



COMMONWEALTH OF MASSACHUSETTS DIVISION OF INSURANCE

1000 Washington St. • Boston, MA 02118
(617) 521-7794 • FAX (617) 521-7475
<http://www.mass.gov/doi>

CHARLES D. BAKER
GOVERNOR

KARYN POLITO
LT. GOVERNOR

JAY ASH
SECRETARY OF HOUSING AND
ECONOMIC DEVELOPMENT

JOHN CHAPMAN
UNDERSECRETARY

DANIEL R. JUDSON
COMMISSIONER OF INSURANCE

January 11, 2016

Steven Vargas
320 Thorndike St. #4
Lowell, MA 01852

Re: SIU Investigation No. 9114

Dear Mr. Vargas:

I represent the Massachusetts Division of Insurance (“Division”) with regard to the above referenced investigation. The Division has cause to believe that you have violated Massachusetts insurance laws as set forth in summary below.

The Division has reviewed your Massachusetts application for individual producer license submitted on or about September 24, 2014. The Division is investigating the answer of “No” to Question 38a. on the application which states: “Have you ever been convicted of a misdemeanor, had a judgment withheld or deferred or are you currently charged with committing a misdemeanor?” and to Question 38b. which states: “Have you ever been convicted of a felony, had a judgment withheld or deferred, or are you currently charged with committing a felony?” As you are aware, you had felony convictions from 2003 in both Tennessee and Massachusetts.

The Division alleges that the failure to accurately answer the 2014 application questions are violations of M.G.L. c.175, §162R (a)(1), (a)(2),(a)(3), (a)(5) and M.G.L. c. 176D, §2. Pursuant to M.G.L. c. 176D, §7, such conduct may result in a fine up to \$1,000 for each and every act or practice, as well as the suspension or revocation of the insurance producer license.

Additionally, your producer license was revoked by South Dakota in October 2015 based on misstatements in your license application. You failed to notify the Division of this revocation in violation of M.G.L. c. 175, §162V(a). The underlying revocation is also a violation of M.G.L. c.175, §162R(a)(9).

The Division is authorized to issue an order requiring you to show cause why you should not be made to cease and desist from the above-alleged conduct. If, after a public hearing, the Commissioner of Insurance finds that you did commit the alleged violations, you may be subject to fines up to the amounts listed above and he may order the revocation or suspension of your insurance license.

At this time, the Division proposes to resolve this matter through a settlement agreement if you agree to waive your right to a public hearing, agree to cease and desist from the above-alleged conduct, and agree to the permanent revocation of your Massachusetts insurance producer license. If you choose to accept the Division's offer, please sign where provided and return to my attention by January 27, 2016.

This correspondence does not constitute the required statutory notice of a hearing. However, if this matter is not resolved by January 27, 2016, the Division will proceed to an Order to Show Cause and will notify you of the hearing date.

Thank you for your prompt attention to this matter. Should you have any questions or wish to discuss this matter further, I may be reached at (617) 521-7389.

Sincerely,

Robert J. Kelly, Esq.
Counsel to the Commissioner

Enclosure:

**COMMONWEALTH OF MASSACHUSETTS
DIVISION OF INSURANCE**

1000 Washington Street • Boston, MA 02118
(617) 521-7794 • FAX (617) 521-7475
<http://www.mass.gov/doi>



CHARLES BAKER
GOVERNOR

KARYN POLITO
LT. GOVERNOR

JAY ASH
SECRETARY OF HOUSING AND
ECONOMIC DEVELOPMENT

JOHN CHAPMAN
UNDERSECRETARY

DANIEL R. JUDSON
COMMISSIONER OF INSURANCE

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between the Commonwealth of Massachusetts, Division of Insurance (“Division”), and Steven Vargas (“Vargas”) licensed as an insurance producer licensed under the laws of the Commonwealth of Massachusetts (“Commonwealth”) and with an address of 320 Thorndike Street #4, Lowell, MA 01852.

WHEREAS, Vargas is licensed by the Division as an insurance producer pursuant to M.G.L. c. 175, § 162H *et seq.*;

WHEREAS, an insurance producer licensed in the Commonwealth must uphold the standards in M.G.L. c. 175, § 162H *et seq.* and must comply with the Commonwealth’s insurance laws, including without limitation, those set forth in M.G.L. c. 175 & M.G.L. c. 176D; the Code of Massachusetts Regulations; and any other regulatory requirements; each of which give the Commissioner of Insurance review, approval, and enforcement authority over licensees;

WHEREAS, the Division has conducted an investigation, Special Investigation Number 9114, and contends that the acts and conduct of Vargas as set forth in part in Division correspondence dated January 11, 2016 (a copy of which is attached hereto), constitute grounds for revocation of Vargas’s insurance license and the imposition of fines;

WHEREAS, Vargas is aware of his rights to notice and to an administrative hearing with respect to the alleged violations of Massachusetts insurance laws in these matters, and hereby waives those rights.

NOW THEREFORE, in consideration of the foregoing and the covenants, warranties, representations, and agreements contained herein, it is mutually agreed as follows:

1. Vargas agrees to have his Massachusetts insurance producer license permanently revoked by the Division.

2. Vargas agrees to cease and desist from the alleged conduct set forth in the Division's January 11, 2016 correspondence, a copy of which is attached.
3. From the effective date of this Agreement, Vargas is prohibited from soliciting, aiding in the placement, continuation, or negotiation of insurance policies or taking any action which may lead any person or entity to believe that they are authorized in the Commonwealth to engage in the business of insurance in any capacity, including without limitation, acting as a licensed insurance producer, special insurance broker, public adjuster, insurance advisor, viatical loan provider, viatical broker, viatical settlement broker or viatical settlement provider, or any other licensed insurance professional.
4. Within thirty (30) days from the effective date of this Agreement, Vargas shall dispose of any and all interest (direct and indirect) he may have, including without limitation, as proprietor, partner, stockholder, officer, director, employee, consultant, or independent contractor of any insurance related business interest that he may hold in the Commonwealth.
5. From the effective date of this Agreement, Vargas is prohibited from owning, managing, directing or being an employee, consultant or an independent contractor, partner, director or officer, paid or unpaid, of any insurance related business in the Commonwealth.
6. Except as expressly set forth in this Agreement, the failure of the Division at any time to require strict performance by Vargas of any terms, provisions, or conditions hereof shall in no way affect the right thereafter to enforce the same, nor shall the waiver by the Division of any breach of any of the terms, provisions, and conditions hereof be construed or deemed a waiver of any succeeding breach of any term, provision, or condition thereof.
7. In the event that the Division finds that there has been a breach of any provision of this Agreement, the Division may, in its discretion, pursue any and all legal remedies permitted by the Massachusetts insurance laws as well as any other appropriate law of the Commonwealth.
8. The provisions of this Agreement may be amended, modified, or expanded solely in writing by joint consent of the Division and Vargas. This Settlement Agreement is a reportable administrative action.

SIGNED:

Steven Vargas

Robert J. Kelly- Division of Insurance

Dated: _____

Dated: _____