

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) **ORDER TO SHOW CAUSE**
 licenses of William J. Babst, Reference No.)
 1040722; Jason Alexander Newsome,)
 Reference No. 1022407; and PB&K Public)
 Adjusters, LLC, Reference No. 3000627387.)
 _____)
)

TO: PB&K Public Adjusters, LLC
c/o William J. Babst
10 Homestead Drive
Ivyland, PA 18974

William J. Babst
10 Homestead Drive
Ivyland, PA 18974

William J. Babst
PO Box 2062
Warminster PA 18974

Jason Alexander Newsome
318 Hewitt Street
Trenton, N.J. 08611

THIS MATTER, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that PB&K Public Adjusters, LLC (“PB&K”), William J. Babst (“Babst”) and Jason Alexander Newsome (“Newsome”)

(collectively, “Respondents”), may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Babst is licensed as a non-resident Public Adjuster in the State of New Jersey pursuant to N.J.S.A. 17:22B-5, which license shall expire on May 31, 2025; and

WHEREAS, Newsome was licensed as a resident Public Adjuster in the State of New Jersey pursuant to N.J.S.A. 17:22B-5, which license expired on March 31, 2019; and

WHEREAS, on or about August 26, 2019, PB&K became licensed as a non-resident business entity Public Adjuster in the State of New Jersey pursuant to N.J.S.A. 17:22B-5, which license shall expire on May 31, 2025; and

WHEREAS, pursuant to N.J.A.C. 11:1-12.2, active officers shall be held individually responsible for all insurance related conduct of the corporate licensee; and

WHEREAS, pursuant to 17:22B-2, a “Public adjuster” or “adjuster” means any individual, firm, association or corporation who, or which, for money, commission or any other thing of value, acts or aids in any manner on behalf of an insured in negotiating for, or effecting, the settlement of claims for loss of damage caused by, or resulting from, any accident, incident, or occurrence covered under a property insurance policy; and

WHEREAS, pursuant to N.J.S.A. 17:22B-3(a), no individual, firm, association or corporation shall act as an adjuster in this State unless authorized to do so by virtue of a license issued or renewed pursuant to this act; and

WHEREAS, pursuant to N.J.S.A. 17:22B-3(b), no adjuster shall act on behalf of an insured unless licensed as a public adjuster; and

WHEREAS, pursuant to N.J.S.A.17:22B-13(c), no individual, firm, association or corporation licensed under this 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 memorandum, signed by the party to be charged and by the adjuster, and specifying or clearly defining the services to be rendered and the amount or extent of the compensation on a form and with such language as the commissioner may prescribe;

WHEREAS, pursuant to N.J.S.A. 17:22B-14(a), the Commissioner may suspend or revoke any adjuster's license if, after notice and opportunity for a hearing, the Commissioner determines, among other things, that (1) the 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, or determines that the licensee has, among other things: (3) committed a fraudulent or dishonest act; (4) demonstrated a lack of integrity, bad faith, dishonesty, financial irresponsibility, or untrustworthiness to act as a public adjuster or (5) has aided, abetted or assisted another person in violating any insurance law of this State; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.2, "Public adjuster" or "adjuster" means any individual, firm, association or corporation, who, or which, for money, commission or any other thing of value, acts or aids in any manner on behalf of an insured in negotiating for, or effecting, the settlement of claims for loss or damage caused by, or resulting from, any accident, incident or occurrence covered under a property insurance policy; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.3, no person shall act as a public adjuster in New Jersey on behalf of an insured unless licensed pursuant to the law; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.13(b)(3)(ii), the written memorandum or contract between a licensed public adjuster and an insured shall contain, among other things, a

list of services to be rendered and the maximum fees to be charged, which fees 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 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), Commissioner may deny, suspend, revoke, or refuse to renew a public adjuster's license based on any violation of the Public Adjusters' Act or the regulations promulgated thereunder, or for the commission or omission of any act by a public adjuster which demonstrates that the licensee is not competent or trustworthy to act as a public adjuster, or where the licensee has, among other things: (1) Violated any provision of this State's insurance laws; (3) Committed a fraudulent or dishonest act; or (4) Demonstrated a lack of integrity, incompetency, bad faith, dishonesty, financial irresponsibility, or untrustworthiness to act as a public adjuster; or (5) Aided, abetted or assisted another person in violating any insurance law of this or any other State; and

WHEREAS, pursuant to N.J.S.A. 17:22B-17, violations of the Public Adjusters' Act subject the violator to a civil and administrative penalty of up to \$2,500.00 for the first offense and up to \$5,000.00 for each subsequent offense and, additionally, the Commissioner may order restitution of moneys owed any person and reimbursement of costs of the investigation and prosecution; and

WHEREAS, pursuant to N.J.A.C. 11:1-37.14(b), violations of the Public Adjuster Licensing regulations subject the violator to a civil and administrative penalty of up to \$2,500.00 for the first offense and up to \$5,000.00 for each subsequent offense; and

ALLEGATIONS COMMON TO ALL COUNTS

IT APPEARING, that PB&K is a limited liability corporation formed in the State of Pennsylvania which performed services as a public adjuster on behalf of New Jersey insureds without being duly licensed to act as a public adjuster in this State; and

IT FURTHER APPEARING, that at all relevant times, Babst was licensed as public adjuster in New Jersey, and the owner, operator and active officer individually responsible for all insurance related conduct of PB&K pursuant to N.J.A.C. 11:1-12.2(a); and

IT FURTHER APPEARING, that at all relevant times, Newsome was licensed as Public Adjuster and employed by PB&K to perform services as a public adjuster on behalf New Jersey insureds; and

IT FURTHER APPEARING, that between December 2014 and October 2018, PB&K solicited work as a public adjuster and executed fifty-eight (58) separate written contracts (“Adjuster Contracts”) to negotiate and/or settle claims under a property insurance policy on behalf of New Jersey insureds; and

IT FURTHER APPEARING, that of the fifty-eight (58) Adjuster Contracts executed on behalf of PB&K, Babst personally executed thirty-one (31) such contracts; and

IT FURTHER APPEARING, that of the fifty-eight (58) Adjuster Contracts executed on behalf of PB&K, Newsome personally executed twenty-seven (27) such contracts; and

COUNT ONE
(As to All Respondents)

IT FURTHER APPEARING, that between December 2014 and October 2018, PB&K engaged in the business of a public adjuster as defined by N.J.A.C. 11:1-37.2 and was not licensed by the State of New Jersey to act as a public adjuster, and thus the fifty-eight Adjuster Contracts executed during said period were unlawful and unauthorized, in violation of N.J.S.A. 17:22B-3(a) and N.J.A.C. 11:1-37.3(a); and

IT FURTHER APPEARING, that as an owner and active officer of PB&K, Babst was individually responsible for the unlawful conduct of PB&K as an unlicensed public adjuster and its execution of unlawful and unauthorized Adjuster Contracts, in violation of N.J.S.A. 17:22B-3(a) and N.J.A.C. 11:1-37.3(a); and

IT FURTHER APPEARING, that Babst also personally executed thirty-one Adjuster Contracts that were unlawful and unauthorized, in violation of N.J.S.A. 17:22B-14(a)(1), (3), (4) and (5) and N.J.A.C. 11:1-37.14(a)(1), (3), (4) and (5); and

IT FURTHER APPEARING, that Newsome personally executed twenty-seven Adjuster Contracts that were unlawful and unauthorized, in violation of N.J.S.A. 17:22B-14(a)(1), (3), (4) and (5) and N.J.A.C. 11:1-37.14(a)(1), (3), (4) and (5); and

IT FURTHER APPEARING, that each contract is a separate violation; and

COUNT TWO
(As to All Respondents)

IT FURTHER APPEARING, that the form of adjuster contract utilized by Respondents limited the ability of Respondents' clients to cancel the contract to only the first four days after execution; and

IT FURTHER APPEARING, that because Respondents' Adjuster Contracts limited cancellation to the first four days, the cancellation language in the Adjuster Contracts did not properly address procedures for cancellation, in violation of N.J.A.C. 11:1-37.13(b)(5)(i); rights and obligations of the parties upon cancellation, in violation of N.J.A.C. 11:1-37.13(b)(5)(ii); and costs or the formula for calculation of the costs for services rendered in whole or in part, in violation of N.J.A.C. 11:1-37.13(b)(5)(iii); and

IT FURTHER APPEARING, that PB&K entered into fifty-eight deficient and unlawful Adjuster Contracts, in violation of N.J.A.C. 11:1-37.13(b)(5)(i), (ii) and (iii); and

IT FURTHER APPEARING, that as an owner and an active officer of PB&K, Babst was individually responsible for PB&K's use of deficient and unlawful Adjuster Contracts, in violation of N.J.A.C. 11:1-37.13(b)(5)(i), (ii) and (iii); and

IT FURTHER APPEARING, that Babst also personally executed thirty-one Adjuster Contracts that were deficient and unlawful, in violation of N.J.A.C. 11:1-37.13(b)(5)(i), (ii) and (iii); and

IT FURTHER APPEARING, that Newsome personally executed twenty-seven Adjuster Contracts that were deficient and unlawful, in violation of N.J.A.C. 11:1-37.13(b)(5)(i), (ii) and (iii); and

IT FURTHER APPEARING, that by violating N.J.A.C. 11:1-37.13(b)(5)(i), (ii) and (iii), Respondents also violated N.J.S.A. 17:22B-14(a)(1), (3), (4) and (5) and N.J.A.C. 11:1-37.14(a)(1), (3), (4) and (5); and

IT FURTHER APPEARING, that each contract is a separate violation; and

COUNT THREE
(As to All Respondents)

IT FURTHER APPEARING, that the form of adjuster contract utilized by Respondents stated that PB&K had been retained to “advise and assist in the adjustment of the insurance claim” and included no other language regarding services to be rendered on behalf of insureds; and

IT FURTHER APPEARING, that the form of adjuster contract utilized by Respondents was deficient and unlawful, and failed to comply with the state regulations in that it failed to specifically or clearly define the adjuster services to be rendered and does not provide the specificity, clarity, or list of services required by law, in violation of N.J.S.A. 17:22B-13(c) and N.J.A.C. 11:1-37.13(b)(3)(ii); and

IT FURTHER APPEARING, that PB&K entered into fifty-eight deficient and unlawful Adjuster Contracts, in violation of N.J.S.A. 17:22B-13(c) and N.J.A.C. 11:1-37.13(b)(3)(ii); and

IT FURTHER APPEARING, that as an owner and active officer of PB&K, Babst was individually responsible for PB&K’s use of deficient and unlawful Adjuster Contracts, in violation of N.J.S.A. 17:22B-13(c) and N.J.A.C. 11:1-37.13(b)(3)(ii); and

IT FURTHER APPEARING, that Babst also personally executed thirty-one Adjuster Contracts that were deficient and unlawful, in violation of N.J.S.A. 17:22B-13(c) and N.J.A.C. 11:1-37.13(b)(3)(ii); and

IT FURTHER APPEARING, that Newsome personally executed twenty-seven Adjuster Contracts that were deficient and unlawful, in violation of N.J.S.A. 17:22B-13(c) and N.J.A.C. 11:1-37.13(b)(3)(ii); and

IT FURTHER APPEARING, that by violating N.J.S.A. 17:22B-13(c) and N.J.A.C. 11:1-37.13(b)(3)(ii), Respondents also violated N.J.S.A. 17:22B-14(a)(1), (3), (4) and (5) and N.J.A.C. 11:1-37.14(a)(1), (3), (4) and (5); and

IT FURTHER APPEARING, that each contract is a separate violation; and

NOW, THEREFORE, IT IS on this 18 day of April, 2023,

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

IT IS FURTHER ORDERED, that Respondents shall appear and show cause why the Commissioner should not assess civil penalties of up to \$2,500.00 for the first violation and up to \$5,000.00 for each subsequent violation, pursuant to the provisions of N.J.S.A. 17:22B-17 and the accompanying regulations due to their failure to comply with New Jersey's insurance laws and regulations; and

IT IS FURTHER ORDERED, that, pursuant to N.J.S.A. 17:22B-17 and the accompanying regulations, Respondents shall appear and show cause why they should not be subject to additional penalties, including restitution to their victims and reimbursement of the costs of investigation and prosecution by the Department of Banking and Insurance; 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, 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 Dakar Ross at PO Box 117, Trenton, New Jersey 08625. The request shall contain:

- (A) Each Respondent'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 Respondent has 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