

IN THE MATTER OF THE  
MARYLAND INSURANCE  
ADMINISTRATION

v.

JONATHAN MICHAEL CODY  
911 S. Charles Street, Apt. 410  
Baltimore, Maryland 21230

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BEFORE THE MARYLAND  
INSURANCE COMMISSIONER

CASE NO. : MIA 2019-08-024

Fraud Division File No.: R-2019-0926A

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CONSENT ORDER

This Order is entered by the Maryland Insurance Administration (“Administration”) against Jonathan Michael Cody (“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”).

Findings

1. Resthaven Memorial Gardens, Inc. was first issued a license to act as an insurance producer by the Administration on March 29, 2012, and is authorized to act as an insurance producer until September 29, 2020. Richard Cody was first issued a license to act as an insurance producer on July 1, 1985, and is authorized to act as an insurance producer until August 31, 2019. Skkot Cody was first issued a license to act as an insurance producer on March 21, 2002, and is authorized to act as an insurance producer until March 31, 2020. At all pertinent times, Richard Cody and Skkot Cody are identified in the records of the Administration as the owners and designated responsible licensed producers of Resthaven Memorial Gardens. Respondent, Richard’s son and Skkot’s brother, was a licensed insurance producer until February, 2010. He had applied for a new license and passed the MIA examination when the present situation developed.

2. According to a statement given to the Administration by Respondent on April 6, 2018, in his insurance producer's application, he was working at his family business, Resthaven Memorial Gardens. Respondent had not yet been issued a license to act as an insurance producer and his application was still pending. As such, any solicitation or the taking of application for insurance was a violation of the Insurance Article.

3. Resthaven Memorial Gardens is a funeral home and cemetery, which is licensed to sell insurance. It has been in the business of providing funeral services, burial sites and monuments in the Frederick area for more than 50 years. Resthaven has on staff licensed insurance producers who assist individuals in the purchase of life insurance intended to pay for funeral and burial expenses. These licensed insurance producers assist by completing an insurance application and other required forms. Resthaven is the irrevocably assigned beneficiary. There are various insurance policies and premium installment payment plans available. Respondent worked for Resthaven in the cemetery side of the business (for which he holds a license as a Sales Counselor from the Office of Cemetery Oversight).

4. On April 24, 2018, the Administration received a complaint that Richard and Skkot Cody were allowing Respondent, who was not a licensed insurance producer, to meet with individuals interested in purchasing life insurance policies and complete insurance applications.

5. Richard and Skkot Cody were appointed with National Guardian Life Insurance. The Administration requested a list of all applications submitted by Richard and Skkot Cody to National Guardian Life Insurance between May 1, 2017 and May 14, 2017. Of the 103 applications submitted during that time, 37 were submitted to the insurer by Richard Cody.

6. The Administration selected a sample of twelve applications submitted by Richard Cody and contacted the insureds listed on the applications. Eight of the Applicants met

with the Administration and identified Respondent as the person who solicited, negotiated and sold the contract of insurance. Ten of those twelve applications reflected Richard Cody as the producer. The other two applications were signed by the Respondent on the producer signature line. The applicants who identified Respondent stated that Richard Cody, who had signed their applications, was not present during the solicitation, negotiation and sale of the insurance policies. Four of the insureds identified Skkot Cody, a licensed producer, as being present during the solicitation, negotiation and sale, of the insurance policies. Nevertheless, Richard Cody, not Skkot Cody, signed these four applications.

7. On June 25, 2018, the Administration sent an Order to Appear and Produce to Resthaven Memorial Gardens, Inc., Richard Cody and Skkot Cody.

8. On July 17, 2018, Richard and Skkot Cody appeared for separate recorded interviews. Richard and Skkot Cody advised that Respondent had been employed with Resthaven since approximately January, 2017. Richard and Skkot Cody identified the handwriting on the insurance applications and other forms as belonging to Respondent. Richard Cody stated that Respondent would meet with the clients and complete the insurance applications as well as other forms. Richard Cody would then sign the applications as a licensed producer.

9. During a May, 2018 meeting with the Administration, Richard and Skkot Cody, advised that each understood that Jonathan was not permitted under the law to engage in the solicitation, negotiation and sale of insurance policies. During their July 17, 2018 recorded interviews, however, both Richard Cody and Skkot Cody stated that they were unaware that an insurance producer license was required in order to complete the applications and other required forms. Both admitted to knowing that a licensed producer was required to sign the applications

and other required forms for submission to the insurance company. After the May 17, 2018, meeting with the Administration, Richard and Skkot stated that they prohibited Jonathan from meeting with prospective insureds and also from completing the life insurance applications and other required forms.

10. During the July 17, 2018, recorded interview, Richard Cody was shown a copy of commission checks that had been provided to the Administration by National Guardian. Check number 1549383, dated August 29, 2017, in the amount of \$62 for the commission on policies NPL0940323 and NPL0940320, was paid to Richard Cody and endorsed by him and Respondent, who was identified as the person who solicited, negotiated and sold the insurance contracts on both policies for which this commission was paid. Check number 1552063, dated September 12, 2017, in the amount of \$399, for commission paid on policy NPL0940813 was paid to Richard Cody and endorsed by him and Respondent who was identified as the person who solicited, negotiated and sold the insurance contract for the policy listed on this commission check.

11. On November 30, 2018, Richard and Skkot Cody entered into a Consent Order with the Administration, attached hereto for reference. Each accepted administrative sanctions for violations of the Insurance Article.

#### Conclusion of Law

12. 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:

13. § 27-405

(a) It is a fraudulent insurance act for a person to act as or represent to the public that the person is:

(1) an insurance producer or a public adjuster in the State if the person has not received the appropriate license under or otherwise complied with Title 10 of this article;

(b) It is a fraudulent insurance act for an insurance producer:

(1) to solicit or take application for, procure, or place for others insurance for which the insurance producer has not obtained an appropriate license;

(2) knowingly to violate § 10-130 of this article;

14. § 10-129

A person other than an independent insurance producer may not be represented to the public as an independent insurance producer.

15. § 10-130

(a) Except as otherwise provided in §§ 10-102, 10-119, and 10-122 of this subtitle and § 10-602 of this title, a commission, fee, reward, rebate, or other consideration for selling, soliciting, or negotiating insurance may not be paid, directly or indirectly, to a person other than a licensed insurance producer.

16. § 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.

17. By the conduct described herein, Respondent knowingly violated §§ 27-405, 10-129 and § 10-130. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

Ordered

WHEREFORE, for the reasons set forth above, it is this 28<sup>th</sup> day of August 2019, ORDERED by the Maryland Insurance Commissioner and consented to by Respondent that:

1. Respondent is prohibited from soliciting or taking application for insurance products under the purview or regulated by the Administration, unless he is issued a license by the Administration.
2. Respondent shall pay an administrative penalty of two thousand dollars (\$2,000.00), contemporaneously with Respondent's execution of this Order.
  - A. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2019-0926A) and name (Jonathan Michael Cody). 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.
  - B. 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 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.
  - C. The parties acknowledge that this Order resolves all matters relating to the factual assertions and agreements contained herein and are to be used solely for the purposes of

this proceeding brought by or on behalf of the Administration. Nothing herein shall be deemed a waiver of the commissioner's right to proceed in an administrative action or civil action for violations not specifically identified in this Order, including, but not limited to, specific consumer complaints received by the Administration, nor shall anything herein be deemed a waiver of the right of Respondent to contest other proceedings by the Administration. This Order shall not be construed to resolve or preclude any potential or pending civil, administrative or criminal action or prosecution by any other person, entity or governmental authority, including the conduct that is the subject of this Order.

- D. Respondent has had the opportunity to have this Order reviewed by legal counsel of his 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 he would otherwise be entitled under the Insurance Article with respect to any of the determinations made or actions ordered by this Order.
- E. This Order contains the entire agreement between the parties relating to the administrative actions addressed herein. All time frames set forth in this Order may be amended or modified only by subsequent written agreement of the parties.
- F. This Order shall be in effect upon signing by the Commissioner or his designee, and is a Final Order of the Commissioner under § 2-204 of the Insurance Article.
- G. Failure to comply with the terms of this Order may subject Respondent to further legal and/or administrative action.

ALFRED W. REDMER, JR.  
Insurance Commissioner

signature on original

BY:

STEVE WRIGHT  
Associate Commissioner  
Insurance Fraud Division

JONATHAN MICHAEL CODY CONSENT

Jonathan Michael Cody hereby CONSENTS to the representations made in, and terms of, the above Consent Order,

signature on original

8/7/19

Date

Jonathan Michael Cody

Respondent's Consent

Respondents CONSENT to the representations made in, and terms of, this Consent Order. On behalf of Respondent Resthaven, the undersigned hereby affirms that he or she has taken all necessary steps to obtain the authority to bind Resthaven to the obligations stated herein and does, in fact, have the authority to bind Resthaven to the obligations stated herein.

Resthaven Memorial Gardens Inc.

11/30/2018  
Date

signature on original

Authorized Signatory

*Director*  
Title

signature on original

Richard Cody

signature on original

Skkot Cody

MARYLAND INSURANCE  
ADMINISTRATION

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BEFORE THE

v.

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MARYLAND INSURANCE  
COMMISSIONER

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RESTHAVEN MEMORIAL  
GARDENS, INC.  
9501 CATOCTIN MOUNTAIN HWY  
FREDERICK, MD 21701

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CASE NO.: MIA-2018-11-028

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LICENSE NO.: 99939531

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RICHARD CODY  
P.O. BOX 150  
FREDERICK, MD 21705

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CASE NO.: MIA-2018-11-029

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LICENSE NO.: 25616

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SKKOT CODY  
9501 CATOCTIN MOUNTAIN HWY  
FREDERICK, MD 21701

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CASE NO.: MIA-2018-11-030

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LICENSE NO.: 170329

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Enf. File No.: LH-36-2018

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CONSENT ORDER

The Maryland Insurance Commissioner ("Commissioner") and Resthaven Memorial Gardens, Inc. ("Resthaven" or "Respondent"), enter into this Consent Order pursuant to §§ 2-108, 2-204, 2-405, and 10-403(a) of the Insurance Article, Md. Code Ann. (2017 Repl. Vol. & Supp.)("Insurance Article"), to resolve the matter before the Maryland Insurance Administration ("Administration").

Findings

1. Resthaven. was first issued a license to act as an insurance producer by the Administration on March 29, 2012, and is authorized to act as an insurance producer until September 29, 2020. Richard Cody was first issued a license to act as an insurance producer on July 1, 1985, and is authorized to act as an insurance producer until August 31, 2019. Skkot

Cody was first issued a license to act as an insurance producer on March 21, 2002, and is authorized to act as an insurance producer until March 31, 2020. At all relevant times, Richard Cody and Skkot Cody are identified in the records of the Administration as the owners and designated responsible licensed producers of Resthaven. Jonathan Cody (Jonathan), the son of Richard Cody and the brother of Skkot Cody, was convicted of a felony on February 4, 2010.

2. Resthaven is a funeral home and cemetery. It has been in the business of providing funeral services, burial sites and monuments in the Frederick area for more than 50 years. Resthaven has on staff licensed insurance producers who assist individuals in the purchase of life insurance intended to pay for funeral and burial expenses. These licensed insurance producers assist by completing an insurance application and other required forms. Resthaven is the assignee. There are various insurance policies and premium installment payment plans available.

3. On April 24, 2018, the Administration received a complaint alleging that Respondents permitted Jonathan, who was not a licensed insurance producer, to speak with individuals interested in purchasing life insurance policies and to complete the necessary life insurance applications and other forms on their behalf.

4. Respondents are appointed with National Guardian Life Insurance. The Administration requested a list of all applications submitted by Respondents to National Guardian Life Insurance between May 1, 2017 and May 14, 2017. Of the 103 applications submitted during that time, 37 were submitted to the insurer by Richard Cody.

5. The Administration selected a sample of twelve applications submitted by Richard Cody and contacted the insureds listed on the applications. Individuals representing eight of those applications met with the Administration and identified Jonathan as the person who sold them the insurance policies. Ten of the twelve applications showed the name and signature of Richard

Cody as the producer. The other two applications showed Jonathan's signature on the producer signature line. Two of the twelve insureds could not be reached. The insureds who identified Jonathan as the person who sold them the insurance policies advised that Richard Cody, who had signed their applications, was not present during the sale of the insurance policies. Four of the insureds identified Skkot Cody, a licensed producer, as being present during the sale of the insurance policies. Notwithstanding that the insureds identified Skkot Cody as being present during the sale, Richard Cody, not Skkot Cody, signed these four applications.

6. On June 25, 2018, the Administration issued an Order to Appear and Produce to Resthaven, Richard Cody and Skkot Cody.

7. On July 17, 2018, the individual Respondents appeared for separate recorded interviews. Respondents advised that Jonathan has been employed with Resthaven since approximately January, 2017. Respondents identified the handwriting on the insurance applications and other forms as belonging to Jonathan. Richard Cody stated that Jonathan would meet with the clients and complete the insurance applications and other forms. Richard Cody would then sign the applications as a licensed producer.

8. During a May, 2018 meeting with the Administration, Respondents, Richard and Skkot Cody, advised that each understood that Jonathan was not permitted under the law to engage in the sale, solicitation and negotiation of insurance policies. During their July 17, 2018 recorded interviews, however, both Richard Cody and Skkot Cody stated that they were unaware that an insurance producer license was required in order to complete the applications and other required forms. Both admitted to knowing that a licensed producer was required to sign the applications and other required forms for submission to the insurance company. After the May 17, 2018, meeting with the Administration, Respondents stated that they prohibited Jonathan from meeting

with prospective insureds and also from completing the life insurance applications and other required forms.

9. During the July 17, 2018, recorded interview, Richard Cody was shown a copy of commission checks that had been provided to the Administration by National Guardian. Check number 1549383, dated August 29, 2017, in the amount of \$62 for the commission on policies NPL0940323 and NPL0940320, was paid to Richard Cody and endorsed by him and by Jonathan. Jonathan was identified as the person who sold both policies for which this commission was paid. Check number 1552063, dated September 12, 2017, in the amount of \$399, for commission paid on policy NPL0940813 was paid to Richard Cody and endorsed by him and Jonathan. Jonathan was identified as the person who sold, solicited, and negotiated the insurance contract for the policy listed on this commission check.

#### Conclusions of Law

10. § 10-126.

(a) The Commissioner may deny a license to an applicant under §§ 2-210 through 2-214 of this article, or suspend, revoke, or refuse to renew or reinstate a license after notice and opportunity for hearing under §§ 2-210 through 2-214 of this article if the applicant or holder of the license:

- (1) has willfully violated this article or another law of the State that relates to insurance;
- (6) has committed fraudulent or dishonest practices in the insurance business;
- (13) has otherwise shown a lack of trustworthiness or competence to act as an insurance producer;
- (19) has knowingly employed or knowingly continued to employ an individual acting in a fiduciary capacity who has been convicted of a felony or crime of moral turpitude within the preceding 10 years;

(b)(1) The Commissioner may deny a license to an applicant business entity under §§ 2-210 through 2-214 of this article, or suspend, revoke, or refuse to renew or reinstate a license of a business entity after notice and opportunity for hearing under §§ 2-210 through 2-214 of this article, if an individual listed in paragraph (2) of this subsection has:

- (i) violated any provision of this subtitle;

- (2) This subsection applies in any case that involves a business entity if the violation was committed by an individual who is:
- (i) an insurance producer;
  - (ii) 1. in the case of a limited liability company, an officer, director, member, or manager;
    - 2. in the case of a partnership, a partner; and
    - 3. in the case of a corporation, a director, officer, or owner; or
  - (iii) an individual with direct control over the fiscal management of the business entity.

11. §10--129.

A person other than an independent insurance producer may not be represented to the public as an independent insurance producer.

12. §10-130.

(a) Except as otherwise provided in §§ 10--102, 10-119, and 10-122 of this subtitle and § 10-602 of this title, a commission, fee, reward, rebate, or other consideration for selling, soliciting, or negotiating insurance may not be paid, directly or indirectly, to a person other than a licensed insurance producer.

#### Sanctions

13. By the conduct described herein, Resthaven., violated § 10-126 (a) (1), (6), (13), (19) and § 10-129, as incorporated in §10-126(b). Skkot Cody violated § 10-126 (a) (1), (6), (13) and (19) and § 10-129, and Richard Cody violated § 10-126 (a) (1), (6), (13) and (19) § 10-129, and § 10-130. As such, Respondents are subject to disciplinary action under the Insurance Article.

14. By the facts and violations stated above, Respondents' licenses to act as insurance producers in the State of Maryland are subject to suspension or revocation, and/or the imposition of an administrative penalty, and/or restitution.

15. The public justifiably expects the Administration to ensure that only trustworthy and competent producers are permitted to conduct insurance business in this State. Respondents'(1) failure to ensure that only licensed individuals sell, solicit and negotiate insurance policies, (2)

employing a convicted felon and (3) paying commissions to an unlicensed individual -- all demonstrate that they violated the statutory provisions set out in ¶13 above.

16. In view of the gravity of the violations and considering that insurance producers are in a position of trust and responsibility, suspension of Richard Cody's and Skkot Cody's producer licenses and a monetary penalty assessed against all three Respondents are the appropriate disciplinary actions in this case.

**Ordered**

WHEREFORE, for the reasons set forth above, it is this 30<sup>th</sup> day of November, 2018, **ORDERED** by the Maryland Insurance Commissioner and consented to by Respondent that:

- 1) The producer license of Richard Cody is **SUSPENDED** for a period of three months beginning on December 1, 2018 and continuing through February 28, 2019.
- 2) The producer license of Skkot Cody is **SUSPENDED** for a period of three months beginning on March 1, 2019 and continuing through May 31, 2019.
- 3) Richard Cody shall pay an administrative penalty of Four Thousand Eight Hundred Dollars (\$4,800) within 30 days of the date of this Order, and
- 4) Skkot Cody shall pay an administrative penalty of One Thousand Six Hundred Dollars (\$1,600) within 30 days of the date of this Order, and
- 5) Resthaven, shall pay an administrative penalty of Eight Hundred Dollars (\$800) within 30 days of the date of this Order.
- 6) Skkot Cody shall take a Maryland-approved Life & Health Insurance Pre-Licensing course within six months from the date of the execution of this Order and provide the Administration with proof of completion of the course within two weeks

thereafter.

A. The executed Order and any administrative penalty shall be sent to the attention of: Erica J. Bailey, Associate Commissioner, Compliance & Enforcement Unit, 200 St. Paul Place, Suite 2700, Baltimore, MD 21202.

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

C. The parties acknowledge that this Order resolves all matters relating to the factual assertions and agreements contained herein and are to be used solely for the purposes of this proceeding brought by or on behalf of the Administration. Nothing herein shall be deemed a waiver of the Commissioner's right to proceed in an administrative action or civil action for violations not specifically identified in this Order, including, but not limited to, specific consumer complaints received by the Administration, nor shall anything herein be deemed a waiver of the right of Respondents to contest other proceedings by the Administration. This Order shall not be construed to resolve or preclude any potential or pending civil, administrative, or criminal action or prosecution by any other person, entity or governmental authority, including, but not limited to, the Insurance Fraud Division of the Administration regarding any conduct by Respondents, including the conduct that is the subject of this Order.

D. Respondents have had the opportunity to have this Order reviewed by legal

counsel of their choosing, and are aware of the benefits gained and obligations incurred by the execution of the Order. Respondents waive any and all rights to any hearing or judicial review of this Order to which they would otherwise be entitled under the Insurance Article with respect to any of the determinations made or actions ordered by this Order.

E. This Order contains the entire agreement between the parties relating to the administrative actions addressed herein. This Order supersedes any and all earlier agreements or negotiations, whether oral or written. All time frames set forth in this Order may be amended or modified only by subsequent written agreement of the parties.

F. This Order shall be effect upon signing by the Commissioner or his designee, and is a Final Order of the Commissioner under § 2-204 of the Insurance Article.

G. Failure to comply with the terms of this Order may subject Respondents to further legal and/or administrative action.

ALFRED W. REDMER, JR.  
INSURANCE COMMISSIONER

By:

signature on  
original

Erica J. Bailey  
Associate Commissioner  
Compliance & Enforcement