

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

SHALAMA N. BROOKS
426 Shore Drive
Joppa, MD 21085

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2016-07-019
Fraud Division File No.: R-2016-1281A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Shalama Brooks (“Respondent”) pursuant to §§ 2-108, 2-201, 2-204 and 2-405 of the Insurance Article, Md. Code Ann. (2011 Repl. Vol. & Supp.)(“Insurance Article”).

I. Facts

1. On November 11, 2014, Respondent was operating her BMW X5 when she was struck by a vehicle insured by Nationwide Mutual Insurance Company (“Nationwide”), an authorized insurer. Respondent notified Nationwide of the accident and claimed bodily injury. Nationwide assigned claim number 113572-GB.

2. On December 11, 2014, Respondent settled her claim with Nationwide. As part of the settlement, \$6,397.30 was placed in reserve for medical expenses incurred within the next four months as a result of the November 11, 2014 accident.

3. On September 17, 2015, Respondent submitted to Nationwide a \$5,880.00 invoice for medical treatments she purportedly received at [REDACTED] between December 15, 2014 and September 14, 2015, due to injuries from the November 11, 2014 accident. She advised that she paid the medical bills and was seeking reimbursement.

4. Nationwide contacted [REDACTED] and learned Respondent's treatment began in September 2015, not December 2014 as noted on the invoice. Consequently, Nationwide referred the matter to its Special Investigations Unit ("SIU").

5. On October 15, 2015, a SIU investigator contacted [REDACTED] and it provided the investigator with a record of Respondent's treatment dates. A [REDACTED] representative compared treatment records of Respondent with the invoice she submitted to Nationwide and confirmed that Respondent's treatment began in September 2015, not December of 2014 as reflected on Respondent's invoice. The representative also noted that the font type on the invoice header and tax identification number appeared inconstant with actual Sigafoose documents, and the patient's identification number was too high to have been assigned in December 2014.

6. On October 23, 2015, Nationwide contacted Respondent to obtain a recorded interview; she subsequently withdrew her claim.

7. Section 27-802(a)(1) of the Insurance Article states:

An authorized insurer, its employees, fund producers, 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.

Nationwide, having a good faith belief that Respondent committed insurance fraud, referred the matter to the MIA's, Fraud Division.

8. During the course of its investigation, the MIA contacted Nationwide and confirmed its handling of Respondent's claim.

9. An MIA investigator interviewed the office manager for [REDACTED]. She reported that Respondent was only treated on five occasions in September 2015. She had not been treated

on any of the dates listed on invoice Respondent submitted to Nationwide, and the invoice Respondent submitted to Nationwide was altered.

II. Violation(s)

10. 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:

11. **§ 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.

12. **§ 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.

13. By the conduct described herein, Respondent knowingly violated § 27-403. Because the fraudulent insurance act of providing a false document in support of a claim is complete upon submission of the false document and is not dependent on payment being made, Respondent committed a violation of the law when she provided a false document to

Nationwide. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

14. 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. Insurance Article §§ 2-201(d)(1) and 2-405.

15. Respondent submitted a false invoice for alleged medical treatment to fraudulently obtain reimbursement benefits. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, the MIA has determined that \$3,000.00 is an appropriate penalty under the statute.

16. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2016-1281A) and name, (Shalama N. Brooks). Unpaid penalties will be referred to the Central Collections Unit for collection. Payment of the administrative penalty shall be sent to the attention of: Steve Wright, Associate Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202.

17. 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.

WHEREFORE, for the reasons set forth above, and subject to the right to request a hearing, it is this 26th day of July 2016, **ORDERED** that:

Shalama Brooks shall pay an administrative penalty of Three-Thousand Dollars (\$3,000.00) within 30 days of the date of this Order.

ALFRED W. REDMER, JR.
Insurance Commissioner

signature on original

BY:

STEVE WRIGHT *o*
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: Hearings and Appeals Coordinator. 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 Respondent in a Final Order after hearing.