

ORDER TO SHOW CAUSE NOE15-75

STATE OF NEW JERSEY  
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

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Proceedings by the Commissioner )  
of Banking and Insurance, State )  
of New Jersey, to fine, )  
suspend, and/or revoke the )  
public adjuster licenses of )  
Advocate Public Adjusters, LLC, )  
Reference No. 1515990, and )  
Shannon Renee Bellamy, )  
Reference No. 1513415 )

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**ORDER TO SHOW CAUSE**

TO: Advocate Public Adjusters  
1415 Blackwood Clementon Road  
Clementon, NJ 08021

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Shannon Renee Bellamy  
3 Highwoods Avenue  
Sicklerville, NJ 08081

THIS MATTER, having been opened by the Commissioner of Banking and Insurance ("Commissioner"), State of New Jersey, upon information that Advocate Public Adjusters, LLC ("APA") and Shannon Renee Bellamy ("Bellamy") (collectively "Respondents") licensed as public adjusters pursuant to N.J.S.A. 17:22B-1 et seq., may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Respondents are subject to the provisions of the New Jersey Public Adjusters' Licensing Act, N.J.S.A. 17:22B-1 et seq. ("Public Adjusters' Act"); and

WHEREAS, pursuant to N.J.S.A. 17:22B-3a, no individual, firm, association or corporation shall act as an adjuster in the State of New Jersey unless authorized to do so by virtue of a license issued or renewed pursuant to the Public Adjusters' Act; and

WHEREAS, pursuant to N.J.S.A. 17:22B-3b, no public adjuster shall act on behalf of an insured unless licensed as a public adjuster; and

WHEREAS, pursuant to N.J.S.A. 17:22B-13b, no individual, firm, association or corporation licensed under the Public Adjusters' Act shall enter into any agreement, oral or written, with an insured to negotiate or settle claims for loss or damage occurring in the State of New Jersey between the hours of six p.m. and eight a.m. during the twenty-four (24) hours after the loss has occurred; and

WHEREAS, pursuant to N.J.S.A. 17:22B-13c, no individual, firm, association or corporation licensed under the Public Adjusters' Act 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 memorandum, signed by the party to be charged and by the adjuster, and specifying or clearly defining the services to be rendered and the amount or extent of the compensation on a form and with such language as the Commissioner may prescribe; and

WHEREAS, pursuant to N.J.S.A. 17:22B-14a(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

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WHEREAS, pursuant to N.J.S.A. 17:22B-14a(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.S.A. 17:22B-14a(5), the Commissioner may suspend or revoke any adjuster's license if, after notice and opportunity for hearing, the Commissioner determines that the licensee has aided, abetted or assisted another person in violating any insurance law of this State; and

WHEREAS, pursuant to N.J.S.A. 17:22B-17, any person violating any provision of Public Adjusters' Act shall, in addition to any other sanctions provided by law, be liable to 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 each transaction or statutory violation shall constitute a separate offense; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.13(a), no licensed 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)3i, the written memorandum or contract between a licensed public adjuster and an insured shall contain the signatures of the insured and the public adjuster; 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 fees shall be reasonably related to services rendered; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.13(b)3iii, the written memorandum or contract between a licensed public adjuster and an insured shall contain the time and date of execution of the contract (day, month, year) by each party; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.13(b)4, the written memorandum or contract between a licensed public adjuster and an insured shall conform to the requirements of the Consumer Contracts Act at N.J.S.A. 56:12-1 et seq.; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.13(b)5i, the written memorandum or contract 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; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.13(b)5ii, the written memorandum or contract between a licensed public adjuster and an insured shall prominently include a section which specifies the rights and obligations of the parties if the contract is cancelled at any time; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.13(b)5iii, the written memorandum or contract between a licensed public adjuster and an insured shall prominently include a section which specifies 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. 11:1-37.13(d), no public adjuster shall enter into any contract or agreement, oral or written, with an insured, to negotiate or settle claims for loss or damage occurring in this State between the hours of 6:00 P.M. and 8:00 A.M. during the twenty-four (24) hours after the loss has occurred; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.14(a)1, the Commissioner may suspend or revoke a public adjuster's license based on any violation of the Public Adjusters' Act, the State insurance laws, or the rules promulgated by the Commissioner, 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; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.14(a)4, the Commissioner may suspend or revoke a public adjuster's license based on any violation of the Public Adjusters' Act or the rules promulgated by the Commissioner, or for the commission or omission of any act by a public adjuster which demonstrates that the licensee is not competent or trustworthy to act as a public adjuster, or has demonstrated the licensee's lack of integrity,

incompetency, bad faith, dishonesty, financial irresponsibility, or untrustworthiness to act as a public adjuster; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.14(a)5, the Commissioner may suspend or revoke a public adjuster's license based on any violation of the Public Adjusters' Act or the rules promulgated by the Commissioner, or for the commission or omission of any act by a public adjuster which demonstrates that the licensee is not competent or trustworthy to act as a public adjuster, or has aided, abetted or assisted another person in violating any insurance law of the State of New Jersey or any other State; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.14(a)13, the Commissioner may suspend or revoke a public adjuster's license based on any violation of the Public Adjusters' Act or the rules promulgated by the Commissioner, or for the commission or omission of any act by a public adjuster which demonstrates that the licensee is not competent or trustworthy to act as a public adjuster, or has made any misrepresentation of facts or advised any person on questions of law in conjunction with the business as a public adjuster; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.14(a)17, the Commissioner may suspend or revoke a public adjuster's license based on any violation of the Public Adjusters' Act or the rules

promulgated by the Commissioner, or for the commission or omission of any act by a public adjuster which demonstrates that the licensee is not competent or trustworthy to act as a public adjuster, or has committed any other act or omission which the Commissioner determines to be inappropriate conduct by a licensee of the State of New Jersey;

WHEREAS, pursuant to N.J.A.C. 11:1-37.14(b), any person which violates any provision of this subchapter 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 and each transaction or statutory violation shall constitute a separate offense; and

WHEREAS, pursuant to N.J.S.A. 56:12-2, consumer contracts shall be written in a simple, clear, understandable and easily readable way; and

**COUNT 1**

IT APPEARING that, on December 18, 2012, Respondent Bellamy was first licensed as a resident public adjuster in the State of New Jersey; and

IT FURTHER APPEARING that, on February 5, 2013, Respondent APA was first licensed as a resident public adjuster in the State of New Jersey; and



IT FURTHER APPEARING that, during the period of December 18, 2012 through January 23, 2013, Respondent APA entered into five (5) public adjuster contracts with New Jersey insureds; and

IT FURTHER APPEARING that, the contracts discussed in this count were signed by Respondent Bellamy; and

IT FURTHER APPEARING that, Respondent APA, through Respondent Bellamy, entered into at least five (5) contracts with New Jersey insureds without being licensed by the Commissioner, in violation of N.J.S.A. 17:22B-3a and b, N.J.S.A. 17:22B-14a(1), (4), and (5), and N.J.A.C. 11:1-37.14(a)1, 4, 5, and 13; and

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**Count 2**

IT APPEARING that, on January 8, 2014, Respondent APA entered into a public adjuster contract with insured E.L. at 7:20 p.m., within twenty-four hours after the loss occurred; and

IT FURTHER APPEARING that, on January 14, 2014, Respondent APA entered into a public adjuster contract with insured E.L. at 7:12 p.m., within twenty-four hours after the loss occurred; and

IT FURTHER APPEARING that; on January 23, 2014, Respondent APA entered into a public adjuster contract with

insured R.T. at 7:15 p.m., within twenty-four hours after the loss occurred; and

IT FURTHER APPEARING that, on February 8, 2014, Respondent APA entered into a public adjuster contract with insured L.M. at 6:56 p.m., within twenty-four hours after the loss occurred; and

IT FURTHER APPEARING that, on March 5, 2014, Respondent APA entered into a public adjuster contract with insured J.G. at 6:35 p.m., within twenty-four hours after the loss occurred; and

IT FURTHER APPEARING that, on March 5, 2014, Respondent APA entered into a public adjuster contract with insured J.G. at 6:50 p.m., within twenty-four hours after the loss occurred; and

IT FURTHER APPEARING that, on April 14, 2014, Respondent APA entered into two (2) public adjuster contracts with insured C.I. at 8:00 a.m., within twenty-four hours after the loss occurred; and

IT FURTHER APPEARING that, on June 6, 2014, Respondent APA entered into a public adjuster contract with insured L.S. at 7:30 p.m., within twenty-four hours after the loss occurred; and

IT FURTHER APPEARING that, for each of the above referenced public adjuster contracts in this count, Respondent Bellamy signed each contract on behalf of Respondent APA;

IT FURTHER APPEARING THAT, Respondents' execution of the above contracts with insureds between 6:00 p.m. and 8:00 a.m. during the twenty-four hours after the loss occurred constitutes violations of N.J.S.A. 17:22B-13b, N.J.S.A. 17:22B-14a(1) and (4), and N.J.A.C. 11:1-37.13(d); and

### Count 3

IT APPEARING that, during the period of December 2012 through July 2014, Respondent APA entered into at least forty-two (42) public adjuster contracts with New Jersey insureds that did not prominently include a section which specified the procedures to be followed by the insured if he or she seeks to cancel the contract, including the requirement of 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

IT FURTHER APPEARING that, during the period of December 2012 through June 2014, Respondent APA entered into at least seven (7) public adjuster contracts with New Jersey

insureds that did not contain the time the contract was executed; and

IT FURTHER APPEARING that, on May 28, 2014, Respondent APA entered into a public adjuster contract that did not contain the signature of the licensed public adjuster; and

IT FURTHER APPEARING that, for each of the above referenced public adjuster contracts in this count, Respondent Bellamy signed or entered into each contract on behalf of Respondent APA; and

IT FURTHER APPEARING that, Respondents' failure to prominently include cancellation procedures on its public adjuster contracts, to state the time certain public adjuster contracts were executed, and to sign a public adjuster contract constitutes violations of N.J.S.A. 17:22B-14a(1) and (4), N.J.A.C. 11:1-37.13(b)3i and iii, N.J.A.C. 11:1-37.13(b)5i, ii, and iii, and N.J.A.C. 11:37.14(a)1, 4, and 17; and

#### Count 4

IT APPEARING that, on January 7, 2013, Respondent APA entered into a public adjuster contract with insured G.D. in which the insured agreed to pay APA a fee for its services "...equal to 25% of the total insurance settlement proceeds paid to you by your insurance company and is due and payable from

each insurance check or draft in the percentage listed herein.”  
(emphasis added); and

IT FURTHER APPEARING that, on March 4, 2013, Respondents deducted a fee of 25% from G.D.’s total damage amount before his depreciation and deductible were subtracted by his insurance company, not from the settlement proceeds actually paid to G.D. by his insurance company, in breach of the signed contract; and

IT FURTHER APPEARING that, on January 15, 2013, Respondent APA entered into a public adjuster contract with insured T.S. in which the insured agreed to pay APA a fee for its services “...equal to 30% of the total insurance settlement proceeds paid to you by your insurance company and is due and payable from each insurance check or draft in the percentage listed herein.” (emphasis added); and

IT FURTHER APPEARING that, on April 15, 2013, Respondents deducted a fee of 30% from T.S.’s full settlement amount before her depreciation and deductible were subtracted by her insurance company, not from the settlement proceeds actually paid to T.S. by her insurance company, in breach of the signed contract; and

IT FURTHER APPEARING that, on December 18, 2012, Respondent APA entered into a public adjuster contract with

insured S.D. in which the insured agreed to pay APA a fee for its services "...equal to 30% of the total insurance settlement proceeds paid to you by your insurance company and is due and payable from each insurance check or draft in the percentage listed herein." (emphasis added); and

IT FURTHER APPEARING that, on or about March 12, 2013, Respondents deducted a fee of 30% from S.D.'s actual cash value before her deductible was subtracted by her insurance company, not from the settlement proceeds actually paid to S.D. by her insurance company, in breach of the signed contract; and

IT FURTHER APPEARING that, on December 26, 2012, Respondent APA entered into a public adjuster contract with insured O.F. in which the insured agreed to pay APA a fee for its services "...equal to 30% of the total insurance settlement proceeds paid to you by your insurance company and is due and payable from each insurance check or draft in the percentage listed herein." (emphasis added); and

IT FURTHER APPEARING that, on or about May 10, 2013, Respondents deducted a fee of 30% from O.F.'s total negotiated award before his depreciation and deductible were subtracted by his insurance company, not from the settlement proceeds actually paid to O.F. by his insurance company, in breach of the signed contract; and

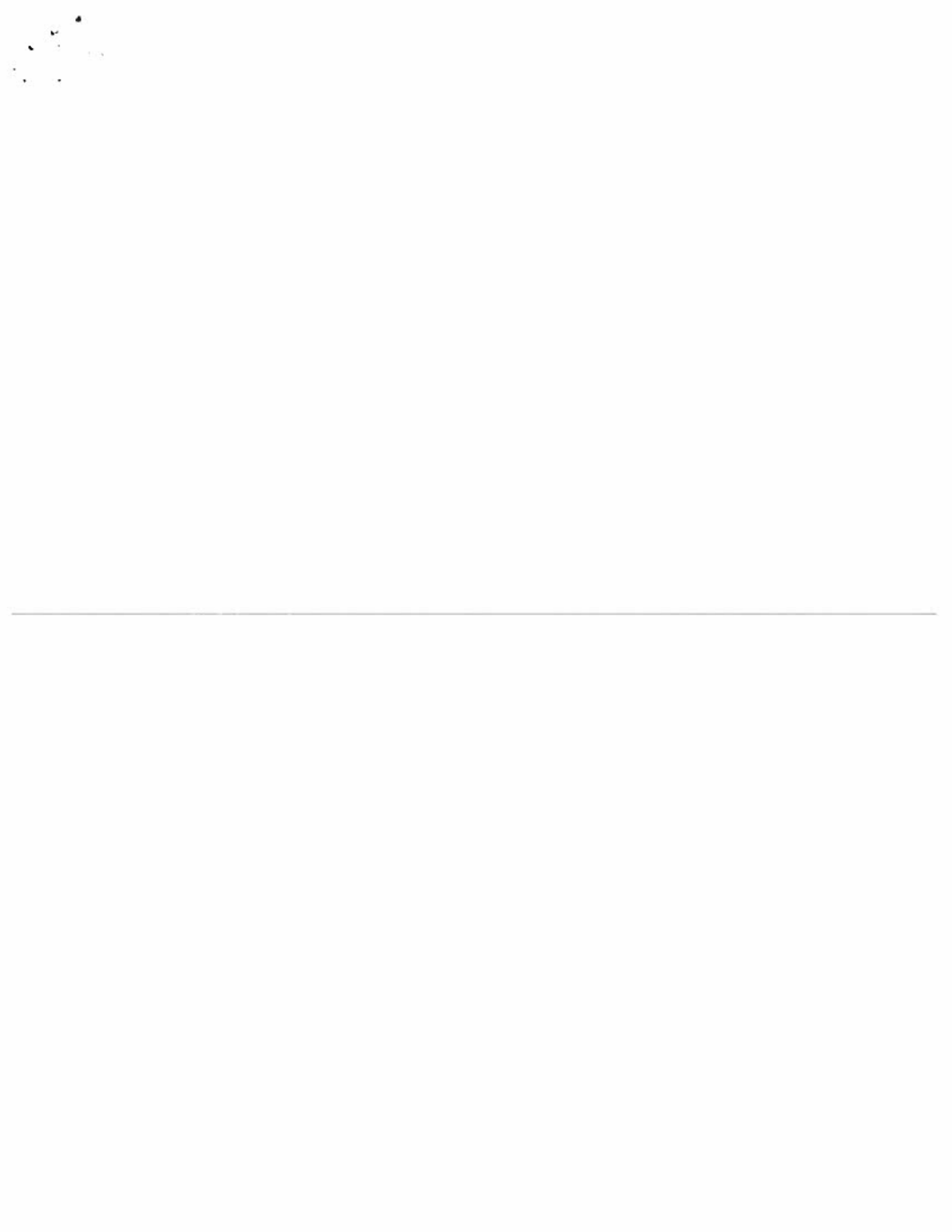
IT FURTHER APPEARING that, for each of the above referenced public adjuster contracts in this count, Respondent Bellamy signed each contract on behalf of Respondent APA; and

IT FURTHER APPEARING that, Respondents' failure to adhere to the compensation provision of its own contracts constitutes violations of N.J.S.A. 17:22B-13c, N.J.S.A. 17:22B-14a(1) and (4), N.J.A.C. 11:1-37.13(a), N.J.A.C. 11:1-37.14(a)1, 4, and 17; and

#### Count 5

IT APPEARING that, during the period of December 2012 through July 2014, Respondent APA entered into at least thirty-seven (37) public adjuster contracts with New Jersey insureds in which the insured, in paragraph 1 of the contract, agreed to pay APA a "fee" for its services "...equal to 30% of the total insurance settlement proceeds paid to you by your insurance company and is due and payable from each insurance check or draft in the percentage listed herein." (emphasis added); and

IT FURTHER APPEARING that, in paragraph 2 of the same thirty-seven (37) public adjuster contracts referenced above, the contract provides that "Commissions are deducted from 'FULL SETTLEMENT AMOUNT.' '**Full Settlement Amount**' is based on: Dwelling, Contents and Additional Living Expenses and is defined





as total 'Negotiated Award' before deductions are made i.e. Depreciation (Non-Recoverable or Recoverable), Deductibles."

IT FURTHER APPEARING that, the thirty-seven (37) public adjuster contracts referenced in this count, and prepared by Respondents, contain contradictory explanations regarding how to calculate Respondents' compensation; and

IT FURTHER APPEARING that, for each of the above referenced public adjuster contracts in this count, Respondent Bellamy signed each contract on behalf of Respondent APA; and

IT FURTHER APPEARING that, Respondents' failure to clearly define the amount or extent of Respondents' compensation for public adjuster services constitutes violations of N.J.S.A. 17:22B-13c, N.J.S.A. 17:22B-14a(1) and (4), N.J.A.C. 11:1-37.13(a), N.J.A.C. 11:1-37.14(a)1, 4, 13, and 17, N.J.A.C. 11:1-37.13(b)4, and N.J.S.A. 56:12-2; and

**Count 6**

IT APPEARING that, during the period of December 2012 through July 2014, Respondent APA entered into at least thirty-seven (37) public adjuster contracts with New Jersey insureds in which the insured, in paragraph 1 of the contract, agreed to pay APA a fee for its services "...equal to 30% of the total insurance settlement proceeds paid to you by your insurance company and is

due and payable from each insurance check or draft in the percentage listed herein.”; and

IT FURTHER APPEARING that, in paragraph 2 of the same thirty-seven (37) public adjuster contracts referenced above, the contract provides that “Commissions are deducted from ‘FULL SETTLEMENT AMOUNT.’ ‘Full Settlement Amount’ is based on: Dwelling, Contents and Additional Living Expenses and is defined as total ‘Negotiated Award’ before deductions are made i.e. Depreciation (Non-Recoverable or Recoverable), Deductibles.”; and

IT FURTHER APPEARING that, in paragraph 2 of the same thirty-seven (37) public adjuster contracts referenced above, the contract provides that “Once receipts for the ‘Recoverable Depreciation’ are submitted the recoverables will be released by the insurance company. Advocate [APA] charges a \$250 per \$1500.00 Administrative Fee to recover recoverables from the insurance company.”; and

IT FURTHER APPEARING that, Respondents charged all insureds a 30% fee based on the full settlement amount before deductions for depreciation and deductibles were subtracted by the insurance company; and

IT FURTHER APPEARING that, in at least six (6) instances Respondents collected fees in excess of the amount ultimately secured by the insureds; and

IT FURTHER APPEARING that, on May 10, 2013, Respondents charged insured O.F. a \$250.00 administrative fee to recover \$1,266.28 worth of recoverable depreciation, even though the insured had already been charged a 30% adjuster fee based on the total negotiated award, before recoverable depreciation had been deducted; and

IT FURTHER APPEARING that, Respondents' fee structure for public adjuster services has resulted in, and provides the potential for, Respondents' collecting more than 100% of the amount ultimately secured by the insured, and Respondents' collecting two separate fees for recoverable depreciation; and

IT FURTHER APPEARING that, Respondents' fee structure for public adjuster services, therefore, is not reasonably related to the services rendered, and constitutes a violation of N.J.S.A. 17:22B-13c, N.J.S.A. 17:22B-14a(1) and (4), N.J.A.C. 11:1-37.13(b)3ii, and N.J.A.C. 11:1-37.14(a)1, 4, and 17; and

NOW, THEREFORE, IT IS on this 18<sup>th</sup> day of July, 2015

ORDERED, that pursuant to the provisions of N.J.S.A. 17:22B-14a, Respondents shall appear and show cause why their

public adjuster license shall not be revoked by the Commissioner; and

IT IS FURTHER ORDERED, that Respondent 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 the 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 Kevin McGowan at fax number (609) 777-3503. The request shall contain:

- (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 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.

  
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Peter L. Hartt  
Director of Insurance