

**FILED**  
MAR 14 2024  
COMMISSION OF INSURANCE  
INSURANCE DIVISION OF IOWA

BEFORE THE IOWA INSURANCE COMMISSIONER

<p>IN THE MATTER OF</p> <p>CARLIZA STONE, NPN 16134134 DOB 06/05/XXXX</p> <p>Respondent.</p>	<p>Division Case No. 117204</p> <p><b>FINAL ORDER</b></p>
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NOW THEREFORE, the Commissioner takes up for consideration the attached Default Proposed Order of Administrative Law Judge Forrest Guddall, of the Iowa Department of Inspections and Appeals show as filed on March 13, 2024.

IT IS ORDERED that the Commissioner has reviewed the record and adopts Judge Guddall's default order as my own final decision.

IT IS FURTHER ORDERED that Carliza Stone has 30-days from the date of this order to pay civil penalties and costs.

IT IS FURTHER ORDERED that these orders may be enforced under Iowa Code chapter 507B and 522B, including but not limited to, Iowa Code § 507B.8 and 522B.17(3), and additionally, by any collection remedies available to the State of Iowa Department of Revenue for unpaid penalties and other ordered monetary amount.

Dated this 14<sup>th</sup> day of March, 2024.



DOUGLAS M. OMMEN  
Iowa Insurance Commissioner

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CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing instrument was served upon all parties to the above cause, or their attorney, at their respective addresses disclosed on the pleadings on March 14, 2024.

By:  First Class Mail  Personal Service  
 Restricted certified mail, return receipt  Email  
 Certified mail, return receipt  \_\_\_\_\_

Signature: Brooke Hohn  
Brooke Hohn

IN THE IOWA ADMINISTRATIVE HEARINGS DIVISION  
CENTRAL PANEL BUREAU

In the Matter of:	)	
	)	
CARLIZA STONE,	)	Case No. 24IID0009
NPN 16134134,	)	Division Case No. 117204
	)	
Respondent.	)	<b>DEFAULT PROPOSED ORDER</b>
	)	
	)	

On January 11, 2024, the Iowa Insurance Division (Division) filed a Statement of Charges (Statement of Charges) against Respondent and the matter was scheduled for both a prehearing conference and an evidentiary hearing before Commissioner Douglas M. Ommen. The matter was subsequently transferred to this tribunal. A prehearing conference was scheduled for March 12, 2024 and an evidentiary hearing was scheduled for March 25, 2024. On February 28, 2024, the Division filed a Motion for Default because Respondent failed to file an answer as required by law. For the reasons discussed below, the Division’s Motion for Default is granted.

**FINDINGS OF FACT**

A. Division Statement of Charges

On January 11, 2024, the Division filed a Statement of Charges alleging two counts against Respondent Stone. (Statement of Charges). More specifically, the Division alleged as follows:

- Count I alleges that Stone violated Iowa Code section 522B.11(1)(h) prohibiting “fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business” when she “misrepresented that her clients were Florida residents, instead of Puerto Rico residents, on two applications for life insurance in order to obtain lower premiums” and “sold insurance in Puerto Rico without being licensed to do so in Puerto Rico.” (Statement of Charges, ¶¶ 26-27).
- Count II alleges that Stone violated Iowa Code section 522B.11(1)(p) for failing or refusing to cooperate in the Division’s investigation.

In support of the two Counts, the Division alleged the following relevant factual allegations in its Statement of Charges:

7. The Division issued Stone a license as a nonresident insurance producer on May 17, 2017, and assigned to her National Producer Number 16134134.
8. Stone is not, nor has ever been, licensed as an insurance producer in Puerto Rico.



9. On August 18, 2022, Stone submitted two electronic life insurance applications on behalf of Consumer E.A., designated as X981 and X225. Stone celiified that the applications were completed in person with E.A. and that she recorded E.A.'s responses completely and accurately.
10. Applications X981 and X225 contained false information. E.A. lived in Puerto Rico, but the applications listed residence addresses for E.A. in Florida.
11. On August 19, 2022, Stone contacted Mutual of Omaha's ("Mutual") underwriting department to advise she wanted to withdraw applications X981 and X225, stating that E.A. did not want to move forward.
12. On August 23, 2022, Mutual sent a letter to E.A. advising that Mutual would withdraw application X225.
13. Some time between August 19, 2022, and October 18, 2022, E.A. and a second consumer, R.B. (E.A.'s husband) met with a different Mutual agent, Stephen Lugo-Reyes ("Lugo-Reyes"). Lugo-Reyes was the agent for E.A. and R.B. 's daughter. Lugo-Reyes contacted E.A. and R.B. to discuss financial planning. During this meeting, Lugo-Reyes learned about Stone's activity, including her suggestion that E.A. use a Florida address to obtain lower premiums.
14. During their meeting, E.A. and R.B. provided Lugo-Reyes with an undated and unsigned complaint alleging that Stone had included "a lot of incorrect information on applications X981 and X225. E.A. and R.B. requested those applications be cancelled and all associated premiums be returned.
15. After their meeting, Lugo-Reyes forwarded E.A. and R.B. 's complaint, along with several emails and information, to his Division Officer Manager. The complaint was later forwarded to the Financial Crimes and Compliance ("FC&C") Department of Mutual. FC&C investigated the two applications and corroborated the allegations of fraud in applications X981 and X225.
16. Applications X981 and X225 listed E.A.'s home address as 1216 Bonaire Drive, Leesburg, Florida 34748-5708, and her employer as "Hospital Hima San Pablo." FC&C's investigation determined that E.A. did not actually live in Florida, and that Hospital Hima San Pablo only has locations in Puerto Rico. Accordingly, FC&C determined that E.A. did not actually reside in Florida, but rather Puerto Rico.
17. On October 20, 2022, Mutual requested a statement from Stone to address the concerns raised by its investigation. Stone did not respond to their request. Mutual subsequently terminated Stone for cause on the grounds of suspected fraud and Stone's failure to respond.

18. On November 10, 2022, the Division received a termination for cause letter from Mutual regarding Stone.
19. Shortly thereafter, a Division investigator issued a Request for Information ("RFI") letter to Stone via email to two (2) email addresses listed in Stone's licensing record. Neither email was rejected by the email system. The RFI requested a response by November 20, 2022.
20. On November 20, 2022, Stone failed to timely respond to the Division's first RFI.
21. On November 28, 2022, the Division investigator sent Stone a second RFI by both email and FedEx. The second RFI was emailed to four (4) email addresses, two of which were listed in Stone's licensing record and two of which were found during a public records search. The second RFI was also sent by FedEx to the residence address indicated in Stone's licensing record. The second RFI requested a response by December 8, 2022.
22. On December 8, 2022, Stone failed to timely respond to the Division's second RFI.
23. To date, Stone has not responded to either of the Division's RFIs.

#### B. Respondent's Default

The Division filed its Statement of Charges against Stone on January 11, 2024. Stone is subject to the jurisdiction of the Insurance Commissioner pursuant to Iowa Code § 505.28. A Notice of Hearing was filed the same day by the Commissioner setting several deadlines for Stone. The Notice of Hearing was served by restricted certified mail, return receipt requested at Stone's address on file with the Division. Iowa Admin. Code r. 191-3.5(1)(a)(17A,507B) ("Delivery of the notice of hearing referred to in this rule constitutes commencement of the contested case proceeding."); Iowa Admin. Code r. 191-3.5(1)(b)(17A,507B) ("Delivery shall be accomplished . . . by certified mail, return receipt requested[.]"). Additionally, the Division's motion asserts that the Statement of Charges and Notice of Hearing were sent to Stone by mail and email. It does not appear that the certified mail, regular mail, or email were returned to sender or otherwise not delivered.

Specifically, an Answer to the allegations was due on or before January 31, 2024. Iowa Admin. Code r. 191-3.5(3)(17A,507B) ("An answer shall be filed within 20 days of service of the notice of hearing unless otherwise ordered."). To date, Stone has failed to file an answer to the Statement of Charges. Stone did not request, nor did the Division consent to, Stone filing an answer beyond the twenty days of the service of the Statement of Charges. Indeed, the Division has not received any communication from Stone or a representative for Stone regarding the Statement of Charges, including any appearance by Stone or a representative at the prehearing conference on March 12, 2024.



The Division filed a Motion for Default on February 28, 2024, arguing that Stone was in default due to her failure to file an Answer and requested a finding in its favor on the two counts listed in the Statement of Charges. In addition, the Division requested the following relief: (1) the revocation of Stone's nonresident insurance producer license; (2) a cease and desist order prohibiting Stone from engaging in the business of insurance in Iowa; (3) a civil penalty in the amount of \$1,500.00; and (4) an order requiring reimbursement of \$2,206.25 in investigation and prosecution costs. *Id.*, at p. 5. The motion for default was sent via First Class Mail to Stone at her last known address. The motion was also emailed to Stone.

Finally, Stone failed to respond to the Division's motion to default order within ten days as permitted by law. Iowa Admin. Code r. 191-3.15(2)(17A) ("Any party may file a written response to a motion within ten days after the motion is served, unless the time period is extended or shortened by the presiding officer. In ruling on a motion, the presiding officer may consider the motion unresisted, if no response is timely filed.").

### CONCLUSIONS OF LAW

The Iowa legislature created the Division "to regulate and supervise the conducting of the business of insurance in the state." Iowa Code § 505.1. One aspect of this authority is to regulate the licensing of insurance producers. Iowa Code § 505.8. *See also* Iowa Code chapter 522B.

Pursuant to this statutory authority, the Division promulgated various administrative rules governing the licensing and conduct of those in the business of insurance. For example, Chapter 10 of the Division's rules creates the specific rules governing the "qualification, licensure, and appointment of insurance producers." Iowa Admin. Code r. 191-10.1(515K,522B). Likewise, Chapter 15 of the Division's rules create the "minimum standards and guidelines" for essentially fair and honest practices in the business of insurance. Iowa Admin. Code r. 191-15.1(507B).

When the Division has reason to believe that an individual has engaged in unfair or deceptive acts, or otherwise has violated the statutes and rules governing the business of insurance in the State, the Division may file a statement of charges against the individual. *See e.g.*, Iowa Code § 507B.6(1). This includes taking action against an individual's producer license. Iowa Code § 522B.11(1). The sanction for the misconduct can vary based on the specific conduct at issue, but includes fines, prosecution costs, adverse action against a licensee, and other corrective action. *See e.g.*, Iowa Code §§ 505.8(10) ("the commissioner may, after a hearing conducted pursuant to chapter 17A, assess fines or penalties; assess costs of an examination, investigation, or proceeding; order restitution; or take other corrective action as the commissioner deems necessary and appropriate to accomplish compliance with the laws of the state relating to all insurance business transacted in the state."); 522B.11(1) (articulating license sanctions available for misconduct).

Once the Division files a Statement of Charges against an individual, a contested case proceeding is commenced. In a contested case proceeding, all parties are entitled to reasonable notice of the hearing and the charges filed. Iowa Code §17A.12. The Division has adopted rules for delivery of notice to an individual. Service of a Notice of Hearing and Statement of Charges shall be made by personal service or by certified mail, return receipt requested, at least 15 days



before the hearing date. Iowa Admin. Code r. 191-3.5(1)(b)(17A,507B). Additionally, Iowa Admin. Code r. 191-3.5(1)(c)(17A,507B) also provides that, for “persons regulated by the Division” who “have consented in writing to have the commissioner accept service of process on their behalf,” delivery of the Notice of Hearing is accomplished when the Commissioner signs the Notice of Hearing or Statement of Charges.

Upon receipt of the Notice of Hearing, the individual against whom charges are brought has 20 days to file an answer to the allegations and assert any affirmative defenses. Iowa Admin. Code r. 191-3.5(3)(17A,507B). “Where appropriate and not contrary to law, any party may move for default against a party who has requested the contested case proceeding and failed to file a required pleading or has failed to appear after proper service.” Iowa Admin. Code r. 191-3.22(2)(17A).

If a party fails to appear or participate in a contested case proceeding after proper service of notice as provided in subrule 3.5(1), the presiding officer may, if no adjournment is granted, enter a default decision or proceed with the hearing and render a decision in the absence of the party.

Iowa Admin. Code r. 191-3.22(1)(17A). Failing to file a required pleading, such as an answer, is expressly identified as a form of lack of participation sufficient to justify a default. “A default decision may award any relief consistent with the request for relief made in the petition, notice of hearing, or charging document and embraced in its issues.” Iowa Admin. Code r. 191-3.22(9)(17A).

Here, Stone was properly served with the Statement of Charges and Notice of Hearing. In accordance Iowa Admin. Code r. 191-3.5(1)(b)(17A,507B), the Statement of Charges and Notice of Hearing were mailed to Stone via restricted certified mail on January 11, 2024. On January 25, 2024, the Statement of Charges was mailed via First Class Mail and email. None of the mailings, including the email, have been returned as undelivered. Although the record does not indicate that Stone actually received the Statement of Charges, such evidence is not needed to constitute sufficient service under the Division’s rules.

Moreover, when Stone submitted her Uniform Application for Individual Producer License, she designated or consented in writing to have the Commissioner accept service of process on her behalf. Statement of Charges, ¶ 6. Delivery is accomplished when the Notice of Hearing is signed by the commissioner. Iowa Admin. Code r. 191-3.5(1)(c)(17A,507B). As such, delivery of the Statement of Charges and Notice of Hearing were made on Stone on January 11, 2024. In addition, Stone has failed to file an answer, attend the prehearing conference, or otherwise participate in this proceeding. Accordingly, under Iowa Admin. Code r. 191-3.22(17A) Stone may be found in default.

Further, the record indicates that the Division’s Motion for Default should be granted in this case. The Division attempted to mail the Statement of Charges to Stone via restricted certified mail and First Class Mail. It mailed the relevant documents to the address that Stone was required to maintain with the Division. In addition, the Division emailed the relevant documents to Stone’s email addresses listed with the Division. None of the relevant documents were returned to the Division as undelivered. With this record, it appears that Stone is making a



choice not to participate. Given this, there is nothing in the record to suggest that a hearing on the merits is necessary to avoid an injustice, and the public is served by prompt resolution of this matter.

Finally, the allegations in the Statement of Charges establish that Stone engaged in actions that are in violation of Iowa law. Iowa Admin. Code r. 191-3.5(3)(c)(17A,507B) (“Any allegation in the notice of hearing or accompanying charging document not denied in the answer is considered admitted.”); Iowa Admin. Code r. 191-3.15(2)(17A) (“In ruling on a motion, the presiding officer may consider the motion unresisted, if no response is timely filed.”). In reaching this conclusion, this tribunal accepts the allegations in the Statement of Charges as true. Specifically, the allegations in the Statement of Charges demonstrate that Stone violated Iowa Code § 522B.11(1)(h) prohibiting fraudulent, coercive, or dishonest practices or untrustworthiness. Likewise, the allegations show a violation under Iowa Code § 522B.11(1)(p) for failure to cooperate with the Division’s investigation. Accordingly, the Motion for Default is granted and the following relief appropriate. Iowa Admin. Code r. 191-3.22(9)(17A) (“A default decision may award any relief consistent with the request for relief made in the petition, notice of hearing, or charging document and embraced in its issues.”); Iowa Code § 522B.11(5) (“The commissioner . . . may enforce the provisions and impose any penalty or remedy authorized by this chapter and chapter 507B against any person who is under investigation for, or charged with, a violation of either chapter even if the person's license has been surrendered or has lapsed by operation of law.”).

### ORDERS

#### **IT IS HEREBY ORDERED:**

- A. Carliza Stone is in default pursuant to Iowa Administrative Iowa Admin. Code r. 191-3.22(9)(17A) and all statements as pled in the Statement of Charges against Carliza Stone are deemed admitted as true for purposes of this decision;
- B. Carliza Stone’s insurance producer license is revoked pursuant to Iowa Code §§ 507B.7, 522B.11, and 522B.17;
- C. Carliza Stone shall cease and desist from engaging in unfair or deceptive practices as alleged in Counts I and II and the business of insurance in this state pursuant to Iowa Code §§ 522B.2, 522B.7, and 522B.17;
- D. A civil penalty in the amount of \$1,500.00 is assessed, made payable to the Iowa Insurance Division, to be credited to the Iowa Insurance Enforcement Fund, to provide funds for insurance enforcement and education pursuant to Iowa Code §§ 505.8, 522B.11, and 522B.17;
- E. Costs of the investigation and prosecution of this matter are assessed in the amount of \$2,206.25 made payable to the Iowa Insurance Division, to be credited to the Iowa Insurance Enforcement Fund, to provide funds for insurance enforcement and education pursuant to Iowa Code sections 505.8, 522B.11, and 522B.17.



F. The in-person evidentiary hearing on the merits scheduled for March 25, 2024, is hereby cancelled.

IT IS SO ORDERED.

Dated this the 13<sup>th</sup> day of March 2024.

cc: Colin Grace, Attorney for IID; [colin.grace@iid.iowa.gov](mailto:colin.grace@iid.iowa.gov) (By AEDMS)  
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**Case Title:** IN THE MATTER OF CARLIZA STONE

**Case Number:** 24IID0009

**Type:** Order - Abandonment/Default

IT IS SO ORDERED.

A handwritten signature in black ink, appearing to read 'Forrest Guddall', written in a cursive style.

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Forrest Guddall, Administrative Law Judge