

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 license of)
Lambrus G. Ciuia, Reference No. 1416637)
and Fox Bail Bonds, LLC, Reference No.)
1579505)

ORDER TO SHOW CAUSE

TO: Lambrus G. Ciuia
d/b/a The Diamond Group, LLC
400 Madison Avenue
Suite C
Elizabeth, NJ 07201

Lambrus G. Ciuia
710 Union Avenue
Elizabeth, NJ 07208

Fox Bail Bonds, LLC
400 Madison Avenue
Suite B
Elizabeth, NJ 07201

Fox Bail Bonds, LLC
c/o Lambrus G. Ciuia
710 Union Avenue
Elizabeth, NJ 07208

Lambrus Ciuia
1159 Mary St
Elizabeth, NJ 07201

Fox Bail Bonds, LLC
c/o Lambrus Ciuia
1159 Mary St
Elizabeth, NJ 07201

THIS MATTER, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that Lambrus G. Ciuia d/b/a The Diamond Group LLC (“Ciuia”) and Fox Bail Bonds LLC (“Fox”) (collectively, “Respondents”), may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Ciuia was formerly licensed as a resident individual insurance producer in the State of New Jersey, pursuant to N.J.S.A. 17:22A-32(a), until February 28, 2018, when his

license expired; and

WHEREAS, Fox was formerly licensed as an insurance producer in the State of New Jersey, pursuant to N.J.S.A. 17:22A-32(b), until May 31, 2017, when its license expired; 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"); the Producer Licensing regulations, N.J.A.C. 11:17-1.1 to -2.17; 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-40(d), 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-32(b)(2), a business entity acting as an insurance producer shall designate a licensed insurance producer or producers responsible for the business entity's compliance with the insurance laws, rules, and regulations of this State; and

WHEREAS, at all times relevant hereto, Ciuia was the Designated Responsible Licensed Producer and responsible for the activities of Fox and compliance of Fox with the insurance laws, rules, and regulations of this State pursuant to N.J.S.A. 17:22A-32(b)(2); and

WHEREAS, pursuant to N.J.S.A. 17:22A-29, a person shall not sell, solicit, or negotiate insurance in this State unless the person is licensed for that line of authority in accordance with the Producer Act; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a)(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-40(a)(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-40(a)(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-42(a), any insurer authorized to transact business in this State may, by written contract, appoint as its agent, a person that holds a valid insurance producer license issued in accordance with the provisions of the Producer Act. The contract shall authorize the insurance producer to act as an agent for the appointing insurer for all lines of insurance for which the insurer is authorized in this State and the agent holds authority in this State, unless specifically limited. The contract shall contain the duties, responsibilities, and limitations of authority between the agent and the appointing insurer, and the agent shall abide by its terms. While the agent is properly licensed, an agency appointment shall continue in effect until termination in accordance with the Producer Act; and

WHEREAS, pursuant to N.J.A.C. 11:17A-1.3(a), with certain exceptions, no person shall act as an insurance producer or maintain or operate any office in this State for the transaction of the business of an insurance producer, or receive any commission, brokerage fee, compensation, or other consideration for services rendered as an insurance producer without first obtaining a license from the Commissioner granting authority for the kind of insurance transacted; and

WHEREAS, pursuant to N.J.A.C. 11:17A-1.3(b), with certain exceptions, any person who solicits, negotiates, or sells contracts of insurance in New Jersey shall be considered to be transacting the business of insurance in New Jersey so as to require licensure as an insurance producer; and

WHEREAS, pursuant to N.J.A.C. 11:17A-1.4(a), no person shall solicit, negotiate, or sell an insurance contract in New Jersey unless he or she is a licensed insurance producer; and

WHEREAS, pursuant to N.J.A.C. 11:17A-1.6(a), each place of business maintained by an insurance producer for the purpose of transacting the business of insurance shall be under the direct supervision of an insurance producer; and

WHEREAS, pursuant to N.J.A.C. 11:17A-1.6(c), licensed partners, officers and directors, and all owners with an ownership interest of ten percent or more in the organization shall be held responsible for all insurance related conduct of the organization licensee, any of its branch offices, its other licensed producers or partners, and its employees; 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 of Banking and Insurance ("Department") relative to the business of insurance within the time requested in said inquiry, or no later than fifteen 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. 11:17D-2.2, time-related monetary penalties may be imposed by the Commissioner when an insurance producer fails to respond to an inquiry of the Department within the time requested or within fifteen calendar days from the date of the inquiry if no response date is given. Each calendar day that an insurance producer fails to respond to any

inquiry of the Department within the time requested, or within fifteen calendar days from the date of the inquiry if no response date is given, shall be considered a separate violation and the Commissioner may impose the maximum penalty provided therefore by law; and

WHEREAS, pursuant to N.J.A.C. 11:17C-2.2(a), all premium funds shall be remitted to the insurer or other insurance producer, as applicable, within five business days after receipt of the funds except as otherwise required or provided by any of the following: (1) the insurance producer's contract with the insurer or written agreement with the insured; (2) any controlling statute or administrative rule; or (3) the rules of any residual market mechanism created by or pursuant to any statute; and

WHEREAS, pursuant to N.J.S.A. 56:1-2, no person shall conduct or transact business under any assumed name, or under any designation, name or style, corporate or otherwise, other than the real name or names of the individual or individuals conducting or transacting such business, unless such person shall file a certificate in the office of the clerk of the county or counties in which such person conducts or transacts, or intends to conduct or transact, such business, together with a duplicate thereof for filing in the office of the Secretary of State, as provided in N.J.S.A. 56:1-3; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a), the Commissioner may place on probation, suspend, revoke, or refuse to issue or renew an insurance producer's license for violating the Producer Act; and

WHEREAS, pursuant to N.J.S.A. 11:17C-2.6(b), all records, books, and documents to be required to be maintained by the provisions of N.J.A.C. 11:17C-1-1 to -2.6 shall, upon his or her request, be produced for examination by the Commissioner or his or her duly authorized representative; and

WHEREAS, pursuant to N.J.S.A. 17:22A-45(c), 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. Additionally, the Commissioner may order restitution of moneys owed any person and reimbursement of costs of the investigation and prosecution, as appropriate; and

ALLEGATIONS COMMON TO COUNTS ONE THROUGH THREE

IT APPEARING, that at various times, Ciuia conducted insurance business as The Diamond Group, LLC (“Diamond Group”), a business name not licensed with the Department to transact the business of insurance, and not registered with any county or the Secretary of State as a corporation, limited liability company, or trade name; and

IT FURTHER APPEARING, that on or about December 30, 2015, “C.C.,” an individual and owner of “C. Motors,” met with Ciuia at Diamond Group’s office and purchased general liability and automobile liability insurance from Acceptance Indemnity Insurance Company (“Acceptance”) for C. Motors through Ciuia, which policy was procured by Ciuia through Regency Insurance Brokerage Service, Inc. (“Regency”); and

IT FURTHER APPEARING, that C.C. provided a check to Ciuia, made payable to Diamond Group, for \$5,511.95, for payment of premium on the Acceptance policy; and

IT FURTHER APPEARING, that on or about March 1, 2016, Acceptance cancelled the policy due to nonpayment of premium; and

IT FURTHER APPEARING, that Regency never received any premium payment from Ciuia for the Acceptance policy; and

IT FURTHER APPEARING, that on or about December 28, 2016, the Department received a complaint from C.C. that the Acceptance policy had been cancelled due to nonpayment of premium, and that he had not yet received a refund of the premium from Ciuia; and

IT FURTHER APPEARING, that, on or about February 14, 2017, a Department investigator sent a letter to Ciuia requesting that Ciuia provide a written response to C.C.'s complaint addressing each allegation as well as all pertinent documentation in support of the response but Ciuia failed to immediately respond; and

IT FURTHER APPEARING, that a Department investigator called and sent e-mails to Ciuia in March 2017 requesting a response to the February 14, 2017 letter, but Ciuia failed to provide a written response or documents; and

IT FURTHER APPEARING, that a Department investigator spoke with Ciuia by telephone on or about April 4, 2017, during which call Ciuia stated that responsive documents would be sent to the Department, but no such documents were received by the Department; and

IT FURTHER APPEARING, that a Department investigator contacted Ciuia several times by mail, e-mail, and phone between June and November 2017, requesting that Ciuia provide, among other things: (a) a complete copy of the C. Motors insurance file; (b) proof of premium payment by Ciuia to Regency; (c) proof of licensing of Diamond Group; and (d) a refund to C.C. of the premium payment; and

IT FURTHER APPEARING, that Ciuia failed to supply any of the requested documentation; and

IT FURTHER APPEARING, that sometime after June 1, 2017, Ciuia provided a full refund of the premium payment to C.C.; and

IT FURTHER APPEARING, that on or about November 3, 2017, during a telephone call with a Department investigator, Ciuia provided the purported license number and national producer number for Diamond Group; and

IT FURTHER APPEARING, that neither of the numbers provided by Ciuia were associated with any actual business; and

COUNT ONE (CIUIA)

IT FURTHER APPEARING, that, by conducting insurance business as Diamond Group, an unlicensed and unregistered New Jersey business name, Ciuia violated N.J.S.A. 17:22A-40(a)(2) and (8); N.J.S.A. 17:22A-29; N.J.A.C. 11:17A-1.3 (a) and (b); N.J.A.C. 11:17A-1.4(a); and N.J.S.A. 56:1-2; and

COUNT TWO (CIUIA)

IT FURTHER APPEARING, that by failing to remit insurance premium to the insurer, resulting in the cancellation of the insurance policy, and by failing to return the premium to the insurance consumer for over a one and one-half years and not until after Department intervention, Ciuia improperly withheld, misappropriated, or converted monies received in the course of doing insurance business, in violation of N.J.S.A. 17:22A-40(a)(2), (4), and (8); N.J.A.C. 11:17A-4.10; and N.J.A.C. 11:17C-2.2(a); and

COUNT THREE (CIUIA)

IT FURTHER APPEARING, that by failing to produce records, books, and documents in response to requests by the Department concerning C.C. and C. Motors, Ciuia violated N.J.S.A. 17:22A-40(a)(2) and (8); N.J.A.C. 11:17A-4.8; and N.J.A.C. 11:17C-2.6(b); and

COUNT FOUR (ALL RESPONDENTS)

IT FURTHER APPEARING, that at all relevant times, Fox was a contracted bail bond producer for Bankers Insurance Company (“Bankers”); and

IT FURTHER APPEARING, that in or around June 2017, the Department received a complaint from Bankers that fourteen Bankers Powers of Attorney (“Bonds”) had been executed by Ciuia and/or Fox between June and December 2016 without being reported to Bankers; and

IT FURTHER APPEARING, that Bankers learned of the Bonds through the New Jersey courts concerning Bankers’ liability; and

IT FURTHER APPEARING, that between July and November 2017, a Department investigator tried multiple times to contact Ciuia by phone, mail, and e-mail regarding Bankers to notify Ciuia of the investigation and to request documentation; and

IT FURTHER APPEARING, that Ciuia failed to respond to any of the investigator’s inquiries or supply any documentation regarding Bankers; and

IT FURTHER APPEARING, that by failing to respond to inquiries of the Department, and by failing to produce records, books, and documents in response to requests by the Department concerning Bankers, Respondents violated N.J.S.A. 17:22A-40(a)(2) and (8); N.J.A.C. 11:17A-4.8; and N.J.A.C. 11:17C-2.6(b); and

NOW, THEREFORE, IT IS on this 2nd day of April, 2019

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-40(a) and N.J.A.C. 11:17D-2.2; 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-45(c); and

IT IS FURTHER ORDERED, that Respondents appear and show cause why they should not be required to reimburse the Department for the cost of the investigation and prosecution, as authorized pursuant to N.J.S.A. 17:22A-45(c) and N.J.A.C. 11:16-7.9(c); 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. A copy of the request for a hearing shall also be sent to Deputy Attorney General Brian R. Fitzgerald at: Division of Law, P.O. Box 117, Trenton, NJ 08625. The request shall contain the following:

- (a) Respondents' full name(s), current address(es) and daytime telephone number(s);
- (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 Respondents have 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
- (c) A statement requesting the hearing.

Marlene Caride

Marlene Caride
Commissioner