

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

THOMAS KARDOS
1 Crabtree Ct., Apt. F
Baltimore, Maryland 21236

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA- 2015-01-001
Fraud Division File No.: R-2015-0981A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Thomas Kardos (“Kardos” or “Respondent”) pursuant to §§2-108, 2-201, 2-204 and 2-405 of the Insurance Article, Annotated Code of Maryland (“the Insurance Article”).

I. Facts

1. Respondent had a renter’s insurance policy with American Bankers Insurance Company of Florida ("ABIC"), an authorized insurer, for his apartment located at 1 Crabtree Court, Apartment F, Baltimore, Maryland 21236. The policy number was [REDACTED]. The policy was in effect from January 16, 2013 to January 16, 2014.

2. On September 4, 2013, Respondent notified the Baltimore County Police Department that his apartment had been burglarized. A police officer responded to his apartment and authored a report under complaint number 13-247-1626.

3. On September 4, 2013, Respondent notified ABIC of the burglary and filed a claim for the theft of personal property from his apartment. Claim number [REDACTED] was assigned by ABIC.

4. On April 29, 2014, in support of his claim, Respondent sent ABIC an inventory of items reportedly stolen during the burglary, along with the following invoices as proof of purchase, totaling \$4,235.21:

- Apple Inc. invoice, dated May 10, 2013 - Apple laptop, Order # K268422672, totaling \$1,275.20.
- Newegg.com invoice, dated 04/12/2011- MSI computer, Order#: 77978537, totaling \$867.61.
- QVC invoice, dated 03/25/2013 - Sharp 60" HDTV, Order#: 4226681456, totaling \$2,092.40.

5. On August 19, 2014, an ABIC claims adjuster contacted the retailers listed on the aforementioned invoices provided by Respondent. All three retailers reported the information displayed on their respective invoice was different from information they had on record. According to the retailers, none of the actual invoices indicated that Respondent was the purchaser or recipient of the items.

6. Section 27-802(a)(1) of the Insurance Article states, "An authorized insurer... 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." ABIC, having a good faith belief that Respondent committed insurance fraud, referred the matter to the Maryland Insurance Administration Fraud Division.

7. MIA confirmed ABIC's handling of the Respondent's claim as set forth above.

8. MIA sent copies of the three questionable invoices, which Respondent submitted to ABIC in support of his claim, to the respective retailers to verify their authenticity.

9. On December 1, 2014, an Apple Inc. fraud prevention associate advised MIA that the invoice as well as the serial number on the invoice submitted to ABIC by Respondent were invalid and did not relate to any Apple Store orders.

10. On December 4, 2014, a QVC associate sent MIA a copy of the actual invoice displaying the same order number as the invoice presented to ABIC by Respondent. The authentic invoice indicated that the item was billed and shipped to a business in Philadelphia, Pennsylvania, not the Respondent as displayed on the version of the invoice he submitted.

11. On December 8, 2014, a Newegg.com associate confirmed that the name and address on the sales invoice Respondent submitted to ABIC did not match the name or address in their order system for that invoice number. The name and address had been changed on the invoice to falsely reflect the purchaser as the Respondent.

12. On December 10, 2014, MIA interviewed Respondent and showed him a copy of the invoices from Apple Inc., Newegg.com and QVC, which he had submitted to ABIC in support of his claim. Respondent admitted he had altered the invoices by inserting his name and address to give the appearance that he had been the purchaser of the listed items. Respondent explained that he changed order numbers and other data on the invoices using the computer graphics program "Microsoft Paint." Respondent advised that he faxed the altered invoices from Baltimore, Maryland to ABIC.

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 the 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, Kardos violated §27-403 and is subject to an administrative penalty under the Insurance Article.

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 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 \$4,000.00 is an appropriate penalty.

19. Administrative penalties shall be made payable to: Maryland Insurance Administration, and shall identify the case by number R-2015-0981A and name Thomas Kardos. Unpaid penalties will be referred to the Central Collections Unit for collection. Payment of the administrative penalty shall be sent to the attention of: 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 7th day of January 2015, **ORDERED** that:

- (1) Thomas Kardos pay an administrative penalty of \$4,000.00 within 30 days of the date of this Order.

THERESE M. GOLDSMITH
Insurance Commissioner

Signature on original

BY:

CAROLYN HENNEMAN
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.