

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 Metro Public Adjustment Inc.,)
Steven J. McCaffrey, Anthony Michael)
Cameron, Jr., Craig Mutchnick, Tom Dugan,)
Ralph Cruz, and Christopher Powers)

ORDER TO SHOW CAUSE

TO:

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

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

Anthony Michael Cameron, Jr.
314 Commons Way
Doylestown, PA 18901

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

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

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

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

THIS MATTER having been opened by the Commissioner of Banking and Insurance ("Commissioner"), State of New Jersey, upon information that Metro Public Adjustment Inc. ("Metro"), Steven J. McCaffrey, ("McCaffrey"), Anthony Michael Cameron, Jr. ("Cameron"), Craig Mutchnick ("Mutchnick"), Tom Dugan ("Dugan"), Ralph Cruz ("Cruz"), and Christopher Powers ("Powers") (collectively, "Respondents"), may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Metro is licensed as a public adjuster in the State of New Jersey pursuant to N.J.S.A. 17:22B-5; and

WHEREAS, McCaffrey is licensed as a public adjuster in the State of New Jersey pursuant to N.J.S.A. 17:22B-5, and serves as the president of Metro; and

WHEREAS, Cameron is licensed as a public adjuster in the State of New Jersey pursuant to N.J.S.A. 17:22B-5; and

WHEREAS, Mutchnick is licensed as a public adjuster in the State of New Jersey pursuant to N.J.S.A. 17:22B-5; and

WHEREAS, Dugan is licensed as a public adjuster in the State of New Jersey pursuant to N.J.S.A. 17:22B-5, and serves as a regional vice-president of Metro; and

WHEREAS, Cruz is licensed as a public adjuster in the State of New Jersey pursuant to N.J.S.A. 17:22B-5, and serves as a regional manager of Metro; and

WHEREAS, Powers is licensed as a public adjuster in the State of New Jersey pursuant to N.J.S.A. 17:22B-5; and

WHEREAS, Respondents are subject to the provisions of the Public Adjusters' Licensing Act, N.J.S.A. 17:22B-1 et seq. ("Public Adjusters' Act"), and the regulations promulgated thereunder, N.J.A.C. 11:1-37.1 et seq., and the New Jersey Insurance Fraud Prevention Act, N.J.S.A. 17:33A-1 et seq. ("Fraud Act") and the regulations promulgated thereunder, N.J.A.C. 11:16-1.1 et seq.; and

WHEREAS, pursuant to N.J.S.A. 17:22B-5, the Commissioner may issue a public adjuster's license to any individual, firm, association or corporation, who, or which, is trustworthy and competent to act as an adjuster in a manner as to safeguard the interests of the people of this State and who, or which, has complied with the prerequisites prescribed by the Public Adjusters'

Act. A license issued to a corporation may name as sublicensees only the officers and directors of the corporation, and a license issued to a firm or association may name as sublicensees only the individual members of the firm or association. Each sublicensee shall be authorized, pursuant to the license, to act as a public adjuster only on behalf of the licensee; 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, a public adjuster shall not violate any provision of the insurance law, including any rules promulgated by the Commissioner, or any law in the course of his or its dealings as an adjuster; and

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

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

WHEREAS, pursuant to N.J.A.C. 11:1-37.14(a)17, a public adjuster shall not commit or omit any act which demonstrates that he is not competent or trustworthy to act as a public adjuster, or 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-14a(5), a public 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 or she seeks to cancel the contract, including any requirement for a 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.S.A. 17:22B-15, no individual, firm, association or corporation whose license has been revoked, and no firm or association of which the individual is a member, and no corporation of which the individual is an officer or director, shall be entitled to any license or renewal license, or to be named as sublicensee in any license or renewal license under the Public Adjusters' Act, for a period of one year after the revocation. If any license held by a firm, association or corporation is so revoked, no member of the firm or association and no officer or director of the corporation shall be entitled to a license or to be named as sublicensee in a license for the same period of time unless the Commissioner finds that the member or officer or director, as the case may be, was not personally at fault in the matter on account of which the license was revoked; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.6 (a) and (b), any applicant for a public adjuster license which is a corporation, partnership, firm or association shall have at least one officer, director, partner, or member licensed as a public adjuster, and only the officers or directors of a corporation or the members of a firm, association or partnership shall be sublicensees; 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 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

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. 17:33A-4a(1), any person who 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, or the "Unsatisfied Claim and Judgment Fund Law," P.L. 1952, c. 174 (C.39:6-61 et seq.), knowing that the statement contains any false or misleading information concerning any fact or thing material to the claim violates the Fraud Act; and

WHEREAS, pursuant to N.J.S.A. 17:33A-5a and c, violations of the Fraud Act subject the violator to a civil and administrative penalty not to exceed \$5,000.00 for the first offense, not to exceed \$10,000.00 for the second offense and not to exceed \$15,000.00 for each subsequent offense; moreover, the Commissioner may issue a final order recovering costs of prosecution, including attorneys' fees, in accordance with N.J.A.C. 11:16-7.9(c); and

WHEREAS, pursuant to N.J.S.A. 17:33A-5.1, any person who is found in any legal proceeding to have committed insurance fraud shall be subject to a surcharge in the amount of \$1,000.00; and

WHEREAS, on December 20, 2012, Commissioner Kenneth E. Kobylowski, of the New Jersey Department of Banking and Insurance (“Department”), issued Bulletin No. 12-16 in the aftermath of Superstorm Sandy, which stated 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 at all relevant times, S.H. owned a residence in Plainsboro, New Jersey and maintained a homeowner’s insurance policy issued by Allstate Insurance Company (“Allstate”); and

IT FURTHER APPEARING that, on or about June 14, 2012, Metro entered into a contract obligating Metro to provide public adjusting services to S.H. in connection with damage to S.H.’s residence allegedly stemming from a hail storm that occurred on August 19, 2011; and

IT FURTHER APPEARING that Metro assigned Cameron, a licensed public adjuster employed by Metro, to adjust the claim of S.H.; and

IT FURTHER APPEARING that, on or about July 17, 2012, Metro and Cameron submitted an estimate for repairs to Allstate which claimed that on August 19, 2011, ten months prior to Metro’s involvement, S.H.’s home sustained \$43,835.66 in damages from a hail storm; and

IT FURTHER APPEARING that S.H. did not seek to make a claim for the damage until urged to do so by Metro and Cameron; and

IT FURTHER APPEARING that Allstate retained Atlantic Professional Services, Inc. ("Atlantic") to assess the validity of Metro's July 17, 2012 estimate and to determine if S.H.'s home had sustained hail damage on or about August 19, 2011; and

IT FURTHER APPEARING that, on or about July 24, 2012, Atlantic inspected S.H.'s home, and concluded that on the date of loss, the nearest hail storm was 12 miles from S.H.'s home, and that there was no property damage associated with the storm in question; and

IT FURTHER APPEARING that Atlantic also concluded that "no hail fell within any close proximity to" S.H.'s home; and

IT FURTHER APPEARING that Atlantic also determined that the damage to S.H.'s house exhibited "gouging and creasing consistent with an elongated tool end (such as a screwdriver) and the significant majority exhibit small but deep penetrating denting that was inflicted in an almost horizontal direction, not consistent with typical hail damage"; and

IT FURTHER APPEARING that, on or about November 16, 2012, Allstate denied the claim submitted by Metro for damages to S.H.'s house allegedly sustained on August 19, 2011; and

IT FURTHER APPEARING that by submitting the estimate to Allstate falsely claiming that hail had damaged S.H.'s residence, Metro and Cameron presented, or caused to be presented, 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

IT FURTHER APPEARING that by submitting the estimate to Allstate falsely claiming that hail had damaged S.H.'s residence, Metro and Cameron committed a fraudulent or dishonest act, in violation of N.J.S.A. 17:22B-14a(1) and (3) and N.J.A.C. 11:1-37.14(a)1, 2 and 3; and

IT FURTHER APPEARING that by submitting the estimate to Allstate falsely claiming that hail had damaged S.H.'s residence, Metro and Cameron demonstrated incompetency, lack of integrity, bad faith, dishonesty, financial irresponsibility, or untrustworthiness in violation of N.J.S.A. 17:22B-14a(4) and N.J.A.C. 11:1-37.14(a)4; and;

COUNT 2

IT APPEARING that at all relevant times, V.P. owned a residence in East Orange, New Jersey and maintained a homeowner's insurance policy issued by Allstate; and

IT FURTHER APPEARING that, on or about May 11, 2012, Metro entered into a contract to provide public adjusting services to insured V.P. in connection with damage to V.P.'s residence allegedly stemming from a wind and rain storm that occurred on August 28, 2011; and

IT FURTHER APPEARING that Metro assigned Cameron to adjust the claim of V.P.; and

IT FURTHER APPEARING that, on or about July 8, 2012, Metro and Cameron submitted an estimate to Allstate in connection with V.P.'s claim; and

IT FURTHER APPEARING that Metro and Cameron claimed that V.P.'s residence sustained \$36,935.59 in damage from wind and rain during a storm on August 28, 2011; and

IT FURTHER APPEARING that Allstate retained Atlantic to assess the validity of Metro's July 8, 2012 estimate and to determine if V.P.'s residence had sustained damage caused by wind and rain on or about August 28, 2011; and

IT FURTHER APPEARING that Atlantic found that the “roofing shingles do not exhibit any evidence of storm created damages or storm created openings...” and “[t]here is no evidence that the replacement of the front and rear porch was associated with damage from any single climatic event or storm”; and

IT FURTHER APPEARING that Atlantic also concluded that “the damages [to the aluminum siding]...are not of a recent occurrence and the damages [are] not associated with any single storm or climatic event,” and that the water staining to the first floor living room and the second floor living room ceiling had occurred prior to V.P.’s purchase of the property, approximately five years prior to the supposed damage; and

IT FURTHER APPEARING that according to Atlantic, the first floor living room floor did not display any water damage, but did display heavy wear and tear, and there was “no evidence that any of the damages are associated with any single storm or climatic event but rather are the result of multiple and varying occurrences, defects, and wear and tear” ; and

IT FURTHER APPEARING that, on or about October 3, 2012, Allstate denied the claim submitted by Metro and Cameron for damages to V.P.’s house allegedly sustained on August 28, 2011; and

IT FURTHER APPEARING that by falsely claiming to Allstate that a particular wind and rain storm had caused damage to V.P.’s residence, Metro and Cameron presented, or caused to be presented, 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

IT FURTHER APPEARING that by falsely claiming to Allstate that a particular wind and rain storm had caused damage to V.P.'s residence, Metro and Cameron committed a fraudulent or dishonest act, in violation of N.J.S.A. 17:22B-14a(1) and (3) and N.J.A.C. 11:1-37.14(a)1, 2 and 3; and

IT FURTHER APPEARING that by falsely claiming to Allstate that a particular wind and rain storm had caused damage to V.P.'s residence, Metro and Cameron demonstrated incompetency, lack of integrity, bad faith, dishonesty, financial irresponsibility, or untrustworthiness in violation of N.J.S.A. 17:22B-14a(4) and N.J.A.C. 11:1-37.14(a)4; and

COUNT 3

IT APPEARING that at all relevant times, R.B. owned a residence in Toms River, New Jersey and maintained a homeowner's insurance policy issued by New Jersey Manufacturers Insurance Company ("NJM"); and

IT FURTHER APPEARING that, on or about January 19, 2013, Metro entered into a contract to provide public adjusting services to insured R.B. in connection with damage to R.B.'s residence stemming from Superstorm Sandy on October 29, 2012; and

IT FURTHER APPEARING that Metro assigned Cameron to adjust the claim of R.B.; and

IT FURTHER APPEARING that Metro and Cameron submitted a claim to NJM stating that, on October 29, 2012, R.B.'s residence sustained damage to the roof, siding, and windows during Superstorm Sandy; and

IT FURTHER APPEARING that Metro and Cameron asserted that the estimated cost to repair the damages at R.B.'s residence was \$33,567.16; and

IT FURTHER APPEARING that Metro and Cameron provided NJM copies of photographs of the alleged damage that Cameron had taken on January 29, 2013, which showed damage to the siding and rear windows of R.B.'s residence; and

IT FURTHER APPEARING that, on or about November 12, 2012, NJM had already inspected R.B.'s home and taken extensive photographs which showed no damage to the siding or rear windows of R.B.'s residence; and

IT FURTHER APPEARING that NJM denied Metro's claim for damage to the siding and windows of R.B.'s home; and

IT FURTHER APPEARING that Cameron stated to NJM that R.B.'s contractor informed him that the damage to the siding and windows was caused by Superstorm Sandy;

IT FURTHER APPEARING that Cameron stated to NJM that he never spoke with the homeowner, R.B., about the cause of damage to the siding and windows; and

IT FURTHER APPEARING that R.B.'s contractor did not inform Cameron that the damage was related to Superstorm Sandy; and

IT FURTHER APPEARING that by submitting the estimate to NJM falsely claiming that Superstorm Sandy had caused damage to R.B.'s siding and windows, Metro and Cameron presented, or caused to be presented, 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

IT FURTHER APPEARING that by submitting the estimate to NJM falsely claiming that Superstorm Sandy had caused damage to R.B.'s siding and windows, Metro and

Cameron committed a fraudulent or dishonest act, in violation of N.J.S.A. 17:22B-14a(1) and (3) and N.J.A.C. 11:1-37.14(a)1, 2 and 3; and

IT FURTHER APPEARING that by failing to discuss and/or confirm the nature and cause of the damage with homeowner R.B., Metro and Cameron demonstrated incompetency, lack of integrity, bad faith, dishonesty, financial irresponsibility, or untrustworthiness in violation of N.J.S.A. 17:22B-14a(4) and N.J.A.C. 11:1-37.14(a)4; and

COUNT 4

IT APPEARING that at all relevant times, C.S. owned a residence in Manahawkin, New Jersey and maintained a homeowner's insurance policy issued by NJM; and

IT FURTHER APPEARING that on or about January 29, 2013, C.S. submitted a claim to NJM that her residence had suffered roof damage as a result of Superstorm Sandy; and

IT FURTHER APPEARING that NJM retained Eagle Adjusting Services, Inc. ("Eagle Adjusting"), to inspect the damage to C.S.'s home; and

IT FURTHER APPEARING that, on or about February 13, 2013, Eagle Adjusting inspected C.S.'s home, and found damage to the roof; and

IT FURTHER APPEARING that, on or about February 15, 2013, C.S. hired Metro to assist in the adjustment of her insurance claim; and

IT FURTHER APPEARING that approximately one day after C.S. hired Metro, and before Metro conducted any action on this claim, NJM offered C.S. a settlement to replace the shingles on C.S.'s roof; and

IT FURTHER APPEARING that Metro assigned Mutchnick to adjust C.S.'s claim; and

IT FURTHER APPEARING that, on or about March 5, 2013, NJM received a letter of representation from Metro and Mutchnick regarding C.S.'s claim; and

IT FURTHER APPEARING that, on or about March 7, 2013, Mutchnick contacted the adjuster for Eagle Adjusting, and stated that he was unaware of a settlement offer from NJM, and that there was additional damage to the siding and soffits at C.S.'s residence; and

IT FURTHER APPEARING that the adjuster for Eagle Adjusting contacted C.S., and C.S. stated that she tried to cancel her contract with Metro once NJM had offered to replace the roof shingles; and

IT FURTHER APPEARING that Mutchnick informed C.S. that she could not cancel the contract at that time and that she would be sued if she broke the contract with Metro; and

IT FURTHER APPEARING that C.S. informed Mutchnick that the siding and soffit damage was not related to Superstorm Sandy; and

IT FURTHER APPEARING that, on or about April 1, 2013, Mutchnick submitted an estimate to NJM for the damage to C.S.'s residence as a result of Superstorm Sandy; and

IT FURTHER APPEARING that, in addition to the roof damage, Mutchnick's estimate included \$2,323.91 to replace siding, soffits, and other related items, damage which C.S. had informed Mutchnick was not related to Superstorm Sandy; and

IT FURTHER APPEARING that, on or about April 29, 2013, Mutchnick sent a letter to C.S. withdrawing Respondent Metro's representation; and

IT FURTHER APPEARING that by submitting the estimate to NJM falsely claiming that Superstorm Sandy had caused damage to C.S.'s siding and soffits, Metro and Mutchnick presented, or caused to be presented, 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

IT FURTHER APPEARING that by submitting the estimate to NJM falsely claiming that Superstorm Sandy had caused damage to C.S.'s siding and soffits, Metro and Mutchnick committed a fraudulent or dishonest act, in violation of N.J.S.A. 17:22B-14a(1) and (3) and N.J.A.C. 11:1-37.14(a)1, 2 and 3; and

IT FURTHER APPEARING that by refusing to allow C.S. to cancel her contract with Metro, Metro and Mutchnick demonstrated lack of integrity, bad faith, dishonesty, financial irresponsibility, and untrustworthiness in violation of N.J.S.A. 17:22B-14a(4) and N.J.A.C. 11:1-37.14(a)4; and

COUNT 5

IT APPEARING that at all relevant times, C.W. and T.W. owned a residence in Carney's Point, New Jersey and maintained a homeowner's insurance policy issued by Farmers Mutual Fire Insurance Company of Salem County ("Farmers of Salem"); and

IT FURTHER APPEARING that in or around October 2014, T.W. noticed water leaking through the living room ceiling; and

IT FURTHER APPEARING that, on or about December 11, 2014, C.W. contacted Metro to discuss the leak in the living room ceiling; and

IT FURTHER APPEARING that, on December 16, 2014, Dugan, Regional Vice President of Metro, and Cruz, Regional Manager of Metro, met with C.W. at his home to inspect the property; and

IT FURTHER APPEARING that C.W. informed Dugan and Cruz that the chimney façade on C.W.'s roof had been blown off during a storm many years earlier; and

IT FUTURE APPEARING that Cruz asked C.W. if a portion of the siding on the home had melted; and

IT FURTHER APPEARING that C.W. informed Cruz and Dugan that a bee's nest inside his outdoor barbeque grill had caught fire many years earlier, and melted a portion of the siding closest to the grill; and

IT FURTHER APPEARING that Dugan researched storms from October 2014 during his conversation with C.W., and identified a storm that took place on October 22, 2014; and

IT FURTHER APPEARING that Cruz stated to C.W. and Dugan that Metro would use the October 22, 2014 storm as the basis for a claim to Farmers of Salem; and

IT FURTHER APPEAING that Cruz stated to C.W. that the basis for the claim will be as follows: during the storm on October 22, 2014, the barbeque grill was on and blew into the house causing damage to the siding, and the chimney façade on C.W.'s roof had blown off causing damage to the roof; and

IT FURTHER APPEARING that Metro assigned Powers to adjust the claim for T.W. and C.W.; and

IT FURTHER APPEARING that, on January 5, 2015, C.W. met with Powers at C.W.'s home; and

IT FURTHER APPEARING that, on January 5, 2015, C.W. informed Powers that the damage to the chimney façade and siding had occurred prior to October 2014; and

IT FURTHER APPEARING that Powers told C.W. not to worry about the actual date of the damage; and

IT FURTHER APPEARING that Powers instructed C.W. to remove a few shingles from the front and back of the roof; and

IT FURTHER APPEARING that, on January 5, 2015, Powers submitted a claim for benefits to Farmers of Salem on behalf of C.W. and T.W., stating that on October 22, 2014 “[w]hile homeowner was barbequing a wind/rain storm came through and caused flames to damage the siding and blow off the aluminum chimney on roof. Smoke damage in kitchen and damaged shingles as well”; and

IT FURTHER APPEARING that, on March 24, 2015, C.W. gave a recorded statement to Farmers of Salem, in the presence of Powers; and

IT FURTHER APPEARING that, during that recorded statement, C.W. stated that a storm on October 22, 2014 caused a barbecue grill to blow against the house, damaging the siding, and that the storm on October 22, 2014 caused the chimney façade to blow off the roof, damaging the shingles, just as Cruz, Dugan, and Powers fabricated; and

IT FURTHER APPEARING that, during that same recorded statement, a representative of Farmers of Salem presented C.W. with photographs of C.W.’s home in 2009 that showed the exact same damage to the chimney and siding as claimed by Metro, Cruz, Dugan, and Powers to be the result of a storm on October 22, 2014; and

IT FURTHER APPEARING that, on April 14, 2015, Farmers of Salem denied the claim for damages to C.W.’s home; and

IT FURTHER APPEARING that by falsely claiming to Farmers of Salem that a storm on October 22, 2014 had caused damage to C.W.’s siding and roof, Metro, Cruz, Dugan,

and Powers presented, or caused to be presented, written and oral statements as part of, or in support of, a claim for payment or other benefit pursuant to an insurance policy, knowing that the statements 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

IT FURTHER APPEARING that by falsely claiming to Farmers of Salem that a storm on October 22, 2014 had caused damage to C.W.'s siding and roof, Metro, Cruz, Dugan, and Powers committed a fraudulent or dishonest act, in violation of N.J.S.A. 17:22B-14a(1) and (3) and N.J.A.C. 11:1-37.14(a)1, 2 and 3; and

COUNT 6

IT APPEARING that during the period 2008 through 2013, Metro routinely used a form public adjuster contract that did not comply with the Public Adjusters' Act and the regulations promulgated thereunder; and

IT FURTHER APPEARING that Metro failed to include a section in the contracts described in this count specifying the procedures to be followed by the insured if the insured seeks to cancel the contract at any time, 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 Metro failed to include a section in the contracts described in this count specifying the rights and obligations of the parties if 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 Metro failed to include a section in the contracts described in this count 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

COUNT 7

IT APPEARING that McCaffrey, as president of Metro, is vicariously liable for the violations of Metro and its adjusters as detailed in Count 1 through Count 6 above, pursuant to N.J.S.A. 17:22B-5 and -15, N.J.A.C. 11:1-37.6 and N.J.A.C. 11:1-12.2(a); and

NOW, THEREFORE, IT IS on this 12th day of DECEMBER, 2017:

ORDERED, that Respondents shall appear and show cause why their public adjuster licenses shall not be suspended or revoked by the Commissioner pursuant to the provisions of N.J.S.A. 17:22B-14a; and

IT IS FURTHER ORDERED, that Respondents shall appear and show cause why the Commissioner should not assess a civil penalty of up to \$2,500.00 for the first violation and not exceeding \$5,000.00 for each subsequent violation of the Public Adjusters' Act, pursuant to the provisions of N.J.S.A. 17:22B-17; and

IT IS FURTHER ORDERED, that Respondents shall appear and show cause why they should not pay restitution to their victims and reimburse the costs of investigation and prosecution by the Department in accordance with N.J.S.A. 17:22B-17; and

IT IS FURTHER ORDERED, that Respondents appear and show cause why the Commissioner should not assess a civil penalty of up to \$5,000.00 for the first violation, \$10,000.00 for the second violation, and \$15,000.00 for each subsequent violation of the Fraud Act, a statutory surcharge of \$1,000.00, and an assessment for costs of prosecution and attorneys' fees, pursuant to the provisions of N.J.S.A. 17:33A-5c and 5.1, and N.J.A.C. 11:16-7.9(a); 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 Anita Bittner at fax number (609) 777-3503. The request shall contain:

- (a) Respondent's full 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 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 the hearing.



Peter L. Hartt
Director of Insurance