

BANKING AND INSURANCE QUARTERLY

Information for New Jersey's Banking, Insurance and Real Estate Industries

Summer 2008

New Jersey Home Ownership Preservation Effort

*Assisting New Jerseyans in
achieving and maintaining
the American Dream
of home ownership*

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Offering New Jersey homeowners HOPE

State and federal agencies, financial services representatives form alliance

Late last year, New Jersey Department of Banking and Insurance (DOBI) Commissioner Steven M. Goldman and New Jersey Department of Community Affairs (DCA) Commissioner Joseph V. Doria Jr. stood with Sen. Ronald L. Rice (D), representatives of financial services institutions and their trade associations to announce a public-private alliance which will work with consumers, government and financial institutions to monitor and help mitigate the

effects of the mortgage market crisis on New Jersey consumers. The New Jersey Home Ownership Preservation Effort (NJHOPE) seeks to raise consumer awareness of available mortgage products and funding, provide increased access to credit and loan counseling to those who need it and provide temporary assistance to consumers who are in immediate danger of foreclosure.

NJHOPE includes representatives

of the U.S. Housing and Urban Development (HUD), NeighborWorks® America, New Jersey Citizen Action, New Jersey Bankers Association, New Jersey Credit Union League, New Jersey League of Community Bankers, New Jersey Mortgage Bankers Association, DCA and the New Jersey Housing and Mortgage Finance Agency (HMFA).

DOBI and DCA announced assistance from various financial

see **NJHOPE**, pages 2 and 3

Jon S. Corzine
Governor

Steven M. Goldman
Commissioner



New Jersey
Department
of
Banking and
Insurance

NJHOPE Task Force Begins Work, Outlines Goals

As part of the New Jersey Home Ownership Preservation Effort (NJHOPE) alliance, a task force was convened earlier this year to help monitor the current mortgage lending market disruption and disseminate the products and resources that might be available to New Jersey's homeowners. The NJHOPE Task Force, which consists of state and federal regulators, financial trade associations and non-profit and faith-based housing and consumer advocacy groups, held its inaugural meeting Jan. 15 at the Mary Roebling Building in Trenton.

At the meeting the following goals of the task force were outlined:

- Tracking the size of the subprime and adjustable rate mortgage product markets in New Jersey.
- Determining the extent of New Jersey's foreclosure increase.
- Analyzing and inventorying available resources and planning how to most efficiently offer them.
- Cataloguing and promoting current homeowner assistance sources.
- Taking appropriate steps to protect New Jersey at-risk homeowners from predatory lending and fraud.
- Helping consumers find assistance.

Task force members include representatives from the New Jersey League of Community Bankers, New Jersey Bankers Association, New Jersey Financial Services Association, Mortgage Bankers Association and the New Jersey Credit Union League. Additional government partners include the New Jersey Department of Community Affairs (DCA), New Jersey Housing and Mortgage Finance Agency (HMFA), the U.S. Department of Housing and Urban Development (HUD), the Federal Deposit Insurance Corporation (FDIC), Freddie Mac and Fannie Mae.



The task force also consists of housing and consumer advocates such as New Jersey Citizen Action, NeighborWorks® America, Brand New Day, Federal Home Loan Bank of New York, Community Development Network and Tri-County Community Action.

The task force has begun forging other partnerships, including an HMFA agreement with NeighborWorks to train credit and crisis counselors for 18 agencies statewide, enabling them to increase their reach to consumers.

The group is also discussing a public relations campaign to raise awareness of the problem and of the financial and counseling assistance available as a solution.

NJHOPE from page 1

institutions to consumers including \$433 million in available mortgage refinancing, highlighted by the HMFA's Homeownership Preservation Refinance Program, a \$30 million pilot program serving families earning up to 140 percent of the state's median income. For more information, see the agency's web site at www.nj.gov/dca/hmfa/.

The alliance expanded its efforts earlier this year with the formation of the NJHOPE Task Force, which consists of DOBI, DCA, HMFA, financial trade associations and non-profit and faith-based housing and consumer advocacy groups (*see Task Force, above*).

The alliance also formed the NJHOPE

Advisory Committee of Elected Officials, which includes the New Jersey State League of Municipalities, New Jersey Conference of Mayors, New Jersey Association of Counties, Constitutional Officers of New Jersey, partisan staff of both houses of the legislature and legislative leaders of interested committees. While the Task Force will coordinate the myriad efforts of NJHOPE, the advisory committee will provide much needed input and advice from municipal and county officials.

Consumer Awareness Efforts

Since October, DOBI in cooperation with local mayors and leaders and members of the NJHOPE alliance, has held more than 20 community forums

to offer information resources and counseling to homeowners who are having difficulties making their mortgage payments. Among the goals: to assist people caught in the credit crisis, such as those who bought unconventional mortgage products and saw payments balloon to unaffordable levels, and to let people know how to avoid loans with potentially catastrophic consequences.

Initial sessions were held in Paterson, Bayville, Edison, Vineland, East Orange, Newark and Trenton. Each forum provided information from HUD, as well as credit counselors, debt adjusters and mortgage bankers. Bilingual representatives address the needs of Spanish-speaking consumers.

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Mortgage Solicitor Registrations, Terminations Available Online

The New Jersey Department of Banking and Insurance is pleased to announce it has implemented its much anticipated Banking Online Licensing Services. This user-friendly system will permit Licensed Lenders to register, re-register or terminate Mortgage Solicitors over the Internet. The new online processes will make the completion of these transactions easier, faster and will provide an efficient means of managing solicitor records.

The registration/re-registration process will involve two distinct online actions:

- (1) the online filing of an application by the Mortgage Solicitor applicant; and
- (2) the subsequent online "hiring" of the applicant and paying of the registration application fee by the Licensed Lender.

The electronic payment of the \$100 fee per solicitor for registrations and re-registrations will require the use of a credit card or an electronic check.

Licensed Lenders will also be able to terminate Mortgage Solicitor registrations online. The recorded date of termination will always be the date of the online action. A Mortgage Solicitor will also be able to terminate an existing registration in order to register with a new employing Licensed Lender. There is no fee for termination of a registration.

Confirmation will be provided by e-mail to the Licensed Lender and to the Mortgage Solicitor when a new registration, re-registration or a termination has been successfully completed online. A solicitor registration/re-registration can be further confirmed the day following the completion of the online transaction by visiting the Licensee Search page located on the Department's web site at www.state.nj.us/dobi/.

For full information concerning the steps necessary for a Licensed Lender to establish the myNewJersey Portal Account to register and use the online system (a free, one-time process), as well as the information needed by Mortgage Solicitor applicants to access the registration application online, go to: www.state.nj.us/dobi/division_banking/onlineservices.html.

NJHOPE *from pages 1 and 2*

NJHOPE members also participate in events hosted by the Trenton Mortgage Foreclosure Mitigation Task Force and the Newark-Essex County Urban Task Force on Foreclosure.

What's Next

The Department will continue and expand its program of consumer education in all areas, including first-time home buying, predatory lending and other topics that over the past two years have reached 25,000 New Jersey residents.

The Department remains committed to providing leadership, support and service in this area, as regulators at the state and federal levels work together with industry and non-profit consumer assistance entities to provide help for New Jersey borrowers.

For more information about NJHOPE, call the DOBI Consumer Hotline, toll-free, at

1-800-446-7467

or visit the NJHOPE web site at

www.njhope.nj.gov



Financial Literacy Programs Held Throughout April

Throughout April, the New Jersey Department of Banking and Insurance, in conjunction with partners from the financial services industry, led its fourth installment of its popular financial literacy program. Classes taught by DOBI staff and financial services industry professionals aim to teach high school students how to properly handle their personal finances.

Participating in April's sessions were 76 schools, totaling 196 classes. Since its inception, DOBI and its partners have taught more than 19,600 students in the statewide program.

Special guest speaker Congressman Donald M. Payne, second from right, recently attended a DOBI financial literacy program at Essex County Vocational Technical School in Newark. Also pictured from left, Fred Vernon and Hubert Johns, both with Wachovia Bank, N.A.; Al Dillione, Chief Business Analyst, Division of Banking, NJDOBI; John P. Dolan Jr., Principal, Essex County Vocational Technical School; and Terry McEwen, Director, Division of Banking, NJDOBI.

New Jersey, New York and Pennsylvania Sign Landmark Banking Pact

JERSEY CITY/NEW YORK CITY – Banking officials from Pennsylvania, New York and New Jersey recently signed a compact that will allow banks in those three states to expand across state lines and be regulated only by their home state regulator.

The compact, an agreement which will strengthen the state-chartered banking system and the financial services industry in the greater New York Metropolitan Region, was signed at April 15 ceremonies in Jersey City and New York City.

“This agreement strengthens and streamlines our states’ regulation of banks and financial institutions, and will enhance banks’ abilities to expand across state lines,” said New Jersey Department of Banking and Insurance (DOBI) Commissioner Steven M. Goldman. “This is a very positive action for consumers and banks in New Jersey, New York and Pennsylvania.”



Under provisions of the agreement, banks in these three states that open branches or expand into states participating in the compact, will operate under their home state’s laws and regulatory oversight. For example, a Pennsylvania bank can expand into New Jersey or New York and be subject only to Pennsylvania banking laws. Previously, banks expanding across state lines were either

subject to regulations in the host state or had the option to relinquish their state charter in favor of federal charters which are more costly and can be less restrictive.

“This compact makes it easier for each of us to help our own citizens,” said Pennsylvania Secretary of Banking Steve Kaplan. “Clearly, when Pennsylvania, New York and New Jersey consumers have issues with out-of-state banks, each of us wants to know about it. And, more importantly, we want to have a say in how issues are handled and ensure that they’re quickly resolved.”

The agreement also allows state-chartered banks to grow across state lines while preserving the vitality of the dual banking system. “This compact builds parity between state and national banks,” said New York Superintendent of Banks Richard H. Neiman. “This is a significant step in retaining a



Above from left, DOBI Commissioner Steven M. Goldman, New York State Superintendent of Banks Richard H. Neiman and Pennsylvania Secretary of Banking Steve Kaplan prepare to sign a landmark agreement that allows New Jersey, New York and Pennsylvania banks to expand across state lines and be subject to their home state laws and regulatory oversight.

Far left, DOBI Commissioner Goldman speaks at the banking compact announcement at The Provident Bank in Jersey City.

competitive balance, which is the foundation of the dual banking system.”

Bankers associations expressed strong support for the agreement. “The New Jersey banking community applauds this tri-state agreement that will streamline the regulatory process for institutions wishing to expand beyond their state borders. Having one state regulator will simplify regulatory compliance for banks with offices in more than one state, reduce compliance costs and enhance the state charter while giving New Jersey banks a better opportunity to serve customers in New York and Pennsylvania,” said a statement issued jointly by John McWeeney, president of the New Jersey Bankers Association, and James Silkensen, president of the New Jersey League of Community Bankers.

The signing was made up of two events. The first event took place at the historic corporate offices of The Provident Bank in Jersey City. The Provident is New Jersey’s oldest and largest state-chartered bank.

Two hours later, the compact was signed again in an event sponsored by the New York State Banking Department at the Museum of American Finance, which is located in the former Bank of New York headquarters building. The Bank of New York was founded by Alexander Hamilton in 1784, making it the first state bank in New York and the oldest existing bank in the United States. The event was held in the room that was once Alexander Hamilton’s office.

Schwimmer named Director of Legislation and Policy

On April 21, Linda Schwimmer became Director of Legislation and Policy for the New Jersey Department of Banking and Insurance. Prior to joining the Department, Schwimmer worked at the Senate Democratic Office staffing the Senate Commerce Committee and Senate Judiciary Committee.

An attorney, Schwimmer is a member of the New Jersey State Bar Association. She earned her Bachelor of Arts (with honors) from the University of California, Berkeley in Berkeley, Calif., and her Juris Doctorate from Georgetown University Law Center, Washington, D.C.

Schwimmer's 15-year legal career spans public and private service. She has achieved many accomplishments including founding the Lawrenceville law firm, Markowitz, Gravelle & Schwimmer, LLP, and arguing cases before the Supreme Court of New Jersey, U.S. Court of Appeals for the Third Circuit, U.S. District Court and Bankruptcy Court for the District of New Jersey.

Schwimmer's community service includes the Jewish Center of Princeton, and she is a YMCA fundraising volunteer and lecturer for the New Jersey Institute for Continuing Legal Education. She lives with her family in the Princeton area.



Schwimmer



Recent Legislative and Regulatory Actions

Division of Banking

Proposals – Online at www.state.nj.us/dobi/proposed.htm

Reporting of Official E-mail Address

Proposed Amendments: N.J.A.C. 3:1-7.4, 3:4-3.3 and 3:23-4.1;

Proposed New Rules: N.J.A.C. 3:21-5 and 3:26-5

Debt Adjustment and Credit Counseling by Nonprofit Social Service or Nonprofit Consumer Credit Counseling Agencies

Proposed Readoption with Amendments: N.J.A.C. 3:25;

Proposed New Rule: N.J.A.C. 3:25-2.6

Registrar and Transfer Agents

Proposed Readoption with Amendment: N.J.A.C. 3:12

Adoptions – Online at www.state.nj.us/dobi/adopt.htm

Fees, License Terms and Annual Reports for Licensees

Readoption: N.J.A.C. 3:23

Registrar and Transfer Agents

Readoption with Amendment: N.J.A.C. 3:12

Division of Insurance

Proposals – Online at www.state.nj.us/dobi/proposed.htm

Organized Delivery Systems – Treatment as Domestic Insurer

Proposed New Rule: N.J.A.C. 11:22-4.10

Life Insurance and Annuities Replacement

Proposed Amendment: N.J.A.C. 11:4-2.1

Insurance Producer Standards of Conduct: Marketing Unfair Trade Practices Rebates and Inducements; Prohibited Practices

Proposed Amendment: N.J.A.C. 11:17A-2.3

Licensed Lenders: Mortgage Bankers; Correspondent Mortgage Bankers; Mortgage Brokers; Secondary Lenders; Consumer Lenders and Sales Finance Companies

Readoption with Amendments: N.J.A.C. 3:15

Depository Institutions

Readoption with Amendments: N.J.A.C. 3:4; Adopted New Rules: N.J.A.C. 3:4-1.1 and 2.1

Bulletins – Online at www.state.nj.us/dobi/bulletin.shtml

Bulletin 08-03: Issuance of VISA, Inc. Stock to New Jersey Chartered Credit Unions

Bulletin 08-01: Application of Parity as to Engaging in the Activity of Serving as the Trustee or Custodian of IRAs

Public Notices – Online at www.state.nj.us/dobi/lrnotice.htm

Public Notice – Notice of Receipt of Petition for Rulemaking Requested Increase in Fees Chargeable by New Jersey Check Casher Licensees

Commercial Lines Insurance: Policy Form Standards Defense Costs Within Policy Limits

Proposed Amendment: N.J.A.C. 11:13-7.3

Medical Malpractice Liability Insurance – Corporate Governance

Proposed New Rules: N.J.A.C. 11:27-12

Medical Malpractice Liability Insurance – Reporting Requirements

Proposed New Rules: N.J.A.C. 11:27-11

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Recent Legislative and Regulatory Actions from page 5

Orderly Withdrawal of Insurance Business

Proposed Amendment: N.J.A.C. 11:2-29.1; Proposal Repeals: N.J.A.C. 11:2-29.3 through 29.8; Proposed New Rules: N.J.A.C. 11:2-29.3 through 29.7

Health Benefit Plans – Minimum Standards for Network-Based Health Benefit Plans

Proposed Amendments: N.J.A.C. 11:22-5.2 through 5.9; Proposed New Rules: N.J.A.C. 11:22-5.5 and 5.6

Adoptions – Online at www.state.nj.us/dobi/adopt.htm

Life Insurance Solicitation

Adopted Repeal and New Rules: N.J.A.C. 11:4-11

Commercial Lines Insurance

*Readoption with Amendments: N.J.A.C. 11:13
Adopted Repeal: N.J.A.C. 11:13-3*

Reporting Financial Disclosure and Excess Profits

Adopted Amendments: N.J.A.C. 11:3-20.3, 20.4, 20.5, 20.8, 20.9 and 11:3-20 Appendix

Automobile Insurance – Reporting Requirements and Filing Deadlines – Report Requirements

Adopted Amendment: N.J.A.C. 11:3-3A.3

Actuarial Services – Preferred Mortality Tables for Use in Determining Minimum Reserve Liabilities

Adopted New Rules: N.J.A.C. 11:4-27A

Health Maintenance Organizations

Readoption with Amendments: N.J.A.C. 11:24

Military Sales Practices

Adopted New Rules: N.J.A.C. 11:2-23A

Automobile Insurance – Certification of Compliance: Mandatory Liability Coverages

Adopted Amendments: N.J.A.C. 11:3-32.1 and 32.3

Personal Injury Protection Benefits; Medical Protocols; Diagnostic Tests Deductibles and Co-pays

Adopted Amendment: N.J.A.C. 11:3-4.4

Insurance Group – Admission Requirements for Foreign and Alien Life and Health Insurers Adopted

Amendment: N.J.A.C. 11:2-1.4

Insurance of Municipal Bonds, Asset-Backed Securities and Consumer Debt Obligations

Adopted New Rules: N.J.A.C. 11:7-1.1 and 1.5; Adopted Amendments: N.J.A.C. 11:7-1.1, 1.2, 1.3 and 1.4

Private Passenger Automobile Insurance Territorial Rating Plans – Territorial Rating Equalization Exchange

Adopted Amendments: N.J.A.C. 11:3-16A.1, 16A.2 and 16A.4

Minimum Standards for Medicare Supplement Coverage – Loss Ratio Standards, Annual Filing of Premium Rates and

Refund or Credit Calculations; Filing Requirements for Policies, Certificates and Premium Rates

Adopted Amendments: N.J.A.C. 11:4-23.11 and 23.13

Orders – Online at www.state.nj.us/dobi/lrorders.htm

Order No. A08-107: In the Matter of the Establishment of the Urban Enterprise Zone Shares as of December 31, 2007

Order No. A08-104: In the Matter of the Request for Information From Certain Personal Lines Private Passenger Automobile Insurers Regarding Payments Made to Providers on Personal Injury Protection Claims

Bulletins – Online at www.state.nj.us/dobi/bulletin.shtml

Bulletin 08-09: N.J.A.C. 11:22-1.9 Quarterly and Annual Reporting Requirements on the Timeliness and Reasons for Denials of Claims

Bulletin 08-08: Long-Term Care Partnership Program Implementation: Inflation Protection; Form Certification and Disclosure

Bulletin 08-07: Re: Voluntary Written Exposure and Primary Classification Data (with Exhibit)

Bulletin 08-06: Re: Annual Statement Filings

Bulletin 08-05: Long Term Care Insurance Partnership Program Producer Training Requirements

Bulletin 08-04: Certification of Compliance of Automobile Policies Issued Outside of New Jersey

Bulletin 08-02: 2001 CSO Mortality Table: Use Required for Forms Effective January 1, 2009

Public Notices – Online at www.state.nj.us/dobi/lrnotice.htm

*Public Notice: Minimum Deposit Requirements for Organized Delivery Systems
Notice of Increase in Medical Component of the Consumer Price Index*

*Public Notice: Minimum Net Worth Requirements for Health Maintenance Organizations
Notice of Increase in Medical Component of the Consumer Price Index*

*Public Notice: Health Wellness Promotion Act
Notice of Mandated Adjustments to Benefit Payments and Value for Services Schedule*

Public Notice: List of Accredited Reinsurers

Public Notice: Notice of Surety Companies Listed as Acceptable to Provide Payment or Performance Bonds as Required by N.J.S.A. 2A:44-143 and 144



Recent Enforcement Actions

Division of Insurance

Final Orders

Michael Gitzes, Huntington Valley, PA; **Rammco Surety, Inc.**, Huntington Valley, PA – Final Order #E08-24, April 11, 2008; OTSC #E08-02, issued January 8, 2008 charged producers with issuing and forging signatures on performance surety bonds without the knowledge or authorization of the surety insurer; being unworthy for licensure as a result of an order by the Pennsylvania Insurance Department resulting in the revocation of Rammco's producer license and the surrender of Gitzes' producer license for conduct related to the performance surety bonds; failing to notify the Department of the licensing actions taken in Pennsylvania; failing to forward insurance premiums to an insurer; and failing to respond to Department subpoenas. Although provided with notice and an opportunity to contest these charges, the respondents failed to do so. **Sanctions:** Revocation of licenses; Restitution – \$34,897.84; Fines – \$65,000; Costs – \$237.50.

Muhammed A. Nasir, New York, NY – Final Order #E08-19, March 26, 2008; Producer committed insurance fraud by attempting to obtain monies through a claim upon his disability policy based on false information; and he failed to satisfy Superior Court judgments. Pursuant to Final Decision and Order # E05-56, issued May 27, 2005, Nasir's license was revoked; and he was fined \$17,000 and assessed costs of \$700. The matter was remanded for reconsideration of the monetary sanctions, which were determined to be appropriately calculated and assessed.

Tri-Continental Insurance, Ltd. t/a Combined Insurance Services, Ltd., Kingston, St. Vincent – Final Order #E08-06, February 1, 2008; OTSC #E04-112, issued September 27, 2004 charged various respondents with sales of insurance by an ineligible insurer; sales of insurance from an ineligible insurer; providing false information in connection with the placement of insurance; forgery; conspiracy; conducting the business of insurance without a license; allowing unlicensed persons to conduct the business of insurance; issuing false insurance identification cards and certificates of insurance; sale of insurance through unregistered purchasing groups; engaging in the business of insurance through unlicensed persons; sales of insurance by an unauthorized insurer; sales of insurance from an unauthorized insurer; failing to remit or return premium received from insureds; failing to secure coverage; making misrepresentations to the Department; failing to return premium to premium finance companies; financing insurance premiums without a license; failing to remit premium to insurer; charging improper policy fees; charging improper inspection fees; failing to notify the Department of a change in business address; making misrepresentations on an insurance application; unworthy activity (attempting to provide assistance in handling allegations of application fraud in exchange for money or sexual contact); failing to comply with a Department subpoena; submitting checks that were subsequently dishonored for insufficient funds; and failing to notify Department that producer licenses had been revoked in another state. **Sanctions against above listed respondent** (sanctions against other respondents were set forth in prior orders): Fine – \$27,500; Costs – \$250.

Cynthia R. Colon, Mays Landing, NJ – Final Order #E08-03, January 3, 2008; Order to Show Cause #E07-74, issued September 17, 2007, charged producer with misappropriating insurance premiums and failing to timely notify the Department of her indictment and subsequent criminal conviction for the crime of theft by unlawful taking. Although provided with notice and an opportunity to contest these charges, Colon failed to do so. **Sanctions:** Revocation of license; Restitution – \$5,254.21; Fine – \$22,500; Costs - \$250.

Orders to Show Cause

Jesse D. McCaskill, Fair Lawn, NJ – Order to Show Cause #E08-21, April 11, 2008; Producer is charged with failing to satisfy the payment obligations set forth in a November 19, 1997 consent order.

William C. Kloss, Montville, NJ; **Pringle Kloss & Associates, Inc.**, Montville, NJ – Order to Show Cause #E08-12, February 25, 2008; Producers are charged with misappropriating premium; Kloss' resulting criminal conviction and the underlying misconduct reflect adversely on fitness for licensure; and failing to timely notify the Department about Kloss' criminal accusation.

Angela M. Long, Beach Haven, NJ – Order to Show Cause #E08-11, February 26, 2008; Producer is charged with failing to timely submit a life insurance application to the insurer, and in submitting a revised application, using documents that did not contain the genuine signature of the insureds, without the insureds' knowledge or authorization (in addition, the untimely submission resulted in higher premiums because one of the insured's age increased by a year); failing to cooperate with the Department's investigation; and conducting business using a company name that was not licensed as a business entity.

Raymond J. Morrison, Springfield, NJ – Order to Show Cause #E08-08, February 13, 2008; Producer is charged with misappropriating premium; failing to establish and maintain a trust account; failing to maintain books of account; after a loss was reported, backdating a check to the NJIUA to attempt to cover his failure to remit premium; during investigations, making false statements to the Department and to an insurer; and failing to timely notify the Department of charges settled with the NASD.

Recent Enforcement Actions *from page 7*

Michael Gitzes, Marlton, NJ; **Rammco Surety, Inc.**, Voorhees, NJ – Order to Show Cause #E08-02, January 2, 2008; Producers are charged with issuing and forging signatures on performance surety bonds without the knowledge or authorization of the surety insurer; being unworthy for licensure as a result of an order by the Pennsylvania Insurance Department resulting in the revocation of Rammco's producer license and the surrender of Gitzes' producer license for conduct related to the performance surety bonds; failing to notify the Department of the licensing actions taken in Pennsylvania; failing to forward insurance premiums to an insurer; and failing to respond to Department subpoenas.

Related Action: Order to Show Cause Seeking Immediate License Suspensions of Gitzes and Rammco, #E08-01, January 2, 2008.

Consent Orders

Chicago Title Insurance Company, New York, NY – Consent Order #E08-23, April 11, 2008; Insurer accepted business from Estate Title, its agent, which business was solicited by Estate Title's unlicensed employee; Chicago Title issued business cards that may have unknowingly and unintentionally created the false impression that the unlicensed employee was a title insurance agent of the insurer. **Sanction:** Fine – \$20,000.

Joshua Paul Novello, Woodbridge, NJ – Consent Order #E08-22, April 11, 2008; Producer issued a check to the Department for payment of a licensing fee which was dishonored for insufficient funds, and he failed to replace this check. **Sanctions:** Fine – \$1,000; Costs – \$125.

Dennis J. Dale, Mahwah, NJ; **Dale and Dale Associates**, Mahwah, NJ – Consent Order #E08-17, March 24, 2008; Producers made an inappropriate and unprofessional comment in a letter response to a consumer inquiry. **Sanctions:** Fine – \$1,000; Costs – \$250.

Frank Donofrio, Bloomfield, NJ; **Estate Title Management, Inc.**, Bloomfield, NJ – Consent Order #E08-18, March 24, 2008; Producers knowingly accepted insurance business derived from the insurance sales, solicitation and negotiation of an unlicensed person; made, published or disseminated an advertisement or representation that was untrue, deceptive or misleading, to wit, that the unlicensed person was an "issuing agent" of Chicago Title; employed the unlicensed person in the business of insurance without a criminal disqualification waiver as required by federal and state law; and they knowingly facilitated or assisted the unlicensed person to violate federal and state insurance laws. **Sanctions:** Revocation of licenses; Fine – \$7,500.

CK Bail Bonds, LLC, Asbury Park, NJ – Consent Order #E08-13, February 26, 2008; Producer charged premium that varied from filed rates and issued noncompliant receipts. **Sanction:** Fine – \$1,000.

Robert Ellison, New Brunswick, NJ; **Dependable Bail Bonds, LLC**, New Brunswick, NJ – Consent Order #E08-10, February 15, 2008; Respondents failed to pay the full amount of a fine imposed pursuant to a 2006 Consent Order and failed to timely notify the Department of a change of business address. **Sanction:** Fine – \$750 (in addition to satisfying the unpaid \$600 balance of the prior fine).

Richard D. Gaynor, Newton, NJ; **Suzanne L. Howell**, Newton, NJ; **Middleton & Company**, Newton, NJ – Consent Order #E08-15, February 28, 2008; Gaynor is the designated responsible producer for Middleton. Howell erroneously prepared a certificate of insurance with incorrect coverage limits and the certificate was signed by Gaynor. After being notified by the carrier of the correct limits, Middleton issued a corrected certificate. **Sanction:** Fine – \$4,000 (allocated \$2,000 to Gaynor and Middleton, and \$2,000 to Howell).

Vito B. Gruppuso, Cedar Knolls, NJ; **National Program Services, Inc.**, Cedar Knolls, NJ; **National Premium Financing Services, LLC**, Cedar Knolls, NJ – Consent Order #E08-14, February 28, 2008; Respondents' producer and insurance premium finance company licenses have been suspended since 2002/2003 pending State and federal criminal prosecutions and sentencing upon conviction. Gruppuso committed theft and bank fraud and is incarcerated as a result of State and federal court convictions for insurance related crimes. **Sanctions:** Revocation of licenses; Restitution – \$78.75 million (Gruppuso & National Program Services, Inc.); Fine – \$225,000 (Gruppuso & National Program Services, Inc.).

Phyllis Iskowitz, Lumberton, NJ – Consent Order #E08-16, February 28, 2008; Producer failed to disclose criminal convictions. **Sanction:** Fine – \$1,000.

James S. Currier, Bloomfield Hills, MI; **Leonard and Company**, Troy, MI – Consent Order #E08-05, January 3, 2008; Producers failed to timely disclose to and notify the Department of violations of NASD rules and sanctions imposed by the NASD; and Leonard and Company renewed its business entity license without immediately renewing the license of its designated responsible producer. **Sanction:** Fine – \$1,500 (allocated \$1,000 to Leonard and Company and \$500 to Currier).

Edward D. DiPietro, Gilbertsville, PA; **Cumberland Brokerage Corporation**, Vineland, NJ – Consent Order #E08-04, January 3, 2008; Cumberland continued to conduct insurance business after the expiration of its producer license: DiPietro was the designated responsible producer for the business entity. (DiPietro's individual producer license did not and has not expired.) **Sanction:** Fine – \$4,700.

School Directors' Workshop Focuses on the Positive

Many of New Jersey's real estate school directors found themselves at the head of the class last fall. That is because they were among the well informed who attended the Real Estate Commission's (REC) workshop for real estate directors.

The workshop's theme was "facilitating positive change." Topics covered included the policy for a change of school director, the one-year rule with the live scan fingerprinting process, and directors' responsibilities and general school policies that are effective.

The REC's Education Bureau sponsored the event held at the Mary Roebling Building in Trenton. Even though this workshop was not one of the required continuing education programs, every real estate school director was encouraged to attend or send a representative. The workshop's purpose was to serve as a means to provide commission updates. The format also offered attendees the opportunity to discuss and share valuable information with their colleagues in the industry.

"Making changes in the way we do things can sometimes be difficult," said

Gwendolyn Cobb, REC Education Coordinator. "People don't necessarily like change but, change can be an opportunity for growth. Hopefully, today will enhance your understanding of the regulations and will help your operation run more efficiently."

Among the highlights of the day, there were inspirational comments by REC Executive Director Robert Kinniebrew and Division of Banking Director Terry McEwen. Overall, this workshop provided regulatory and recent industry news, continuing education updates and networking opportunities. The class was tailored for both the experienced and novice.

Veterans in the business came away with a fresh perspective and rookies, like Avis Gardell, a broker/owner in Colts Neck, collected information she would need to know. She is the director of a new real estate school which had targeted a grand opening in January.

Bruce Parker, director of The Best School of Real Estate in Old Bridge is no rookie. He attended the director's training workshop simply as a student



Last fall, the Real Estate Commission hosted a workshop for real estate school directors. Pictured from left, Shirley Rader of Action USA Rader Realty, Trenton, REC Executive Director Robert Kinniebrew and Diane Disbrow, Broker/Owner of BayShore Agency.

hoping to learn about the latest news and find out about new teaching tips. Said Parker, "The more tools you have the better."

New Jersey real estate educators will be able to acquire more learning tools throughout the year. An additional non-mandatory meeting for real estate school instructors and directors was held in Trenton in June, while a mandatory continuing education seminar is slated for the fall.

Real Estate License Transfers, Terminations Available Online

The New Jersey Department of Banking and Insurance is pleased to announce the implementation of a new online capability for the processing of Real Estate Salesperson and Real Estate Broker-Salesperson transfers and terminations.

Real Estate Licensing Bureau staff currently receives and processes more than 2,000 manual transfers and terminations each month. The online application will permit licensed Real Estate Brokers, both Brokers of Record and Employing Brokers, to terminate individual Real Estate Salespersons and Broker-Salespersons over the Internet. Brokers will also be able to transfer eligible Real Estate Salespersons and Broker-Salespersons to their company through an online process that will involve payment of required fees with a credit card or an electronic check.

The new online process will make the completion of these transactions easier and faster. Confirmation of the successful

completion of a termination or a transfer will be provided immediately via e-mail to the e-mail address provided by the broker.



Terminations and completed transfers will be able to be viewed on the Licensee Search page available on the Department's web site, www.state.nj.us/dobi/, the day following the completion of the online transaction.

For full information concerning the steps necessary to establish an entitlement to use the online system and to access the application via the New Jersey State web site, go to: www.state.nj.us/dobi/division_rec/xfers.html.



Recent Enforcement Actions

New Jersey Real Estate Commission

Norman E. Dellas, Jr., salesperson, Cape May County – At a hearing on November 27, 2007, which was continued until February 26, 2008, the Commission revoked Mr. Dellas's license for a period of ten years. Mr. Dellas was found to lack the honesty, integrity and trustworthiness that all licensees must possess in order to qualify for licensure under N.J.S.A. 45:15-9 and found to be in violation of N.J.S.A. 45:15-17(e) due to his criminal conviction.

Matthew Bader, salesperson, and **Edward Collins**, broker, Atlantic County – On May 20, 2008, the Commission approved a consent agreement whereby Bader admitted to a violation of N.J.S.A. 45:15-17(a) and N.J.A.C. 11:5-6.4 because he misrepresented his status as the owner/landlord rather than merely the contract purchaser on a rental listing agreement. He agreed to re-take the salesperson's pre-licensure education course and pay a fine in the amount of \$5,000. His license will be held on probation for a period of two years. Collins admitted he failed to supervise the activities of Bader, in violation of N.J.A.C. 11:5-4.2(a)(1) and he agreed to pay a fine of \$2,500.

Cathy Levey, salesperson and **Ronald Mammano**, broker-salesperson, Ocean County – On May 6, 2008, the Commission approved two separate consent orders. Levey admitted that she failed to collect the second deposit in a transaction and agreed to a violation of N.J.A.C. 11:5-6.4 and N.J.S.A. 45:15-17(e). Levey agreed to the one-year revocation of her license and to pay a fine of \$1,500. Mammano, the branch office supervisor, agreed to a violation of N.J.S.A. 45:15-17(e) for failing to supervise the actions of Levey in her handling of a real estate transaction. He agreed to complete the 30 hour pre-licensure course on office management and related topics which is offered as part of the broker pre-licensure education course and to pay a fine of \$1,500.

Nirva Tullis, salesperson, Somerset County – On May 13, 2008, the Commission approved a consent agreement whereby Nirva Tullis agreed to a one-year revocation of her salesperson's license and a \$1,000 fine. Ms. Tullis admitted to violating N.J.S.A. 45:15-17(a), N.J.S.A. 45:15-17(e), and N.J.S.A. 45:15-17(l). She fraudulently signed listing agreements on behalf of four sellers who were not aware that their homes were being listed for sale. The listings were promptly withdrawn when her broker became aware of her activities.

Harold Stamateris, salesperson, Morris County – On May 13, 2008, the Commission approved a consent agreement whereby Harold Stamateris agreed to the revocation of his real estate salesperson's license until December 12, 2012, or the length of his entire criminal sentence, whichever is longer. Stamateris was convicted on money laundering and theft by deception charges. He agreed to violations of N.J.S.A. 45:15-19.1, N.J.S.A. 45:15-17(e), in that he has engaged in conduct which demonstrates unworthiness, dishonesty and bad faith and N.J.S.A. 45:15-17(l), in that his conviction and conduct underlying his conviction demonstrate fraud and dishonest dealing.

Ilsin Kim, salesperson, Bergen County – On May 20, 2008, the Commission approved a consent order whereby Kim agreed to a violation of N.J.S.A. 45:15-17(e) and N.J.A.C. 11:5-6.4. She agreed to a six-month revocation of her license and a fine in the amount of \$1,000. She admitted to using the keys in a broker lock box in order to allow potential buyers to move into a property prior to the execution of contract of sale or a use and occupancy agreement.

Donald Baldyga, salesperson, Morris County – On April 8, 2008, the Commission approved a consent agreement whereby Donald Baldyga agreed to the revocation of his license until August 17, 2010 and to pay a fine of \$3,000. Mr. Baldyga was convicted on August 17, 2005 on one count of equity skimming in United States District Court, District of Maine. He admitted to violations of N.J.S.A. 45:15-9, N.J.S.A. 45:15-19.1, four counts of N.J.S.A. 45:15-17(e), N.J.S.A. 45:15-17(a), N.J.S.A. 45:15-17(n), N.J.S.A. 45:15-17(l) and two counts of N.J.S.A. 45:15-17(s).

Michael Rincon, salesperson, Union County – On April 8, 2008, the Commission approved a settlement whereby Mr. Rincon admitted to a violation of N.J.S.A. 45:15-17(e). Rincon admitted that he brought unauthorized materials into the testing center when taking the New Jersey real estate broker's examination. His real estate salesperson's license was suspended for a period of three months and he agreed to pay a \$1,500 fine. Moreover, Rincon is ineligible to take the broker's examination for a period of three years following the suspension of his salesperson's license.

Deborah L. Andrews, broker-salesperson, Camden County – On March 11, 2008, the Commission approved a consent order whereby Ms. Andrews agreed to an 18 month revocation of her broker-salesperson's license, and that any subsequent license will be held on probation for a period of 12 months. She also agreed to pay a fine of \$1500. Ms. Andrews admitted to a violation of N.J.S.A. 45:15-17(e) and that she did not notify the Commission within 30 days of the filing of criminal charges against her, in violation of N.J.S.A. 45:15-17(s).

Recent Enforcement Actions *continued from page 10*

Denise Baskerville, salesperson, Morris County – On March 11, 2008, the Commission approved a consent order whereby Ms. Baskerville agreed to a six-year revocation of her real estate license and a \$1000 fine. Ms. Baskerville admitted to a violation of N.J.S.A. 45:15-17(e) and N.J.S.A. 45:15-17(s) based upon her guilty plea in 2007 to federal conspiracy charges.

Keith Moody, salesperson, Passaic County – On March 11, 2008, the Commission approved a settlement whereby Moody agreed to the revocation of his real estate license for the longer of a period of five years or the completion of his criminal sentence. Moody has pled guilty and will imminently be sentenced on conspiracy charges in U.S. District Court.

Ana Castro, salesperson, Hudson County – On March 11, 2008, the Commission approved a settlement whereby Castro agreed to violations of N.J.S.A. 45:15-19.1, N.J.S.A. 45:15-17(e) and N.J.S.A. 45:15-17(l). She was found guilty in U.S. District court on a multiple count indictment alleging mail fraud, conspiracy to commit mail fraud, conspiracy to engage in check kiting, conspiracy to structure currency transactions and structuring financial transactions. She agreed to a license revocation for the longer of a period of 5 ½ years or until she is released from supervised release.

James Bryant, salesperson, Somerset County – At a hearing on February 26, 2008, the Commission found James D. Bryant guilty of a violation of N.J.S.A. 45:15-17(n), procuring a license by fraud, misrepresentation and deceit; and a violation of N.J.S.A. 45:15-17(l) and three violations of (e) in that the conduct underlying his criminal conviction, the conduct underlying the suspension of his North Carolina real estate license and his providing of false information on his New Jersey real estate application, demonstrated fraud and dishonest dealing. The Commission also found Mr. Bryant guilty of a violation of N.J.S.A. 45:15-17(h) because he had been convicted of a crime, knowledge of which the Commission did not have at the time of last issuing a real estate license to him. Finally, the Commission found that by providing false information on his license application Mr. Bryant did not possess the requisite good moral character, honesty, integrity and trustworthiness. Mr. Bryant was fined \$10,000 and his license was revoked until July 1, 2010. In addition, Mr. Bryant is ineligible to apply for a real estate broker's license for a period of 10 years. At the time he applied for his New Jersey salesperson's license, Mr. Bryant did not disclose that his North Carolina real estate license was revoked and that he was convicted of embezzlement in North Carolina.

Cynthia Houser, salesperson, Morris County – After a hearing on January 29, 2008, the Commission found Houser guilty of six violations of N.J.S.A. 45:15-17(s) for failing to notify the Commission within 30 days of the filing of criminal charges and convictions. Her broker's license was granted on a probationary basis pending the disposition of the criminal charges presently pending.

Paul Thompson, salesperson, Burlington County – After an uncontested hearing on January 29, 2008, the Commission suspended the salesperson's license of Paul Thompson pending the outcome of criminal charges in Burlington County. Thompson has been indicted on 14 counts, including theft by deception, which related to his activities as a real estate licensee. He allegedly accepted down payments for properties which never materialized or were based on false information provided by Thompson and could not proceed to closing.

Craig Jez, formerly licensed salesperson, Mercer County – On January 29, 2008, the Commission approved a settlement whereby Mr. Jez admitted to violations of N.J.S.A. 45:15-17(a), N.J.S.A. 45:15-17(d), N.J.S.A. 45:15-17(e), N.J.S.A. 45:15-17(o), N.J.A.C. 11:5-5.1(m), N.J.A.C. 11:5-6.4(a), and N.J.S.A. 45:15-17(l). He agreed to pay a fine of \$10,000 and agreed to a five-year period of revocation. Mr. Jez deposited an initial deposit for a real estate transaction into his own personal checking account.

Dominic DiGioia, salesperson, Union County – On January 29, 2008, the Commission approved a settlement whereby Mr. DiGioia admitted to a violation of N.J.S.A. 45:15-2, unlicensed activity, by engaging in real estate activity for an entity which was not licensed and a violation of N.J.A.C. 11:5-6.4. He agreed to pay a \$5,000 fine.

Sean Blount, salesperson, Essex County – On January 8, 2008, after an uncontested hearing, the Commission found Mr. Blount guilty of violations of N.J.S.A. 45:15-17(n), procuring a license by fraud, misrepresentation and deceit, and N.J.S.A. 45:15-19.1 based upon a theft by deception conviction. His license was revoked for five years from the date of his conviction and he was fined \$1,000.

Peter Rychok, salesperson, Essex County – On January 8, 2008, the Commission approved a Consent Order whereby Rychok agreed to a permanent revocation of his real estate license. Rychok has entered into a separate Consent Agreement with the Department's Division of Consumer Protection Services whereby he agreed to the revocation of his insurance producer's license and agreed to pay a fine of \$12,500 and never to apply for an insurance producer's license again. The underlying conduct related to insurance fraud.



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BANKING AND INSURANCE QUARTERLY

A Letter from Commissioner Steven M. Goldman



Goldman

The impact of the crisis within the mortgage lending industry continues to be seen and felt across the country. It's the primary issue our Division of Banking will focus on throughout 2008 as it did for most of last year.

The Department will continue to monitor the industry with stepped up regulatory activities including examinations and consumer inquiries. We maintain open lines of communication through trade organizations and directly with licensees on pertinent issues in an effort to maintain a robust, fairly regulated financial services market in New Jersey.

Community outreach remains a high priority. The Department joined public and private sector partners in forming the New Jersey Home Ownership Preservation Effort (NJHOPE) and the NJHOPE Task Force in an effort to help New Jerseyans remain in their homes. The primary goal for the NJHOPE Alliance is foreclosure prevention with more than \$433 million in available mortgage refinancing. The media might be providing bad news, but the Department is providing help and hope now for a healthy New Jersey economy.

Sincerely,

Steven M. Goldman

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