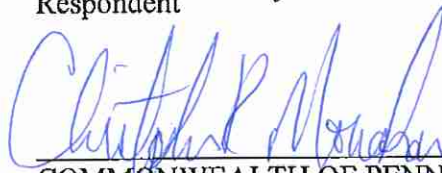
9. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

10. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

11. This Order shall be final upon execution by the Insurance Department. Only the Insurance Commissioner or a duly authorized delegate is authorized to bind the Insurance Department with respect to the settlement of the alleged violations of law contained herein, and this Consent Order is not effective until executed by the Insurance Commissioner or a duly authorized delegate.

BY:

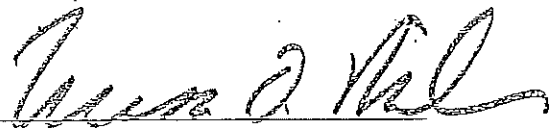

JOHN F. SMART, JR. d/b/a
SMART RETIREMENT SOLUTIONS, INC.,
Respondent


COMMONWEALTH OF PENNSYLVANIA
CHRISTOPHER R. MONAHAN
Deputy Insurance Commissioner

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE: The Act of April 9, 1929, P.L. 177, No. 175, known as The
Administrative Code of 1929

AND NOW, this 13th day of November, 2015, Christopher R. Monahan,
Deputy Insurance Commissioner, is hereby designated as the Commissioner's duly
authorized representative for purposes of entering in and executing Consent Orders. This
delegation of authority shall continue in effect until otherwise terminated by a later Order
of the Insurance Commissioner.



Teresa D. Miller
Insurance Commissioner

