

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 licenses of)	ORDER
Metro Public Adjustment Inc.,)	TO
Reference No. 9469215, Steven)	SHOW
J. McCaffrey, Reference No.)	CAUSE
9469216, Harold Matthew Wells,)	
Jr., Reference No. 1290667, and)	
Arnold M. Grodzinski, Reference)	
No. 16707083.)	

TO:

Metro Public Adjustment Inc.
3551 Bristol Pike
Bensalem, PA 19020

Harold Matthew Wells, Jr.
3551 Bristol Pike
Bensalem, PA 19020

Steven J. McCaffrey, President
Metro Public Adjustment Inc.
3551 Bristol Pike
Bensalem, PA 19020

Arnold Grodzinski
3551 Bristol Pike
Bensalem, PA 19020

This matter, having been opened to the Commissioner of Banking and Insurance ("Commissioner"), State of New Jersey, upon information that Metro Public Adjustment Inc. ("Metro"), Steven J. McCaffrey, president and sole sublicensee of Metro, Harold Matthew Wells, Jr., and Arnold Grodzinski (collectively, "Respondents"), all currently licensed as public adjusters, pursuant to N.J.S.A. 17:22B-5, may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Respondents are subject to the New Jersey Public Adjusters' Licensing Act, N.J.S.A. 17:22B-1, et seq. ("Public Adjusters' Act") and the regulations governing the licensing of public adjusters, N.J.A.C. 11:1-37.1, et seq.; and

WHEREAS, pursuant to N.J.S.A. 17:22B-14a(1) and N.J.A.C. 11:1-37.14(a)1 and 2, an adjuster shall not violate any provision of the insurance laws, including any rules promulgated by the Commissioner, or violate any law in the course of dealing as an adjuster; and

WHEREAS, pursuant to N.J.S.A. 17:22B-14a(4) and N.J.A.C. 11:1-37.14(a)4, an 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), an adjuster shall not aid, abet, or assist another person in violating any insurance law of this State; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.13(a), no individual, firm, partnership, association, or corporation licensed as a public adjuster shall have any right to compensation from any insured for, or on account of, services rendered to an insured as a public adjuster unless the right to compensation is based upon a written contract or memorandum between the adjuster and the insured and specifying or clearly defining the services to be rendered and the amount or extent of the compensation; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.13(b)3ii, the written memorandum or contract between a licensed public adjuster and an insured shall contain a list of services to be rendered and the maximum fees to be charged, which shall be reasonably related to services rendered; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.13(b)5, the written memorandum or contract between a licensed public adjuster and an insured shall prominently include a section which specifies: (i) the procedures to be followed by the insured if he seeks to cancel the contract, including any

requirement of written notice; (ii) the rights and obligations of the parties if the contract is cancelled at any time; and (iii) 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.A.C. 11:1-37.14(a)17, the Commissioner may suspend or revoke the license of a public adjuster if the licensee has committed any other act or omission which the Commissioner determines to be inappropriate conduct by a licensee of the State; and

WHEREAS, pursuant to N.J.A.C. 11:1-12.2(a), active officers of corporate licensees shall be held individually responsible for all insurance-related conduct of the corporate licensee; and

WHEREAS, pursuant to N.J.S.A. 17:22B-17, any person violating any provision of the Public Adjusters' Act shall, in addition to any other sanctions provided by law, be liable for a civil penalty of not more than \$2,500 for the first offense and not more than \$5,000 for the second and each subsequent offense; and

WHEREAS, on December 20, 2012, the Commissioner issued Bulletin No. 12-16 entitled "Public Adjuster Fees - Determining Whether Fees Are Reasonably Related to Services Rendered and Superstorm Sandy Loss Occurrences"; and

WHEREAS, Bulletin No. 12-16 reiterates that a public adjuster contract must "specify a list of services to be rendered and the maximum fees to be charged, 'which fees shall be reasonably related to services rendered'"; and

WHEREAS, Bulletin No. 12-16 further states that the "Department also expects that all public adjusters will act in a professional and responsible manner with due consideration

toward the hardships and disruptions being experienced by property owners affected by Superstorm Sandy"; and

WHEREAS, Bulletin No. 12-16 further states that "[d]ocumentation on the reasonableness of a public adjuster's fee would include time records that detail the actions taken on each claim file and the hours during which the public adjuster engaged in such activity, and expense records, including receipts for items such as computer software and travel"; and

WHEREAS, Bulletin No. 12-16 explicitly states that the "Department intends to vigorously enforce N.J.A.C. 11:1-37.13, and the related prohibited conduct provisions of N.J.S.A. 17:22B-13 and N.J.A.C. 11:1-37.14, against any public adjusters who charge fees that are not reasonably related to the services rendered"; and

COUNT 1

IT APPEARING that G.A. and T.A. (collectively "Insureds") are New Jersey residents whose home suffered significant damage during Superstorm Sandy; and

IT FURTHER APPEARING that, at all times relevant hereto, the Insureds' home was insured by Selective; and

IT FURTHER APPEARING that, in the aftermath of Superstorm Sandy, the Insureds submitted a claim to Selective for damages to their home; and

IT FURTHER APPEARING that, prior to December 10, 2012, Selective conducted an estimate of the damage to Insureds' home; and

IT FURTHER APPEARING that, on or about December 10, 2012, the Insureds received an advance payment of \$15,000 from Selective towards their insurance claim; and

IT FURTHER APPEARING that, on or about December 17, 2012, the Insureds met with Metro public adjuster Arnold Grodzinski; and

IT FURTHER APPEARING that Grodzinski presented the Insureds with a Metro Public Adjustment Inc. Standard Public Adjuster Contract ("Contract"); and

IT FURTHER APPEARING that the Contract stated that Metro would "advise and assist [them] in the adjustment of an insurance claim"; and

IT FURTHER APPEARING that, pursuant to the Contract, Respondents were to be paid ten percent (10%) of the total insurance settlement proceeds paid by the insurance carrier; and

IT FURTHER APPEARING that, pursuant to the Contract, "total insurance settlement" included "payments and offers made by your insurance company, whether prior to or after the date of this contract"; and

IT FURTHER APPEARING that the Contract stated that the Insureds had the right to cancel up until midnight of the third business day after the date of the execution of the Contract; and

IT FURTHER APPEARING that, Respondents failed to specify or clearly define the services to be rendered or contain a list of services to be rendered within the Contract, thereby violating N.J.S.A. 17:22B-14a(1) and (4), N.J.A.C. 11:1-37.13(a) and (b)3ii, and N.J.A.C. 11:1-37.14(a)1, 2, and 4; and

IT FURTHER APPEARING that, Respondents failed to include in the Contract a section specifying the procedures to be followed by the insured if he seeks to cancel the contract, including any requirement of written notice, thereby violating N.J.S.A. 17:22B-14a(1) and (4), N.J.A.C. 11:1-37.13(b)5, and N.J.A.C. 11:1-37.14(a)1, 2, and 4; and

IT FURTHER APPEARING that, Respondents failed to include in the Contract a section specifying the rights and obligations of the parties if the contract is cancelled at any

time, thereby violating N.J.S.A. 17:22B-14a(1) and (4), N.J.A.C. 11:1-37.13(b)5, and N.J.A.C. 11:1-37.14(a)1, 2, and 4; and

IT FURTHER APPEARING that, Respondents failed to include in the Contract a section specifying the costs to the insured or the formula for the calculation of costs to the insured for services rendered in whole or in part, thereby violating N.J.S.A. 17:22B-14a(1) and (4), N.J.A.C. 11:1-37.13(b)5, and N.J.A.C. 11:1-37.14(a)1, 2, and 4; and

IT FURTHER APPEARING that, Respondents aided, abetted, and assisted each other in the preparation, presentation, and signing of this contract, in violation of N.J.S.A. 17:22B-14a(1), (4), and (5) and N.J.A.C. 11:1-37.14(a)1, 2, and 4; and

COUNT 2

IT FURTHER APPEARING that, soon after Respondent Grodzinski signed the Contract, Respondents Metro and McCaffrey transferred the handling of the Contract to another Metro public adjuster, Respondent Wells; and

IT FURTHER APPEARING that, on January 8, 2013, Respondent Wells completed an estimate of the damages to the Insureds' residence; and

IT FURTHER APPEARING that, on or about January 25, 2013, Respondent Metro contacted Selective telephonically to discuss the Insureds' claim; and

IT FURTHER APPEARING that, during this call, Selective informed Respondent Metro that it had not received a signed public adjuster contract and, as such, could not provide claim information; and

IT FURTHER APPEARING that, following this telephone call, Respondent Wells sent a Letter of Engagement to Selective; and

IT FURTHER APPEARING that, on or about February 10, 2013, the Selective adjuster informed the Insureds that their

"claim documentation has been forwarded to your insurance carrier for final review and recommendation of payment to you for \$97,216"; and

IT FURTHER APPEARING that, on or about February 12, 2013, G.A. e-mailed Respondent Metro, requesting a copy of Respondent Wells' estimate; and

IT FURTHER APPEARING that, on or about February 13, 2013, T.A. e-mailed Respondent Metro, requesting a copy of Respondent Wells' estimate; and

IT FURTHER APPEARING that, on or about February 15, 2013, Respondent Metro contacted Selective and requested a copy of the Selective adjuster's estimate; and

IT FURTHER APPEARING that, on or about February 15, 2013, Selective contacted the Insureds and asked for permission to release a copy of the Selective adjuster's estimate; and

IT FURTHER APPEARING that, the Insureds advised Selective they would speak to Respondent Metro and that the Selective adjuster's estimate did not need to be sent to Respondent Metro; and

IT FURTHER APPEARING that, on or about February 15, 2013, Respondent Wells e-mailed the Insureds from his Metro Public Adjustment e-mail address, stating: "I have requested to speak directly with you as it appears that you may have an issue with the process and Metro's fees. I have reviewed the insurance company's estimate and prepared a supplement for the scope items not included in the insurance company's estimate. However, I feel we need to discuss any concerns that you may have before I invest any more time on your claim"; and

IT FURTHER APPEARING that, on or about February 15, 2013, T.A. e-mailed Respondent Wells, stating "Yes we have a problem with the process and the fee, at this point we see that we may have to pay a large sum of money for having received very

little service in return. We have been out of our home for four months and we thought getting Metro involved would help us get back in more quickly and get a good settlement amount. At this point we want to get our check from the insurance company so we can get back into our home without delay. Our sons need to get back to a normal life"; and

IT FURTHER APPEARING that, on or about February 15, 2013, less than four months after Superstorm Sandy, Respondent Wells e-mailed the Insureds from his Metro Public Adjustment e-mail address, stating "your wife called once on Sunday which is not a business day. You called me once on Monday, but then you called the Metro office and spoke to a member of the claims support team, Stephanie. I was informed that you called and wasn't given any indication that you still needed to speak to me directly, at that moment. What set back did you suffer in the time between Monday when you spoke to Stephanie and when I called and emailed the two of you?... To me it just seems like you're trying to justify not paying our fee. The flood insurance adjuster took over 8 weeks and did not complete their estimate until February 10th. Do you really think that they started and completed your estimate in a day because of a call from a FEMA worker bee at Lowes? Not so... If we haven't been of any value: Why are you still asking for my estimate"; and

IT FURTHER APPEARING that Selective has no record of receiving an estimate from Respondents; and

IT FURTHER APPEARING that Selective has no record of Respondents disputing, or attempting to adjust, the estimate prepared by Selective; and

IT FURTHER APPEARING that Respondent Metro's internal records fail to establish that Respondents' estimate was ever sent to Selective; and

IT FURTHER APPEARING that Respondent Metro's internal records fail to establish that Respondents ever disputed, or adjusted, the estimate prepared by Selective; and

IT FURTHER APPEARING that, on or about March 3, 2013, Selective paid the Insureds \$41,108 on their insurance claim; and

IT FURTHER APPEARING that, on or about April 11, 2013, Selective paid the Insureds an additional \$41,108 on their insurance claim; and

IT FURTHER APPEARING that, on or about April 26, 2013, the Insureds sent a letter to Respondent Metro, which requested "a detailed written summary of all work you have completed on my behalf to date and attach copies of all correspondence you have received from the various insurance companies, FEMA and my lender, if any"; and

IT FURTHER APPEARING that, to date, Respondents have not provided the documents requested by the Insureds in their April 26, 2013 letter; and

IT FURTHER APPEARING that, Respondents failed to provide the Insureds with a detailed written summary of the work they had completed, or a copy of their estimate of the damages to the Insureds' home, thereby violating N.J.S.A. 17:22B-14a(1) and (4) and N.J.A.C. 11:1-37.14(a)1, 2, 4 and 17, and acting contrary to the Commissioner's Bulletin No. 12-16; and

COUNT 3

IT FURTHER APPEARING that, on or about May 24, 2013, Respondents sent the Insureds Invoice 10516 for \$1,500, ten percent (10%) of Selective's December 10, 2012 \$15,000 advance payment; and

IT FURTHER APPEARING that, on or about May 24, 2013, Respondents sent the Insureds Invoice 10517 for \$4,110.80, ten percent (10%) of Selective's March 3, 2013 payout; and

IT FURTHER APPEARING that, on or about May 24, 2013, Respondents sent the Insureds Invoice 10518 for \$4,110.80, ten percent (10%) of Selective's April 11, 2013 payout; and

IT FURTHER APPEARING that the Contract provided that Respondents would receive a ten percent (10%) fee in exchange for advising and assisting in the adjustment of the Insureds' claim; and

IT FURTHER APPEARING that, Respondents did not submit an estimate to Selective, nor did they advise or assist in adjusting the Insured's claim; therefore, the ten percent (10%) fee charged to the Insureds was not reasonably related to services rendered, thereby violating N.J.S.A. 17:22B-14a(1) and (4), N.J.A.C. 11:1-37.13(a) and (b)3ii, and N.J.A.C. 11:1-37.14(a)1, 2, and 4; and

IT FURTHER APPEARING that Respondents did not provide any documentation on the reasonableness of their public adjuster's fee, thereby violating N.J.S.A. 17:22B-14a(1) and (4) and N.J.A.C. 11:1-37.14(a)1, 2, and 4, and acting contrary to Commissioner's Bulletin 12-16; and

IT FURTHER APPEARING that, by charging Superstorm Sandy victims fees for services not rendered, Respondents demonstrated their lack of integrity, bad faith, and untrustworthiness to act as public adjusters, thereby violating N.J.S.A. 17:22B-14a(1) and (4) and N.J.A.C. 11:1-37.14(a)1 and 4; and

COUNT 4

IT FURTHER APPEARING that, prior to March 5, 2014, Respondents retained a law firm, J.D., to collect the "outstanding balance which [the Insureds] owe for work at [their] home"; and

IT FURTHER APPEARING that, on or about March 5, 2014, J.D. sent a letter to the Insureds demanding \$9,721.60; and

IT FURTHER APPEARING that the letter threatened the Insureds with litigation if the entire sum was not paid immediately; and

IT FURTHER APPEARING that, on or about March 18, 2014, the Insureds sent J.D. a letter, disputing the amount owed and reiterating their request for a summary of the work performed by Respondents; and

IT FURTHER APPEARING that Respondents did not provide the Insureds with a summary of the work performed; and

IT FURTHER APPEARING that the Contract provided that Respondents would receive a ten percent (10%) fee in exchange for advising and assisting in the adjustment of the Insureds' claim; and

IT FURTHER APPEARING that, as Respondents did not submit an estimate or attempt to dispute or adjust Selective's estimate, Respondents again attempted to collect a fee from the Insureds which was not reasonably related to services rendered, thereby violating N.J.S.A. 17:22B-14a(1) and (4), N.J.A.C. 11:1-37.13(a) and (b)3ii, and N.J.A.C. 11:1-37.14(a)1, 2, and 4; and

IT FURTHER APPEARING that Respondents failed to provide any documentation on the reasonableness of their public adjuster's fee, thereby violating N.J.S.A. 17:22B-14a(1) and (4) and N.J.A.C. 11:1-37.14(a)1, 2, and 4, and acting contrary to the Commissioner's Bulletin 12-16; and

IT FURTHER APPEARING that, by charging Superstorm Sandy victims fees for services not rendered, Respondents demonstrated their lack of integrity, bad faith, and untrustworthiness to act as public adjusters, thereby violating N.J.S.A. 17:22B-14a(1) and (4) and N.J.A.C. 11:1-37.14(a)1 and 4; and

IT FURTHER APPEARING that, by threatening Superstorm Sandy victims with litigation if fees for fictitious and

undocumented services are not paid, Respondents demonstrated their lack of integrity, bad faith, and untrustworthiness to act as public adjusters, thereby violating N.J.S.A. 17:22B-14a(1) and (4) and N.J.A.C. 11:1-37.14(a)1 and 4, and acting contrary to the Commissioner's Bulletin 12-16; and

COUNT 5

IT FURTHER APPEARING that, prior to August 21, 2014, Respondents informed the Department that they would cease attempting to collect any fee in relation to the Contract; and

IT FURTHER APPEARING that, on or about August 21, 2014, Respondents provided the Department with a letter from J.D., which stated that "we have been instructed by our client to cease all collection efforts on this matter"; and

IT FURTHER APPEARING that, on or about November 5, 2014, J.D. filed a civil complaint against T.A. on behalf of Respondent Metro in the Superior Court of New Jersey, Law Division, Special Civil Part, Ocean County, Docket No. DC-011683-14 ("Complaint"); and

IT FURTHER APPEARING that the Complaint's demand amount was \$9,721.60; and

IT FURTHER APPEARING that the total of the three invoices sent by Respondents to the Insureds was \$9,721.60; and

IT FURTHER APPEARING that the Complaint states that Respondent Metro is suing T.A. because "Plaintiff and Defendant entered into a contract whereby Plaintiff was to perform certain services related to a property loss at Defendant's property, in exchange for compensation. Plaintiff performed fully under contract. Defendant breached contract by failing to compensate Plaintiff"; and

IT FURTHER APPEARING that, by suing Superstorm Sandy victims in order to recoup fees for fictitious and undocumented services, Respondents demonstrated their lack of integrity, bad

faith, and untrustworthiness to act as public adjusters, thereby violating N.J.S.A. 17:22B-14a(1) and (4) and N.J.A.C. 11:1-37.14(a)1 and 4, and acting contrary to the Commissioner's Bulletin 12-16; and

IT FURTHER APPEARING that, by suing the Insureds after informing the Department that the fee had been waived, Respondents demonstrated their incompetency, lack of integrity, bad faith, dishonesty, and untrustworthiness to act as public adjusters, thereby violating N.J.S.A. 17:22B-14a(4) and N.J.A.C. 11:1-37.14(a)4; and

COUNT 6

IT FURTHER APPEARING that, from December 17, 2012 until present, Respondents engaged in a course of conduct which clearly evidences their failure to act in a professional and responsible manner with due consideration toward the hardships and disruptions being experienced by property owners affected by Superstorm Sandy, thereby violating N.J.S.A. 17:22B-14a(1) and (4), N.J.A.C. 11:1-37.14(a)1, 2, 4, and 17, and acting contrary to the Commissioner's Bulletin No. 12-16; and

NOW, THEREFORE, IT IS on this 12th day of MARCH, 2015:

ORDERED that Respondents appear and show cause why the New Jersey public adjuster licenses issued to them should not be suspended or revoked by the Commissioner and why Respondents should not be fined up to \$2,500 for the first offense and not more than \$5,000 for the second and each subsequent offense, pursuant to N.J.S.A. 17:22B-14 and -17 and N.J.A.C. 11:1-37.14(b); and

IT IS FURTHER ORDERED that Respondents appear and show cause why they should not be subject to additional penalties including reimbursement of the costs of investigation,

prosecution, and restitution authorized pursuant to the provisions of N.J.S.A. 17:22B-17; and

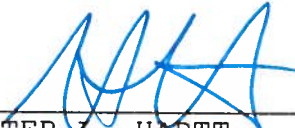
IT IS FURTHER ORDERED that Respondents appear and show cause why the \$10,000.00 bonds filed with the Commissioner in connection with his application for a public adjuster's license should not be used for the benefit of any person injured by any willful, malicious, or wrongful act by them in connection with the transaction of business, pursuant to N.J.S.A. 17:22B-12 and N.J.A.C. 11:1-37.9; 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 subpoenas 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 the licensee and the Commissioner shall dispose of this matter in accordance with the law. A hearing may be requested by mailing the request to Virgil Downtin, Chief of Investigations, Department of Banking and Insurance, P.O. Box 329, Trenton, New Jersey 08625, or by faxing the hearing request to the Department at (609) 292-5337. The request shall contain the following:

- (a) The licensee'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 the licensee has no specific knowledge regarding a fact alleged in the 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.



PETER L. HARTT
Director of Insurance