

IN THE MATTER OF THE  
MARYLAND INSURANCE  
ADMINISTRATION

v.

WANDA LYNETTE BYNUM POWELL  
7403 Kipling Parkway #155  
District Heights, Maryland 20747

BEFORE THE MARYLAND  
INSURANCE COMMISSIONER

CASE NO. MIA-2014-02-024  
Fraud Division File No. R-2015-2899A

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**ORDER**

This Order is entered by the Maryland Insurance Administration (“MIA”) against Wanda Lynette Bynum Powell (“Powell” or “Respondent”) pursuant to §§ 2-108, 2-201, 2-204 and 2-405 of the Insurance Article, Md. Code Ann. (2011 Repl. Vol. & Supp.)(“the Insurance Article”).

**I. Facts**

1. Respondent had a homeowner’s insurance policy with Garrison Property and Casualty Insurance Company, a subsidiary of United Services Automobile Association (“USAA”), an authorized insurer, for her Maryland residence. The policy was in effect from August 8, 2014 to August 8, 2015.

2. On February 5, 2015, Respondent reported to USAA that earlier that day while she was disembarking a cruise ship in Jacksonville, Florida, someone stole her luggage, which contained personal property. USAA assigned claim number 033180208004.

3. On February 14, 2015, Respondent submitted to USAA a personal property inventory of items she advised had been in her luggage when it was stolen, including jewelry.

4. On March 4, 2015, in support of her claim, Respondent submitted Kay Jewelers’ receipts to USAA for purchases of jewelry she reported had been contained within her luggage

when it went missing. One of the receipts reflected the purchase of a 1.5 carat diamond necklace in the amount of \$5,499.99, Stock Keeping Unit (“SKU”) number (051339303).

5. On March 9, 2015, a USAA representative contacted Kay Jewelers and learned that SKU number 051339303 was a unique identifier and corresponded to a man’s ring, not a necklace.

6. On March 10, 2015, the USAA Claims Specialist referred the matter to its Special Investigations Unit (“SIU”) due to the discrepancy on the Kay Jewelers’ receipt.

7. On March 23, 2015, a USAA investigator contacted Kay Jewelers to verify the receipt submitted by Respondent. She learned that the receipt reflecting the purchase of a diamond necklace for \$5,499.99 was false, “... [T]he invoice was for a Gents Ring for \$629.00 and not a diamond necklace.”

8. On April 3, 2015, USAA sent Respondent a letter denying her claim due to material misrepresentation in the presentation of her claim.

9. Section 27-802(a)(1) of the Maryland Insurance Article states, “An authorized insurer, its employees, fund producers, insurance producers, ... who in good faith has cause to believe that insurance fraud has been or is being committed shall report the suspected insurance fraud in writing to the Commissioner, the Fraud Division, or the appropriate federal, State or local law enforcement authorities.” USAA, having a good faith belief that Respondent committed insurance fraud, referred the matter to the Maryland Insurance Administration, Fraud Division.

10. During the course of its investigation, MIA contacted USAA and confirmed its handling of Respondent’s claim.

11. An MIA investigator contacted Sterling Jewelers Inc., (“Sterling,”) parent company of Kay Jewelers. It corroborated that the receipt reflecting the purchase of a diamond necklace was false and the SKU number 051339303 corresponded to the purchase of a man’s ring.

12. MIA issued a subpoena to Sterling for records associated with Respondent’s Kay Jewelers’ account. MIA’s examination of the responsive documents revealed a receipt for the purchase of a man’s ring for \$549.99. The ring’s SKU number was 051339303. There was no record of Respondent having purchased a necklace for \$5,499.99.

## II. Violation(s)

13. In addition to all relevant sections of the Insurance Article, the Administration relies on the following pertinent sections in finding that Respondent violated Maryland’s insurance laws:

14. **§ 27-403**

It is a fraudulent insurance act for a person:

(2) to present or cause to be presented to an insurer documentation or an oral or written statement made in support of a claim...with knowledge that the documentation or statement contains false or misleading information about a matter material to the claim.

15. **§ 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.

16. By the conduct described herein, Respondent knowingly violated § 27-403. Because the fraudulent insurance act of submitting a false document in support of a claim is complete upon submitting the false document and is not dependent on payment being made, Respondent violated the law when she made a false claim to USAA. As such, she is subject to an administrative penalty under the Insurance Article § 27-408(c).

### **III. Sanctions**

17. Insurance fraud is a serious violation which harms consumers in that the losses suffered by insurance companies are passed on to consumers in the form of higher premiums. The Commissioner may investigate any complaint that alleges that a fraudulent claim has been submitted to an insurer. Insurance Article, §§ 2-201(d) (1) and 2-405.

18. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, MIA has determined that \$1,500.00 is an appropriate penalty.

19. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2015-2899A) and name (Wanda Bynum Powell). Unpaid penalties will be referred to the Central Collections Unit (CCU) for collection. Payment of the administrative penalty shall be sent to the attention of: Acting Associate Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202.

20. This Order does not preclude any potential or pending action by any other person, entity or government authority, regarding any conduct by the Respondent 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 4<sup>th</sup> day of February 2016, **ORDERED** that:

(1) Wanda Bynum Powell pay an administrative penalty of One Thousand Five Hundred Dollars (\$1,500.00) within 30 days of the date of this Order.

ALFRED W. REDMER, JR.  
Insurance Commissioner

**signature on original**

BY:

VICTORIA AUGUST  
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 issued. The written request for hearing must be addressed to the Maryland Insurance Administration, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202, Attn: Hearings and Appeals Coordinator. 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.