

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lt. Governor



AL REDMER, JR.
Commissioner

NANCY GRODIN
Deputy Commissioner

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December 12, 2016

CERTIFIED MAIL
RETURN RECEIPT REQUESTED
REGULAR MAIL

Edward Ricardo Lavanderos
3 Michele Court
Gaithersburg, MD 20878

Re: *Maryland Insurance Administration v. Edward Ricardo Lavanderos*
Case No.: MIA-2016-12-006

Dear Mr. Lavanderos:

The Maryland Insurance Commissioner has entered an Order assessing a civil Fraud penalty against you. A copy of the Order is attached and is self-explanatory. This Order is subject to your right to request a hearing as set forth on the last page of the Order.

Please include the above case number on all future correspondence to the administration. **Payment of administrative penalties must also reference the above case number or include a copy of this letter when making payment.**

If you have any questions regarding this Order, you may contact the Insurance Fraud Division at (410) 468-3905.

Sincerely,

A handwritten signature in cursive script that reads "Melanie Gross".

Melanie Gross
Executive Assistant to the Deputy Commissioner

Enclosure

cc: Al Redmer, Jr., Commissioner
Steve Wright, Associate Commissioner
J. Van Lear Dorsey, Principal Counsel
Brandy Gray, Assistant Attorney General
Tracy Imm, Director of Public Affairs
Joe Smith, Assistant Chief Investigator
Kevin Miller, Investigator

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

EDWARD RICARDO LAVANDEROS
3 Michele Court
Gaithersburg, Maryland 20878

BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2016-12-006
Fraud Division File No.: R-2017-0400A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Edward Ricardo Lavanderos (“Lavanderos” 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. On May 31, 2016, an individual, (hereinafter, “Driver 1”) insured by United Services Automobile Association (“USAA”), an authorized insurer, notified USAA that while operating her insured vehicle, she struck another vehicle being operated by an individual, (hereinafter, “Driver 2”). USAA assigned number 14712222-010.

2. On June 3, 2016, USAA interviewed Driver 2 who reported that she was sitting in her parked car, in Rockville, Maryland when Driver 1 backed into her, causing property damage and personal injury. Driver 2 advised that she did not have any passengers in her car at the time of the collision.

3. On June 8, 2016, USAA interviewed Driver 1. She confirmed that the accident happened in Rockville, Maryland, and that she backed into a car occupied by Driver 2, and no one else was in the car with Driver 2 at the time of the collision.

4. On June 8, 2016, Respondent notified USAA that he was a passenger in Driver 2's vehicle and was injured as a result of the collision with Driver 1. Respondent submitted medical records to USAA in support of his claim and advised that he missed two days from work due to his injuries.

5. On June 8, 2016, USAA referred the investigation to its Special Investigations Unit ("SIU") because Driver 1 stated there was no passenger in Driver 2's vehicle.

6. On June 20, 2016, an investigator with Veracity Research Company ("VRC") interviewed Respondent on behalf of USAA. Respondent reported that on May 31, 2016, at approximately 3:00 p.m. he was the front-seat passenger in Driver 2's vehicle when Driver 1 backed her vehicle into Driver 2's vehicle. Respondent advised that he missed three days from work.

7. On August 17, 2016, USAA sent Respondent a letter denying his claim as Driver 2 advised there were no passengers in her car.

8. 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.

9. USAA, having a good faith belief that Respondent committed insurance fraud, referred the matter to the MIA, Fraud Division.

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

11. On November 7, 2016, an MIA investigator interviewed Driver 1 regarding the accident she was involved in on May 31, 2016, in Rockville, Maryland. Driver 1 advised she was able to see inside of Driver 2's vehicle and confirmed there were no passengers in Driver 2's vehicle. Further, she had a 15 to 30 minute conversation with Driver 2 at the location of the accident.

12. On November 7, 2016, an MIA investigator called Respondent who terminated the call when he was asked whether he was a passenger in Driver 2's vehicle. An MIA investigator left a voice mail for Driver 2; the call was not returned as requested.

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 violated § 27-403. Because the fraudulent insurance act of making a false statement in support of a claim is complete upon submission of the false statement and is not dependent on payment being made. Respondent committed a violation of the Insurance Article when he falsely advised USAA he was a passenger in Driver 2's vehicle when he was not. As such, Respondent 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 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, the MIA has determined that \$3,000.00 is the appropriate penalty.

19. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2017-0400A) and name (Edward Ricardo Lavanderos). 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.

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 12th day of December 2016, **ORDERED** that:

Edward Ricardo Lavanderos pay an administrative penalty of three thousand dollars (\$3,000.00) within 30 days of the date of this Order.

ALFRED W. REDMER, JR.
Insurance Commissioner

BY: Steve Wright
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.