

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

DIONNE YVONNE MURPHY
1306 Chaplewood Lane
Capitol Heights, Maryland 20743

*
*
*
*
*
*
*
*
*
*
*

BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2018-09-020

Fraud Division File No.: R-2018-3767A

ORDER

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

I. Facts

1. On January 26, 2018, a person who had automobile insurance with Safeco Insurance, a member of Liberty Mutual Group (“Safeco”), an authorized insurer, notified Safeco that earlier the same day he was operating his insured vehicle when he struck a vehicle being operated by Respondent. Safeco opened a claim.

2. On March 5, 2018, Respondent notified Safeco that she was unable to work due to injuries sustained in the January 26, 2018, accident. Safeco requested that Respondent submit a letter from her employer and pay stubs, to confirm the dates she missed work.

3. On March 27, 2018, Respondent submitted to Safeco the following three earnings statements purportedly from her employer, “Topplayerz or Topplayzer,” as proof she was paid and worked for the company:

- The first earnings statement, for the pay period of January 14 to January 20, 2018, reflected Respondent worked for “Topplayerz,” made \$173.08 an hour and worked forty hours.

- The second earnings statement, for the period of February 4 to February 10, 2018, reflected Respondent worked for “Topplayzer,” made \$173.08 an hour and worked forty hours.
- The third earnings statement, for the pay period of February 11 to February 17, 2018, reflected Respondent worked for “Topplayzer,” made \$173.08 an hour and worked forty hours.

Later, Respondent submitted a 2017 federal tax form 1099 reflecting she earned \$83,076.00 from “Topplayerz,” along with a letter dated March 23, 2018, from “Topplayzer,” which stated, Respondent missed work from January 29, 2018 through February 2, 2018.

4. On March 30, 2018, Safeco referred Respondent’s claim to its Special Investigations Unit (“SIU”) as the name of company was not spelled the same on the aforementioned documents Respondent submitted to Safeco.

5. On April 8, 2018, in an effort to verify the business, Topplayerz, a Safeco investigator went to the District of Columbia address for the company reflected on the 1099 form Respondent submitted to Safeco. The investigator found the location was a red brick two-story townhome.

6. On April 9, 2018, a Safeco investigator requested Respondent to provide her 2017 tax returns as well as copies of her Topplayers pay checks. Respondent replied that she only cashes her checks, and she does not deposit them. Therefore, the Safeco investigator requested copies of her cleared checks.

7. On April 17, 2018, Respondent advised the Safeco investigator that she retained an attorney and requested that she not be contacted by email in reference to the pending claim, and that she can be reached at her Capitol Heights, Maryland address.

8. On May 9, 2018, Safeco sent Respondent a letter denying her lost wages claim as its investigation has determined that Top Playerz or Top Playzer is not a valid business and does not have a valid Tax-ID. The letter stated,

“The documents submitted were manufactured and no payments will be issued for this loss. This decision is based on information gathered throughout the course of our investigation into your claim.”

9. 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.

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

10. On July 25, 2018, an MIA investigator contacted Safeco to confirm its handling of Respondent’s claim.

11. On July 25, 2018, an MIA investigator conducted a Maryland and Washington, D.C. business search, which failed to reveal a business license for Topplayerz and Topplayzer. A business license is required to operate lawfully in the District of Columbia. *See* Title 47 of the DC Code; Chapter 28 § 47-2851.03d. In Maryland, an LLC, is not formed until articles of organization are filed. *See* Md. Code Ann. Corp. and Ass’n Article, § 4A-202(b),

12. On August 2, 2018, an MIA investigator went to the address identified as Topplayerz, reflected on the 1099 form Respondent submitted to Safeco. The address was located in a residential district of Northeast, D.C., and showed no sign of any business enterprise or activity.

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 knowingly violated § 27-403. A 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 she submitted the false documents to Safeco in support of her claim. 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. The Administration having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, has determined that \$1,500.00 is an appropriate penalty in this case.

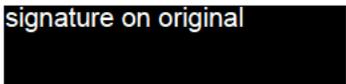
19. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2018-3767A) and name (Dionne Murphy). Unpaid penalties will be referred to the Central Collections Unit for collection. Payment of the administrative penalty shall be sent to the attention of: Associate Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202.

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 19th day of September 2018, **ORDERED** that:

Dionne Murphy 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
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.