

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

JAMES ORLANDO GONZALEZ
And
JOA GENERAL UTILITY, LLC
6619 Drylog Street
Capitol Heights, MD 20743

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. MIA-2021-11-018
CASE NO. MIA-2021-11-019
Fraud Division File No. T-22-0037

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against James Orlando Gonzalez (“Gonzalez”) and JOA General Utility, LLC (“JOA”), collectively, “Respondents” pursuant to §§ 2-108, 2-201, 2-204¹ and 2-405 of the Insurance Article, Md. Code Ann. (2017 Repl. Vol. & Supp.) (the “Insurance Article”).

I. 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.” Insurance Article § 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.

2. Section 19-116(g) of the Insurance Article states:

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

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. JOA is an active business registered with the Maryland Department of Assessment and Taxation ("SDAT"), identification number W18660209, Gonzalez is the registered agent. JOA is not in good standing.

4. On March 15, 2021, a representative for Griffin-Owens Insurance Group ("GO"), a Virginia licensed insurance producer agency, notified the State Corporate Commission - Virginia Bureau of Insurance ("VBI") that it received a copy of COI Acord Form (hereinafter the "JOA COI"), which falsely reflected that GO was the named insurance producer for insurance policies issued to JOA.

5. An investigator for VBI interviewed GO's representative who reported that a representative for N&C Construction, Inc. ("N&C"), contacted GO to authenticate a COI submitted to N&C by Respondents. An examination of the COI reflected that it was issued on March 8, 2021. The insurance producer was identified as GO. The insured was identified as JOA. The COI reflected that JOA had the following insurance policies underwritten by Builders Mutual Insurance Company ("BMI"):

- Commercial Liability - policy # CPA2011622-0 - Policy Period 1/21/2021 to 01/22/2022;
- Automobile Liability - policy # CPA0233506 00 - Policy Period 12/5/2020 to 12/5/2021;
- Umbrella Liability - policy # MUB00167785-0 - Policy Period 1/21/2021 to 1/21/2022; and
- Workers Compensation - Policy # MUB0016785 -- Policy Period 01/15/2021 to 1/15/2022.

6. GO's representative reported to VBI that the above-described insurance policies are actual BMI policies, issued to one of GO's clients, but not to JOA.

7. A VBI investigator interviewed a representative for N&C, who reported that Gonzalez sent her the JOA COI, via email.

8. VBI concluded that GO did not issue the JOA COI. The policies identified on the COI are policies issued by GO to a Virginia policyholder, not JOA. Because JOA is a Maryland business, VBI referred the complaint to the MIA, which opened an investigation.

The MIA's Investigation

9. An MIA investigator confirmed through the Maryland State Department of Assessment and Taxation ("SDAT") that JOA was a business registered in Maryland. Gonzalez was the resident agent.

10. On October 6, 2021, a representative of N&C provided the MIA investigator with a March 11, 2021, email Gonzalez sent from, "James Gonzalez, joa.gu.llc@gmail.com," wherein the JOA COI was attached.

11. On October 15, 2021, an MIA investigator interviewed the GO representative who reported that Respondents had never been a GO client. The GO representative confirmed that most of the information contained on the JOA COI was identical to policy information for a Virginia based policyholder. He suspected that the actual COI issued to the Virginia client was used to create the fictitious JOA COI.

12. An MIA investigator compared the JOA COI with the actual COI issued by GO to its Virginia policyholder. Both COIs were identical in font and content, except for the sections labeled: INSURED, CERTIFICATE HOLDER, and DESCRIPTION OF OPERATIONS. The COI presented to N&C by Gonzalez falsely identified JOA as the insured. The GO representative's printed name and signature appeared on both COI's. An MIA investigator contacted the GO representative whose name appeared on the COIs; she reported that she did not sign a COI issued to JOA.

13. An MIA investigator interviewed an N&C representative who reported that JOA was a potential subcontractor, who sought to be hired to perform plumbing work in Washington, D.C. N&C required its subcontractors to provide a COI. JOA sent a text message to N&C's owner. JOA's COI was attached, but the image of the COI was blurry; therefore, the representative requested that Gonzalez send her a better copy. On March 11, 2021, Gonzalez replied with an attached JOA COI. The second copy of the JOA COI was also blurry but identified GO as the insurance producer. The N&C representative contacted GO to authenticate the COI, and learned that Respondents were not insured through GO.

14. On October 25, 2021, in response to an MIA inquiry, a representative of BMI stated that BMI had no record of insuring JOA.

15. A representative for GO reported that the actual insurance coverage reflected on the JOA COI presented to N&C by Gonzalez had an annual insurance premium of over \$34,000.

16. On October 13, 2021, an MIA investigator sent a letter to Gonzalez, requesting his cooperation with the investigation. Gonzalez failed to reply.

II. Violation(s)

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

18. § 27-406(5) provides in pertinent part:

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.

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.

19. § 27-408(c) provides in pertinent part:

(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.

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

III. Sanctions

21. Gonzalez submitted a COI to a contractor, falsely reflecting that JOA had insurance coverage through GO, with BML. The COI is a document relied upon as proof that Respondents had the financial resources available to protect those who may come to harm through its negligence.

22. Having considered the factors set forth in § 27-408(c)(2), the MIA has determined that \$15,000.00 is an appropriate penalty.

23. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (T-22-0037) and names (James Orlando Gonzalez and JOA General Utility, LLC). Payment of the administrative penalty shall be sent to the attention of: Associate Commissioner, Insurance Fraud and Enforcement Division, 200 St.

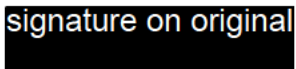
Paul Place, Suite 2700, Baltimore, Maryland 21202. Unpaid penalties will be referred to the Central Collections Unit for collection.

24. 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 18th day of November 2021, **ORDERED** that:

James Orlando Gonzalez and JOA General Utility, LLC shall jointly and severally pay an administrative penalty of Fifteen-Thousand Dollars (\$15,000.00) within 30 days of the date of this Order.

KATHLEEN A. BIRRANE
Insurance Commissioner

BY: 

STEVE WRIGHT
Associate Commissioner
Insurance Fraud and 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: Melanie Gross, 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 Respondents in a Final Order after hearing.