IN THE MATTER OF THE	*	**BEFORE THE MARYLAND**
	*	
MARYLAND INSURANCE ADMINISTRATION	* *	**INSURANCE COMMISSIONER**
	*	
v.	*	
	*	**CASE NO. : MIA-** 2020-02-007
KATIA CARTY	*	
7748 Muncy Road	*	**Fraud Division File No.: R-2019-3763A**
Hyattsville, Maryland 20785	*	
	*	

* *

ORDER

This Order is entered by the Maryland Insurance Administration ("MIA") against Katia Carty ("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 March 26, 2019, Respondent obtained Renter's insurance through United Services Automobile Association ("USAA"), an authorized insurer, for her residence, at 7748 Muncy Road, Hyattsville, Maryland 20785. The policy was in effect from March 26, 2019 through March 26, 2020.

2. On April 1, 2019, Respondent notified USAA that on March 27, 2019, her personal property was taken from her mother-in-law's car, which was parked at her insured residence. USAA opened a claim, and referred it to USAA's Special Investigations Unit ("SIU") for further investigation as Respondent made her claim within five days of the insurance policy's effective date.

3. On April 4, 2019, a USAA investigator examined Respondent's insurance claims history and noted that she and her spouse had several prior valuable personal property loss claims.

4. Between April 5, 2019 and April 10, 2019, Respondent submitted to USAA, a property inventory, along with the following documents, as proof she owned the items, which had been stolen:

- Best Buy receipt - Sony Camera - purchased on August 22, 2016, for $1,299.89;
- Columbia Emeralds International - Diamond Ring appraisal - valued at $2,695.00;
- Nordstrom receipt - Burberry tote bag purchased on March 1, 2018, for $1,690.70;
- Amazon order receipt - Sig Sauer Laser Rangefinder for $319.00;
- Amazon order receipt - EVGA GeForce GTX 1070 Gaming Card for $376.29;
- Amazon order receipt - XDog Weight & Fitness Vest for $289.99.

5. On April 11, 2019, a USAA investigator examined the above-referenced documents. The investigator concluded that the Respondent previously submitted the Best Buy receipt for the Sony camera to USAA following a 2016 claim, and the Columbia Emeralds International, Diamond Ring appraisal was submitted to USAA following a 2017 claim. In an effort to authenticate the Amazon orders and Nordstrom receipts, the investigator contacted both Amazon and Nordstrom. He learned that Amazon refunded Respondent for the Laser Rangefinder purchase and the GeForce Gaming Card. Amazon refunded the XDog Vest that had not been received by the "customer." Likewise, a Nordstrom's representative reported that the customer returned the Burberry bag and received a refund.

6. On April 11, 2019, a USAA investigator interviewed Respondent who reported that her mother-in-law's car was parked at her insured property, she asked her husband to drop some things off, and place them in the car. Respondent stated she placed the car key in the mailbox, and when she returned nothing was in the car and the key was no longer in her mailbox. Respondent reported that none of the items claimed in her March 26, 2019 loss had been stolen in prior losses, and none of the items claimed had been returned to the retailer; Respondent stated she received the XDog Vest a year and a half ago, and can provide photographs of her dog using

the vest. Respondent reported that her original GeForce Gaming Card was previously stolen but was "re-purchased" somewhere else. Regarding the ring appraisal, the USAA investigator pointed out it was the same appraisal as was submitted for a 2017 claim. Respondent replied that it was not, and that it was not the same value. The investigator pointed out that it was the exact appraised value as in the previous claim. When asked about the Burberry bag being returned to Nordstrom, Respondent replied, "Unless I got the wrong receipt." Respondent advised that she had re-purchased a few items, which had been taken, and once she finds the receipts, she would update USAA.

7. On April 16, 2019, a USAA investigator interviewed Respondent's spouse who reported, contrary to Respondent's account, that the car was parked at her residence, it was he who had his mother's car, and was dropping it off to Respondent, whose personal property was in the backseat. He dropped the car off, and placed the key in the gas tank; Respondent was not home at the time.

8. On April 25, 2019, USAA sent Respondent a letter denying her claim as,

> Based on the fact you submitted a claim for the handbag, laser and gaming card that were returned to the stores, claimed the same ring was stolen when you made prior claims for the theft of the ring under [spouse's] account ... USAA CIC determined that you misrepresented and concealed material facts in the presentation of this 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.

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

10. On October 22, 2019, an MIA investigator contacted USAA and confirmed the facts regarding its handling of Respondent's claim.

11. On November 4, 2019, an MIA investigator examined prior claims Respondent made to USAA. The investigator concluded that the Best Buy Sony Camera receipt submitted to USAA by Respondent in the March 26, 2019 claim was the same receipt submitted to USAA in the 2016 claim. Respondent also submitted the same Columbia Emeralds International, Diamond Ring appraisal to USAA in her March 26, 2019 claim that she submitted to USAA in a 2017 claim.

12. On November 5, 2019, the MIA issued a subpoena to Amazon, to authenticate the Sig Sauer Laser Rangefinder receipt, the EVGA GeForce GTX 1070 Gaming Card receipt, as well as the XDog Weight & Fitness Vest receipt. In response, Amazon reported that the customer never received the XDog Vest, and Respondent returned the Rangefinder and GTX 1070 Gaming Card and the purchases were refunded.

13. On December 12, 2019, the MIA issued a subpoena to Nordstrom, to authenticate the Burberry tote bag receipt. In response, Nordstrom advised that the Burberry tote bag was returned on March 9, 2018, and Nordstrom issued a cash refund.

14. On December 16, 2019, an MIA investigator conducted a telephonic interview with Respondent who reported that her husband gave her the wrong camera receipt. Respondent stated that the diamond ring appraisal was the same appraisal as in a previous claim. However, Respondent stated that the ring that was taken on March 26, 2019 was different; she exchanged the original Burberry bag, purchased from Nordstrom for an identical one, although Nordstrom does not provide receipts for exchanges. Regarding the Sig Sauer Laser Rangefinder Amazon order, Respondent alleged she repurchased it through Offer Up or Let Go, likewise, she alleged

that she repurchased the EVGA GeForce GTX 1070 Gaming Card Amazon order through Let Go. Respondent confirmed that she received the XDog Weight & Fitness Vest purchased through Amazon, and received. The MIA investigator requested that Respondent submit any evidence of the purchases, which she failed to do. Consequently, on January 14, 2020, an MIA investigator again spoke with Respondent regarding the evidence. She failed to reply.

II. Violation(s)

15. In addition to all relevant sections of the Insurance Article, the Administration relies on the following pertinent sections in finding that the Respondent violated Maryland's insurance laws:

16. **§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.

17. **§ 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.

18. By the conduct described herein, Respondent knowingly violated § 27-403. A fraudulent insurance act of presenting misleading information documentation in support of a claim is complete upon making a statement or submission of the document and is not dependent on payment being made. Respondent committed a violation of the Insurance Article when she presented misleading information and documentation to USAA. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

19. Insurance fraud is a serious violation, harmful to consumers because the losses experienced by insurance companies are passed on to consumers in the form of higher premiums. Pursuant to §§ 2-210(d)(1) and 2-405 of the Insurance Article, the Commissioner has the authority to investigate complaints alleging that a fraudulent claim has been submitted to an insurer.

20. Having considered the factors set forth in § 27-408(c)(2) MIA has determined that a fine of $3,000.00 is an appropriate penalty.

21. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2019-3763A) and name (Katia Carty.) 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.

22. 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 11th day of February 2020, **ORDERED** that:

Katia Carty shall pay an administrative penalty of three thousand dollars ($3,000.00) 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.