

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 Diversified Public Adjusters,)
LLC, Reference No. 1664823, and Joseph)
Vulpis, Reference No. 1652780.)

ORDER TO SHOW CAUSE

TO: Diversified Public Adjusters
42 Independence Drive
Monroe Township, NJ 08831

Joseph Vulpis
4 Fitzpatrick Run
Millstone Township, NJ 08535

Diversified Public Adjusters
c/o Joseph Vulpis
4 Fitzpatrick Run
Millstone Township, NJ 08535

THIS MATTER, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that Diversified Public Adjusters, LLC (“Diversified”) and Joseph Vulpis (“Vulpis”) (collectively, “Respondents”) may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Respondents at all relevant times were and are licensed as public adjusters pursuant to N.J.S.A. 17:22B-5; and

WHEREAS, Vulpis was at all relevant times the owner and officer of Diversified; and

WHEREAS, Respondents are subject to the Public Adjusters’ Licensing Act, N.J.S.A. 17:22B-1 to -20 (“Public Adjusters’ Act”) and the regulations promulgated thereunder, N.J.A.C. 11:1-37.1 to -37.19; and

WHEREAS, pursuant to N.J.S.A. 17:22B-14(a)(1) and N.J.A.C. 11:1-37.14(a)(1) and (2), the Commissioner may suspend or revoke a public adjuster's license if, after notice and opportunity for a hearing, the Commissioner determines that a licensee has violated any provision of the insurance law, including any rules promulgated by the Commissioner, or has violated any law in the course of his, or its, dealings as an adjuster; and;

WHEREAS, pursuant to N.J.S.A. 17:22B-14(a)(4) and N.J.A.C. 11:1-37.14(a)(4), the Commissioner may suspend or revoke a public adjuster's license if, after notice and opportunity for a hearing, the Commissioner determines that a licensee has demonstrated 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. 11:1-12.2(a), active officers shall be held individually responsible for all insurance related conduct of the corporate licensee; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.13(a), no individual, firm, partnership, 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 contract or memorandum between the adjuster and the insured 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)(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 of 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.A.C. 11:1-37.14(a), the Commissioner may deny, suspend, revoke, or refuse to renew a public adjuster's license based on any violation of the Public Adjusters' Act or N.J.A.C. 11:1-37.1 to -37.19, 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, or where the person has (1) violated any provision of this State's insurance laws, including any rules promulgated thereunder; or (4) 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.S.A. 17:22B-17 and N.J.A.C. 11:1-37.14(b), any person violating any provision of the Public Adjusters' Act or the regulations promulgated thereunder shall, in addition to any other sanctions provided by law, be liable for a civil penalty of not more than \$2,500.00 for the first offense and not more than \$5,000.00 for the second and each subsequent offense and each transaction or statutory offense shall constitute a separate offense; and

COUNT 1

IT APPEARING, that between December 26, 2017 and October 19, 2018, Respondents entered into at least seven contracts for public adjuster services that failed to include: (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, as required by N.J.A.C. 11:1-37.13(b)(5)(i) to (iii); and

IT FURTHER APPEARING, that Vulpis signed all of Diversified' s contracts; and

IT FURTHER APPEARING, because he was the owner and officer of Diversified and signed all of the above referenced contracts, Vulpis is individually responsible for all insurance related conduct of Diversified, pursuant to N.J.A.C. 11:1-12.2(a); and

IT FURTHER APPEARING, that, by failing to include the aforementioned provisions in the contracts, Respondents violated N.J.S.A 17:22B-14(a)(1) and -14(a)(4); N.J.A.C. 11:1-37.13(b)(5)(i) to (iii); and N.J.A.C. 11:1-37.14(a)(1) and 37.14(a)(4); and

NOW, THEREFORE, IT IS, on this *25th* day of *March*, 2019

ORDERED, that Respondents appear and show cause why the Commissioner should not suspend or revoke the New Jersey public adjuster licenses issued to them and assess a civil penalty up to \$2,500.00 for the first offense and up to \$5,000.00 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(a) and 37.14(b); and

IT IS FURTHER ORDERED, that Respondents appear and show cause why they should not be subject to additional penalties including payment of costs for the use of the State as authorized under N.J.S.A. 17:22B-17; 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 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, 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 Brian R. Fitzgerald, 25 Market Street, Box 117, Trenton, NJ 08625. The request shall contain:

- (a) Respondents' full names, current addresses, and daytime telephone numbers;
- (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 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.



Marlene Caride
Commissioner