

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 insurance )  
producer licenses of Robert M. Sebia, )  
Reference No. 0084318, and Crystal Title )  
Agency, LLC, Reference No. 1142940. )  
\_\_\_\_\_ )

**CONSENT ORDER**

TO: Robert M. Sebia  
SBI No. 000443700G  
South Woods State Prison  
215 South Burlington Road  
Bridgeton, NJ 08302

Crystal Title Agency, LLC  
c/o Robert M. Sebia  
SBI No. 000443700G  
South Woods State Prison  
215 South Burlington Road  
Bridgeton, NJ 08302

THIS MATTER, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that Robert M. Sebia (“Sebia”), and Crystal Title Agency, LLC (“CTA”) (collectively, “Respondents”), may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Sebia was formerly licensed as a resident individual insurance producer in the State of New Jersey, pursuant to N.J.S.A. 17:22A-32a, until May 31, 2014, when his license expired; and

WHEREAS, CTA was formerly licensed as a resident business entity insurance producer in the State of New Jersey, pursuant to N.J.S.A. 17:22A-32b, until May 31, 2015, when its license expired; and

WHEREAS, at all relevant times, Sebia was the Designated Responsible Licensed Producer (“DRLP”) for CTA, and responsible for the activities of CTA and its compliance with the insurance laws, rules and regulations of this State, pursuant to N.J.S.A. 17:22A-32b(2) and N.J.A.C. 11:17A-1.6(c); 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 to -48 (“Producer Act”), and the regulations governing Insurance Producer Standards of Conduct, N.J.A.C. 11:17A-1.1 to 11:17D-2.8; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40d, the Commissioner shall retain the authority to enforce the provisions of and impose any penalty or remedy authorized by the Producer Act and Title 17 of the Revised Statutes or Title 17B of the New Jersey Statutes against any person who is under investigation for or charged with a violation of the Producer Act or Title 17 of the Revised Statutes or Title 17B of the New Jersey Statutes even if the person’s license or registration has been surrendered or has lapsed by operation of law; and

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

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(4), an insurance producer shall not improperly withhold, misappropriate or convert any monies or properties received in the course of doing insurance business; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(6), an insurance producer shall not have been convicted of a felony or crime of the fourth degree or higher; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(8), an insurance producer shall not use fraudulent, coercive or dishonest practices, or demonstrate incompetence, untrustworthiness or financial irresponsibility in the conduct of insurance business in this State or elsewhere; 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.S.A. 17:22A-40a(18), an insurance producer must notify the Commissioner within 30 days of his conviction of any crime, indictment or the filing of any formal criminal charges, or the suspension or revocation of any insurance license or authority by a state, other than this State, or the initiation of formal disciplinary proceedings in a state, other than this State, affecting the producer's insurance license; and obtain the written consent pursuant to sections 1033 and 1034 of Title 18, United States Code (18 U.S.C. ss.1033 and 1034); and supply any documentation that the Commissioner may request in connection therewith; and

WHEREAS, pursuant to N.J.S.A. 17:22A-42a, any insurer authorized to transact business in this State may, by written contract, appoint as its agent, a person that holds a valid insurance producer license; the contract shall contain the duties, responsibilities and limitations of authority between the agent and the appointing insurer, and the agent shall abide by its terms; and

WHEREAS, pursuant to N.J.S.A. 17:22A-47a, an insurance producer shall report to the Commissioner any administrative action taken against the insurance producer in another jurisdiction or by another governmental agency in this State within 30 days of the final disposition of the matter. The report shall include a copy of the order, consent order or other relevant legal documents; and

WHEREAS, pursuant to N.J.S.A. 17:22A-47b, an insurance producer shall, within 30 days of the initial pretrial hearing date, report to the Commissioner any criminal prosecution of the producer taken in any jurisdiction and the report shall include a copy of the initial complaint filed, the order resulting from the hearing and any other relevant legal documents; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a, the Commissioner may place on probation, suspend, revoke or refuse to issue or renew an insurance producer's license, and may levy a civil penalty, for a violation of the Producer Act; and

WHEREAS, pursuant to N.J.S.A. 17:22A-45c, any person violating the Producer Act is subject to a penalty not exceeding \$5,000.00 for the first offense and not exceeding \$10,000.00 for each subsequent offense; moreover, the Commissioner may order restitution of moneys owed any person and reimbursement of costs of the investigation and prosecution; and

WHEREAS, on September 16, 2016, the Commissioner issued an Order to Show Cause, Order No. E16-87, alleging violations of New Jersey's insurance laws by Respondents as follows:

**COUNT 1**

IT APPEARING that on December 3, 2013, the State of Ohio Department of Insurance issued a Notice of Opportunity for Hearing ("NOH") alleging that Sebia "committed violations of the laws and regulations" of Ohio and was "not suitable to be licensed as an insurance agent," in particular noting that Sebia did not comply with an annual review of his escrow accounts for the review period from September 1, 2011 through August 31, 2012; and

IT FURTHER APPEARING that on January 17, 2014, because Sebia did not request a hearing in connection with the NOH, the State of Ohio Department of Insurance issued a Findings, Order and Journal Entry which suspended Sebia's license as a non-resident insurance producer; and

IT FURTHER APPEARING that Sebia did not notify the Commissioner of the State of Ohio's suspension of his non-resident insurance producer license within 30 days of the suspension, in

violation of N.J.S.A. 17:22a-40a (2), (8), (18) and N.J.S.A. 17:22A-47a;

**COUNT 2**

IT APPEARING that First American Title Insurance Company (“First American”) is a title insurance underwriter transacting business in the State of New Jersey; and

IT FURTHER APPEARING that Respondents were policy issuing agents for First American; and

IT FURTHER APPEARING that Respondents served as title settlement agents for various real estate transactions underwritten by First American from January 2012 through May 2014; and

IT FURTHER APPEARING that Respondents, among other things: (i) misappropriated proceeds from various real estate transactions for personal use; (ii) failed to maintain trust accounts adequately; (iii) failed to retain and remit monies intended to be held in trust to satisfy sales of real property; and (iv) made improper referral fee payments to various individuals and entities in an effort to ensure future referrals of business; and

IT FURTHER APPEARING that the conduct referenced above resulted from the following non-exhaustive list of transactions:

<b>Closing Date</b>	<b>Property Address</b>	<b>Issue</b>
4/28/14	90 Furman Blvd., Old Bridge, NJ	Seller's 2 mortgages not paid off at closing
2/18/14	4 Catlett Ct., Manalapan, NJ	Seller's 2 mortgages not paid off at closing
3/28/14	258-260 Osborne Terrace, Newark, NJ	Proceeds never paid out to seller
4/30/14	2064 Florence Ave., Hazlet, NJ	Mortgage not paid off at refinance transaction
5/15/14	502 Bellwood Park Rd., Asbury, NJ	Mortgages not paid off at closing and documents not recorded
1/31/14	2 Palmer Rd., Middletown, NJ	Mortgage not paid off at refinance transaction

and

IT FURTHER APPEARING that, on or about December 9, 2015, Sebia pled guilty to: (i) theft by failure to make required disposition of property received, in violation of N.J.S.A. 2C:20-9; and (ii) misconduct by a corporate official by knowingly controlling a corporation for the furtherance or promotion of any criminal object, in violation of N.J.S.A. 2C:21-9c; and

IT FURTHER APPEARING that Sebia admitted to the above-referenced conduct during a plea allocution in open court; and

IT FURTHER APPEARING that, from January 2012 through May 2014, Respondents misappropriated, misused, and failed to pay mortgage proceeds and other closing settlement funds to proper parties, and failed to properly maintain trust accounts, which demonstrates untrustworthiness and financial irresponsibility in the conduct of insurance business in this State, in violation of N.J.S.A. 17:22A-40a (2), (4), (8) and (16), and N.J.S.A. 17:22A-42a;

### COUNT 3

IT APPEARING that Sebia was charged by the State of New Jersey with, inter alia, the indictable offenses of: (i) theft by failure to make required disposition of property received, in violation of N.J.S.A. 2C:20-9, a crime of the second degree; and (ii) misconduct by a corporate official, in violation of N.J.S.A. 2C:21-9c, a crime of the second degree; and

IT FURTHER APPEARING that Respondents perpetuated the referenced crimes of defalcation from at least October 2013 through May 2014, which encompasses the time period that Respondents maintained active insurance producer licenses with the State of New Jersey; and

IT FURTHER APPEARING that Sebia knowingly and willfully assisted in crimes of defalcation while acting as a title insurance and title settlement agent prior to the expiration of his insurance producer license; and

IT FURTHER APPEARING that on August 31, 2015, Sebia entered a plea agreement in which he admitted guilt in connection with the above-referenced crimes; and

IT FURTHER APPEARING that, on December 9, 2015, a Judgment of Conviction and Order for Commitment (“JOC”) was entered against Sebia; and

IT FURTHER APPEARING that the JOC sentenced Sebia to a total prison term of approximately 11 years, and ordered payment of restitution in the amount \$7,700,000.00, exclusive of other fines and penalties; and

IT FURTHER APPEARING that Sebia pled guilty to felony crimes and knowing and willful defalcation of monies, committing fraudulent acts, and using fraudulent, coercive or dishonest business practices in the conduct of insurance business, in violation of N.J.S.A. 17:22A-40a (2), (4), (6), (8) and (16); and

IT FURTHER APPEARING that, as a condition of his guilty plea, Sebia agreed “to surrender his New Jersey Insurance license and ... to a lifetime ban,” and was forever barred from “owning or associating with any insurance, banking, real estate or financial services business in the State of New Jersey;”

#### COUNT 4

IT APPEARING that Sebia failed to notify the Commissioner of his indictment and convictions on his criminal acts, in violation of N.J.S.A. 17:22A-40a (2) and (18), and N.J.S.A. 17:22A-47b;

WHEREAS, Respondents admit the aforementioned violations contained in Order to Show Cause No. E16-87; and

WHEREAS, cause does exist under N.J.S.A. 17:22A-40a and N.J.S.A. 17:22A-45c to revoke Respondents’ insurance producer licenses and impose a civil penalty and restitution; and

WHEREAS, Respondents waive their right to a hearing on the aforementioned violations and consent to the revocation of their insurance producer licenses, the payment of a civil penalty totaling two hundred fifty thousand dollars (\$250,000.00), and the payment of restitution; and

WHEREAS, this matter should be resolved upon the consent of the parties without resort to a formal hearing; and

NOW, THEREFORE, IT IS on this 28<sup>th</sup> day of October, 2018

ORDERED AND AGREED, that the New Jersey insurance producer license of Robert M. Sebia is hereby REVOKED, pursuant to N.J.S.A. 17:22A-40a; and

IT IS FURTHER ORDERED AND AGREED, that pursuant to N.J.A.C. 11:17D-2.5(e), Robert M. Sebia may not be a partner, officer, director or owner of a licensed business entity, or otherwise be employed in any capacity by an insurance producer; and

IT IS FURTHER ORDERED AND AGREED, that the New Jersey insurance producer license of Crystal Title Agency, LLC, is hereby REVOKED, pursuant to N.J.S.A. 17:22A-40a; and

IT IS FURTHER ORDERED AND AGREED, that Respondents shall jointly and severally pay a civil penalty in the amount of \$250,000 for the violations admitted to herein; and

IT IS FURTHER ORDERED AND AGREED, that Respondents shall remit payment of the civil penalty in the amount of \$250,000 to the Department of Banking and Insurance by certified check, official bank check, or money order made payable to the "State of New Jersey, General Treasury" and sent to:

Rose V. McGill  
Collections Department  
New Jersey Department of Banking and Insurance  
20 West State Street, 10th Floor  
P.O. Box 325  
Trenton, New Jersey 08625

and

IT IS FURTHER ORDERED AND AGREED, that in the event full payment of the civil penalty is not made, the Commissioner may exercise any and all remedies available by law,



including, but not limited to, recovery of any unpaid penalty amount in accordance with the Penalty Enforcement Law of 1999, N.J.S.A. 2A:58-10 et seq.; and

IT IS FURTHER ORDERED AND AGREED, that pursuant to N.J.S.A. 17:22A-45c, Respondents are hereby Ordered to pay restitution in the amount of \$7,700,000, plus interest as allowed by law, to First American Title Insurance Company, its parent or successor entity, or to any person or entity with rights or claims thereto; and

IT IS FURTHER ORDERED AND AGREED, that the civil penalty and restitution are imposed herein pursuant to the police powers of the State of New Jersey for the enforcement of the law and the protection of the public health, safety and welfare, and are not intended to constitute debts that may be limited or discharged in a bankruptcy proceeding; and

IT IS FURTHER ORDERED AND AGREED, that the provisions of this Consent Order represent a final agency decision and constitute final resolution of the violations contained in the Order to Show Cause No. E16-87 and this Consent Order; and

IT IS FURTHER ORDERED AND AGREED, that Respondents shall cease and desist from engaging in the conduct that gave rise to Order to Show Cause No. E16-87 and this Consent Order.

 10/28/18  
Marlene Caride  
Commissioner

**Consented to as to Form, Content and Entry:**

  
\_\_\_\_\_  
Robert M. Sebja, Respondent

Date: 9-25-18, 2018

Crystal Title Agency, LLC, Respondent


  
\_\_\_\_\_  
By: *ROBERT M. SEBIA*

Date: 9-25-18, 2018

\_\_\_\_\_  
, Esq.  
Attorney for Respondents

Date: \_\_\_\_\_, 2018

GURBIR S. GREWAL  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the New Jersey  
Department of Banking and Insurance

  
\_\_\_\_\_  
By: Jeffrey S. Posta  
Deputy Attorney General

Date: 10-11-18, 2018