

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

LESTER DIXON WILLIAMS
3416 Carriage Hill Circle, Apt. T1
Randallstown, Maryland 21133

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2018-01-064

Fraud Division File No.: R-2018-1048A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Lester Dixon Williams (“Respondent”) pursuant to §§ 2-108, 2-201, 2-204, and 2-405 of the Insurance Article, Md. Code Ann. (2017 Repl. Vol. & Supp.)(“the Insurance Article”).

I. Facts

1. Respondent had automobile insurance for his 2011 Chevrolet Impala through Government Employees Insurance Company (“GEICO”), an authorized insurer. The policy was in effect from July 23, 2017 through January 23, 2018.

2. On July 29, 2017, Respondent notified GEICO that earlier the same day, he was involved in a motor vehicle accident and he was injured. GEICO subsequently opened a claim.

3. On September 1, 2017, Respondent submitted to GEICO an application for insurance benefits, which stated that a local taxicab company employed him, and as of September 1, 2017, he missed 28 days of work because of the July 29, 2017 accident.

Respondent signed the benefits application immediately after 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.

4. On September 1, 2017, Respondent also submitted to GEICO a Wage and Salary Verification form (“lost wage form”), which stated Respondent was absent from work since July 29, 2017, and had not returned. Additionally, he earned \$600.00 a week for the ten weeks preceding the accident. Respondent’s employer, a local taxicab company purportedly completed the lost wage form.

5. On September 20, 2017, Respondent submitted to GEICO, a summary of his diagnosis and current conditions, purportedly completed by his healthcare provider. The Clinical Visit Summary stated,

Symptoms first appeared on 07/29/2017 from the accident. Patient follow up was on 09/19/2017. Mr. Williams wasn’t cleared to go back to work until his follow up was complete. Patient has missed work from 07/31/2017 until 09/19/2017 do to a lower back contusion. He able to return without no restriction 09/20/2017 able to complete all duties and responsibilities required of his employee. [SIC]

6. On September 20, 2017, a GEICO claims adjuster contacted the healthcare provider identified in the summary of diagnosis. A representative advised that the diagnosis summary was not prepared by the physician and was not authentic.

7. On September 28, 2017, a GEICO claims adjuster sent a letter to Respondent denying his claim as its investigation revealed the form submitted to certify disability was not authored by the physician’s office.

8. Section 27-802(a)(1) of the Maryland Insurance Article states,

An authorized insurer, its employees, fund producers, or 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.

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

9. On December 26, 2017, the MIA contacted GEICO and confirmed its handling of the Respondent's claim.

10. On December 26, 2017, an MIA investigator contacted the taxicab company identified on Respondent's lost wage form as his employer; the manager stated that Respondent had not worked there for over a year.

11. On January 2, 2018, an MIA investigator spoke with the doctor, identified as the healthcare provider on the summary of the diagnosis submitted by the Respondent to GEICO. The doctor advised she did not author the document nor did she authorize anyone to do so. The doctor recalled she told Respondent she was not able to provide him with documentation regarding his diagnosis prior to him seeing her on September 19, 2017.

12. On January 11, 2018, an MIA investigator spoke with the individual whose signature appeared on Respondent's lost wages form, purportedly the manager/owner of the taxicab company. He advised that he had previously subcontracted work to Respondent to provide transportation services, and that he himself is a subcontractor for the taxicab company. He denied providing the information on the lost wages form, and he denied signing the form.

II. Violation(s)

13. 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:

14. § 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[.]

15. § 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.

16. By the conduct described herein, Respondent knowingly violated § 27-403. Because the fraudulent insurance act of submitting false documents in support of a claim is complete upon submission of the false documents and is not dependent on payment being made. Respondent committed a violation of the Insurance Article when he submitted the false documents to GEICO in support of his claim. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

17. 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.

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

19. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2018-1048A) and name (Lester Dixon Williams). 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.

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 29th day of January 2018, **ORDERED** that:

Lester Dixon Williams shall pay an administrative penalty of two thousand five hundred dollars (\$2,500.00) 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 served. 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.