

**IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION**

v.

**BIRDLAND BUILDERS, LLC
1035 Benfield Blvd, Suite G
Millersville, MD 21108**

and

**TIMOTHY R. FARO, JR.
Resident Agent / Owner
1035 Benfield Blvd, Suite G
Millersville, MD 21108**

CASE NO. MIA-2024-02-019

CASE NO. MIA-2024-02-020

Fraud Division File No. T-2024-0086

ORDER

This Order is issued by the Maryland Insurance Administration (the “MIA”) against Timothy R. Faro, Jr. (“Faro”) and Birdland Builders, LLC (“Birdland”) [collectively “Respondents”], pursuant to Md. Code Ann., Ins. Art. §§ 2-108, 2-201, 2-204 and 2-405 (2017 Repl. Vol. & Supp.) for the violations of the Maryland Insurance Article identified and described.¹

I. RELEVANT MATERIAL FACTS

1. A “certificate of insurance” (“COI”) is a document that is “prepared or issued by an insurer or insurance producer as evidence of property insurance or casualty insurance coverage.” § 19-116(a)(3)(i). The COI is an important document in that it serves as evidence to customers, contractors or other third parties that the business has obtained insurance. The COI indicates that the business or individual named as the insured has the financial resources available to protect those who may come to harm through the insured’s negligence.

¹ Unless otherwise indicated, all statutory references in this Order are to the Insurance Article of the Maryland Code.

2. Section 19-116(g) states:

A person may not prepare or issue a certificate of insurance that the person knows contains false or misleading information or that purports to amend, alter, or extend the coverage provided by the policy of insurance referenced in the certificate.

3. Birdland is a limited liability company registered with the Maryland Department of Assessment and Taxation, identification number W16528085. Faro is the owner and Resident Agent of Birdland. Birdland is not in good standing as the business entity is not in compliance with one or more Maryland laws that apply to businesses and their responsibilities in this State.

4. Birdland is registered with the Maryland Home Improvement Commission as a contractor, registration number 109840.

Maryland Consumer Complaint

5. On November 21, 2023, a Maryland consumer (hereinafter “W.C.”) notified the MIA’s Fraud and Enforcement Division that on or about June 29, 2023, he entered into a contract with Birdland to perform renovations to a home he was purchasing. W.C.’s lender was First Home Mortgage (“First Home”). As part of the renovation process, prior to releasing funds, First Home required W.C. and Faro, as the contractor, to sign a Conventional Renovation Contract (“CRC”), which stipulated:

Article 10. Insurance.

10.1. **Contractor’s Insurance.** Contractor will purchase and maintain the following insurance policies: (i) a builder’s all risk insurance policy (with a mortgagee’s loss payable clause in favor of Lender and with a physical loss form endorsement), without co-insurance, in an amount not less than one hundred percent (100%) of the replacement cost of the Work, with the standard conditions; (ii) public liability insurance with limits of liability equal to at least \$500,000 per occurrence; (iii) workers’ compensation insurance as required by applicable state law; (iv) automobile liability insurance with limits of liability equal to at least \$300,000 per occurrence for each vehicle that will be used in providing the services hereunder; and (v) other insurance as is appropriate for the Work being performed.

Before any Work is started, Contractor will deliver to Owner certificates or other evidence of the insurance that Contractor is required to purchase and maintain.

Both W.C. and Faro signed the CRC on June 19, 2023.

6. On June 30, 2023, Faro sent an email to a First Home representative, which attached a purported COI for Birdland. The COI identified Assured Partners of MD, LLC (“Assured”) as the producer. The COI was dated June 29, 2023, and stated that Birdland had a commercial general liability insurance, policy no. ***60587887, issued by General Insurance Co. of America (“General”), in effect from November 11, 2022 to November 11, 2023, with the following policy limits: (a) \$1,000,000 each occurrence, (b) \$1,000,000 damage to rented premises, (c) \$15,000 medical expenses, (d) \$1,000,000 personal and advertising injury, (e) \$2,000,000 general aggregate, and (f) \$2,000,000 products completed.

7. After receiving the initial deposit, Respondents failed to order material and never began renovation on W.C.’s home. Consequently, on November 16, 2023, W.C. contacted Assured to validate the purported COI Faro emailed to First Home. An Assured representative advised W.C. that the COI was not valid, and Birdland’s policy was cancelled on May 2, 2023, because it failed to make the insurance premium payment. In addition, the Assured “authorized representative” who allegedly signed the COI had not worked for Assured for at least two years.

The MIA Investigation

8. An investigator for the MIA interviewed a representative for Assured, who reported that Birdland had commercial general liability insurance with General from November 11, 2022 to May 2, 2023, when it was cancelled because Birdland failed to pay the premium. Birdland did not have insurance coverage reflected on the fraudulent COI Faro submitted to First Home. The Assured “authorized representative” who allegedly signed the COI had not worked for Assured

for at least two years, but that representative had signed a legitimate COI for Birdland as the “authorized representative” on January 14, 2020.

9. An investigator for the MIA learned that on April 17, 2023, Liberty Mutual Insurance, as an affiliate of General, sent a “Notice of Cancellation” letter to Birdland by U.S. mail, which stated:

In accordance with the terms and conditions of policy ***60587887 *** and with the law, you are hereby notified that this insurance will cease at 12:01 AM on 05/02/2023 for non-payment of \$102.08 in premium.

In addition, on May 10, 2023, Liberty Mutual Insurance sent Birdland a “Results of cancellation” notice, which stated:

A cancellation effective 05/02/2023 has been processed on this policy.

* * *

This policy is cancelled due to: Non-Payment

10. On December 1, 2023, an MIA investigator interviewed a First Home representative, who confirmed receiving a purported COI via email from Faro. The representative provided the email thread he had with Faro, as well as the purported COI that was attached to Faro’s email, paragraph 6 *supra*.

11. On December 19, 2023, an MIA investigator interviewed Faro, who reported that he was unaware that his insurance premium was not paid. He said he had it set up for “auto pay” and the card on file must have been expired. Faro blamed a former employee for altering the COI and said it was an honest mistake.

II. VIOLATIONS

12. In addition to all relevant sections of the Insurance Article, the MIA relies on the following pertinent sections of the Insurance Article, which apply to acts and omissions of the Respondents in the State:²

§ 19-116(g)

A person may not prepare or issue a certificate of insurance that the person knows contains false or misleading information or that purports to amend, alter, or extend the coverage provided by the policy of insurance referenced in the certificate.

§ 27-406(5)

It is a fraudulent insurance act for a person:

(5) with intent to deceive, knowingly to exhibit a false account, document, or advertisement about the affairs of an insurer.

§ 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.

13. By engaging in the conduct described herein, Respondents knowingly violated §§ 19-116(g) and 27-406(5) of the Insurance Article, and are therefore subject to the imposition of an administrative penalty in accordance with § 27-408(c).

² The failure to designate a particular provision in this proposed Order does not deprive the Commissioner of the right to rely on that provision.

III. SANCTIONS

14. Respondents knowingly submitted a fraudulent COI which falsely reflected that Birdland had commercial general liability insurance with General Insurance Co. of America from November 11, 2022 to November 11, 2023, when it did not actually have those coverages.

15. Having considered the factors set forth in § 27-408(c)(2), the MIA has determined that \$2,500.00 is an appropriate penalty to be paid jointly and severally by Birdland and Faro.

16. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (T-2024-0086) and name (Birdland Builders, LLC/Faro). Payment of the administrative penalty shall be sent to the attention of: Acting Associate Commissioner Joseph E. Smith, Insurance Fraud and Enforcement Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202. Unpaid penalties will be referred to the Central Collections Unit for collection.

17. This Order does not preclude any potential or pending action by any other person, entity, or government authority, regarding any conduct by the Respondents including the conduct that is the subject of this Order.

WHEREFORE, for the reasons set forth above, and subject to the right to request a hearing, it is this 26th day of February 2024, **ORDERED** that:

Birdland Builders, LLC and Timothy R Faro, Jr. shall jointly and severally pay an administrative penalty of Two-Thousand Five Hundred Dollars (\$2,500.00) within 30 days of the date of this Order.

KATHLEEN A. BIRRANE
Insurance Commissioner

BY: signature on original
JOSEPH E. SMITH
Acting Associate Commissioner
Insurance Fraud & Enforcement Division

RIGHT TO REQUEST A HEARING

Pursuant to § 2-210 of the Insurance Article and Code of Maryland Regulations (“COMAR”) 31.02.01.03, an aggrieved person may request a hearing on this Order. This request must be in writing and received by the Commissioner within thirty (30) days of the date of the letter accompanying this Order. However, pursuant to § 2-212 of the Article, the Order shall be stayed pending a hearing only if a demand for hearing is received by the Commissioner within ten (10) days after the Order is served. The written request for hearing must be addressed to the Maryland Insurance Administration, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202, Attn: Executive Assistant to the Deputy Commissioner. The request shall include the following information: (1) the action or non-action of the Commissioner causing the person requesting the hearing to be aggrieved; (2) the facts related to the incident or incidents about which the person requests the Commissioner to act or not act; and (3) the ultimate relief requested. The failure to request a hearing timely or to appear at a scheduled hearing will result in a waiver of your rights to contest this Order and the Order shall be final on its effective date. Please note that if a hearing is requested on this initial Order, the Commissioner may affirm, modify, or nullify an action taken or impose any penalty or remedy authorized by the Insurance Article against the Respondent in a Final Order after hearing.