

IN THE MATTER OF THE  
MARYLAND INSURANCE  
ADMINISTRATION

v.

Michael Humphrey Mullings, Jr.  
813 Colby Avenue  
Takoma Park, MD 20912

CASE NO.: MIA-2024-03-012

Fraud Division File No.: R-2024-0175A

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**ORDER**

This Order is issued by the Maryland Insurance Administration (the “MIA”) against Michael Humphrey Mullings, Jr. (“Respondent”) pursuant to Md. Code Ann., Ins. Art. §§ 2-108, 2-201, 2-204 and 2-405 (2017 Repl. Vol. & Supp.) for the violations of the Maryland Insurance Article identified and described.<sup>1</sup>

**I. RELEVANT MATERIAL FACTS**

1. On June 12, 2023, Respondent purchased a Galaxy S23 mobile telephone from Best Buy. On June 13, 2023, Respondent purchased a mobile phone insurance protection plan for his Galaxy S23 through Best Buy Geek Squad, which is underwritten by New Hampshire Insurance Company (“NHIC”), an authorized insurer. The protection plan was in effect from June 13, 2023 until June 25, 2023, when Respondent returned the phone to Best Buy for a full refund.

2. On June 19, 2023, seven days after purchasing the mobile phone, Respondent notified Best Buy Geek Squad that on June 18, 2023, he lost the insured phone when he accidentally dropped it into the Chesapeake Bay while fishing. The Best Buy representative opened a claim, and provided Respondent with claim no. 21\*\*\*756. Respondent’s claim was referred to NHIC’s Special

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

Investigations Unit (“SIU”) for further investigation, as the claim was made only six days after Respondent purchased the phone.

3. On June 25, 2023, Respondent submitted a Proof of Loss to NHIC, wherein he reiterated that he lost his phone on June 18, 2023. Respondent signed the Proof of Loss immediately after the following statement:

You confirm that the information in the statement above and on the \_\_\_ attached page(s) is true to the best of your knowledge or belief.

4. An NHIC investigator contacted Best Buy and learned that Respondent returned the insured phone on June 25, 2023, and was given a full refund. The investigator obtained a copy of the return receipt as well closed circuit television (“CCTV”) surveillance photographs of Respondent at Best Buy returning the phone.

5. On June 29, 2023, an NHIC investigator interviewed Respondent, and asked whether he returned the phone to Best Buy. Respondent replied, “Uh No.” The investigator explained that she had a receipt showing that the phone was returned. Respondent asked the investigator to hold; the call was then disconnect.

6. On July 13, 2023, NHIC sent Respondent a letter denying his claim, which stated, in pertinent part:

The claim was denied based on the following Coverage Certificate provision:

**D iii.** Any Direct, Sudden and Accidental Damage to Equipment, Theft or Lost Equipment, or Mechanical or Electrical Failure of the Equipment caused by any deliberate act by You, your employees, or any person using the Equipment with Your permission;

We pulled up the return receipt from Best Buy on June 25, 2023, showing the phone was returned.

7. Section 27-802(a)(1) of the Insurance Article states:

An authorized insurer, its employees, fund producers, or 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.

NHIC, having a good faith belief that Respondent committed insurance fraud, referred the matter to the MIA, Fraud and Enforcement Division, which opened an investigation.

### ***The MIA's Investigation***

8. On February 28, 2024, an MIA investigator went to Best Buy and obtained copies of the receipts for Respondent's transactions regarding the purchase and return of the insured mobile phone. The receipts confirmed that Respondent purchased the phone on June 12, 2023, and 13 days later, on June 25, 2023, Respondent returned the phone for a full refund.

## **II. VIOLATION(S):**

9. 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:

### **§ 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.

### **§ 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.

10. By the conduct described herein, Respondent knowingly violated § 27-403(2). The fraudulent insurance act of making a false statement in support of a claim is complete upon making the false statement and is not dependent on payment being made. Respondent violated the Insurance Article when he falsely reported to NHIC that he lost his mobile phone, when in fact, Respondent returned the phone and received a full refund. As such, Respondent is subject to an administrative penalty under § 27-408(c).

### **III. SANCTIONS**

11. 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. §§ 2-201(d) (1) and 2-405.

12. Having considered the factors set forth in § 27-408(c)(2), the MIA has determined that a fine of \$1,500.00 is an appropriate penalty.

13. Administrative penalties shall be made payable, by check or money order, to the Maryland Insurance Administration and shall identify the case by number (R-2024-0175A) and name (Michael Humphrey Mullings, Jr.). Payment of the administrative penalty shall be sent to the attention of: Joseph E. Smith, Acting Associate Commissioner, Insurance Fraud & Enforcement Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202. Unpaid penalties will be referred to the Central Collections Unit for collection.

14. This Order does not preclude any potential or pending action by any other person, entity or government authority, regarding any conduct by Respondent including the conduct that is the subject of this Order.

**WHEREFORE**, for the reasons set forth above, and subject to your right to request a hearing, it is this 18th day of March 2024, **ORDERED** that:

Michael Humphrey Mullings, Jr. shall pay an administrative penalty of One-Thousand Five Hundred Dollars (\$1,500.00) within 30 days of the date of this Order.

KATHLEEN A. BIRRANE  
Insurance Commissioner

BY: signature on original  
JOSEPH E. SMITH  
Acting Associate Commissioner  
Insurance Fraud & Enforcement 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: Clerk – Office of Hearings. 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.