

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 or revoke the insurance licenses of)
 Robert Lapinski, Reference No. 1172501,)
 Cutting Edge Bail Bonds, LLC, Reference No.)
 1070399, and Dollar Bail Bonds, Inc. d/b/a/ A)
 Dollar Bail Bonds, Reference No. 1183637.)
 _____)
 _____)

ORDER TO SHOW CAUSE

TO: Robert Lapinski
220 Route 46, Suite 301
Little Ferry, NJ 07643

Cutting Edge Bail Bonds, LLC
220 Route 46, Suite 105
Little Ferry, NJ 07643

Dollar Bail Bonds, Inc. d/b/a
A Dollar Bail Bonds
110 Route 46, Suite 301
Little Ferry, NJ 07643

THIS MATTER, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that Robert Lapinski (“Lapinski”), Cutting Edge Bail Bonds, LLC (“Cutting Edge”), and Dollar Bail Bonds, Inc. d/b/a/ A Dollar Bail Bonds (“Dollar Bail Bonds”) (collectively, “Respondents”), may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Lapinski was licensed as a resident insurance producer in the State of New Jersey pursuant to N.J.S.A. 17:22A-32a until his license expired on October 31, 2017; and

WHEREAS, Cutting Edge is currently licensed as a resident business entity insurance producer in the State of New Jersey pursuant to N.J.S.A. 17:22A-32b; and

WHEREAS, Dollar Bail Bonds is currently licensed as a resident business entity insurance producer in the State of New Jersey pursuant to N.J.S.A. 17:22A-32b; and

WHEREAS, at all relevant times Lapinski was the Designated Responsible Licensed Producer (“DRLP”) for Cutting Edge and the DRLP for Dollar Bail Bonds, and was therefore responsible for compliance by Cutting Edge and Dollar Bail Bonds with the insurance laws, rules and regulations of this State; and

WHEREAS, Respondents are subject to the provisions of the New Jersey Insurance Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 to -48 (“Producer Act”) and the regulations governing Insurance Producer Standards of Conduct, N.J.A.C. 11:17A-1.1 to 11:17D-2.8; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a, the Commissioner may place on probation, suspend, revoke or refuse to issue or renew an insurance producer’s license, and may levy a civil penalty, for a violation of the Producer Act; 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 and Title 17 of the Revised Statutes or Title 17B of the New Jersey Statutes against any person who is under investigation for or charged with a violation of the Producer Act or Title 17 of the Revised Statutes or Title 17B of the New Jersey Statutes even if the person’s license or registration has been surrendered or has lapsed by operation of law; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(2), an insurance producer shall not violate any insurance law, regulation, subpoena or order 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(5), an insurance producer shall not intentionally misrepresent the terms of an actual or proposed insurance contract, policy or application for insurance; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(8), an insurance producer shall not use fraudulent, coercive or dishonest practices, or demonstrate incompetence, untrustworthiness or financial irresponsibility in the conduct of insurance business in this State or elsewhere; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(10), an insurance producer shall not forge another's name to an application for insurance or to any document related to an insurance transaction; 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.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.S.A. 17:22A-45c, any person violating the Producer Act is subject to a penalty not exceeding \$5,000.00 for the first offense and not exceeding \$10,000.00 for each subsequent offense; moreover, the Commissioner may order restitution of moneys owed any person and reimbursement of costs of investigation and prosecution; and

ALLEGATIONS COMMON TO COUNTS 1 THROUGH 3

IT APPEARING, that in February 2009, JG, a New Jersey resident, was arrested and charged with criminal conduct in Secaucus, New Jersey; and

IT FURTHER APPEARING, that the Secaucus Municipal Court set bail for JG at \$150,000; and

IT FURTHER APPEARING, that on February 6, 2009, JG, RM and BG executed a Surety Bail Bond Application and Agreement with Cutting Edge (“Cutting Edge Bond Application”) for the issuance of a bail bond for JG; and

IT FURTHER APPEARING, that on February 6, 2009, RM and BG executed a Bail Bond Agreement with Dollar Bail Bonds (“Dollar Bail Bond Agreement”) in connection with the Cutting Edge Bail Bond Application; and

IT FURTHER APPEARING, that on February 6, 2009, RM, BG and KC executed a Premium Finance Agreement with Dollar Premium Finance Company, an affiliate of Dollar Bail Bonds (“Premium Finance Agreement”), in order to finance a bail bond to be issued by Dollar Bail Bonds in the amount of \$150,000 to JG for a total premium of \$15,030, with \$5,000 down and \$10,030 to be paid in 12 monthly installments, beginning on March 1, 2009; and

IT FURTHER APPEARING, that on February 7, 2009, Dollar Bail Bonds posted a bail bond for \$150,000 (“Bail Bond”) and JG was released from custody; and

IT FURTHER APPEARING, that the monthly installment payment required to be paid on March 1, 2009 under the Premium Finance Agreement was not made by RM, BG or KC; and

IT FURTHER APPEARING, that in April 2009, Robert J. Carter (“Carter”), was an unlicensed representative and agent employed by Cutting Edge, Dollar Bail Bonds and/or Lapinski, and traveled from New Jersey to California for the purpose of having DG, the estranged grandmother of JG, post additional security for the Bail Bond that had been previously posted by Dollar Bail Bonds for JG on February 7, 2009; and

IT FURTHER APPEARING, that Carter fraudulently informed DG that JG would be imprisoned unless she executed additional paperwork, and that such paperwork would not jeopardize her finances; and

IT FURTHER APPEARING, that Carter requested on or about April 28, 2009 that DG execute an Original Promissory Note Secured by Deed of Trust (“Promissory Note”) granting Cutting Edge a lien against her personal residence for \$150,000, or the full amount of the Bail Bond; and

IT FURTHER APPEARING, the Carter fraudulently informed DG that Cutting Edge would not collect on the Promissory Note unless Cutting Edge was required to pay the full amount of the Bail Bond; and

IT FURTHER APPEARING, that DG did not travel to New Jersey at any time and did not have any contact with the Respondents on or about February 6, 2009; and

IT FURTHER APPEARING, that Respondents forged DG’s signature on a Surety Bail Bond Agreement with Cutting Edge and back-dated her signature to February 6, 2009 (“Cutting Edge Surety Agreement”); and

IT FURTHER APPEARING, that Respondents forged DG’s signature on an additional copy of the Premium Finance Agreement and back-dated her signature to February 6, 2009; and

IT FURTHER APPEARING, that JG did not appear for his scheduled trial date of November 25, 2009, and a warrant was issued by the Secaucus Municipal Court for his arrest; and

IT FURTHER APPEARING, that JG was apprehended by representatives of Cutting Edge or Dollar Bail Bonds in California and was returned to custody in New Jersey; and

IT FURTHER APPEARING, that a Certificate of Bond Discharge for the Bail Bond was issued by the Secaucus Municipal Court on December 21, 2009; and

IT FURTHER APPEARING, that Cutting Edge filed suit in the Superior Court of California against RM, BG and DG, under Case No. MSC13-0287 (“California Lawsuit”), to recover, *inter alia*, the premiums due under the Premium Finance Agreement and the cost of apprehending JG and returning him to custody in New Jersey; and

IT FURTHER APPEARING, that the Superior Court of California entered the defaults of defendants RM and BG in the California Lawsuit; and

IT FURTHER APPEARING, that Cutting Edge alleged in the California Lawsuit that the rights to the Premium Finance Agreement were assigned from Dollar Bail Bonds to Cutting Edge with the written assent of RM, BG, KC and DG, but produced only an unsigned document entitled Assignment of Contract dated 2008 (“Assignment”) in support of that claim; and

IT FURTHER APPEARING, that the Superior Court of California made findings of fact and conclusions of law that DG did not execute the Cutting Edge Surety Agreement, the Premium Finance Agreement, or the Assignment; and

IT FURTHER APPEARING, that the Superior Court of California made findings of fact and conclusions of law that Dollar Bail Bonds, not Cutting Edge, issued the Bail Bond and, further, that Cutting Edge had no cause of action against DG arising out of the issuance of the Bail Bond by Dollar Bail Bonds; and

IT FURTHER APPEARING, that the Superior Court of California entered a judgment dated November 5, 2015 in the California Lawsuit in favor of DG and against Cutting Edge, and made findings of fact and conclusions of law that the contract pursuant to which Cutting Edge alleged liability against DG was “invalid, inapplicable, unenforceable, or nonexistent” and awarded DG the sum of \$28,355.03 in frivolous litigation costs and fees pursuant to California Civil Code, § 1717; and

IT FURTHER APPEARING, that Cutting Edge has refused to satisfy the judgment entered against it by the Superior Court of California in the California Lawsuit and in favor of DG in the amount of \$28,355.03; and

IT FURTHER APPEARING, that at all relevant times, Lapinski was the DRLP for Dollar Bail Bonds and Cutting Edge; and

COUNT ONE

IT FURTHER APPEARING, that Respondents employed Carter to act as their agent and are responsible for his acts and misrepresentations; and

IT FURTHER APPEARING, that Carter fraudulently informed DG on or about April 28, 2009 that James Graves would be imprisoned unless she executed additional paperwork, and that such paperwork would not jeopardize her finances; and

IT FURTHER APPEARING, that Carter fraudulently informed DG on or about April 28, 2009 that Cutting Edge would not collect on the Promissory Note unless Cutting Edge was required to pay the full amount of the Bail Bond; and

IT FURTHER APPEARING, that Respondents misrepresented the terms of an insurance agreement to DG in violation of N.J.S.A. 17:22A-40a(2), (5), (8), (16) and N.J.A.C. 11:17A-4.10; and

COUNT TWO

IT FURTHER APPEARING, that Respondents forged the signature of DG on the Cutting Edge Surety Agreement and back-dated her signature to February 6, 2009, and Respondents forged the signature of DG on an additional copy of the Premium Finance Agreement and back-dated her signature to February 6, 2009, in violation of N.J.S.A. 17:22A-40a(2), (8), (10) and (16) and N.J.A.C. 11:17A-4.10; and

COUNT THREE

IT FURTHER APPEARING, that Respondents filed the California Lawsuit as part of and in furtherance of their activities as licensed resident insurance producers in the State of New Jersey; and

IT FURTHER APPEARING, that the Superior Court of California made findings of fact and conclusions of law that the California Lawsuit filed by the Respondents was frivolous litigation filed in violation of California Civil Code, § 1717 against DG in a wrongful attempt to collect premiums and related costs associated with the Cutting Edge Bond Application for which DG had no responsibility and assessed fees and costs against Respondents in the amount of \$28,355.03; and

IT FURTHER APPEARING, that Respondents have refused to satisfy the judgment entered by the Superior Court of California in favor of DG and against Cutting Edge in the California Lawsuit in the amount of \$28,355.03, in violation of N.J.S.A. 17:22A-40a(2), (4) and (8) and N.J.A.C. 11:17A-4.10; and

NOW, THEREFORE, IT IS on this 19th day of APRIL, 2018

ORDERED, that Respondents appear and show cause why their New Jersey insurance producer licenses should not be suspended or revoked pursuant to N.J.S.A. 17:22A-40a; and

IT IS FURTHER ORDERED, that Respondents appear and show cause why the judgment entered in the California Lawsuit by the Superior Court of California in favor of DG and against Cutting Edge should not be satisfied in full, including pre-judgment interest; and

IT IS FURTHER ORDERED, that Respondents appear and show cause why the Commissioner should not assess a civil penalty of up to \$5,000.00 for the first violation and

\$10,000.00 for each subsequent violation of the Producer Act and order Respondents to pay restitution of moneys owed to any person, pursuant to the provisions of N.J.S.A. 17:22A-45c; and

IT IS FURTHER ORDERED, that Respondents appear and show cause why they should not be required to reimburse the Department for the costs of investigation and prosecution, fees, as authorized pursuant to 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 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 Virgil Downtin, Chief of Investigations, 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. 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 the 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.



Peter L. Hart
Director of Insurance