

License ID# 875978
NPN # 7435676



STATE OF TENNESSEE
BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE

TENNESSEE INSURANCE DIVISION,)	
)	
Petitioner.)	
)	
v.)	Order No. 16-093
)	Docket No. 12.01-144519J
STEVEN JOHN RUGGIERO,)	
)	
Respondent.)	

INITIAL ORDER

This cause came on to be heard on July 27, 2017 by the Honorable Rob Wilson, Administrative Law Judge (“ALJ”) on behalf of the Commissioner of the Tennessee Department of Commerce and Insurance (“Commissioner”). Charles S. Herrell, Assistant General Counsel, represented the Petitioner, The Tennessee Insurance Division (“Division”). Steven John Ruggiero (“Respondent”) did not appear, nor was he represented by counsel. Upon consideration of the pleadings, the testimony of witnesses both live and by affidavit, documentary evidence and the entire record, the Court issues this Initial Order containing Findings of Fact and Conclusions of Law as follows.

NOTICE OF DEFAULT

The Petitioner furnished the Respondent with notice of the pending action and provided proof thereof pursuant to the provisions of TENN. CODE ANN. § 4-5-320(c) and TENN. COMP. R. & REGS. Rule 1360-04-01-.06. Actual service of the notice letter was demonstrated by a

document reflecting the records of the United States Postal Service which was accepted as the Petitioner's first exhibit. Additional documentation demonstrated to the satisfaction of the Court that the Respondent was on notice of the date, time, and location of the hearing.

The Court determines that the Petitioner properly served the Respondent with notice of the pending action and with the Notice of Hearing and Charges. The Respondent, having failed to appear or to send a representative on his behalf, was held to be in default, pursuant to TENN. CODE ANN. § 4-5-309 and TENN. COMP. R. & REGS. Rule 1360-04-01-.15. Subsequently, the Petitioner moved for, and was granted, permission to proceed on an uncontested basis.

FINDINGS OF FACT

1. The Respondent is a citizen and resident of Tennessee, with a street address of 2118 North Fork Drive, Soddy-Daisy, Tennessee 37379.
2. At all relevant times, the Respondent was the holder of Tennessee Insurance Producer license number 0875978, and maintained an insurance agency in the name of the Ruggiero Insurance Agency under the auspices of the Farmers Insurance Group ("Farmers").
3. In or about the month of January, 2015, the Division received a complaint from a Tennessee insurance consumer alleging that they had purchased a fraudulent business insurance package from the Respondent with a cost of \$9174.00 on or about April 16, 2014.
4. The documentation within the business insurance policies contained inconsistencies that caused the consumers to doubt the existence of the coverage that they had been told by the Respondent was purchased from Farmers.
5. The Petitioner introduced into evidence documents that the Respondent had claimed were from the Cincinnati Insurance Companies ("Cincinnati") through Thomas Smith ("Smith"), manager of the Financial Services Investigation Unit ("FSIU") within the Division.

6. A portion of the records that the respondent claimed were from Cincinnati indicated that the agent acting as the producer of the coverage through Cincinnati was the RPM Insurance Group (“RPM”).
7. The Petitioner introduced through Smith billing records from Farmers, bank statements obtained under subpoena from Bank of America in the name of the Respondent and his agency, and records purported by the Respondent to be authentic as well as other documentation.
8. The testimony of Smith and the documents that Smith identified establish that the Respondent was not a representative of Cincinnati, and that RPM was not authorized to transact business in Tennessee.
9. Smith testified that an investigation initiated by Cincinnati indicated that not only was the Respondent not authorized to transact business on their behalf, but that RPM did not occupy the address indicated on the policy documents presented to the Tennessee consumers.
10. Smith testified that the bank records presented by the Respondent and those obtained under subpoena from the Respondent’s bank were inconsistent, and that the records obtained from Respondent’s bank did not indicate that a payment had been made to RPM for coverage under a Cincinnati policy.
11. Smith further testified that the Respondent had attempted to establish to an agent of the FSIU that an alternate source of payment, a money order from Ace Cash Express, was used to pay for the Cincinnati policy.
12. Documentation from Ace Cash Express established that there was no money order purchased by the Respondent.
13. The testimony of Smith established that the Respondent had listed on policy documents his own mailing address as the contact point for correspondence and other communications.

14. Smith described the substitution of contact point information as a fraudulent effort to prevent the discovery of his attempts to conceal from the Tennessee consumers the costs, dates and descriptions of coverage for their business.

14. The affidavits of Michael Vidal, Allison Moore and John Andrew Sill were introduced to establish that it was not an acceptable business practice for an agent of Farmers to list his own address in place of the insured under any circumstance.

15. In an unrelated series of actions, Smith identified documents that were related to a different Tennessee insurance consumer that would have the effect of cancelling one insurance policy in favor of a separate and distinct policy from Farmers with the Respondent as the producing agent.

16. The effective date that was stated on the cancellation request was March 3, 2015, and was represented by the Respondent to have been authorized by Ronald W. Henslee, with a signature on the document to authenticate the request. The document was processed through the Respondent's office.

17. The Petitioner introduced into evidence a certified death certificate indicating that the Tennessee consumer purported by the Respondent to have made the cancellation request at issue, Ronald W. Henslee, died in the state of Alabama on September 25, 2014, several months prior to the date of the cancellation request.

18. Smith offered his observation that the Henslee documents were obvious forgeries, and that only the Respondent would benefit from the forgery.

CONCLUSIONS OF LAW

18. In accordance with TENN. COMP. R. & REGS. 1360-04-01-.02(7) and 1360-04-01-.15(3) the Petitioner has shown by a preponderance of the evidence that he facts alleged in the Notice

of Hearing and Charges pertaining to Steven John Ruggiero are true and that the issues therein should be resolved in its favor.

19. The preponderance of the evidence indicates that the Respondent planned and executed a scheme to misappropriate funds obtained from Tennessee insurance consumers who were led to believe that they were purchasing business insurance through the Farmers Insurance Group, when in fact they were left without coverage for periods of time.

20. The evidence further indicates that the Respondent made numerous deliberate misrepresentations to Tennessee insurance consumers, to the insurance carriers that he did represent and purported to represent, and to agents of the FSIU for the purpose of unjustly enriching himself through misappropriation of funds and/or through commissions paid under false pretenses.

21. The evidence shows that the actions of the Respondent in the generation of the cancellation request under the name of Ronald Henslee were deliberate, dishonest, irresponsible and fraudulent.

22. There is no evidence that the respondent has attempted to mitigate the harm that he has caused in any of the acts described in this Initial Order.

23. The Petitioner has shown, by a preponderance of the evidence, that there are adequate grounds for the assessment of civil penalties in the amount of one hundred thousand dollars (\$100,000), pursuant to TENN. CODE ANN. § 56-1-112(g)(2).

IT IS THEREFORE, ORDERED that:

1. Respondent Steven John Ruggiero shall fully **COMPLY** with the Law, and all rules promulgated thereunder.
2. Respondent's Tennessee Insurance Producer License number 0875978 is **REVOKED**.

3. The Respondent has been shown to have committed multiple continuing violations of TENN. CODE ANN. § 56-1-112 and has not demonstrated any effort to mitigate or reduce the harm that has resulted from those actions since the date of their occurrence.

4. The Respondent is assessed the maximum civil penalty of one hundred thousand dollars (\$100,000) as a sanction for the multiple continuing violations of TENN. CODE ANN. § 56-1-112(g)(2).

5. All persons in any way assisting, aiding, or helping the aforementioned Respondent in any of the aforementioned violations of the Law shall **CEASE AND DESIST** all such activities.

6. Respondent shall be permanently barred from conducting insurance related business or engaging in the practice of insurance from, in, or into the State of Tennessee.

7. This Order shall not be interpreted in any manner that is in conflict with the provisions of 11 U.S.C. § 362 of the federal bankruptcy code.

8. A Protective Order was offered by the Petitioner and granted by the Court, and the terms of the Protective Order are incorporated by reference into this Initial Order.

9. This Initial Order imposing sanctions against the Respondent is entered to protect the public and consumers of insurance products in the State of Tennessee, consistent with the purposes fairly intended by the policy and provisions of the Law.

This Initial Order entered and effective this 3rd day of OCT., 2017.


ROB WILSON
ADMINISTRATIVE JUDGE
ADMINISTRATIVE PROCEDURES DIVISION
OFFICE OF THE SECRETARY OF STATE

**APPENDIX A TO INITIAL ORDER
NOTICE OF APPEAL PROCEDURES**

Review of Initial Order

This Initial Order shall become a Final Order (reviewable as set forth below) fifteen (15) days after the entry date of this Initial Order, unless either or both of the following actions are taken:

(1) A party files a petition for appeal to the agency, stating the basis of the appeal, or the agency on its own motion gives written notice of its intention to review the Initial Order, within fifteen (15) days after the entry date of the Initial Order. If either of these actions occurs, there is no Final Order until review by the agency and entry of a new Final Order or adoption and entry of the Initial Order, in whole or in part, as the Final Order. A petition for appeal to the agency must be filed within the proper time period with the Administrative Procedures Division of the Office of the Secretary of State, 8th Floor, William R. Snodgrass Tower, 312 Rosa L. Parks Avenue, Nashville, Tennessee, 37243-1102. (Telephone No. (615) 741-7008). See Tennessee Code Annotated, Section (T.C.A. §) 4-5-315, on review of initial orders by the agency.

(2) A party files a petition for reconsideration of this Initial Order, stating the specific reasons why the Initial Order was in error within fifteen (15) days after the entry date of the Initial Order. This petition must be filed with the Administrative Procedures Division at the above address. A petition for reconsideration is deemed denied if no action is taken within twenty (20) days of filing. A new fifteen (15) day period for the filing of an appeal to the agency (as set forth in paragraph (1) above) starts to run from the entry date of an order disposing of a petition for reconsideration, or from the twentieth day after filing of the petition, if no order is issued. See T.C.A. §4-5-317 on petitions for reconsideration.

A party may petition the agency for a stay of the Initial Order within seven (7) days after the entry date of the order. See T.C.A. §4-5-316.

Review of Final Order

Within fifteen (15) days after the Initial Order becomes a Final Order, a party may file a petition for reconsideration of the Final Order, in which petitioner shall state the specific reasons why the Initial Order was in error. If no action is taken within twenty (20) days of filing of the petition, it is deemed denied. See T.C.A. §4-5-317 on petitions for reconsideration.

A party may petition the agency for a stay of the Final Order within seven (7) days after the entry date of the order. See T.C.A. §4-5-316.

YOU WILL NOT RECEIVE FURTHER NOTICE OF THE INITIAL ORDER BECOMING A FINAL ORDER

A person who is aggrieved by a final decision in a contested case may seek judicial review of the Final Order by filing a petition for review in a Chancery Court having jurisdiction (generally, Davidson County Chancery Court) within sixty (60) days after the entry date of a Final Order or, if a petition for reconsideration is granted, within sixty (60) days of the entry date of the Final Order disposing of the petition. (However, the filing of a petition for reconsideration does not itself act to extend the sixty day period, if the petition is not granted.) A reviewing court also may order a stay of the Final Order upon appropriate terms. See T.C.A. §4-5-322 and §4-5-317.