

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

RECEIVED
INSURANCE DEPARTMENT
06 DEC -1 AM 9:58
ADMIN HEARINGS OFFICE

In Re: : Violations:
: :
MICHAEL GITZES : Sections 611-A(2), (5), (7), (17)
18 Progress Lane : and (20) of Act 147 of 2002
Voorhees, New Jersey 08403 : (40 P.S. §§310.11(2), (5), (7), (17)
: and (20))
and : :

RAMMCO SURETY, INC.
409 No. Easton Road
Willow Grove, Pennsylvania 19090
and/or
5 Neshaminy Interplex, Suite 501
Trevose, Pennsylvania 19053

Docket No. CO-06-10-032

Respondents.

CONSENT ORDER

28TH NOVEMBER

AND NOW, this day of , 2006, this Order is hereby
issued by the Deputy Insurance Commissioner of the Commonwealth of
Pennsylvania pursuant to the statutes cited above and in disposition of the matter
captioned above.

1. Respondents hereby admit and acknowledge that they have
received proper notice of their rights to a formal administrative hearing pursuant
to the Administrative Agency Law, 2 Pa.C.S. §101 et seq., or other applicable
law.

2. Respondents hereby waive all rights to a formal administrative hearing in this matter, and agree 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.

3. Without admitting or denying the Findings of Fact and Conclusions of Law contained herein, Respondents deny that they violated Pennsylvania insurance laws.

FINDINGS OF FACT

4. The Deputy Insurance Commissioner finds true and correct each of the following Findings of Fact:

- (a) Respondent Michael Gitzes holds an individual, non-resident insurance producer, license number 418613, and maintains his address at 18 Progress Lane, Voorhees, New Jersey 08403.
- (b) Respondent Rammco Surety, Inc., addresses at 409 No. Easton Road, Willow Grove, Pennsylvania 19090, and 5 Neshaminy Interplex, Suite 501, Trevose, Pennsylvania

19053, held a resident insurance producer agency license, number 59165, which expired on August 4, 2006.

- (c) At all times relevant hereto, Respondent Gitzes was President of Respondent Rammco Surety, Inc.
- (d) Between August 3, 2005 and September 8, 2005, Respondent Michael Gitzes, trading as Rammco Surety, Inc., issued three performance surety bonds purportedly on behalf of Aegis Security and Insurance Company ("Aegis") that were not authorized by Aegis.
- (e) As a result, on or about January 31, 2005, Aegis terminated Respondent Gitzes for cause, effective May 1, 2005.
- (f) Between January 2006 and April 2006, Respondent Gitzes, trading as Rammco Surety, Inc., submitted numerous applications to Zurich North America Commercial Insurance Company containing forged or fraudulent information.

CONCLUSIONS OF LAW

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

- (a) Respondents are subject to the jurisdiction of the Pennsylvania Insurance Department.

- (b) Respondents' activities, described above, constitute violations of Pennsylvania Insurance law, specifically:
 - (i) Violating the insurance laws or regulations of this Commonwealth or a subpoena or order of the commissioner or of another state's insurance commissioner. 40 P.S. §310.11(2).
 - (ii) Intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance. 40 P.S. §310.11(5).
 - (iii) Using fraudulent, coercive or dishonest practices or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of doing business in this Commonwealth or elsewhere. 40 P.S. §310.11(7).

- (iv) Committing fraud, forgery, or dishonest acts or an act involving a breach of fiduciary duty. 40 P.S. §310.11(17).
 - (v) Demonstrating a lack of general fitness, competence or reliability sufficient to satisfy the Department that the licensee is worthy of licensure. 40 P.S. §310.11(20).
- (c) Respondents' violations are punishable by the following under 40 P.S. §310.91:
- (1) Denial, suspension, refusal to renew or revocation of Respondent's license.
 - (2) A civil penalty of up to \$5,000 per violation.
 - (3) A cease and desist order.
 - (4) Any other conditions as the Commissioner deems appropriate.

ORDER

6. In accord with the above Findings of Fact and Conclusions of Law, the Deputy Insurance Commissioner orders and Respondents consent to the following:

- (a) Respondents shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.

(b) Respondent Michael Gitzes shall immediately surrender all licenses to conduct the business of insurance within the Commonwealth of Pennsylvania; all insurance licenses of Respondent Rammco Surety, Inc. are hereby revoked.

(c) Should either Respondent ever become licensed in the future, the Respondent's license(s) may be immediately suspended by the Department following its investigation and determination that (i) any other terms of this Order have not been complied with, or (ii) any complaint against Respondent is accurate and a statute or regulation has been violated. The Department's right to act under (ii) above is limited to a period of five (5) years from the date that Respondent would ever become re-licensed.

(d) Respondents specifically waive their 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.

(e) At the hearing referred to in paragraph 6(d) of this Order, Respondent shall have the burden of demonstrating that he is worthy of an insurance license.

(f) In the event Respondent's license(s) are suspended pursuant to paragraph 6(c) above, and Respondent either fails to request a hearing within thirty (30) days or at the hearing fails to demonstrate that she is worthy of a license, Respondent's suspended license(s) shall be revoked.

7. In the event the Deputy Insurance Commissioner 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, he may, in his discretion, pursue any and all legal remedies available to him, including but not limited to the following: The Deputy Insurance Commissioner may enforce the provisions of this Order in the Commonwealth Court of Pennsylvania or in any other court of law or equity having jurisdiction; or the Deputy Insurance Commissioner may enforce the provisions of this Order in an administrative action pursuant to the Administrative Agency Law, supra, or other relevant

provision of law.

8. Alternatively, in the event the Deputy Commissioner finds that there has been a breach of any of the provisions of this Order the Deputy Commissioner 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 provisions of law.

9. In any such enforcement proceeding, Respondents 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.

10. Respondents hereby expressly waive any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

11. 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 parties hereto.

12. This Order shall be final upon execution by the Deputy Insurance Commissioner. Only the Insurance Commissioner or her duly authorized Deputy Insurance Commissioner is authorized to bind the Insurance

Department with respect to the settlement of the alleged violation of law contained herein, and this Consent Order is not effective until executed by the Insurance Commissioner or her duly authorized Deputy Insurance Commissioner. The penalties, if any, imposed by this Order are not effective until execution by the Insurance Commissioner or her duly authorized Deputy Insurance Commissioner.

BY:


MICHAEL GITZES, individually and on behalf of RAMMCO SURETY, INC.


Randolph L. Rohrbaugh
Deputy Insurance Commissioner
Commonwealth of Pennsylvania