

**STATE OF RHODE ISLAND
DEPARTMENT OF BUSINESS REGULATION
1511 PONTIAC AVENUE, BLDG. 69-2
CRANSTON, RHODE ISLAND 02920**

In the Matter of:	:	
	:	
Bruno Ragusa,	:	DBR No.: 2023-IN-003
	:	
Respondent.	:	

DECISION

I. INTRODUCTION

This matter arose pursuant to an Emergency Order Summarily Suspending License; Order to Show Cause Why an Order Should not Issue to Revoke an Insurance Producer License and Penalties Should not be Assessed; Notice of Hearing and Appointment of Hearing Officer (“Emergency Order”) issued by the Department of Business Regulation (“Department”) to Bruno Ragusa (“Respondent”) on August 7, 2023. The Respondent holds an insurance producer (“License”) pursuant to R.I. Gen. Laws § 27-2.4-1 *et seq.*¹ A hearing was held on October 19, 2023. The Department was represented by counsel and the Respondent was *pro se*. Briefs were timely filed by October 26, 2023.

II. JURISDICTION

The administrative hearing was held pursuant to R.I. Gen. Laws § 42-14-1 *et seq.*, R.I. Gen. Laws § 27-2.4-1 *et seq.*, R.I. Gen. Laws § 42-35-1 *et seq.*, and 230-RICR-10-00-2 *Rules of Procedure for Administrative Hearings* (“Hearing Regulation”).

¹ Pursuant to an agreement of the parties, an order issued on August 28, 2023 amending the Emergency Order to reflect that the Respondent holds a non-resident Rhode Island insurance producer license.

III. ISSUE

Whether the Respondent violated R.I. Gen. Laws § 27-2.4-14(a)(2), (5), (8), and (10), and if so, what is the appropriate penalty.

IV. TESTIMONY AND MATERIAL FACTS

Rachel Chester, Chief, Consumer Relations and Licensing, testified on behalf of the Department. She testified that she has worked for the Department for 11 years and prior to that, she was an insurance producer for ten (10) years. She testified the Department received various complaints about the Respondent which it investigated. She testified that Rhode Island is not an appointment state for insurance producers, but neighboring states are and using that information, she contacted about 11 insurance companies for which the Respondent acted to obtain information about insurance policies purchased by the Respondent for Rhode Island consumers. She testified that she compiled that information into a spreadsheet for 19 different consumers. Department's Exhibit Seven (7).² She testified that insurance companies only ask questions on applications that they care about as the information received goes to underwriting. She testified that the Department has a regulation regarding the replacement of insurance, and insurance companies want to know if an applicant has other policies because the concept of an insurable interest is to cover the financial detriment of an applicant when he or she dies, and not to create millionaires. She testified that she received business records relating to the Respondent from Great Western Insurance Company ("Great Western"); Columbian Life Insurance Company ("Columbian"); Old American Insurance Company ("Old American"); and Senior Life Insurance Company ("Senior Life"). Department's Exhibits 13, 14, 15, and 16 (affidavits from insurance companies for business records).

² For the record, all exhibits were admitted in full. Furthermore, most of the exhibits contain personal identifying information such as date of birth, social security numbers, medical information, and banking information. **Therefore, the Department's exhibits are sealed.**

In relation to the life insurance policies sold by the Respondent, the parties stipulated that they were life insurance policies for one (1) year with automatic renewals every year and the premiums would never change but would terminate after one (1) missed payment.

In order to understand the chronology of the witnesses' insurance policies, and purchase thereof, the insurance companies and dates of policy purchases via the Respondent are as follows:³

Raymond Luz: Columbian Life policy began December 1, 2020 and surrendered on August 30, 2022. A Great Western policy began on February 3, 2023 and terminated February 13, 2023.

Rita Chabot: Columbian Life policy started December 1, 2020⁴ and surrendered August 30, 2022. A Great Western policy began on February 3, 2023 and terminated February 13, 2023.

Laurie Boyer: A policy from Occidental and a policy from Great Western began October 25, 2022. The Occidental policy was terminated. The Great Western policy ended on March 15, 2023. A Liberty policy began on October 27, 2022 and lapsed on May 25, 2023. A Savings Bank policy began on February 3, 2023 and an Old American policy began on April 1, 2023 and a Senior Life policy began on June 16, 2023 and all three (3) are active.

William Ferrara: A Senior Life policy started May 29, 2020 and is still active. A Great Western policy began on February 3, 2023 and terminated February 6, 2023. A Savings Bank policy started March 3, 2023 and terminated March 15, 2023.

Raymond Luz ("Luz") testified on behalf of the Department. He testified that he and Rita Chabot ("Chabot"), both bought a policy from the Respondent with Columbian Life that began in December, 2020. He testified that at that time, they met Respondent in their home in West Warwick but later moved to Coventry in August, 2022. He testified that he received an unknown

³ The information about the Respondent's clients' insurance policies was taken from Department's Exhibit Seven (7) (spreadsheet of Respondent's clients with their various policies, policy numbers, start date, end date).

⁴ Department's Exhibit Seven (7) erroneously indicated 2023 when Chabot's policy started; however, her start date for the policy would be the same as Luz's. It would have started prior to cancellation. See testimony.

bank charge in January, 2023 and when he spoke to his bank, he found out the bank had his routing number, and he was being charged for an insurance policy with Great Western that was effective in 2023. He testified that the policy application was in his name but with his old address, and he never authorized its purchase. Department's Exhibit One (1) (Luz's application to Great Western dated January 9, 2023 with the West Warwick address). He testified that his wife had closed her bank account but received notices that she owed money for a Great Western insurance policy as well. He testified that they had each bought the Columbian Life policy in 2020 which they then canceled. He testified that they never bought the Great Western policies. He testified that he has not been in contact with the Respondent since they met in December, 2020. Department's Exhibit Two (2) (Luz's complaint to the Department dated February 21, 2023).

On cross-examination, Luz was asked if he had met the Respondent in 2022 like he had testified on direct examination. Luz testified that he did not meet him in 2022.⁵ On redirect examination, he testified they only purchased the Columbian Life policies which were issued in December, 2020, and that was the only time they met the Respondent. Department's Exhibit Three (3) (emails between Department and Luz where Luz indicated that they moved in 2022 so only time saw Respondent was December, 2020).

The Department entered a recording of Luz's call to Great Western. The call was from Luz and Chabot. Chabot stated that she received a notice of a \$120 charge from Great Western. She stated that she never applied for this policy. She was told that there was a January 9, 2023 application in her name signed by her with the Respondent as the agent. Luz stated that they originally had a life insurance policy with him that they canceled. Luz explained how he called his bank to cancel a new policy in his name as Respondent must have started the new policy

⁵ A review of the audio recording indicates that at 9 minutes and 35 seconds, Luz initially testified on direct examination that he met the Respondent in late 2021 or 2022.

fraudulently with the information that Respondent had from their old policies. Chabot canceled the new Great Western policy by telephone. Luz canceled the new Great Western policy by telephone. They were told that both new applications had their e-signatures. Department's Exhibit 32 (Great Western recording dated February 13, 2013 with Luz and Chabot).

Laurie Boyer ("Boyer") testified on behalf of the Department. She testified that she received a mailing from the Respondent and since she was interested in life insurance, she contacted him, and he came to her house about October, 2022. She testified the Respondent's mailing stated "free or low income life insurance." She testified that she was interested in low income life insurance because she and her boyfriend have low income. She testified that she thought the Respondent was offering low cost life insurance, but it did not end up that way. She testified that she thought the premiums for her would be \$24 and her boyfriend's would be \$34 but they turned out to be much higher. She testified that her boyfriend had health issues in November, 2022, so it was not until January, 2023 that she looked at her bank withdrawals for the insurance, and her charge was for \$89 a month and her boyfriend's charge was over \$100. She testified that they had just been seeking one policy each, and she discovered that she had multiple withdrawals from her checking account for different policies. Department's Exhibits Four (4) (Boyer Senior Life application dated June 13, 2023); Five (5) (Old American application dated March 30, 2023); and Six (6) (Boyer Great Western application dated September 26, 2022).

Boyer testified that she spoke to Respondent in January, 2023 about the charges, and he said he would fix it, and she met with him in March, 2023. She testified that in January, 2023, she called the insurance company to find out about the charges. She testified she intended to have one policy but ended up with multiple policies. She testified that she spoke to Great Western which reimbursed her but not her boyfriend. She testified that she does not want the Senior Life policy,

but that company says only her agent, Respondent, can cancel the policy. She testified that she canceled Old American. She testified that she had never seen the Department's Exhibit Ten (10), a policy cancellation form to Great Western dated January 16, 2023 and it was not in her handwriting. She testified that she spoke to the Respondent in January, 2023 to tell him that she only wanted one (1) policy but she did not give him authority to sign anything.

On cross-examination, Boyer testified that she authorized the Old American purchase in March, 2023. She testified that there are all these other charges coming, and they have multiple policies that they do not want. She testified that the Respondent was authorized to purchase the Great Western and Old American policies, but none of the others. She testified that she was reimbursed by Great Western. On redirect examination, Boyer testified that she met the Respondent in September or October of 2022 and called him in January, 2023 and met with him in March, 2023. On re-cross examination, she testified that she spoke with him in September, 2023.

The recording of Boyer's call to Great Western was entered in as an exhibit. Boyer stated that she was having money taken out of her bank account from various insurance companies. She was told that Great Western had an application from her from the Respondent dated September 26, 2022. She stated that she and her boyfriend both spoke to the Respondent around that date but told him they wanted inexpensive policies, and the Respondent said he could get a policy for her boyfriend at \$34 a month and her for \$24 a month. She stated that she now has several policies. She was told that the Respondent had been terminated from Great Western. She stated that she never purchased the Great Western policy. She was told the company would cancel the policy and refund all the money that had been taken. She was advised to call the other insurance companies in order to cancel those policies. Department's Exhibit 33 (Boyer's call with Great Western).

William Ferrera (“Ferrara”) remotely testified on behalf of the Department. He testified that he did not remember who he bought the Senior Life policy from but thought it was seven (7) or eight (8) years ago. He testified that the Senior Life policy is from May, 2020. He testified that someone came to his house and shut down his other policy and replaced it with Senior Life. He testified that money was later taken from his bank account, and he contacted the bank, and the bank said the charge was for Great Western. He testified that he spoke to Great Western as he never purchased a policy from them. He testified that he never signed the cancellation form sent to Great Western dated February 4, 2023. Department’s Exhibit 17. He testified that he never spoke to anyone about a Great Western or Savings Bank policy. On cross-examination, Ferrara testified he initially said it was seven (7) or eight (8) years ago that he met the Respondent, but he bought the Senior Life policy in 2020. He testified that he did not speak to anyone about buying insurance in January, 2023.

The Department entered an audio recording of Ferrara’s conversation with Great Western in which Ferrara explained that money was taken from his account for a Great Western policy. He was told that the Respondent purchased the policy for Ferrara effective February 3, 2023. Ferrara informed the insurance company that he did not purchase another policy as he already had a policy and had not spoken to the Respondent. Ferrara canceled the Great Western policy over the telephone. Department’s Exhibit 20 (Ferrara’s call to Great Western dated February 6, 2023).

Along with testimony, the Department also submitted telephone calls to Great Western in as evidence. In order to understand the chronology of the clients whose calls to Great Western were entered into evidence, the insurance companies and dates of policy purchases via the Respondent are as follows:⁶

⁶ Department’s Exhibit Seven (7).

Lisa Schonfarber: Columbian Life policy began February 11, 2021 and ended with her death on August 9, 2021. A Great Western policy began on January 28, 2023 and terminated February 9, 2023.

Donna McManus: Columbian Life began on January 2, 2021 and is still active. Great Western began January 28, 2023 and ended February 28, 2023.

Donald Seamans: Columbian Life began on January 3, 2021 and is still active. Great Western began January 28, 2023 and ended February 28, 2023.

Maureen Adams: Columbian Life began on December 22, 2019 and lapsed on August 13, 2020. A Senior Life policy dated July 18, 2020 was declined. A Senior Life policy dated July 20, 2020 was canceled. An Occidental policy was dated July 3, 2022 and declined. A Great Western policy began January 22, 2023 and ended January 23, 2023.

Deborah Anderson: An Occidental policy dated October 5, 2022 was not taken and a Great Western policy began October 5, 2022 and ended October 7, 2022.

A recording from the boyfriend of Lisa Schonfarber (“Schonfarber”) calling Great Western was entered as an exhibit. His call indicated that he was trying to understand why there would be a new bank charge that he had not seen before for an insurance policy for Schonfarber. It transpired that the policy was issued for her on December 30, 2022 by the Respondent but that Schonfarber died on August 9, 2021. Department’s Exhibits 21 (Schonfarber’s application dated December 29, 2022); 22 (recording about Schonfarber with Great Western); 23 (Schonfarber’s obituary indicating she passed on away on August 9, 2021); and 24 (an intake form taken by the Respondent for Schonfarber with her birthdate, beneficiary, social security number, doctor’s office, and bank and banking routing number).

A recording from Donna McManus (“McManus”) from Great Western was admitted as an exhibit. McManus called Great Western because Great Western tried to take \$100 from her bank account, and she told Great Western that she never purchased the policy which the company indicated was purchased by the Respondent. She was told that the policy started on January 28, 2023, and she said that she had an old policy from Columbian Life with the Respondent from two (2) or three (3) years ago. She stated that she did not order a new policy from the Respondent. She canceled the 2023 Great Western policy on the telephone call. Department’s Exhibits 25 (McManus’ Great Western application dated December 12, 2022); 26 (January 31, 2023 McManus recording with Great Western); and 24 (an intake form taken by the Respondent for McManus with her birthdate, beneficiary, social security number, doctor’s office, and bank and banking routing number).

A recording from Donald Seamans (“Seamans”) from Great Western was admitted as an exhibit. The recording showed that Seamans called Great Western because of a bank charge for life insurance that he had not authorized. He was told that Respondent was the agent who authorized the purchase. He stated that he never heard the Respondent’s name. He was told that the policy started on December 28, 2022. He stated that he just spotted the charge that day, and he canceled the Great Western policy by telephone. Department’s Exhibits 27 (Seamans’ Great Western application dated December 28, 2022); 27 (February 28, 2023 Seamans recording with Great Western); and 24 (an intake form taken by the Respondent for Seamans with his birthdate, beneficiary, social security number, doctor’s office, and bank and banking routing number).

A recording from Maureen Adams (“Adams”) from Great Western was admitted as an exhibit. The recording showed that Adams called Great Western because of a life insurance policy that she did not purchase and for which she received a cancellation notice. She was told that there

was a Great Western policy dated January 22, 2023, but it was not active, and the agent who purchased policy was the Respondent, and she stated that she had dealt with “Bruno” and “Roscoe.” She stated that she never heard of Great Western and never purchased the policy and never canceled it and never received anything to sign to cancel the policy. She stated that she has a premium of \$50 from an insurance policy purchased in 2018 or 2019, and the new policy was for \$199 a month, and the Respondent would know that she could not afford that policy. Department’s Exhibits 29 (Adams’ Great Western application dated December 22, 2022); 30 (Adams’ recording with Great Western); 24 (an intake form taken by the Respondent for Adams with her birthdate, beneficiary, social security number, doctor’s office, and bank and banking routing number); and 31 (Adams’ cancellation letter dated January 15, 2023).

A recording from Deborah Anderson (“Anderson”) with Great Western was admitted as an exhibit. In the call, Anderson stated she wanted a \$5,000 policy with a \$10 charge which Respondent told her she could purchase as she just wanted to be cremated. She stated that she never heard back from the Respondent whether she was accepted or not, but then she received bank charges of over \$100 for two (2) policies that she did not take out. Anderson canceled the Great Western policy during the telephone call. Department’s Exhibits 34 (Anderson’s Great Western application dated September 27, 2022); 35 (October 7, 2023 Anderson recording with Great Western); and 24 (an intake form taken by the Respondent for Anderson with her birthdate, beneficiary, social security number, doctor’s office, and bank information); and 12 (Anderson complaint date October 28, 2022 to Department indicating that she spoke to Respondent about policies but never heard from him so was surprised to receive charges from Great Western and Occidental for policies which she then canceled).

The Respondent testified on his behalf. He testified that the witnesses contradict themselves in their recordings and their testimony. He testified Luz testified that he met him in 2022, and Boyer admitted on the record that met him when on the recording she said she never met him. He testified that Seamans said he did not know him on the recording, but he had a prior policy with him, and that Anderson contradicted herself on price, and she would not have been able to purchase at \$10 a month policy. He testified that Adams still continuously calls him, but in her recording, she referred to Roscoe or Bruno. He testified that his clients do not remember ordering insurance, but he had their information such as birth dates, social security, height, weight, and beneficiaries because he had met with them. He testified that his clients would not remember what they had for breakfast four (4) days ago. He testified he did make mistakes by checking on insurance policy applications that the applicants did not have other insurance coverage when they did. He testified that he did not engage in fraudulent actions.

On cross-examination, the Respondent testified that when he first meets a client, he completes an intake form with health history and other information and does not further update that form. Respondent's Exhibit One (1) (intake form for clients). He testified that he usually shreds his clients' personal information. He testified that he does not recollect Schonfarber and does not know how that happened. He testified that he could have sworn that he met her, and he does not have an answer for that.

V. DISCUSSION

A. **Legislative Intent**

The Rhode Island Supreme Court has consistently held that it effectuates legislative intent by examining a statute in its entirety and giving words their plain and ordinary meaning. *In re Falstaff Brewing Corp.*, 637 A.2d 1047 (R.I. 1994). If a statute is clear and unambiguous, “the

Court must interpret the statute literally and must give the words of the statute their plain and ordinary meanings.” *Oliveira v. Lombardi*, 794 A.2d 453, 457 (R.I. 2002) (citation omitted). The Supreme Court has also established that it will not interpret legislative enactments in a manner that renders them nugatory or that would produce an unreasonable result. See *Defenders of Animals v. DEM*, 553 A.2d 541 (R.I. 1989) (citation omitted). In cases where a statute may contain ambiguous language, the Rhode Island Supreme Court has consistently held that the legislative intent must be considered. *Providence Journal Co. v. Rodgers*, 711 A.2d 1131, 1134 (R.I. 1998). The statutory provisions must be examined in their entirety and the meaning most consistent with the policies and purposes of the legislature must be effectuated. *Id.*

B. Standard of Review for an Administrative Hearing

It is well settled that in formal or informal adjudications modeled on the Federal Administrative Procedures Act, the initial burdens of production and persuasion rest with the moving party. 2 Richard J. Pierce, *Administrative Law Treatise* § 10.7 (2002). Unless otherwise specified, a preponderance of the evidence is generally required in order to prevail. *Id.* See *Lyons v. Rhode Island Pub. Employees Council 94*, 559 A.2d 130, 134 (R.I. 1989) (preponderance standard is the “normal” standard in civil cases). This means that for each element to be proven, the fact-finder must believe that the facts asserted by the proponent are more probably true than false. *Id.* When there is no direct evidence on a particular issue, a fair preponderance of the evidence may be supported by circumstantial evidence. *Narragansett Electric Co. v. Carbone*, 898 A.2d 87 (R.I. 2006).

C. Relevant Statutes

R.I. Gen. Laws § 27-2.4-14 provides in part as follows:

Licenses — Denial — Nonrenewal — Suspension or revocation. (a) The insurance commissioner may place on probation, suspend, revoke or refuse to issue or

renew an insurance producer's license or may levy an administrative penalty in accordance with § 42-14-16 or any combination of actions, for any one or more of the following causes:

(2) Violating any insurance laws, or violating any regulation, subpoena or order of the insurance commissioner or of another state's insurance commissioner;

(5) Intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance;

(8) Using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness or financial irresponsibility in this state or in another place;

(10) Forging another's name to an application for insurance or to any document related to an insurance transaction.

D. Arguments

The Department argued the Respondent's License should be revoked for his statutory violations in relation to submitting insurance applications for consumers who had not authorized the purchases, certifying applications that consumers did not have insurance policies when they did, submitting unauthorized cancellation letters, misrepresenting terms of applications, and making material misrepresentations on applications.

The Respondent argued the witnesses contradicted themselves in their testimony and calls to the insurance company. He argued his clients would not remember what they had for breakfast a few days ago so would not remember what transpired months prior. He argued that the documents proved he met his clients and signed them up for the policies and did not commit fraud.

E. The Consumers

Overall, the Respondent did not testify to speaking to or any type of correspondence with his clients prior to the second purchases of insurance except for Boyer. He did not provide any contemporaneous notes, client files, or any documentary evidence regarding conversations or correspondence with his clients regarding their original purchase or subsequent purchases of

insurance. He provided no documentation as to any discussions with his clients regarding their insurance options for coverage and premiums. He only provided copies of their initial intake forms. He testified that he never updated those forms after the initial intake.⁷

1. Raymond Luz and Rita Chabot

Luz testified that he and Chabot both met with Respondent, and each bought a Columbian Life policy in December, 2020. The Respondent felt it was significant that Luz initially testified that he met with the Respondent in 2021 or 2022 rather than the actual date of 2020. Luz's testimony was that he and Chabot both bought one (1) policy each from Respondent and did not buy a second policy in 2023 from Respondent. Luz's credibility as to whether he purchased the second policy is not undermined by that fact that he was initially unsure of the date when he bought the first policy. He testified that he and Chabot each bought a policy after meeting with the Respondent. That was in 2020.

A second policy was put through by Respondent in 2023 for each of them. Luz's testimony was those second policies were not purchased and were not authorized to be purchased by either of them. Indeed, the wrong address was used on Luz's second policy application. Luz and Chabot moved after the purchase of the first policies. Luz's testimony was consistent with his and Chabot's telephone call to Great Western in 2023 after Luz received a bank charge and Chabot received a bill for insurance that they did not purchase. They called Great Western and discovered that the Respondent had applied for the insurance using their e-signature so they canceled the policies. Department's Exhibit 32.

⁷ The consumers were identified by letter in the Emergency Order. For the record, Luz and Chabot are Consumers A and AA, Anderson is Consumer B, Boyer is Consumer C, McManus is Consumer E, Seamans is Consumer F, Ferrara is Consumer H, and Adams in Consumer K. The Schonfarber situation is Consumer J in that Consumer J was her boyfriend who called the insurance company.

The Respondent testified that none of his clients would remember what they had for breakfast four (4) days ago. However, his clients remembered that they did not purchase an insurance policy. There is a difference between breakfast and purchasing insurance. The Respondent testified that he met his clients. That is true. He met Luz and Chabot once in 2020. They bought insurance. The Respondent did not testify as to a second meeting or provide any evidence of a meeting or correspondence or conversation in 2023. Indeed, the Respondent did not know Luz and Chabot moved so the wrong address was used on Luz's application. Department's Exhibit One (1). The Respondent already had the information for the first purchase of insurance which he could use to purchase more insurance.

Luz credibly testified and the documentary and telephone evidence supports a finding that neither he nor Chabot purchased or authorized the purchase of the two (2) Great Western policies. Thus, the Respondent made the purchases without authorization and forged their signatures.

2. Laurie Boyer

The Respondent argued that Boyer's testimony was not credible because what she said on the insurance recording was contradicted in her testimony. However, when Boyer spoke to Great Western, she explained she had met Respondent who said he could obtain premiums for \$24 and \$34 for her and her boyfriend and she had not authorized that policy. She testified that she met the Respondent twice and spoke on the telephone with him. She testified that she requested a policy in 2022 thinking the premiums would be much lower. That is the Great Western policy that she canceled in 2023. She testified she authorized the Old American policy in March, 2023. She testified to and stated on her call to Great Western that she had gotten charges for other policies that she did not authorize.

The exhibits showed there were two (2) policies for Boyer that started on October 25, 2022. One was Occidental and the other was the Great Western policy that she canceled in March, 2023.⁸ There was also a Liberty policy that started in October 27, 2022. In 2023, there were also a Senior Life and a Savings Bank policy that were purchased in her name. She testified that she had not been able to cancel the Senior Life policy.

Boyer testified that she was interested in low cost insurance. She testified she understood from the Respondent that her premium and boyfriend's premium would be low. She testified when she checked her bank account in January, 2023, she discovered that the premiums were much higher than she expected. She testified she spoke to the Respondent, and he said he would take care of it. She also spoke to him in March, 2023 and to Great Western. While she did not initially remember the exact time and dates that she spoke or met the Respondent, she was consistent in explaining to Great Western and at hearing that the premiums were higher than she had been led to believe by the Respondent and except for the initial Great Western policy – though not at that high rate – and the Old American policy, neither she nor her boyfriend wanted the other policies.

The Respondent testified that none of his clients would remember what they had for breakfast four (4) days ago. Boyer did not want the Great Western policy at the premium that was charged. It may be that the Respondent was unable to find insurance at the premiums that he thought he could find for Boyer and her boyfriend. It could be that there was miscommunication over that initial Great Western policy. However, it makes no sense for the Respondent to initiate three (3) policies for Boyer in October, 2022 when she was looking for low cost insurance. Indeed, the Respondent's sales pitch was to send a mailing to Boyer about free or low cost insurance. In

⁸ While the telephone call is not dated, the evidence is that she canceled that policy, and it was canceled on March 15, 2023. The insurance company representative on the call said he would cancel the Great Western policy.

2023, the Respondent initiated three (3) policies for Boyer. Boyer testified that they each only wanted the Old American policy.

Boyer's testimony about wanting low cost insurance was credible. Her testimony that the initial premium for Great Western was higher than expected leading to her cancellation of it was credible. Her testimony that she did not want nor authorized the other policies was credible. The Respondent did not testify as why all the policies were initiated. He provided no notes or evidence of such discussions. He relied on Boyer's testimony that she met him in March, 2023 and agreed to the Old American policies. As the Respondent had initially met Boyer and her boyfriend, he had their information to make the other insurance purchases that Boyer did not authorize.

3. William Ferrara

Ferrara testified that he met with the Respondent about a Senior Life policy. He initially testified it was seven (7) or eight (8) years ago, but it was in 2020. He testified that he did not speak to anyone in 2023 about a Great Western or Savings Bank policy in 2023. The Great Western recording showed him calling Great Western since money was being taken from his bank for a policy. On the call, he canceled the policy. The Respondent applied for a Great Western policy and a Savings Bank policy for Ferrara in 2023.

The Respondent testified that his clients would not remember what they had for breakfast four (4) days ago. However, Ferrara remembered that he did not purchase more insurance. There is a difference between breakfast and purchasing insurance. The Respondent testified that he met his clients. That is true. He met Ferrara once. Ferrara bought insurance in 2020. The Respondent did not testify as to a second meeting or provide any evidence of such a meeting or telephone call or correspondence in 2023 with Ferrara. The Respondent already had the information for the first purchase of insurance that he could use for the purchase of more insurance.

Ferrara credibly testified and the documentary and telephone call evidence supports a finding that he did not purchase or authorize the purchase of the two (2) 2023 policies. Thus, the Respondent made those purchases without authorization and forged Ferrara's signature.

4. Lisa Schonfarber

The evidence was that the Respondent met with Lisa Schonfarber as he had her intake form, and her Columbian Life policy began on February 11, 2021. It ended with her death on August 9, 2021. A Great Western policy began on January 28, 2023 and terminated February 9, 2023 after her boyfriend called Great Western about the policy since she had died. The Great Western policy application is in Schonfarber's name with her signature and dated December 29, 2022 and was put through by the Respondent. The Respondent testified that he had no explanation for Schonfarber's application and policy. Clearly, it can be inferred that the Respondent had her information from when she purchased insurance in 2021 and used it again to purchase insurance for her in 2023 without knowing she had passed away. He used that information to apply for the insurance in her name and signed her name by e-signature.

5. Donna McManus and Donald Seamans

These two (2) individuals separately called Great Western in 2023 after receiving a bank charge for insurance that they had not purchased. Both McManus and Seamans canceled the policy that was ordered in their names by Respondent. Both had previously purchased insurance with Respondent in January, 2021 from Columbian Life and both policies are still active. Neither individual testified at hearing. However, the recording for both McManus and Seamans showed the same fact pattern that both previously bought insurance with Respondent and then received bank charges for insurance that they told Great Western they had not ordered.

The Respondent argued Seamans said on the recording that he never heard the Respondent's name. Seamans may have forgotten Respondent's name but the fact that he did not remember Respondent's name does not change the fact that he purchased a 2021 policy with the Respondent and that the Respondent then purchased a 2023 policy for Seamans. The Respondent never testified that he spoke or met or in any corresponded with either McManus or Seamans about buying more insurance in 2023. He provided no evidence of notes or correspondence with either McManus or Seamans. Instead, he testified that none of his clients would remember what they had for breakfast four (4) days ago and that his clients do not remember ordering insurance. There is a difference between breakfast and purchasing insurance. The Respondent testified that he met his clients. That is true. He had either previously met or spoke to them in 2021 when they bought insurance. Thus, the Respondent already had the information for the first purchase of insurance that he was able to use for the second unauthorized purchase of insurance.

6. Maureen Adams

Adams called Great Western after receiving a notice of a Great Western policy in her name was canceled in January, 2023. Adams stated in the call that she never canceled nor ordered the policy. The Respondent apparently canceled it in her name. Department's Exhibits 29 and 31. The Respondent's explanation was that Adams continuously calls her and referenced Bruno and Roscoe in her call to Great Western. Adams may still call the Respondent in the hopes of obtaining lower cost insurance. Bruno is Respondent's first name so she may have made a mistake in referring to a Roscoe. However, that does not change that she purchased a policy from the Respondent in 2019. Indeed, she stated in the telephone call that she had a premium of \$50 for a policy that she obtained in 2018 or 2019.

The Respondent did not testify to why he purchased the January, 2023 policy from Great Western for Adams. He did not explain whether he spoke to her or whether he thought it was what she wanted. He provided no notes or correspondence or any documentation about why he made that purchase. There was no evidence that in 2023, Adams had even wanted to purchase some kind of insurance. The Respondent's explanation is that his clients do not remember meeting him and would not remember what they had for breakfast four (4) days ago. However, there was no evidence that Adams wanted the January, 2023 policy.

7. Deborah Anderson

Anderson stated in her call to the insurance company that she told the Respondent that she only wanted a \$5,000 policy for cremation for \$10 a month. She stated she never heard from the Respondent that she was accepted or not and then received charges for over \$100 for two (2) insurance policies that she never took out. She canceled the Great Western policy. The evidence showed that the other policy was not taken out.

The Respondent's explanation was that Anderson contradicted herself on price and would never obtain insurance for \$10 a month. If she could not obtain insurance at the premium requested, then Respondent should have spoken or corresponded with her over her options. He did not testify that he spoke to her about a higher premium. His testimony was that she would never get the price she wanted, but he never explained to her what her options were. Instead, he just applied for the policies of his own accord.

F. Certification on Applications that Applicant Did not Have other Life Insurance Policies

The Respondent testified that he made mistakes when he submitted applications stating that various applicants did not have any other life insurance policies when they did.

Boyer's application to Senior Life dated April 10, 2023 stated she had no other life insurance when she had Old American and Saving Bank policies in effect that had been sold to her by the Respondent. Boyer's Old American application dated April 1, 2023 stated that she had no other life insurance policies when she had Savings Bank policy in effect. Department's Exhibit Four (4) (Boyer's Senior Life application); Five (5) (Boyer's Old American application); and Seven (7) (Old American policy effective April 1, 2023 and Savings Bank effective February 1, 2023 with both still being active).

Both McManus' and Seamans' applications in 2023 to Great Western stated that they had no other insurance when they both had active 2021 Columbian Life policies sold to them each by the Respondent. Department's Exhibits 25 (McManus' Great Western Application dated December 28, 2022); 27 (Seamans' Great Western application dated December 28, 2022); and Seven (7) (both have active Senior Life policies sold in January, 2021).

Ferrara's application in 2023 to Great Western stated that he had no other insurance when he has an active 2020 Senior Life policy sold to him by the Respondent. Department's Exhibit 19 (Ferrara's Great Western application dated January 10, 2023); and Seven (7) (active Senior Life policy effective May 29, 2020).⁹

For these policies, the Respondent certified that the answers were complete and true to his knowledge. Department's Exhibits Four (4), Five (5), 19, 25, and 27. However, they were not as he certified that the consumers did not have current life insurance policies when in fact they did.

⁹ When the Respondent submitted Schonfarber's Great Western application in December, 2022, he wrote that she had no other insurance policies. Department's Exhibit 21. As he did not know she had died, presumably the Respondent's information at the time was that she was alive and still had the policy that he had sold her. Thus, the application is technically accurate in that answer, but it is doubtful that the Respondent actually knew he was giving the right answer.

The same is true with Luz and Chabot who in 2022 had surrendered their 2020 policies that they purchased via the Respondent. When the Respondent completed the 2023 Great Western application in Luz's name, he did not necessarily know that Luz no longer had the insurance that he had sold Luz. Department's Exhibit One (1) (Great Western application).

G. Whether the Respondent Violated R.I. Gen. Laws § 27-2.4-14¹⁰

1. R.I. Gen. Laws § 27-2.4-14(8) Using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness or financial irresponsibility

For some of the policies placed by the Respondent, he spoke to clients about the premiums or their options. Boyer wanted insurance but expected a much lower premium (Great Western). Anderson said she had spoken to the Respondent about insurance but never heard from him further if she was approved. Apparently, the Respondent took his conversations with these clients as approval and purchased insurance even at premiums not desired by the clients. Such actions demonstrate incompetence and untrustworthiness in that he failed to communicate with clients about their insurance options and failed to explain the actual costs of the insurance to them.

For Luz, Chabot, Boyer,¹¹ Ferrara, Schonfarber, McManus, Seamans, Adams, and Anderson, the Respondent ordered them insurance without speaking or corresponding to them or obtaining their authorization. In Schonfarber's matter, she was no longer alive. It is noted that Boyer spoke with Respondent about purchasing policies but not all the policies that were purchased were ones discussed with the Respondent. Hence, some of the policies purchased for Boyer were without authorization. The Respondent had his clients' information such as date of birth, banking, medical, beneficiary, and social security number from his initial meetings and prior

¹⁰ Evidence was not presented for Consumers D, G, and I described in the Emergency Order, so the allegations related to those Consumers were not proved.

¹¹ Boyer testified as to her boyfriend and the policies purchased on his behalf by the Respondent. There was oral testimony from her and documentary testimony that the Respondent purchased policies for her boyfriend that were not authorized. There was evidence that the Respondent made a material misrepresentation on a policy application as to her boyfriend's medical condition. There was evidence that when purchasing the unauthorized policies, the Respondent indicated that the boyfriend did not have insurance when he did. Department's Exhibits Seven (7) and Eight (8) (insurance policy). However, the Emergency Order did not detail any allegations regarding Boyer's boyfriend. Boyer is referred to as Consumer C in the Emergency Order, but no reference is made to her boyfriend, and there are no allegations of these violations. The Department did not move to amend the pleadings to include Boyer's boyfriend, nor did it move to amend the pleadings to conform with the evidence after hearing. Since no notice was given of the allegations regarding the boyfriend to the Respondent as required by due process as codified in R.I. Gen. Laws § 42-35-9, this decision does not address the Respondent's apparent many violations in relation to Boyer's boyfriend.

insurance purchases for them. It can be inferred that he used that information to purchase other policies that they did not know about and did not authorize to purchase.¹² Such actions are fraudulent, dishonest, incompetent, and untrustworthy.

As discussed above, there were at least five (5) instances when the Respondent inaccurately certified that an applicant did not have life insurance when they did (and he had sold them those policies). Chester testified that insurance companies request that information for underwriting purposes. Chester testified to the replacement regulation, *Life Insurance and Annuities Replacement*, 230-RICR-20-25-2.4(c), which applies when a consumer changes a life insurance policy. An insurance company cannot properly evaluate an application and ensure compliance with regulatory requirements if they are not told about other life insurance policies. While the Respondent admitted he made mistakes, it was not just one (1) mistake but rather he made many inaccurate certifications. Such actions are fraudulent, dishonest, incompetent, and untrustworthy.

Adams called Great Western because she had received a cancellation notice for a policy purchased by Respondent of which she had no knowledge. Respondent sent in the cancellation notice. Department's Exhibit 31. Boyer testified that she spoke to the Respondent in January, 2023 about the insurance bank charges, and he said he would take care of it. He then sent in a cancellation notice in her name so that may have been what he meant by taking care of it. However, Ferrara called the bank after the cancellation form was sent in his name by the Respondent. The Respondent clearly canceled Adams and Ferrara's policy without their knowledge, but then he had purchased the policies without their knowledge. The Respondent did not testify as to why the

¹² In its brief, the Department asserted that the Respondent made these purchases in order to receive commissions. However, no evidence was given by the Respondent as to any commissions nor did Chester testify as to how insurance producers are compensated. It is generally accepted that insurance producers work on commission. Of course, the Respondent's possible motive for such poor behavior is illuminating but not necessary to conclude that his behavior is in violation of the statutory requirements as an insurance producer.

policies were purchased or explain if they were a mistake. He provided no explanation to his clients. His actions of canceling policies using the name of his clients (fake signatures) are dishonest, incompetent, and untrustworthy.

2. R.I. Gen. Laws § 27-2.4-14(10) Forging another's name to an application for insurance or to any document related to an insurance transaction

When the Respondent purchased the unauthorized policies for Luz, Chabot, Boyer, Ferrara, Schonfarber, McManus, Seamans, Adams, and Anderson, he forged their signatures (e-signatures) on their applications. They had no knowledge of the policies being purchased. They had no knowledge of their signatures being affixed to the applications. The Respondent signed the applications as if they were from his clients when in fact they were not.¹³

3. R.I. Gen. Laws § 27-2.4-14(5) Intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance

The Respondent applied for many insurance policies in the names of people who had not authorized such purchases. The Respondent knew that they had not and intentionally misrepresented the applicants' names and their personal information on the applications.

4. R.I. Gen. Laws § 27-2.4-14(2) Violating any insurance laws, or violating any regulation, subpoena or order of the insurance commissioner or of another state's insurance commissioner

As discussed above, the Respondent violated the insurance laws by his fraudulent, dishonest, incompetent, and untrustworthy actions.

H. What are the Appropriate Sanctions

R.I. Gen. Laws § 42-14-16(a)(1) provides as follows:

(a) Whenever the director, or his or her designee, shall have cause to believe that a violation of title 27 and/or chapter 14, 14.5, 62, or 128.1 of title 42 or the

¹³ This statutory violation does not require a criminal conviction for "forgery," but rather applies to signing someone else's name without permission or authorization.

regulations promulgated thereunder has occurred by a licensee, or any person or entity conducting any activities requiring licensure under title 27, the director or his or her designee may, in accordance with the requirements of the administrative procedures act, chapter 35 of this title:

- (1) Revoke or suspend a license;
- (2) Levy an administrative penalty in an amount not less than one hundred dollars (\$100) nor more than fifty thousand dollars (\$50,000);
- (3) Order the violator to cease such actions;
- (4) Require the licensee or person or entity conducting any activities requiring licensure under title 27 to take such actions as are necessary to comply with title 27 and/or chapter 14, 14.5, 62, or 128.1 of title 42, or the regulations thereunder; or
- (5) Any combination of the above penalties.

Section 2.16 of the Hearing Regulation provides as follows:

Penalties

A. In determining the appropriate penalty to impose on a Party found to be in violation of a statute(s) or regulation(s), the Presiding Officer shall look to past precedence of the Department for guidance and may consider any mitigating or aggravating circumstances.

1. Mitigating circumstances may include, but shall not be limited to, the following: the Party's licensing history, i.e. the absence of prior disciplinary actions; the Party's acceptance of responsibility for any violations; the Party's cooperation with the Department; and the Party's willingness to give a full, trustworthy, honest explanation of the matter at issue.

2. Aggravating circumstances may include, but shall not be limited to, the following: the Party's prior disciplinary history; the Party's lack of cooperation and/or candor with the Department; the seriousness of the violation; whether the Party's act undermines the regulatory scheme at issue; whether there has been harm to the public; and whether the Party's act demonstrates dishonesty, untrustworthiness, or incompetency.

B. The finding of mitigating factors will not necessarily lead to a reduction in the penalty imposed if the circumstances of the violations found by the Presiding Officer are such that they do not warrant a reduction in penalty.

R.I. Gen. Laws § 42-14-16(a) provides for various sanctions for violations of the insurance licensing statute. The Department seeks revocation of the Respondent's License. The Respondent argued there was no fraud. However, the Department has proved numerous instances where the Respondent signed insurance applications in the names of people who had no knowledge of the applications, had not authorized them, and did not want to purchase the insurance. The Respondent

forged his clients' signatures and used personal information he had in his possession from prior purchases of insurance for his clients to make unauthorized purchases of insurance for them.

In terms of mitigating circumstances as delineated in the Licensing Regulation, the Respondent accepted responsibility for misrepresentations on insurance applications that his clients had no existing life insurance policies when they did. However, he failed to explain why he made such misrepresentations. He could not explain how he purchased insurance for someone who was deceased. He did not explain the numerous applications made in his clients' names when they did not want new policies. He blamed his clients' memories for the allegations made against him (except for the misrepresentation about other insurance). No evidence was introduced that he had any prior discipline from the Department.

In terms of aggravating circumstances, the Respondent did not explain the many violations that were proved. He had no records about his meetings or correspondence with his former clients about purchasing another policy after their first purchases. He merely blamed his clients' memories. The Respondent's violations represent a disturbing pattern of dishonesty, incompetency, untrustworthiness. He did not merely make a mistake or two (2) but rather used confidential information from initial purchases by consumers to purchase insurance that his prior clients did not know about and did not want. His clients had to call insurance companies to cancel policies that they had not ordered. He forged their signatures on the applications. He engaged in a pattern of deceitful behavior that harms the public and undermines the regulatory scheme of insurance licensing. His forgeries are not the type of actions that an insurance producer should engage in even once.

There were at least two (2) instances where the Respondent demonstrated incompetence by failing to communicate with his clients about insurance that he purchased for them. There were

at least nine (9) instances where using his clients' information the Respondent purchased unauthorized policies by forging their names on applications. There were at least five (5) instances where the Respondent inaccurately certified applicants did not have life insurance when they did. There were at least two (2) instances where the Respondent canceled his clients' policies without their permission. Thus, the Respondent violated R.I. Gen. Laws § 27-2.4-14(8) at least 18 times by his incompetent, dishonest, untrustworthy, and fraudulent practices.

There were at least nine (9) instances when the Respondent purchased unauthorized policies for various clients and forged their names on the applications. He violated R.I. Gen. Laws § 27-2.4-14(10) at least nine (9) times by forging his clients' names to the applications.

There were at least nine (9) instances where the Respondent intentionally misrepresented terms of a proposed insurance by seeking to purchase policies in the names of people who had not authorized such purchases. The Respondent violated R.I. Gen. Laws § 27-2.4-14(5) at least nine (9) times by intentionally misrepresenting the terms of a proposed insurance contract.

Based on these violations, the Respondent violated R.I. Gen. Laws § 27-2.4-14(2) at least 36 times by violating the insurance laws.

While the Respondent accepted minimal responsibility for the inaccurate certifications as to existing insurance and has no prior discipline, the Respondent's many statutory violations and the types and patterns of those violations and the aggravating circumstances of the many violations are such that they warrant the revocation of his License.

VI. FINDINGS OF FACT

1. On August 7, 2023, the Emergency Order was issued to the Respondent by the Department.
2. A hearing was held on October 19, 2023. Briefs were timely filed by October 26, 2023.
3. The facts contained in Section IV and VI are incorporated by reference herein.

VII. CONCLUSIONS OF LAW


Based on the testimony and facts presented:

1. The Department has jurisdiction over this matter pursuant to R.I. Gen. Laws § 27-2.4-1 *et seq.*, R.I. Gen. Laws § 42-14-1 *et seq.*, R.I. Gen. Laws § 42-35-1 *et seq.*, and the Hearing Regulation.
2. The Respondent committed numerous violations of R.I. Gen. Laws § 27-2.4-14(2), (5), (8), and (10).

VIII. RECOMMENDATION

Pursuant to R.I. Gen. Laws § 42-14-16(a)(1), the undersigned recommends that the Respondent's License be revoked for his numerous statutory violations of R.I. Gen. Laws § 27-2.4-14(2), (5), (8), and (10) which demonstrate a pattern of incompetence, dishonesty, untrustworthy, and fraudulent behavior.

Dated: November 27, 2023

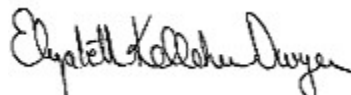

Catherine R. Warren, Esquire
Hearing Officer

ORDER

I have read the Hearing Officer's Decision and Recommendation in this matter, and I hereby take the following action with regard to the Decision and Recommendation:

ADOPT
 REJECT
 MODIFY

Dated: November 28, 2023



Elizabeth Kelleher Dwyer, Esquire
Director

NOTICE OF APPELLATE RIGHTS

THIS ORDER CONSTITUTES A FINAL ORDER OF THE DEPARTMENT OF BUSINESS REGULATION PURSUANT TO R.I. GEN. LAWS § 42-35-12. PURSUANT TO R.I. GEN. LAWS § 42-35-15, THIS ORDER MAY BE APPEALED TO THE SUPERIOR COURT SITTING IN AND FOR THE COUNTY OF PROVIDENCE WITHIN THIRTY (30) DAYS OF THE MAILING DATE OF THIS DECISION. SUCH APPEAL, IF TAKEN, MUST BE COMPLETED BY FILING A PETITION FOR REVIEW IN SUPERIOR COURT. THE FILING OF THE COMPLAINT DOES NOT ITSELF STAY ENFORCEMENT OF THIS ORDER. THE AGENCY MAY GRANT, OR THE REVIEWING COURT MAY ORDER, A STAY UPON THE APPROPRIATE TERMS.

CERTIFICATION

I hereby certify that on this 28th day of November, 2023, that a copy of the within decision was sent by first class mail, postage prepaid, and certified mail, return receipt to Mr. Bruno Raguso, 71 Bulfinch Street, Apt. 4, North Attleboro, MA 02760 and by electronic delivery to bruno@atlanticcoastssinc.com and by electronic delivery to Matthew Gendron, Esquire and Mariel Garcia, Esquire, Department of Business Regulation, Pastore Complex, 1511 Pontiac Avenue, Cranston, R.I.

