

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceedings by the Commissioner of)	FINAL ORDER
Banking and Insurance, State of New Jersey,)	
to fine, suspend and/or revoke the insurance)	
producer licenses of Jonathan Galea,)	
Reference No. 1234454, Mr. GZ Bail Bonds,)	
Reference No. 1305257, and Touch the Town)	
Bail Bonds, LLC, Reference No. 1523694.)	

TO: Jonathan Galea
220 Evans Ct.
Mt. Laurel, New Jersey 08054-4223

Touch the Town Bail Bonds, LLC
c/o Jonathan Galea
220 Evans Ct.
Mt. Laurel, New Jersey 08054-4223

Mr. GZ Bail Bonds
c/o Jonathan Galea
220 Evans Ct.
Mt. Laurel, New Jersey 08054-4223

This matter, having been opened by the Commissioner of Banking and Insurance, State of New Jersey (“Commissioner”), upon information that Jonathan Galea (“Galea”), Mr. GZ Bail Bonds (“GZ Bail”) and Touch the Town Bail Bonds, LLC (“Town Bail”) (collectively, “Respondents”) may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Galea is licensed as a resident insurance producer in the State of New Jersey pursuant to N.J.S.A. 17:22A-32(a); and

WHEREAS, GZ Bail was licensed as a resident business entity insurance producer in the State of New Jersey pursuant to N.J.S.A. 17:22A-32(b) until its license expired on May 31, 2019; and

WHEREAS, Town Bail was licensed as a resident business entity insurance producer in the State of New Jersey pursuant to N.J.S.A. 17:22A-32(b) until its license expired on May 31, 2017; and

WHEREAS, Respondents are subject to the provisions of the New Jersey Insurance Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 to -48 (“Producer Act”), the Producer Licensing regulations promulgated thereunder, N.J.A.C. 11:17-1.1 to -2.17, and the regulations governing Insurance Producer Standards of Conduct, N.J.A.C. 11:17A-1.1 to 11:17D-2.8; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40(d), the Commissioner shall retain the authority to enforce the provisions of and impose any penalty or remedy authorized by the Producer Act and Title 17 of the Revised Statutes or Title 17B of the New Jersey Statutes against any person who is under investigation for or charged with a violation of the Producer Act or Title 17 of the Revised Statutes or Title 17B of the New Jersey Statutes even if the person’s license or registration has been surrendered or has lapsed by operation of law; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a)(2), an insurance producer shall not violate any insurance law, regulation, subpoena or order of the Commissioner or of another state’s insurance regulator; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a)(4), an insurance producer shall not improperly withhold, misappropriate or convert any monies or properties received in the course of doing insurance business; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a)(8), an insurance producer shall not use fraudulent, coercive or dishonest practices, or demonstrate incompetence, untrustworthiness or financial irresponsibility in the conduct of insurance business in this State or elsewhere; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a)(16), an insurance producer shall not commit any fraudulent act; and

WHEREAS, pursuant to N.J.A.C 11:17A-4.8, an insurance producer shall reply, in writing, to any inquiry of the Department relative to the business of insurance within the time requested in said inquiry, or no later than 15 calendar days from the date the inquiry was made or mailed in cases where no response time is given; and

WHEREAS, pursuant to N.J.A.C 11:17C-2.1(a), all premium funds shall be held by an insurance producer in a fiduciary capacity and shall not be misappropriated, improperly converted to the insurance producer's own use, or illegally withheld by the licensee; and

WHEREAS, pursuant to N.J.A.C 11:17C-2.3 (a), an insurance producer shall establish and maintain a trust account into which shall be deposited cash, checks and other instruments payable to the insurance producer; and

WHEREAS, pursuant to N.J.A.C 11:17C-2.4(a), an insurance producer shall issue a receipt for each premium for any payment, premium deposit or installment payment which is submitted and shall maintain a copy of each receipt issued, and the receipt shall be furnished at the time payment is tendered; and

WHEREAS, pursuant to N.J.A.C 11:17C-2.4(b), each receipt and receipt book maintained by an insurance producer shall: (2) be clearly signed by the insurance producer or his or her authorized employee, and the name of the insurance producer shall be typed or legibly printed

below the signature; (5) indicate the name, address and telephone number of the insurance agency; and (8) indicate the purpose of the payment if it is other than a premium payment; and

WHEREAS, pursuant to N.J.A.C 11:17C-2.5, an insurance producer shall (a) maintain accurate books and records reflecting all insurance-related transactions in which the insurance producer or his employees take part in accordance with the standards set forth in this chapter, and such books and records shall include, but not be limited to, the following: (b) a register of all monies received, deposited, disbursed or withdrawn in connection with an insurance transaction and (h) a file for each client or customer; and

WHEREAS, pursuant to N.J.A.C 11:17C-2.6, an insurance producer shall (a) maintain all required books and records of account for a period of five years after the termination of coverage, and (b) all records, books and documents required to be maintained by the provisions of this chapter shall be produced for examination upon request by the Commissioner or his or her duly authorized representatives; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a), the Commissioner may place on probation, suspend, revoke or refuse to issue or renew an insurance producer's license or may levy a civil penalty for violating the Producer Act; and

WHEREAS, pursuant to N.J.S.A. 17:22A-45(c), any person violating the Producer Act is subject to a penalty of up to \$5,000.00 for the first offense and up to \$10,000.00 for each subsequent offense; additionally, the Commissioner may order restitution of moneys owed any person and reimbursement of costs of the investigation and prosecution; and

WHEREAS, on January 4, 2021, Order to Show Cause No. E21-01 ("Order to Show Cause") was issued against Respondents, charging violations of the New Jersey Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 to -48 ("Producer Act"), as described below:

ALLEGATIONS COMMON TO ALL COUNTS

IT APPEARING, that at all relevant times, Galea was the sole owner, officer and Designated Responsible Licensed Producer of two different bail bond insurance agencies, GZ Bail and Town Bail; and

IT FURTHER APPEARING, that on or about September 25, 2015, "P.W.," a client, retained Galea and GZ Bail to issue a surety bond on behalf of P.W.'s brother, and authorized a credit card payment in the amount of \$5,000, which included a \$2,000 payment for the bail bond collateral and \$3,000 payment for the bail bond premium; and

IT FURTHER APPEARING, that despite having been retained to provide bail bond services through GZ Bail, Galea provided the surety bond on behalf of P.W.'s brother through Town Bail, which was done without P.W.'s knowledge or consent; and

IT FURTHER APPEARING, in or about June 2018, the surety bond issued by Town Bail was satisfactorily discharged by the court and P.W. then demanded that Respondents refund the \$2,000 payment made to Galea and GZ Bail as bail collateral; and

IT FURTHER APPEARING, that on several occasions Respondents refused P.W.'s demands for a refund of the \$2,000 bail collateral payment and thereafter P.W. requested that the Department of Banking and Insurance ("DOBI") intervene on his behalf; and

IT FURTHER APPEARING, that on or about November 11, 2018, as a direct result of DOBI's intervention, Galea then fully refunded to P.W. the bail collateral payment via Check No. 491 issued from his personal bank account rather than from Respondents' business trust accounts; and

COUNT ONE

IT FURTHER APPEARING, that Respondents failed to maintain and deposit the \$2,000 bail bond collateral payment into a qualified trust account, but instead converted and misappropriated the monies received from P.W. by depositing said funds into Galea's personal bank account for his own use and purposes, in violation of N.J.S.A. 17:22A-40(a)(2), (4), (8) and (16), and N.J.A.C. 11:17C-2.1 and 2.3(a); and

COUNT TWO

IT FURTHER APPEARING, that upon having received the \$2,000 bail bond collateral payment from P.W., Respondents failed to issue to P.W. a written receipt containing the Respondents' signatures and fully setting forth all the information required to record the business transactions between P.W. and Respondents, including but limited to, the purpose for the credit card payment, in violation of N.J.A.C. 11:17C-2.4 (a) and (b); and

COUNT THREE

IT FURTHER APPEARING, that Respondents failed to timely appear before DOBI investigators to answer inquiries regarding this matter and failed to produce all requested bank records, receipt books and other records required to be maintained and preserved relating to their bail bond businesses, including but not limited to, the records regarding the bail bond transaction with P.W., in violation of N.J.A.C. 11:17A-4.8, and N.J.A.C 11:17C-2.5 and 2.6; and

IT FURTHER APPEARING, that as set forth in the certification of Dakar Ross, attached hereto as Exhibit A, Respondents were given notice of the aforesaid charges and an opportunity to contest the charges at a hearing pursuant to Order to Show Cause E21-01, which was duly served on Respondents by certified mail, RRR, and regular mail to the addresses listed on this Final Order in accordance with N.J.A.C. 11:17D-2.1(a)(3); and

IT FURTHER APPEARING, that Respondents filed an Answer to the Order to Show Cause and requested a hearing, whereupon the matter was then transmitted to the Office of Administrative Law ("OAL") as a contested matter; and

IT FURTHER APPEARING, that the OAL subsequently transmitted the matter back to the Department for final disposition because Respondents failed to appear at the scheduled status conference which absence was unexplained and unexcused; and

IT FURTHER APPEARING, that in Kimmelman v. Henkels & McCoy, Inc., 108 N.J. 123 (1987), the Supreme Court established seven factors to be considered in determining the imposition of civil fines in administrative proceedings (“Kimmelman Factors”); and

IT FURTHER APPEARING, that the seven Kimmelman Factors are as follows: (1) the good or bad faith of the defendant; (2) defendant’s ability to pay a civil fine; (3) the amount of profits obtained from the illegal activity; (4) the injury to the public; (5) the duration of the misconduct; (6) the existence of criminal or treble damages actions; and (7) the past violations of defendant; and

IT FURTHER APPEARING, that the Kimmelman Factors apply to this matter as follows: (1) Respondents showed bad faith by knowingly misappropriating money from their client; (2) Respondents have not provided any evidence of their inability to pay a civil fine; (3) Respondents profited \$2,000 by misappropriating that money from their client, although it was eventually returned; (4) there was injury to the public because Respondents embezzled money entrusted to them by their client and also their actions caused harm to the reputation of the insurance industry and to licensed producers everywhere; (5) Respondents’ illegal activity was a singular event; (6) no criminal or treble damages actions have been filed against Respondents regarding their illegal activity; and (7) Respondents have no past violations; and

NOW, THEREFORE, IT IS on this 6 day of September, 2022,

ORDERED, that the charges contained in Counts 1, 2 and 3 of Order to Show Cause E21-01 are deemed admitted by Respondents, pursuant to N.J.A.C. 11:17D-2.1(b)(1); and

IT IS FURTHER ORDERED, that pursuant to N.J.S.A. 17:22A-40, and N.J.A.C. 11:17D-2.1(b)(2), the resident insurance producer licenses of Jonathan Galea, GZ Bail and Town Bail are hereby **REVOKED** effective upon the execution of this Final Order by the Commissioner; and

IT IS FURTHER ORDERED, that pursuant to N.J.S.A. 17:22A-45(c), Respondents, jointly and severally, shall pay a civil penalty in the total amount of \$25,000 to the Commissioner, determined as follows: \$5,000 for the violation stated in Count 1 of the OTSC, \$10,000 for the violation stated in Count 2 of the OTSC and \$10,000 for the violation stated in Count 3 of the OTSC; and

IT IS FURTHER ORDERED, that pursuant to N.J.S.A. 17:22A-45(c), Respondents, jointly and severally, shall be responsible for the reimbursement to the Department of the costs of investigation totaling \$462.50. A true and exact copy of the Certification of Daxesh Patel, Department of Banking and Insurance Investigator, is attached hereto as Exhibit B; and

IT IS FURTHER ORDERED, that Respondents, jointly and severally, shall pay the above penalties and costs to the Commissioner of Banking and Insurance, State of New Jersey, P.O. Box 329, Trenton, New Jersey 08625, Attention: Virgil Downtin, Chief of Investigations, by certified check, cashier's check or money order made payable to the "State of New Jersey, General Treasury," within ten days from the date of service of this Order; and

IT IS FURTHER ORDERED, that in the event full payment of the penalty and costs is not made, the Commissioner may exercise any and all remedies available by law, including but not limited to recovery of any unpaid penalties, with post-judgment interest, in accordance with the Penalty Enforcement Law, N.J.S.A. 2A:58-10 to -12; and

IT IS FURTHER ORDERED, that the civil penalty in this Final Order is imposed pursuant to the police powers of the State of New Jersey for the enforcement of the law and the protection of the public health, safety and welfare, and is not intended to constitute debts which may be limited or discharged in a bankruptcy proceeding; and

IT IS FURTHER ORDERED, that the provisions of this Final Order represent a final agency decision and constitute a final resolution of the allegations contained in Order to Show Cause No. E21-01.

A handwritten signature in blue ink, appearing to read "M. Caride".

Marlene Caride
Commissioner