

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

RECEIVED
INSURANCE DEPARTMENT
2007 JAN 30 PM 2:45
ADMIN HEARINGS OFFICE

In Re: : Violations:
: :
NICHOLAS F. STRANGES : Sections 611-A(20) of Act 147 of 2002
1040 Fairdell Drive : (40 P.S. §§310.11) and 40 P.S. §310.78(a).
Hummelstown, PA 17036 :
Respondent. : Docket No. *CO07-01-017*

CONSENT ORDER

AND NOW, this *30th* day of *JANUARY* 2007, 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. 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.

3. Respondent neither admits nor denies the Findings of Fact and Conclusions of Law contained herein.

FINDINGS OF FACT

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

- (a) Respondent is Nicholas F. Stranges and maintains his address at 1040 Fairdell Drive, Hummelstown, PA 17036.
- (b) At all relevant times herein, Respondent has been a licensed Pennsylvania Individual Resident Producer, license number 337083 which expires on May 7, 2008.
- (c) In May of 2001, the Pennsylvania Securities Commission issued an Order to Show Cause against Respondent.
- (d) The Order to Show Cause alleged that Respondent between May 1997 to March 2000 offered and sold

promissory notes to Pennsylvania investors that were not registered, exempt from registration, and not federally covered securities.

- (e) Respondent, to settle the matter, agreed to pay restitution to investors, commencing February 1, 2003.
- (f) Since that time, Respondent has only made one payment.
- (g) Respondent failed to report the securities order within 30 days of its entry.
- (h) Respondent failed to disclose the securities orders on his 2006 renewal application for his insurance producer's license.
- (i) Respondent has agreed to repay \$160,000 in restitution.

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) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.

(b) Respondent's activities, paragraphs 4(c) – 4(h), constitute violations of Pennsylvania Insurance laws, specifically:

- (i) 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).
- (ii) Failing to report to the Department any administrative action taken against the licensee in another jurisdiction or by another governmental agency in this Commonwealth within 30 days of the final disposition of the matter. 40 P.S. §310.78(a).
- (iii) Providing incorrect, misleading or false information to the department on a license application. 40 P.S. §310.11(1).

(c) Respondent's violations subject him to the following penalties 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 Respondent consents to the following:

- (a) Respondent shall cease and desist from engaging in the violation described herein in the Findings of Fact and Conclusions of Law.
- (b) Respondent shall pay \$160,000 in restitution to affected investors; \$40,000 to be paid within 30 days of this order and the remainder to be paid under the terms established by the Pennsylvania Securities Commission.
- (c) Respondent's certificates and licenses may be immediately suspended by the Department following its investigation and determination that

any other terms of this Order have not been complied with, or any complaint against Respondent is accurate and a statute or regulation has been violated, or any restitution payment is not fully and timely made. The Department's right to act under this section is limited to a period of five years from the date of this Order, or until full restitution is made, whichever period is longer.

(d) 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.

(e) At the hearing referred to in paragraph 5(d) above, Respondent shall have the burden of demonstrating that he is worthy of a license.

(f) In the event Respondent certificates and licenses are suspended pursuant to paragraph 5(c) 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 certificates and licenses 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.

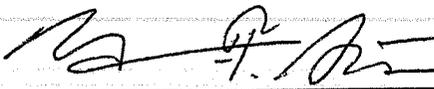
9. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

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

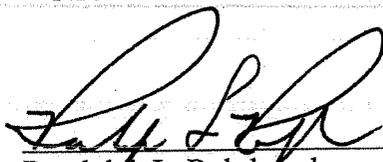
11. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all parties hereto.

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: 

NICHOLAS F. STRANGES, Respondent



Randolph L. Rohrbaugh
Deputy Insurance Commissioner
Commonwealth of Pennsylvania