

# Exhibit C



October 24, 2019

**VIA FEDERAL EXPRESS  
EMAIL AND REGULAR MAIL**

Michael Stein  
245 East 54<sup>th</sup> Street, Unit 8  
New York, New York 10022  
E-mail: [Michael.B.Stein@wellsfargo.com](mailto:Michael.B.Stein@wellsfargo.com)

Re: Insured: Michael Stein  
Location: 245 East 54<sup>th</sup> Street, Unit 8, New York, NY 10022  
Date of Loss: February 26, 2018 (as reported)  
Type: Water  
Policy No.: 2006000031 (the "Policy")  
Policy Period: 1/9/18-1/9/19  
Claim No.: 3288384

Dear Mr. Stein:

We write in connection with your claim under National General Insurance Company ("NGIC") Policy number 2006000031 (the "Policy") for damage reported to have occurred at 245 East 54<sup>th</sup> Street, Unit 8, New York, New York 10022 (the "Premises") on or about February 26, 2018. As you are aware, National General was investigating this claim under a full Reservation of Rights. We have now concluded our investigation of your claim and we write to advise that, for the reasons set forth below, your claim is denied.

As you know, the Policy contains Conditions that must be complied with as a prerequisite to coverage being available under the Policy. These include the following:

**SECTION I – CONDITIONS**

\* \* \*

**B. Duties After Loss**

\* \* \*

5. Cooperate with us in the investigation of a claim;
6. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;



7. As often as we reasonably require:
  - a. Show the damaged property;
  - b. Provide us with records and documents we request and permit us to make copies; and
  - c. Submit to examination under oath, while not in the presence of another "insured", and sign the same;

(See Policy at Form No. HO 6000 01 06, p. 10 of 19.).

Throughout our investigation, you were asked to provide documents and information, which you did not do. For example, on February 8, 2019, you were asked to produce certain documents as part of our investigation, but you failed to do so. On March 27, 2019, you were again asked to produce documents in support of our investigation, which you did not do. Instead of producing the requested documents, your public adjuster responded that "nothing you have asked for has anything to do with producing an estimate." Your public adjuster further stated that "Dinley pics or insureds [sic] pics do not make or break the claim."

On May 28, 2019, you were sent a letter which, among other things, requested documents (a request for information, "RFI"), and demanded that you participate in an Examination Under Oath ("EUO") on July 9, 2019. At your EUO on September 10, 2019, you testified that you received this letter, but did not respond to it. You also did not call to confirm that you would appear for your EUO as the letter requested.

On June 24, 2019, you were sent a second letter, requesting information and demanding your participation in an EUO on July 30, 2019. Once again, you did not call to confirm that you would appear for your EUO as requested. At your September 10, 2019 EUO, you testified that you also received this letter, yet did not to cooperate with our requests for these documents that were material to our investigation.

On July 15, 2019, a third letter was sent to you, to which your attorney responded on or about July 24, 2019. Yet, you provided no excuse for ignoring the first two letters.

While you appeared at your EUO on September 10, your inability to explain the most basic facts of your claim suggests that your testimony was less than truthful. For example, you were unable to explain how you calculated the damages you are claiming under the Policy. You could not explain why the purported repair estimate prepared by your public adjuster, and upon which you have made your claim, is about double the estimate prepared by the contractor that you chose to make the repairs. While you could identify no deficiencies with the estimate prepared by our consultant, J.S. Held, you have inexplicably submitted a claim that is approximately 13 times higher.<sup>1</sup> Despite our attorneys best efforts to obtain your cooperation,

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<sup>1</sup> As part of our investigation, we retained J.S. Held to visit the loss location and draft an estimate for the repair and remediation of claimed damages related to the February 26, 2018 water leak. On April 15, 2019 we sent you an itemized estimate for repairs to your dwelling, which totaled \$30,519.82. As you know, on or about that same day,



and despite the fact that you later signed a Sworn Proof of Loss based on your public adjuster's estimate, you were unwilling to explain that basis of your damages and these significant discrepancies under oath.

Your refusal to cooperate, provide responsive answers to the questions presented at your EUO, and your failure to provide the documents when requested in several letters prior to the EUO, are each breaches of the above Policy Conditions, which warrants a denial of your claim.

In addition, you have breached other Conditions of coverage. Under the Policy, you were required to return your signed, Sworn Proof of Loss within 60 days, as set forth in detail in the Policy as follows:

#### SECTION I – CONDITIONS

##### B. Duties After Loss

\* \* \*

8. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:

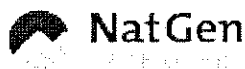
- a. The time and cause of loss;
- b. The interests of all "insureds" and all others in the property involved and all liens on the property;
- c. Other insurance which may cover the loss;
- d. Changes in title or occupancy of the property during the term of the policy;
- e. Specifications of damaged buildings and detailed repair estimates;  
The inventory of damaged personal property described in 6., above;
- g. Receipts for additional living expenses incurred and records that support the fair rental value loss;

(See Policy at Form No. HO 6000 01 06, p. 10 of 19.).

Pursuant to this provision, our attorneys, on behalf of National General, sent you a request for a Sworn Proof of Loss on July 9, 2019, which enclosed two blank Sworn Proof of Loss forms. You received this request on July 10, 2019, and 60 days thereafter was September 7, 2019. While you testified that you received the July 9 letter, you also testified that you did not return a signed, Sworn Proof of Loss prior to the date of your EUO, which took place on

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we issued to your public adjuster a settlement check based on those calculations, in the amount of \$25,519.82, which represented the replacement cost of your property minus your Policy's \$5,000.00 deductible.



September 10, 2019. Your failure to abide by this Condition of coverage also warrants a denial of your claim.

Aside from being untimely, your Sworn Proof of Loss, which your attorney submitted at the conclusion of your EUO on September 10, 2019, appears to contain materially false statements concerning the amount of your actual damages. Specifically, you have claimed almost double your own contractor's estimated cost of repair, and hundreds of thousands of dollars more than the estimate prepared by J.S. Held.

It is clear that this discrepancy is not simply a difference of opinion among the consultants who estimated the damages, because, among other reasons, the estimate upon which you have made your claim contains many line items that are unrelated to the loss. For example, that estimate includes a \$66,606.23 line item for "Repair of prevous [sic] Contractor Subpar Work," which obviously has nothing to do with your insurable loss. Similarly, the estimate includes a \$3,400.00 line item for electrical work to "Trouble shoot existing work done by others," a \$2,500.00 line item to "Add receptacles were needed as per NYC electrical Code," and a \$3,500.00 line item to "complete work started by others." None of these items are related to the loss. At your EUO, you were unable to explain any of the items that your public adjuster included in his reconstruction estimate.

These and other facts suggest that your Sworn Proof of Loss presented an intentionally inflated claim for damages. Thus, even if it was not untimely, your Sworn Proof of Loss would be rejected on this basis.

Regarding this apparent, intentional inflation of your claim, the Policy provides the following:

#### SECTIONS I AND II—CONDITIONS

\* \* \*

The following Paragraph J. is added:

##### **J. Concealment Or Fraud**

We do not provide coverage for the "insured" who, whether before or after a loss, has:

1. Intentionally concealed or misrepresented any material fact or circumstance; or
2. Engaged in fraudulent conducted; relating to this insurance.

(See Policy at Form SH 01 31 08 12.).

Thus, your submission of an untimely, Sworn Proof of Loss seeking inflated damages is a breach of the above fraud provision, which also warrants a denial of your claim.



Finally, at your EUO, you testified that, while you were informed of the leak in your wall at approximately 3:30 AM, you did not immediately turn the water off, nor did you seek to have the building's superintendent do so, even though there was an access panel in your unit. You testified that you believed the water was still leaking the next morning when you left the premises. Specifically, you testified that did not remain in your unit the next morning to ensure that the water was turned off, but rather you left the premises, and there was no other adult at the unit to ensure the leak was addressed. Your inaction undoubtedly increased your damages, and is a breach of the Policy's Conditions, which provide in pertinent part:

#### SECTION I – CONDITIONS

\* \* \*

##### B. Duties After Loss

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4. Protect the property from further damage. If repairs to the property are required, you must:
  - a. Make reasonable and necessary repairs to protect the property; and
  - b. Keep an accurate record of repair expenses;

(See Policy at Form No. HO 6000 01 01.).

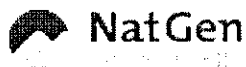
This provides yet another ground for the denial of your claim.

For these, and possibly other reasons, none of which National General intends to waive, National General has no liability for your claimed loss. National General reserves its right to assert additional grounds for the denial of coverage upon receipt of additional facts. Neither this letter nor any of the actions taken by National General or any of its representatives should be construed as a waiver of any right under the Policy or at law. All rights are specifically reserved, including the right to seek reimbursement of monies previously paid to you due to your breaches of the Policy, as noted above. Please also note that, since your claim has been denied, we reject your appraisal request.

Finally, please be advised that the following provision:

##### G. Suit Against Us

No action can be brought against us unless there has been full compliance with all of the terms under Section I of this policy and the action is started within two years after the inception of the loss. For purposes of this condition, inception of the loss means the date on which the direct physical loss or damage occurred.



(See Policy at "Special Provisions – New York" at Form HO 01 31 08 12.).

Should you wish to take this matter up with the New York State Department of Financial Services, you may file with the Department either on its website at [www.dfs.ny.gov/consumer/fileacomplaint.htm](http://www.dfs.ny.gov/consumer/fileacomplaint.htm) or you may write to the Consumer Assistance Unit, New York State Department of Financial Services, One Commerce Plaza, Albany, NY 12257, fax no. (518)474-2188, or call (800)342-3736, (212)480-6400, or (518)474-6600.

Sincerely,

*Travis R. Hawkins*

Travis R. Hawkins  
Large Loss Manager  
Premier Property Claims  
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On behalf of Integon National Insurance Company  
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