

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

SHANDORF YIRENKYI
22230 Trentworth Way
Clarksburg, Maryland 20871

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2014-10-002

Fraud Division File No.: R-2014-3885A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Shandorf Yirenkyl (“Yirenkyl” 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. A “certificate of insurance” (“COI”) is a document that is prepared or issued by an insurer or insurance producer as evidence of property or casualty insurance coverage. Insurance Article §19-116(a)(3)(i).

2. Maryland law provides that a person may not prepare or issue a certificate of insurance that the person knows contains false or misleading information or that purports to amend, alter, or extend the coverage provided by the policy of insurance referenced in the certificate. Insurance Article §19-116(g).

3. Maryland law further provides that a person who leases or rents an inflatable amusement device is required to obtain insurance acceptable to the Insurance Commissioner against liability for injuries to anyone using the device. The insurance must be in the amount of at least \$200,000. Md. Code Ann., Business Regulation §§3-101 and 3-403. The purpose of

these and related provisions is to “ensure, as far as possible, the safety of the public.” Md. Code Ann., Business Regulation, §3-102.

4. The Montgomery County Department of Parks and Recreation (“MCDPR”) rents out several of its facilities for use by the public. In that circumstance, proof of insurance is required to be presented to MCDPR.

5. In May 2014, a restaurant chain was planning to hold a corporate event using an MCDPR facility. As part of that event, the chain considered hiring Moonbounceday, which rents amusement devices, which are inflatable recreational structures known as “bounce houses.” Moonbounceday operates from Clarksburg, Maryland.

6. On May 16, 2014, Moonbounceday sent an email to the restaurant chain containing a COI purporting to demonstrate liability insurance coverage. On that same day, the restaurant chain presented the COI to MCDPR in connection with the planning of the aforementioned corporate event.

7. The COI stated that Moonbounceday had liability insurance (policy # [REDACTED]) for the period covering July 1, 2013, through July 1, 2014. The insurance producer was listed as CSI Insurance Agency (“CSI”) and the insurer was listed as Interstate Fire and Casualty Insurance Company, a subsidiary of Fireman’s Fund Insurance Company (“FFI”).

8. An MCDPR employee contacted CSI to confirm the legitimacy of the COI. CSI advised that the policy effective and expiration dates had been altered, and that the Moonbounceday insurance policy had expired over three years ago.

9. On May 19, 2014, an account manager for CSI contacted FFI. The insurer advised that, although it had previously insured Moonbounceday from May 6, 2009, to May 20, 2011, it no longer insured the company and the dates on the COI were false.

10. Section 27-802(a)(1) of the Insurance Article states, “An authorized insurer... 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.” FFI, having a good faith belief that insurance fraud had been committed, referred the matter to the MIA Fraud Division on May 30, 2014.

11. MIA reviewed the FFI file and confirmed the information as set forth above.

12. On August 6, 2014, MIA interviewed the manager of the restaurant chain. The manager advised that, in accordance with MCDPR requirements, she requested proof of insurance from Moonbounceday, and on May 16, 2014 received the COI via email from “order@moonbounceday.com.” The manager ultimately did not rent from Moonbounceday in light of MCDPR’s expressed concern about the validity of the COI.

13. On August 26, 2014, MIA interviewed Respondent, who reported that he had been the one who sent the manager the altered COI from his home office in Maryland. Respondent advised that he had used an expired COI issued by CSI Insurance Agency. He admitted to altering the policy’s effective date and expiration date to make it appear as though Moonbounceday had current liability insurance when in fact the company was not insured.

II. Violation(s)

14. The Administration relies on the following pertinent sections in finding that the Respondent violated Maryland’s insurance laws:

15. **§27-406(5)**

It is a fraudulent insurance act for a person:

(5) with intent to deceive, knowingly to exhibit a false account, document, or advertisement about the affairs of an insurer.

16. **§19-116(g)**

A person may not prepare or issue a certificate of insurance that the person knows contains false or misleading information or that purports to amend, alter, or extend the coverage provided by the policy of insurance referenced in the certificate.

17. **§27-408(c)**

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, Shandorf Yirenyki violated §27-406(5) and is subject to an administrative penalty under the Insurance Article §27-408.

III. Sanctions

19. The Respondent violated the Insurance Article with the intent to deceive when he knowingly presented a fraudulent Certificate of Insurance to the restaurant chain, falsely representing that he had the requisite insurance with FFI, when in fact the insurance had lapsed several years prior. Without the requisite insurance, he potentially jeopardized the welfare of individuals using his equipment. Having considered the factors set forth in § 27-408(c)(2), MIA has determined that \$1,000.00 is an appropriate penalty.

20. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number R-2014-3885A and name Shandorf

Yirenkyi. Unpaid penalties will be referred to the Central Collections Unit for collection. 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.

21. 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 1st day of October 2014, **ORDERED** that:

(A) Shandorf Yirenkyi pay an administrative penalty of \$1,000.00 within 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.