

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

LASHAWN LEE
1306 Iverson Street, Apt. 101
Oxon Hill, Maryland 20745

*
*
*
*
*
*
*
*
*
*

BEFORE THE STATE OF MARYLAND
INSURANCE COMMISSIONER

CASE NO. MIA-2014-01-016
Fraud Division File No. R-13-1301A

ORDER

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

I. Facts

1. The Commissioner may investigate any complaint that alleges that a fraudulent claim has been submitted to an insurer. §§ 2-201(d)(1) and 2-405. 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.

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

3. Lee had an American Family Life Assurance Company (“AFLAC”) Accident insurance policy. The policy number was [REDACTED]. The effective date of the policy was January 1, 2008. The policy lapsed on September 6, 2011 due to non-payment.

4. The Respondent was employed by Greater Metropolitan Orthopedics Institute (“GMOI”) from March 26, 2007 through June 24, 2011. Lee’s job title was patient accounts representative.

5. Between 2009 and 2011, the Respondent filed numerous claims against her AFLAC policy. On August 3, 2011, an AFLAC claims specialist made a fraud referral due to "excessive claim filings" to AFLAC's Special Investigations Unit ("SIU"). The suspicious claims were submitted by Lee to AFLAC between December 7, 2009 and July 22, 2011. These claims were for alleged medical treatment performed at GMOI, the Respondent's employer, for Lee, her husband ("family member 1"), as well as her three children ("family members 2, 3, and 4").

6. On August 9, 2011, a fraud investigation was opened by AFLAC under SIU case number CL11-1049 and assigned to an AFLAC SIU investigator.

7. On October 25, 2012, AFLAC's SIU investigator prepared a report of the investigation. Based on information provided by GMOI, the insurer concluded that between December 7, 2009 and July 22, 2011, Lee submitted false claims for emergency visits, follow up visits, appliance benefits, fractures, dislocation benefits, and physical therapy. By that point in time, AFLAC had already compensated Lee for those false claims.

8. Insurance § 27-802(a)(1) states, "An authorized insurer, its employees, ...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, AFLAC's SIU investigator referred the file to the Maryland Insurance Administration's Fraud Division.

9. On July 16, 2013, the MIA contacted a GMOI patient account specialist ("billing specialist") and requested a review of the claims submitted by Lee, which were later deemed

fraudulent by AFLAC. The MIA requested verification of the treatment alleged by the Respondent.

10. On July 17, 2013, the billing specialist reported that she reviewed all of the claims and dates by checking them against GMOI's computer systems. However, the GMOI patient account specialist reported finding only a "couple" of the dates to be true and correct, inclusive of:

- Claim number 922204943: The billing specialist noted that treatment was received by family member 2 on May 1, 2009, not June 1, 2009.

11. In light of the billing specialist's findings, the MIA followed up with AFLAC. The SIU investigator reported that claim number 922204943 for an emergency visit for family member 2 was legitimate; however, the physical therapy as claimed by Lee was not. Therefore, the claim was false and there would be no change to the loss suffered by the insurer.

12. On July 29, 2013, the Respondent submitted to a recorded interview conducted by MIA. Lee confessed to submitting false claims to AFLAC alleging treatment at GMOI for herself and family members 1, 2, 3, and 4. She admitted to using her position at GMOI to create fictitious provider claim forms, which she later faxed from GMOI in Clinton, Maryland to AFLAC in support of her false claims. Additionally, Lee admitted that she had access to physicians' signature stamps in her job and used those signature stamps on treatment forms in support of her false claims. The Respondent reported that her employment with GMOI was terminated as a result of these false billings. Lee further stated, "This is probably the stupidest thing I ever did."

13. With respect to claim number 922204943, the Respondent agreed that the physical therapy service for which she erroneously received \$315.00 in benefits from AFLAC was not rendered.

14. Lee acknowledged receiving payments from AFLAC for her fraudulent insurance claims.

15. The investigation disclosed that the following twenty-two (22) claims were false. Based on these findings, the insurer suffered a loss of \$14,838.75.

16. Pursuant to the investigation conducted by MIA, the following twenty-two (22) claims for alleged treatment of the Respondent and her family members 1, 2, 3, and 4 were determined to be false.

- (1) Claim number 031204894: On April 17, 2010, AFLAC issued a check to Lee for benefits in the amount of \$2,780.00 for treatment allegedly received by the Respondent herself.
- (2) Claim number 362304914: On May 6, 2010, AFLAC issued a check to Lee for benefits in the amount of \$35.00 for treatment allegedly received by the Respondent herself.
- (3) Claim number 799005016: On July 6, 2010, AFLAC issued a check to Lee for benefits in the amount of \$315.00 for nine physical therapy visits (May 10, 2010 through June 4, 2010) for treatment allegedly received by the Respondent herself.
- (4) Claim number 635305208: On October 21, 2010, AFLAC issued a check to Lee for benefits in the amount of \$1,495.00 for treatment allegedly received by the Respondent herself.
- (5) Claim number 795305208: On October 26, 2010, AFLAC issued a check to Lee for benefits in the amount of \$35.00 for treatment allegedly received by the Respondent herself.
- (6) Claim number 744205626: On May 25, 2011, AFLAC issued a check to Lee for benefits in the amount of \$895.00 for treatment allegedly received by the Respondent herself.
- (7) Claim number 695304723: On January 26, 2010, AFLAC issued a check to Lee for benefits in the amount of \$182.50 for alleged treatment of family member #1.
- (8) Claim number 738904968: On June 9, 2010, AFLAC issued a check to the Respondent for benefits in the amount of \$210.00 for alleged treatment of family member #1.

- (9) Claim number 097105157: On September 23, 2010, AFLAC issued a check to Lee for benefits in the amount of \$570.00 for alleged treatment of family member #1.
- (10) Claim number 047905507: On March 25, 2011, AFLAC issued a check to the Respondent for benefits in the amount of \$895.00 for alleged treatment of family member #1.
- (11) Claim number 259305646: On June 3, 2011, AFLAC issued a check to Lee for benefits in the amount of \$350.00 for alleged treatment of family member #1.
- (12) Claim number 408304850: On April 1, 2010, AFLAC issued a check to the Respondent for benefits in the amount of \$211.25 for alleged treatment of family member #2.
-
- (13) Claim number 922204943: On May 24, 2010, AFLAC issued a check to Lee for benefits in the amount of \$315.00 for alleged treatment of family member #2.
- (14) Claim number 733105434: On February 16, 2011, AFLAC issued a check to the Respondent for benefits in the amount of \$1,145.00 for alleged treatment of family member #2.
- (15) Claim number 899105578: On April 28, 2011, AFLAC issued a check to Lee for benefits in the amount of \$820.00 for alleged treatment of family member #2.
- (16) Claim number 675105676: On June 21, 2011, AFLAC issued a check to the Respondent for benefits in the amount of \$1,445.00 for alleged treatment of family member #2.
- (17) Claim number 467904968: On June 8, 2010, AFLAC issued a check to Lee for benefits in the amount of \$350.00 for alleged treatment of family member #3.
- (18) Claim number 177105483: On March 14, 2011, AFLAC issued a check to Lee for benefits in the amount of \$820.00 for alleged treatment of family member #3.
- (19) Claim number 481005596: On May 11, 2011, AFLAC issued a check to Lee for benefits in the amount of \$350.00 for alleged treatment of family member #3.

- (20) Claim number 825605762: On August 4, 2011, AFLAC issued a check to the Respondent for benefits in the amount of \$820.00 for alleged treatment of family member #3.
- (21) Claim number 070405279: On November 29, 2010, AFLAC issued a check to Lee for benefits in the amount of \$520.00 for alleged treatment of family member #4.
- (22) Claim number 793405305: On December 10, 2010, issued a check to the Respondent for benefits in the amount of \$280.00 for alleged treatment of family member #4.

17. According to AFLAC's SIU investigator, Lashawn Lee has made three payments toward restitution, on July 18, 2013 for \$25.00, August 19, 2013 for \$25.00, and October 25, 2013 for \$20.00. Total restitution made by the Respondent to date is \$70.00.

II. Violation(s)

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

18. **§ 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.

(5) to misappropriate benefits under a policy;...

19. **§ 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

(ii) order restitution to an insurer or self-insured employer of any insurance proceeds paid relating to a fraudulent insurance claim.

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.

20. By the conduct described herein, the Respondent violated § 27-403 and is subject to administrative penalty.

III. Sanctions

21. By the facts and violations stated above, an administrative penalty shall be assessed against Lee.

22. In view of the deceptive and serial nature of Lashawn Lee's unlawful conduct while holding a position with her employer as a patient accounts representative, an administrative fine of \$20,000.00 is an appropriate penalty in this case.

23. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-13-1301A) and name (Lashawn Lee). 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.

24. Additionally, the Respondent is ordered to reimburse AFLAC in the amount of \$14,768.75, which is minus the \$70.00 in restitution payments already made by the Respondent.

25. Notification of reimbursement to AFLAC shall be made in writing to the Associate Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202. Such notification shall include a copy of the money order or cancelled check issued to AFLAC as proof of reimbursement and identify the case by number (R-13-1301A) and name (Lashawn Lee).

26. 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 that which 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 13th day of January 2014, **ORDERED** that:

- (1) Lashawn Lee shall pay an administrative penalty of \$20,000.00; and
- (2) The Respondent shall reimburse AFLAC in the amount of \$14,768.75 as restitution.

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, a person aggrieved 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: Sharon Kraus, 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.