

ORDER TO SHOW CAUSE NO. E16-96

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 insurance producer licenses of: Joseph F. Logue, Reference No. 9480213; and Castle Title Agency, LLC, Reference No. 1009088

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**ORDER TO SHOW CAUSE**

TO: Joseph F. Logue  
32 Old Town Court  
Bernardsville, NJ 07924

Castle Title Agency, LLC  
32 Old Town Court  
Bernardsville, NJ 07924

THIS MATTER, having been opened by the Commissioner of Banking and Insurance ("Commissioner"), State of New Jersey, upon information that Joseph F. Logue ("Respondent Logue"), and Castle Title Agency, LLC ("Respondent Castle Title"), licensed as insurance producers pursuant to N.J.S.A. 17:22A-26 et seq., (collectively "Respondents") 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 Insurance Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 et seq.; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(2), an insurance producer shall not violate any insurance laws or violate any regulation, subpoena or order of the Commissioner; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(16), an insurance producer shall not commit any fraudulent act; and

WHEREAS, pursuant to N.J.A.C. 11:17A-4.8, an insurance producer shall reply, in writing, to any inquiry of the Department relative to the business of insurance within the time requested in said inquiry, or no later than 15 calendar days from the date the inquiry was made or mailed in cases where no response time is given; and

#### Count 1

IT APPEARING that Respondent Logue was first licensed as a resident insurance producer in the State of New Jersey on October 19, 1994; and

IT FURTHER APPEARING that, on or about June 5, 2003, Respondent Castle Title was formed as a Domestic Limited Liability Company in the State of New Jersey; and

IT FURTHER APPEARING that Respondent Logue was listed as the registered agent and the authorized representative at the time of Respondent Castle Title's formation; and

IT FURTHER APPEARING that an entity known as 141 Main Street, LLC was listed as a member/manager of Respondent Castle Title at the time of Respondent Castle Title's formation; and

IT FURTHER APPEARING that Robert L. Neiltopp was a principal in 141 Main Street, LLC, and a business associate of Respondent Logue at the time of Respondent Castle Title's formation; and

IT FURTHER APPEARING that Respondent Castle Title was first licensed as a resident insurance producer in the State of New Jersey on November 3, 2003; and

IT FURTHER APPEARING that, on or about February 3, 2004, an entity known as K-Land Corporation ("K-Land") entered into a purchase and sale agreement with Chevron Land and Development Company ("Chevron") to purchase a tract of land in Bayonne, New Jersey; and

IT FURTHER APPEARING that, on or about February 10, 2004, K-Land provided a check for \$200,000.00 to Respondent Castle Title, representing K-Land's initial deposit (the "K-Land Deposit"), to be held in escrow during an environmental investigation and remediation of the Bayonne property; and

IT FURTHER APPEARING that, on or about February 17, 2004, Robert Neiltopp deposited K-Land's \$200,000.00 check into Respondent Castle Title's escrow account at PNC Bank; and

IT FURTHER APPEARING that, on or about May 25, 2005, Respondent Logue changed the registered office address for Respondent Castle Title to Respondent Logue's home address, and continued to list himself as the registered agent of Respondent Castle Title with the State of New Jersey; and

IT FURTHER APPEARING that by Fall 2005, Robert Neiltopp and Respondent Logue had severed their business relationship; and

IT FURTHER APPEARING that, on or about September 16, 2005, Robert Neiltopp called PNC Bank to determine the status of various accounts of Respondent Castle Title, and confirmed that K-Land's \$200,000.00 deposit was still available, with accrued interest, in Respondent Castle Title's escrow account; and

IT FURTHER APPEARING that in or around April 2013, a representative of K-Land asked Respondent Logue to transfer the \$200,000.00 deposit to another escrow holder; and

IT FURTHER APPEARING that, on or about December 18, 2013, after several months of discussion, Respondent Logue e-mailed K-Land and stated that he could not determine what happened to the missing funds, and that he would file an errors

and omissions ("E&O") claim with his insurance carrier to recover K-land's \$200,000.00 deposit; and

IT FURTHER APPEARING that Respondents held a professional liability insurance policy with Travelers Insurance Company ("Travelers") with effective dates of October 14, 2007 through October 14, 2008; and

IT FURTHER APPEARING that on April 1, 2014, K-Land contacted Travelers inquiring as to the status of Respondent Logue's claim, if any, as Respondent Logue had been unresponsive to K-Land concerning any updates; and

IT FURTHER APPEARING that K-Land's contact on April 1, 2014 was Travelers' first notice of any claim by Respondents regarding this matter; and

IT FURTHER APPEARING that, on or about May 10, 2014, Travelers denied the claim for return of the \$200,000.00 in escrow funds; and

IT FURTHER APPEARING that Travelers denied the claim because Respondent Castle Title's policy was no longer in effect at the time of the claim, indicating that Respondent Logue made no attempt to file a claim for the \$200,000.00 deposit during the effective period of the Travelers policy; and

IT FURTHER APPEARING that Respondents also had an E&O policy with Westchester Fire Insurance Company ("Westchester"),

with effective dates of October 14, 2012 through October 14, 2013; and

IT FURTHER APPEARING that, on or about August 27, 2014, as a result of K-Land's contact with Respondents' retail insurance agent, Westchester opened a claim regarding the \$200,000.00 deposit; and

IT FURTHER APPEARING that, again, Respondent Logue was unresponsive to K-Land in attempts to resolve this matter, prompting K-Land's initiation of the claim with Westchester; and

IT FURTHER APPEARING that, on or about September 8, 2014, Westchester denied the claim for return of the \$200,000.00 in escrow funds; and

IT FURTHER APPEARING that Westchester denied the claim because Respondent Castle Title's policy was no longer in effect at the time of the claim, indicating that Respondent Logue made no attempt to file a claim for the \$200,000.00 deposit during the effective period of the Westchester policy; and

IT FURTHER APPEARING that, Respondents received \$200,000.00 to be held in escrow, and are unable to locate and return the escrowed funds, in violation of N.J.S.A. 17:22A-40a(2) and (16); and

Count 2

IT FURTHER APPEARING that, on September 23, 2014, K-Land filed a complaint with the New Jersey Department of Banking and Insurance regarding the circumstances described in Count 1; and

IT FURTHER APPEARING that, on September 23, 2014, the Department sent a letter to Respondents' business/ mailing address, attaching K-Land's complaint, and requiring a report addressing each allegation and providing pertinent documentation; and

IT FURTHER APPEARING that Respondents failed to respond to the Department's inquiry; and

IT FURTHER APPEARING that, on or about January 20, 2015, the Department sent inquiry letters to Respondents at their business/ mailing addresses, both of which were returned to the Department as undeliverable; and

IT FURTHER APPEARING that the Department obtained a mailing address for Respondent Logue in the State of Florida, and mailed him an inquiry letter on or about March 3, 2015; and

IT FURTHER APPEARING that, on or about April 9, 2015, Respondent Logue contacted the Department and requested that the Department e-mail its inquiry; and

IT FURTHER APPEARING that, on April 9, 2015, the Department e-mailed its inquiry to Respondent Logue; and

IT FURTHER APPEARING that Respondent Logue has not responded to the Department's e-mail; and

IT FURTHER APPEARING that Respondents failed to respond to the Department's inquiries regarding the allegations described in Count 1, in violation of N.J.S.A. 17:22A-40a(2) and (8), and N.J.A.C. 11:17A-4.8; and

NOW, THEREFORE, IT IS on this 7<sup>TH</sup> day of October 2016

ORDERED, that Respondents shall appear and show cause why their insurance producer licenses shall not be revoked by the Commissioner, pursuant to the provisions of N.J.S.A. 17:22A-40a; and

IT IS FURTHER ORDERED, that Respondents shall appear and show cause why the Commissioner should not assess fines not exceeding \$5,000.00 for the first violation and not exceeding \$10,000.00 for each subsequent violation, pursuant to the provisions of N.J.S.A. 17:22A-45c, due to their failure to comply with New Jersey's insurance laws and regulations; and

IT IS FURTHER ORDERED that Respondents shall appear and show cause why they should not be subject to restitution and reimbursement of the costs of investigation and prosecution by



the Department of Banking and Insurance, pursuant to N.J.S.A.  
17:22A-45c; and

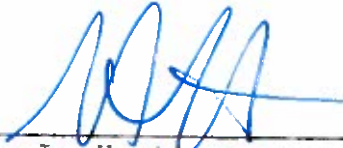
IT IS PROVIDED that, Respondents have the right to request an administrative hearing, to be represented by counsel or other qualified representative, at their own expense, to take testimony, to call or cross-examine witnesses, to have subpoenas and subpoenas duces tecum issued and to present evidence or argument if a hearing is requested; and

IT IS FURTHER PROVIDED that, unless a request for a hearing from each Respondent 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 each Respondent 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 Respondents have 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