

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)	ORDER
and/or revoke the public)	TO
adjuster licenses of Michael)	SHOW
A. Burt, Reference No.)	CAUSE
0070010, Lawrence Chrebet,)	
Reference No. 9469281, and)	
Metro Public Adjustment Inc.,)	
Reference No. 9469215.)	

TO: Michael A. Burt
631 Illinois Ave.
Brick, NJ 08724-1213

Lawrence Chrebet
420 Cross Road, Apt. #4
Matawan, NJ 07747-2882

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

This matter having been opened by the Commissioner of the New Jersey Department of Banking and Insurance ("Commissioner"), upon information that Michael A. Burt, Lawrence Chrebet, and Metro Public Adjustment Inc. (collectively "Respondents") may have violated the provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Burt was formerly licensed as a public adjuster, pursuant to N.J.S.A. 17:22B-5, until his license expired on November 30, 2013; and

WHEREAS, Chrebet and Metro are currently licensed as public adjusters, pursuant to N.J.S.A. 17:22B-5; 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"), the regulations governing the licensing of public adjusters, N.J.A.C. 11:1-37.1, et seq., and

the Insurance Fraud Prevention Act, N.J.S.A. 17:33A-1 et seq. ("Fraud Act"); 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, the Commissioner may fine, suspend, or revoke the license of an adjuster if 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 dealing as an adjuster; and

WHEREAS, pursuant to N.J.S.A. 17:22B-14a(3), an adjuster shall not commit a fraudulent or dishonest act; and

WHEREAS, pursuant to N.J.S.A. 17:22B-14a(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.S.A. 17:33A-4a(1), a person or practitioner violates the Fraud Act if he presents or causes to be presented any written or oral statement as part of, or in support of, or opposition to, a claim for payment or other benefit pursuant to an insurance policy, knowing that the statement contains any false or misleading information concerning any fact or thing material to the claim; and

WHEREAS, pursuant to N.J.S.A. 17:33A-4a(2), a person or practitioner violates the Fraud Act if he prepares or makes any written or oral statement that is intended to be presented to any insurance company in connection with, or in support of, or opposition to, any claim for payment or other benefit pursuant to an insurance policy, knowing that the statement

contains any false or misleading information concerning any fact or thing material to the claim; and

WHEREAS, pursuant to N.J.S.A. 17:33A-4b, a person or practitioner violates the Fraud Act if he knowingly assists, conspires with, or urges any person or practitioner to violate any of the provisions of the Fraud Act; and

ALLEGATIONS COMMON TO ALL COUNTS

IT APPEARING that, at all times relevant hereto, Respondents Burt and Chrebet were employees of Respondent Metro; and

IT FURTHER APPEARING that, at all times relevant hereto, C.F.'s home was insured by Selective Insurance Company ("Selective"); and

IT FURTHER APPEARING that, in April 2008, C.F. contacted Metro about roof damage to her New Jersey residence; and

IT FURTHER APPEARING that, in April 2008, Respondent Burt, acting as a public adjuster and Metro employee, arrived at C.F.'s home to assess the damages; and

IT FURTHER APPEARING that, while on the premises to assess the roof damage, Respondent Burt observed a hole in the ceiling of C.F.'s living room; and

IT FURTHER APPEARING that C.F. told Respondent Burt that the hole was caused by water that originated from the upstairs bathroom and was unrelated to the roof damage; and

IT FURTHER APPEARING that Respondent Burt told C.F. that the water damage may be covered under her Selective homeowner's policy; and

COUNT 1 (Burt and Metro - Fraud Act)

IT FURTHER APPEARING that C.F. hired a plumber, M.L., to determine the cause of the water that originated from the upstairs bathroom; and

IT FURTHER APPEARING that M.L. determined that, due to improper caulking between the bathtub and the wall, water had seeped into the walls and caused damage to the ceiling below the bathroom; and

IT FURTHER APPEARING that M.L. inspected the shower diverter in the upstairs bathroom and determined that it was functional and not leaking; and

IT FURTHER APPEARING that, for cosmetic reasons, C.F. asked M.L. to replace the shower diverter in the upstairs bathroom; and

IT FURTHER APPEARING that Respondent Burt did not inspect the diverter, but was present in C.F.'s home at the same time as M.L.; and

IT FURTHER APPEARING that, on or about April 28, 2008, Respondent Burt urged M.L. to falsely write on his invoice for plumbing services that the water damage was the result of a faulty diverter; and

IT FURTHER APPEARING that M.L. completed the invoice as Respondent Burt requested; and

IT FURTHER APPEARING that damage caused by improper caulking was not covered by the homeowners' insurance policy, while damage by a faulty diverter was covered; and

IT FURTHER APPEARING that, by asking M.L. to state that the water damage was caused by a faulty diverter when the water damage was actually caused by improper caulking, Respondents Burt and Metro urged M.L. to prepare or make a written statement that was intended to be presented to an

insurance company in connection, or in support of, a claim for payment or other benefit pursuant to an insurance policy, knowing that the statement contained false or misleading information concerning any fact or thing material to the claim, in violation of N.J.S.A. 17:33A-4b; and

COUNT 2 (Burt and Metro - Public Adjusters' Act)

IT FURTHER APPEARING that, by asking M.L. to state on his invoice that the water damage was caused by a faulty diverter when the water damage was actually caused by improper caulking, Respondents Burt and Metro committed a fraudulent and dishonest act, and demonstrated their lack of integrity, bad faith, dishonesty, and untrustworthiness to act as adjusters, in violation of N.J.S.A. 17:22B-14a(1), (3), and (4) and N.J.A.C. 11:1-37.14(a)1 and 2; and

COUNT 3 (Burt - Public Adjusters' Act)

IT FURTHER APPEARING that Respondent Burt subsequently contacted M.L. and offered him \$50 if, when contacted by Selective, he would state that the water damage to C.F.'s home was caused by a faulty diverter; and

IT FURTHER APPEARING that, by offering M.L. \$50 to tell Selective that the water damage was caused by a faulty diverter when the water damage was actually caused by improper caulking, Respondent Burt committed a fraudulent and dishonest act, and demonstrated his lack of integrity, bad faith, dishonesty, and untrustworthiness to act as an adjuster, in violation of N.J.S.A. 17:22B-14a(1), (3), and (4); and

COUNT 4 (Burt - Fraud Act)

IT FURTHER APPEARING that, by offering M.L. \$50 to tell Selective that the water damage was caused by a faulty diverter when the water damage was actually caused by improper caulking, Respondent Burt knowingly urged a person to present an

oral statement in support of a claim for payment or other benefit pursuant to an insurance policy knowing that the statement contained false or misleading information concerning any fact or thing material to the claim, in violation of N.J.S.A. 17:33A-4b; and

COUNT 5 (Chrebet and Metro - Public Adjusters' Act)

IT FURTHER APPEARING that, on or about May 8, 2008, Respondent Chrebet, acting as a public adjuster and Metro employee, completed an estimate, on Metro letterhead, of the damage to C.F.'s home; and

IT FURTHER APPEARING that, in connection with this estimate, Respondents Chrebet and Metro submitted M.L.'s receipt, listing the faulty diverter as the cause of all the damages to C.F.'s home, to Selective; and

IT FURTHER APPEARING that, in so doing, Respondents Chrebet and Metro committed a fraudulent or dishonest act, and demonstrated their lack of integrity, bad faith, dishonesty, and untrustworthiness to act as an adjuster, in violation of N.J.S.A. 17:22B-14a (1), (3), and (4) and N.J.A.C. 11:1-37.14(a)1 and 2; and

COUNT 6 (Chrebet and Metro - Fraud Act)

IT FURTHER APPEARING that, in submitting a claim to the insurer listing the cause of damage as a faulty diverter, Respondents Chrebet and Metro submitted a written statement, as part of, or in support of, a claim for payment or other benefit pursuant to an insurance policy knowing that the statement contained false or misleading information concerning any fact or thing material to the claim, in violation of N.J.S.A. 17:33A-4a(1); 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 \$2,500.00 for the first violation of the Public Adjuster's Act and not more than \$5,000.00 for the second and each subsequent violation, pursuant to N.J.S.A. 17:22B-17; and

IT IS FURTHER ORDERED that Respondents appear and show cause why they should not be fined up to \$5,000.00 for the first violation of the Fraud Act, \$10,000.00 for the second violation, and \$15,000.00 for each subsequent violation; 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