

**OFFICE OF THE INSURANCE COMMISSIONER
MARYLAND INSURANCE ADMINISTRATION**

MARYLAND INSURANCE ADMINISTRATION

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v.

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BRANDY LINNEA SMITH

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Case No. MIA-2019-01-028

Respondent

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DEFAULT ORDER

On, January 25, 2019, the Maryland Insurance Administration (“MIA” or “Administration”) issued an civil fraud order (“Order”) against Brandy Linnea Smith (“Respondent”) alleging that Respondent presented documentation in support of a renter’s insurance claim made to the United States Automobile Association that contained false and misleading information about a matter material to the claim in violation of §27-403¹. The Respondent requested a hearing and by Notice of Hearing dated April 2, 2019, the hearing was scheduled on May 16, 2019 at 10:00 a.m. at the Maryland Insurance Administration, 200 St. Paul Place, Hearing room, 24th Floor, Baltimore, Maryland 21202.

The Notice of Hearing, issued on April 2, 2019 contained the following notation:

**IF YOU FAIL TO ATTEND THE HEARING OR TIMELY
REQUEST A POSTPONEMENT OF SUCH HEARING, THE
HEARING WILL BE CONDUCTED IN YOUR ABSENCE AND A
JUDGMENT MAY BE ENTERED AGAINST YOU.**

[Emphasis in original.]

The hearing convened as scheduled on Thursday, May 16, 2019 at 10:00 a.m. at the Maryland Insurance Administration, at which time neither the Respondent nor a representative

for the Respondent appeared. The Notice of Hearing was sent by certified mail to the Respondent and was delivered on April 4, 2019. The Administration was present with two witnesses and was ready to proceed.

At 8:35 a.m. on day before the hearing date, Respondent sent an e-mail to the hearings and appeals clerk at the MIA which stated the following (in pertinent part):

As I am under doctor supervision there will be no one for me (sic) to testify on my behalf since I will be under the influence now knowing what he prescription medication do (sic) due to my medical disability. This is a life long condition so I need to know what are the procedures for that?

As she provided no documentation or verification of her illness for consideration, the MIA hearings and appeals clerk responded with an e-mail indicating that Respondent would need to provide supporting documentation as to her incapacity to attend the hearing. The Administration objected to a postponement and Respondent did not provide any further documentation. The postponement was denied as good cause had not been established.

Pursuant to COMAR 31.02.01.10(B) (1) a default judgement was entered against the Respondent.

The Administration had previously filed a Motion for Summary Decision on April 18, 2019. The Respondent did not file a response, and on May 14, 2019 the Motion for Summary Decision was granted by the undersigned with regards to facts and violations of law as alleged by the Administration in its Order dated January 25, 2019.

At the hearing, the Administration requested that the Respondent be ordered to pay restitution to the United States Automobile Association in the amount of \$2,000 and to pay an

¹ Unless otherwise noted, all statutory citations are to the Insurance Article of the Annotated Code of Maryland.

administrative penalty in the amount of \$1500 fine and pursuant to §27-408(c) and consistent with the Order.

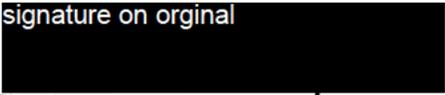
NOW THEREFORE, in accordance with COMAR 31.02.01.10, it is **ORDERED** as follows:

1. The Respondent is found in **DEFAULT**; and
2. The Order of the Maryland Insurance Administration is **UPHELD**; and
3. In accordance with COMAR 31.02.01.10G, within fifteen (15) days after service of this Default Order, the Respondent may file with the undersigned, a written motion requesting that the Default Order be vacated or modified. Any such motion must state the grounds for the request to modify or vacate the Default Order and contain supporting documentation (including medical documentation for the illness). If good cause is not shown to excuse the default, the motion will be denied and the Default Order will be affirmed as the Final Order.
4. The Administration will be granted an opportunity to respond should the Respondent file a motion requesting that the Default Order be vacated or modified.

It is so **ORDERED** this 16th day of May, 2019.

ALFRED W. REDMER, JR.
Insurance Commissioner

signature on original


VICTORIA AUGUST
Associate Commissioner - Hearings

REVIEW RIGHTS

Within fifteen days after service of this Default Order, the Respondent may file a motion to modify or vacate the Default Order with the Associate Commissioner- Hearings, Maryland Insurance Administration, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202, with a copy to counsel for the Administration, Brandy J. Gray. Any such motion must state the specific grounds and contain supporting documentation for the request and include a certificate of service indicating that copies of the written motion were mailed, first-class, postage prepaid to:

Brandy J. Gray, Esq.
Office of the Attorney General
200 St. Paul Place, Suite 2700
Baltimore, MD 21202

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

BRANDY LINNEA SMITH
108 Sentry Ridge
Smithburg, Maryland 21783

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2019-01-028

Fraud Division File No.: R-2019-0279A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Brandy Linnea Smith (“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 renter’s insurance with United Services Automobile Association (“USAA”), an authorized insurer, underwritten by Garrison Property and Casualty Insurance Company (“Garrison”), for the residence located at 6434 View Point Court, Frederick, Maryland 21703. The policy was in effect from January 27, 2018 until June 28, 2018.

2. On June 11, 2018, Respondent notified USAA that on May 23, 2018, furniture and other personal property was damaged due to water leaks at her residence. USAA opened a claim.

3. On June 12, 2018, Respondent submitted a list of “a few of the damaged items,” including an entertainment center valued at \$6,500.00, sectional sofa valued at \$2,500.00, china cabinet valued at \$1,500.00 and a 75” smart TV valued at \$7,500.00. Respondent advised the USAA representative that her property was damaged when rain entered the home as well as a plumbing leak. The USAA representative requested that Respondent submit a complete list of

items damaged, including its estimated age and replacement cost, along with verification of ownership.

4. On June 13, 2018, Respondent contacted USAA and requested a \$2,000.00 advanced payment for her loss, which USAA honored.

5. Between June 13 and 14, 2018, Respondent submitted to USAA among other things, photographs of the damaged property, and a handwritten list of items damaged by water. On the list, Respondent wrote "11,000 worth of furn. In living room @ value city purchase and del. [delivered] 2/1/2018 Bought new furn [furniture] for our new home all damage [sic]." In support of her statement that \$11,000.00 worth of furniture was damaged, Respondent submitted a Value City Furniture ("VCF") sales receipt, which reflected Respondent paid \$11,218.54 for furniture with a handwritten delivery date of February 1, 2018.

6. On June 15, 2018, Respondent advised USAA that she did not want her damaged items depreciated because she just made the purchase in February. On the same day, in an effort to authenticate the \$11,218.54 VCF receipt, a USAA representative contacted VCF; a representative advised the document was not a sales receipt but a price quote done on June 13, 2018.

7. On June 18, 2018, USAA referred Respondent's claim to its Special Investigation Unit ("SIU") as the delivery date on the VCF receipt was handwritten and the damage depicted in the photographs is not in line with Respondent's water loss claim.

8. On June 20, 2018, USAA obtained the services of Veracity Research Company ("VRC") to further investigate Respondent's claim.

9. On June 25, 2018, Respondent contacted USAA and advised that she was unable to save anything and VCF can confirm to USAA what she spent. Additionally, all of the items

were being packed together, as she was moving. Respondent reiterated that she purchased the furniture on February 1, 2018.

10. On June 27, 2018, a VRC investigator interviewed a representative for VCF who confirmed Respondent made previous VCF purchases but none for large furniture items. The VCF representative stated she provided Respondent with a price quote for furniture similar to what Respondent stated was damaged by water. The representative advised that she made a notation in Respondent's file that Respondent wanted VCF to falsify purchase information for items Respondent had not purchased.

11. On June 27, 2018, a VRC investigator conducted a recorded interview with Respondent who stated she purchased the furniture from VCF, paid "almost \$11,000.00 in cash" and the items were delivered on February 1, 2018.

12. On July 31, 2018, USAA sent Respondent a letter denying her claim for among other things, providing a false VCF receipt and "[R]epeatedly advis[ing]... you purchased the items in February 2018..."

13. On August 7, 2018, USAA sent Respondent a letter seeking reimbursement of the \$2,000.00 it paid her on June 13, 2018, in advance, to assist with her loss.

14. Section 27-802(a)(1) of the Maryland Insurance Article states,

An authorized insurer, its employees, fund producers, 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.

15. During the course of its investigation; the MIA contacted USAA and confirmed its handling of the Respondent's claim.

16. On November 20, 2018, an MIA investigator met with the VCF general manager and sales representative. They examined the receipt Respondent submitted to USAA and confirmed it was a price quote given to Respondent, not a sales receipt. The delivery date, handwritten on the receipt was false. The manager provided copies of VCF merchant notes, which stated,

"Apparently, she [Respondent] wants VCF to falsify purchase info for undocumented merch. [merchandise]"

17. On November 26, 2018, an MIA investigator interviewed the VRC investigator who advised that on June 28, 2018, a day following his recorded interview with Respondent, she called him and reported that she received the furniture as a gift from her grandmother who purchased it from VCF in 2011. USAA confirmed that Respondent's grandfather made a 2011 furniture purchase from VCF.

18. On December 7, 2018, an MIA investigator spoke to Respondent who advised she was willing to reimburse USAA the \$2,000.00 she received in an advance payment.

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

25. Additionally, Respondent is ordered to reimburse USAA \$2,000.00, which was the amount she fraudulently obtained from USAA when she submitted a claim for property damage.

26. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2019-0279A) and name (Brandy Linnea

Smith). 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. Unpaid penalties will be referred to the Central Collections Unit for collection.

27. Notification of reimbursement to USAA shall be made in writing to the Associate Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202. Notification shall include a copy of the money order or cancelled check issued to USAA as proof of reimbursement and identify the case by number (R-2019-0279A) and name (Brandy Linnea Smith).

28. 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 25th day of January 2019, ORDERED that:

(1) Brandy Linnea Smith shall pay an administrative penalty of one thousand five hundred dollars (\$1,500.00) within 30 days of the date of this Order.

(2) Brandy Linnea Smith shall pay restitution to USAA in the amount of two thousand dollars (\$2,000.00) 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: Melanie Gross, Executive Assistant to the Deputy Commissioner. 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.

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

BRANDY LINNEA SMITH
108 Sentry Ridge
Smithburg, Maryland 21783

* BEFORE THE MARYLAND
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* INSURANCE COMMISSIONER
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(i) impose an administrative penalty not exceeding \$25,000 for each act of insurance fraud; and

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(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;
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28. 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 20th day of January 2019, ORDERED that:

(1) Brandy Linnea Smith shall pay an administrative penalty of one thousand five hundred dollars (\$1,500.00) within 30 days of the date of this Order.

(2) Brandy Linnea Smith shall pay restitution to USAA in the amount of two thousand dollars (\$2,000.00) 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

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