

**IN THE MATTER OF THE**

**MARYLAND INSURANCE  
ADMINISTRATION**

v.

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**CASE NO. MIA-2023-03-025**

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**ALEXANDER SECURITY  
CONSULTANTS, LLC.  
21 Industrial Park Drive, Ste. 105  
Waldorf, MD 20602**

**CASE NO. MIA-2023-03-027**

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**Fraud Division File No. R-2023-1160A**

**And**

**ANNIE HAYNES-ALEXANDER  
Resident Agent / Owner  
21 Industrial Park Drive, Ste. 105  
Waldorf, MD 20602**

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**ORDER**  
This Order is issued by the Maryland Insurance Administration (the "MIA") against Annie Haynes-Alexander ("Haynes") and Alexander Security Consultants, LLC ("ASC") (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.<sup>1</sup>

**I. RELEVANT MATERIAL FACTS:**

1. Insurance is a form of risk financing that may be required as evidence of financial responsibility in order to engage in certain activities.
2. 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,

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

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.

3. 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.

4. ASC is a limited liability company registered with the Maryland Department of Assessment and Taxation ("SDAT"), identification number W07714561. Haynes is the owner and Resident Agent of ASC.

5. Admiral Security Services, Inc. ("Admiral") is a Maryland licensed security company. Admiral engaged ASC as a subcontractor to do business in Maryland. As a business practice, Admiral requires its subcontractors to have certain insurance coverage in place as a condition of their engagement. Admiral also requires its subcontractors to demonstrate proof of coverages by submitting a COI. Absent the existence and confirmation of the required insurance, Admiral will not engage an entity as a subcontractor. Consequently, in October 2022, Admiral asked ASC for a copy of its COI as proof it had requisite insurance coverages.

6. On October 7, 2022, in response to Admiral's request, Haynes emailed a purported COI to an Admiral representative, hereinafter, "Mooney." The COI identified the insurance producer agency as Consolidated Insurance + Risk Management ("Consolidated"). The insurance producer was identified as Lindsay Maher ("Maher"). The COI reflected that ASC had the following insurance coverages:

- Commercial General liability coverage, policy number \*\*\*\*-\*\*\*-0001184-03, issued by Clear Blue Specialty Insurance Company ("Clear Blue") in effect from October 1, 2022 to October 1, 2023;

- Umbrella liability coverage, policy number \*\*\*\*-\*\*\*-0001186-03, issued by Clear Blue in effect from October 1, 2022 to October 1, 2023; and
- Workers Compensation and Employers' liability insurance coverage, policy number 09022022-\*\*\*2355, issued by Chesapeake Employers' Insurance Company ("Chesapeake") in effect from September 2, 2022 to September 2, 2023.

7. On October 7, 2022, in an effort to validate the COI submitted by Haynes, Mooney sent an email to Consolidated asking:

I was hoping to verify that Admiral Security Services, Inc. is added to Alexander Security Consultant's policy for General Liability as a Certificate Holder and as an additional insured. Can you please confirm this? ...

In response, Maher replied:

We [Consolidated] are not the current agent of record for the General Liability policy.

Mooney then asked:

Sorry-just a little confused! They [ASC/Haynes] just sent this COI over to us this morning. Is this COI incorrect?

Maher replied:

This is not an accurate COI and was not issued by our office. The only coverage in place by our office is the Auto and property. All others have since cancelled or are with another broker.

8. On October 10, 2022, Brian Villari ("Villari"), a senior risk advisor for Consolidated, sent the following email to Haynes:

Annie

Attached is a Certificate of Insurance issued to your customer for coverages we do not hold for you. This notification is a formal cease and desist with sending altered certificates on behalf of Consolidated. We made a formal report to the Maryland Insurance Department of the altered certificate as well as to Admiral Security Services.

9. On October 11, 2022, in response to Villari, Haynes replied:

Hi Brian I acknowledge and will comply. Is it possible that you will do business with me. [sic] I would like to renew my insurance.

10. Villari made the following fraud referral to the MIA, which opened a fraud investigation:

Please be advised that a Certificate of Insurance was issued without our permission/consent by Alexander Security Consultants. We do not handle the General Liability, Workers Compensation or Excess Liability lines of coverage yet the COI was issued.

Attached is the COI that was issued along with an email [hereinafter "The Notice"] I wrote to Alexander Security in 2021 notifying them of no coverage in force. Attached as well is the email from the holder Admiral Security Services who initiated this.

The Notice was an email to ASC, dated October 6, 2021, which stated:

Hi Annie

We spoke with the carriers and they will no longer provide the extension as to many days have passed since the expiration date. When you are ready we can work to put new policies in place.

As it stands, there is no insurance in force (workers comp, general liability, excess, etc).

#### ***The MIA Investigation***

11. On December 19, 2022, an investigator for the MIA interviewed a representative for Chesapeake who reported that ASC had worker's compensation and employer's liability insurance through it from August 21, 2020 to April 12, 2021, when the policy was cancelled as ASC failed to make its premium payment. Chesapeake did not insure ASC from September 2, 2022 to September 2, 2023, as reflected on the fraudulent COI ASC submitted to Admiral.

12. On December 27, 2022, in response to an MIA investigator's request, Haynes contacted the MIA investigator. The investigator advised Haynes that the MIA was investigating an allegation that she submitted a fraudulent COI. Haynes advised that she would like to speak with an attorney. The investigator requested that Haynes have her attorney submit a letter of representation to the MIA. On January 12, 2023, Haynes contacted the MIA investigator, and

said that she just wants to take care of this matter and "I am admitting to what I did." Haynes confessed that she sent the COI to Mooney, via email, on about October 10, 2022. Haynes reported that she did not have the funds [to pay the insurance premiums], and that is why she sent the fraudulent COI. Haynes confessed to changing the dates and the policy numbers on the fraudulent COI [to make it appear that she was currently insured].

**13.** On January 6, 2023, an investigator for the MIA interviewed Mooney who confirmed that Admiral engaged ASC as a subcontractor. Haynes submitted to Admiral a purported COI reflecting that ASC had requisite insurance coverages. As per company policy, Mooney contacted Maher, the insurance producer identified on the COI, and learned from Maher that the COI was fraudulent.

**14.** On January 9, 2023, an investigator for the MIA received documents from a representative for Clear Blue, which confirmed that ASC had a commercial general liability policy and umbrella liability policy, numbers \*\*\*\*-\*\*\*-0001184-01 and \*\*\*\*-\*\*\*-0001186-01, respectively, with Clear Blue. These policies were in effect from October 1, 2020 to October 1, 2021, and were not renewed. ASC was not insured by Clear Blue from October 1, 2022 to October 1, 2023, as reflected on the fraudulent COI Haynes submitted to Admiral.

**15.** Maher reported to the Administration that the annual insurance premiums for the ASC policies, when they were in force, were as follows:

- General Liability \$36,557.50
- Umbrella Liability \$26,257.50
- Worker's Compensation \$39,830.00

These premium amounts represent what ASC avoided paying, but falsely demonstrated that the policies were in place when it submitted the fraudulent COI to Admiral.

## **II. VIOLATIONS**

**16.** 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:<sup>2</sup>

### **§ 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

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(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.

**17.** 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).

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<sup>2</sup> 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**

**18.** Respondents knowingly submitted a fraudulent COI which falsely reflected that ASC had particular insurance coverages, when it did not actually have those coverages in violation of § 19-116(g). Respondents knowingly submitted a fraudulent COI which falsely reflected that ASC had commercial general liability insurance with Clear Blue from October 1, 2022 to October 1, 2023, in violation of § 27-406(5). Respondents knowingly submitted a fraudulent COI which falsely reflected that ASC had umbrella liability insurance with Clear Blue from October 1, 2022 to October 1, 2023, in violation of § 27-406(5). Respondents knowingly submitted a fraudulent COI which falsely reflected that ASC had workers' compensation and employers' liability insurance coverage with Chesapeake from September 2, 2022 to September 2, 2023, in violation of § 27-406(5).

**19.** Having considered the factors set forth in § 27-408(c)(2), the MIA has determined that \$15,000.00 is an appropriate penalty to be paid jointly and severally by ASC and Haynes.

**20.** Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2023-1160A) and name (Alexander Security Consultants, LLC/Haynes). Payment of the administrative penalty shall be sent to the attention of: Acting Associate Commissioner Joseph 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.

**21.** 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 16th day of March 2023, **ORDERED** that:

Alexander Security Consultants, LLC and Annie Haynes-Alexander 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: 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: 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 Respondent in a Final Order after hearing