

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

v.

**L & C SERVICES, LLC  
1420 Spring Avenue  
Rosedale, Maryland 21237**

**And**

**JOSE LEMUS PORTILLO  
Resident Agent / Owner  
1420 Spring Avenue  
Rosedale, Maryland 21237**

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**CASE NO. MIA-2023-03-026**

**CASE NO. MIA-2023-03-028**

**Fraud Division File No. T-2023-0138**

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**ORDER**

This Order is issued by the Maryland Insurance Administration (the “MIA”) against Jose Lemus Portillo ("Portillo") and L & C Services, LLC (“L & C”) (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, contractors or other third parties that the business has obtained insurance. The COI indicates that

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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.

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. L & C is a Maryland limited liability company formed in 2016, with its principal place of business in Rosedale, Maryland. Portillo is the sole member and Resident Agent of L & C. As of October 15, 2021, L & C's authority to conduct business in the State was forfeited by the Maryland Department of Assessment and Taxation ("SDAT") for failure to file its 2020 personal property return.

5. The Home Depot, Inc. (hereinafter "Home Depot") is a business that characterizes itself as a multinational home improvement retail corporation that sells tools, construction products, appliances, and services. As a business practice, Home Depot requires its subcontractors to have certain insurance coverage in place as a condition of their engagement. Home Depot also requires its subcontractors to demonstrate proof of the existence of the required coverages by submitting a current, accurate COI. Absent the existence and confirmation of the required insurance, Home Depot will not engage an entity as a subcontractor.

6. In or about November 2022, a Maryland resident (hereinafter "J.L.") discovered that the roof to her Annapolis, Maryland home was leaking water into the interior of the home. To facilitate repairs to the roof, J.L. contacted Home Depot, which referred her to L & C through its Pro Referral website. J.L. entered into a verbal contract with L & C to make repairs to the roof of her home. After L & C completed its repairs to J.L.'s roof, water continued leaking into the home.

7. Subsequently, J.L. contacted her homeowner's insurance company, United Services Automobile Association ("USAA"). On December 8, 2022 a USAA representative inspected the roof of J.L.'s home and discovered multiple instances of improper roof installation. J.L. confronted Portillo about the issues with the roof repair, but Portillo denied any wrong doing. J.L. made a complaint regarding L & C's work to Home Depot, which sent her the COI it had on file for L & C. The COI identified L & C's insurance producer as Seguros R. Vasquez, Inc. ("Seguros"), a Maryland licensed insurance producer agency. The COI reflected that L & C had the following active insurance coverage:

- Commercial General Liability policy number 101 GL \*\*\*\*837-00 issued by Commonwealth Underwriters, Ltd, effective from May 15, 2022 [sic] to May 15, 2023.

8. J.L. contacted Seguros and provided it with a copy of L & C's purported COI. In response, a Seguros representative replied:

...unfortunately, this was out [sic] client in the past, he no longer has insurance with us. You should contact the person who gave you this person's information. We understand that The Home Depot gave you this person's information. You must go with them and explain your case, another option for this case is that you can look for a lawyer to help you since this insurance Certificate is fraudulent, he does not have insurance with us.

9. On December 9, 2022, J.L. made a complaint to the MIA.

### **The MIA Investigation**

10. The MIA opened an investigation. As part of the investigation, an MIA investigator contacted Seguros and spoke to Paola Vasquez-Treese ("Treese"), a Maryland licensed insurance producer and the general manager for Seguros. Treese confirmed that the COI that L & C submitted to Home Depot was fraudulent, and that L & C's general liability policy, number GL \*\*\*\*837-00, expired on May 24, 2019, and was not renewed. L & C did not have general liability insurance through Seguros from May 15, 2022 to May 15, 2023, as reflected on the fraudulent COI.

**11.** On February 3, 2023, an MIA investigator interviewed a representative for Home Depot, (hereinafter "Smith"). Smith confirmed that J.L. made a complaint to Home Depot regarding work performed at her home by L & C. Smith advised that whenever a customer reports damages, Home Depot provides them with a copy of the subcontractor's COI. Smith reported that on or about December 8, 2022, after receiving J.L.'s complaint about L & C's workmanship, she contacted Seguros and spoke with Treese, who advised her that the COI was false. Consequently, Smith spoke with Portillo on several occasions regarding the COI. Smith reported that Portillo consistently stated he would provide the Home Depot with an updated COI, but Portillo never provided an updated COI to Home Depot. As a result, Home Depot sent an email to Portillo, informing him that his account was suspended, as Home Depot "cannot have a Pro working on our platform without insurance..."

**12.** On February 3, 2023, an MIA investigator interviewed a representative for Commonwealth who reported that L & C was previously insured under a Commonwealth general liability policy, number 101 GL \*\*\*\*837-00. That policy was in effect from May 24, 2018, to May 24, 2019, but was not renewed. The Commonwealth representative provided the MIA investigator with a copy the L & C's insurance policy declaration page, which reflected an annual premium of \$872.50. The Commonwealth representative advised that Commonwealth did not insure L & C from May 15, 2022 to May 15, 2023, as reflected on the fraudulent COI Portillo submitted to Home Depot.

## **II. VIOLATIONS**

13. 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.

14. 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**

**15.** Respondents knowingly submitted a fraudulent COI which falsely reflected that L & C had general liability insurance coverage when it did not actually have coverage, in violation of § 19-116(g). Respondents knowingly submitted a fraudulent COI which falsely reflected that L & C had general liability insurance coverage with Commonwealth from May 15, 2022 to May 15, 2023, in violation of § 27-406(5).

**16.** Having considered the factors set forth in § 27-408(c)(2), the MIA has determined that \$4,000.00 is an appropriate penalty to be paid jointly and severally by L & C and Portillo.

**17.** Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (T-2023-0138) and name (L & C/Portillo). Payment of the administrative penalty shall be sent to the attention of: Acting Associate Commissioner Joseph Smith, Insurance Fraud and Producer Enforcement Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202. Unpaid penalties will be referred to the Central Collections Unit for collection.

**18.** 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:

L & C Services, LLC and Jose Lemus Portillo shall jointly and severally pay an administrative penalty of Four Thousand Dollars (\$4,000.00) 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 & Producer 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.