

IN THE MATTER OF THE  
MARYLAND INSURANCE  
ADMINISTRATION

v.

MOHAMMAD AHMADKHANI  
18328 Tapwood Road  
Boyd, Maryland 20841

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BEFORE THE MARYLAND  
INSURANCE COMMISSIONER

CASE NO. : MIA-2019-02-008  
Fraud Division File No.: R-2019-1704A

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**CONSENT ORDER**

This Consent Order is entered into by the Maryland Insurance Commissioner and Mohammad Ahmadkhani, (“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”), in order to resolve the above matter which is currently before the Insurance Administration (“Administration”).

**Explanatory Statement and Findings of Fact**

Respondent was a named insured on a homeowners insurance policy issued by The Hartford Insurance Company, (“Hartford”), an authorized insurer, underwritten by Trumbull Insurance Company (“Trumbull”) for his residence located at 18328 Tapwood Road, Boyd, Maryland 20841. The policy was in effect from July 29, 2018 to July 29, 2019.

This Order is entered by the Maryland Insurance Administration (“MIA”) against Mohammad Ahmadkhani (“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 was a named insured on a home owner's insurance policy issued by The Hartford Insurance Company (“Hartford”), an authorized insurer, underwritten by Trumbull

Insurance Company ("Trumbull") for his residence located at 18328 Tapwood Road, Boyds, Maryland 20841. The policy was in effect from July 29, 2018 to July 29, 2019.

2. On October 4, 2018, Respondent notified Hartford that on October 3, 2018, the furnace of his insured property leaked and his property suffered water damage. Consequently, the laminate flooring in his basement was damaged. Respondent advised Hartford that he contacted an Emergency Mitigation Services ("EMS") company to assist with drying the affected area. Hartford opened a claim.

3. On October 4, 2018, a Hartford representative identified a similar water damage claim Respondent made to Hartford for a water leak in the basement of his insured home, occurring on January 17, 2018, in which laminate flooring was damaged.

4. On October 25, 2018, a Hartford representative inspected the loss location and noted that Respondent had some flooring removed. He compared the current damage with photographs from January 17, 2018 loss, and noted that it appeared the floor was never removed. Further, there was evidence the prior damage was not repaired, which the representative described as an air mover, bed frame, and ladder were in the exact same position as in the photographs from Respondent's January 17, 2018 claim. The Hartford representative showed the previous claims photographs to Respondent and asked him for receipts and proof that an EMS performed work subsequent to the October 3, 2018 loss.

5. On October 29, 2018, Respondent submitted to Hartford an invoice (#18744) ostensibly confirming the flooring had been replaced following the January 17, 2018 loss. The invoice reflected a Rockville, Maryland contractor replaced the flooring at Respondent's home on February 20, 2018. Hartford forwarded Respondent's claim to its Special Investigations Unit ("SIU") for further investigation, citing prior losses for the same area.

6. On November 2, 2018, a Hartford investigator contacted the Rockville, Maryland contractor identified on the invoice submitted by respondent, to confirm it performed the floor replacement on February 20, 2018. A representative for the contractor was unable to locate a record of performing that work for Respondent under invoice 18744.

7. On January 8, 2019, The Hartford sent a letter to Respondent denying his claim. "Based on the investigation into the facts ... your policy is unable to afford coverage for the water damage to the flooring that was reported in October 2018, this is because we have not been able to obtain supporting documentation showing that the prior damages in that same area ... has been repaired."

8. 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.

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

9. During the course of its investigation, the MIA contacted Hartford and confirmed the facts regarding its handling of Respondent's claim.

10. On April 23, 2019, an MIA investigator interviewed the owner of the Rockville, Maryland contractor. He examined the invoice (#18744) submitted to Hartford by the Respondent, and confirmed that his company had not performed any work for the Respondent in 2018.

## II. Violation(s)

11. The following provisions of law are relevant to the Administration's inquiry.

### **§ 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.

### **§ 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

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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;
- (iii) prior offenses and repeated violations of the violator; and
- (iv) any other matter that the Commissioner considers appropriate and relevant.

12. Respondent's conduct, as described herein, constitutes a knowing violation of §27-403. A fraudulent insurance act of submitting a false document in support of a claim is complete upon submission of the false document and is not dependent on payment being made. Respondent committed a violation of the Insurance Article when he submitted a false document to Hartford. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

## III. Sanctions

13. The parties enter into this Consent Order to avoid the cost and uncertainty of further litigation.

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

**ORDER**

WHEREFORE, for the reasons set forth above, it is this 10<sup>th</sup> day of January, 2020, ORDERED by the Commissioner and consented to by the Respondent that:

A. Mohammed Ahmadkhani shall pay an administrative penalty of seven hundred and fifty dollars (\$750.00), divided into four (4) payments, the first payment of \$187.50 being due contemporaneous with Respondent's execution of this Order. Subsequent payments are due as follows:

1. \$187.50 due on January 15, 2020;
2. \$187.50 due on February 15, 2020;
3. \$187.50 due on March 15, 2020.

B. The administration shall stay seven hundred, fifty dollars (\$750.00) of the administrative penalty imposed by the original Order dated July 10, 2019, pending compliance with the terms of this Consent Order.

C. Failure to make the above installment payments on a timely basis will result in the full outstanding balance of \$1500.00 being due immediately, and the matter being referred to the Central Collection Unit for collection.

**Other provisions**

15. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2019-1704A) and name (Mohammad Ahmadkhani). 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.

16. 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 pursuant to the Maryland Public Information Act, or properly made by governmental agencies, this Consent Order will be kept and maintained in the regular course of business by the Administration. For the purposes of the business of the Agency, the records and publications of the agency will reflect this Consent Order.

17. This consent order shall be effective upon signing by the Commissioner or his designee, and is a Final Order of the Commissioner pursuant to § 2-204 of the Insurance Article.

18. This Consent Order does not preclude any potential 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.

19. Respondent has had the opportunity to have this Consent Order reviewed by legal counsel of his choosing, and is aware of the benefits to be gained and obligations to be incurred by the execution of the Order.

20. Respondent shall promptly withdraw, in writing, his request for a hearing in this matter, said hearing currently being scheduled to take place on January 28, 2020. Respondent waives any and all rights to any hearing or judicial review of this Order to which he would otherwise be entitled under the Insurance Article with respect to any of the determinations made by this Order.

21. This Order contains the entire agreement between the parties relating to the administrative actions addressed herein. No deadlines can be amended or modified without written agreement of the parties.

22. Failure to comply with the terms of this Consent Order may subject Respondent to further legal and/or administrative action.

ALFRED W. REDMER, JR.  
Insurance Commissioner

signature on original

BY: \_\_\_\_\_

STEVE WRIGHT *J*  
Associate Commissioner  
Insurance Fraud Division

DATE: \_\_\_\_\_

*1/8/2020*

**MOHAMMAD AHMADKHANI'S CONSENT**

Mohammad Ahmadkhani hereby CONSENTS to the terms of and representations made in the above Consent Order.

signature on original

\_\_\_\_\_  
Mohammad Ahmadkhani

DATE: \_\_\_\_\_

*12/30/2019*