

BEFORE THE MARYLAND INSURANCE COMMISSIONER

MARYLAND INSURANCE
ADMINISTRATION

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v.

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CASE No.: MIA-2014-02-033

KANGHEE RICHARD OH

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CONSENT ORDER

The Maryland Insurance Commissioner (“Commissioner”) enters this Consent Order (“Order”), with the consent of Kanghee Richard Oh (“Respondent”), pursuant to Md. Ann. Code, Insurance (“Insurance Article”), §§ 2-108, 2-204, and any other applicable sections, as follows:

EXPLANATORY STATEMENT AND FINDINGS OF FACT

1. The Administration issued an Order against Respondent on April 11, 2014. In the Order, Respondent was found to have violated § 27-403(2) of the Insurance Article. An administrative penalty in the amount of \$10,000.00 was assessed.
2. Respondent requested a hearing to contest the findings in the Order.
3. MIA made a determination in an Order dated April 11, 2014, a copy of which is attached hereto and incorporated herein that Respondent had committed insurance fraud, the Respondent requested a hearing but ultimately agreed to not contest the facts and violations as stated in the Order and to resolve the matter through a Consent Order.
4. The parties agree to this Consent Order to avoid litigation. Specifically, Respondent has paid an administrative penalty in the amount of \$5,000.00 simultaneous with the signing of this Consent Order, which payment the Commissioner has accepted by executing this Consent Order.

WHEREFORE, for the reasons set forth above, it is this 23 day of JUNE, 2015, **ORDERED** by the Commissioner and consented to by Respondent that:

- A. Respondent waives any and all rights to any hearing or judicial review of this Consent Order to which he would otherwise be entitled under the Maryland Annotated Code.
- B. Respondent has reviewed this Consent Order and has had the opportunity to have it reviewed by legal counsel of his choice. Respondent is aware of the benefits gained and obligations incurred by the execution of the Consent Order. After careful consideration, Respondent executes this Consent Order knowingly and voluntarily.
- C. For the purposes of the Administration and for any subsequent administrative or other proceedings concerning Respondent, whether related or unrelated to the foregoing paragraphs, and with regard to requests for information about the Respondent made under the Maryland Public Information Act, or properly made by governmental agencies, this Consent 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 Consent Order.
- D. This Consent Order shall be effective upon signing by the Commissioner or his designee, and is a final order of the Commissioner pursuant to § 2-204 of the Insurance Article.
- E. This Consent Order does not preclude any potential action or prosecution by the

Administration or by any other person, entity, or governmental authority regarding any conduct by Respondent, including the conduct that is the subject of this Consent Order.

- F. This Order contains the **ENTIRE AGREEMENT** between the parties relating to the administrative actions addressed herein. As stated in paragraph 4 of this Order, this Consent Order supersedes only the penalty provision of the Order dated April 11, 2014, and any prior agreements or negotiations, whether oral or written, except as specifically incorporated herein. No time frames set forth herein may be amended or modified without subsequent written agreement of the parties.

AL REDMER, JR.
INSURANCE COMMISSIONER

signature on original

By:

Carolyn Henneman
Associate Commissioner
Insurance Fraud Division

KANGHEE RICHARD OH'S CONSENT

Kanghee Richard Oh hereby **CONSENTS** to the representations made in, and terms of, this Consent Order.

signature on original

23JUN15
Date

KANGHEE RICHARD OH

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

KANGHEE RICHARD OH
US NAVAL FORCES KOREA
APO, AP 96205-0010

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. MIA- 2014-02-033

Fraud Division File No. R-12-3328A

ORDER

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

I. Facts

1. 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 or application has been submitted to an insurer. Insurance Article §§ 2-201(d)(1) and 2-405.

2. Title 27, Subtitle 4 of the Insurance Article describes what constitutes “fraudulent insurance acts” and the penalties therefor.

3. The Respondent has a Federal security clearance and is currently serving as a Lieutenant in the United States Navy, Office of Naval Intelligence.

4. On October 19, 2010, Oh obtained a renter’s insurance policy with USAA Insurance Company (“USAA”), Policy #22131453, which was in effect from October 20, 2010 through October 20, 2011. This policy contained a Personal Articles Floater on which the Respondent listed a Rolex watch (serial #V051071) with a \$9,600.00 limit of liability. On January 9, 2011, Oh submitted a claim to USAA. The Respondent claimed that he lost the

insured Rolex watch while gambling at the Borgata Casino in Atlantic City, New Jersey on January 9, 2011. Oh told the USAA representative that he must have lost the Rolex before he left the casino, either while in the men's room or at the gaming table at the casino.

5. The Respondent's claim was referred to USAA's Special Investigative Unit (SIU). When Oh was informed that video footage from the Borgata Casino showed him wearing the watch as he walked out of the casino at 1:04 p.m. on January 9, 2011, the Respondent stated to USAA's investigator, "I actually honestly don't know when I uh...when I lost the watch." When questioned as to why he would make up facts as to how the loss occurred, Oh responded, "I was trying to put a positive spin on my action." Although he maintained that his Rolex watch remained missing, the Respondent told the USAA investigator that he wanted to withdraw his claim. Ultimately, USAA denied Oh's claim in writing on March 11, 2011; because, he "misrepresented material facts in the presentation of the claim."

6. On February 9, 2011, the Respondent obtained a renter's insurance policy from Liberty Mutual Insurance Company ("Liberty Mutual), Policy #H42-238-510687-4013. He scheduled the same Rolex watch on the policy with a liability limit for the Rolex of \$10,275.00. The Liberty Mutual policy was in effect from February 9, 2011 to February 9, 2012. The policy period for the USAA policy was from October 20, 2010 through October 20, 2011.

7. On June 7, 2011, while at work as an Officer at the Office of Naval Intelligence, Oh claimed he lost his Rolex watch (again) and reported the alleged loss to Liberty Mutual under claim # HD332-019153643-01. Liberty Mutual referred the claim to its Special Investigations Unit (SIU) where it was assigned to an investigator. On June 10, 2011, the Respondent sent the Liberty Mutual investigator photographs of himself wearing the watch. He stated that the Rolex was a wedding gift from his in-laws who reside in South Korea. In addition to the photos, Oh also emailed Liberty Mutual a receipt for the watch, which was in Korean. On the same day, the

Respondent emailed Liberty Mutual pictures of an empty Rolex box and the identification card on which was written the watch's serial #V051071. This was the same watch and serial number that he had earlier claimed to USAA had been lost. Through an ISO Claimsearch database inquiry, the Liberty Mutual investigator discovered the prior USAA claim.

8. On June 20, 2011, the Liberty Mutual Investigator took a recorded statement from Oh at his apartment in Silver Spring, Maryland. The Respondent stated that he was at work on June 7, 2011 as a Naval Intelligence Officer when he noticed his Rolex watch was not on his wrist. Oh said that he asked his co-workers if they had seen the watch and he retraced his steps of the morning. The Respondent reported that he checked the places he had been and co-workers helped him with his search around their work stations. Oh reported the loss to the Office of Naval Intelligence ("ONI") Police since he lost the watch while on base. The report was assigned incident number #110001500027. The Respondent stated that he was able to forward the receipt for the Rolex from an email he had saved from when he originally sent the proof of ownership to Liberty Mutual when obtaining the policy.

9. During her interview with Oh, the Liberty Mutual Investigator asked about claims he previously submitted. At that time, the Respondent admitted to having a prior claim with USAA pertaining to the same watch and called it "embarrassing." Oh stated that he had gone to Atlantic City and lost the watch while gambling. The Respondent stated that he had "embellished" the USAA claim in an attempt to make himself look better. Oh confirmed that USAA denied the claim due to material misrepresentation and admitted that he told USAA that he searched for the watch when he had not, in fact, done so. The Respondent described that he decided to cancel the claim with USAA because he was concerned about his gambling causing issues with his security clearance. Oh then stated that he found the watch on May 15, 2011 after hitting a median strip while operating his vehicle. The Respondent theorized that the impact

must have caused the watch to slide out from under his seat. Oh reported that he found the watch while getting his belongings from his car at an auto repair shop in May 2011, which would have been about three months after the Respondent had obtained a subsequent insurance policy with Liberty Mutual that was scheduled with the Rolex watch. The Respondent confirmed that he only owned the one Rolex.

10. The Liberty Mutual investigator continued her investigation into Oh's claim and conducted a mock walk-through at the Office of Naval Intelligence in an effort to recreate the events surrounding the day the Respondent allegedly lost his Rolex the second time. The investigator also interviewed Oh's co-workers, witnesses, and the Sergeant who took the police report. An agent who worked in the Sales Department at Liberty Mutual's Rockville, MD office confirmed that the Respondent's policy was obtained over the phone. At that time, Oh did not reveal that he was not in possession of the watch when he scheduled it on the policy. The agent noted that she "would not have been able to write a policy for an item Oh did not have." Liberty Mutual's investigator scheduled an Examination Under Oath ("EUO") with the Respondent for February 17, 2012.

11. During his EUO, the Respondent went through the events surrounding his Liberty Mutual claim; described the circumstances regarding the previous USAA loss on January 9, 2011 in Atlantic City, NJ; and claimed that he later found the same Rolex watch in his car in May of 2011 only to lose or have it stolen again on June 7, 2011 on base in Washington, D.C.

12. On May 7, 2012, Liberty Mutual denied the Respondent's claim in writing based on "material misrepresentation" due to the scheduling of a watch that was not allegedly in his possession at the time of the policy inception.

13. 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.” Having a good faith belief that insurance fraud had been committed, Liberty Mutual referred the file to the Maryland Insurance Administration Fraud Division.

14. The MIA interviewed the Liberty Mutual investigator and confirmed her handling of the claim, including the inception of the Liberty Mutual policy and the events surrounding the alleged loss on June 7, 2011.

15. The MIA confirmed that Oh’s policy was taken by telephone by an agent at the Rockville location and the Liberty Mutual policy was signed by the Respondent on February 15, 2011. Liberty Mutual further advised that no additional supporting documentation for ownership or the liability amount for the item was received from Oh regarding the Rolex until he made the claim, which was contradictory to the Respondent having stated that he had submitted proof of ownership at the time of the policy’s inception.

16. On June 27, 2013, the MIA spoke to Oh by telephone and he advised that subsequent to the loss reported to Liberty Mutual, the Rolex watch that he had lost twice had been recovered in December 2012 or January 2013. The Respondent averred that “someone left it” in his drawer at work with a Post-It note with “sorry” written on it. Oh stated that he did not tell Liberty Mutual since they had already denied the claim. The Respondent stated that he had notified ONI Police that his watch had been recovered, but he was not going to ruin someone’s career by pushing the issue.

17. The MIA investigator questioned Oh about the fact that he reported the Rolex missing to USAA, then took out a policy with Liberty Mutual with the same Rolex as scheduled property, during a period of time he alleged that the watch was missing. The Respondent replied that he scheduled the Rolex under “attorney advisement, just in case it was found,” but was not

able to provide the name of the attorney who allegedly gave him such advice. Oh was a law school graduate before joining the Navy.

18. On July 29, 2013, the MIA obtained a recorded interview with Oh. The Respondent asserted that the USAA investigator told him to have the Rolex insured with another carrier in case it was found. Oh repeatedly stated during the recorded interview that he was sure that Liberty Mutual was told that he was not in possession of the Rolex at the time of his policy's inception. However, the Respondent also contradicted himself by stating several times that he asked Liberty Mutual if they wanted to see the watch (thus implying it was still in his possession). Oh asserted that he provided the receipt, photographs of the Rolex, and the ownership card with the serial number to the agent at Liberty Mutual at the time of the policy inception and could prove so by forwarding his emails to the MIA. On the same date, the Respondent forwarded his emails to the MIA investigator, but none supported this claim or proved that Oh submitted this information at policy inception. The emails only provided the initial exchanges between the Respondent and the Rockville agent, which were regarding quotes, payments, and other scheduled items on his policy.

II. Violation(s)

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

19. **§ 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.

20. § 27-406(1)

It is a fraudulent insurance act for a person:

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

21. § 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.

22. By the conduct described, Kanghee Richard Oh violated § 27-403(2) and/or § 27-406(1) and is subject to administrative penalty under the Insurance Article.

III. Sanctions

23. By the facts and violations stated above, Oh is subject to an administrative penalty. In view of his repetitively mendacious conduct, an administrative sanction of \$10,000.00 is appropriate. He filed two false claims and a false application, and compounded his culpability by lying during the ensuing investigations.

24. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-12-3328A) and name (Kanghee Richard Oh). Unpaid penalties will be referred to the Central Collection 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.

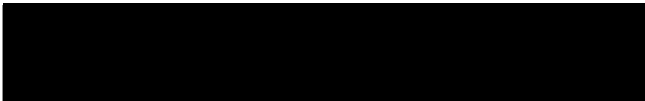
25. This Order does not preclude any potential or pending action by any other person, entity, or government authority, regarding any conduct by the Respondent, including the conduct that is the subject of this Order.

WHEREFORE, for the reasons set forth above, and subject to the right to request a hearing, it is this 11th day of April 2014, **ORDERED** that:

(1) Kanghee Richard Oh shall pay an administrative penalty of \$10,000.00 within 30 days of the date of this Order.

THERESE M. GOLDSMITH
Insurance Commissioner

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.