

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 Citizens Public Adjusters Inc., Reference No. 1128330, and Jerome Joseph Sacco, Sr., Reference No. 1126450.	ORDER TO SHOW CAUSE
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TO:

Citizens Public Adjusters Inc. C/O Jerome Joseph Sacco, Sr. 3237 Bristol Road Suite 204 Bensalem, PA 19020	Jerome Joseph Sacco, Sr. 3237 Bristol Road Suite 204 Bensalem, PA 19020
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This matter, having been opened to the Commissioner of Banking and Insurance ("Commissioner"), State of New Jersey, upon information that Citizens Public Adjusters Inc. ("Citizens") and Jerome Joseph Sacco, Sr., sole sublicensee of Citizens (collectively, "Respondents"), 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 cannot 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 cannot 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 cannot aid, abet, or assist another person in violating any insurance law of this State; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.14(a)9, an adjuster cannot misappropriate, convert, or illegally withhold money which was received in the conduct of business that belongs to insurers, clients, or others; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.14(a)10, an adjuster must notify the Commissioner within thirty days of the suspension or revocation of any insurance license or authority by a state, other than this State; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.14(a)14, an adjuster cannot have any professional license suspended or revoked in this or any other state; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.14(a)17, an adjuster cannot commit 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.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

COUNT 1

IT APPEARING that, at all relevant times P.M.'s residence was insured by Franklin Mutual Insurance Co. ("Franklin Insurance"); and

IT FURTHER APPEARING that, on or about January 16, 2014, P.M.'s residence was damaged as a result of accidental discharge; and

IT FURTHER APPEARING that, on or about January 17, 2014, P.M. retained Respondents to adjust the insurance claim arising out of the January 16th accidental discharge; and

IT FURTHER APPEARING that, on or about September 24, 2014, Franklin Insurance issued two checks in connection with P.M.'s insurance claim: check no. 486291, in the amount of \$42,047.43 ("Check 291") and check no. 486292, in the amount of \$13,502 ("Check 292"); and

IT FURTHER APPEARING that, pursuant to the contract between P.M. and Respondents, Respondents were entitled to twenty percent of the total insurance settlement, amounting to \$11,109.89; and

IT FURTHER APPEARING that Check 291, in the amount of \$42,047.43, was sent to P.M.'s mortgage company; and

IT FURTHER APPEARING that Check 292, in the amount of \$13,502 was sent directly to Respondents; and

IT FURTHER APPEARING that Respondents endorsed Check 292 on behalf of P.M.; and

IT FURTHER APPEARING that, on or about October 10, 2014, Respondents deposited the entire \$13,502 into Citizens' escrow account; and

IT FURTHER APPEARING that Respondents did not remit any of the insurance funds to P.M. within five business days; and

IT FURTHER APPEARING that, in retaining the entire balance of Check 292, when they were only entitled to \$11,109.89, Respondents misappropriated, converted, or illegally withheld money which was received in the conduct of business that belonged to insurers, clients, or others, in violation of N.J.S.A. 17:22B-14a(1) and (4), N.J.A.C. 11:1-37.14(a)1, 2, 4, and 9, and N.J.A.C. 11:17C-2.2(b); and

COUNT 2

IT FURTHER APPEARING that, at all relevant times J.L.'s residence was insured by Travelers Insurance ("Travelers"); and

IT FURTHER APPEARING that, as a result of damage to his residence, J.L. retained Respondents to adjust his insurance claim; and

IT FURTHER APPEARING that, in connection with J.L.'s insurance claim, on or about September 19, 2014, Travelers issued check no. 29449383, in the amount of \$17,786.34 ("Travelers Check"); and

IT FURTHER APPEARING that Travelers sent the Travelers Check directly to Respondents; and

IT FURTHER APPEARING that, on or about September 24, 2014, Respondents deposited the Travelers Check into Citizens' escrow account; and

IT FURTHER APPEARING that Respondents did not remit any of the insurance funds to J.L. within five business days; and

IT FURTHER APPEARING that, in retaining the entire balance of the Travelers Check, Respondents misappropriated, converted, or illegally withheld money which was received in the conduct of business that belonged to insurers, clients, or others, in violation of N.J.S.A. 17:22B-14a(1) and (4), N.J.A.C. 11:1-37.14(a)1, 2, 4, and 9, and N.J.A.C. 11:17C-2.2(b); and

COUNT 3

IT FURTHER APPEARING that, at all relevant times J.P.'s residence was insured by State Farm Insurance ("State Farm"); and

IT FURTHER APPEARING that, as a result of damages to his residence occurring on or about April 30, 2014, J.P. retained Respondents to adjust his insurance claim; and

IT FURTHER APPEARING that, in connection with J.P.'s insurance claim, on or about August 19, 2014, State Farm issued check no. 117102509J, in the amount of \$2,188.61 ("State Farm Check"); and

IT FURTHER APPEARING that the State Farm Check was mailed directly to J.P.; and

IT FURTHER APPEARING that Respondents instructed J.P. to endorse the check and mail it to Respondents; and

IT FURTHER APPEARING that J.P. followed Respondents' instructions; and

IT FURTHER APPEARING that, on or about September 8, 2014, Respondents deposited the State Farm Check into Citizen's escrow account; and

IT FURTHER APPEARING that, on or about September 30, 2014, Respondents issued J.P. check no. 15214, in the amount of \$1,466.37 ("Check 214"); and

IT FURTHER APPEARING that, when J.P. attempted to deposit Check 214, he was informed that the check could not be paid due to insufficient funds in Citizens' escrow account; and

IT FURTHER APPEARING that, by providing J.P. with Check 214, despite having insufficient funds in Citizens' escrow account to honor the check, Respondents demonstrated their lack of integrity, incompetency, bad faith, dishonesty, financial irresponsibility, or untrustworthiness to act as a public

adjuster, in violation of 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

COUNT 4

IT FURTHER APPEARING that Respondents did not remit any of the insurance funds to J.P. within five business days; and

IT FURTHER APPEARING that, in retaining the entire balance of Check 214, Respondents misappropriated, converted, or illegally withheld money which was received in the conduct of business that belonged to insurers, clients, or others, in violation of N.J.S.A. 17:22B-14a(1) and (4), N.J.A.C. 11:1-37.14(a)1, 2, 4, and 9, and N.J.A.C. 11:17C-2.2(b); and

COUNT 5

IT FURTHER APPEARING that, in connection with J.P.'s insurance claim, on or about September 30, 2014, State Farm issued check no. 117178773J, in the amount of \$4,214.53 ("Check 773") and sent it directly to Respondents; and

IT FURTHER APPEARING that J.P. never received or signed Check 773; and

IT FURTHER APPEARING that Respondents endorsed Check 773 on behalf of J.P.; and

IT FURTHER APPEARING that, on or about September 29, 2014, Respondents deposited Check 773 into Citizens' escrow account; and

IT FURTHER APPEARING that Respondents did not remit any of the insurance funds to J.P. within five business days; and

IT FURTHER APPEARING that, in retaining the entire balance of Check 733, Respondents misappropriated, converted, or illegally withheld money which was received in the conduct of business that belonged to insurers, clients, or others, in

violation of N.J.S.A. 17:22B-14a(1) and (4), N.J.A.C. 11:1-37.14(a)1, 2, 4, and 9, and N.J.A.C. 11:17C-2.2(b); and

COUNT 6

IT FURTHER APPEARING that, on or about December 5, 2014, the Insurance Department of the Commonwealth of Pennsylvania issued Order No. C14-11-012 ("Order") requiring, amongst other things, that Respondents immediately surrender their public adjuster licenses; and

IT FURTHER APPEARING that, pursuant to the Consent Order, Respondents admitted that they "failed to verify claim payments were made in a timely manner"; and

IT FURTHER APPEARING that, pursuant to the Consent Order, Respondents agreed to pay and did in fact pay restitution to all consumers to whom they had failed to make claim payments, including the New Jersey consumers listed in this Order to Show Cause; and

IT FURTHER APPEARING that Sacco signed the Order individually and on behalf of Citizens; and

IT FURTHER APPEARING that Respondents did not notify the Department of the issuance of this Order within thirty days, thereby violating N.J.S.A. 17:22B-14a(1) and N.J.A.C. 11:1-37.14(a)1, 2, and 10;

IT FURTHER APPEARING that Respondents' Pennsylvania public adjuster licenses were surrendered, in violation of N.J.S.A. 17:22B-14a(1) and N.J.A.C. 11:1-37.14(a)14 and 17; and

NOW, THEREFORE, IT IS on this 5TH day of MAR, 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 bonds filed with the Commissioner in connection with their applications for a public adjuster 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