

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

2009 JAN -5 AM 11:01
ADMINISTRATIVE OFFICE

IN RE: : VIOLATIONS:
: :
LINDA ESCOBEDO : 40 P.S. §§ 310.11 (7), (14), (17)
5308 Mine Road : (20), 310.71, 310.78(b) and
Kinzers, PA 17535 : 1171.5(a)(12)
: :
Respondent. : Docket No. CO09-11-001

CONSENT ORDER

AND NOW, this *6th* day of *January*, 2009, this Order is hereby issued by the Insurance Department of the Commonwealth of Pennsylvania pursuant to the statutes cited above and in disposition of the matter captioned above.

1. Respondent hereby admits and acknowledges that she has received proper notice of her rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa.C.S. § 101, et seq., or other applicable law.
2. Respondent hereby waives all rights to a formal administrative hearing in this matter, and agrees that this Consent Order, and the Findings of Fact and Conclusions of Law contained herein, shall have the full force and effect of an Order duly entered in accordance with the adjudicatory procedures set forth in the Administrative Agency Law, supra, or other applicable law.

3. Without admitting the allegations of fact and conclusions of law contained herein, Respondent specifically denies that she violated any law or regulation of the Commonwealth.

FINDINGS OF FACT

4. The Insurance Department finds true and correct each of the following Findings of Fact:

- (a) Respondent is Linda Escobedo, and maintains her address at 5308 Mine Road, Kinzers, Pennsylvania 17535.
- (b) At all relevant times herein, Respondent has held an Individual Resident Producer License #322482 to conduct the business of insurance in Pennsylvania.
- (c) Between 2005 and 2007, Respondent knowingly submitted automobile insurance applications to various insurance carriers, which contained false, inaccurate and misleading information.
- (d) Between 2005 and 2007, Respondent knowingly submitted life insurance applications to Globe Life Insurance, which contained false, inaccurate and misleading information.

- (e) Between 2005 and 2007, Respondent submitted life insurance applications to Globe Life Insurance without being properly appointed with that company.
- (f) Between 2005 and 2007, Respondent made false statements to insurance carriers on insurance applications for the purpose of obtaining a fee or commission.
- (g) On October 9, 2008, Respondent was arrested and charged by the Pennsylvania Office of the Attorney General and the Pennsylvania State Police for her actions.
- (h) In November 2008, Respondent failed to notify the Department of her criminal arrest within 30 days as required by law.
- (i) On August 24, 2009, Respondent pled guilty to six (6) felony charges relating to insurance fraud.

CONCLUSIONS OF LAW

5. In accord with the above Findings of Fact and applicable provisions of law, the Insurance Department concludes and finds the following Conclusions of Law:

- (a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.

- (b) 40 P.S. § 310.11(7) prohibits a licensee or an applicant from using fraudulent, coercive or dishonest practices or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of doing business.
- (c) Respondent's activities described above in paragraphs 4(c) through 4(f) violates 40 P.S. § 310.11(7).
- (d) 40 P.S. § 310.11(14) prohibits a licensee or an applicant from committing a felony or its equivalent.
- (e) Respondent's activities described above in paragraph 4(i) violates 40 P.S. § 310.11(14).
- (f) 40 P.S. § 310.11(17) prohibits a licensee or an applicant from committing fraud, forgery, dishonest acts or an act involving a breach of fiduciary duty.
- (g) Respondent's activities described above in paragraphs 4(c) through 4(i) violate 40 P.S. § 310.11(17).
- (h) 40 P.S. § 310.11(20) prohibits a licensee from demonstrating a lack of general fitness, competence or reliability sufficient to satisfy the Department that the licensee is worthy of licensure.

- (i) Respondent's activities described above in paragraphs 4(c) through 4(i) violate 40 P.S. § 310.11(20).
- (j) 40 P.S. § 310.71 prohibits agents from transacting business within this Commonwealth without written appointment as required by the Act.
- (k) Respondent's activities described above in paragraph 4(e) constitutes transacting business within this Commonwealth without written appointment as required by the Act and violate 40 P.S. § 310.71.
- (l) 40 P. S. § 310.78(b) requires within 30 days of being charged with criminal conduct, a licensee shall report the charges to the Department. The licensee shall provide the Department with a copy of the criminal complaint, information or indictment, a copy of the order resulting from any pretrial hearing, and a report of the final disposition of the charges.
- (m) Respondent's activities described above in paragraph 4(h) violates 40 P. S. § 310.78(b).
- (n) 40 P.S. § 1171.5(a)(12) prohibits agents from making false or fraudulent statements or representations on or relative to an application for an insurance policy.

- (o) Respondent's activities described above in paragraphs 4(c) through 4(f) constitute making false or fraudulent statements or representations on or relative to an application for an insurance policy and violate 40 P.S. § 1171.5(a)(12).
- (p) Respondent's violations of Sections 310.11 (7), (14), (17), (20), 310.71, and 310.78(b) are punishable by the following, under 40 P.S. § 310.91:
 - (i) suspension, revocation or refusal to issue the certificate of qualification or license;
 - (ii) imposition of a civil penalty not to exceed five thousand dollars (\$5,000.00) for every violation of the Act;
 - (iii) an order to cease and desist; and
 - (iv) any other conditions as the Commissioner deems appropriate.
- (q) Respondent's violations of 40 P.S. §1171.5(a)(12) are punishable by the following, under 40 P.S. §§1171.8, 1171.9, and 1171.11:
 - (i) order requiring Respondent to cease and desist from engaging in such violation and/or, if such violation is a method of competition, act or practice defined in Section 5 of this Act, suspension or revocation of Respondent's license(s);

(ii) commencement of an action against Respondent for the following civil penalties:

- (1) for each method of competition, act or practice defined in Section 5 and in violation of the Act which Respondent knew or reasonably should have known was such a violation, a penalty of not more than five thousand dollars (\$5,000.00) for each violation, not to exceed an aggregate penalty of fifty thousand dollars (\$50,000.00) in any six month period;
- (2) for each method of competition, act or practice defined in Section 5 and in violation of this Act which Respondent did not know nor reasonably should have known was such a violation, a penalty of not more than one thousand dollars (\$1,000.00) for each violation, not to exceed an aggregate penalty of ten thousand dollars (\$10,000.00) in any six month period;
- (3) for each violation of an Order issued by the Commissioner pursuant to Section 9 of the Act, while such Order is in effect, a penalty of not more than ten thousand dollars (\$10,000.00).

ORDER

6. In accord with the above Findings of Fact and Conclusions of Law, the Insurance Department orders and Respondent consents to the following:

- (a) Respondent shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.
- (b) All licenses/certificates of Respondent to do the business of insurance are hereby revoked.
- (c) Future license applications, if any, will require a 1033 Waiver, pursuant to the Violent Crime Control and Law Enforcement Act, 18 U.S.C. Sections 1033 and 1034.

7. In the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, based upon the Findings of Fact and Conclusions of Law contained herein, the Department may pursue any and all legal remedies available, including but not limited to the following: The Department may enforce the provisions of this Order in an administrative action pursuant to the Administrative Agency Law, supra, or other relevant provision of law; or, if applicable, the Department may enforce the provisions of this Order in any other court of law or equity having jurisdiction.

8. Alternatively, in the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, the Department may declare this Order to be null and void and, thereupon, reopen the entire matter for appropriate action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

9. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

10. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

11. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

12. This Order shall be final upon execution by the Insurance Department. Only the Insurance Commissioner or a duly authorized delegee is authorized to bind the Insurance Department with respect to the settlement of the alleged violations of law

contained herein, and this Consent Order is not effective until executed by the Insurance Commissioner or a duly authorized delegee.

BY: 
LINDA ESCOBEDO, Respondent


COMMONWEALTH OF PENNSYLVANIA
By: RONALD A. GALLAGHER, JR.
Deputy Insurance Commissioner