

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

GENESIS TRANSPORT, LLC
9546 Muirkirk Road, #301
Laurel, Maryland 20708

And

SHERI SUTHERLAND
Resident Agent / Owner
11703 S. Laurel Dr., #1033
Laurel, Maryland 20708

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. MIA-2022-11-025

CASE NO. MIA-2022-11-026

Fraud Division File No. R-2022-1950A

ORDER

This Order is issued by the Maryland Insurance Administration (the "MIA") against Genesis Transport, LLC ("Genesis") and Sheri Sutherland ("Sutherland"), (collectively, "Respondents") 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 Insurance Article identified and described.

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). As such, a COI is an important document that may be relied upon by

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

customers, contractors, or other third parties as verification that a business has insurance and, thus, that financial resources in the form of insurance will be available to respond to claims that fall within the scope of the coverages identified on the COI.

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. Genesis is a business registered with the Maryland Department of Assessment and Taxation ("SDAT"), identification number W15808447. Sutherland is the owner and Resident Agent of Genesis.

5. On December 8, 2021, a construction transportation company (hereinafter "RRG") notified the Fraud and Enforcement Division of the MIA that Genesis had submitted to RRG a fraudulent COI. RRG reported that Genesis was an independent hauler for RRG. As a business practice, RRG requires its independent haulers to have certain insurance in place in order to work for RRG. RRG also requires its independent haulers to demonstrate proof of the existence of the required coverages by periodically submitting a COI to RRG. Absent the existence and confirmation of the required insurance, RRG will not allow a trucking company to act as an independent hauler for RRG.

The RRG Complaint

6. RRG reported that in March 2021, RRG asked Genesis, as its independent hauler, for an updated COI to confirm that Genesis was insured. In response, on March 4, 2021, a representative for Genesis sent an email to RRG attaching a document purported to be an electronic copy of a validly issued and current COI verifying that Genesis had in-force insurance coverages. The email was sent to RRG from: genesistransporting@gmail.com.

7. The purported COI identified the insurance producer issuing the COI to Genesis as Patuxent Insurance Group, LLC ("Patuxent"). The purported COI represented that Genesis had the following insurance policies:

- Commercial automobile insurance, policy number 00581387-0, issued by Progressive Insurance Company ("Progressive") effective from April 3, 2020 to April 3, 2021.
- Workers' compensation insurance, policy number 5426669, issued by Chesapeake Employers' Insurance Company ("Chesapeake") effective from November 2, 2020 to November 2, 2021.

8. On March 9, 2021, a truck owned by Genesis allegedly struck a pole when making a delivery on behalf of RRG. The property owner subsequently notified RRG of the incident and requested payment for the damage to the pole. Relying on the purported COI it received from Genesis on March 4, 2021, an RRG representative contacted Patuxent to file a claim. Patuxent advised RRG that Genesis did not have the coverage reflected on the purported COI and that the purported COI was not valid.

The MIA Investigation

9. An MIA investigator interviewed an RRG representative who reported that: (a) Genesis was engaged by RRG as an independent hauler; (b) RRG requested an updated COI from Genesis in March 2021; and (c) in response, on March 4, 2021, RRG received an email from genestransporting@gmail.com attaching a fraudulent COI reflecting that Genesis had commercial automobile and workers' compensation insurance coverage in effect. The RRG representative reported that on June 8, 2021, a landscaping company reported to RRG that Genesis struck a pole at a worksite on March 9, 2021, causing \$10,499.00 in damage. When RRG contacted Patuxent to file a claim, RRG learned that Genesis did not in fact have the insurance reflected on the COI, and that the COI submitted on March 4, 2021, had not been

issued by Patuxent and was not valid. RRG subsequently paid \$10,499.00 to repair the damage caused by Genesis.

10. On May 4, 2022, an MIA investigator contacted Patuxent regarding the information on the COI which Genesis provided to RRG on March 4, 2021. A representative for Patuxent advised that Patuxent had placed commercial automobile insurance for Genesis with Progressive from April 3, 2019 to April 3, 2020, under policy number 00581387-0, but the policy was cancelled as of January 21, 2020, for non-payment of premium. Policy number 00581387-0 was, therefore, not in-force in March 2021. Patuxent also confirmed that it had previously placed workers' compensation insurance for Genesis with Chesapeake for various periods of time. Those Chesapeake policy numbers were 5134553 and 5426669, and neither of those policies were in-force in March 2021.

11. The Patuxent representative provided the MIA investigator with copies of actual COIs previously issued to Genesis by Patuxent reflecting the coverages actually in effect as of the date that each COI was issued. One of the legitimate COIs reflected that Progressive had issued a commercial automobile liability insurance policy to Genesis for a one-year policy period, policy number 00581387-0, beginning on April 3, 2019 and ending on April 3, 2020, which was in force on September 18, 2019, the day that that legitimate COI was issued.

12. Patuxent provided the MIA with a cancelation notice Chesapeake sent to Genesis on March 26, 2018, which alerted Genesis that its workers' compensation insurance issued under policy number 5426669 was going to be cancelled effective April 15, 2018, for "non-payment of premium." In spite of this warning, Genesis failed to make the premium payment, and its workers' compensation insurance policy 5426669 was cancelled on April 15, 2018.

13. An MIA investigator interviewed a representative for Chesapeake who reported that Genesis previously had workers' compensation insurance with Chesapeake under policy number 5426669, which was in effect from January 3, 2018 to April 15, 2018, when the policy was cancelled due to non-payment of premium. The Chesapeake representative confirmed that it did not insure Genesis for workers' compensation losses in March 2021, as reflected on the fraudulent COI Genesis submitted to RRG on March 4, 2021.

14. An MIA investigator interviewed a Progressive representative who confirmed that Progressive had issued a one-year commercial automobile insurance policy, number 00581387-0, to Genesis effective April 3, 2019, but that the policy was cancelled effective January 21, 2020, for non-payment of premium. Progressive provided the MIA investigator with a copy of the cancellation notice it sent to Genesis on January 10, 2020, for policy number 00581387-0, which stated, "...we didn't receive your payment and, as a result, your policy will be canceled at 12:01 a.m. on January 21, 2020." Progressive confirmed that it did not issue a one-year commercial automobile policy to Genesis effective on April 3, 2020, and that it did not insure Genesis in March 2021, as reflected on the fraudulent COI Genesis provided to RRG on March 4, 2021.

15. An examination of previously issued legitimate COIs prepared by Patuxent identified a certificate holder as the Maryland State Highway Administration ("SHA").

16. An MIA investigator contacted SHA. A representative reported that as its business practice, SHA requires contractors to have certain insurance in place in order to work for the SHA. Therefore, SHA requested a COI from Sutherland to confirm that Genesis had requisite insurance prior to allowing Genesis to engage in snow removal services for SHA.

17. On September 8, 2021, Sutherland submitted a COI (hereinafter, the "first SHA fraudulent COI") to SHA, dated September 8, 2021. It falsely identified the insurance producer as Patuxent, and falsely represented that Genesis had the following in-force insurance policies:

- Commercial automobile insurance, policy number 00581387-0, issued by Progressive Insurance Company ("Progressive") effective from April 3, 2021 to April 3, 2022.
- Workers' compensation insurance, policy number 5426669, issued by Chesapeake Employers' Insurance Company ("Chesapeake") effective from November 2, 2020 to November 2, 2021.

18. On April 27, 2022, Sutherland provided SHA with another COI (hereinafter the "second SHA fraudulent COI"), dated April 25, 2022. It too falsely identified the insurance producer as Patuxent, and falsely represented that Genesis had the following in force insurance policies:

- Commercial automobile insurance, policy number 00581387-0, issued by Progressive Insurance Company ("Progressive") effective from April 3, 2022 to April 3, 2023.
- Workers' compensation insurance, policy number 5426669, issued by Chesapeake Employers' Insurance Company ("Chesapeake") effective from November 2, 2021 to November 2, 2022.

19. An investigator for the MIA confirmed that (a) Patuxent did not issue the first or second SHA fraudulent COIs to Genesis or SHA, (b) the aforementioned Progressive automobile insurance policy was not in force, as reflected on the first or second SHA fraudulent COIs, and (c) the aforementioned Chesapeake workers' compensation insurance policy was not in force as reflected on the first or second SHA fraudulent COIs.

20. An MIA investigator interviewed an SHA representative who reported that in September 2021, Sutherland visited the SHA office in person and delivered the first SHA fraudulent COI along with other documents. Several documents contained Sutherland's signature and included a Maryland Workers' Compensation Commission "Exclusion Form," signed by Sutherland, which stated that Genesis was insured by Chesapeake and that on November 2, 2020, Chesapeake was

notified of the exclusion form. Sutherland signed the exclusion form immediately prior to the following statement:

NOTE: By signing this exclusion form, each officer or member affirms under the penalties of perjury that the information contained in this form is true and correct as to that officer or member, to the best of the officer's or member's knowledge, information, and belief.

21. An MIA investigator examined Genesis' SHA application files related to the April 25, 2022 second SHA fraudulent COI, which revealed an April 26, 2022 email from the SHA administrator to genesistransporting@gmail.com. The email was addressed to "Sheri," and instructed her to submit proof of auto insurance. In response, on April 27, 2022, SHA received email from genesistransporting@gmail.com; attached was the second SHA fraudulent COI.

22. An MIA investigator contacted an SHA Resident Maintenance Engineer (hereinafter "RME") who reported that in calendar years 2021 and 2022, he assisted Sutherland with the snow removal application process. The SHA provided Sutherland's application files to the MIA investigator. An examination of the files revealed emails from genesistransporting@gmail.com to the RME. The RME reported that based on other communications that he had with Sutherland, he can confirm that those emails were sent to him by Sutherland.

23. An examination of the insurance policy declaration pages for the commercial automobile liability and workers' compensation insurance policies previously issued to Genesis revealed that the annual premium for the commercial liability insurance was \$36,890.00, and the workers' compensation insurance was estimated to be \$10,200.00, for a total annual premium of \$47,090.00. This amount reflects what Genesis avoided paying for the requisite insurance when it failed to carry insurance, but falsely demonstrated it had.

24. An MIA investigator confirmed with a representative of the Maryland Motor Vehicle Administration ("MVA") that on February 3, 2020, Progressive notified the MVA that the

Progressive Genesis insurance policy, # 00581387-0 had lapsed. MVA sent letters to Genesis which stated that the MVA has not been able to verify continuous insurance coverage for the vehicle(s). Genesis was fined \$1,218.00, for the violations, which it paid in August, 2021.

II. VIOLATIONS

25. 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:²

§ 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.

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.

26. By engaging in the conduct described herein, Respondents 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).

III. SANCTIONS

27. Respondents submitted three fraudulent COIs. One COI was submitted to RRG, and two were submitted to the SHA. All three COIs falsely appeared as though they had been issued by a licensed insurance producer, and falsely reflected in-force commercial automobile liability insurance underwritten by Progressive and workers' compensation insurance underwritten by Chesapeake to Genesis. Respondents created the COIs using insurance policy numbers for insurance policies which Respondents knew were no longer in-force. The COIs falsely reflected:

- Issued - 03/03/2021: (submitted to RRG)
Progressive – April 3, 2020 to April 3, 2021 - policy # 00581387-0
Chesapeake – November 2, 2020 to November 2, 2021- policy # 5426669
- Issued - 09/08/2021: (submitted to SHA)
Progressive – April 3, 2021 to April 3, 2022 - policy # 00581387-0
Chesapeake – November 2, 2020 to November 2, 2021 - policy # 5426669
- Issued - 04/25/2022: (submitted to SHA)
Progressive – April 3, 2022 to April 3, 2023 - policy # 00581387-0
Chesapeake – November 2, 2021 to November 2, 2022- policy # 5426669

In truth, Progressive policy # 00581387-0 was cancelled on January 21, 2020, and Chesapeake policy # 5426669 was cancelled on April 15, 2018.

28. Sutherland also prepared a Maryland Workers' Compensation Commission "Exclusion Form," which she signed, falsely stating to SHA that Genesis was insured by Chesapeake and that Chesapeake was notified of the exclusion form.

29. Having considered the factors set forth in § 27-408(c)(2), the MIA imposes an administrative penalty in the amount of \$75,000.00 against Respondents Genesis and Sutherland, to be paid jointly and severally.

30. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2022-1950A) and Respondents' names (Genesis Transport, LLC and Sheri Sutherland). Payment of the administrative penalty shall be sent to the attention of: Acting Associate Commissioner Joseph Smith, 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.

31. 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 29th day of November 2022, **ORDERED** that:

Sheri Sutherland and Genesis Transport, LLC shall jointly and severally pay an administrative penalty of Seventy-five thousand dollars (\$75,000.00) within 30 days of the date of this Order.

KATHLEEN A. BIRRANE
Insurance Commissioner

BY:

signature on original

JOSEPH SMITH
Acting Associate Commissioner
Insurance Fraud 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.