OFFICE OF THE INSURANCE COMMISSIONER
MARYLAND INSURANCE ADMINISTRATION

MARYLAND INSURANCE ADMINISTRATION	*	
	*	
v.		
	*	Case No. MIA-2016-02-060
PATRICK F. EDWARDS		
	*	
&		
	*	
PACOS BAIL BONDS,		
	*	
Respondents		
	*	

* * * * * * * * * * * * *

MEMORANDUM AND FINAL ORDER

Pursuant to §§ 2-204 and 2-214 of the Insurance Article of the Annotated Code of Maryland[1], the Maryland Insurance Commissioner "Commissioner" concludes that Patrick Edwards "Respondent" violated §§ 27-403(2), 4-205, 10-103, and 10-126(a)(1), (6), (13) of the Insurance Article. Pursuant to Respondent's violations of § 27-403(2), § 4-205, along with his violations of §§ 10-103, and 10-126(a)(1), (6), (13), the Commissioner concludes that Respondent's producer license in the State of Maryland is revoked. Respondent's violations under §§ 27-403(2), 4-205 and 10-126(b)(2) give the Commissioner the ability to revoke the producer license of Pacos Bail Bonds pursuant to § 10-126(b)(1)(iii). Due to Respondent's violations the Commissioner concludes that Pacos Bail Bonds license to act as an insurance producer in the State of Maryland is revoked. As a result of these violations, Respondent shall pay an administrative penalty in the amount of $4,000 and Pacos Bail Bonds shall pay an administrative penalty in the amount of $500[2] in accordance with § 27-408(c)(1) and (2).

STATEMENT OF THE CASE

[1] Unless otherwise noted, all statutory citations are to the Insurance Article of the Annotated Code of Maryland.
[2] The Amended Order stated a $1,500 penalty to Pacos Bail Bonds.

This matter arises from an Amended Order[3] entered by the Maryland Insurance Administration ("MIA") on May 24, 2016 and made pursuant to §§ 2-108, 2-201, 2-204, and 2-405 against Respondent. After an investigation, the MIA concluded that Respondent violated §§ 4-205, 27-403, 10-103, and 10-126(a)(1), (6), (13). The MIA also concluded that Pacos Bail Bonds was subject to license revocation and an administrative penalty pursuant to § 10-126(b)(1) and (2). In the Amended Order, the MIA revoked the Respondent's license to act as an insurance producer and imposed an administrative penalty of $4,000. The MIA also revoked the producer license of Pacos Bail Bonds and imposed on it an administrative penalty of $1,500. The Respondent and Pacos Bail Bonds disagreed with these findings and timely requested a hearing on May 27, 2016, which was granted.

ISSUES

The issues presented in this case are: 1) whether Respondent violated §§ 4-205, 10-103, and 10-126(a)(1), (6), (13), and is therefore subject to an administrative penalty and revocation of his insurance producer license; 2) whether Pacos Bail Bonds is subject to license revocation and an administrative penalty pursuant to § 10-126(b)(1) and (2); and 3) whether the Respondent committed insurance fraud by willfully or knowingly making a false or fraudulent statement in violation of § 27-403, thereby making himself subject to an administrative penalty under § 27-408.

SUMMARY OF THE EVIDENCE

A. Testimony

A hearing was held at the MIA on August 2, 2016. The MIA was represented by Assistant Attorney General Brandy J. Gray. Witnesses for the prosecution were: Nancy Brown, an Enforcement Officer with the Compliance and Enforcement Unit at the MIA; Mark Mason, an Investigator with the Civil Fraud Unit at the MIA; and William Donahue, the Director of Producer Licensing at the MIA. All three witnesses provided sworn testimony on the MIA's behalf.

[3] An intial Order was issued on 2/23/16 but was amended after additional information was obtained by the MIA during the discovery process conducted in preparation of the hearing.

Respondent was represented by Thomas J. Maronick Jr. of the Law Office of Thomas J. Maronick Jr., LLC. Respondent testified at the hearing but refused to answer any questions. Instead Respondent asserted his claim of Fifth Amendment privilege against self-incrimination under the United States Constitution.

B. Exhibits

MIA Exhibits[4] *(in record)*

1. Trade Name Registration of "Next Level Bail Bonds"
2. Licensee Search for Next Level Bail Bonds
3. Licensing Records for Pacos Bail Bonds/ Respondent
4. Screen Print from Next Level Bail Bonds Website
5. Bail Em Out Bail Bonds Trade Name Registration record printed from MD State Department of Assessment and Taxation "SDAT"
6. 2015 Profit or Loss from the Business Schedule C for Form 1040 filed for Next Level Bail Bonds
7. Consent Order signed and dated June 16, 2014 between MIA, Pacos Bail Bonds and Respondent
8. Denial Letter dated 12/22/2015 from CSAA Insurance Group
9. Respondent's Homeowner's Policy #H03-047269299
10. Claim acknowledgement letter from CSAA to Respondent dated 12/8/2015 Re: Filing a Claim
11. Documents submitted by Respondent to CSAA in support of his claim including: Sales Order (receipt) from ItsHot.com for a men's bracelet dated 12/7/2010 and in the amount of $5,695.00; Property Loss Inventory; Fax Cover Sheet; and Guest Property Report For Lost Item
12. Licensee Claim Log
13. E-mail exchanges between Respondent and CSAA concerning his claim
14. E-mail between CSAA and ITsHot.com concerning the sales receipt
15. E-mail between Mark Mason and ItsHot.com
16. Mark Mason's Interview notes dated 2/10/16

Respondent's Exhibits (hearing)[5]

1. Letter from Tonya Kendrick dated 7/1/2016
2. Email between Raphael K. McNeil and Pacos Bail Bonds
3. Letter from Tommy Watkins dated 6/29/2016
4. Letter from Connita Wilson dated 6/29/2016
5. Email between Shemeka L. Cole and Paco Bail Bonds

FINDINGS OF FACT

[4] At the start of the hearing the parties stipulated to the admission of all of the MIA exhibits and the facts stated in those exhibits.
[5] Respondent's exhibits were presented near the end of the hearing.

These findings of fact are based upon a complete and thorough review of the entire record in this case including the hearing transcript and all exhibits and documentation provided by the parties. The credibility of the witnesses has been assessed based upon the substance of their testimony, their demeanor, and other relevant factors. To the extent that there are any facts in dispute, the following facts are found, by a preponderance of the evidence, to be true. Citations to particular parts of the record are for ease of reference and are not intended to exclude, and do not exclude, reliance on the entire record.

1. Pacos Bail Bonds was first issued an insurance producer license (#16336332) on April 10, 2003, and was set to expire on April 9, 2017.

2. Respondent was issued a license (#000124954) to act as a resident insurance producer by the MIA on April 20, 1999. That license was set to expire on February 28, 2018. (MIA Ex. 3, T. 17) Respondent is the owner and Designated Responsible Licensed Producer (DLRP) of Pacos Bail Bonds. (MIA Ex. 3, T. 17.)

3. On September 12, 2013, the MIA issued an Order in Case Nos.: MIA-2013-09-013 and MIA-2013-09-012 against Respondent which resulted in a Consent Order dated June 4, 2014. In the Consent Order the MIA found that Respondent had failed to keep proper files, to give correct receipts, to charge the approved premium, and to give truthful answers to the MIA and to the Commissioner of the District Court in Maryland. As a result of that Consent Order, Respondent's license and Pacos Bail Bonds license were suspended for six months from 6/16/14 until 12/16/14 and Respondent was ordered to pay an administrative penalty of $5,000.00. (MIA Ex. 7.)

4. Respondent had a homeowner's insurance policy with California State Automobile Association Insurance Group ("CSAA"). The policy was effective from November 17, 2015 to November 17, 2016. (MIA Ex. 9) On December 7, 2015, Respondent reported to CSAA that on December 4, 2015, his diamond bracelet was taken from his hotel room in the Dominican Republic. CSAA opened a claim and assigned claim number 1001227619. (MIA Ex. 10, T. 17.)

5. On December 10, 2015, in support of his claim, Respondent submitted a "Property Loss Inventory" form to CSAA. This form contained a description of the allegedly stolen bracelet and stated that it was purchased on December 7, 2010 from ItsHot.com for $5,695.00. Respondent submitted the purported sales order (#F-729240928-JM) from ItsHot.com to CSAA representing that he had purchased a diamond bracelet on December 7, 2010, for $5,695.00. (MIA Ex. 11) Additionally, Respondent submitted evidence he had traveled to the Dominican Republic. (MIA Ex. 11; T. at 17-18)

6. CSAA referred the claim internally to its Special Investigation Unit "SIU" for investigation as Respondent's policy was recently incepted. (MIA Ex. 12.)

7. A representative from CSAA SIU contacted ItsHot.com. A representative examined the sales order Respondent had submitted to CSAA. The ItsHot.com representative advised that Respondent had contacted ItsHot.com on December 7, 2015, and requested an order invoice for a bracelet, citing he was at the bank and needed the invoice to get a loan to purchase the bracelet. ItsHot.com sent Respondent the sales order for his potential purchase, and never heard back from him. The ItsHot.com representative in an email stated in pertinent part:

> "This is a fraud receipt. On December 7, 2015 Respondent contacted us saying he would like to purchase the bracelet 405429 and he was at a bank trying to get a loan to purchase the bracelet and needed an order invoice to get a loan, after which he would make a payment to us for the order. We sent Respondent a sales order for the potential order and have not heard back from him. The sales order you [CSAA] sent us is doctored (with the date changed from 12/07/15 to 12/07/10) and Mr. Respondent did not purchase the listed item from us." (MIA Exs. 11, 14.)

8. On December 11, 2015, the CSAA SIU representative confronted Respondent with evidence that the ItsHot.com sales order had been altered, and Respondent withdrew his claim. (MIA. Exs. 12, 13)

9. On December 22, 2015, CSAA sent Respondent a letter denying his claim because he had not provided proof of loss. More specifically the receipt Respondent submitted was not an actual purchase receipt, but a sales order that Respondent had altered. (MIA Ex. 12.)

10. During the course of the MIA investigation, Mr. Mason contacted CSAA and confirmed its handling of Respondent's claim. (MIA Ex. 12; T. 28.)

11. On February 8, 2016, Mr. Mason contacted the sales manager of ItsHot.com and requested a review of sales order #F-729240928-JM. The sales manager examined the sales order and advised it was fraudulent. The ItsHot.com representative stated, "This is to confirm that this is a fraud receipt and this person never purchased anything from us." (MIA Ex. 15.)

12. On February 10, 2016, Mr. Mason interviewed Respondent, who admitted to submitting the altered sales order to demonstrate to CSAA he bought the diamond bracelet which he claimed was stolen. Respondent stated that he altered the date of the sales order by backdating it from 12/7/15 to 12/7/10. (MIA Ex. 16.)

13. Through documents produced during discovery, the MIA became aware that in addition to Pacos Bail Bonds, Respondent owns Next Level Bail Bonds. Respondent filed a 2015 Form 1040 Profit or Loss from Business (Sole Proprietorship) Tax Return which stated income of $69,720 and a net profit of $23,661 for Next Level Bail Bonds. The aforementioned tax return listed an employer EIN number for Next Level Bail Bonds. (MIA Ex. 6)

14. Next Level Bail Bonds operated as a bail bond agency in Maryland during 2015 without the required producer license. (T. 71) Respondent has still not obtained an insurance producer license from the MIA for his business Next Level Bail Bonds despite registering it as a company with SDAT on December 4, 2013. (MIA Ex. 2; T. 39)

14. An Order was issued by the MIA on February 23, 2016. That Order was amended on May 24, 2016 after the MIA discovered that Respondent was operating a bail bond agency and collecting income from that business without having obtained an insurance producer license. In the Amended Final Order the MIA determined that as a result of violations of §§ 27-403, 4-205, 10-103, and 10-126(a)(1), (6), (13), (b)(1), and (2), both Respondent and Pacos Bail Bonds should have their producer licenses

revoked and an administrative penalty assessed, including a penalty to the Respondent in the amount of $4,000 and a penalty of $1,500 for Pacos Bail Bonds. (MIA Ex. 7, Amended Order).

15. Attorney Thomas J. Maronick Jr. filed a request for hearing with the MIA, dated May 27, 2016, on Respondent's behalf.

17. On August 2, 2016, a Hearing was held at the MIA for Respondent regarding the revocation of his insurance producer license, his business's insurance producer license and multiple fines.

18. Respondent, through his counsel at the hearing, admitted to all facts as presented in the MIA Exhibits and admits to the violations alleged in the Amended Order.[6] (T. 12-13)

DISCUSSION

A. Position of Parties.

The MIA argues that Respondent knowingly presented an altered sales order containing false information in support of his claim to CSAA Insurance. The MIA asserts that Respondent admitted the violations stated in the Amended Order and that his previous violations demonstrate that he is not fit to hold a producer license. The MIA further asserts that Pacos Bail Bonds is not fit to hold a producer license due to the violations of the Respondent, its owner and DLRP.

Respondent does not dispute that violations occurred, but instead argues for a license suspension as opposed to a license revocation for himself. In addition, Respondent argues that even if he should lose his license, that Pacos Bail Bonds should not be penalized and/or be allowed adequate time to be sold to and operated by another licensed producer.

There are two different burdens of persuasion in this case. First, the MIA must show by clear and convincing evidence that the Respondent committed a fraudulent insurance act under § 27-403.

[6] At several points during the hearing Respondent's counsel objected to witness testimony that he felt were improper characterizations of the exhibits, arguing that the documents speak for themselves. The exhibits do speak for themselves and no characterization from any witness testimony was relied on in my decision.

Second, the MIA must show by a preponderance of the evidence that Respondent was operating a bail bond agency without a required producer license and violated §§ 4-205, 10-103, and 10-126(a)(1), (6), (13), making revocation for Pacos Bail Bonds appropriate under § 10-126(b)(1), and (2).

B. Statutory Framework

Section 4-205 prohibits a person from directly or indirectly offering bail bonds to the public without a license. It states in pertinent part the following:

> **§ 4-205**
>
> (b) An insurer or other person may not, directly or indirectly, do any of the acts of an insurance business set forth in subsection (c) of this section, except as provided by and in accordance with specific authorization of statute.
>
> (c) Any of the following acts in the State, effected by mail or otherwise, is considered to be doing an insurance business in the State:
>
> (2) making or proposing to make, as guarantor or surety insurer, a contract of guaranty or surety insurer, a contract or suretyship as a vocation and not merely incidental to another legitimate business or activity of the guarantor or surety insurer;....

Section 10-103 requires that a producer agency must be licensed by the MIA to accept compensation as a producer. It states in pertinent part the following:

> **§ 10-103**
>
> (e) Before a business entity may accept in its own name compensation for acting as an insurance producer in the State, the business entity must obtain:
>
> (1) a license in the kind or subdivision of insurance for which the business entity intends to act as an insurance producer; and....

Section 10-126(a) authorizes the Commissioner to suspend or revoke a producer license if the holder of a license has willfully violated this article, committed fraudulent or dishonest practices or shown a lack of trustworthiness. Section 10-126(b) provides that the Commissioner may revoke the license of a business entity if an insurance producer working with or for that business entity violates any

provision of this subtitle or has had a professional license suspended or revoked for a fraudulent or dishonest practice. It states in pertinent part the following:

§ **10-126**

(a) The Commissioner may deny a license to an applicant under §§ 2-210 through 2-214 of this article, or suspend, revoke, or refuse to renew or reinstate a license after notice and opportunity for hearing under §§ 2-210 through 2-214 of this article if the applicant or holder of the license:

(1) has willfully violated this article or another law of the state that relates to insurance;

(6) has committed fraudulent or dishonest practices in the insurance business;

(13) has otherwise shown a lack of trustworthiness or competence to act as an insurance producer;

(b) (1) The Commissioner may deny a license to an applicant business entity under §§ 2-210 through 2-214 of this article, or suspend, revoke, or refuse to renew or reinstate a license of a business entity after notice and opportunity for hearing under §§ 2-210 through 2-214 of this article, if an individual listed in paragraph (2) of this subsection has:

(i) violated any provision of this subtitle;

(iii) had any professional license suspended or revoked for a fraudulent or dishonest practice.

(2) This subsection applies in any case that involves a business entity if the violation was committed by an individual who is:

(i) an insurance producer;
(ii) an individual with direct physical control over the fiscal management of the business entity.

Section 27-403 states that it is a fraudulent insurance act for an individual to knowingly present false oral or written documentation to an insurer to support their claim. It states in pertinent part the following:

§ **27-403**

It is a fraudulent insurance act for a person:

(2) to present or cause to be presented to an insurer documentation or an oral or written statement made in support of a claim...with knowledge that the documentation or statement contains false or misleading information about a matter material to the claim.

Section 27-408 (c) permits the Commissioner to impose an administrative penalty for insurance fraud and establishes factors to be considered in determining the amount of an administrative penalty. It states in pertinent part the following:

§ 27-408(c)

(1) In addition to any criminal penalties that may be imposed under this section, on a showing by clear and convincing evidence that a violation of this subtitle has occurred, the Commissioner may:

(i) impose an administrative penalty not exceeding $25,000 for each act of insurance fraud; and

(2) In determining the amount of an administrative penalty, the Commissioner shall consider:

(i) the nature, circumstances, extent, gravity, and number of violations;
(ii) the degree of culpability of the violator;
(iii) prior offenses and repeated violations of the violator; and
(iv) any other matter that the Commissioner considers appropriate and relevant.

C. The Respondent's conduct violated Maryland Insurance Article § 27-403 when Respondent submitted an altered document and false statement as proof of loss for his claims.

Section 27-403 states that it is a fraudulent insurance act for an individual to present to their insurer oral or written documentation made to support their claim with knowledge that the documentation or statement contains false or misleading information material to the claim. Here, Respondent knowingly presented false information as proof of loss in support of a claim in violation of § 27-403. Respondent admitted to submitting an altered sales receipt. Respondent filed a claim after he alleged a diamond bracelet was taken from his hotel room. (MIA. Ex. 10.) In support of his claim Respondent submitted a sales order showing that the bracelet was purchased on 12/7/10 for $5,695 from ItsHot.com. (MIA Ex. 11.) CSAA internally referred the claim to a Special Investigation Unit since the policy was recently incepted. (MIA Ex. 11, T. 17-18.) CSAA contacted ItsHot.com and learned that the submitted

sales order was fraudulent. (MIA Ex. 11) More specifically, ItsHot.com confirmed that the date on the sales order had been altered from 12/7/15 to 12/7/10 and that Respondent had contacted ItsHot.com earlier for a sales order allegedly in order to obtain a bank loan to purchase the bracelet. However, ItsHot.com never heard back from the Respondent. (MIA Ex. 11, 14.)

Respondent initially maintained that this was an accurate sales order when questioned by CSAA via email and maintained that he was telling the truth. Respondent stated, in pertinent part, "You know what initially I told Timothy Perkins that I didn't know if I had the receipt or not he said ok just send in what you have but I searched my house for hours and found it." (MIA. Ex. 13) Respondent presented no evidence to support this statement or his counsel's assertion at the hearing that the bracelet did actually exist. Respondent has very limited credibility as he clearly lied to CSAA in that email about finding the receipt which ItsHot.com confirmed it sent to him as a sales order. Respondent also misrepresented the nature of the sales order document when it told CSAA that it was a receipt evidencing payment. He stated in the same email, "I gave you all the information you asked for except for a credit card receipt saying or showing paid but you actually have a copy of the receipt that I sent to you if I wanted to make a false claim why wait five years this is ridiculous." (Id.)

After denying the claim, the CSAA SIU referred the matter to the MIA. The MIA Investigator interviewed the Respondent over the phone on 2/10/16 at which time the Respondent admitted "I'm not going to lie," and stated that the date on the sales order was changed because he did not have the original 2010 receipt for the bracelet. (MIA Ex. 16.) Respondent's counsel would have me believe that explains the altered document. However, Respondent offered no evidence at the hearing to rebut the admitted exhibits, including MIA Exhibits 13 and 16 which demonstrate his dishonesty. Respondent was subpoenaed to testify but refused, citing his 5th Amendment privilege under the United States Constitution. (T. at 54-57.) Respondent's failure to testify allows me as the fact finder to draw an adverse inference against Respondent as recognized in Robinson v. Robinson, 328 Md. 507, 55, (1992) (quoting Whitaker v. Prince Georges County, 307 Md. 368, 384-7 (1986)) in stating,

> "[O]nce the privilege is invoked by a party who testifies in a civil case the refusal to answer the question cannot be used against the party in a subsequent criminal proceeding; however, the fact finder in the civil proceeding is entitled to draw an adverse inference against the party from that refusal to testify." (Id.)

Accordingly, it is clear to me that Respondent refused to testify because he could not adequately justify the existence of a bracelet or its purchase at any point in time.

As a licensed insurance producer, Respondent is required to receive continuing education in ethics training in order to maintain his license. The Respondent knowingly altered and submitted the sales order after having changed the date from 12/7/15 to 12/7/10 with the intended goal of deceiving CSAA. When initially questioned Respondent stated that there was no misrepresentation, but finally admitted to the alteration of the sales order. (T. 22-23.) Respondent did finally admit to the MIA Investigator that he filed a fraudulent insurance claim after CSAA had denied his claim and referred it to the MIA. (Id.) Respondent clearly planned, presented, and perpetuated a fraud with the bracelet claim. The MIA met its burden and showed by clear and convincing evidence that the Respondent knowingly committed a fraudulent insurance act in violation of § 27-403.

D. The Respondent's conduct violated Maryland Insurance Article §§ 4-205, 10-103, 10-126(a)(1), (6), (13) when he conducted insurance business through Next Level Bail Bonds, an unlicensed producer agency.

Section 4-205 prohibits a person from directly or indirectly offering bail bonds without a license. It is very significant that Respondent was aware of the MIA application and licensing process, having successfully acquired an insurance producer license for both himself and Pacos Bail Bonds. Respondent also understood that the right to licensure was controlled by the MIA because he and Pacos Bail Bonds had received previous licensing suspensions which were lifted in December of 2014. Simply stated, Respondent knew that he could not offer, solicit, or issue bail bonds through an unlicensed entity or as an unlicensed producer.

Respondent was the owner and producer for Next Level Bail Bonds, a sole proprietorship he registered with SDAT. (MIA Ex. 1.) Next Level Bail Bonds' website provided contact information for use by individuals in search of or in need of a bail bond. (MIA Ex. 4.) Respondent and Next Level Bail Bonds earned money from the sale of bail bonds as evidenced by a 2015 Form 1040 Profit or Loss from Business (Sole Proprietorship) Tax Return filed for Next Level Bail Bonds. Next Level Bail Bonds had gross receipts of $69,720 and a net profit of $23,661 in 2015. (MIA. Ex. 6.) This evidence was admitted and went uncontested at the hearing. The inescapable conclusion is that Next Level Bail Bonds was conducting insurance business without a license in violation of § 4-205, that the Respondent was soliciting bail bonds business for this unlicensed agency, and that Respondent established this business entity to operate without the MIA's knowing it existed. (MIA Ex. 2)

Section 10-103(e)(1) requires a business entity accepting compensation for acting as an insurance producer in the State to first obtain a license from the MIA for the type of insurance they intend to sell. Before Respondent could accept compensation in 2015 for Next Level Bail Bonds he was required to obtain an insurance producer license for the business. Again, Respondent was aware of the MIA application and licensing process for business entities having successfully acquired an insurance producer license for Pacos Bail Bonds. Next Level Bail Bonds, under the ownership and operation of Respondent, was registered as a business entity with SDAT, but it was not licensed by the MIA as a producer to offer bail bonds. (MIA Ex. 1, 2.) Respondent did not have Next Level Bail Bonds apply for a producer license with the MIA. Instead, Respondent offered bail bonds and collected compensation through Next Level Bail Bonds as an unlicensed bail bond agency. Next level Bail bonds accepted compensation as demonstrated by the 2015 tax form's stated net income. Respondent's actions demonstrate that he willfully violated Section 10-103(e)(1). More importantly, they reinforce the fact that Respondent has acted dishonestly and lacks the trustworthiness required of an insurance producer.

E. Pacos Bail Bonds' insurance producer license is properly revoked under §10-126(b)(1) and (2) because Respondent, a licensed insurance producer, violated §§ 4-205, 10-103, and 10-126(a)(1), (6), (13) of the Insurance Article.

Section 10-126(b) provides that the Commissioner may, among other things, revoke the license of a business entity if an insurance producer violates any provision of this subtitle, or has had a professional license suspended or revoked for a fraudulent or dishonest practice. The Respondent was the owner and operator of an unlicensed bail bond agency in violation of § 4-205. Respondent's failure to obtain an insurance producer license for Next Level Bail Bonds before selling bail bonds was a knowing and willful violation of the insurance article, the commission of a dishonest practice, and showed a lack of trustworthiness in violation of §§ 10-103, and 10-126(a)(1), (6), (13). Respondent is also the owner and DLRP of Pacos Bail Bonds. Since Respondent has repeatedly demonstrated an intentional willingness to engage in dishonest practices and that he lacks the trustworthiness to act as a producer, the license revocation of Pacos Bail Bonds was appropriate and proper.

F. The Respondent's conduct violated Maryland Insurance Article § 27-408(c)(1) and (2), a penalty of $4,000 is appropriate.

Section 27-408 (c) permits the Commissioner to impose an administrative penalty for insurance fraud and establishes factors to be considered in determining the amount of an administrative penalty. The Commissioner properly imposed a $4,000 penalty to Respondent and a $1,500 penalty to Pacos Bail Bonds in his Amended Order. In assessing the penalty against the Respondent, the Commissioner considered the nature, circumstances, extent, gravity, number of violations; degree of culpability of the Respondent; and Respondent's prior offenses. (T. 28-29) A $1,500 penalty was assessed per violation, including the false representations that Respondent purchased a bracelet in 2010, and the submission of that altered sales order as proof of loss. Another $1,500 penalty was assessed for operating Next Level Bail Bonds without an appropriate insurance producer license. Respondent had $500 deducted from his penalty because he admitted to the MIA Investigator that he had altered a sales order and submitted a fraudulent insurance claim. (T. 28-29.)

Based on Respondent knowingly filing a fraudulent insurance claim by submitting an altered sales order and by operating Next Level Bail Bonds without an insurance producer license, Respondent has displayed dishonesty and untrustworthiness. A revocation of his license to act as an insurance produce in the State of Maryland and the imposition of a $4,000 administrative penalty are appropriate under the facts of this case.

Since Respondent is the owner and DLRP of Pacos Bail Bonds, a revocation of that businesses producer license and an administrative penalty of $500 is also appropriate given the facts.

CONCLUSIONS OF LAW

Based upon the foregoing Findings of Fact and Discussion, it is found, as a matter of law, that the Respondent and Pacos Bail Bonds did violate the Insurance Article of the Annotated Code of Maryland §§ 27-403(2), 4-205, 10-103, 10-126(a)(1), (6), (13) and (b)(1) and (2).

FINAL ORDER

IT IS HEREBY ORDERED that the Amended Order dated May 24, 2016 and issued by the Maryland Insurance Administration in this matter is hereby **UPHELD** in part and **AMENDED** in part; and it is further

ORDERED that the producer licenses of Patrick F. Edwards and Pacos Bail Bonds are REVOKED; and it is further

ORDERED that Patrick F. Edwards shall pay an administrative penalty in the amount of $4,000; and it is further

ORDERED that Pacos Bail Bonds shall pay an administrative penalty in the amount of $500; and it is further

ORDERED that Next Level Bail Bonds shall not offer, issue, or otherwise make available or provide bail bonds to members of the public in the State or Maryland; and it is further

ORDERED that the records and publications of the Maryland Insurance Administration reflect this decision.

It is so **ORDERED** this 8th day of September, 2016.

ALFRED W. REDMER, JR.
Insurance Commissioner

signature on original

ROBERT D. MORROW JR.
Associate Commissioner-Hearings