

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lt. Governor



AL REDMER, JR.
Commissioner

NANCY GRODIN
Deputy Commissioner

200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202
Direct Dial: 410-468-2009 Fax: 410-468-2020
Email: melanie.gross@maryland.gov
1-800-492-6116 TTY: 1-800-735-2258
www.insurance.maryland.gov

April 11, 2017

CERTIFIED MAIL
RETURN RECEIPT REQUESTED
REGULAR MAIL

Dontray Cotton
8217 Knights Way
Pikesville, MD 21208

Re: *Maryland Insurance Administration v. Dontray Cotton*
Case No.: MIA-2017-04-004

Dear Mr. Cotton:

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 black ink that reads "Melanie Gross". The signature is written in a cursive style.

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.

DONTRAY COTTON
8217 Knights Way
Pikesville, Maryland 21208

* BEFORE THE MARYLAND
*
* INSURANCE COMMISSIONER
*
*
* CASE NO. : MIA-2017-04-004
*
* Fraud Division File No.: R-2017-1437A
*
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ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Dontray Cotton (“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 was an insured driver with the Government Employees Insurance Company (“GEICO”), an authorized insurer, from October 10, 2016 through April 10, 2017. On October 29, 2016, at 2:08 p.m., Respondent added a 2006 Acura to the policy, effective October 30, 2016.

2. On October 31, 2016, at 9:27 p.m., Respondent filed an online claim with GEICO, in which he reported he was involved in an accident on the same date at 2:10 a.m.

3. On November 1, 2016, a GEICO claims adjuster interviewed Respondent regarding his October 31, 2016, claim. Respondent reported that at about 2:00 a.m., on October 31, 2016, he was driving his Acura on Interstate 695 (“I-695”) between exits 17 and 18 when a black sports utility vehicle (“SUV”) rear-ended him; he lost control of his vehicle and struck the guardrail. Respondent called the American Automobile Association (“AAA”) and his vehicle was towed to his residence. Respondent stated the police did not come to the accident scene.

4. On November 2, 2016, GEICO referred Respondent's claim to its Special Investigations Unit ("SIU") for further investigation. An SIU investigator conducted a Motor Vehicle Administration ("MVA") vehicle inquiry on Respondent's Acura and learned it had been titled to Respondent as of July 7, 2016. Additionally, the investigator discovered that on October 29, 2016, at 4:03 a.m., Respondent was operating his Acura on I-695 at exit 18 when he received a traffic citation related to a motor vehicle accident, which occurred about ten hours prior to adding the Acura to the GEICO insurance policy.

5. On November 2, 2016, the SIU investigator obtained a copy of the Maryland State Police accident report related to the October 29, 2016, accident involving Respondent's Acura. The report documented a single-vehicle accident occurring on October 29, 2016, on I-695 near exit 18. The report identified Respondent as the driver.

6. On November 14, 2016, GEICO denied Respondent's claim as the Acura was not insured by GEICO at the time of the accident.

7. Section 27-802(a)(1) of the Maryland 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.

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

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

9. On February 15, 2017, an MIA investigator interviewed the Maryland State Trooper who investigated Respondent's automobile accident. The trooper recalled investigating

the single-vehicle accident on October 29, 2016, on I-695 at exit 18, which occurred at about 4:03 a.m. The trooper identified the vehicle as an Acura driven by Respondent, and Pikesville Towing had towed the Acura from the scene.

10. On February 15, 2017, the MIA investigator went to Pikesville Towing and spoke with the office manager who confirmed that one of its tow trucks was dispatched to tow Respondent's Acura from I-695 at Liberty Road on October 29, 2016, shortly after 4:00 a.m. The office manager provided the MIA investigator with a copy of the October 29, 2016, tow receipt for Respondent's Acura, which had been signed by Respondent.

II. Violation(s)

11. 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:

12. § 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.

13. § 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.

14. By the conduct described herein, Respondent knowingly violated § 27-403. Because the fraudulent insurance act of submitting a 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 submitted a false statement to GEICO. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

15. 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.

16. By the conduct described herein, Respondent violated § 27-403 and is subject to the imposition of an administrative penalty under the Insurance Article.

17. 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.

18. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2017-1437A) and name (Dontray Cotton). 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.

19. 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 11th day of April 2017, **ORDERED** that:

Dontray Cotton shall 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

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 the Respondent in a Final Order after hearing.