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INSURANCE DEPARTMENT  
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ADMIN HEARINGS OFFICE

BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

IN RE: : VIOLATIONS:  
: :  
AIDA EVETTE PADILLA : Section 611-A(20) of Act 147 of  
6812 Revere Street : 2002 (40 P.S. § 310.11)  
Philadelphia, PA 19111 : :  
: Sections 4 and 5(a)(5) and (12) of the  
: Unfair Insurance Practices Act, Act  
: of July 22, 1974, P.L. 589, No. 205  
: (40 P.S. §§ 1171.4 and 1171.5)  
: :  
Respondent. : Docket No. CO07-09-007

CONSENT ORDER

AND NOW, this 8<sup>th</sup> day of JANUARY, 2008, 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. Respondent neither admits nor denies the Findings of Fact or Conclusions of Law contained herein.

#### FINDINGS OF FACT

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

- (a) Respondent is Aida Evette Padilla ("Respondent"), who maintains her address at 6812 Revere Street, Philadelphia, Pennsylvania 19111.
- (b) At all relevant times herein, Respondent has been a licensed insurance producer in Pennsylvania, license number 409030 that expires on July 26, 2008.
- (c) Respondent Padilla was the designated licensee of Aarow Insurance Agency, Inc. (hereinafter, Aarow) and A-Mobile Insurance Agency, (hereinafter, A-Mobile) from December 12, 2006 until November 12, 2007. She was also a principal of Empire Insurance Service Agency

Inc., 6412 Rising Sun Avenue, Philadelphia, Pennsylvania 19111, until November 2, 2007.

(d) Upon renew and investigation, the Department received information that:

(1) For the period of February 1, 2006 to May 1, 2007, Respondent, by and through the above-referenced entities, sold what purported to be private passenger auto coverage to approximately 3,339 insureds when in fact coverage was actually through different commercial policies.

(2) In fact, some of the coverage was placed through Title Mobile and Transfer Co. Inc's ("Title Mobile") own commercial policy with One Beacon which was not legitimate private passenger coverage.

(3) Respondent, by and through the above entities, placed such coverage through an illegitimate lease back arrangement, whereby people not able to legally obtain Pennsylvania vehicle titles transferred the titles to their vehicles to Title Mobile, then "leased back" those vehicles from Title Mobile while paying for auto insurance coverage.

- (4) Between February 27, 2006 and May 1, 2007, Respondent and others obtained 3,339 Pennsylvania vehicle titles on behalf of, and gave the use and possession of those vehicles to, purported “lessees” through lease agreements that required them to purchase motor vehicle insurance.
- (5) The titles represented that Title Mobile was the owner, by representing that Title Mobile, a domestic corporation incorporated by Clifford McCoy (and prior designated licensee of Aarow and A-Mobile) in February of 2006, had motor vehicle financial responsibility through policies of motor vehicle liability insurance issued by a variety of alleged insurers.
- (6) Between February 27, 2006 and May 1, 2007, Title Mobile did not have motor vehicle liability coverage for vehicles owned or titled by it.
- (7) Said arrangement subjected the lessees to a risk of claim denial in cases of accidents in Title Mobile-owned vehicles, induced lessees to purchase insurance required by Title Mobile lease agreements, misled PennDOT about the existence of motor vehicle liability insurance required for proof of financial

responsibility, and Title Mobile's uninsured vehicles exposed other drivers, occupants and owners to the risk of uncompensated loss or injury arising from accidents involving Title Mobile-owned and leased vehicles.

#### 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) Section 611-A(20) of Act 147 of 2002 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 (40 P.S. § 310.11).
- (c) Respondent's activities described above in paragraph 3(d) violate Section 611-A(20) of Act 147 of 2002.

- (d) Respondent's violations of Section 611-A(20) of Act 147 of 2002 are punishable by the following, under Section 691-A of Act 147 of 2002 (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 each violation of the Act;
  - (iii) an order to cease and desist; and
  - (iv) any other conditions as the Commissioner deems appropriate.
- (e) Section 4 of the Unfair Insurance Practices Act (40 P.S. § 1171.4) prohibits producers from engaging in this Commonwealth in any trade practice which is defined or determined to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance pursuant to the Unfair Insurance Practices Act.
- (f) Section 5 of the Unfair Insurance Practices Act (40 P.S. § 1171.5) prohibits unfair methods of competition and unfair or deceptive acts or practices.
- (g) Respondent's activities described above in paragraph 3(d) violate Sections 4 and 5 of the Unfair Insurance Practices Act (40 P.S. §§1171.4 and 1171.5).

(h) Respondent's violations of Sections 4 and 5 of the Unfair Insurance Practices Act are punishable by the following, under Sections 8, 9, and 11 of the Act (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); and

(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; and

- (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 Respondents consent 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 insurance business are hereby revoked for five years.

- (c) If Respondent should ever become licensed in the future, the certificates and licenses may be immediately suspended by the Department following its investigation and determination that (i) any terms of this Order have not been complied with, or (ii) any complaint against Respondent is accurate and a statute or regulation has been violated. The Department's right to act under (ii) above is limited to a period of five (5) years from the date of issuance of such certificates and licenses.
- (d) For a period of two years from the date of this Consent Order, Respondent shall fully cooperate with the Department in any investigation, review, inquiry, hearing, action or proceeding relating to any person, entity, or activity listed above. Cooperation includes, but is not limited to, formal or informal statements, testimony and documentary evidence that is requested by the Department.
- (e) Respondent specifically waives the right to prior notice of said suspension, but will be entitled to a hearing upon written request received by the Department no later than thirty (30) days after the date the Department mailed to Respondent by certified mail, return receipt requested, notification of said suspension, which hearing shall be scheduled for a date within sixty (60) days of the Department's receipt of Respondent's written request.

(f) At the hearing referred to in paragraph 6(e) of this Order, Respondent shall have the burden of demonstrating that they are worthy of an insurance certificate and license.

(g) In the event Respondent's certificates and licenses are suspended pursuant to paragraph 6(c) above, and Respondent either fails to request a hearing within thirty (30) days or at the hearing fails to demonstrate that she is worthy of a certificate and license, Respondent's suspended certificates and licenses shall be revoked.

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.

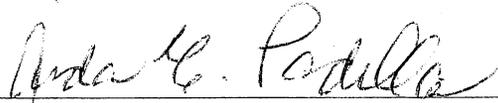
9. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

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:   
AIDA EVETTE PADILLA,  
Respondent

  
COMMONWEALTH OF PENNSYLVANIA  
By: Randolph L. Rohrbaugh  
Deputy Insurance Commissioner