E26-11

ORDER TO SHOW CAUSE NO. ~~E25-~~

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 Daniel R. Shrader, Reference No. 0198479, Bartley Shrader, Reference No. 9936975, and East Coast Adjusters, LLC, Reference No. 1554449	**ORDER TO SHOW CAUSE**

TO: Daniel R. Shrader
699 Ferry Avenue, Apt. 111
Camden, New Jersey 08104

Bartley Shrader
159 Basket Grass Lane
Summerville, SC 29486

East Coast Adjusters, LLC
c/o Bartley Shrader
159 Basket Grass Lane
Summerville, SC 29486

THIS MATTER, having been opened by the Commissioner of Banking and Insurance ("Commissioner"), State of New Jersey, upon information that Daniel R. Shrader ("Daniel"), Bartley Shrader ("Bartley") and East Coast Adjusters, LLC ("East Coast") (collectively, "Respondents"), may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Daniel was licensed in the State of New Jersey as a public adjuster pursuant to N.J.S.A. 17:22B-5 from April 12, 2001 until his license expired on May 31, 2020; and

WHEREAS, Bartley was licensed in the State of New Jersey as a public adjuster pursuant to N.J.S.A. 17:22B-5 from July 28, 2014 until his license expired on November 30, 2016; and

WHEREAS, East Coast was licensed in the State of New Jersey as a public adjuster pursuant to N.J.S.A. 17:22B-5 from July 28, 2014 until its license was canceled on November 30, 2017; and

WHEREAS, pursuant to N.J.S.A. 17:22A-32(b)(2), Bartley was the Designated Responsible Licensed Producer ("DRLP"), and responsible for the conduct of East Coast and shall therefore be held individually responsible for all insurance related conduct of East Coast under N.J.A.C. 11:1-12.2(a); and

WHEREAS, the Respondents are subject to the provisions of the New Jersey Public Adjusters' Licensing Act, N.J.S.A. 17:22B-1 to -20 ("Public Adjusters' Act"), and the regulations governing the licensing of public adjusters, N.J.A.C. 11:1-37.1 to -37.19; and

WHEREAS, pursuant to N.J.S.A. 17:22B-13(f), no individual, firm, association or corporation licensed under this act shall receive, accept or hold any moneys towards the settlement of a claim for loss or damage on behalf of an insured unless the public adjuster deposits the moneys in an interest bearing escrow account in a banking institution or savings and loan association in this State insured by an agency of the federal government. Any funds held in escrow together with interest accumulated thereon shall be the property of the insured until disbursement thereof pursuant to a written memorandum, signed by the insured and by the adjuster, specifying or clearly defining the services rendered and the amount of any compensation to be paid therefrom. In the event of the insolvency or bankruptcy of a public adjuster, the claim of an insured for any settlement moneys received, accepted or held by the adjuster shall constitute a statutory trust; and

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; (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. 11:1-37.14(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 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; (2) violated any law in the course of acting as a public adjuster; (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; (9) Misappropriated, converted or illegally withheld, money which was received in the conduct of business that belonged to insurers, clients or others; (11) failed to respond to a Commissioner's subpoena; (13) made a misrepresentation of fact in conjunction with business as a public adjuster; and (17) Committed any other act, or omission which the Commissioner determines to be inappropriate conduct by a licensee of this State; and

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

WHEREAS pursuant to N.J.A.C. 11:17A-1.6(c), licensed partners, officers and directors, and all owners with an ownership interest of 10 percent or more in the organization shall be held responsible for all insurance related conduct of the organization licensee, any of its branch offices, its other licensed officers or partners, and its employees; and

WHEREAS, pursuant to N.J.A.C. 11:17-2.10(b)(4), an employer shall be responsible for the insurance-related conduct of an employee; and

WHEREAS, pursuant to N.J.S.A. 17:22B-17, any person violating any provision of the Public Adjusters' Act 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

COUNT 1

IT APPEARING, that at all relevant times the Respondents were active public adjusters doing business in the State of New Jersey; and

IT FURTHER APPEARING, that on or about March 14, 2016, New Jersey insured, "A.C." contracted Respondents to adjust a claim with Liberty Mutual Insurance Company ("Liberty Mutual") for a loss that occurred on April, 3, 2015; and

IT FURTHER APPEARING, that the contract between A.C. and East Coast was signed by Daniel; and

IT FURTHER APPEARING, that Respondents negotiated a settlement for A.C. with Liberty Mutual for $12,036.63; and

IT FURTHER APPEARING that on May 16, 2016, Liberty Mutual issued a check in the amount of $12,036.63 naming East Coast, A.C., and Wells Fargo (the mortgagor), as payees; and

IT FURTHER APPEARING, that the check was deposited into East Coast's TD Bank account; and

IT FURTHER APPEARING that the Respondents did not distribute any funds paid by Liberty Mutual to A.C.; and

IT FURTHER APPEARING that Respondents represented explicitly (through their contract) that they would provide to A.C. the funds due to that person, and failed to do so, thus making a misrepresentation of fact; and

IT FURTHER APPEARING that because he signed the contact, Daniel and East Coast aided and abetted each other in misappropriating R.G.'s funds; and

IT FURTHER APPEARING that because he was the owner and D.R.L.P. for East Coast, Bartley is liable for the violations in this Count, due to N.J.S.A. 17:22A-32(b)(2); N.J.A.C. 11:17A-1.6(c); N.J.A.C. 11:1-12.2(a); and N.J.A.C. 11:17-2.10(b)(4); and

IT FURTHER APPEARING, that Respondents failed to remit the insurance proceeds to A.C., in violation of N.J.S.A. 17:22B-13(f), N.J.S.A. 17:22B-14(a)(1), (a)(3), (a)(4), and (a)(5), and N.J.A.C. 11:1-37.14(a), (a)(1), (a)(2), (a)(3), (a)(4), (a)(5), (a)(9), and (a)(17); and

COUNT 2

IT FURTHER APPEARING, that on or about February 27, 2016, New Jersey insured "R.G." entered in a contract with Respondents; and

IT FURTHER APPEARING, that the contract between R.G. and East Coast was signed by Daniel; and

IT FURTHER APPEARING, that R.G. suffered property damage and East Coast submitted a claim to his insurer, USAA on his behalf; and

IT FURTHER APPEARING, that Respondents received monies from USAA in the amount of $2,796.09 for the claim; and

IT FURTHER APPEARING that the Respondents did not distribute any funds to R.G.; and

IT FURTHER APPEARING that Respondents represented explicitly (through their contract) that they would provide to R.G. the funds due to that person, and failed to do so, thus making a misrepresentation of fact; and

IT FURTHER APPEARING that because he signed the contact, Daniel and East Coast aided and abetted each other in misappropriating R.G.'s funds; and

IT FURTHER APPEARING that because he was the owner and D.R.L.P. for East Coast, Bartley is liable for the violations in this Count, due to N.J.S.A. 17:22A-32(b)(2); N.J.A.C. 11:17A-1.6(c); N.J.A.C. 11:1-12.2(a); and N.J.A.C. 11:17-2.10(b)(4); and

IT FURTHER APPEARING, that the Respondents failed to remit the funds to R.G., in violation of N.J.S.A. 17:22B-13(f), N.J.S.A. 17:22B-14(a)(1), (a)(3), (a)(4), and (a)(5), and N.J.A.C. 11:1-37.14(a), (a)(1), (a)(2), (a)(3), (a)(4), (a)(5), (a)(9), and (a)(17); and

COUNT 3

IT FURTHER APPEARING, New Jersey insured "M.S.," sustained property damage to her property; and

IT FURTHER APPEARING, that on or about March 17, 2016, M.S. entered into a contract with Respondents to submit a claim to her insurer, Skylands Insurance; and

IT FURTHER APPEARING, that the contract between M.S. and East Coast was signed by Daniel; and

IT FURTHER APPEARING that Skylands Insurance made an initial payment to East Coast in the amount of $8,715.43 and a subsequent payment of $3,428.86 was to be made once the repair work was completed; and

IT FURTHER APPEARING that Respondents did not distribute any funds to M.S.; and

IT FURTHER APPEARING that Respondents represented explicitly (through their contract) that they would provide to M.S. the funds due to that person, and failed to do so, thus making a misrepresentation of fact; and

IT FURTHER APPEARING that because he signed the contact, Daniel and East Coast aided and abetted each other in misappropriating R.G.'s funds; and

IT FURTHER APPEARING that because he was the owner and D.R.L.P. for East Coast, Bartley is liable for the violations in this Count, due to N.J.S.A. 17:22A-32(b)(2); N.J.A.C. 11:17A-1.6(c); N.J.A.C. 11:1-12.2(a); and N.J.A.C. 11:17-2.10(b)(4); and

IT FURTHER APPEARING, that Respondents failed to remit the insurance money to M.S. or to the contractor who performed the repairs on M.S.'s property; in violation of N.J.S.A. 17:22B-13(f), N.J.S.A. 17:22B-14(a)(1), (a)(3), (a)(4), and (a)(5), and N.J.A.C. 11:1-37.14(a), (a)(1), (a)(2), (a)(3), (a)(4), (a)(5), (a)(9), and (a)(17); and

COUNT 5

IT FURTHER APPEARING, that under N.J.S.A. 17:22A-32(b)(2); N.J.A.C. 11:17A-1.6(c); N.J.A.C. 11:1-12.2(a); and N.J.A.C. 11:17-2.10(b)(4), Bartley is responsible for the conduct of East Coast because he was the DRLP for East Coast; and

NOW, THEREFORE, IT IS on this 20th day of January 2026;

ORDERED, that the Respondents appear and show cause why the New Jersey public adjuster licenses issued to the Respondents should not be suspended or revoked by the

Commissioner and why the Respondents should not be fined up to $2,500.00 for the first offense and up to $5,000.00 for the second and each subsequent violation of the Public Adjusters' Act, pursuant to N.J.S.A. 17:22B-14 and -17 and N.J.A.C. 11:1-37.14(b); and

IT IS FURTHER ORDERED, that the Respondents appear and show cause why they should not be ordered to make restitution of fees charged pursuant to N.J.S.A. 17:22B-13(c) and N.J.A.C. 11:1-37.13(a); and

IT IS FURTHER ORDERED, that pursuant to N.J.S.A. 17:22B- 17 the Respondents 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 the 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 Matthew Gervasio, Department of Banking and Insurance, P.O. Box 329, Trenton, New Jersey 08625, or by faxing the hearing request to the Department at (609) 292-5337, with a copy to Jessica Lugo, DAG, Banking and Insurance Section, R.J. Hughes Justice Complex, 25 Market Street, P.O. Box 117, Trenton, NJ 08625-0117. The request shall contain the following:

(a) Respondent's full 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 the 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 the hearing.

Justin Zimmerman
Commissioner