

**STATE OF NEW HAMPSHIRE
INSURANCE DEPARTMENT**

In re: Norman J. Michaels, Jr.

Docket No.: INS No. 14-039-EP

**ORDER TO SHOW CAUSE
AND
NOTICE OF HEARING**

The New Hampshire Insurance Department (“NHID”) orders Norman J. Michaels, Jr. (“Respondent”) to show cause why the New Hampshire Insurance Commissioner should not suspend or revoke his insurance producer’s license, or levy an administrative fine, or both. In support of the Order to Show Cause and pursuant to RSA 541-A:31, RSA 400-A:17 and Ins part 200, the NHID states as follows:

I. STATEMENT OF FACTS

1. The Respondent is a New Hampshire nonresident insurance producer, licensed to sell Life, Accident and Health insurance in New Hampshire. Although the Respondent’s New Hampshire producer license expired on June 30, 2014, RSA 402-J:12, V nevertheless authorizes the NHID to institute an administrative proceeding against the Respondent’s expired license. The Respondent is a resident producer of the State of New York.

2. On April 2, 2013, a felony complaint was filed against the Respondent in the City Court of Oneonta, New York. The complaint alleged of grand larceny in the second degree, a Class C felony.

3. More specifically, the criminal complaint alleged that between January 1, 2010 and October 31, 2010, the Respondent submitted more than four-hundred applications for health insurance through Mohawk Valley Physicians Healthcare (“MVP”) for individuals who the

Respondent knew at the time of application were not qualified for health insurance through MVP. As a result of the Respondent's actions, MVP paid out nearly \$1 million in medical and prescription claims that would not have been paid but for the Respondent's malfeasance. Additionally, MVP paid the Respondent \$62,423 in commissions on the fraudulently-procured policies.

4. On June 20, 2013, the Respondent disclosed the existence of the pending criminal action against him by submitting a copy of the criminal complaint to the NIPR Attachment Warehouse.

5. A year later, on May 16, 2014, a New York court entered Judgment of Conviction against the Respondent for Grand Larceny 2nd, a Class C felony, and also for Scheme to Defraud 1st, a Class E felony. As a consequence of the convictions, the Respondent was sentenced to a total of one-hundred, eighty days of incarceration, five-year' probation, five-hundred hours of community service, a \$5,000 fine and a \$325 surcharge.

6. The Respondent never reported the New York felony convictions to the NHID, either directly or indirectly through the NIPR Attachment Warehouse.

7. On July 9, 2013, the Department of Insurance for the Commonwealth of Kentucky issued an Order of Revocation revoking the Respondent's Kentucky nonresident insurance producer license. The Kentucky revocation was based on: 1) failure to report the New York criminal conviction; 2) providing incorrect or materially untrue information on his Kentucky renewal license application; 3) and demonstrating dishonesty and untrustworthiness in the conduct of the business as evidenced by the facts underlying his felony convictions. The Respondent never reported the Kentucky revocation to the NHID.

8. On June 10, 2014, the Respondent submitted to the Department of Insurance for the State of Ohio a request to surrender for cause his Ohio insurance producer license. The Ohio Department of Insurance granted the Respondent's request, and his Ohio license was deemed "inactive" effective June 24, 2014. The Respondent never reported the Ohio action to the NHID.

II. STATEMENT OF ISSUES

A. Whether, pursuant to RSA 402-J:12, I, (f), the Respondent's New Hampshire nonresident insurance producer license should be suspended or revoked because of the New York felony convictions.

B. Whether, pursuant to RSA 402-J:12, I, (i), the Respondent's New Hampshire nonresident insurance producer license should be suspended or revoked because his producer license was revoked in Kentucky.

C. Whether Respondent violated RSA 402-J:17, I by failing to report the administrative actions of the Kentucky and Ohio Insurance Departments to the NHID.

D. Whether, pursuant to RSA 402-J:12, I, (h), the Respondent's felony convictions for grand larceny and scheme to defraud, when coupled with his failure to report the Kentucky and Ohio administrative actions, evidence fraudulent or dishonest practices and demonstrate untrustworthiness in the conduct of the business.

The NHID reserves the right to amend this statement of issues upon reasonable notice to the Commissioner (or his designated Representative) and the Respondent.

III. NEW HAMPSHIRE INSURANCE LAWS VIOLATED BY RESPONDENT

A. The Department alleges the Respondent violated RSA 402-J:12, I, (i), RSA 402-J: 17, I, RSA 402-J:12, I, (h), and, further that the Respondent's felony convictions constitute sufficient grounds for administrative action under RSA 402-J:12 I, (f).

The NHID reserves the right to amend this list of insurance laws violated by Respondent upon reasonable notice to the Commissioner (or his designated Representative) and the Respondent.

IV. NOTICE OF HEARING

Pursuant to RSA 541-A:31 and Ins Part 200, the hearing in this matter shall commence on February 25, 2015 at 9:00 a.m. at the offices of the Department, which are located at 21 South Fruit Street, Suite 14 in Concord, New Hampshire.

James Fox, Esquire shall preside as the Hearing Officer in this matter.

Sarah Prescott shall serve as clerk to the Hearing Officer. The parties should direct all communications to Ms. Prescott, whose contact information is:

Sarah Prescott, Clerk
New Hampshire Insurance Department
21 South Fruit Street, Suite 14
Concord, NH 03301
Tel: (603) 271-2261
Fax: (603)271-1406
Email: sarah.prescott@ins.nh.gov

Respondent has the right to be represented by legal counsel at his own expense. Should Respondent elect to retain an attorney, his attorney shall file a Notice of Appearance with Ms. Prescott, at the earliest possible date. A copy of the Department's Notice of Appearance is enclosed with this Order.

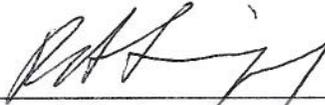
Any party may request a transcript of the proceeding. The party requesting a transcript of the proceedings shall file a written request for a certified court reporter with the Hearing Officer at least 10 days prior to the scheduled hearing date. The costs incurred for the services of a certified court reporter shall be borne by the requesting party.

Donald L. Belanger shall serve as the staff advocate, representing interests of the NHID.

It is **SO ORDERED**.

NEW HAMPSHIRE INSURANCE DEPARTMENT

Date: 1-15-15



Roger A. Sevigny, Insurance Commissioner

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the foregoing Order to Show Cause and Notice of Hearing was sent this date by first-class mail, postage prepaid, and by certified mail, return receipt requested to Norman J. Michaels Jr., 399 Knollwood Road, Suite 301A, White Plains, NY, 10603-1936 this being his mailing address on file with the Department.

Date: 1.15.15



Carolyn Petersen, Enforcement Paralegal