

ORDER TO SHOW CAUSE NO. E15-127

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 Eagle School)
Abstract Company, Reference No.)
0200854 and Christopher G. Ritchie,)
Reference No. 9719307)

ORDER TO SHOW CAUSE

TO: Christopher G. Ritchie
332 West 11th Avenue
Conshohocken, PA 19428-1422

-and-

Eagle School Abstract Company
c/o Christopher G. Ritchie
332 West 11th Avenue
Conshohocken, PA 19428-1422

This matter, having been opened by the Commissioner of Banking and Insurance ("Commissioner"), State of New Jersey, upon information that Eagle School Abstract Company ("Eagle"), and Christopher G. Ritchie ("Richie"), may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Eagle was previously licensed as a non-resident insurance producer pursuant to N.J.S.A. 17:22A-32 before its license expired on May 31, 2012; and

WHEREAS, Ritchie was previously licensed as a non-resident insurance producer pursuant to N.J.S.A. 17:22A-32 before his license expired on April 30, 2011; and

WHEREAS, pursuant to N.J.S.A. 17:22A-32b(2), Ritchie is the Designated Responsible Licensed Producer ("DRLP"), owner of Eagle, and responsible for the conduct of Eagle; and

WHEREAS, New Jersey Title Insurance Company ("NJ Title") is a title insurance company organized in the State of New Jersey and licensed to conduct the business of title insurance; and

WHEREAS, Eagle and Ritchie are subject to the provisions of the New Jersey Insurance Producer Licensing Act ("Producer Act"), N.J.S.A. 17:22A-26, et seq., and the Title Insurance Act of 1974 ("Title Act"), N.J.S.A. 17:46B-1 et seq., and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(2), an insurance producer shall not violate any insurance laws, regulations, subpoenas or orders 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(8), an insurance producer shall not use fraudulent, coercive or dishonest business practices, or demonstrate incompetence,

untrustworthiness or financial irresponsibility in the conduct of insurance business; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(9), an insurance producer shall not have its insurance producer license, or its equivalent, denied, suspended or revoked in any other state, province, district or territory; 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 shall not fail to notify the Commissioner within 30 days of the suspension or revocation of any insurance license or authority by a state, other than this State, affecting the producer's insurance license; and

WHEREAS, pursuant to N.J.S.A. 17:22A-42a, an agent shall abide by the terms of its written agency contract with an insurer; and

WHEREAS, pursuant to N.J.S.A. 17:22A-45a, the Commissioner shall have the power to conduct investigations, to administer oaths, to interrogate licensees and others, and to issue subpoenas to any licensee or any other person in connection with any investigation; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40d and N.J.A.C. 11:17-2.14(c), the Commissioner shall retain the authority to enforce the provisions of, and impose any penalty or remedy

authorized by, the Producer Act against any person who is under investigation for or charged with a violation of the Producer Act 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-47, 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 disposition of the matter; and

WHEREAS, pursuant to N.J.S.A. 17:46B-10.1a, every title insurance producer licensed pursuant to the Producer Act shall maintain a separate record of all receipts and disbursements as a depository for funds representing closing and settlement proceeds of a real estate transaction, which funds shall be deposited in a separate trust or escrow account, and which shall not be commingled with a producer's or company's own funds or with funds held by a producer or company in any other capacity; 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, or no less than 15 calendar days from the date the inquiry was made or mailed in cases where no response time is given; and

WHEREAS, pursuant to N.J.A.C. 11:17A-4.10, an insurance producer acts in a fiduciary capacity in the conduct of his or her insurance business; and

WHEREAS, pursuant to N.J.A.C. 11:17C-2.1(a), an insurance producer shall hold all premium funds in a fiduciary capacity and shall not misappropriate, improperly convert to the insurance producer's own use or illegally withhold premium funds; and

WHEREAS, pursuant to N.J.A.C. 11:17C-2.2(c), all title insurance settlement funds shall be disbursed within five business days after settlement except as determined by the parties; and

IT APPEARING that on July 28, 2008, Eagle entered into an agency agreement with NJ Title, whereby NJ Title appointed Eagle an issuing agent of title insurance, and Eagle agreed to originate and solicit applications for title insurance, hold settlements and closings of real estate transactions and conduct the business of title insurance on behalf of NJ Title in the State of New Jersey; and

COUNT 1

(Eagle and Ritchie)

IT FURTHER APPEARING that between April, 2009 and August, 2011, Respondents Eagle and Ritchie conducted twenty-eight (28) real estate settlement closings where Eagle issued NJ Title policies to the twenty-eight (28) purchasers in each real estate transaction; and

IT FURTHER APPEARING that Respondents Eagle and Ritchie collected the title insurance premiums at each of the twenty-eight (28) real estate settlement closings; and

IT FURTHER APPEARING that Respondents Eagle and Ritchie issued title policies, collected premiums and failed to remit premiums to NJ Title for each of the following identified title policy numbers: 1) ESA-8285, 2) ESA-8341, 3) ESA-8354, 4) ESA-8359, 5) ESA-8375, 6) ESA-8393, 7) ESA-8520, 8) ESA-8614, 9) ES-8687, 10) ESA-8696, 11) ESA-8697, 12) ESA-8709, 13) ESA-8712, 14) ESA-8730, 15) ESA-8738, 16) ESA-8739, 17) ESA-8754, 18) ESA-8817, 19) ESA-8818, 20) ESA-8840, 21) ESA-8845, 22) ESA-8847, 23) ESA-8863, 24) ESA-8865, 25) ESA-8888, 26) ESA-8889, 27) ESA-8897, and 28) ESA-8923.

IT FURTHER APPEARING that Respondents Eagle and Ritchie failed to remit premium payments to NJ Title, pursuant to their agency agreement, from the twenty-eight (28) real estate settlement closings, in the total amount of \$3,945.96; and

IT FURTHER APPEARING that Respondents Eagle and Ritchie improperly withheld, misappropriated and converted funds belonging to insureds, received in the course of conducting insurance business, which constitutes fraudulent and dishonest practices and demonstrates incompetence, untrustworthiness and financial irresponsibility in the conduct of insurance business, in violation of N.J.S.A. 17:22A-40a(2), (4), (8) and (16), N.J.S.A. 17:46B-10.1a, N.J.A.C. 11:17A-4.10, N.J.A.C. 11:17C-2.1(a) and N.J.A.C. 11:17C-2.2(c); and

COUNT 2

(Eagle and Ritchie)

IT FURTHER APPEARING that Respondents Eagle and Ritchie failed to abide by the terms and duties of their agency agreement with NJ Title when they failed to remit premiums as agreed, failed to hold these funds in a fiduciary capacity and failed to submit monthly reports to NJ Title as required by their agency agreement, in violation of N.J.S.A. 17:22A-42a and N.J.S.A. 17:22A-40a(2), (4), (8) (16) and N.J.A.C. 11:17A-4.10; and

COUNT 3

(Ritchie)

IT FURTHER APPEARING that on or about October 6, 2009 the State of Maryland, Maryland Insurance Commissioner, revoked Ritchie's non-resident insurance producer license for, among

other violations, showing a lack of trustworthiness or competence; and

IT FURTHER APPEARING that on or about March 25, 2011 the State of Virginia, Bureau of Insurance, revoked Ritchie's license to transact insurance business for failure to comply with insurance laws; and

IT FURTHER APPEARING that Ritchie failed to report or notify the Commissioner within 30 days of the above mentioned administrative action by the State of Maryland in violation of N.J.S.A. 17:22A-40a(9), (18) and N.J.S.A. 17:22A-47a.

IT FURTHER APPEARING that Ritchie failed to report or notify the Commissioner within 30 days of the above mentioned administrative action by the State of Virginia in violation of N.J.S.A. 17:22A-40a(9), (18) and N.J.S.A. 17:22A-47a.

COUNT 4

(Ritchie)

IT FURTHER APPEARING that on May 11, 2012, pursuant to N.J.S.A. 17:22A-45a, the Department issued Subpoena No. 12-08 to Ritchie requesting that he appear to give a statement to the Department and provide various documents regarding the allegations contained in this Order to Show Cause; and

IT FURTHER APPEARING that, although Respondent Ritchie participated in an interview with the Department on June 13, 2012, he failed to provide documents in his possession after

several requests by the Department from July 9, 2012 through March 8, 2013, 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 21ST day of DECEMBER 2015:

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

IT IS FURTHER ORDERED that Respondents Eagle and Ritchie appear and show cause why the Commissioner should not assess fines up to \$5,000.00 for the first violation and not exceeding \$10,000.00 for each subsequent violation of the Act, pursuant to the provisions of N.J.S.A. 17:22A-45c; and

IT IS FURTHER ORDERED that Respondents Eagle and Ritchie appear and show cause why they should not be subject to additional penalties including reimbursement of the costs of investigation, prosecution and restitution pursuant to N.J.S.A. 17:22A-45c; and

IT IS PROVIDED that Respondents Eagle and Ritchie 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 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 Respondents Eagle and Ritchie, 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 Carl M. Bornmann at fax number (609) 777-3503. The request shall contain:

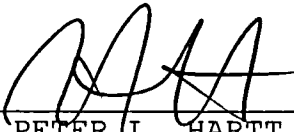
(A) The licensee's name, address and daytime telephone number;

(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 the 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 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.



PETER L. HARTT
Director of Insurance