

IN THE MATTER OF THE  
MARYLAND INSURANCE  
ADMINISTRATION

v.

EVAN ISAAC SHER  
2742 Moores Valley Drive  
Baltimore, Maryland 21074

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BEFORE THE MARYLAND  
INSURANCE COMMISSIONER

CASE NO. MIA-2014-06-023  
Fraud Division File No. R-2014-2340A

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**ORDER**

This Order is entered by the Maryland Insurance Administration (“MIA”) against Evan Isaac Sher (“Sher” or “Respondent”) pursuant to §§2-108, 2-201, 2-204 and 2-405 of the Insurance Article, Annotated Code of Maryland (“the Insurance Article”).

**I. Facts**

1. The Respondent has a personal property insurance policy, number [REDACTED], with United Services Automobile Association - General Indemnity Company (“USAA”), an authorized insurer, providing blanket coverage for jewelry in the amount of \$2,500.00. The policy period is from November 9, 2013 to November 9, 2014.

2. On December 19, 2013, Respondent contacted USAA to apply for a rider adding insurance coverage, for a diamond engagement ring. On December 24, 2013, Respondent faxed to USAA an appraisal, dated December 12, 2013, for the scheduled ring, issued by Metro Broker Jewelers, which reflected an appraised value of \$14,950.00 and a carat weight of 1.26.

3. On December 31, 2013, seven days after sending in the \$14,950.00 appraisal, Respondent called in a claim to USAA, reporting that the engagement ring was missing. He confirmed in this call that the ring was scheduled for \$14,950.00 in accordance with the appraisal

he faxed to USAA. The insurance company immediately referred Respondent's claim to the Special Investigations Unit (SIU), under company guidelines, as the policy inception date was within 75 days of the loss, and the policy was less than one year old.

4. On January 3, 2014, a USAA Special Investigator took a recorded statement from Respondent in reference to his claim that the engagement ring he scheduled on December 19, 2013, was lost. During the interview, Respondent reported that on December 31, 2013, he and his fiancée were shopping at a grocery store when he noticed the engagement ring was not on her finger. According to Respondent, he and his fiancée immediately conducted a search throughout the store with negative results. Respondent described the engagement ring as a 1.26 carat weight diamond, in accordance with the appraisal.

5. The USAA investigator contacted Metro Broker Jewelers. A jeweler there advised that Sher had purchased the ring for \$2,800.00. The jeweler provided USAA with a photocopy of the store's original appraisal, showing an actual appraised value of \$4,950.00, not \$14,950.00, as reflected on the "appraisal," which Sher had faxed to USAA.

6. The SIU took another recorded statement from Respondent on January 6, 2014, during which Sher withdrew his claim. At that time, he stated that he only paid \$2,800.00 for the ring. Sher continued to maintain that a representative from Metro Broker Jewelers had given him the \$14,950.00 appraisal. Respondent denied altering the appraisal he had presented to USAA.

7. On January 21, 2014, USAA notified Sher that it was denying his claim, as he had misrepresented material facts.

8. Section 27-802(a)(1) of the Insurance Article states: "An authorized insurer, its employees, producers...or agents, who in good faith have 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 Sher committed insurance fraud, referred the matter to the Maryland Insurance Administration Fraud Division.

9. The MIA interviewed the USAA SIU Case Manager and confirmed the SIU’s handling of the claim, including the events surrounding the alleged loss of December 31, 2013.

10. MIA contacted the Metro Broker Jewelers’ representative who sold Sher the engagement ring. The representative advised that Sher purchased the ring with \$2,800.00 cash on November 26, 2013. MIA later confirmed that this was a “near wholesale” price for the ring. Sher took possession of the ring on December 12, 2013. Metro Broker Jewelers provided Sher with a written appraisal for the ring in the amount of \$4,950.00 not \$14,950.00. This appraisal was prepared in accordance with industry standards.

11. The representative reviewed the ring appraisal that Sher had supplied to USAA and advised that the appraisal had been altered. By comparing the original with Sher’s copy, one can see that a “1” had been inserted in front of the actual appraised value of \$4,950.00, and the diamond weight had been changed from “1.06” carats (as documented on the original appraisal) to “1.26” carats.

12. On May 2, 2014, MIA contacted Sher, who consented to a telephone interview. Sher reported that he purchased the engagement ring from Metro Broker Jewelers, for “about \$2,600.00,” which he insured with USAA for \$14,950.00. According to Respondent, he faxed an appraisal, written by Metro Broker Jewelers in the amount of \$14,950.00, to USAA from his residence in Baltimore, Maryland. Respondent reported that his fiancée subsequently lost the ring and found it days later; therefore, Sher withdrew his claim. Sher denied that he had altered

the appraisal and said that \$14,950.00 was the value that Metro Broker Jewelers had placed on the ring.

13. Respondent later contacted MIA, and at his request was re-interviewed. This time, Respondent admitted to altering the Metro Broker Jewelers appraisal, so that he could impress his girlfriend and obtain money from the insurance company. He specifically admitted to changing the appraisal amount from \$4,950.00 to \$14,950.00, and altering the carat weight from 1.06 to 1.26. Respondent admitted to presenting the altered appraisal to USAA.

## II. Violation(s)

14. 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:

15. **Section 27-403(2)**

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.

16. **Section 27-406(1)**

It is a fraudulent insurance act for a person:

(2) to knowingly or willfully make a false or fraudulent statement or representation in or with reference to an application for insurance.

17. **Section 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(2) and §27-406(1), and is subject to an administrative penalty under the Insurance Article.

### **III. Sanctions**

19. 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 that a fraudulent claim has been submitted to an insurer, and any individual suspected of engaging in insurance fraud. Insurance Article, §§2-201(d)(1) and 2-405.

20. By the facts and violations stated above, the Respondent is subject to the imposition of an administrative penalty under the Insurance Article.

21. Respondent presented an altered appraisal for an engagement ring to USAA for financial gain. The appraisal had two misrepresentations: a false carat weight and a false appraised value. Having considered all relevant factors, including those set forth in Insurance Article §27-408(c)(2) and COMAR 31.02.04.02, MIA has determined that \$1,500.00 is an appropriate penalty.

22. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2014-2340A) and name (Evan Isaac Sher). Unpaid penalties will be referred to the Central Collections Unit. 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.

23. This Order does not preclude any potential or pending action by any other person, entity or government authority, regarding any conduct by Sher 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 17<sup>th</sup> day of June 2014, **ORDERED** that:

- (1) Evan Sher shall pay an administrative penalty of \$1,500.00 within thirty (30) days of the date of this Order.

THERESE M. GOLDSMITH  
Insurance Commissioner

*Signature on original*

BY:

CAROLYN HENNEMAN  
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 issued. The written request for hearing must be addressed to the Maryland Insurance Administration, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202, Attn: Appeals Clerk. 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.