

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

LEON SAMUEL
10114 Astill Court
Waldorf, Maryland 20603

*
*
*
*
*
*
*
*
*
*

BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2016-12-014

Fraud Division File No.: R-2017-0321A

ORDER

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

I. Facts

1. Respondent had automobile insurance with California State Automobile Association (“CSAA”), an authorized insurer. The policy was in effect from May 21, 2015 to May 21, 2016.

2. On March 31, 2016, Respondent notified CSAA that he had an automobile accident in Charles County, Maryland, when he struck a wild turkey. CSAA assigned claim number 1001397234.

3. On April 2, 2016, Respondent was treated at George Washington University Hospital emergency room for injuries related to the March 31, 2016, accident.

4. On April 19, 2016, in support of his claim, Respondent submitted to CSAA a Personal Injury Protection (“PIP”) application for benefits, which contained the following fraud warning:

“Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.”

Within the PIP application, Respondent reported he was employed by “NLP” as a truck driver and made \$1,200.00 a week. He reported losing \$960.00 in wages as he was unable to return to work until April 6, 2016, following the March 31, 2016, accident. Respondent signed the PIP application certifying the information was “true and correct.”

5. On April 27, 2016, CSAA received an Employment and Wage Verification form (“lost wages form”) purportedly from Respondent’s employer, ostensibly signed by the “HR Foreman.” The lost wages form stated Respondent made \$1,280.00 a week, was absent from work April 1, 2016 through April 6, 2016, following the March 31, 2016, accident, and lost \$980.00 in wages

6. On May 10, 2016, CSAA contacted Respondent's employer, Centuri Construction Group (“NLP”), to verify the lost wages form. A representative from NPL advised that the employee who signed the lost wages form was not a human resources foreman, but a construction site foreman, who was not authorized to complete lost wages forms.

7. On July 29, 2016, CSAA notified Respondent it was denying his claim.

8. Section 27-802(a)(1) of the Maryland 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.”

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

9. During the course of its investigation the MIA contacted CSAA and confirmed its handling of Respondent's claim.

10. On November 23, 2016, an MIA investigator contacted the payroll administrator for Respondent's employer, NPL, to verify the lost wages form; the payroll administrator advised that Respondent missed one day of work on April 1, 2016, and had been scheduled off on April 2 and 3, 2016. Respondent worked April 4 through 6, 2016, and made \$704.94 for the week ending April 10, 2016. Additionally, the signature on the lost wages form was not an HR Foreman, but a Construction Foreman who never worked in the human resources department.

11. On December 8, 2016, an MIA investigator interviewed the Construction Foreman whose signature appeared on Respondent's lost wages form. He confirmed he signed the form and explained that Respondent had presented the completed form to him and asked him to sign it. He had known Respondent for years and therefore did not question the information, nor did he verify Respondent's work schedule. At that time he believed he was authorized to sign the lost wages form.

II. Violation(s)

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

13. **§ 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.

14. § 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.

15. By the conduct described herein, Respondent violated § 27-403. Because the fraudulent insurance act of submitting 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 Insurance Article when he submitted the false document to CSAA. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

16. 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.

17. By the conduct described herein, Respondent violated § 27-403 and is subject to the imposition of an administrative penalty under the Insurance Article.

18. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, the MIA determined that \$1,500.00 is an appropriate penalty under the statute.


19. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2017-0321A) and name (Leon Samuel). 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.

20. 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 15th day of December 2016, **ORDERED** that:

Leon Samuel shall pay an administrative penalty of one thousand five hundred dollars (\$1,500.00) within 30 days of the date of this Order.

ALFRED W. REDMER, JR.
Insurance Commissioner

BY: signature on original
STEVE WRIGHT 
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 the Respondent in a Final Order after hearing.