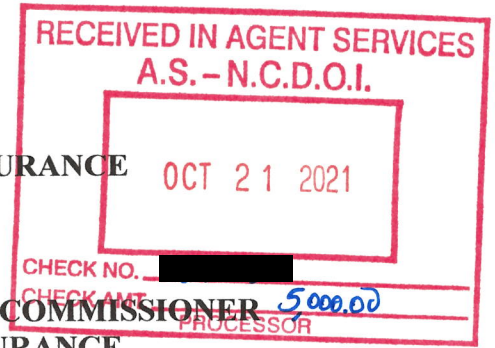


**NORTH CAROLINA DEPARTMENT OF INSURANCE
RALEIGH, NORTH CAROLINA**



**STATE OF NORTH CAROLINA
COUNTY OF WAKE**

**BEFORE THE COMMISSIONER
OF INSURANCE**

**IN THE MATTER OF THE LICENSURE
OF GERARDO PATINO
LICENSE NO. 0019032537**

**VOLUNTARY SETTLEMENT
AGREEMENT**

NOW COME, Gerardo Patino (hereinafter “Mr. Patino”) and the Agent Services Division (“ASD”) of the North Carolina Department of Insurance (hereinafter “Department”), and hereby voluntarily and knowingly enter into the following Voluntary Settlement Agreement (hereinafter “this Agreement”).

WHEREAS, ASD has the authority and responsibility for enforcement of the insurance laws of this State, and for regulating and licensing insurance agents; and

WHEREAS, Mr. Patino has agreed to settle, compromise, and resolve the matters referenced in this Agreement on behalf of himself, and ASD has agreed not to pursue additional civil ramifications; including penalties, sanctions, remedies or restitution based on these matters against Mr. Patino; and

WHEREAS, this Agreement is civil in nature and does not preclude criminal prosecution that may result from investigations by the Department’s Criminal Investigation Division for violations of criminal laws; and

WHEREAS, the parties to this Agreement mutually wish to resolve this matter by consent before the Agent Services Division initiates an administrative hearing and have reached a mutually agreeable resolution of this matter as set out in this Agreement; and

WHEREAS, Mr. Patino is a North Carolina resident, and currently holds a resident producer’s license with a line of authority in the area of Life issued by the Department; and

WHEREAS, on or about May 12, 2021, the Department received notice from Royal Neighbors of America Insurance Company (“Royal Neighbors”) that Mr. Patino’s appointment had been terminated for cause for violating his contract. Royal Neighbors alleged that Mr. Patino had committed fraudulent, illegal, or dishonest acts. Specifically, Royal Neighbors alleged that Mr. Patino knowingly forged an applicant’s electronic signature on a life insurance application and on authorization to do business electronically. Further, Royal Neighbors alleged

that the life insurance certificate issued from that application had become the subject of a contestable death claim investigation for containing false and misleading information; and

WHEREAS, the life insurance application at issue was submitted on August 8, 2020 electronically on behalf of an elderly insured North Carolina resident Phyllis Daye (“Ms. Daye”), and the sole beneficiary of her policy was her son, Thomas Dargan (“Mr. Dargan”); and

WHEREAS, Mr. Dargan had a Continuing Power of Attorney to act as attorney-in-fact for his mother, Ms. Daye, and Mr. Dargan had provided a copy of the Continuing Power of Attorney to Mr. Patino. Said Continuing Power of Attorney is registered with the Register of Deeds for Wayne County, North Carolina, Book 3149, page 646. The Continuing Power of Attorney document explicitly bequeathed to Mr. Dargan the power to conduct insurance transactions on behalf of Ms. Daye, and specifically allowed Mr. Dargan, as her son, to apply for insurance policies on behalf of Ms. Daye for which he was the beneficiary; and

WHEREAS, Mr. Patino has informed the Department that he believed that the Continuing Power of Attorney allowed Mr. Dargan to submit insurance-related applications and make insurance-related decisions on behalf of Ms. Daye, including delegating to Mr. Dargan as attorney-in-fact the ability to provide health-related information and sign insurance applications on Ms. Daye’s behalf; and

WHEREAS, Royal Neighbors does not allow its insurance policy applications to be authorized and electronically signed by anyone other than the applicant, even if the signature is by another person with a valid Power of Attorney; and

WHEREAS, Mr. Patino claims he was unaware of Royal Neighbors’ prohibition on allowing someone with a valid Power of Attorney to authorize and electronically sign an insurance application on behalf of an applicant; and

WHEREAS, at the time that the application for a Royal Neighbors life insurance policy was submitted for Ms. Daye, Ms. Daye was residing in a nursing home and had several health conditions that were not disclosed on the application that would have disqualified her from the life insurance policy; and

WHEREAS, Mr. Patino states that he had met in person with Mr. Dargan at the time he submitted the insurance application for Ms. Daye, and that Mr. Patino had reviewed all the information on the application with Mr. Dargan by reading it out loud and soliciting Mr. Dargan’s responses to questions, and that Mr. Dargan signed the application electronically on behalf of Ms. Daye. Mr. Dargan appears to contest that he met with Mr. Patino in person on this occasion, but states that he had previously met in person with Mr. Patino. Mr. Dagan states that he had spoken by phone and authorized Mr. Patino to submit the Royal Neighbor’s policy application with the understanding that he would take his mother’s information off a health care questionnaire document already in Mr. Patino’s possession; and

WHEREAS, Ms. Daye’s electronic signature appears on the life insurance application, and Mr. Patino indicated on the life insurance application that her he had personally reviewed

Ms. Daye's ID. Mr. Patino answered "Yes" to the question on the application that asked, "Was the Proposed Insured with you at the time of the application?"; and

WHEREAS, Mr. Patino states that he never met with Ms. Daye in person and he had never spoken to her, but that he believed the Continuing Power of Attorney allowed Mr. Dargan to act on her behalf, although on the insurance application it appears that Ms. Daye electronically signed the application herself and there is no indication that another individual who was the applicant's attorney-in-fact through a Power of Attorney was signing on her behalf; and

WHEREAS, Mr. Dargan claims that he disclosed his mother's medications and that she was in a nursing home to Mr. Patino, but admits that he did not make Mr. Patino aware of all of his mother's health conditions; and

WHEREAS, on December 4, 2020, Ms. Daye died, and the cause immediate and secondary causes of death included health conditions that had existed at the time of the submission of the August 8, 2020 Royal Neighbors life insurance policy, and which clearly would have been known by Mr. Dargan; and

WHEREAS, at least two of these health conditions were asked about on the Royal Neighbors life insurance application and would have disqualified Ms. Daye from obtaining the life insurance policy had they been disclosed. Additionally, the fact that Ms. Daye was in a nursing home at the time of the policy application would have disqualified her from obtaining the policy had that been disclosed; and

WHEREAS, Mr. Patino claims that he was unaware of several of Ms. Daye's health conditions that were asked about on the insurance application, and he also claims he reviewed the health questions concerning Ms. Daye with Mr. Dargan and obtained Mr. Dargan's responses to those questions; and

WHEREAS, Mr. Patino claims that he was unaware that the place in which Ms. Daye resided at the time of the application was in fact a nursing home, and Mr. Patino further claims that he reviewed all of the questions on the life insurance policy with Mr. Dargan and that Mr. Dargan provided the answers; and

WHEREAS, following the termination for cause by Royal Neighbors, ASD contacted Mr. Patino requesting information. Mr. Patino initially submitted inaccurate information to both Royal Neighbors and the Department regarding the facts of this matter. Mr. Patino has since explained that he had gotten Mr. Dargan and his mother confused with different elderly mother and adult son clients who live in the same neighborhood as Mr. Dargan. Mr. Patino has provided ASD with the names of those mother/son clients; and

WHEREAS, Mr. Patino denies making any intentional misrepresentations on Ms. Daye's insurance application and to the Department and claims he was unaware of Ms. Daye's disqualifying health conditions and the fact that she was living in a nursing home at the time of the application; and

WHEREAS, Mr. Patino has expressed regret for these events and has expressed the intention to take greater care in the future when transacting insurance business to ensure that information provided on applications is accurate, particularly when dealing with applicants who are vulnerable due to their age or health conditions; and

WHEREAS, the Agent Services Division (“ASD”) of the Department recognizes that there are material factual discrepancies between what Mr. Dargan and Mr. Patino each claim occurred as relate to the Royal Neighbors policy application, and ASD through this VSA makes no determination as to whose version of events is accurate; and

WHEREAS, it appears that Mr. Patino forged or allowed to be forged Ms. Daye’s name in the form of an electronic signature to an insurance application for insurance when she was not present and did not actually electronically sign that application, and where Mr. Patino attested on the application that Ms. Daye was present and had electronically signed the application; and

WHEREAS, North Carolina General Statute § 58-33-46(a)(10) provides grounds for disciplinary action against Mr. Patino’s action for forging another’s name to an application for insurance; and

WHEREAS, it appears that Mr. Patino’s intentionally misrepresented on the Royal Neighbors life insurance application that Ms. Daye was present and had actually electronically signed the application, when in fact it was Mr. Dargan acting as attorney-in-fact who authorized and/or electronically signed the application; and

WHEREAS, Mr. Patino’s intentional misrepresentation that Ms. Daye was present and electronically signed the Royal Neighbors insurance application constitutes fraudulent or dishonest practices, and demonstrates incompetence or untrustworthiness in the conduct of business in this State or elsewhere, and is grounds for discipline against his license pursuant to North Carolina General Statute § 58-33-46(a)(8); and,

WHEREAS, it appears that Mr. Patino completed a life insurance application for a person with whom he had never had any communication and without taking reasonable efforts to ensure that the information contained on the life insurance application was accurate in a situation where the policy applicant was an elderly individual and where the attorney-in-fact on the Power of Attorney who authorized the insurance application submission was also the beneficiary of the insurance policy applied for; and

WHEREAS, Mr. Patino’s completion of a life insurance policy under the circumstances of never having met or spoken to the applicant, in a situation where the policy applicant was an elderly individual and where the attorney-in-fact on the Power of Attorney who authorized the insurance application submission was also the beneficiary of the insurance policy applied for, without making reasonable efforts to ensure that the information contained on the life insurance application was accurate, demonstrates incompetence or untrustworthiness in the conduct of business in this State pursuant to North Carolina General Statute § 58-33-46(a)(8); and

WHEREAS, Mr. Patino has agreed to settle, compromise, and resolve the matter referenced in this Agreement on behalf of himself, and the Department has agreed not to pursue additional penalties, sanctions, remedies, or restitution based on these matters against Mr. Patino; and

WHEREAS, the parties to this Agreement mutually wish to resolve this matter by consent before the Department initiates an administrative hearing, and have reached a mutually agreeable resolution of this matter as set out in this Agreement.

NOW, THEREFORE, in exchange for the consideration and promises and agreements set out herein, Mr. Patino and the Department hereby agree to the following:

1. Immediately upon the signing of this Agreement, Mr. Patino shall pay a civil penalty of **\$5,000.00** to the Department. The form of payment shall be by certified check, cashier's check or money order. The check or money order for the payment of this civil penalty shall be payable to the "North Carolina Department of Insurance." Mr. Patino shall remit the civil penalty by certified mail, return receipt requested, to the Department along with a copy of this signed Agreement. The civil penalty and the signed Agreement must be received by the Department no later than **November 1, 2021**. The civil penalty shall be subject to disbursement in accordance with the provisions of Article IX, Section 7 of the North Carolina Constitution for the benefit of public schools.
2. Mr. Patino will complete three (3) hours of Continuing Education in the area of Ethics, and will submit proof that this Continuing Education has been completed to ASD by December 31, 2021. Mr. Patino may submit this proof via an electronic message or attachment thereto.
3. This Agreement does not in any way affect the Department's disciplinary power in any future examination of Mr. Patino or in any other complaints involving Mr. Patino.
4. Mr. Patino understands and has been explicitly advised by ASD that this Agreement does not preclude criminal prosecution that may result from investigations by the Department's Criminal Investigation Division for violations of criminal laws; and
5. Mr. Patino enters into this Agreement, on behalf of himself, freely and voluntarily and with the knowledge of his right to have an administrative hearing on this matter. Mr. Patino understands he may consult with an attorney prior to entering into this Agreement.
6. The parties to this Agreement agree that this Agreement shall have the full force and effect of an Order of the Commissioner. Mr. Patino understands that N.C.G.S. § 58-33-46(a)(2) provides that a producer's license may be revoked for violating an Order of the Commissioner.

7. This Agreement, when finalized, will be a public record and will **not** be held confidential by the Department. Following the execution of this Agreement, all licenses issued by the Department to Mr. Patino shall reflect that Regulatory Action has been taken against him. The Department is free to disclose the contents of this Agreement with third parties upon request or pursuant to any law or policy providing for such disclosure. The Department routinely provides copies of voluntary settlement agreement to all companies that have appointed the licensee.
8. The parties have read and understand this Agreement and agree to abide by the terms and conditions stated herein.
9. Mr. Patino is hereby advised that if a state or federal regulator other than the N. C. Department of Insurance has issued an occupational or professional license to him, that regulator may require him to report this administrative action to it. The N.C. Department of Insurance cannot give legal advice or information as to the specific reporting requirements of other state or federal regulators.

**Agent Services Division of the
N.C. Department of Insurance**


By: **Gerardo Patino**
License No. 0019032537


By: **Angela Hatchell**
Deputy Commissioner

Date: 10-19-2021

Date: 10/25/2021