

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceeding by the Commissioner of Banking)
and Insurance, State of New Jersey, to fine)
Tri-State Public Adjusters Inc., Reference) CONSENT
No: 9469290, Ronald Richard Spay Jr.,) ORDER
Reference No: 1285562 and John J. Cyr.)

To: Tri-State Public Adjusters Inc. Ronald Richard Spay, Jr.
120 East Heather Road 120 East Heather Road
Wildwood Crest, NJ 08260 Wildwood Crest, NJ 08260Jose

This matter, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that Tri-State Public Adjusters Inc. (“Tri-State”), currently licensed as a nonresident public adjuster business entity pursuant to N.J.S.A. 17:22B-5, and its employee and designated responsible licensed producer, Ronald Richard Spay, Jr. (“Spay”), currently licensed as a resident public adjuster pursuant to N.J.S.A. 17:22B-5 (collectively “Respondents”), may have violated the public adjuster laws of the State of New Jersey; and

WHEREAS, Respondents are subject to the provisions of the Public Adjusters’ Licensing Act of 1994, N.J.S.A. 17:22B-1 et seq.; and

WHEREAS, pursuant to N.J.S.A. 17:22B-3, no individual, firm, association or corporation shall act as a public adjuster in this state unless authorized to do so by virtue of a license issued by the Commissioner; and

WHEREAS, pursuant to N.J.S.A. 17:22B-14a (4) and N.J.A.C. 11:1-37.14(a) 4, a public adjuster shall not demonstrate incompetency, lack of integrity, bad faith, dishonesty, financial irresponsibility or untrustworthiness to act as an adjuster; and

WHEREAS, pursuant to N.J.S.A. 17:22B-14a (5) and N.J.A.C. 11:1-37.14(a) 5, a public adjuster shall not aid, abet, or assist another person in violating any insurance laws of this State; and

WHEREAS, pursuant to N.J.S.A. 17:22B-13c, N.J.A.C. 11:1-37.13(a), and N.J.A.C. 11:1-37.13(b)3 ii and iii, no individual, firm, association or corporation, shall have any right to compensation from any insured for services rendered to an insured as a public adjuster unless the right to compensation is based upon a written memorandum, that specifies or clearly defines the services to be rendered and contains the time of execution of the contract; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.13(b)5, the written memorandum between a licensed public adjuster and an insured shall prominently include a section which specifies the procedures to be followed by the insured if he or she seeks to cancel the contract, including any requirement for a written notice; the rights and obligations of the parties if the contract is cancelled at any time; and the costs to the insured or the formula for the calculation of costs to the insured for services rendered in whole or in part; and

WHEREAS, pursuant to N.J.S.A. 17:22B-13f and 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; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.12(b), each licensee shall maintain a register of all monies received, deposited, disbursed or withdrawn in connection with a transaction with an insured; and

WHEREAS, on or about November 1, 2012, Respondents entered into two public adjuster service contracts with New Jersey insured "PVN" for damages resulting from Superstorm Sandy whereby one contract had a contingency fee of 25% for the windstorm damages and the other contract had a contingency fee of 10% for the flood damages; and

WHEREAS, on or about November 19, 2012, an employee of Tri-State, "JC", who is not a licensed public adjuster, executed a revised public adjuster service contract on behalf of Tri-State with New Jersey insured "PVN" with a revised contingency fee of 20% for the windstorm damages, in violation of N.J.S.A. 17:22B-3, N.J.S.A. 17:22B-14a (5) and N.J.A.C. 11:1-37.14(a) 5; and

WHEREAS, the public adjuster service contracts entered into between Tri-State and "PVN" did not specify or clearly define the services to be rendered and/or contain the time of execution of the contracts, in violation of N.J.S.A. 17:22B-13c, N.J.A.C. 11:1-37.13(a), and N.J.A.C. 11:1-37.13(b)3 ii and iii; and

WHEREAS, in or around December of 2012, "PVN" attempted to cancel the contracts with Tri-State without being provided with the specific procedures to be followed if he sought to cancel the contract, including any requirement for a written notice; the rights and obligations of the parties if the contract was cancelled at any time; and the costs or the formula for the calculation of costs to "PVN" for services rendered in whole or in part, in violation of N.J.A.C. 11:1-37.13(b)5; and

WHEREAS, in or around February of 2013, "PVN's" insurer issued payment for the aforementioned damages made payable to "PVN", Tri-State and "PVN's" lender and mailed said payment to Respondent Tri-State who failed to deposit said funds into an escrow or trust account or release any funds to "PVN", in violation of N.J.S.A. 17:22B-13f, N.J.A.C. 11:1-37.11(a), N.J.S.A. 17:22B-14a (4) and N.J.A.C. 11:1-37.14(a) 4, and N.J.A.C. 11:1-37.12(b); and

WHEREAS, Respondents:

- 1) Have admitted responsibility for the aforementioned violations; and
 - 2) Have cooperated with the Department of Banking and Insurance's ("Department") investigation; and
 - 3) Have asserted that the violations cited in this Consent Order were not willful;
- and

WHEREAS, cause does exist under N.J.S.A. 17:22B-17 to impose a fine; and

WHEREAS, Respondents have waived their right to a hearing on the aforementioned violations and have consented to the payment of a fine in the amount of \$10,000.00; and

WHEREAS, this matter should be resolved upon the consent of the parties without resort to a formal hearing; and

NOW, THEREFORE, IT IS on this 14TH day of October, 2015

ORDERED AND AGREED, that Respondents shall be jointly and severally liable for the fine payment of \$10,000.00 to the Department; and

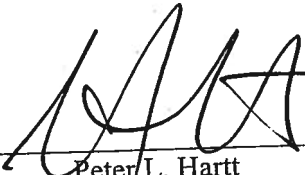
IT IS FURTHER ORDERED AND AGREED, that said fine shall be paid by certified check, cashier's check or money order made payable to the State of New Jersey, General Treasury, with an initial payment of \$1,000.00 due and payable immediately upon execution of this Consent Order by Respondents and sixty (60) subsequent payments of \$150.00 shall be remitted on or before the 15th day of each month thereafter to:

New Jersey Department of Banking and Insurance
ATTN: Virgil Downtin, Chief of Investigations
9th Floor – Enforcement Unit
P.O. Box 329
Trenton, New Jersey 08625

IT IS FURTHER ORDERED AND AGREED, that in the event full payment of the fine is not made, the Commissioner may exercise any and all remedies available by law, including but not limited to recovery of any unpaid penalties in summary proceedings, in accordance with the penalty enforcement law, N.J.S.A. 2A:58-10 et seq.; and

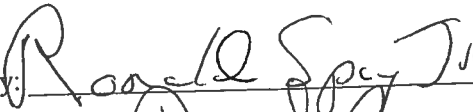
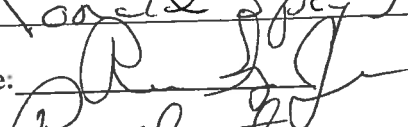
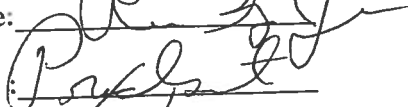
IT IS FURTHER ORDERED AND AGREED, that the provisions of this Consent Order represent a final agency decision and constitute a final resolution of the violations contained herein; and

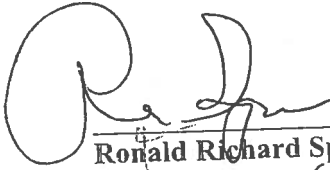
IT IS FURTHER ORDERED AND AGREED, that Respondents shall cease and desist from engaging in the conduct that gave rise to this Consent Order and hereafter shall comply in all respects with the New Jersey insurance laws and regulations.


Peter L. Hart
Director of Insurance

Consented to as to
Form, Content and Entry

Tri-State Public Adjusters Inc.

By: 
Name: 
Title: 
Date: 10/8/15


Ronald Richard Spay, Jr.
Date: 10/8/15