

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

_____)
 Proceedings by the Commissioner of Banking)
 and Insurance, State of New Jersey, to fine,)
 suspend, and/or revoke the public adjuster) **ORDER TO SHOW CAUSE**
 licenses of Peoples Property Adjusters LLC,)
 Reference No. 1586940, and Robert Davis,)
 Reference No. 170155.)
 _____)

TO: Peoples Property Adjusters LLC
3 South Broad Street, Suite 3A
Woodbury, New Jersey 08096

Robert Davis
3 South Broad Street, Suite 3A
Woodbury, New Jersey 08096

Robert Davis
2 Freedom Court
Deptford, New Jersey 08096

THIS MATTER, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that Peoples Property Adjusters LLC (“PPA”) and Robert Davis (“Davis”) (collectively, “Respondents”), may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, PPA, initially formed on November 1, 2014, as a sole proprietorship, and then incorporated as a limited liability company in New Jersey on July 23, 2018, was formerly licensed as a public adjuster in the State of New Jersey, pursuant to N.J.S.A. 17:22B-5, from August 5, 2015, until January 17, 2020, when its license was cancelled for failure to maintain a sub-licensee; and

WHEREAS, Davis was formerly licensed as a public adjuster in the State of New Jersey, pursuant to N.J.S.A. 17:22B-5, from December 7, 2001, until January 17, 2020, when his license was cancelled because he failed to submit bond information to the Department; and

WHEREAS, at all relevant times, Davis was the designated responsible licensed producer (“DRLP”) of PPA and shall therefore be held individually responsible for all insurance related conduct of PPA under N.J.A.C. 11:1-12.2(a); and

WHEREAS, Respondents are subject to the provisions of the New Jersey Public Adjusters’ Licensing Act, N.J.S.A. 17:22B-1 to -20 (“Public Adjusters’ Act”) and the regulations promulgated thereunder, N.J.A.C. 11:1-37.1 to -37.19; and

WHEREAS, pursuant to N.J.S.A. 17:22B-13(a), no individual, firm, association or corporation licensed under the Public Adjusters’ Act shall solicit the adjustment of a loss or damage occurring in this State from an insured, whether by personal interview, by telephone, or by any other method, between the hours of six p.m. and eight a.m. during the 24 hours after the loss has occurred; and

WHEREAS, pursuant to N.J.S.A. 17:22B-14(a)(1), the Commissioner may suspend or revoke any adjuster’s license if, after notice and opportunity for a hearing, the Commissioner determines that the licensee has violated any provision of the insurance laws, including any rules promulgated by the Commissioner, or has violated any law in the course of his, or its, dealings as an adjuster; and

WHEREAS, pursuant to N.J.S.A. 17:22B-14(a)(3), the Commissioner may suspend or revoke any adjuster’s license if, after notice and opportunity for a hearing, the Commissioner determines that the licensee has committed a fraudulent or dishonest act; and

WHEREAS, pursuant to N.J.S.A. 17:22B-14(a)(4), the Commissioner may suspend or revoke any adjuster's license if, after notice and opportunity for a hearing, the Commissioner determines that the licensee has demonstrated incompetency, lack of integrity, bad faith, dishonesty, financial irresponsibility or untrustworthiness to act as an adjuster; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.11(a), any public adjuster who receives, accepts or holds any moneys, on behalf of an insured, towards the settlement of a claim for loss or damage, shall deposit such moneys in an interest bearing escrow or trust account in a financial institution in this State which is insured by an agency of the Federal government; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.12(a)(1), each licensee shall maintain accurate files, books and records reflecting all insurance-related transactions in which the licensee or his or her employees take part, and those records shall be maintained for a period of five years from the date of closing the claim, and all books and records shall consist of sequentially numbered pages and maintained in such a manner that they can be produced for examination at any time; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.12(e), each licensee shall prepare and maintain a monthly reconciliation of the trust account; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.12(h), failure to keep, maintain or make available for inspection by the Commissioner, those records which the Commissioner shall require to be maintained, shall result in the imposition of administrative fines; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.13(c), no public adjuster shall solicit the adjustment of a loss or damage occurring in this State from an insured, whether by personal interview, by telephone, or by any other method, between the hours of 6:00 P.M. and 8:00 A.M. during the 24 hours after the loss has occurred; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.14(a), the Commissioner may suspend or revoke a public adjuster's license based on any violation of the Public Adjusters' Act or the regulations promulgated thereunder, or for the commission or omission of any act by a public adjuster which demonstrates that the applicant or licensee is not competent or trustworthy to act as a public adjuster, or where the person has, among other things: (1) Violated any provision of this State's insurance laws, including any rules promulgated thereunder; (2) Violated any law in the course of acting as a public adjuster; (3) Committed a fraudulent or dishonest act; (4) Demonstrated the applicant's or licensee's lack of integrity, incompetency, bad faith, dishonesty, financial irresponsibility, or untrustworthiness to act as a public adjuster; (8) Collected from any client any fee other than that agreed to in the employment contract in a form required by N.J.A.C. 11:1-37.13; (9) Misappropriated, converted or illegally withheld, money which was received in the conduct of business that belonged to insurers, clients or others; (11) Failed to appear in response to any subpoena issued by the Commissioner or his authorized designee; failed to produce any documents or other material requested in a subpoena; or refused or failed to cooperate with an investigation by the Commissioner of the activities of the person or any other licensee; (15) Solicited the adjustment of a loss or damage occurring in this State from an insured, whether by personal interview, by telephone, or by any other method, between the hours of 6:00 P.M. and 8:00 A.M. during the 24 hours after the loss has occurred; and/or (17) Committed any other act, or omission which the Commissioner determines to be inappropriate conduct by a licensee of this State; and

WHEREAS, pursuant to N.J.S.A. 17:22B-17 and N.J.A.C. 11:1-37.14(b), any person who violates any provision of the Public Adjusters' Act or the regulations promulgated thereunder shall, in addition to any other penalties provided by law, be liable for a civil penalty

of not more than \$ 2,500 for a first offense and not more than \$ 5,000 for the second and each subsequent offense. Each transaction or statutory violation shall constitute a separate offense; and

FACTUAL ALLEGATIONS

CONSUMER ESTATE OF L.J.

IT APPEARING, that on June 10, 2018, Respondents entered into a public adjuster contract with, N.M., the Attorney-in-Fact, for the Estate of L.J. to assist the Estate of L.J. in the adjustment of an insurance claim arising from a house fire; and

IT FURTHER APPEARING, that on October 17, 2018, the Estate of L.J.'s insurance company, Cumberland Mutual Fire Insurance Company ("Cumberland"), issued a \$158,720.57 check for the fire damage claim to the Estate of L.J. and PPA; and

IT FURTHER APPEARING, that on or about October 24, 2018, PPA attempted to cash the check in the amount of \$158,720.57, but the transaction was voided and the check returned as the result of an irregular endorsement; and

IT FURTHER APPEARING, that on November 27, 2018, Cumberland issued three checks totaling \$195,005.20 to the Estate of L.J. and PPA, which were hand delivered to PPA; and

IT FURTHER APPEARING, that on December 5, 2018, N.M. endorsed the aforementioned checks from Cumberland; and

IT FURTHER APPEARING, that on December 5, 2018, Respondents issued to N.M. a check (#3306), post-dated for December 12, 2018, in the amount of \$169,220.57, representing that amount paid by Cumberland minus Respondents' fee of \$25,784.63; and

IT FURTHER APPEARING, that on December 13, 2018, N.M. attempted to deposit Check #3306 into her account, but it was returned for insufficient funds;

IT FURTHER APPEARING, that to date, Respondents have failed to remit to N.M., the Attorney-in-Fact, for the Estate of L.J., the \$169,220.57 they are owed; and

CONSUMER K.O.

IT FURTHER APPEARING, that on January 5, 2018, Respondents entered into a public adjuster contract with consumer R.O., husband of K.O., to assist R.O. in the adjustment of an insurance claim arising from fire damage to their home in Mount Laurel, New Jersey, which occurred on January 5, 2018; and

IT FURTHER APPEARING, that the contract between Respondents and R.O. allowed for a maximum fee of 50% for the building settlement amount and 35% for the contents of the property settlement amount; and

IT FURTHER APPEARING, that the contract between Respondents and R.O. contained a clause which allowed Respondents to endorse checks on behalf of R.O.; and

IT FURTHER APPEARING, that R.O. was suffering from Parkinson's disease and dementia and living alone at the residence on the date the contract was executed; and

IT FURTHER APPEARING, that on April 9, 2018, R.O.'s insurance company, Allstate, issued a \$11,607.93 check to R.O., K.O., and PPA, for the portion of the fire damage claim related to the contents of the property; and

IT FURTHER APPEARING, that K.O.'s endorsement of the aforementioned check was forged; and

IT FURTHER APPEARING, that on June 1, 2018, Respondents issued to R.O. a check (#2052), in the amount of \$5,850.69, representing the amount paid by Allstate minus a 50% fee; and

IT FURTHER APPEARING, that Respondents overcharged R.O. by \$1,741.19, because Respondents were entitled only to a 35% fee for the fire damage claim related to the contents of the property; and

IT FURTHER APPEARING, that Allstate also issued a \$40,744.49 check to R.O., K.O., Carrington Mortgage Services LLC, and PPA, for the portion of the fire damage claim related to the building structure; and

IT FURTHER APPEARING, that on April 3, 2018, Respondents issued to R.O. a check (#1733), in the amount of \$19,372.24, representing the amount paid by Allstate minus a 52.5% fee in the amount of \$21,372.25; and

IT FURTHER APPEARING, that Respondents overcharged R.O. by \$1,000.01, because Respondents were entitled only to a 50% fee for the fire damage claim related to the building structure; and

IT FURTHER APPEARING, that K.O. never received her share of the funds from Check #2052 and Check #1733; and

IT FURTHER APPEARING, that to date, Respondents have failed to remit to K.O., the \$27,917.40 she and her husband, R.O., are owed; and

CONSUMERS T.B. and E.B.

IT APPEARING, that on April 1, 2018, at approximately 1:00am, a fire occurred at the property of E.B. and his deceased wife, V.B.;

IT FURTHER APPEARING, that representatives of Respondents arrived at the scene of the fire at approximately 2:00am on April 1, 2018, and induced T.B., as Attorney-in-Fact for her father, E.B., to enter into a public adjuster contract to assist T.B. in the adjustment of any insurance claim arising from the house fire; and

IT FURTHER APPEARING, that the contract between Respondents and T.B. allowed for a maximum fee of 10% of the insurance settlement amount; and

IT FURTHER APPEARING, that the personal property claim was settled for \$42,505.79, minus depreciation of \$18,302.19, leaving a payment due T.B. in the amount of \$24,302.60; and

IT FURTHER APPEARING, that on April 11, 2018, E.B.'s insurance company, USAA, issued a \$5,000 check to PPA, for the fire damage claim; and

IT FURTHER APPEARING, that on April 18, 2018, USAA issued a second check to PPA in the amount of \$19,302.60 for the fire damage claim; and

IT FURTHER APPEARING, that PPA's fee, based on the April 1, 2018 contract, was \$2,430.26, leaving a balance owed to E.B. in the amount of \$21,872.34; and

IT FURTHER APPEARING, that on August 20, 2018, Respondents issued to E.B. a check in the amount of \$10,000.00, and another check in the amount of \$5,000.00 on February 15, 2019, leaving a balance owed to E.B. in the amount of \$6,872.34; and

IT FURTHER APPEARING, that to date, Respondents have failed to remit to E.B. or T.B., his attorney-in-fact, the \$6,872.34 they are owed; and

CONSUMER E.C.

IT FURTHER APPEARING, that on December 28, 2017, Respondents entered into a public adjuster contract with consumer E.C. to assist E.C. in the adjustment of an insurance claim arising from smoke damage to her residence; and

IT FURTHER APPEARING, that the contract between Respondents and E.C. allowed for a maximum fee of 20% of the insurance settlement amount; and

IT FURTHER APPEARING, that on May 4, 2018, E.C.'s insurance company, New Jersey Insurance Underwriting Association ("NJIUA"), issued a \$2,973.21 check for the smoke damage claim to E.C. and PPA; and

IT FURTHER APPEARING, that on May 11, 2018, NJIUA issued a second check in the amount of \$5,512.38 for the smoke damage claim, made payable to E.C., JP Morgan Chase, and PPA; and

IT FURTHER APPEARING, that the total amount of the checks issued to PPA by NJIUA was \$8,485.59, and the fee to PPA would have been \$1,697.12, leaving a balance of \$6,788.47 owed to E.C.; and

IT FURTHER APPEARING, that Respondents never paid any of the \$6,788.47.00 in funds to E.C., who filed a lawsuit against NJIUA and recovered \$5,009.94 from them; and

IT FURTHER APPEARING, that \$1,778.53 remains due to E.C.; and

RESPONDENTS' FAILURE TO RECONCILE PPA'S TRUST ACCOUNT

IT FURTHER APPEARING, that a criminal theft investigation by the Office of Insurance Fraud Prosecutor ("OIFP") determined that several individuals conspired to steal approximately \$1.4 million from PPA, PPA's insured clients, and various insurance companies between April 1, 2018, and January 30, 2019; and

IT FURTHER APPEARING, that those individuals were indicted on March 27, 2019, and their prosecution is continuing; and

IT FURTHER APPEARING, that, although Davis was not considered by OIFP to be a conspirator in the theft case, his failure to reconcile PPA's trust account on a monthly basis allowed the thefts to occur unnoticed over a period of several months; and

RESPONDENTS' FAILURE TO RESPOND TO THE DEPARTMENT

IT FURTHER APPEARING, that on January 15, 2020, the Department sent a letter to Respondents by regular and certified mail requesting documents and records, as well as a response to some of the allegations described in this Order to Show Cause; and

IT FURTHER APPEARING, that the regular mail was not returned and United States Postal Service tracking shows that the certified mail was delivered; and

IT FURTHER APPEARING, that on February 19, 2020, the Department sent an email to Respondents reiterating its request for records and a response to some of the allegations described in this Order to Show Cause; and

IT FURTHER APPEARING, that Respondents never responded to the Department's letter or email; and

COUNT 1

IT FURTHER APPEARING, that Respondents misappropriated insurance settlement funds in violation of N.J.S.A. 17:22B-14(a)(1), (3), and (4), and N.J.A.C. 11:1-37(a), (a)(1), (a)(2), (a)(3), (a)(4), (a)(8), (a)(9), and (a)(17); and

IT FURTHER APPEARING, that each transaction or statutory violation shall constitute a separate offense under N.J.S.A. 17:22B-17; and

COUNT 2

IT FURTHER APPEARING, that Respondents committed a fraudulent or dishonest act by not obtaining the legitimate signature of the insured on settlement checks, in violation of

N.J.S.A. 17:22B-14(a)(1), (3), and (4), and N.J.A.C. 11:1-37(a), (a)(1), (a)(2), (a)(3), (a)(4), and (a)(17); and

IT FURTHER APPEARING, that each transaction or statutory violation shall constitute a separate offense under N.J.S.A. 17:22B-17; and

COUNT 3

IT FURTHER APPEARING, that Respondent, Robert Davis, a resident licensed New Jersey public adjustor, solicited business during the hours of 6:00pm and 8:00am, within 24 hours after a loss, in violation of N.J.S.A. 17:22B-13(a), N.J.S.A. 17:22B-14(a)(1) and (4), N.J.A.C. 11:1-37.13(c), and N.J.A.C. 11:1-37(a), (a)(1), (a)(2), (a)(4), (a)(15), and (a)(17); and

IT FURTHER APPEARING, that each transaction or statutory violation shall constitute a separate offense under N.J.S.A. 17:22B-17; and

COUNT 4

IT FURTHER APPEARING, that Respondents failed to produce records requested by the Department, or otherwise respond to the Department's inquiry concerning some of the allegations described in this Order to Show Cause, in violation of N.J.S.A. 17:22B-14(a)(1) and (4), N.J.A.C. 11:1-37.12(a)(1), N.J.A.C. 11:1-37.12(h), and N.J.A.C. 11:1-37.14(a), (a)(1), (a)(2), (a)(4), (a)(11), and (a)(17); and

IT FURTHER APPEARING, that each transaction or statutory violation shall constitute a separate offense under N.J.S.A. 17:22B-17; and

COUNT 5

IT FURTHER APPEARING, that Respondents failed to reconcile PPA's trust account on a monthly basis, in violation of N.J.S.A. 17:22B-14(a)(1) and (4), N.J.A.C. 11:1-37.12(e) and N.J.A.C. 11:1-37.14(a), (a)(1), (a)(2), (a)(4) and (a)(17); and

IT FURTHER APPEARING, that each transaction or statutory violation shall constitute a separate offense under N.J.S.A. 17:22B-17; and

NOW, THEREFORE, IT IS on this 13th day of January, 2023:

ORDERED, that pursuant to the provisions of N.J.S.A. 17:22B-14(a), Respondents shall appear and show cause why their public adjuster licenses should not be revoked by the Commissioner; and

IT IS FURTHER ORDERED, that Respondents shall appear and show cause why the Commissioner should not assess fines not exceeding \$2,500.00 for the first violation and not exceeding \$5,000.00 for each subsequent violation, pursuant to the provisions of N.J.S.A. 17:22B-17 due to their failure to comply with New Jersey's insurance laws and regulations; and

IT IS FURTHER ORDERED, that, pursuant to N.J.S.A. 17:22B-17, Respondents shall appear and show cause why they should not be subject to additional penalties, including restitution to their victims and reimbursement of the costs of investigation and prosecution by the Department of Banking and Insurance; and

IT IS PROVIDED that, Respondents have the right to request an administrative hearing, to be represented by counsel or other qualified representative, at their own expense, to take testimony, to call or cross-examine witnesses, to have subpoena and subpoena duces tecum issued and to present evidence or argument if a hearing is requested; and

IT IS FURTHER PROVIDED that, unless a request for a hearing is received within twenty (20) days of the service of this Order to Show Cause, the right to a hearing in this matter shall be deemed to have been waived by Respondents and the Commissioner shall dispose of this matter in accordance with law. A hearing may be requested by mailing the request to Virgil Downtin, Chief of Investigations, New Jersey Department of Banking and Insurance, P.O. Box

329, Trenton, N.J. 08625 or by faxing the request to the Department at (609) 292-5337. A copy of the request for a hearing shall also be sent to Deputy Attorney General Chandra M. Arkema at PO Box 117, Trenton, New Jersey 08625. The request shall contain:

- (A) Each Respondent's name, address, and daytime telephone number;
- (B) A statement referring to each charge alleged in this Order to Show Cause and identifying any defense intended to be asserted in response to each charge. Where the defense relies on facts not contained in the Order to Show Cause, those specific facts must be stated;
- (C) A specific admission or denial of each fact alleged in this Order to Show Cause. Where Respondent has no specific knowledge regarding a fact alleged in this Order to Show Cause, a statement to that effect must be contained in the hearing request. Allegations of this Order to Show Cause not answered in the manner set forth above shall be deemed to have been admitted; and
- (D) A statement requesting a hearing.



Marlene Caride
Commissioner