

IN THE MATTER OF THE  
MARYLAND INSURANCE  
ADMINISTRATION

v.

HPE GENERAL CONTRACTOR, LLC  
11200 Lockwood Drive Apt# 608  
Silver Spring, Maryland 20901

And

HARLEN EVANGELISTA  
Resident Agent / Owner  
11200 Lockwood Drive Apt# 608  
Silver Spring, Maryland 20901

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BEFORE THE MARYLAND  
INSURANCE COMMISSIONER

CASE NO. MIA-2023-01-020  
Fraud Division File No. R-2023-0058A

**ORDER**

This Order is issued by the Maryland Insurance Administration (the "MIA") against Harlen Evangelista ("Evangelista") and HPE General Contractor, LLC ("HPE"), (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,

<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. HPE is a Maryland limited liability company formed in 2017, with its principal place of business in Silver Spring, Maryland. Evangelista is the sole member and Resident Agent of HPE. HPE's authority to conduct business in the State was forfeited as of October 3, 2022 by the Maryland Department of Assessment and Taxation ("SDAT") for failure to file its 2021 personal property return.

5. Interior Logic Group (hereinafter "ILG") is a business that characterizes itself as providing design and installation solutions to the homebuilding industry. As a business practice, ILG requires its subcontractors to have certain insurance coverage in place as a condition of their engagement. ILG 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, ILG will not engage an entity as a subcontractor. Consequently, ILG asked Evangelista for a copy of its COI, as proof that it had the requisite insurance coverages.

6. In response to ILG's request, Evangelista personally delivered to "Martinez," a representative for ILG, what Evangelista represented to be a COI issued to HPE evidencing its then current in-force insurance coverage. The document proffered as a COI by Evangelista identified certain coverages allegedly procured for HPE by Seguros R. Vasquez, Inc. ("Seguros"), a Maryland licensed insurance producer agency. The insurance producer was identified as Paola

Vasquez-Treese ("Treese"), The COI was dated March 8, 2022, and reflected that HPE had the following insurance coverages:

- General liability coverage, policy number Q-27-08\*\*\*\*, issued by Erie Insurance Exchange ("ERIE"), identified as insurer "A," in effect from March 8, 2022 to March 8, 2023;
- Automobile liability coverage, policy number CA \*\*\*\*003, in effect from June 8, 2021 to June 8, 2022. No insurer was identified;
- Workers Compensation ("WC") and Liability insurance coverage, policy number 531\*\*\*\*. Issued by Chesapeake Employers' Insurance Company ("Chesapeake") identified as insurer "C," from June 8, 2021 to June 8, 2022.

7. The purported COI Evangelista provided to Martinez reflected that automobile and worker's compensation coverage expired on June 8, 2022. Therefore, on June 7, 2022, Martinez contacted Treese by email and asked:

When you have a moment can you please send a COI reflecting the new dates for HPE's Auto and WC policies? I've attached the old COI for reference.

8. Treese examined the purported COI and informed Martinez by return e-mail that it was a fraudulent COI. Treese's email stated, in pertinent part:

This is a FRAUDULENT Certificate of Insurance that you have. Since my name is signed – where did you get this from? I need to know asap. Thank you.

9. On July 5, 2022, Treese reported to the MIA that:

One of my prior insured [HPE] had several insurance policies which cancelled. He [Evangelista] gave his general contractor [ILG]... a copy of a Certificate of Insurance with ALL fraudulent information...

**The Following are [sic] the dates that the insurance was actually cancelled:**

- General Liability policy ERIE insurance, policy # Q-27-08\*\*\*\* cancelled for non-payment on 10/17/2021;

\* \* \*

- Workers Comp policy Chesapeake Employers Insurance, Policy # 531\*\*\*\* cancelled on 09/03/2019.

It appears that they fraudulently "copy and pasted" different effective and expiration dates and provided it to one of their general contractors as proof of insurance.

I was contacted by \*\*\* Martinez at Interior Logic Group to send a COI on 03/08/2022. I advised that all insurance policies were cancelled and there was no certificate of insurance that would be sent due to no active policies. He emailed me back and thanked me. On 06/07/2022 - [Martinez] emailed me and asked for an updated COI (and attached the fraudulent one) I immediately asked where did he receive the COI as it was FAKE and that I had advised him there was no insurance in place. He responded that the owner, Harlen Evangelista, went to the office and gave it to him (in person)."

Treese provided the MIA with a copy of the fraudulent COI. The MIA, Fraud and Enforcement Division opened an investigation.

#### *The MIA Investigation*

10. On October 11, 2022, an MIA investigator interviewed Martinez who reported that ILG has been working with HPE since about 2018 and HPE has always been up to date with its COIs. Martinez confirmed that sometime in 2022, Evangelista personally hand-delivered a copy of a COI to ILG's office, which was later determined to be fraudulent. Martinez advised he knows Evangelista as the Resident Agent and owner of HPE.

11. On November 28, 2022, an MIA investigator interviewed an Erie representative who reported that HPE was insured under an Erie general liability policy, number Q-27-08\*\*\*\*\*. That policy was in effect from March 8, 2021 to October 17, 2021, when it was cancelled, because Evangelista failed to make the premium payment. The Erie representative provided the MIA investigator with a copy the HPE's insurance policy declaration page, which reflected an annual premium of \$863.00. The Erie representative advised that Erie did not insure HPE from March 8, 2022 to March 8, 2023, as reflected on the fraudulent COI Evangelista submitted to ILG.

12. On November 28, 2022, an MIA investigator interviewed a Chesapeake representative who reported that HPE had worker's compensation and employer's liability insurance through Chesapeake from March 10, 2018 to March 10, 2019, with an annual estimated insurance premium of \$2,748.00. Chesapeake did not provide worker's compensation and employer's liability insurance to HPE from March 8, 2022 to March 8, 2023, as reflected on the fraudulent COI Evangelista submitted to ILG.

13. Although the fraudulent COI reflected automobile liability policy number CA \*\*\*\*003, in effect from June 8, 2021 to June 8, 2022, the COI failed to identify an insurer for that automobile insurance policy. An MIA investigator identified policy number CA \*\*\*\*003 as an insurance policy likely issued by Agency Insurance Company ("AIC"), an authorized insurer. The MIA investigator contacted an AIC special investigator who confirmed that policy number CA \*\*\*\*003 was an AIC policy, which was in effect from March 8, 2017 to May 1, 2017, at which time the policy was canceled because the premium was not paid. The AIC investigator provided the Administration with policy declaration pages for policy CA \*\*\*\*003. HPE was the named insured, and Evangelista was one of the named driver. The annual policy premium was \$6,042.00.

14. An investigator for the MIA confirmed that: (a) in 2022, Evangelista personally delivered the fraudulent COI to an ILG representative, which falsely reflected that HPE had the requisite insurance as of that date; (b) Erie did not provide general liability insurance to Respondent from March 8, 2022 to March 8, 2023, as reflected on the fraudulent COI; (c) Chesapeake did not provide worker's compensation and employer's liability insurance to HPE from March 8, 2022 to March 8, 2023, as reflected on the fraudulent COI; and (d) AIC did not insure HPE under policy number \*\*\*\*003 from June 8, 2021 to June 8, 2022, as reflected on the fraudulent COI.

## II. VIOLATIONS

15. 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

\* \* \*

(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.

16. 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

17. Respondents submitted a fraudulent COI which falsely reflected that HPE had general liability insurance with Erie from March 8, 2022 to March 8, 2023; had worker's compensation and employer's liability insurance with Chesapeake from March 8, 2022 to March 8, 2023; and had automobile liability insurance with AIC from June 8, 2021 to June 8, 2022.

18. Having considered the factors set forth in § 27-408(c)(2), the MIA has determined that \$13,000.00 is an appropriate penalty to be paid jointly and severally by HPE and Evangelista.

19. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2023-0058A) and name (HPE General Contractor, LLC/ Evangelista). 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.

20. 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 26<sup>th</sup> day of January 2023, **ORDERED** that:

HPE General Contractor, LLC and Harlen Evangelista shall jointly and severally pay an administrative penalty of Thirteen Thousand Dollars (\$13,000.00) 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.