

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceedings by the Commissioner of)	
Banking and Insurance, State of New)	ORDER TO SHOW CAUSE
Jersey, to fine and revoke the)	
Insurance License of Robert M.)	
Sebia, Reference No. 0084318, and)	
Crystal Title Agency, Reference)	
No. 1142940)	

TO: Robert M. Sebia	Crystal Title Agency, LLC
South Woods State Prison	900 Route 9 North
215 South Burlington Road	Suite 403
Bridgeton, NJ 08302	Woodbridge, NJ 07095

This matter, having been opened by the Commissioner of Banking and Insurance ("Commissioner"), State of New Jersey, upon information that Robert M. Sebia ("Sebia") and Crystal Title Agency, LLC ("CTA") (collectively, "Respondents") may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Sebia was licensed as a resident individual insurance producer, pursuant to N.J.S.A. 17:22A-32, until his license expired on May 31, 2014; and

WHEREAS, CTA was licensed as a resident business entity insurance producer pursuant to N.J.S.A. 17:22A-32, until its license expired on May 31, 2015; and

WHEREAS, Respondents were subject to the provisions of the New Jersey Insurance Producer Licensing Act ("Act"), N.J.S.A. 17:22A-26, 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(6), an insurance producer shall not have been convicted of a felony or crime of the fourth degree or higher; 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-40a(18), an insurance producer must notify the Commissioner within 30 days of his indictment or his conviction for any crime or any suspension or

revocation of any insurance license or authority by a state, other than New Jersey, or the initiation of formal disciplinary proceedings in a state, other than New Jersey, affecting the producer's insurance license; 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 this Act, against any person who is under investigation for or charged with a violation of this Act even if the person's license or registration has been surrendered or lapsed by operation of law; and

WHEREAS, pursuant to N.J.S.A. 17:22A-42a, an insurance producer shall abide by the terms of an agency agreement; and

WHEREAS, pursuant to N.J.S.A. 17:22A-47a, an insurance producer shall report to the Commissioner any administrative action taken against the insurance producer in another jurisdiction within 30 days of the final disposition of the matter, which report shall include a copy of the applicable order or other relevant legal documents; and

WHEREAS, pursuant to N.J.S.A. 17:22A-47b, an insurance producer shall, within 30 days of an initial pre-trial hearing date, an insurance producer shall report to the Commissioner any criminal prosecution of the producer taken in any jurisdiction, which report shall include a copy of the initial complaint

filed, the order resulting from the hearing, and any other relevant legal documents;

COUNT 1

IT APPEARING that on December 3, 2013, the State of Ohio Department of Insurance issued a Notice of Opportunity for Hearing ("NOH") alleging that Sebia "committed violations of the laws and regulations" of Ohio and was "not suitable to be licensed as an insurance agent," in particular noting that Sebia did not comply with an annual review of his escrow accounts for the review period from September 1, 2011 through August 31, 2012; and

IT FURTHER APPEARING that on January 17, 2014, because Sebia did not request a hearing in connection with the NOH, the State of Ohio Department of Insurance issued a Findings, Order and Journal Entry which suspended Sebia's license as a non-resident insurance producer; and

IT FURTHER APPEARING that Sebia did not notify the Commissioner of the State of Ohio's suspension of his non-resident insurance producer license within 30 days of the suspension, in violation of N.J.S.A. 17:22A-40a(2), (8), (18) and N.J.S.A. 17:22A-47a;

COUNT 2

IT APPEARING that First American Title Insurance Company ("First American") is a title insurance underwriter transacting business in the State of New Jersey; and

IT FURTHER APPEARING that Respondents were policy issuing agents for First American; and

IT FURTHER APPEARING that Respondents served as title settlement agents for various real estate transactions underwritten by First American from January 2012 through May 2014; and

IT FURTHER APPEARING that Respondents, among other things: (i) misappropriated proceeds from various real estate transactions for personal use; (ii) failed to maintain trust accounts adequately; (iii) failed to retain and remit monies intended to be held in trust to satisfy sales of real property; and (iv) made improper referral fee payments to various individuals and entities in an effort to ensure future referrals of business; and

IT FURTHER APPEARING that the conduct referenced above resulted from the following non-exhaustive list of transactions:

Closing Date	Property Address	Issue
4/28/14	90 Furman Blvd., Old Bridge, NJ	Seller's 2 mortgages not paid off at closing
2/18/14	4 Catlett Ct., Manalapan, NJ	Seller's 2 mortgages not paid off at closing
3/28/14	258-260 Osborne Terrace, Newark, NJ	Proceeds never paid out to seller
4/30/14	2064 Florence Ave., Hazlet, NJ	Mortgage not paid off at refinance transaction
5/15/14	502 Bellwood Park Rd., Asbury, NJ	Mortgages not paid off at closing and documents not recorded
1/31/14	2 Palmer Rd., Middletown, NJ	Mortgage not paid off at refinance transaction

and

IT FURTHER APPEARING that, on or about December 9, 2015, Sebia pled guilty to: (i) theft by failure to make required disposition of property received, in violation of N.J.S.A. 2C:20-9; and (ii) misconduct by a corporate official by knowingly controlling a corporation for the furtherance or promotion of any criminal object, in violation of N.J.S.A. 2C:21-9c; and

IT FURTHER APPEARING that Sebia admitted to the above-referenced conduct during a plea allocution in open court; and

IT FURTHER APPEARING that, from January 2012 through May 2014, Respondents misappropriated, misused, and failed to pay mortgage proceeds and other closing settlement funds to proper

parties, and failed to properly maintain trust accounts, which demonstrates untrustworthiness and financial irresponsibility in the conduct of insurance business in this State, in violation of N.J.S.A. 17:22A-40a(2), (4), (8) and (16), and N.J.S.A. 17:22A-42a;

COUNT 3

IT APPEARING that Sebia was charged by the State of New Jersey with, inter alia, the indictable offenses of: (i) theft by failure to make required disposition of property received, in violation of N.J.S.A. 2C:20-9, a crime of the second degree; and (ii) misconduct by a corporate official, in violation of N.J.S.A. 2C:21-9c, a crime of the second degree; and

IT FURTHER APPEARING that Respondents perpetuated the referenced crimes of defalcation from at least October 2013 through May 2014, which encompasses the time period that Respondents maintained active insurance producer licenses with the State of New Jersey; and

IT FURTHER APPEARING that Sebia knowingly and willfully assisted in crimes of defalcation while acting as a title insurance and title settlement agent prior to the expiration of his insurance producer license; and

IT FURTHER APPEARING that on August 31, 2015, Sebia entered a plea agreement in which he admitted guilt in connection with the above-referenced crimes; and

IT FURTHER APPEARING that, on December 9, 2015, a Judgment of Conviction and Order for Commitment ("JOC") was entered against Sebia; and

IT FURTHER APPEARING that the JOC sentenced Sebia to a total prison term of approximately 11 years, and ordered payment of restitution in the amount of \$7,700,000.00, exclusive of other fines and penalties; and

IT FURTHER APPEARING that Sebia pled guilty to felony crimes and knowing and willful defalcation of monies, committing fraudulent acts, and using fraudulent, coercive or dishonest business practices in the conduct of insurance business, in violation of N.J.S.A. 17:22A-40a(2), (4), (6), (8) and (16); and

IT FURTHER APPEARING that, as a condition of his guilty plea, Sebia agreed "to surrender his New Jersey Insurance license and . . . to a lifetime ban," and was forever barred from "owning or associating with any insurance, banking, real estate or financial services business in the State of New Jersey";

COUNT 4

IT APPEARING that Sebia failed to notify the Commissioner of his indictment and convictions on his criminal acts, in violation of N.J.S.A. 17:22A-40a(2) and (18), and N.J.S.A. 17:22A-47b;

~~NOW, THEREFORE, IT IS~~ on this 16th day of SEPTEMBER, 2016

ORDERED that pursuant to the provisions of N.J.S.A. 17:22A-40a, Respondents shall appear and show cause why their insurance producer license(s) shall not be revoked by the Commissioner; and

IT IS FURTHER ORDERED that Respondents 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, pursuant to the provisions of N.J.S.A. 17:22A-45c, due to his failure to comply with New Jersey's insurance laws and regulations; and

IT IS FURTHER ORDERED that Respondents appear and show cause why they should not be subject to additional penalties including reimbursement of the costs of investigation and prosecution by the Department of Banking and Insurance authorized pursuant to the provisions of N.J.S.A. 17:22A-45c; 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 subpoena(s) 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, 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. 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