

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

SHAWNA C. CARROLL
1607 Sage Brush Court
Severn, Maryland 21144

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2016-12-003

Fraud Division File No.: R-2017-0013A

ORDER

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

I. Facts

1. Respondent had a renter’s insurance policy with United Services Automobile Association ("USAA"), an authorized insurer. The policy was in effect from August 21, 2015 through August 21, 2016.

2. On page 1 of the policy titled Concealment, Misrepresentation or Fraud the policy states as follows:

With respect to all insureds, the entire policy is void, whether before or after a loss, any insured:

- a. Intentionally conceals or misrepresents any material fact or circumstances; or
- b. Makes false statements or engages in fraudulent conduct, relating to this insurance.

3. On January 6, 2016, Respondent gave a recorded statement to a USAA claims representative that someone stole items from the trunk of her vehicle, including an iPad Air and two Bluetooth speakers. USAA assigned claim number 28467420 006.

4. On January 6, 2016, Respondent called the Maryland Transportation Authority (“MTA”) and reported that she lost a black backpack containing an IPAD, Bluetooth speakers and clothing at US Airways Drive located at BWI Airport. The incident was not listed as a theft.

5. On January 9, 2016, USAA received an e-mail from Respondent identifying her missing property, along with a summary of invoice activity dated, November 13, 2015, from Everything Made Just Simple (“EMJ”) as proof she had purchased, among other things, two - Bluetooth speakers (red and black) for \$349.99 each, and one iPad Air2 16G Kit for \$510.08. Subsequently, USAA issued payment to Respondent in the amount of \$1,501.67, to cover her losses, net Respondent’s \$250.00 deductible.

6. On April 4, 2016, Respondent made another claim via USAA’s mobile app, in which she reported that someone entered her garage and stole personal property from the trunk of her vehicle. USAA assigned claim number 28467420 008.

7. On April 5, 2016, in support of her claim, Respondent forwarded an e-mail to USAA from “sales@emjsolutionspro.com” containing a summary of invoice activity from EMJ as proof she had purchased four Apple computers for \$8,289.14 on April 2, 2016, which were stolen from her car on April 4, 2016.

8. On April 5, 2016, USAA referred the aforementioned claims to its Special Investigations Unit, (“SIU”) due to one or more similar losses within 90 days, and two prior property theft losses within three years.

9. On April 7, 2016, a USAA adjuster took a recorded statement of Respondent who identified the items stolen on April 4, 2016, as one MacBook Pro, two MacBook’s and an “all in one.” Respondent advised that she called Anne Arundel County police and a detective was assigned the case.

10. On June 3, 2016, an investigator with VRC Investigations interviewed the owner of EMJ, on behalf of USAA. The owner examined the EMJ invoice submitted by Respondent to USAA and advised that the only part of the invoice that was correct is the logo. The owner of EMJ reported she knows Respondent, but has never sold her any computers. Further, Respondent texted her and requested that she tell USAA's investigator that she [Respondent] purchased three Apple laptops, and a desktop computer during the first week of April, and paid cash. The owner of EMJ provided the VRS investigator with the aforementioned text messages from Respondent.

11. On June 8, 2016, a USAA SIU investigator took a recorded statement from Respondent who reiterated that three laptops and a desktop computer were stolen and that she had purchased those items from EMJ. Respondent stated she had forwarded to USAA the actual e-mail sent to her from EMJ documenting her purchases.

12. Section 27-802(a)(1) of the 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 MIA, Fraud Division.

13. During the course of its investigation, an MIA investigator contacted a USAA SIU investigator on August 17, 2016, and confirmed USAA's handling of Respondent's claims.

14. On October 17, 2016, an MIA investigator conducted an interview with the owner of EMJ who reported Respondent had worked for EMJ. She examined the two EMJ invoices submitted by Respondent to USAA for purchases of 2 - Bluetooth speakers (red and black) for

\$349.99 each, and one iPad Air2 16G Kit for \$510.08, dated November 13, 2015, and the purported EMJ invoice dated April 2, 2016, for the purchase of four Apple computers for \$8,289.14. The owner of EMJ advised she did not create the documents and did not sell any of the listed items to Respondent. With regard to the e-mail Respondent forwarded to USAA purportedly from “sales@emjsolutionspro.com” dated April 5, 2016, she advised that the e-mail was her business e-mail address; however, she did not create nor did she send the e-mail. The owner of EMJ advised that EMJ is no longer in business.

15. An MIA investigator went to Respondent’s home and left his business card in the door. Several voicemail messages were left for Respondent by the MIA’s investigator, but she did not return his calls.

II. Violation(s)

16. 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:

17. § 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.

18. § 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

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(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.

19. By the conduct described herein, Respondent violated § 27-403 when she submitted false documents in support of her January 6, 2016, and April 4, 2016, claims. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

20. 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.

21. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, the MIA has determined that \$6,000.00 is an appropriate penalty.

22. Respondent, Shawna Carroll is ordered to reimburse USAA in the amount of \$1,330.34, which is the amount she fraudulently obtained from USAA when she submitted a falsified invoice subsequent to her January 6, 2016, claim.

23. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2017-0013A) and name (Shawna C. Carroll). Unpaid penalties will be referred to the Central Collections Unit for collection. Payment of the administrative penalty shall be sent to the attention of: Steve Wright, Associate Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202.

24. Notification of reimbursement to USAA shall be made in writing to the Steve Wright, Associate Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202. Such notification shall include a copy of the money order or cancelled check issued to USAA as proof of reimbursement and identify the case by number (R-2017-0013A) and name (Shawna C. Carroll).

25. 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 6th day of December 2016, **ORDERED** that:

(1) Shawna C. Carroll pay an administrative penalty of \$6,000.00 within 30 days of the date of this Order.

(2) Shawna C. Carroll pay restitution to USAA in the amount of \$1,330.34 within 30 days of the date of this Order.

ALFRED W. REDMER, JR.
Insurance Commissioner

signature on original

BY:

STEVE WRIGHT 
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 Respondent in a Final Order after hearing.