

WHEREAS, Respondent subsequently filed an Answer to the Order to Show Cause acknowledging revocation of his securities license but denying that he violated any insurance laws or regulations; and

WHEREAS, in the interest of avoiding the uncertainty of litigation and further costs related thereto, the parties have determined to settle this matter pursuant to the terms outlined below:

AGREEMENTS

NOW THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Respondent understands his rights to a formal administrative hearing and hereby waives the same. Respondent further agrees that the agreements contained herein shall have the same force and effect of an Order entered in accordance with Administrative Agency Law, 2 Pa.C.S. §101 et seq. or other applicable law.

2. Respondent shall cease and desist from any future violations of Pennsylvania insurance laws and regulations, including, but not limited to those described in the Order to Show Cause.

3. Respondent's resident producer license is suspended for six (6) months effective September 1, 2009. During the suspension period Respondent shall not sell, solicit or negotiate any contract of insurance or otherwise engage in activities requiring licensure under 40 P.S. §310.3, nor shall he receive any commissions, fees

or other compensation for activities related to the sale, solicitation or negotiation of a contract of insurance, including any commissions or fees earned by another agent/broker who may be providing producer services to Respondent's clients. Nothing in this Agreement is intended to, nor shall it, preclude Respondent from receiving compensation for activities or services that do not require licensure as outlined in 40 P.S. § 310.3(b).

4. Respondent shall pay a civil penalty of one thousand dollars (\$1,000.00) to the Commonwealth of Pennsylvania. Payment of this penalty shall be made by certified check or money order, payable to the Commonwealth of Pennsylvania and should be directed to Sharon L. Fraser, Office Manager, Bureau of Enforcement, 1227 Strawberry Square, Harrisburg, Pennsylvania 17120. Payment may be enclosed with the signed Settlement Agreement, but in any event must be paid prior to any future relicensure by the Department.

5. The Department will reissue Respondent's producer license without consideration by the Department of the insurance laws violations noted in the Order to Show Cause as disqualifying factors only after his penalty is paid in full and provided Respondent is otherwise in full compliance with this Agreement.

6. Should Respondent be relicensed after the period of suspension provided in paragraph 3, above, his licenses may be immediately suspended again by the Department following its investigation and determination that (i) any terms of this

Settlement Agreement 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 this Section is limited to a period of five (5) years from the date of any relicensure of the Respondent.

7. 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.

8. At the hearing referred to in paragraph seven (7) of this Settlement Agreement, Respondent shall have the burden of demonstrating that he is worthy of an insurance license.

9. In the event Respondent's certificates and licenses are suspended pursuant to paragraph six (6) 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.

10. Nothing in this Agreement obviates or relieves Respondent from otherwise complying with Pennsylvania law in every respect, with regard to licensure,

including but not limited to, providing complete, truthful and accurate information and disclosures on all relevant forms, applications and other inquiries and communications.

11. In the event the Insurance Department finds that there has been a breach of any of the provisions of this Agreement, 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 Agreement 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 Agreement in any other court of law or equity having jurisdiction.

12. Alternatively, in the event the Insurance Department finds that there has been a breach of any of the provisions of this Agreement, the Department may declare this Agreement 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.

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

14. This Agreement is intended only to resolve the litigation between the Department and Respondents resulting from the Order to Show Cause filed under the above-captioned docket.

15. For and in consideration of Respondent's release and discharge of the Commonwealth of Pennsylvania and the Department from any action, claim or demand arising out of the activities and conduct identified in or relating to the Order to Show Cause, the Commonwealth of Pennsylvania and the Department hereby release and discharge Respondent from any claims in any court which the Commonwealth of Pennsylvania and/or the Department have or may have as a result of the allegations made in the Department's Order to Show Cause filed under the above-captioned docket.

16. For and in consideration of the Commonwealth of Pennsylvania's and the Department's release and discharge of Respondent from any action, claim or demand arising out of the activities and conduct identified in or relating to the Order to Show Cause, Respondent hereby releases and discharges the Commonwealth of Pennsylvania and the Department from any claims in any court which Respondent has or may have as a result of the allegations made in the Order to Show Cause filed under the above-captioned docket. This release does not foreclose Respondent from his right to defend against claims brought by the Department concerning potential future violations or in relation to any enforcement proceeding taken pursuant to paragraph six (6) above.

17. Within three (3) business days of the execution of this Agreement by all parties, the Department will file a request for discontinuance of this matter with the Administrative Hearings Office.

18. This Agreement shall be final upon execution by Respondent and by the Deputy Insurance Commissioner. Only the Insurance Commissioner or his duly authorized Deputy Insurance Commissioner is authorized to bind the Insurance Department with respect to the settlement of the alleged violations and this Settlement Agreement is not effective until executed by the Insurance Commissioner or his duly authorized Deputy Insurance Commissioner.

19. Miscellaneous.

(A) Captions and Section headings. Captions used herein are for convenience only, and are not a part hereof, and shall not be used in construing this Agreement.

(B) Binding Effect. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns, and, in addition hereto, shall be binding upon any receiver, liquidator, rehabilitator, conservator, supervisor and any other person or entity governmental or non-governmental, exercising or seeking to exercise the powers of the persons named above.

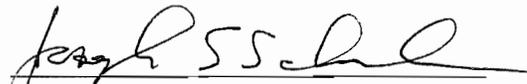
(C) Governing Law. This Agreement shall be governed by, and construed in accordance with the laws of the Commonwealth of Pennsylvania.

(D) Integration. This Agreement contains the entire agreement of the parties respecting the subject matter herein and supersedes all previous communications, representations, or agreements, either verbal or written, among the parties.

(E) Copies. This Agreement may be executed in multiple copies, each of which is to be treated as an original.

Executed the day and year first above written.

BY:


JOSEPH S. SCHWALM
Respondent


Ronald A. Gallagher, Jr.
Deputy Insurance Commissioner
Commonwealth of Pennsylvania