

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

DOROTHY COOPER
8116 Felbrigg Hall Road
Glenn Dale, MD 20769

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2018-09-007

Fraud Division File No.: R-2018-3489A

CONSENT ORDER

The Maryland Insurance Commissioner (“Commissioner”) and Dorothy Cooper (“Respondent”), enter into this Consent Order pursuant to §§ 2-108, 2-204 and 2-405 of the Insurance Article, Md. Code Ann. (2017 Repl. Vol. & Supp.) (“Insurance Article”), to resolve the matter before the Maryland Insurance Administration (“Administration”).

I. Explanatory Statement & Findings of Fact

1. Respondent’s husband had a homeowner’s insurance policy with United Services Automobile Association Casualty Insurance Company (“USAA”), an authorized insurer. The policy was in effect from May 14, 2016 to May 14, 2017.
2. On August 13, 2016, USAA received notification that a toilet had overflowed and personal property was damaged. USAA opened a claim.
3. USAA, having a good faith belief that Respondent committed insurance fraud, referred the matter to the MIA, Fraud Division pursuant to § 27-802(a)(1) of the Insurance Article.
4. The Administration issued an Order against Respondent on September 12, 2018. In the Order, Respondent was found to have violated § 27-403 of the Insurance Article. An administrative penalty in the amount of \$1,500.00 was assessed.

5. The facts and violations stated in the Order are incorporated herein by reference.
6. Respondent timely requested a hearing to contest the findings in the Order.
7. The parties agree to this Consent Order to avoid litigation and to fully and finally resolve all issues before the Administration.

II. Provisions of Law

8. 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:

9. **§ 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[.]

10. **§ 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.

11. Respondent committed a violation of § 27-403 of the Insurance Article when she made false statements and submitted false documents to USAA. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

Order

WHEREFORE, for the reasons set forth above, it is this _____ day of _____ 2018, **ORDERED** by the Maryland Insurance Commissioner and consented to by Respondent that:

- A. Dorothy Cooper shall pay an administrative penalty of Seven Hundred and Fifty Dollars (\$750.00) as follows.
 - i. \$187.50 paid by Respondent to the MIA immediately upon accepting the terms of the executed Consent Order;
 - ii. \$187.50 due by January 2, 2019;
 - iii. \$187.50 due by February 1, 2019; and
 - iv. \$187.50 due by March 1, 2019.

- B. Failure to pay as outlined in paragraph A, above constitutes a default. Notice of Default is hereby waived by Respondent. Respondent agrees to pay the balance within 30 days of default, the balance will be sent to the Central Collections Unit of the Department of Budget and Management for collection.

The executed Consent Order and the initial payment shall be sent to the attention of: Maryland Insurance Administration, Steve Wright, Associate Commissioner, Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, MD 21202 and shall identify the case by number (MIA-2018-09-007) and name (Dorothy Cooper).

- C. The parties acknowledge that this Order contains the entire agreement between the parties relating to the administrative actions addressed herein and that this Order resolves all matters relating to the factual assertions and agreements contained herein. All time frames set forth in this Order may be amended or modified only by subsequent written agreement of the parties.

- D. Respondent had the opportunity to have this Order reviewed by legal counsel of its choosing, and is aware of the benefits gained and obligations incurred by the execution of the Order. Respondent waives any and all rights to any hearing or judicial review of this Order to which it would otherwise be entitled under the Insurance Article with respect to any of the determinations made or actions ordered by this Order.

- E. For the purposes of the Administration and for any subsequent administrative or civil proceedings concerning Respondent, whether related or unrelated to the foregoing paragraphs, and with regard to requests for information about the

Respondent made under the Maryland Public Information Act, or properly made by governmental agencies, this Order will be kept and maintained in the regular course of business by the Administration. For the purposes of the business of the Administration, the records and publications of the Administration will reflect this Order.

- F. Nothing herein shall be deemed a waiver of the Commissioner's right to proceed in an administrative action or civil action to enforce the terms of this Order. Failure to fully comply with the terms of this Order may subject Respondent to further legal and/or administrative action.
- G. This Order shall go into effect upon signing by the Commissioner or his designee, and is a Final Order of the Commissioner under § 2-204 of the Insurance Article.

ALFRED W. REDMER, JR.
Insurance Commissioner

signature on original

BY:

STEVE WRIGHT 
Associate Commissioner
Insurance Fraud Division

DOROTHY COOPER'S CONSENT

DOROTHY COOPER hereby CONSENTS to the representations made in, and terms of, this Consent Order.

signature on original

Dorothy Cooper  |

12/15/2018
Date

photographs or receipts. USAA advised Respondent that it cannot provide coverage without proof of ownership.

5. On August 4, 2017, as proof of ownership, Respondent submitted to USAA a photograph of one of the handbags purportedly damaged by water, as well as a Louis Vuitton receipt reflecting she replaced the handbag on August 3, 2017, for \$2,247.20.

6. On August 8, 2017, relying on the photograph and receipt submitted by Respondent as proof she owned the Louis Vuitton handbag, USAA issued her payment in the amount of \$2,097.20, which was minus the \$150.00 USAA initially paid Respondent before she submitted proof of ownership.

7. On March 30, 2018, Respondent submitted to USAA (*inter alia*) a photograph of the second handbag purportedly damaged by water on August 13, 2016, along with a Louis Vuitton receipt reflecting that she replaced the second handbag on March 30, 2018, for \$4,230.00.

8. On April 2, 2018, a USAA representative advised Respondent that in order to consider reimbursing her for the handbag, she needed to submit the original purchase receipt. The representative also noticed the “timestamp” within the photograph of the handbag submitted by Respondent indicated it was taken after the August 13, 2016 loss.

9. On April 5, 2018, a USAA representative interviewed Respondent who advised, she did not have a receipt for the second handbag as it was a gift. She recently found photographs of the damaged handbag in an old iPhone and subsequently purchased a replacement handbag on March 30, 2018. She attempted to obtain a duplicate receipt from the original purchase but the store would not provide her with the purchase history of someone else.

Additionally, the friend who made the original purchase moved, and she does not have his contact information.

10. A USAA representative examined the meta-data of the photograph submitted by Respondent, which revealed the image was taken on March 30, 2018, with an Apple iPhone 8. Consequently, USAA referred Respondent's claim to its Special Investigations Unit ("SIU").

11. On April 10, 2018, a USAA investigator interviewed Respondent who reported the photographs she sent to USAA on March 30, 2018, were taken two years prior with an older model iPhone. She forwarded the photographs from the old iPhone to her new phone.

12. On April 17, 2018, at USAA's request, a forensic scientific analysis was performed on the photographs Respondent submitted to USAA on March 30, 2018. A Senior Forensics Scientist concluded that the three photographs were taken on March 30, 2018, and there was no evidence to indicate the photographs were taken on an earlier date.

13. On April 20, 2018, a USAA investigator interviewed Respondent who acknowledged the photographs she submitted to USAA were taken on March 30, 2018, although she represented to USAA they were taken two years prior. Respondent admitted she purchased the replacement Louis Vuitton handbag on March 30, 2018, and returned it the same day.

14. On June 1, 2018, USAA sent Respondent a letter denying her claim based on misrepresentation and concealment of material facts in the presentation of her claim.

15. 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.

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

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

17. On August 15, 2018, an MIA investigator interviewed a Louis Vuitton store manager. He examined the March 30, 2018, receipt Respondent submitted to USAA, and confirmed the receipt was legitimate and that the handbag was returned the same day. Further, the store manager examined photographs Respondent submitted to USAA to show she had previously owned the handbag; the manager recognized Respondent and advised she was wearing the same outfit when she made her March 30, 2018 transaction.

18. On August 15, 2018, an MIA investigator spoke with the forensic scientist who performed the analysis of the photographs Respondent submitted to USAA. He confirmed the accuracy of his analysis and stated that the photographs were taken on March 30, 2018.

II. Violation(s)

19. 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:

20. § 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[.]

21. § 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.

22. By the conduct described herein, Respondent knowingly violated § 27-403. The fraudulent insurance act of making a false statement and submitting a false document in support of a claim is complete upon making the false statement or submitting the false document and is not dependent on payment being made. Respondent committed a violation of the Insurance Article when she made false statements and submitted false documents to USAA. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

23. 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.

24. The MIA considered the factors set forth in § 27-408(c)(2) of the Insurance Article, the MIA has determined that \$1,500.00 is an appropriate penalty.

25. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2018-3489A) and name (Dorothy

Hamlin Cooper). 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.

26. 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 12th day of September 2018, **ORDERED** that:

Dorothy Hamlin Cooper 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:

signature on original

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.