

MARYLAND INSURANCE
ADMINISTRATION

v.

USMAN GHANI GONDAL
35 Primrose Place, Apt. A52
Staten Island, NY 10306

SALMAN RAZZAQ AHMAD
9505 Teaberry Lane
Parkville, MD 21234

KEVIN TYLER YOUNG
8000 Douglas Avenue
Baltimore, MD 21244

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CASE NO. : MIA-2021-04-003

CASE NO. : MIA-2021-04-004

CASE NO. : MIA-2021-04-005

Fraud Division File No.: R-2020-3114A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA” or “the Administration”) against Usman Ghani Gondal (“Gondal”), Salman Razzaq Ahmad (“Ahmad”), and Kevin Tyler Young (“Young”), (collectively, “Respondents”) 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”) for the violations of the Maryland Insurance Article identified and described herein.

I. RELEVANT MATERIAL FACTS:

1. Insurance claims were made to both Progressive Casualty Insurance Company (“Progressive”) and the Government Employees Insurance Company (“GEICO”), each authorized insurers, related to an accident that was alleged to have occurred on November 20, 2019.

2. The Progressive claim was made under an automobile insurance policy issued to the father of Respondent Young (hereinafter, the “Progressive Insured”) by Progressive in

Maryland covering a 2007 Nissan. The Progressive policy was in effect from August 2, 2019 until February 2, 2020.

3. The GEICO claim was made under an automobile insurance policy issued to Respondent Gondal as the named insured by GEICO in New York covering a 2018 Dodge owned by Respondent Gondal. The GEICO policy was in effect from September 25, 2019 to March 25, 2020.

4. The Progressive and GEICO claims arise out of an automobile accident that allegedly occurred on November 20, 2019 at the Woodholme Manor Apartment (“Woodholme”) located at 8049 Woodgate Court, Windsor Mill, Maryland. The claims were premised on the assertion that while operating the Nissan Respondent Young struck the rear of the Dodge, which was being operated by Respondent Gondal with Respondent Ahmad as a passenger, forcing the Dodge into a utility pole on the Woodholme property.

5. At the time of the alleged accident, Woodholme was insured under a policy of commercial property insurance placed through E.B. Cohen Insurance and Risk Management (“EBC”), a licensed insurance producer.

6. The Maryland Insurance Commissioner has jurisdiction in the matter under § 2-406 of the Maryland Insurance Article, which states in pertinent part:

a) Venue. -- Notwithstanding any other provision of law, a criminal prosecution for engaging in insurance fraud may be brought in any county in the State in which:

- (1) an element of insurance fraud was committed;
- (2) the purported insured loss occurred;
- (3) the insurance policy in question provides coverage[.]

(b) For a civil fraud violation, the Commissioner may impose administrative penalties and order restitution under §27-408(c) of this article when one or more occurrences listed in subsection (a) of this section takes place in the State.

7. Here, the purported loss occurred in Windsor Mill, Maryland, therefore; under §2-406(b) of the Maryland Insurance Article the Insurance Commissioner has jurisdiction over all Respondents.

PROGRESSIVE CLAIM

8. On November 25, 2019, an attorney notified Progressive that he represented Gondal in a bodily injury claim as a result of a November 20, 2019 accident. The attorney reported that the accident occurred at Old Milford Mill Road and Woodgate Court, wherein a Nissan insured by Progressive struck the Dodge, being operated by Gondal, who had a passenger in his vehicle. The attorney asserted that Gondal's Dodge was forced into a utility pole on the Woodholme property by the Nissan, which then fled. The attorney advised that Gondal was insured by GEICO. Progressive opened a claim.

9. On November 26, 2019, Progressive interviewed its Insured who denied knowledge of an accident. The Progressive Insured reported that his Nissan did not run, and had been sold.

10. On November 26, 2019, GEICO, Gondal's insurer, notified Progressive of a property damage claim made under the GEICO policy by Woodholme, as a result of the November 20, 2019 alleged accident.

11. On November 27, 2019, an EBC representative submitted photographs of the accident scene, along with an estimate to repair property damaged at Woodholme, as a result of the November 20, 2019 accident to Progressive. The estimate included replacing a stop sign and a light pole.

12. On December 2, 2019, a Progressive representative interviewed its Insured, who reported that the Nissan had not been running well, and that his son, Respondent Young, found a buyer, who he identified as Ahmad. The Progressive Insured had screenshots of the conversation

Young had had with Ahmad regarding the sale of the Nissan to Ahmad. The Progressive Insured advised that he believed that the claim was a “scam.” Consequently, Progressive referred the claim to its Special Investigations Unit (“SIU”) for further investigation.

13. On December 3, 2019, the Progressive Insured submitted to Progressive a screenshot of the following November 20, 2019 text messages between Respondents Young and Ahmad, whose phone number was (667)-***-0504.

Young: Say less
0504: Bet, I see u 10pm
Young: Bet I'll hit you when I'm off
0504: Bet...U still wit it he on way from NY?
Young: Yea I gotta see if it's start so I can move it out the driveway
0504: I hope it start bro cuz (expletive) coming 3 hour[s] away from NY - U feel me [*sic*]

14. On December 3, 2019, a Progressive investigator interviewed Young, who reported that he had gone to an apartment complex with his girlfriend and sold the Nissan to a person he only knew as Sam [Respondent Ahmad]. Young reported that Ahmad was accompanied by another person, later identified as Respondent Gondal. Young denied being involved in an accident between the Nissan and any other vehicle.

15. On December 12, 2019, a Progressive investigator interviewed Ahmad, who confirmed that his phone number was (667)-***-0504. Ahmad reported that he was a passenger in Gondal's vehicle, when a Nissan, which he had never seen before, struck them from behind, and left. Ahmad reported that Gondal lost control of the vehicle and struck a stop sign and pole. Ahmed asserted that following the impact, he was able to get a photograph of the Nissan's registration plate before it fled.

16. On December 17, 2019, a Progressive investigator obtained a copy of the police accident report, which described a hit and run accident, occurring on November 20, 2019, at 11:30

P.M., wherein the unknown operator of a Nissan, insured by Progressive, struck the rear of Gondal's vehicle. Gondal's vehicle then struck a stop sign and pole. Ahmad was identified as a passenger in Gondal's vehicle. Within the narrative of the accident report, the police officer noted that the passenger [Ahmad] took a photograph of the suspect vehicle [the Nissan], as it drove away.

17. On December 18, 2019, a Progressive investigator inspected and photographed Gondal's Dodge. The investigator found no evidence "consistent" with the Dodge being struck hard enough to be pushed over a curb, and into a pole. The investigator noted "minimal" damage to the rear bumper.

18. On December 27, 2019, Young sent a Progressive investigator his cellular phone records, which showed multiple calls between Ahmad and Young on the night of the accident and one previous call on November 12, 2019.

19. On January 28, 2020, Young reported to the Progressive investigator that he had gone to the Woodholme property to sell the Nissan to Ahmad. However, Young said that when "the guys" arrived, they asked Young to run the Nissan into their vehicle instead. Young said that they offered to pay him \$800.00 to cause the collision, and said that he could keep the Nissan. Young admitted that he accepted their proposition, but said that the Nissan stalled before he could actually strike the other vehicle. According to Young, the driver of the other vehicle then accelerated on its own into the sign and pole.

20. On March 4, 2020, Young provided a recorded statement to Progressive. Young admitted that his initial description of events related to the November 20, 2019 claim was false. This time, Young affirmed that he knew Ahmad and was planning to sell him the Nissan. Young reported that he and Ahmad had agreed to meet on November 20, 2019, to conduct the transaction. On that day, Young, went to the Woodholme property accompanied by his girlfriend. Ahmad was

there with an unknown man in a Dodge. Instead of purchasing the Nissan, Ahmad offered to pay Young \$800.00 to purposely strike the Dodge with the Nissan, and said that Young could also keep the Nissan. Young agreed. Ahmad paid Young \$400.00 in advance of the collision, with the remaining \$400.00 to be paid following the collision. As Young prepared to hit the Dodge, the Nissan stalled, preventing him from actually colliding with the Dodge. Young said that the unknown man driving the Dodge then accelerated from a stopped position and drove it into a stop sign and pole. Contrary to Young's initial statement to Progressive, he did not sell the Nissan on November 20, 2019. He actually sold it days later to someone else.

21. On March 5, 2020, Progressive denied the claim, stating in part:

Dear Kevin T. Young.....Our investigation revealed that you had intentions of participating in a fraudulent act and provided misleading, inaccurate, and/or fraudulent information to Progressive Select Insurance Company in statements regarding the facts of loss of this incident....Please refer to the Fraud or Misrepresentation portion issued to Kevin O. Young which reads as follows:We may void this policy at any time, including after the occurrence of an accident or loss, if you: 1. made incorrect statements or representations to us with regard to any material fact or circumstance; 2. concealed any material fact or circumstance; ...We may deny coverage for an accident for a loss if you or a person seeking coverage has knowingly concealed or misrepresented any material fact or circumstance, or engaged in fraudulent conduct, in connection with the presentation or settlement of a claim.....Coverage under this Part 1.....will not apply to any insured person for: bodily injury or property damaged caused by an intentional act of that insured person, or at the direction of that insured person, even if the actual injury or damages is different than that which was intended or expected;Due to the violation of the Fraud or Misrepresentation portion of the policy.....Progressive Select Insurance Company is prevented from providing coverage for Kevin T. Young for this loss.

22. 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.

Progressive, having a good faith belief that Respondents committed insurance fraud, referred the matter to the Administration's Fraud Division.

GEICO CLAIM

23. On November 22, 2019, a representative for Woodholme notified EBC that on November 20, 2019, Gondal's Dodge struck a traffic control sign, and utility pole, on its insured property. The Woodholme representative provided EBC with accident scene photographs and a police accident information form. The information form noted that the vehicle involved in the accident was a Nissan, insured by Progressive. The driver was unknown. The other involved vehicle was identified as Gondal's Dodge, insured by GEICO, which Gondal was driving at the time. EBC notified GEICO, which opened a claim.

24. On November 25, 2019, a GEICO representative spoke to Gondal who reported that, "he was hit... by someone who fled the scene..." Gondal advised that he was represented by an attorney, who would contact GEICO.

25. On November 29, 2019, Gondal's attorney sent a notice to GEICO to pursue a claim. The notice was accompanied by a police accident information form and a "New York Motor Vehicle No-Fault Insurance Law Application for Motor Vehicle No-Fault Benefits," which was signed by Gondal.

26. On May 20, 2020, Gondal's attorney advised GEICO that he no longer represented Gondal.

27. On October 2, 2020, another law firm notified GEICO that it represented Gondal for injuries he received in the November 20, 2019 accident. Attached to the notice was the November 20, 2019 police accident report and a document signed by Gondal confirming the attorney of record.

28. On October 15, 2020, a Progressive representative advised a representative for GEICO that Young admitted that the November 20, 2019 collision was staged. Based on this information, GEICO referred the claim to its SIU for further investigation.

29. On October 26, 2020, Gondal completed a “Notice of Intention to Make Claim,” (the “Notice”) which he submitted to GEICO through his attorney. Within the notice, Gondal reported that he was injured as the result of an accident that occurred on November 20, 2019, at 11:30 P.M. when a Nissan struck his vehicle. The notice contained the following fraud warning:

“Any person who knowingly and with intent to defraud any insurance company or other person files a statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and shall be subject to a civil penalty...”

30. On November 5, 2020 a GEICO representative interviewed Young, who reiterated that the collision had been staged.

31. On November 30, 2020, Progressive notified GEICO that it had obtained a recorded statement from Young, in which Young reported that the November 20, 2019 collision was intended to be staged, and that Young’s vehicle never struck Gondal’s vehicle.

32. On December 7, 2020, a GEICO investigator spoke with the attorney representing Gondal. The attorney stated he had not spoken with Progressive. The investigator advised the attorney that there was evidence of a staged collision. The attorney advised that he was filing a Personal Injury Protection (“PIP”) claim with GEICO.

33. Relying on the assertion by Gondal that he had been injured when struck by a vehicle that fled the scene, GEICO paid \$18,374.29 for medical treatment of injuries Gondal alleged he sustained as a result of the November 20, 2019 collision under the person injury protection coverage of Gondal’s GEICO policy.

The Administration's Investigation

34. During the course of its investigation, the MIA investigator contacted Progressive and GEICO to confirm the facts regarding its handling of the Respondents' claims.

35. On October 21, 2020, an MIA investigator notified GEICO of its investigation into the allegations of fraud made by Progressive related to Respondents' actions. The MIA investigator obtained GEICO's claim file related to the November 20, 2019 collision.

36. On November 4, 2020, an MIA investigator interviewed Young's girlfriend, who reported that she followed Young in her car to a nearby apartment complex so that Young could sell the Nissan. She remained in her car while Young had a conversation with two men in a white Dodge. She and Young followed the two men to a nearby automated teller machine ("ATM") so they could withdraw money for the vehicle purchase. The Nissan remained at the apartment complex. Upon their return, she observed the white Dodge, with both occupants, accelerate from a stop, jump a curb, and strike a light pole. No vehicle struck the Dodge. She and Young immediately left in her car. Young's girlfriend stated that she was not aware of a plan to stage a collision.

37. On November 10, 2020, an MIA investigator conducted a recorded interview with Young, who reported that, prior to November 20, 2019, he advertised the Nissan for sale on the internet for \$500.00. Ahmad, who he recognized as a former high school classmate, contacted him and expressed a desire to purchase the Nissan. On the night of November 20, 2019, Young's girlfriend followed him to a nearby apartment complex to complete the sale of the Nissan. They all went to a nearby ATM so Ahmad could withdraw money. Upon returning to the apartment complex, Ahmad proposed to Young that, instead of buying the car, he would pay Young \$800.00 to purposely ram the Nissan into Gondal's Dodge, and Young could also keep the Nissan. Young

agreed, but the Nissan stalled. The Dodge accelerated and struck a light pole. Young moved the Nissan into the apartment complex and left in his girlfriend's car.

38. On November 16, 2020, an MIA investigator interviewed Ahmad from his cell phone number ending in 0504. Ahmad offered the same statement he gave to Progressive on December 12, 2019; name, that he was riding in Gondal's Dodge on the night of November 20, 2019 when a vehicle rear ended it, causing the Dodge to strike a light pole and that the vehicle that hit them fled the scene. Contrary to Ahmad's previous statement to Progressive about photographing the striking vehicle's tag number, Ahmad told the MIA investigator that he did not take a photograph of the fleeing vehicle, but that maybe Gondal did.

39. An MIA investigator examined Young's cellphone records, which consisted of text messages and nine calls between Ahmad [(667)-***-0504] and Young on the day of the accident. The calls were made prior to the alleged collision, between the hours of 1:46 P.M. and 11:24 P.M.

40. On December 1, 2020, an MIA investigator interviewed the police officer who wrote the police accident report for the November 20, 2019 alleged accident. The Officer reported that she did not observe damage to the rear of Gondal's Dodge. Further, Gondal refused medical treatment. In subsequent contact, the officer positively identified Ahmad and Gondal through photographs provided by the Administration. The officer advised that the exact time of the 911 call for the November 20, 2019 accident was 11:32 P.M.

41. The Progressive Insured provided the Administration with a photograph, from February 1, 2017, in which Young and Ahmad are pictured together. The Progressive Insured advised that Young attended Towson High School, in Maryland. The Administration confirmed with Towson High School's resource officer that Young and Ahmad attended school there and were pictured in the school's 2017 yearbook.

II. Violation(s)

42. In addition to all relevant sections of the Insurance Article, the Administration relies on the following pertinent sections of the Maryland Insurance Article, which apply to acts and omissions of the Respondents in the State.

43. § 27-403 of the Insurance Article provides, in pertinent part:

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.

44. § 27-408(c) of the Insurance Article provides, in pertinent part:

(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.

45. By the conduct described herein, Respondents knowingly violated § 27-403. A fraudulent insurance act of making a false statement in support of a claim is complete upon making the false statement and is not dependent on payment being made. Respondents committed a violation of the Insurance Article when they caused or made false statements to Progressive and GEICO. As such, Respondents are subject to an administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

46. 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 Maryland Insurance Article, the Commissioner has the authority to investigate complaints alleging that a fraudulent claim has been submitted to an insurer.

47. In addition, having considered the factors set forth in § 27-408(c)(2), the Administration imposes an administrative penalty in the amount of \$6,000.00 against Gondal, \$4,000.00 against Ahmad, and \$1,000.00 against Young.

48. Respondent Gondal is ordered to pay \$18,374.29 in restitution to GEICO, the amount GEICO paid in medical expenses, when it was falsely informed that Gondal's injuries were the result of a motor vehicle accident, when in fact investigation determined the collision was staged.

49. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2020-3114A) and names, respectively (Usman Ghani Gondal, Salman Razzaq Ahmad, and Kevin Tyler Young). Payment of the administrative penalty shall be sent to the attention of: Associate Commissioner, Insurance Fraud and Producer Enforcement Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202. Unpaid penalties will be referred to the Central Collections Unit for collection.

50. This Order does not preclude any potential or pending action by any other person, entity or government authority, regarding any conduct by the Respondents 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 6th day of April 2021, **ORDERED** that:

(1) Usman Ghani Gondal shall pay an administrative penalty of Six Thousand dollars (\$6,000.00) within 30 days of the date of this Order.

(2) Usman Ghani Gondal shall pay restitution to GEICO in the amount of Eighteen Thousand Three Hundred Seventy-Four dollars and twenty-nine cents (\$18,374.29) within 30 days of the date of this Order.

(3) Salman Razzaq Ahmad shall pay an administrative penalty of Four Thousand dollars (\$4,000.00) within 30 days of the date of this Order.

(4) Kevin Tyler Young shall pay an administrative penalty of One Thousand (\$1,000.00) within 30 days of the date of this Order.

KATHLEEN A. BIRRANE
Insurance Commissioner

signature on original

BY:

STEVE WRIGHT
Associate Commissioner
Insurance Fraud and Enforcement 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.