

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 Reliant Abstract and)
Settlement Inc., Ref. No. 9951276)
and Thomas A. Lamparillo,)
Ref. No. 0217154.)

FINAL ORDER

TO: Reliant Abstract and Settlement, Inc.
c/o Thomas A. Lamparillo
234 Liberty Avenue
Hillsdale, New Jersey 07462

and

Thomas A. Lamparillo
234 Liberty Avenue
Hillsdale, New Jersey 07462

This matter, having been opened by the Commissioner of Banking and Insurance ("Commissioner"), State of New Jersey, upon information that Reliant Abstract and Settlement, Inc. ("Reliant") and Thomas A. Lamparillo ("Lamparillo"), may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Reliant was previously licensed as a resident insurance producer pursuant to N.J.S.A. 17:22A-32 before the license was surrendered on January 27, 2012; and

WHEREAS, Lamparillo was previously licensed as a resident insurance producer pursuant to N.J.S.A. 17:22A-32 before his license was surrendered on January 27, 2012; and

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

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

WHEREAS, Lamparillo and Reliant are subject to the provisions of the New Jersey Insurance Producer Licensing Act ("Producer Act"), N.J.S.A. 17:22A-26, et seq., the Title Insurance Act of 1974 ("Title Act"), N.J.S.A. 17:46B-1 et seq., the regulations governing Producer Licensing and Standards of Conduct, N.J.A.C. 11:17-1 et seq., N.J.A.C. 11:17A-1 et seq., N.J.A.C. 11:17C-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(16), an insurance producer shall not commit any fraudulent act; 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, 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. 17:46B-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. 11:17-2.14(c), submitting a license for cancellation or allowing a license to expire shall not void or terminate any disciplinary proceedings against the licensee, nor prevent imposition of any penalty, ordered restitution or costs; 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

WHEREAS, the Commissioner issued Order to Show Cause No. E13-59 on June 11, 2013 ("OTSC") alleging violations of the New Jersey insurance laws by Respondents as set forth in Counts 1 through 8:

ALLEGATIONS COMMON TO COUNTS 1 THROUGH 4

IT APPEARING that on March 2, 2004, Reliant Abstract and Settlement, Inc. entered into an agency agreement with New Jersey Title Insurance Company ("NJ Title"), whereby NJ Title appointed Reliant an issuing agent of title insurance, and Reliant 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

IT FURTHER APPEARING that on May 31, 2011, Respondents Reliant and Lamparillo conducted a mortgage refinancing and closing for homeowners Christine and Keith Auten ("Autens") on the property located at 70 Taylortown Road, Montville, New Jersey; and

IT FURTHER APPEARING that prior to the closing, on April 18, 2011, Respondents Reliant and Lamparillo issued a title commitment letter and closing service letter to JP Morgan Chase Bank on behalf of NJ

Title related to the mortgage refinancing on the property located at 70 Taylortown Road, Montville, New Jersey; and

IT FURTHER APPEARING that the closing service letter agreed to reimburse JP Morgan Chase Bank for actual losses incurred by them as result of any failure by Respondents Reliant and Lamparillo to disburse funds necessary to establish title on the property related to the real estate closing and/or fraud or misappropriation by Respondents Reliant and Lamparillo in handling the funds of JP Morgan Chase Bank in connection with the property related to the real estate closing; and

IT FURTHER APPEARING that in reliance of NJ Title's commitment to insure it against losses relating to the closing settlement by Respondents Reliant and Lamparillo, JP Morgan Chase Bank agreed to provide the refinancing to the Autens; and

IT FURTHER APPEARING that on May 31, 2011, JP Morgan Chase Bank, as the lender in the mortgage refinancing, remitted the sum of \$229,349.56 to Respondents Reliant and Lamparillo, with instructions to remit \$228,574.23 of the sum to fully satisfy the mortgage loan of the original lender, Investors Savings Bank; and

IT FURTHER APPEARING that Respondents Reliant and Lamparillo never remitted the payoff funds to Investors Savings Bank as instructed by JP Morgan Chase Bank; and

IT FURTHER APPEARING that on August 25, 2011, as a result of the failure of Respondents Reliant and Lamparillo to remit the payoff funds, JP Morgan Chase Bank made a claim for \$228,574.23, plus other costs, under the title insurance policy issued by Respondents Reliant and Lamparillo and NJ Title; and

IT FURTHER APPEARING that in May 2012, NJ Title settled the title insurance claim by

paying approximately \$224,068.00 to Investors Savings Bank; and

COUNT ONE

IT FURTHER APPEARING that Respondents Reliant and Lamparillo improperly withheld, misappropriated and converted escrow 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 and N.J.A.C. 11:17C-2.2(c); and

COUNT 2

IT FURTHER APPEARING that Respondents Reliant and Lamparillo failed to abide by the terms and duties of their agency agreement with NJ Title when they failed to remit the proceeds of a settlement as instructed and hold these funds in a fiduciary capacity, in violation of N.J.S.A. 17:22A-42a and N.J.S.A. 17:22A-40a(2), (4), (8) and (16); and

COUNTS 3 AND 4

IT FURTHER APPEARING that on December 6, 2011, pursuant to N.J.S.A. 17:22A-45a, the Department requested Respondents Reliant and Lamparillo to provide a written response to the Department regarding the allegations contained in this Order to Show Cause; and

IT FURTHER APPEARING that Respondents Reliant and Lamparillo failed to respond to the Department's inquiry in writing, or by any other method, in violation of N.J.S.A. 17:22A-40a(2) and (8) and N.J.A.C. 11:17A-4.8; and

IT FURTHER APPEARING that on March 13, 2012, the Department sent Subpoena No. 12-01 to

Respondents Reliant and Lamparillo ordering them to appear at the Department on March 27, 2012, and provide certain documents for inspection; and

IT FURTHER APPEARING that Respondents Reliant and Lamparillo failed to respond to the subpoena, in violation of N.J.S.A. 17:22A-40a(2) and (8) and N.J.A.C. 11:17A-4.8; and

ALLEGATIONS COMMON TO COUNTS 5 AND 6

IT FURTHER APPEARING that on or about February 4, 2011, Respondents Reliant and Lamparillo conducted a mortgage refinancing and closing for homeowners Grace Ann LaValle and Michael John Tetto ("homeowners") on the property located at 97 Edgefield Drive, Morris Plains, New Jersey; and

IT FURTHER APPEARING that on February 10, 2011, Respondents Reliant and Lamparillo remitted a check for \$31,205.32 from their trust account to the homeowners, representing the net payout under the refinancing due the homeowners; and

IT FURTHER APPEARING that Respondents' check was returned to the payees unpaid due to insufficient funds in the Respondents' trust account; and

IT FURTHER APPEARING that Respondents never paid the \$31,205.32 due to the homeowners; and

COUNT 5

IT FURTHER APPEARING that Respondents Reliant and Lamparillo improperly withheld, misappropriated and converted escrow funds belonging to the homeowners, 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 and N.J.A.C. 11:17C-2.2(c); and

COUNT 6

IT FURTHER APPEARING that Respondents Reliant and Lamparillo failed to abide by the terms and duties of their agency agreement with NJ Title when they failed to remit the proceeds of a settlement as instructed and hold these funds in a fiduciary capacity, in violation of N.J.S.A. 17:22A-42a and N.J.S.A. 17:22A-40a(2), (4), (8) and (16); and

COUNT 7

IT FURTHER APPEARING that from March 2, 2004 through July 31, 2011, while Respondents Reliant and Lamparillo were agents of NJ Title, they failed to record mortgage documents or pay realty transfer fees on at least twenty-four (24) separate real estate closings in which they acted as settlement and title agent, in violation of N.J.S.A. 17:22A-40a(2), (4), (8) and (16), N.J.S.A. 17:22A-42a, N.J.A.C. 11:17A-4.10 and N.J.A.C. 11:17C-2.2(c); and

COUNT 8

IT FURTHER APPEARING that on August 25, 2011, Respondents Reliant and Lamparillo remitted a check to NJ Title for \$3,081.50, representing premium due to NJ Title for twenty (20) title policies issued in June and July 2011; and

IT FURTHER APPEARING that the check remitted to NJ Title was returned to NJ Title unpaid because Respondents Reliant and Lamparillo had insufficient funds in their operating account to cover the remittance, in violation of N.J.S.A. 17:22A-40a(2), (4),

(8) and (16) and N.J.A.C. 11:17C-2.1(a); and

IT FURTHER APPEARING that, as set forth in the Certification of Service of Joseph E. Snow, Deputy Attorney General, attached hereto as Exhibit A, Respondents were given notice of the aforesaid charges and an opportunity to contest the charges at a hearing pursuant to Order to Show Cause No. E13-59, which was duly served by certified and regular mail to the addresses listed in the OTSC and this Final Order, in accordance with N.J.A.C. 11:17D-2.1(a)3; and

IT FURTHER APPEARING that, although due notice of the charges provided an opportunity to oppose the allegations, Respondents failed to provide a written response to the charges contained in Order to Show Cause NO. E13-59 within 20 days as provided by N.J.A.C. 11:17D-2.1(d), and therefore, Respondents have waived their right to a hearing to contest these charges and the charges are deemed admitted, pursuant to N.J.A.C. 11:17D-2.1(b).

NOW, THEREFORE, IT IS on this 14th day of OCTOBER 2014,
ORDERED that the charges contained in Order to Show Cause No. E13-59 are deemed admitted by Respondents, pursuant N.J.A.C. 11:17D-2.1(b); and

IT IS FURTHER ORDERED that, pursuant to N.J.S.A. 17:22A-40 and N.J.A.C. 11:17D-2.1(b)(2), the expired resident insurance

producer licenses of Respondents Reliant and Lamparillo are REVOKED effective upon the execution of this Final Order by the Commissioner; and

IT IS FURTHER ORDERED that, pursuant to N.J.S.A. 17:22A-45c, Respondents Reliant and Lamparillo shall be jointly and severally responsible for the payment of civil penalties totaling \$495,000.00 to the Commissioner for the violations contained in Order to Show Cause No. E13-59, which aggregate amount has been determined as follows:

- a. \$5,000.00 for the first violation of the Producer Act described in Count 1 of Order to Show Cause No. E13-59 for improperly withholding, misappropriating and converting \$229,349.56 in escrow funds belonging to insureds in conjunction with the May 31, 2011 mortgage refinancing; and
- b. \$10,000.00 for the violations of the Producer Act and the Title Act described in Count 2 of Order to Show Cause No. E13-59, for failing to abide by the terms and duties of their agency agreement with NJ Title when they failed to remit the proceeds of the May 31, 2011 mortgage refinancing as instructed and failing to hold these funds in a fiduciary capacity; and
- c. \$10,000.00 for the violations of the Producer Act described in Count 3 of Order to Show Cause No. E13-59 for failing to timely respond to the Department's December 6, 2011 inquiry

in writing or by any other method; and

- d. \$10,000.00 for the violations of the Producer Act described in Count 4 of Order to Show Cause No. E13-59 for failing to timely respond to the Department's Subpoena No. 12-01; and
- e. \$10,000.00 for the violations of the Producer Act described in Count 5 of Order to Show Cause No. E13-59, for improperly withholding, misappropriating and converting \$31,205.32 in escrow funds belonging to the homeowners for a mortgage refinancing conducted on or about February 4, 2011; and
- f. \$10,000.00 for the violations of the Producer Act described in Count 6 of Order to Show Cause No. E13-59, for failing to abide by the terms and duties of their agency agreement with NJ Title when they failed to remit the proceeds of the February 4, 2011 mortgage refinancing as instructed and hold these funds in a fiduciary capacity; and
- g. \$240,000.00 for the violations of the Producer Act described in Count 7 of Order to Show Cause No. E13-59 consisting of \$10,000.00 each for failing to record mortgage documents or pay realty transfer fees on at least twenty-four (24) separate real estate closings in which they acted as settlement and title agent; and
- h. \$200,000.00 for violations of the Producer Act described in Count 8 of Order to show Cause No. E-13-59, consisting

of \$10,000 each for misappropriation of premium funds on 20 title insurance policies; and

IT IS FURTHER ORDERED that, pursuant to N.J.S.A. 17:22a-45c, Respondents shall reimburse the Department for costs of investigation of \$200.00. See attached Certification of Investigator Albert N. Verdel attached as Exhibit B.

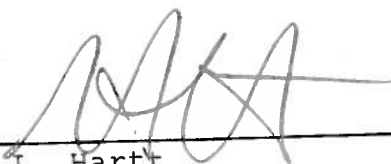
IT IS FURTHER ORDERED that Respondents shall pay a total of \$495,200.00, consisting of \$495,000.00 in civil penalties and \$200.00 in costs of investigation, by remitting payment to the Commissioner of Banking and Insurance, State of New Jersey, 20 West State Street, P.O. Box 329, Trenton, New Jersey 08625, Attention: Virgil Downtin, Chief of Investigations by certified check, cashier's check or money order made payable to the "State of New Jersey, General Treasury," within ten (10) days from the date of service of this Order; and

IT IS FURTHER ORDERED that Respondents shall make restitution to N.J. Title in the total amount of \$258,354.82, consisting of \$224,068.00 paid to JP Morgan Chase Bank as described in Counts 1 and 2, \$31,205.32, representing the net payout under the refinancing described in Counts 5 and 6 which N.J. Title paid to homeowners on August 8, 2013, and \$3,081.50 in premiums due to N.J. Title as a result of insufficient funds to cover the remittance of the August 25, 2011 check described in Count 8; and

IT IS FURTHER ORDERED that in the event full payment of the fines and costs is not made, the Commissioner may exercise any and all remedies available by law, including but not limited to recovery of any unpaid penalties, in accordance with The Penalty Enforcement Law, N.J.S.A. 2A:58-10 et seq.; and

IT IS FURTHER ORDERED that the fines in this Final Order are imposed 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 which may be limited or discharged in a bankruptcy proceeding; and

IT IS FURTHER ORDERED that the provisions of this Final Order represent a final agency decision and constitute a final resolution of the allegations contained in Order to Show Cause No. E13-59.



Peter L. Hartt
Acting Director of Insurance

JOHN J. HOFFMAN
Acting Attorney General of New Jersey
Attorney for Department of Banking and Insurance
R.J. Hughes Justice Complex, 2nd Floor
P.O. Box 117
25 Market Street
Trenton, New Jersey 08625

By: Joseph E. Snow
Deputy Attorney General
(609) 777-3733

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

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CERTIFICATION OF
DEPUTY ATTORNEY GENERAL
JOSEPH E. SNOW

I, Joseph E. Snow, of full age, do of my own personal knowledge make the following statements by way of certification in lieu of affidavit pursuant to R. 1:4-4(b)

1. I am a Deputy Attorney General assigned as counsel for the New Jersey Department of Banking and Insurance ("Department") in the above matter. I submit this certification in support of the Department's request that a Final Order be entered against Reliant Abstract and Settlement Inc., ("Reliant") and Thomas A. Lamparillo, ("Lamparillo") and

specifically to establish that proper service of Order to Show Cause No. E13-59 was made upon Reliant and Lamparillo.

2. The Commissioner of the Department issued Order to Show Cause E13-59 on June 11, 2013.

3. By letter dated June 12, 2013, my office served a copy of the OTSC No. E13-59 upon Reliant and Lamparillo via regular and certified mail, return receipt requested, at the following, last known business and home addresses for Reliant and Lamparillo on file with the Department:

234 Liberty Avenue
Hillsdale, New Jersey 07462

c/o Thomas A. Lamparillo
234 Liberty Avenue
Hillsdale, New Jersey 07462

4. The certified mailings sent to Reliant and Lamparillo at 234 Liberty Avenue Hillsdale, New Jersey 07462 were received as evidenced by the signed return receipts, true and exact copies attached as Exhibit 1. The regular mailings sent to Reliant and Lamparillo were not returned to this office.

5. By letter dated July 17, 2013, my office sent a second letter to Reliant and Lamparillo at the addresses listed in the OTSC, via regular and certified mail, return receipt requested, advising Respondents that the Department has not received a response to OTSC NO. E13-59. The certified mailings sent to Reliant and Lamparillo were received, as evidenced by the signed

return receipts, true and exact copies attached as Exhibit 2. The regular mailings sent to Reliant and Lamparillo were not returned to this office.

6. Pursuant to N.J.A.C. 11:17D-2.1(a)3, service of the Order to Show Cause in this manner constitutes lawful service upon Reliant and Lamparillo.

7. To date, neither Reliant nor Lamparillo have filed an answer and request for a hearing to contest the allegations set forth in Order to Show Cause E13-59.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.



JOSEPH E. SNOW
DEPUTY ATTORNEY GENERAL

DATED: September 2, 2014

JOHN J. HOFFMAN
Acting Attorney General of New Jersey
Attorney for Department of Banking and Insurance
R.J. Hughes Justice Complex, 2nd Floor
P.O. Box 117
25 Market Street
Trenton, New Jersey 08625

By: Joseph E. Snow
Deputy Attorney General
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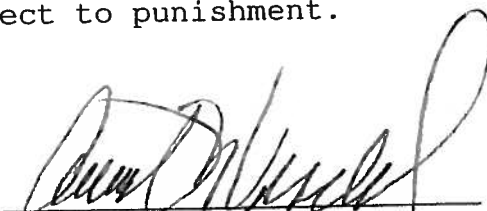
**CERTIFICATION OF
ALBERT N. VERDEL**

Albert N. Verdel, of full age, does hereby certify as follows:

- 1) I am employed by the New Jersey Department of Banking and Insurance, Division of Enforcement and Consumer Protection (Department) and hold the title of Investigator 1.
- 2) This certification is submitted in support of the Department's application for reimbursement of its costs of investigation and prosecution, in accordance with N.J.S.A. 17:22A-45(c).

- 3) On December 5, 2011, I was assigned responsibility for conducting an investigation to determine whether Thomas A. Lamparillo may have violated certain provisions of the Insurance Producer Licensing Act of 2001, N.J.S.A. 17:22A-26, et seq., which investigation contributed to the issuance of an Order to Show Cause.
- 4) To determine the amount of time that I spent in the investigation and prosecution of this matter, I reviewed my file relative to this matter, including my time records. On the basis of this review I have prepared the schedule of costs attached hereto as Exhibit "A".
- 5) As this schedule reflects, I personally spent at least 4.0 hours investigating and prosecuting this matter.
- 6) Pursuant to N.J.A.C. 11:1-32.4 (b) (20), costs to the Department for the investigation and prosecution for violations of the New Jersey Insurance Producer Licensing Act, N.J.S.A. 17:22A-40, are reimbursable at the rate of \$50.00 per hour, rounded to the nearest quarter hour.
- 7) I therefore request that the Department's costs of investigation and prosecution be reimbursed in the amount of \$200.00.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements are willfully false, I am subject to punishment.



Albert N. Verdel

Dated:

10-2-14