

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

RAPHAEL ADEJO ALI
309 Amore Lane, Apt. A
Bel Air, MD 21015

* BEFORE THE MARYLAND
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* INSURANCE COMMISSIONER
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* CASE NO.: MIA-2022-03-015
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* Fraud Division File No.: R-2022-0607A
* R-2022-0063A
* R-2022-2668A
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ORDER

This Order is entered by the Maryland Insurance Administration (“MIA” or the “Administration”) against Raphael Adejo Ali (“Respondent”) pursuant to §§ 2-108, 2-201, 2-204¹ and 2-405 of the Insurance Article, Md. Code Ann. (2017 Repl. Vol. & Supp.) (the “Insurance Article”).

I. RELEVANT MATERIAL FACTS:

1. On January 23, 2020, Respondent submitted a "Home Insurance" policy application to Farmers Insurance Group (“Farmers”), an authorized insurer, for his residence at 309 Amore Lane, Apt. A, Bel Air, Maryland 21015 (the “Apartment”). Ali provided an electronic signature on the application, which contained the following fraud warning:

"Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison."

2. Based on the information provided by Ali in his application, Farmers issued him a renter's insurance policy. The Farmers policy was in effect from January 23, 2020 to January 23, 2022.

3. On September 29, 2020, Respondent submitted to Allstate Insurance Company (“Allstate”), an authorized insurer, a "Renters" insurance application for the Apartment. Respondent provided an electronic signature on the application, which contained the following fraud warning:

¹ Unless otherwise indicated, all statutory references in this Order are to the Insurance Article of the Maryland Code.

"Any person who knowingly (or willfully) * presents a false or fraudulent claim for payment of a loss or benefit or knowingly (or willfully) * presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison. *Applies in MD Only."

4. Based on the information Respondent provided in his application, Allstate issued him a renter's insurance policy. The policy was in effect from September 29, 2020 to September 29, 2021.

5. In addition to the aforementioned Farmers and Allstate insurance policies for the Apartment, Respondent had a renter's insurance policy with American Bankers Insurance Company of Florida ("Assurant"), an authorized insurer. The Assurant policy was in effect from October 2, 2019 until October 2, 2020.

Respondent's Assurant Claim

6. On September 8, 2020, Respondent notified Assurant, that on August 22, 2020, he experienced a power surge at his Apartment, and personal property was damaged. Respondent submitted a claim form, and identified the items damaged as a "macbook pro apple,"[sic] ("MacBook") purchased for \$5,999.98, an "iphone 11 pro max apple,"[sic] purchased for \$1,350.00 and "Apple cables," purchased for \$125.00.

7. Within the claim form, Respondent acknowledged that he read and understood the following fraud warning:

"MD residents only: Any person who knowingly and/or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison."

8. As proof of ownership, Respondent submitted to Assurant, an Apple store United Kingdom "UK" receipt for a December 20, 2019, online purchase of the damaged items, totaling \$7,907.08. The receipt reflected "Delivers to: Raphael Ali...Contact information: r.....7@live.kutztown.edu..." Respondent also submitted a Wells Fargo Visa bank statement, reflecting a December 20, 2019, Apple UK online purchase for \$7,907.08. Respondent's name and Apartment address were listed on the bank statement.

9. As evidence that the aforementioned electronics were damaged, Respondent submitted to Assurant, a "quote" from "Stormfront Technology Ltd" ("Stormfront,"), a store located in the UK. The quote reflected a creation date of December 26, 2020, and stated, "Damaged due to power surge. MacBook 16 inches 2.4 GHz Space Gray and iPhone 11 Pro Max Midnight green in operable [*sic*] and unrepairable." The diagnostic charge was "£175.00."

10. On September 17, 2020, in an effort to authenticate the Stormfront quote, Assurant contacted Stormfront. A representative examined the quote, and did not recognize the document as a genuine Stormfront quote. Consequently, Assurant referred Respondent's claim to its Special Investigations Unit ("SIU") for further investigation.

11. On September 25, 2020, an Assurant investigator contacted Respondent who advised that he needed to speak with his attorney before answering questions. Respondent refused to identify his attorney, and refused to provide a statement to Assurant.

12. On September 28, 2020, Respondent withdrew his claim with Assurant.

Respondent's Farmers Claim

13. On June 24, 2021, Respondent notified Farmers that on June 21, 2021, he was the victim of theft and vandalism.

14. On June 24, 2021, as proof of the theft and as evidence he owned the stolen items, Respondent submitted to Farmers a Delaware State Police report, along with a list of personal property which he alleged was stolen on June 21, 2021. Those items included among other things, Oxford Vaughan² aviator eyewear ("aviator"), Wayfarer Ray-Ban glasses ("Ray-Ban"), a Dell laptop, and a MacBook. As evidence he owned the items stolen, Respondent submitted among other things, a screenshot of a framesdirect.com order for single vision lenses, totaling \$547.00, a screenshot of a ray-ban.com order for Wayfarer

² Oxford Vaughn in an eyewear retailer

sunglasses for \$211.00, as well as an HSBC UK bank statement reflecting a \$700.00 purchase from oxfordvaughn.com. Respondent also submitted an Apple store UK receipt for a December 20, 2019 online purchase of a MacBook, for \$5,999.98.

15. On June 28, 2021, a Farmers representative interviewed Respondent who reiterated that on June 21, 2021, while visiting a friend at a Delaware hotel, someone broke into his BMW and stole numerous items, including, Ray-Ban sunglasses, military aviator prescription eyewear, a Dell laptop, and a MacBook laptop.

16. On July 6, 2021, Farmers was notified by an Allstate investigator that an Insurance Services Office ("ISO") search revealed that Farmers and Allstate had claims related to the same address and same date of loss. Consequently, Farmers referred Respondent's claim to its SIU due to prior losses with SIU involvement, as well as Respondent appears to, "also be insured with Allstate" to which he also made a claim.

17. On July 7, 2021, representatives from Farmers and Allstate discussed Respondent's claims and determined that Respondent was reporting the exact same items, and he provided the same documentation in each claim.

18. On July 7, 2021, a Farmers investigator interviewed Respondent who again reported that on June 21, 2021, he was visiting a friend at a hotel in Delaware. His BMW was parked outside. When he returned to the car, he discovered the driver's window was broken and his property, including a MacBook and government issued Dell laptop were missing. Respondent reported that he had a 2019 loss when his laptop was damaged, but he replaced it, with the MacBook laptop, that is the subject of this claim. Respondent advised that he can provide proof that he purchased a new MacBook. Respondent stated, that he purchased aviator eyewear frames in England and the Ray-Ban sunglasses online, for which he will attempt to obtain a receipt. Respondent reported that he also had a renter's insurance policy with

Allstate. He explained, "when I moved it was transferred. My uh, my renters' insurance agent never cancelled anyone."

19. On July 12, 2021, Respondent's insurance producer reported to Farmers that on July 9, 2021, Respondent came to his office to discuss the claim. Respondent had a military uniform and boots with him, as well as a military identification card. Respondent displayed a laptop computer and advised it was a new computer issued by the military, and that the Army was conducting its own investigation.

20. On July 14, 2021, Respondent submitted to Farmers a Personal Property Worksheet in which he again identified the alleged stolen items. Respondent also submitted a sworn proof of loss ("SPL"), wherein he identified his occupation as a "Logistics Officer" for the U.S. Army. Respondent signed the SPL immediately after the following fraud warning:

I/we hereby declare the facts stated on both sides of this form (and the information contained in all documents and information submitted with this form) to be true and correct and I/we request the Company rely thereon concerning this claim.

21. On July 16, 2021, a Farmers investigator examined the August 22, 2020 Assurant claim file, wherein Respondent reported to Assurant that his MacBook, valued at \$5,999.89, was damaged due to a power surge. The Farmers investigator discovered that Respondent submitted the same December 20, 2019 receipt for the purchase of the MacBook laptop in both the Assurant and Farmers claims.

22. On July 20, 2021, a Farmers representative spoke with the Respondent who reported that the December 20, 2019 MacBook receipt was for the purchase of the laptop taken on June 21, 2021. When confronted with the fact that the MacBook receipt was the same one he submitted to Assurant in his August 22, 2020 claim, Respondent confirmed it was the same receipt.

23. On July 27, 2021, Farmers denied Respondent's claim for misrepresentation.

Respondent's Allstate Claim

24. On June 30, 2021, Respondent notified Allstate that on June 21, 2021, someone broke into his BMW and stole numerous items including, a government issued Dell laptop, a MacBook laptop, Ray-Ban sunglasses, as well as military aviator eyewear.
25. On July 1, 2021, as proof of the theft, and as evidence he owned the items stolen, Respondent submitted to Allstate a Delaware State Police report, photographs of damages to his car, as well as a screenshot of the purported purchase of a MacBook, for \$5,999.98, along with an Apple store UK receipt for a December 20, 2019 online purchase of items totaling \$7,907.08, which included a MacBook, for \$5,999.98, a Wells Fargo Visa bank statement, reflecting a December 20, 2019, Apple UK online purchase, for \$7,907.08, a "Payment Details" statement, reflecting \$7,907.08 was paid in full with a Visa account, a screenshot of a framesdirect.com order for single vision lenses, totaling \$547.00, a screenshot of a ray-ban.com order for Wayfarer sun glasses for \$211.00, as well as an HSBC UK bank statement reflecting a \$700.00 purchase from oxfordvaughan.com.
26. On July 1, 2021, an Allstate representative interviewed Respondent. The representative advised that she was unable to access the web link within the receipt of his \$5,999.98 MacBook purchase, and that the price reflected on his proof of purchase is "much more than the most expensive 16" MacBook on Apple's website." The Allstate representative asked Respondent to forward a screenshot reflecting his method of payment for the MacBook, as the billing details on the document he submitted was blank. Respondent replied that it was paid for. The Allstate representative noted that Respondent was referencing shipping details, which can be "pre filled before payment is ever made." The representative asked what the HSBC statement [reflecting an Oxford Vaughan purchase] was for; he replied, it was the "700 pounds" he paid for the aviator glasses.

27. The Allstate representative noted that her examination of the Delaware State Police report revealed that the theft was classified as a misdemeanor, valued at under \$1,500.00. This was in conflict with Respondent's assertion that his MacBook, valued at \$5,999.98, was stolen. Consequently, Allstate referred Respondent's claim to its SIU for further investigation.

28. On July 5, 2021, an Allstate investigator interviewed Respondent who initially stated that he had not notified his employer that his government issued Dell laptop was stolen, but later stated that his employer was aware of the theft. The investigator requested Respondent to submit documentation to show that he was responsible for replacing the Dell laptop. Respondent replied that he may need to remove the laptop from the claim.

29. On July 6, 2021, Respondent provided a recorded statement to the Allstate investigator, wherein he reported that on the night of June 20, 2021, he was visiting a friend at a hotel in Delaware. When he returned to his car, he noticed the driver's window was damaged and items were missing. He called the police, and reported the missing items, which included a MacBook, a government issued Dell Laptop, Ray-Ban sunglasses, and aviator glasses. Respondent stated that he was employed by the U.S. Army and was responsible for replacing of the Dell Laptop. Respondent reported that he purchased the MacBook in the 2019 for \$5,999.98 for which he provided the receipt. Respondent stated that he did not create an Apple ID for the MacBook. Respondent denied having any additional insurance to cover the stolen items and reported that he never filed a previous claim for the laptop [MacBook]. Respondent advised that he had a prior laptop claim in 2019; his previous laptop was damaged by "electricity."

30. On July 6, 2021, an Allstate investigator again asked Respondent to submit information from his employer, to confirm he was responsible to replace the Dell laptop. The investigator also asked for additional information related to the purchase of the MacBook, including, the place of purchase, company name, date and time of purchase, as well as payment and purchaser information.

31. On July 6, 2021, Respondent submitted to Allstate, the same documents he had previously submitted as proof he owned the MacBook. Respondent also submitted a letter on U.S. Army letterhead dated July 6, 2021, ostensibly from an Army Captain (hereinafter "ZM)" which stated, in pertinent part:

"Soldier will be charged the full amount of the loss when personal arms or equipment are lost...POC for this memorandum is CPT [ZM] at zmcgu***@gmail.com or (3**) 670-****...////////Originally Signed//////// [ZM] CPT, LG S4 Office"

32. On July 7, 2021, Respondent submitted a Sworn Statement in Proof of Loss ("SPOL") to Allstate, as well as a hand-written contents list, wherein he again identified the stolen items, including a MacBook, aviator eyewear, and Ray-Ban sunglasses. Contrary to prior statements made by Respondent that he had no other insurance policies to cover the stolen items, this time, Respondent identified Farmers within the SPOL as "other policies" for the loss. Respondent signed the SPOL immediately after the following fraud warning:

Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

33. On July 9, 2021, Allstate was notified by Farmers that Respondent made a claim with it for the same stolen items.

34. On July 16, 2021, Allstate was notified by Farmers that it was denying Respondent's claim, as the evidence Respondent submitted to Farmers was the same evidence he submitted to Assurant and Allstate.

35. On July 23, 2021, an Allstate representative notified Respondent that it was invoking its right to an Examination Under Oath ("EUO"). Respondent replied:

I'll be represented by the Army defense team, so if your lawyer wants to have any further communication with me I am happy to set up a meeting for her to come on our post to do so.

36. On August 2, 2021, Allstate asked Respondent to provide a letter from his attorney confirming his legal representation. Respondent replied that he was "in line" to get an Army attorney and was unsure if he could get a letter of representation, but he would provide a contact number for his attorney. Respondent later advised Allstate that he was unable to get a letter of representation. He requested to withdraw his claim, and cancel the policy.

37. On August 2, 2021, an Allstate investigator searched the U.S. Department of Defense database for active duty personnel; there was no record of Respondent being active duty military.

38. An Allstate investigator examined claim files for Respondent's claims with Assurant and Farmers, and concluded that the proof he submitted to Allstate that he owned the MacBook was the same proof submitted to Assurant and Farmers.

39. On August 20, 2021, Allstate sent a letter to Respondent denying his claim, which stated, in pertinent part:

You have made material misrepresentations regarding the nature, extent, and circumstances surrounding the loss in question in statements to the insurance carrier, or concealment of information to the insurance carrier.

40. 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.

41. Allstate and Farmers, having a good faith belief that Respondent committed insurance fraud, referred the matters to the MIA, Fraud Division. The MIA, opened an investigation into the claim Ali made to Assurant, as it relates to the Allstate and Farmers claims.

II. THE ADMINISTRATION'S INVESTIGATION

42. On December 27, 2021, an MIA investigator obtained a copy of the June 21, 2021 Delaware State Police report, which documented the theft from Respondent's BMW. The "Crime Description"

reflected "Theft Under \$1500." The only items identified as being stolen were military sunglasses, Ray-Ban sunglasses, and \$25.00 cash, for a total value of \$475.00. The report stated, in pertinent part:

"He observed the driver's window had been completely smashed in. V/Ali stated that he didn't want to go through his vehicle until the Police arrived... V/Ali then went through his vehicle upon my arrival, and realized there were two pairs of sunglasses stolen and approximately \$25.00 USC [sic] Dollars. The stolen property is listed under the property section of this report. The total amount of property stolen is valued at \$475 USC [sic] Dollars... V/Ali received a Victims Copy of this report."

43. On January 20, 2022, in an effort to authenticate the Stormfront diagnostic quote Respondent submitted to Assurant, an MIA investigator emailed a copy of the document to Stormfront. A Stormfront representative advised that the quote was fraudulent, and reported the following:

There are a few things that we can see that are wrong about this document and it looks as though it was been [sic] modified heavily. The formatting of the text isn't right, its misaligned and our service centre isn't open on December 26th to be able to issue a quote.

44. On January 6, 2022, in an effort to confirm assertions made by Respondent that he was active military, in the U.S. Army, an MIA investigator contacted the Army Criminal Investigation Division ("CID"). A CID investigator reported that Respondent was on active duty and in the reserves from 2012 until he was discharged on May 16, 2021. The Army investigator examined the letter Respondent submitted to Allstate ostensibly prepared by U.S. Army Captain ZM as proof Respondent was responsible to pay for a government issued Dell laptop. The investigator advised that ZM served with Respondent in Hawaii in 2014, but ZM left the Army in 2016. Additionally, ZM's email address was a Gmail account, which would not be used for official military correspondence.

45. On January 11, 2022, an MIA investigator contacted ZM who confirmed the email address and phone number on the letter were his. ZM denied knowledge of the letter. He advised that he was never a Captain in the Army, but served with Respondent while stationed in Hawaii. ZM examined the letter, and noted the alpha numeric code displayed on the letter identified an Army base in Europe; ZM stated

he never served in Europe. ZM recalled that earlier in 2021, Respondent contacted him about using his name in a letter to aid with a police theft investigation. Respondent never mentioned an insurance claim.

46. On January 26, 2022, an MIA investigator contacted the Delaware State Police trooper who investigated Respondent's theft complaint. The trooper reported that Respondent never reported stolen laptop computers and only reported theft of two pairs of sunglasses and \$25.00 cash.

47. An MIA investigator noted inconsistencies in statements made by Respondent during his July 6, 2021, recorded interview with Allstate, which included statements that he had no other insurance coverage, although he had a concurrent claim with Farmers. Respondent stated that in 2019, he purchased the MacBook in England and never had a previous claim for the MacBook. However, Respondent submitted the same proof of purchase for the MacBook to Assurant in his August 22, 2020 claim when he reported that the MacBook was damaged due to a power surge.

48. An MIA investigator examined the proof of loss/ownership documents submitted by Respondent to Assurant, Farmers, and Allstate. The MacBook order from the Apple online UK store, reflecting a December 20, 2019 MacBook purchase was the same in all three claims. The Wells Fargo Visa card statement, submitted to both Assurant and Allstate, for an Apple UK online purchase on December 20, 2020, was also the same.

49. On February 3, 2022, an HSBC financial crimes investigator examined the HSBC statement Respondent submitted to both Farmers and Allstate for a \$700 purchase from oxfordvaughn.com. The investigator concluded that the HSBC statement was false, for the following reasons:

- The post code [equivalent to US Zip Code] characters are out of alignment and should be below the town (Milton Keynes)
- The branch identification number is completely wrong and doesn't exist.
- This is not the proper font for this type of account.
- The HSBC contact telephone number listed is not for this type of account (HSBC Advance).

50. On February 10, 2022, in an effort to authenticate the December 20, 2019 Apple receipt Respondent submitted to Assurant, Farmers, and Allstate, the MIA issued a subpoena to Apple Inc. ("Apple") for the account of Raphael Ali with a Kutztown email address. In response, Apple provided Respondent's purchase history, which revealed that Respondent made no such purchases.

51. Respondent reported to Farmers and Allstate that the Dell laptop was issued to him by his employer, the U.S. Army, although Respondent was discharged from the Army on May 16, 2021, more than a month before the alleged June 21, 2021 theft. The MIA learned that Respondent was actually employed by Leidos, Inc. ("Leidos") at the time of the alleged loss; therefore, an MIA investigator contacted Leidos to determine whether Respondent was issued a Dell laptop. A Leidos representative confirmed Respondent's employment and reported that he was never issued a laptop computer.

III. VIOLATIONS

52. 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:

§ 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;

* * *

(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.

53. By the conduct described herein, Respondent knowingly violated § 27-403. Because the fraudulent insurance act of submitting false documents and making false statements in support of a claim is complete upon submitting the false documents or making the false statements, and is not dependent on payment being made, Respondent committed violations of the Insurance Article when he submitted false documents and made false statements to Assurant, Allstate, and Farmers in support of his claims. As such, Respondent is subject to an administrative penalty under § 27-408(c).

IV. SANCTIONS

54. 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 a fraudulent claim has been submitted to an insurer. See §§ 2-201(d) (1) and 2-405.

55. Having considered the factors set forth in § 27-408(c)(2), the MIA has determined that \$6,000.00 is an appropriate penalty.

56. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2022-0607A, R-2022-0063A, and R-2022-2668A) and name (Raphael Adejo Ali). 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.

57. This Order does not preclude any potential or pending action by any other person, entity, or government authority regarding any conduct by Respondent, including the conduct that is the subject of this Order.

