

IN THE MATTER OF THE  
MARYLAND INSURANCE  
ADMINISTRATION

v.

CECIL R. HEADLEY JR.  
7036 Groveton Drive  
Clinton, Maryland 20735

\*  
\*  
\*  
\*  
\*  
\*  
\*  
\*  
\*  
\*  
\*

BEFORE THE MARYLAND  
INSURANCE COMMISSIONER

CASE NO. : MIA-2018-07-002  
Fraud Division File No.: R-2018-2377A

\*\*\*\*\*

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Cecil R. Headley Jr. (“Respondent”) pursuant to §§ 2-108, 2-201, 2-204 and 2-405 of the Insurance Article, Md. Code Ann. (2017 Repl. Vol. & Supp.)(“Insurance Article”).

I. Facts

1. Respondent had automobile insurance for his 2006 Nissan with Progressive Insurance Company (“Progressive”), an authorized insurer. The policy was in effect from October 30, 2017 through April 30, 2018.

2. On November 11, 2017, Respondent called Progressive and inquired as to whether he had roadside assistance coverage. A Progressive representative advised Respondent that he did not have roadside assistance coverage and he only had liability coverage.

3. On November 13, 2017, Respondent contacted Progressive and added comprehensive and collision coverages to his policy, which took effect on November 15, 2017.

4. On January 14, 2018, Respondent contacted Progressive and reported that on November 14, 2017, he was involved in a single vehicle accident in Hyattsville, Maryland. Progressive opened a claim.

5. On January 16, 2018, in support of his claim, Respondent submitted to Progressive a tow invoice, reflecting DRJS Towing towed his car on November 15, 2017. The invoice appeared to be redacted and the tow company's name and phone number were handwritten in the top margin. The tow company's address was typewritten and reflected an Odenton, Maryland location. The invoice reflected Respondent's phone number ended in 6045. Progressive referred Respondent's claim to its Special Investigation Unit ("SIU").

6. On January 17, 2018, Progressive sent Respondent a letter requesting his phone records from November 10, 2017 through November 15, 2017, for his phone number ending in 6045. The letter explained, "Obtaining and reviewing this information will allow us to help validate this loss."

7. On January 17, 2018, a Progressive investigator contacted the tow company at the Odenton, Maryland address listed on the tow invoice Respondent submitted; the investigator emailed the invoice to a tow company representative who examined it and advised the invoice was altered and the Odenton, Maryland tow company never towed Respondent's car.

8. A Progressive investigator researched the phone number handwritten on the tow invoice and found a Facebook profile for a person who is Facebook friends with Respondent and whose former employer was the Odenton, Maryland tow company.

9. On January 18, 2018, Respondent submitted his phone records to Progressive. A Progressive investigator examined the phone records and confirmed Respondent called Progressive and the American Automobile Association ("AAA") on November 11, 2017. On the same date, Respondent received three incoming calls from a phone number ending in 5333.

10. A Progressive Investigator researched the phone number ending in 5333 and identified the phone number's owner (hereinafter "I.A.") who operated a tow truck for another tow company, which is an AAA authorized vendor.

11. On January 19, 2018, a Progressive investigator contacted the tow company, which employs I.A. A representative confirmed I.A. was employed as a tow truck driver and did tow Respondent's car to his residence in Clinton, Maryland on November 11, 2017.

12. On January 24, 2018, a Progressive investigator interviewed Respondent who reported that "most likely," a passing tow truck towed his car. The investigator presented to Respondent the November 15, 2017, tow invoice he submitted to Progressive, which Respondent confirmed. Respondent denied calling Progressive on November 11, 2017, adding, he was not certain of the date, as he had waited until January, 2018, to file his claim. On the same date, Progressive sent Respondent a letter denying his claim.

13. 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."

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

14. On April 10, 2018, an MIA investigator contacted Progressive and confirmed its handling of Respondent's claim.

15. On April 24, 2018, an MIA investigator contacted the AAA authorized tow vendor who employed I.A., a representative provided MIA with a copy of the November 11,

2017 tow invoice, and confirmed that Hannan Towing towed Respondent's vehicle on November 11, 2017, from Bladensburg, Maryland, to Clinton, Maryland.

16. On June 4, 2018, an MIA investigator contacted the towing company at the Odenton, Maryland address on the invoice Respondent submitted to Progressive. A representative reported that the company never towed Respondent's car.

## II. Violation(s)

17. 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 law:

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. § 27-408(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.

20. By the conduct described herein, Respondent knowingly violated § 27-403. Because the fraudulent insurance act of submitting false documents in support of a claim is

complete upon submission of the false documents and is not dependent on payment being made, Respondent committed a violation of the Insurance Article when he submitted a false document to Progressive in support of his claim. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

### **III. Sanctions**

21. 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 that a fraudulent claim has been submitted to an insurer. Insurance Article §§ 2-201(d) (1) and 2-405.

22. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, the MIA has determined that \$1,500.00 is an appropriate penalty.

23. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2018-2377A) and name (Cecil R. Headley Jr.). 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.

24. 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 the right to request a hearing, it is this 3rd day of July 2018, **ORDERED** that:

Cecil R. Headley Jr. shall pay an administrative penalty of fifteen hundred dollars (\$1,500.00) 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.