

**IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION**

v.

**WILLIAM PALADINES
1601 Treetop View Terrace
Silver Spring, MD 20904**

* **BEFORE THE MARYLAND**
*
* **INSURANCE COMMISSIONER**

* **CASE NO.: MIA- 2023-06-034**

* **Fraud Division File No.: R-2023-2600A**

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against William Paladines (“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”) for the violations of the Maryland Insurance Article identified and described.¹

I. RELEVANT MATERIAL FACTS

1. Respondent had Veterinary Pet Insurance with Nationwide Mutual Insurance Company (“Nationwide”), an authorized insurer, for his French Bulldog, Enzo. The policy originated on November 1, 2020. The policy was cancelled by Nationwide on April 8, 2023, due to fraud.

2. On December 26, 2022, Respondent submitted the following three claims to Nationwide, along with supporting invoices for treatment ostensibly received by Enzo seeking restitution of veterinary expenses totaling \$615.89:

- Claim ***5096 - Treatment at Banfield Pet Hospital ("Banfield") on December 22, 2022, totaling \$428.02, invoice # 148991;
- Claim ***5106 - Treatment at Rocky Gorge Animal Hospital ("Rocky Gorge") on December 22, 2022, totaling \$45.00, invoice # 80654, patient ID 23408; and
- Claim ***5095 - Treatment at Rocky Gorge on December 24, 2022 totaling \$142.87, invoice # 806803, patient ID 23408.

¹ Unless otherwise indicated, all statutory references in this Order are to the Insurance Article of the Maryland Code.

Each of the aforementioned claim forms contained the following statement immediately after the Respondent's signature:

By signing this Claim Form, I confirm, that to the best of my knowledge the information I have provided is true and correct. I authorize the release of my pet's medical records to Nationwide.

3. In an effort to authenticate the invoices submitted by Respondent, a Nationwide representative contacted both Banfield and Rocky Gorge. Banfield had no record of treating Enzo on December 22, 2022. Rocky Gorge had no record of ever treating Enzo, and patient ID 23408 was for a dog named "Biggie," under the owner name Kenny Paladines, who resided at a different address in Silver Spring, Maryland.

4. A Nationwide representative examined the Banfield invoice Respondent submitted for claim #5096 and noted that it appeared "atypical." It was missing the "You Fee" column, which was standard on all Banfield invoices. Consequently, Nationwide referred Respondent's claims to its Special Investigation Unit ("SIU") for further investigation.

5. In an effort to authenticate Rocky Gorge invoices 5095 and 5106, a Nationwide investigator obtained invoices directly from Rocky Gorge. Those invoices reflected that Kenny Paladines' dog "Biggie" was treated at Rocky Gorge on December 22 and 24, 2022, not Enzo. The investigator noted that Biggie is not insured under Respondent's Nationwide pet insurance policy.

6. A Nationwide investigator obtained treatment records and interviewed representatives for both Banfield and Rocky Gorge. Banfield had charts under Respondent's last name for two different dogs: "Biggie" owned by Kenneth Paladines, and "Enzo" owned by Respondent. Banfield reported that Biggie and Enzo are not the same dog. Banfield's records identified Enzo as a black and white French Bulldog and Rocky Gorge's records identified Biggie as a brindle color French Bulldog.

7. A Nationwide investigator identified another claim, #4253, for treatment Enzo was alleged to have received at Rocky Gorge on December 21, 2022. In that claim, Respondent submitted to Nationwide a claim form and invoice ostensibly issued by Rocky Gorge. Both the invoice and claim form identified Enzo as the patient and listed patient ID 23408, which was actually Biggie's patient ID, as confirmed by a Rocky Gorge representative. Relying on the truthfulness of the invoice and claim form Respondent submitted for claim #4253, Nationwide previously paid Respondent \$405.00 for that claim. Nationwide learned that Rocky Gorge had no records of ever treating Enzo. Rocky Gorge's medical records for December 21, 2022, identified the patient as Biggie, a brindle color French Bulldog, not Enzo.

8. On February 6, 2023, a Nationwide investigator interviewed Respondent, who reported that Biggie and Enzo are the same dog and he would have to return to the hospitals to speak with someone about the issue concerning the invoices.

9. On February 7, 2023, a Nationwide representative sent Respondent a letter denying his pet insurance claims. The letter stated, in pertinent part:

We have completed our investigation of your claims and have determined for the reason(s) stated below there is no coverage for these losses under your My Pet Protection with Wellness Plan and your claims for reimbursement are denied.

Our investigation revealed that on December 26th, 2022 you made a claim for reimbursement totaling \$142.87 for treatment date December 24th, 2022. You provided an invoice dated December 24th, 2022 in support of your claim for reimbursement. Through the course of our investigation, it was determined that the invoice that you provided was altered to change the pet name. It was confirmed through Rocky Gorge Animal Hospital that these services were provided to an uninsured pet Biggie. The above referenced claim and the supporting documentation that you submitted to Nationwide concealed material information and/or was a material misrepresentation of the facts concerning services provided on December 24th, 2022.

Our investigation also revealed that on December 26th, 2022 you made a claim for reimbursement totaling \$428.02 for treatment date December 22nd, 2022. You provided an invoice dated December 22nd, 2022 in support of your claim for

reimbursement. Through the course of our investigation, it was determined that the invoice that you provided was fictitious. It was confirmed through Banfield Pet Hospital that these services were not provided to the insured pet Enzo on the treatment date. The above referenced claim and the supporting documentation that you submitted to Nationwide concealed material information and/or was a material misrepresentation of the facts concerning services provided on December 22nd, 2022.

Our investigation also revealed that on December 26th, 2022 you made a claim for reimbursement totaling \$45 for treatment date December 22nd, 2022. You provided an invoice dated December 22nd, 2022 in support of your claim for reimbursement. Through the course of our investigation, it was determined that the invoice that you provided was altered to change the pet name. It was confirmed through Rocky Gorge Animal Hospital that these services were provided to an uninsured pet Biggie. The above referenced claim and the supporting documentation that you submitted to Nationwide concealed material information and/or was a material misrepresentation of the facts concerning services provided on December 22nd, 2022.

10. Section 27-802(a)(1) of the 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.

Nationwide, having a good faith belief that Respondent committed insurance fraud, referred the matter to the MIA, Fraud and Producer Enforcement Division, which opened an investigation.

THE ADMINISTRATION'S INVESTIGATION

11. An MIA investigator interviewed a representative for Banfield and confirmed that it had records for both dogs. Biggie has a date of birth of October 15, 2019, is owned by Kenneth Paladines, and is microchipped with Microchip # ***2950. Enzo is microchipped with Microchip # ***0102, and has not been treated at Banfield since March 4, 2020.

12. An MIA investigator interviewed a representative for Rocky Gorge who advised that Biggie was treated at its facility December 22 and 24, 2022, not Enzo as reflected on the invoices

Respondent submitted to Nationwide. Rocky Gorge's records show that Biggie is owned by Kenny Paladines.

13. An MIA investigator interviewed Respondent who stated that Enzo and Biggie are two different dogs, not one as he reported to Nationwide. Respondent stated that he owns Enzo. and his brother, Kenny, owns Biggie. Respondent admitted that he provided false information and lied to Nationwide.

II. VIOLATION(S)

14. 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:

§ 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[.]

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

(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. As described in detail above, Respondent violated § 27-403 by submitting false invoices and treatment records to obtain benefits under a Nationwide pet insurance policy that were knowingly premised on false and misleading assertions. As such, Respondent is subject to an administrative penalty and may be ordered to pay restitution pursuant to § 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. §§ 2-201(d)(1) and 2-405.

17. Having considered the factors set forth in § 27-408(c)(2), the MIA has determined that \$1,500.00 is an appropriate administrative penalty against Respondent.

18. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2023-2600A) and name (William Paladines). Payment of the administrative penalty shall be sent to the attention of: Joseph E. Smith, Acting Associate Commissioner, Insurance Fraud and Producer Enforcement Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202. Unpaid penalties will be referred to the Central Collections Unit for collection.

19. Additionally, Respondent is ordered to reimburse Nationwide \$405.00, which is the amount Nationwide paid Respondent for claim #4253 he submitted, which was later determined to be false.

20. Notification of reimbursement to Nationwide shall be made in writing to: Joseph E. Smith, Acting Associate Commissioner, Insurance Fraud and Enforcement 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 Nationwide as proof of reimbursement and identify the case by number (R-2023-2600A) and name (William Paladines).

21. 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 20th day of June 2023, **ORDERED** that:

- (A) William Paladines shall pay an administrative penalty of One Thousand Five Hundred Dollars (\$1,500.00) within 30 days of the date of this Order; and
- (B) William Paladines shall pay restitution to Nationwide in the amount of Four Hundred Five Dollars (\$405.00) within 30 days of the date of this Order.

KATHLEEN A. BIRRANE
Insurance Commissioner

BY: **signature on original** _____
JOSEPH E. SMITH
Acting Associate Commissioner
Insurance Fraud & Producer Enforcement 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: Executive Assistant to the Deputy Commissioner. 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.