

IN THE MATTER OF THE  
MARYLAND INSURANCE  
ADMINISTRATION

v.

RX Adjusting, LLC  
201 International Circle, Suite 230  
Hunt Valley, MD 21030

ELIAS TREY MANNIX  
RX Adjusting, LLC  
16700 Ledgestone Dr.  
San Antonio, Texas 78232

PHILIP M. MASITTO  
RX Adjusting, LLC  
201 International Circle, Suite 230  
Hunt Valley, MD 21030

BEFORE THE MARYLAND  
INSURANCE COMMISSIONER

CASE NO. : MIA-2017-12-010

Fraud Division File No.: R-2017-2926A

MIA-2017-12-011

MIA-2017-12-012

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**Order**

This Order is entered by the Maryland Insurance Administration (“Administration”) against RX Adjusting, LLC, Elias Trey Mannix (“Mannix”), and Philip M. Masitto (“Masitto”), collectively, (“Respondents”), pursuant to §§ 2-108, 2-204, 2-405, and 10-403(a) of the Insurance Article, Md. Code Ann. (2017 Repl. Vol. & Supp.)(“the Insurance Article”).

**I. Background & Facts**

1. On January 21, 2016, the Administration issued Thomas Scott (“Scott”) (d/b/a) RX Adjusting, Inc., a public adjuster’s license (#2188714), and he was authorized to act as a public adjuster through May 5, 2017, when his license expired. Scott’s public adjuster’s license was fraudulently used by Respondents prior to its expiration date.

2. Mannix, Masitto and RX Adjusting, LLC (“RX Adjusting”) were not, and are not, licensed in the State of Maryland as public adjusters.

3. Exploring entering into a business arrangement, on January 20, 2016, Scott e-mailed Mannix draft document templates for RX Adjusting, Inc., consisting of a Public Adjuster Contract, Letter of Representation, and Disclosure forms, in anticipation of entering into a contract with Mannix.

4. On April 6, 2016, Scott's attorney sent an e-mail to Respondent Mannix seeking to negotiate a tentative business agreement in which Mannix would provide expert services on behalf of Scott with regard to storm damage claims within Maryland and the District of Columbia. The e-mail which contained the following proposed language for the agreement stated:

[M]annix and/or their associated employees or independent contractors associated therewith, further acknowledges that his expert consultation services are not deemed public insurance adjuster consultation and/or insurance adjuster/settlement/assessment of risk claims services as identified by the insurance laws of either and/or both the state of Maryland and the District of Columbia.

5. On April 22, 2016, Scott's attorney requested Mannix to provide the attorney with his official business name as registered/incorporated with the State of Maryland and a business address.

6. On April 25, 2016, Mannix replied to Scott's attorney via e-mail with his business address of 201 International Circle, Suite 230, Hunt Valley, MD 21030.

7. Despite ongoing negotiations, Mannix and Scott did not enter into any business agreement.

8. On May 3, 2016, Scott's attorney asserted that Mannix used Scott's public adjuster license #2188714, without his authorization. Scott's attorney mailed Mannix a letter demanding that he cease and desist business operations as RX Adjusting, Inc., regarding expert/independent contractor and/or public adjuster services and requested a response by May

13, 2016. The attorney stated, “[N]o prior binding contractual agreement neither presently nor previously exists between Offender [Mannix], and RX Adjusting, Inc., Tom Scott d/b/a RX Adjusting, Inc.”

9. On August 26, 2016, the Administration issued an Order, which became final, against Respondents for acting as a public adjuster in three separate insurance claims, under Erie Insurance Company (“Erie”) policies, in violations of the insurance article. The Order stated, Respondents shall not engage in any public adjuster business activity within the State of Maryland and shall remove MD License #2188714, from [www.rxadjustingllc.com](http://www.rxadjustingllc.com). Respondents shall remove [www.rxadjustingllc.com](http://www.rxadjustingllc.com), all references to Scott, and references to Scott’s public adjuster license numbers or use the term “public adjuster license.” Respondents shall discontinue the use of any and all documents, which imply RX Adjusting, LLC, is licensed in the State of Maryland to perform public adjuster services.

10. On March 24, 2017, A Special Investigations Unit (“SIU”) investigator for Travelers insurance Company (“Travelers”), an authorized insurer, reviewed the aforementioned Civil Fraud Order, and confirmed that on March 1, 2016, a homeowner insured under a Travelers homeowner’s insurance policy filed a storm damage claim and entered into a contract with the Respondent’s Masitto and Mannix to assist the homeowner in adjusting the insurance claim.

11. 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.

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

12. The Travelers investigator provided the Administration with a, Letter of Representation, (“LOR”) signed by the homeowner, granting authorization for Respondents to, “...aid and assist in the adjustment of this insurance claim...” on behalf of the insured. The LOR had “MD License ##2188714” typed in the upper right hand corner and was emailed to Travelers on March 15, 2016 from contact.rxadjusting@gmail.com.

13. The Administration verified that Respondents were not licensed in Maryland as public adjusters.

14. On October 16, 2017, the Administration contacted the owner of RX Adjusting Inc., Scott, and confirmed that Respondents Masitto and Mannix were not authorized to utilize his public adjuster’s license in any insurance claim.

15. On October 11, 2017, the Administration contacted the homeowner who was insured by Travelers. He confirmed he was solicited by Respondents, and entering into a contract with them to represent him in his storm damage claim. Further, Travelers issued a check to him and Respondent (Rx Adjusting) but the homeowner was suspicious of Respondents and deposited the check into his own account.

## **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 Respondents violated Maryland’s insurance laws:

### **17. § 10-403**

(a) Except as otherwise provided in this subtitle, a person must obtain a license before the person acts as a public adjuster in the State.

(b) A person that violates this section is guilty of a misdemeanor and on conviction is subject to a fine not exceeding \$500 or imprisonment not exceeding six months or both for each violation.

18. § 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.

19. § 27-405

It is a fraudulent insurance act for a person to act as or represent to the public that the person is:

(1) an insurance producer or a public adjuster in the State if the person has not received the appropriate license.

20. § 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. for a violation of any provisions of § 27-404, § 27-405, § 27-406, § 27-406.1, § 27-407, § 27-407.1, or § 27-407.2 of this subtitle a fine not exceeding \$10,000 or imprisonment not exceeding 15 years or both.

(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.

21. By the conduct described herein, Respondents knowingly violated § 27-403 as the fraudulent act of submitting a false document in support of a claim is complete upon submission of the false document. Further, Respondents violated § 27-405 when they acted as and represented themselves to the public as licensed public adjusters, when they were not licensed

under Title 10, subtitle 4 of the Insurance Article. As such, Respondents are subject to an administrative penalty under the Insurance Article § 27-408(c).

### **III. Sanctions**

22. Insurance fraud is a serious violation which harms consumers in that 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.

23. Respondents conducted business as though they were licensed public adjusters for an insured who suffered storm related property damage. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, the Administration has determined that \$25,000.00 is an appropriate penalty under the statute for each of the Respondents.

24. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2017-2926A) and respective names (RX Adjusting, LLC, Elias Trey Mannix, and Philip M. Masitto). 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.

25. Effective the date of this Order, Respondents shall not engage in any public adjuster business activity within the State of Maryland and shall remove MD License #2188714, from [www.rxadjustingllc.com](http://www.rxadjustingllc.com). Respondents shall discontinue the use of any and all documents, which imply RX Adjusting, LLC, is licensed in the State of Maryland to perform public adjuster services.

26. This Order does not preclude any potential or pending action by any other person, entity or government authority, regarding any conduct by Respondents 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 8<sup>th</sup> day of December 2017, **ORDERED** that:

- (1) RX Adjusting, LLC, shall pay an administrative penalty of twenty five thousand dollars, \$25,000.00 within 30 days of the date of this Order.
- (2) Elias Trey Mannix shall pay an administrative penalty of twenty five thousand dollars, \$25,000.00 within 30 days of the date of this Order.
- (3) Philip M. Masitto shall pay an administrative penalty of twenty five thousand dollars, \$25,000.00 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 served. 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.