

IN THE MATTER OF THE

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MARYLAND INSURANCE
ADMINISTRATION

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CASE NO.: MIA-2022-03-002

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CASE NO.: MIA-2022-03-003

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v.

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CAROLINA GALLEGO
18120 Chalet Drive, Apt. 201
Germantown, Maryland 20874

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Fraud Division File No.: R-18-3665A

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Enforcement File No. PC-64-2019

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ORDER

This Order is issued by the Maryland Insurance Administration (the "MIA") against Carolina Gallego ("Respondent") 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") for the violations of the Maryland Insurance Article identified and described.

I. Regulatory Framework

1. The business of insurance, including the oversight of those who sell insurance, is subject to extensive regulation in the State of Maryland. Individuals and business entities must be licensed as insurance producers by the Administration in order to sell, solicit, or negotiate insurance products in Maryland. See Ins. Art. §§ 1-101 and 10-103(c)(1). In order to obtain a license, applicants must meet licensing standards and are required to abide by all applicable provisions of the Insurance Article in order to remain licensed. Those standards are set forth in § 10-126, which identifies the grounds on which the Commissioner may deny a license to an applicant or may revoke, suspend or refuse to renew a license.

II. Relevant Material Facts Producer Licensing Application:

2. On May 20, 2015, Respondent applied to the MIA for a property and casualty ("P&C")

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

resident insurance producer license. Within her application, Respondent answered "No" to the following question:

- 1 a. Have you been convicted of a misdemeanor, had a judgment withheld or deferred, or are you currently charged with committing a misdemeanor?
3. On May 21, 2015, relying on the truthfulness of Respondent's answers within her insurance producer application, the MIA issued her a P&C insurance producer license. Respondent subsequently submitted renewal applications on July 20, 2017 and July 26, 2019, wherein she again answered, "No" to question 1 a.
4. During the course of an investigation into a complaint made against the Respondent, the MIA learned that on October 29, 2013, Respondent was found guilty of "Petit Larceny," Virginia Annotated Code, § 18.2-96, in Fairfax County General District Court, Fairfax, Virginia. Respondent was sentenced to be incarcerated for 178 days, which was suspended. Respondent paid "Fine/Cost" on July 9, 2014, less than one year prior to submitting her original insurance producer application to the MIA.
5. Virginia Annotated Code, § 18.2-96. Petit larceny defined; how punished.

Any person who:

1. Commits larceny from the person of another of money or other thing of value of less than \$5, or
2. Commits simple larceny not from the person of another of goods and chattels of the value of less than \$1,000, except as provided in clause (iii) of § 18.2-95, shall be deemed guilty of petit larceny, which shall be punishable as a Class 1 misdemeanor.
6. The MIA obtained a copy of the "Incident Investigation Report" prepared by a Fairfax County Virginia police officer, related to Respondent's October 29, 2013 guilty plea. The report documented a "Shoplifting" incident, which occurred on August 2, 2013. Respondent was named as the offender. The report stated, in pertinent part:

*** officer responded to *** Kohl's in Kingstowne, for report of a shoplifter in custody. Upon arrival I met with ***, loss prevention officer for the store ***. Seated

across from his desk was a female who identified herself to him as Camila Santoyo. *** advised he observed the female taking several pieces of costume jewelry (and no clothing) into the fitting room, and then emerging with nothing. He had a female employee check the fitting room for the jewelry, which was not located. *** then observed the arrested female pass all points of sale, making no effort to pay, and exit the store. He stopped her as she exited the doors. He claimed she told him she was going to her car to get money to pay for the jewelry, which was concealed in her pockets.

***I searched the female incident to arrest and found no illegal items. A search of her purse yielded two pieces of costume jewelry belonging to Kohl's. She had no identifying information in her purse aside from a debit card bearing the name Carolina Gallego. The female stated the name on the credit card was her true name; and that she gave Mr. Clements the wrong name. [Officer] requested permission from the female to retrieve her wallet from her vehicle. The female gave consent, and [Officer] returned with a black wallet containing a Maryland driver's license and photocopied social security card for Carolina Gallego. ***

7. On March 3, 2021, an MIA investigator asked Respondent if she was ever convicted or otherwise found guilty of larceny in the State of Virginia in 2013, and if yes, did she notify the MIA, during the application process, or at any time thereafter. In an email to the MIA's investigator, Respondent reported the following:

"1-When I went to court, I pleaded guilty, because of my lawrs [sic] advice to get the charges reduced, and the Judge reduced the charger to a misdemeanor.
2-At the time that i [sic] apply for my licence, [sic] 1st I get in to work with State farm [sic] for almost a year as customer services representative and at the time of my interview I told my ex boss above this issued [sic] and also he did the background check from State Farm and they accept me for work with no problem, so a year letter [sic] I done all the classes and requirements for licence [sic] an [sic] because I didn't know how to apply for it my ex boss [sic] summited everything, and I don't know if he inform to [sic] the administration above it at this point, But Im [sic] been renewing my licence [sic] with out [sic] problem and also i [sic] get my US citizenship after this problem no [sic] knowing if you guys knew until I received this letter.***"

8. On April 2, 2021, Respondent's former employer, referenced in Respondent's response as having completed her application, advised the MIA that Respondent never reported having a criminal conviction. Respondent's former employer stated that she was required to complete the application process on her own. He advised,

...I require all applicants to complete the process on their own. Ms. Gallego was

given resources and guidance on where to find the information needed to complete the application process, and she was advised to complete and fill out her own application.

III. Relevant Material Facts Fraud Referral:

9. On January 28, 2018, Respondent was a passenger in a 2008 Ford truck, insured by Progressive Casualty Insurance Company ("Progressive"), an authorized insurer. The Progressive policy was in effect from November 15, 2017 to May 15, 2018.
10. On January 31, 2018, Respondent notified Progressive that she had been injured in the accident. Progressive accepted liability and opened a Personal Injury Protection ("PIP") claim for Respondent.
11. On March 21, 2018, Progressive sent Respondent a Verification of Employment form, hereinafter "lost wage form," which requested information related to time Respondent missed from work, the reason for her absence, and her hourly pay rate. The form contained the following fraud warning:

Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
12. On April 6, 2018, the lost wage form was returned to Progressive, along with a handwritten fax cover page containing Respondent's name and phone number. The lost wage form was ostensibly completed by the "office manager," hereinafter "V.T." and stated that Respondent worked for "Angie V*****," and she missed work from February 20, 2018 to March 13, 2018, (22 days) due to the "car accident." Further, Respondent's hourly rate of pay was \$24.50. Respondent signed the lost wage form immediately following the aforementioned fraud warning.
13. On April 25, 2018, in an effort to authenticate the lost wage form, a Progressive representative emailed it to Respondent's employer, Angie V., who advised Progressive that the

form was fraudulent, Respondent did not miss work on the days reflected on the lost wage form, and her hourly rate of pay was significantly lower. Angie V. advised that the office manager, V.T., whose name was on the lost wage form "does not work there anymore."

14. On April 27, 2018, Progressive referred Respondent's claim to its Special Investigative Unit ("SIU"), for further investigation.

15. On April 27, 2018, a Progressive investigator interviewed Angie V. who reported that Respondent attempted to get Angie V's email password, to delete emails sent to her by Progressive. The lost wage form reflected Angie V's maiden name. Further, Respondent was only off work two days, and her salary was, "25K a year."

16. On April 30, 2018, Respondent advised Progressive that she was withdrawing her lost wage claim. Respondent reported that the lost wage form was completed by the office manager.

17. Section 27-802(a)(1) of the Maryland Insurance Article states,

An authorized insurer, its employees, fund producers, or insurance producers, ... who in good faith has cause to believe that insurance fraud has been or is being committed shall report the suspected insurance fraud in writing to the Commissioner, the Fraud Division, or the appropriate federal, State, or local law enforcement authorities.

Having a good faith belief that Respondent committed insurance fraud, Progressive made a referral to the MIA.

IV. The Administration's Fraud Referral Investigation:

18. In the course of its investigation, the MIA contacted Progressive and confirmed the facts regarding its handling of Respondent's claim.

19. Investigators for the MIA interviewed Angie V., Respondent's former employer. She recognized the handwriting on the lost wage form as Respondent's, and since the lost wage form identified V.T. as the office manager, a job title that did not exist, Angie V. spoke with V.T. who

denied completing the form. Angie V. further recalled that Respondent attempted to prevent Progressive from contacting her, (Angie V). Further, Respondent asked Angie V's assistant (hereinafter "Valentina") for Angie's email password. When the request was denied, Respondent asked Valentina to delete certain emails from Progressive. That request was also denied. Angie V. reported that the information for her Office Manager and the dates Respondent was absent from work were "completely false."

20. On July 27, 2021, an MIA investigator interviewed V.T., who reported that she never filled out forms for anyone while employed by Angie V., particularly Respondent's lost wage form. V.T. reported that on the date the form was signed, she was not employed by Angie V.

21. On August 2, 2021, an MIA investigator interviewed Valentina who reported that she never filled out any forms. Valentina recalled that in 2018, Respondent asked her for access to certain information, which she did not have access to, but Valentina had no specific recollection of what Respondent had asked.

22. As part of the MIA's investigation, a Forensic Scientist III, for the Maryland State Police performed a handwriting analysis of the lost wage form and facsimile cover sheet, and compared them with known writings of Respondent. The forensic scientist reported that there are five conclusions that can be reached when analyzing handwriting, which are as follows:

- It was written by
- It was probably written by
- No conclusion can be reached
- It was probably not written by
- It was not written by

The forensic scientist concluded that the "evidence points rather strongly..." that the same writer who prepared the known writing samples [Respondent's writing] was "probably" the same person who completed the lost wage form and facsimile cover sheet.

V. Violation(s)

23. In addition to all relevant sections of the Maryland Insurance Article, which apply to acts and omissions of the Respondent in the State.²

24. **Section 10-126** of the Insurance Article, provides in pertinent part:

(a) *Grounds.* – The Commissioner may deny a license to an applicant under §§ 2-210 through 2-214 of this article, or suspend, revoke or refuse to renew or reinstate a license after notice and opportunity for a hearing under §§ 2-210 through 2-214 of this article if the applicant or holder of the license:

- (2) has intentionally misrepresented or concealed a material fact in the application for a license;
- (3) has obtained or attempted to obtain a license by misrepresentation, concealment, or other fraud;
- (8) has been convicted by final judgment in any state or federal court of a felony or crime involving moral turpitude;
- (13) has otherwise shown a lack of trustworthiness or competence to act as an insurance producer[.]

25. **Section 27-403** of the Insurance Article provides, in pertinent part:

It is a fraudulent insurance act for a person:

(2) to present or cause to be presented to an insurer documentation or an oral or written statement made in support of a claim...with knowledge that the documentation or statement contains false or misleading information about a matter material to the claim[.]

26. **Section 27-408(c)** of the Insurance Article 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 The failure to designate a particular provision in this proposed Order does not deprive the Commissioner of the right to rely on that provision.

(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.

27. By the conduct described herein, Respondent violated § 27-403. Respondent committed the fraudulent insurance act of submitting a false document in support of a claim. As such, Respondent is subject to an administrative penalty pursuant to § 27-408(c) of the Insurance Article.

28. By the conduct described herein, Respondent also violated §§ 10-126 (2), (3), (8), and (13).

As such she is subject to an administrative penalty under §10-126 (c), which states:

- (c) Instead of or in addition to suspending or revoking the license, the Commissioner may impose on the holder of the license a penalty of not less than \$100 but not exceeding \$500 for each violation of this article.

VI. Sanctions

29. Insurance fraud is a serious violation, which harms consumers in that the losses suffered by insurance companies are passed on to consumers in the form of higher premiums. The Commissioner may investigate any complaint that alleges a fraudulent claim has been submitted to an insurer. Insurance Article §§ 2-201(d) (1) and 2-405.

30. Having considered the factors set forth in § 27-408(c)(2), the MIA imposes an administrative penalty in the amount of \$1,500.00 against Respondent for violating § 27-403 of the Insurance Article. For violations related to §§ 10-126 (2), (3), (8), and (13), the MIA is revoking Respondent's insurance producer license and imposes an administrative penalty of \$800.00.

31. The aforesaid administrative penalties shall be paid within thirty (30) days of the date of this Order to the Maryland Insurance Administration. Payment shall be made by immediately

payable funds and shall identify the case by number (R-18-3665A/ PC-64-2019) and Respondent's name (Carolina Gallego). Payment of the administrative penalty shall be sent to the attention of: Steve Wright, 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.

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

WHEREFORE, for the reasons set forth above, and subject to Respondent's right to request a hearing, it is this 1st day of March 2022, **ORDERED** that:

(A) Carolina Gallego's insurance producer license is **REVOKED**.

(B) Carolina Gallego shall pay an administrative penalty of One Thousand Five Hundred Dollars (\$1,500.00) within 30 days of the date of this Order in case number R-18-3665A.

(C) Carolina Gallego shall pay an administrative penalty of Eight Hundred Dollars (\$800.00) within 30 days of the date of this Order in case number PC-64-2019.

KATHLEEN A. BIRRANE
Insurance Commissioner

signature on original

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 Respondent in a Final Order after hearing