

**BEFORE THE DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION
STATE OF MISSOURI**

IN RE:)
) **Case No. 10-0115057C**
AFFINITY GROUP BENEFITS)
ASSOCIATION, INC., ET AL.)

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

NOW, THEREFORE, Director John M. Huff ("Director") of the Department of Insurance, Financial Institutions and Professional Registration ("Department"), after a hearing, having read the full record, including all the evidence, hereby makes the following findings of fact, conclusions of law and order.

I. FINDINGS OF FACT

A. Procedural History

1. On February 1, 2010, the Division of Consumer Affairs ("Division") filed a Statement of Charges with the Director, alleging violations of the discount medical plan laws (Sections 376.1500 to 376.1532, RSMo Supp. 2009) by Respondents. On that same day, the Director issued an Order to Show Cause why a Cease and Desist Order should not be issued, a curative order should not be issued, and other relief, including penalties should not be granted against Respondents.

2. On February 2, 2010, a copy of the Statement of Charges and Order to Show Cause was sent to all Respondents by certified mail at their last known addresses. The Order to Show Cause notified Respondents that a hearing would be held on February, 17, 2010, at 10:00 a.m. at 301 West High Street, Room 530, Jefferson City, Missouri.

3. On February 3, 2010, the Director issued a Notice of Appointment of Hearing Officer designating Kevin Jones as the hearing officer.

4. By letters dated February 4, 2010, and February 9, 2010, Walter R. Cecchini, Jr., requested a continuance of the hearing. Counsel for the Division, Tamara W. Kopp, indicated to the hearing officer that the Division had no objection to the continuance.

5. On February 11, 2010, Hearing Officer Jones issued an order continuing the hearing in this matter to March 10, 2010, at 10 a.m. at the Harry S. Truman State Office Building, 301 West High Street, Room 530, Jefferson City, Missouri.

6. On February 23, 2010, Walter R. Cecchini, Jr. filed a Request for Dismissal, which also denied any wrongdoing, in answer to the allegations in the Statement of Charges and Order to Show Cause.

7. On March 2, 2010, counsel for the Division filed a Dismissal of Parties seeking the dismissal, without prejudice, of Key Benefit Administrators, Inc., Earnest Beall, and Walter

R. Cecchini, Jr. On that same date, the hearing officer issued an Order Granting Request for Dismissal with regard to those same Respondents and excusing them from attendance at the March 10, 2010, hearing.

8. On March 9, 2010, William L. Hendricks, Jr., attorney for Respondents Smart Data Solutions, LLC, and Bart S. Posey, Sr., filed a request for dismissal of his clients or a continuance of the hearing. On that same date, the hearing officer issued an Order Denying Request for Dismissal or Continuance.

9. On March 10, 2010, a hearing on this matter was convened at approximately 10:07 a.m. in Room 400 of the Harry S Truman State Office Building, 301 West High Street, Jefferson City, Missouri. Any Respondent that reported to Room 530 would have been directed by Department staff to Room 400, but no Respondents appeared on their own behalf or through counsel. *March 10, 2010, Hearing Transcript ("Tr.") p. 12.* The Division appeared through counsel, Tamara W. Kopp. *Tr. p. 11-12.* At the hearing, the Division presented evidence and rested its case. At the hearing, exhibits 1-87, including subexhibits, were admitted into evidence for all purposes. *Tr. p. 134.*

10. On March 12, 2010, counsel for the Division filed a Dismissal of Party seeking the dismissal of Raymond R. McCarthy due to his death on May 8, 2007. On that same date, the hearing officer issued an Order Granting Request for Dismissal.

B. Findings of Fact Regarding the Parties

11. The duties of the Director, pursuant to Chapters 374 and 376, RSMo, include the regulation of discount medical plan organizations, insurance companies, and third party administrators operating in Missouri.

12. Pursuant to Section 374.085, RSMo Supp. 2009, one of the duties of the Division is to "investigate complaints received of unfair or unlawful acts under the insurance laws of this state."

13. Respondent Affinity Group Benefits Association, Inc. ("AGBAI"):

- A. AGBAI was incorporated in the state of North Carolina as a nonprofit corporation sometime prior to December 14, 2004. *Exhibit 18.* A mailing address for AGBAI is 4676 Highway 41 North, Springfield, Tennessee 37172. *Exhibit 21.*
- B. Farnest Beall acquired control of AGBAI from a business acquaintance and became its president. Mr. Beall intended to use AGBAI as a vehicle to provide benefits, including insurance, to members, but Mr. Beall never enrolled any members. *Exhibits 18 and 20.*
- C. Sometime in 2006, Respondent Obed Kirkpatrick and Respondent Bart S. Posey, Sr., entered into negotiations with Mr. Beall to acquire AGBAI. Although Mr. Beall declined to sell AGBAI, he agreed to allow Respondent Kirkpatrick and Respondent Posey to operate their business through AGBAI until they could form an association. Mr. Beall authorized Respondent Kirkpatrick to be AGBAI's secretary and to be responsible for its day to day operations. In return, Mr. Beall received an initial fee and a monthly administrative fee from Respondent Smart Data Solutions, LLC, ("SDS") for each member enrolled. *Exhibit 20.*

- D. In July 2007, Respondent Richard Bachman and SDS became appointed agents to represent Transamerica Life Insurance Company ("Transamerica") through its Transamerica Worksite Marketing ("TWM") division in the marketing and sale of TransChoice, a group voluntary limited-benefit medical indemnity insurance policy issued by Transamerica. *Exhibit 20.*
- E. On September 4, 2007, Respondent Bachman submitted an application for a TransChoice policy to TWM to be issued to AGBAI. Transamerica subsequently issued a TransChoice Plus group policy to AGBAI with an effective date of September 1, 2007. *Exhibit 20.*
- F. Respondent Kirkpatrick on behalf of AGBAI and Respondent Bachman on behalf of SDS executed a Premium Collection Agreement authorizing Respondent Bachman and SDS to serve as AGBAI's Premium Collection Administrator. SDS's duties under the agreement included the handling of all insurance premium billing and collection matters on AGBAI's behalf. *Exhibit 20.*
- G. AGBAI entered into an affiliation agreement dated August 31, 2007, with the National Alliance of Associations ("NAA") through which AGBAI would provide NAA members the same benefits that AGBAI offers its members, and NAA would be required to collect AGBAI affiliated member dues from NAA members and remit those dues to AGBAI. *Exhibits 20 and 72.*
- H. In 2008, Transamerica terminated its relationship with AGBAI, SDS and Respondent Bachman. *Exhibits 7e, 10d, 10e, and 20.* Transamerica sent letters to insureds notifying them of a Cease and Desist Order issued by the North Carolina Insurance Department against SDS, AGBAI, "the National Trade Business Alliance of America, d/b/a National Alliance of Associations and other parties." This letter "urged" insureds "to immediately stop any arrangements you have made to pay premiums to SDS." *Exhibit 10d.*
- I. The North Carolina Insurance Department contacted Respondent Kirkpatrick by telephone on February 19, 2008, to inquire about insurance products offered to members of AGBAI. On February 20, 2008, Respondent Kirkpatrick e-mailed documents to Mr. Beall requesting that he sign them as president and backdate the documents to August 10, 2007, and August 24, 2007. One of the documents was a marketing agreement. Mr. Beall refused. *Exhibit 20.*
- J. When the North Carolina Insurance Department contacted Mr. Beall by letter on April 18, 2008, regarding possible violations of law by AGBAI, Mr. Beall faxed a letter to Respondent Kirkpatrick demanding that Respondent Kirkpatrick and all of his associates cease and desist using AGBAI in any way and requesting that Respondent Kirkpatrick supply Mr. Beall with copies of documents requested by the North Carolina Insurance Department. *Exhibit 20.*
- K. Mr. Beall received documents from Respondent Kirkpatrick on April 23, 2008. Among the documents, was a comprehensive marketing agreement between AGBAI and SDS. The marketing agreement was signed by Respondent Kirkpatrick on behalf of AGBAI and Respondent Posey on behalf of SDS and dated August 25, 2007. Mr. Beall authorized an attorney to send a second cease and desist letter to Respondents Kirkpatrick, Posey, and Bachman ordering them to cease all activities on behalf of AGBAI. *Exhibit 20.*
- L. Mr. Beall filed Articles of Dissolution for AGBAI with the North Carolina Secretary of State on October 15, 2009. *Exhibit 19.*
- M. A certified mail receipt indicating acceptance of service in this matter on behalf of AGBAI was signed on February 4, 2010. *Case file.*

- N. AGBAI is not, nor has it ever been, licensed as an agency or business entity producer in the State of Missouri. *Exhibit 16A*. AGBAI is not registered as a discount medical plan organization, authorized as an insurance company, licensed as a health maintenance organization, authorized as a health services corporation, or licensed as a third-party administrator in the State of Missouri. *Exhibit 16B*.
14. Respondent American Trade Association (“ATA”):
- A. ATA is an association with mailing addresses in Springfield, Tennessee, that was purchased by Respondent Bart Posey, Sr. for the purpose of offering insurance products. *Exhibit 76, p. 11 ln. 7-13 and case file*.
 - B. ATA is not an active association, but merely operates through a relationship with Respondent Real Benefits Association (“RBA”). *Exhibit 76, p. 9 ln. 22-25, p. 10 ln. 1*. Anyone who enrolls to become a member of ATA becomes a member of RBA. *Exhibit 76, p. 11 ln. 18-21*.
 - C. ATA benefits are through RBA and are underwritten by Respondent Serve America Assurance. *Exhibit 76, p. 9 ln. 22-25, p. 10 ln. 1 and Exhibit 78*.
 - D. ATA has a contract with Respondent Smart Data Solutions, LLC (“SDS”) for SDS to act as a third party administrator. *Exhibits 25 and 76, p. 8, ln. 12-21*.
 - E. Respondent Obed Kirkpatrick is or was the president of ATA. *Exhibits 49 and 79*. Respondent Richard Bachman is or was the vice president of ATA. *Exhibit 49*.
 - F. Websites and videos advertising ATA’s plans were accessible to Missourians. *Exhibits 26, 78, 79, 82, and 83*.
 - G. ATA is an Indiana not-for-profit corporation, and prior names of ATA include Transportation Services Association, Inc. (“TSA”) and TWBA, Inc. *Exhibit 54 and official notice of the records of the Indiana Secretary of State*.
 - H. Certified mail receipts indicating acceptance of service in this matter on behalf of ATA at two mailing addresses were signed on February 4, 2010. *Case file*.
 - I. ATA is not, nor has it ever been, licensed as an agency or business entity producer in the State of Missouri. *Exhibit 50A*. ATA is not registered as a discount medical plan organization, authorized as an insurance company, licensed as a health maintenance organization, authorized as a health services corporation, or licensed as a third-party administrator in the State of Missouri. *Exhibit 50B*.
15. Respondent Americans for Affordable Healthcare, Inc. (“AFAH”):
- A. AFAH is a foreign nonprofit corporation incorporated in the state of Arizona and registered with the Missouri Secretary of State with the business purpose of “Operated to receive, administer and expend funds to promote the availability of suitable services and benefits to seniors in the United States”. *Exhibit 85*.
 - B. AFAH utilizes Respondent Spencer & Associates, LLC, as a third party administrator. *Exhibit 15*.
 - C. A certified mail receipt indicating acceptance of service in this matter on behalf of AFAH was signed on February 4, 2010. *Case file*.
 - D. AFAH is not, nor has it ever been, licensed as an agency or business entity producer in the State of Missouri. *Exhibit 37A*. AFAH is not registered as a discount medical plan organization, authorized as an insurance company, licensed as a health maintenance organization, authorized as a health services corporation, or licensed as a third-party administrator in the State of Missouri. *Exhibit 37B*.

16. Respondent Beema-Pakistan Assurance Ltd. ("Beema"):
 - A. The website www.beemapakistan.com/contact/index.php shows the name of the company as Beema-Pakistan Company Limited and states that Beema is a "Global leader in real insurance," that it was established in 1960, and that it is located in Karachi, Pakistan. *Exhibit 35*.
 - B. Respondent Colin Youell is or was a member of the board of directors of Beema. *Exhibit 36*.
 - C. Beema's website is accessible to Missouri consumers. *Exhibits 35 and 36*.
 - D. A return receipt for international registered mail indicates service in this matter was delivered to Beema's Karachi, Pakistan address on February 17, 2010. *Case file*.
 - E. Beema is not, nor has it ever been, licensed as an agency or business entity producer in the State of Missouri. *Exhibit 34A*. Beema is not registered as a discount medical plan organization, authorized as an insurance company, licensed as a health maintenance organization, authorized as a health services corporation, or licensed as a third-party administrator in the State of Missouri. *Exhibit 34B*.

17. Key Benefits Administrators, Inc. ("KBA"):
 - A. KBA has a place of business located at P.O. Box 519, Fort Mill, South Carolina 29716. *Exhibit 17*.
 - B. KBA is licensed as a business entity producer and authorized by the state of Missouri to act as a third party administrator. *Exhibit 22 and official notice of the records of the Department*.
 - C. KBA acted as a third party administrator for Transamerica. *Exhibit 10d*.
 - D. KBA was dismissed as a respondent to this action on March 2, 2010. *Case file*.

18. Respondent National Alliance of Associations ("NAA"):
 - A. NAA is a nonprofit corporation registered with the New Jersey Secretary of State. *Exhibits 20, 72, 75, and 86*.
 - B. NAA is located at 141 Ganttown Road, Suite C, Turnersville, New Jersey 08012. *Exhibits 72 and 75*.
 - C. NAA entered into a marketing agreement dated June 1, 2007, with Respondent Professional Benefits Consultants. *Exhibit 75*.
 - D. Respondent Thomas J. Sullivan is or was the president of NAA. *Exhibit 21*.
 - E. Service of process was attempted by certified mail on NAA, but the certified mail was returned as undeliverable. *Case file*.
 - F. NAA is not, nor has it ever been, licensed as an agency or business entity producer in the State of Missouri. *Exhibit 24A*. NAA is not registered as a discount medical plan organization, authorized as an insurance company, licensed as a health maintenance organization, authorized as a health services corporation, or licensed as a third-party administrator in the State of Missouri. *Exhibit 24B*.

19. Respondent National Trade Business Alliance of America ("NTBAA"):
 - A. According to an Association Affiliation Agreement, NTBAA is or was a Delaware corporation; however, it used the mailing address of 141 Ganttown Road, Turnersville, New Jersey 08012. *Exhibits 40, 41 and 73*.

- B. NTBAA had an agreement with AccessOne Consumer Health, a discount medical plan organization, to offer discount medical plan products to its members. *Exhibit 87.*
 - C. NTBAA entered into marketing agreements dated March 19, 2006, with Respondent Professional Benefits Consultants and October 1, 2006, with Transportation Service Association or TSA. *Exhibits 73 and 74.*
 - D. Respondent Thomas J. Sullivan is or was the president of NTBAA. *Exhibits 23, 41 and 73.* Respondent Christopher Ashiotes is or was the president of a New Jersey corporation that registered to do business under the alternate name NTBAA in New Jersey. *Exhibit 39.*
 - E. Respondent Smart Data Solutions, LLC, entered into an affiliation agreement with NTBAA that allowed NTBAA to market a medical benefits package underwritten by Stanford Life Insurance Co. in all 50 states. *Exhibit 27.*
 - F. Service of process in this matter was never attempted on NTBAA. *Case file.*
 - G. NTBAA is not, nor has it ever been, licensed as an agency or business entity producer in the State of Missouri. *Exhibit 38A.* NTBAA is not registered as a discount medical plan organization, authorized as an insurance company, licensed as a health maintenance organization, authorized as a health services corporation, or licensed as a third-party administrator in the State of Missouri. *Exhibit 38B.*
20. Respondent Peak Membership Alliance (“PMA”):
- A. PMA is an entity whose organization form and principal place of business is unknown. *Tr. p. 95.*
 - B. According to a fax communication with a Missouri resident, PMA states that it “has been brokering plans ... for several years.” *Exhibit 10c.*
 - C. PMA’s business is associated with Respondent Professional Benefits Consultants, Respondent Smart Data Solutions, LLC, AGBAI, and Respondent Real Benefits Association. *Exhibits 10a through 10e.*
 - D. Service of process was attempted by certified mail on PMA, but the certified mail was returned as undeliverable. *Case file.*
 - E. PMA is not, nor has it ever been, licensed as an agency or business entity producer in the State of Missouri. *Exhibit 48A.* PMA is not registered as a discount medical plan organization, authorized as an insurance company, licensed as a health maintenance organization, authorized as a health services corporation, or licensed as a third-party administrator in the State of Missouri. *Exhibit 48B.*
21. Respondent Professional Benefits Consultants (“PBC”):
- A. It is the understanding of the Department’s investigator that PBC is the Delaware corporation known as Professional Benefit Consultants of Del. Inc., which is authorized to conduct business in the state of New Jersey. *Exhibit 42.* PBC also goes by the name PBC Direct. *Exhibit 20.*
 - B. PBC uses the address 141 Ganttown Road, Turnersville, New Jersey 08012. *Exhibit 44.*
 - C. PBC entered into a marketing agreement dated March 19, 2006, with NTBAA. *Exhibit 74.* PBC entered into a marketing agreement dated June 1, 2007, with NAA. *Exhibit 75.*
 - D. Raymond McCarthy is or was the vice president and agent of PBC. *Exhibits 45 and 46.*

- E. Respondent James Doyle was authorized by PBC to sign documents on PBC's behalf. *Exhibits 44 and 75*. PBC, through James Doyle, sent a check to a Missouri resident with a memo line on the check stating "National Alliance Access Health Refund." *Exhibit 44, Tr. p. 92 ln. 9-12*.
 - F. PBC automatically deducted discount medical plan membership fees from at least three Missouri residents' bank accounts. *Exhibits 6d, 10a, and 47*.
 - G. Service of process was attempted by certified mail on PBC, but the certified mail was returned as undeliverable. *Case file*.
 - H. PBC is not, nor has it ever been, licensed as an agency or business entity producer in the State of Missouri. *Exhibit 43A*. PBC is not registered as a discount medical plan organization, authorized as an insurance company, licensed as a health maintenance organization, authorized as a health services corporation, or licensed as a third-party administrator in the State of Missouri. *Exhibit 43B*.
22. Respondent Real Benefits Association ("RBA"):
- A. RBA is a New Jersey limited liability company with a principal office address in New York, New York. *Exhibit 29*.
 - B. Respondent David L. Clark operates the business of RBA. *Exhibits 29 and 76, p. 7, ln. 3-5*. Respondent Clark has or had the title of Chairman for RBA. *Exhibits 7e and 10e*.
 - C. RBA uses or used Respondent Smart Data Solutions, LLC ("SDS") as a third party administrator for members in Missouri, and the limited medical benefits offered by RBA are underwritten by Respondent Serve America Assurance Ltd. *Exhibits 7e, 10e, and 76 p. 6 ln. 4-13, p. 12-13, p. 17-18, and p. 24-25*.
 - D. RBA used Respondent Spencer & Associates as a third party administrator for members in Missouri, and RBA represented that the RBA members' limited medical benefits Respondent Spencer & Associates had administered are "100% reinsured" by Respondent Serve America Assurance Ltd. *Exhibit 31*.
 - E. RBA corresponded with a Missouri resident regarding plan benefits. *Exhibit 31*.
 - F. After Transamerica discontinued its relationship with AGBAI, letters were sent to Missouri members of AGBAI by SDS requesting that they accept enrollment in a plan through RBA. *Exhibits 7e, 10e, and 76 p. 24-25*.
 - G. Certified mail receipts indicating acceptance of service in this matter on behalf of RBA were signed on February 5, 2010, at its New York address and February 6, 2010, at its New Hampshire address. *Case file*.
 - H. RBA is not, nor has it ever been, licensed as an agency or business entity producer in the State of Missouri. *Exhibit 30A*. RBA is not registered as a discount medical plan organization, authorized as an insurance company, licensed as a health maintenance organization, authorized as a health services corporation, or licensed as a third-party administrator in the State of Missouri. *Exhibit 30B*.
23. Respondent Serve America Assurance Ltd. ("SAAL"):
- A. SAAL is also known as Serve America Assurance. *Exhibit 78*.
 - B. SAAL is an offshore captive insurance company. *Exhibit 76, p. 7, ln. 16-20*.
 - C. RBA stated in a letter dated August 7, 2009, to a Missouri resident that, "The limited medical benefit portions of RBA membership are 100% reinsured under a policy issued to the association by Serve America Assurance Ltd." *Exhibit 31*.
 - D. SDS states on its website that the insurance provider for ATA is Serve America Assurance, Ltd. *Exhibit 25*. Respondent Bart S. Posey, Sr., also stated that

- SAAL underwrites the limited medical insurance provided to members of ATA and RBA. *Exhibit 76 p. 11-13, p. 17-18, p. 24-25, and p. 30-31.*
- E. SAAL paid Respondent Richard Bachman, through Respondent Bart Posey, Sr. for marketing services. *Exhibit 76, p. 16-17, p. 31, ln. 1-5.*
 - F. Information on the website www.serveamericatd.com/CONTACT_US.html lists as a contact address for SAAL the same Pakistan address provided on the Beema website. *Exhibits 33 and 35.* As of March 10, 2010, the SAAL website was no longer active. *Tr. p. 82 ln. 12-18.*
 - G. Respondent Colin Youell acted as a contact for SAAL to Respondent Posey, and Respondent Posey said Respondent Youell is “the one that set the captive up.” *Exhibit 76, p. 7-8.*
 - H. A return receipt for international registered mail indicates service in this matter was delivered to SAAI’s Karachi, Pakistan address on February 17, 2010. *Case file.*
 - I. SAAL is not, nor has it ever been, licensed as an agency or business entity producer in the State of Missouri. *Exhibit 77A.* SAAL is not registered as a discount medical plan organization, authorized as an insurance company, licensed as a health maintenance organization, authorized as a health services corporation, or licensed as a third-party administrator in the State of Missouri. *Exhibit 77B.*
24. Respondent Smart Data Solutions, LLC (“SDS”):
- A. SDS is a Tennessee limited liability company with its principal place of business at 4676 Highway 41 North, Springfield, Tennessee 37172. *Exhibits 76 p. 5 ln. 4-21 and 80.*
 - B. SDS acts or acted as a third party administrator for RBA, AGBAI, and ATA. *Exhibits 25 and 76 p. 6 ln. 4-13, p. 12-13, p. 17-18, p. 21, ln. 9-12, and p. 24-25.*
 - C. Respondent Bart S. Posey, Sr., is identified as the owner and founder of SDS, and SAAL is identified as the underwriter of ATA benefits. *Exhibits 25 and 76 p. 5 ln. 18-20.*
 - D. Respondents Richard Bachman and Bart S. Posey, Sr. are or were corporate officers for SDS. *Exhibits 25, 26, and 27.*
 - E. After Transamerica discontinued its relationship with AGBAI, SDS sent letters to Missouri members of AGBAI requesting that they accept enrollment in a plan through RBA. *Exhibits 7e, 10e, and 76 p. 24-25.*
 - F. A certified mail receipt indicating acceptance of service in this matter on behalf of SDS was signed on February 4, 2010. *Case file.*
 - G. SDS is not, nor has it ever been, licensed as an agency or business entity producer in the State of Missouri. *Exhibit 28A.* SDS is not registered as a discount medical plan organization, authorized as an insurance company, licensed as a health maintenance organization, authorized as a health services corporation, or licensed as a third-party administrator in the State of Missouri. *Exhibit 28B.*
25. Respondent Spencer & Associates, LLC (“Spencer”):
- A. Spencer is located at 1 South Limestone Street, Suite 301, Springfield, Ohio 45502. *Exhibit 15.*
 - B. Spencer acts or acted as a third party administrator on behalf of AFAH for benefit plans provided to Missouri residents. *Exhibit 15.*
 - C. Spencer also acts or acted as a third party administrator on behalf of RBA for benefit plans provided to Missouri residents. *Exhibit 31.*

- D. Service of process was never attempted on Spencer. *Case file.*
 - E. Spencer is not, nor has it ever been, licensed as an agency or business entity producer in the State of Missouri. *Exhibit 32A.* Spencer is not registered as a discount medical plan organization, authorized as an insurance company, licensed as a health maintenance organization, authorized as a health services corporation, or licensed as a third-party administrator in the State of Missouri. *Exhibit 32B.*
26. Respondent Christopher Ashiotes ("Ashiotes"):
- A. Ashiotes is an individual with a mailing address in New Jersey. *Case file.*
 - B. Ashiotes served as president of a corporation that registered to use NTBAA as an alternate name in New Jersey. *Exhibits 39 and 87.*
 - C. Ashiotes owns the property located at 141 Ganttown Road, Turnersville, NJ 08012. *Exhibit 71.* NAA, NTBAA, and PBC have been associated with this address. *Exhibits 7d, 41, and 44.*
 - D. Ashiotes was named as one of the individuals in control of NAA and NTBAA in a letter dated November 12, 2008, that Walter R. Cecchini, Jr., sent to Special Investigator Lorna J. Norcn, Florida Department of Financial Services, Division of Agents & Agency Services, Bureau of Investigation. *Requests for continuance dated February 4, 2010, and February 9, 2010.*
 - E. Ashiotes was named as one of the principals of NAA and PBC in a Cease and Desist Order issued by the North Carolina Insurance Department on January 31, 2008. *Exhibit 20.*
 - F. A certified mail receipt indicating acceptance of service in this matter by Ashiotes was signed on February 8, 2010. *Case file.*
 - G. Ashiotes is not, nor has he ever been, licensed as an insurance producer in the State of Missouri. *Exhibit 58.*
27. Respondent Richard Bachman ("Bachman"):
- A. Bachman is an individual with business offices at the same location as SDS. *Exhibit 76 p. 15-16*
 - B. Bachman has at times been represented to be the vice president for SDS. *Exhibits 27 and 76 p. 16, ln. 6-15.* Bachman registered the website sdsfirst.com on behalf of SDS. *Exhibit 80.*
 - C. Bachman is or was the vice president of ATA. *Exhibit 49.* Bachman registered the websites atafirst.com and myatabenefits.com on behalf of ATA. *Exhibits 81 and 82.*
 - D. Bachman performed marketing services on behalf of SAAL and was compensated by SDS on behalf of SAAL for bringing SAAL business. *Exhibit 76, p. 17 ln. 3-10, p. 31, ln. 1-5.*
 - E. A certified mail receipt indicating acceptance of service in this matter was signed on behalf of Bachman on February 4, 2010. *Case file.*
 - F. The licensing records of the Department reflect that a Richard Hall Bachman was licensed as an Agent/Producer for the Life and Accident and Health lines of authority under identification number 0198329 with a legal address of 1600 Maggie Cove, Austin, TX 78746 effective May 2, 2002. This license expired May 2, 2004. *Exhibit 59.*
28. Earnest Beall ("Beall"):
- A. Beall is an individual residing in North Carolina. *Exhibit 20.*

- B. On June 10, 2008, Beall entered into a Voluntary Settlement Agreement with the North Carolina Department of Insurance regarding the use of AGBAI by Respondent Obed Kirkpatrick, Respondent Bart S. Posey, Sr., Bachman, SDS, NAA, PBC, Respondent Thomas J. Sullivan, Respondent James M. Doyle, and Ashiotes. *Exhibit 20.*
 - C. Beall served as the president of AGBAI. *Exhibits 18, 19, and 20.*
 - D. When Beall acquired control of AGBAI, it was a dormant association with no members. *Exhibit 20.*
 - E. Beall was dismissed as a respondent to this action on March 2, 2010. *Case file.*
29. Walter R. Cecchini, Jr. ("Cecchini"):
- A. Cecchini is an individual residing in Singer Island, Florida. *Requests for continuance dated February 4, 2010, and February 9, 2010.*
 - B. Cecchini became the director of an Indiana not-for-profit corporation named Transportation Services Association, Inc. on March 16, 2007, and on that same date, he had an amendment filed with the Indiana Secretary of State changing the corporation's name to TWBA, Inc. *Request for Dismissal Attachment A-1, A-2, and A-3.* Cecchini subsequently returned control of TWBA, Inc. to Respondent William M. Worthy on April 17, 2007. *Request for Dismissal Attachment B-1, B-2, B-3, and B-4, and Tr. p. 117.* The name of TWBA, Inc. was changed back to Transportation Services Association, Inc. with the Indiana Secretary of State effective April 23, 2007, and the state of Florida was notified of the change by a May 7, 2007, filing. *Exhibit 54.*
 - C. Cecchini formed a Florida corporation named Transportation Workers Benefits Association, Inc. effective June 2, 2006. *Exhibit 51 and Request for Dismissal Attachment C-1.* Cecchini has stated that this corporation never did any business. *Request for Dismissal.* This Florida corporation was dissolved on April 3, 2008. *Exhibit 51 and Request for Dismissal Attachments C-2 and C-3.*
 - D. Cecchini formed a Missouri corporation named Transportation Workers Benefits Association on June 6, 2006, for the purpose of providing a worker's compensation program to independent truck drivers. *Requests for continuance dated February 4, 2010, and February 9, 2010, and Missouri Secretary of State records by official notice.* Cecchini named Respondent Colin Youell as a director since he was involved in this project. *Requests for continuance dated February 4, 2010, and February 9, 2010, and Missouri Secretary of State records by official notice.* The worker's compensation program never materialized. *Requests for continuance dated February 4, 2010, and February 9, 2010.*
 - E. In late 2006/early 2007, Cecchini entered into negotiations with Respondent William M. Worthy, Respondent Bart S. Posey, and Bachman that would utilize "TWBA for a medical benefits program for association members" through AGBAI with the insurance coverage being underwritten by Stanford Life Insurance Company. *Exhibit 53 and Requests for continuance dated February 4, 2010, and February 9, 2010.* This program also failed to materialize, and Cecchini sent a letter dated March 19, 2007, ordering Bachman, Respondent Bart S. Posey and SDS to cease and desist from using the names Transportation Workers Benefits Association, TWBA, Walter Cecchini, William Worthy, and others. *Requests for continuance dated February 4, 2010, and February 9, 2010.* Cecchini also had his attorney send a letter dated April 11, 2007, ordering Respondent Posey, "[his] partner, and/or [his] company" to cease and desist from

using the names Transportation Services Association and TSA. This same letter also indicates that Respondent Posey had previously relinquished his position and ownership interest in TSA. *Requests for continuance dated February 4, 2010, and February 9, 2010.*

- F. Cecchini managed the association program of Consolidated Worker Association, Inc. ("CWA") since approximately October 2007. *Request for Dismissal.* Cecchini had attorneys write a letter dated December 11, 2007, to NAA and Respondent Thomas J. Sullivan demanding that they "immediately remove any reference to CWA from your website and any and all marketing materials and refrain from making any further representations that indicate or imply that your company or its affiliates have the ability to offer any benefits of CWA." *Requests for continuance dated February 4, 2010, and February 9, 2010.*
 - G. Cecchini was dismissed as a respondent to this action on March 2, 2010. *Case file.*
30. Respondent David L. Clark ("Clark"):
- A. Clark is an individual who registered RBA as a Foreign Limited Liability Company in Missouri. *Exhibit 29.*
 - B. Clark "runs" RBA and uses the title of chairman. *Exhibits 7e, 10e, and 76 p. 12 ln. 3.*
 - C. Clark registered the website rbausa.com on behalf of RBA. *Exhibit 81.*
 - D. A certified mail receipt indicating acceptance of service in this matter was signed on behalf of Clark on February 8, 2010. *Case file.*
 - E. Clark is not, nor has he ever been, licensed as an insurance producer in the State of Missouri. *Exhibit 62.*
31. Respondent James Doyle ("Doyle"):
- A. Doyle is an individual with a mailing address in New Jersey. *Case file.*
 - B. Doyle signed a check dated October 3, 2007, from an account in the name of PBC. *Exhibit 44.*
 - C. Doyle signed a marketing agreement between NAA and PBC as an authorized signatory for PBC. *Exhibit 75.*
 - D. Doyle was named as one of the individuals in control of NAA and NTBAA in a letter dated November 12, 2008, that Walter R. Cecchini, Jr., sent to Special Investigator Lorna J. Noren, Florida Department of Financial Services, Division of Agents & Agency Services, Bureau of Investigation. *Requests for continuance dated February 4, 2010, and February 9, 2010.*
 - E. Doyle was named as one of the principals of NAA and PBC in a Cease and Desist order issued by the North Carolina Insurance Department on January 31, 2008. *Exhibit 20.*
 - F. A certified mail receipt indicating acceptance of service in this matter was signed by Doyle on February 11, 2010. *Case file.*
 - G. Doyle is not, nor has he ever been, licensed as an insurance producer in the State of Missouri. *Exhibit 63.*
32. Respondent Obed Kirkpatrick ("Kirkpatrick"):
- A. Kirkpatrick is an individual, a Tennessee resident, and has a mailing address in Springfield, Tennessee. *Exhibit 20 and Case file.*

- B. Kirkpatrick was authorized by Beall to be AGBAI's secretary and to be responsible for the day to day operations of the association. *Exhibit 20.* However, Kirkpatrick has been represented as holding the title of vice president in information sent to at least one Missouri members of NAA/AGBAI. *Exhibits 21.*
 - C. In a January 22, 2004, order issued by the North Carolina Insurance Department, Kirkpatrick and others were ordered to cease and desist from transacting insurance business in North Carolina. *Exhibit 20.*
 - D. Kirkpatrick is or was the president of ATA and is named as such on the ATA website (www.myatabenefits.com/index.php/page-5). *Exhibits 49 and 79.*
 - E. Kirkpatrick's Tennessee insurance agent's license was revoked by the Tennessee Department of Commerce and Insurance on February 23, 2007. *Exhibit 20.*
 - F. Certified mail receipts indicating acceptance of service in this matter were signed by or on behalf of Kirkpatrick on February 4, 2010, and February 5, 2010. *Case file.*
 - G. Kirkpatrick is not, nor has he ever been, licensed as an insurance producer in the State of Missouri. *Exhibit 64.*
33. Raymond B. McCarthy ("McCarthy"):
- A. McCarthy was an individual and was an agent and vice president of PBC. *Exhibits 45 and 46.*
 - B. McCarthy was an agent for NTBAA. *Exhibit 23.* As an agent of NTBAA, McCarthy received a letter dated January 26, 2007, from Bachman as vice president of SDS stating that NTBAA, through its affiliation agreement with SDS and SDS's affiliation agreement with TWBA, was authorized to market and sell in all fifty states the TWBA association group medical benefits underwritten by Stanford Life Insurance Company. *Exhibit 27.*
 - D. Delaware Vital Statistics confirmed that McCarthy died on May 8, 2007, and McCarthy was dismissed as a respondent to this action on March 12, 2010. *Case file.*
34. Respondent Bart S. Posey, Sr. ("Posey"):
- A. Posey is an individual, a Tennessee resident, and has both home and business mailing addresses in Springfield, Tennessee. *Exhibit 20 and 76 p. 4-5.*
 - B. Posey is or was the president and owner of SDS. *Exhibits 25, 26, and 76 p. 5 ln. 18-20.*
 - C. Posey owns the building located at 4676 Highway 41 North, Springfield, Tennessee 37172 in which the SDS offices are located. *Exhibit 67.*
 - D. AGBAI, ATA, SDS, and TSA have used the 4676 Highway 41 North, Springfield, Tennessee 37172 address for business purposes. *Exhibits 7e, 10e, 21, 49, and 73.*
 - E. Posey signed an association affiliation agreement dated October 1, 2006, on behalf of TSA whereby TSA agreed to provide NTBAA members with the benefits it offers to TSA members. *Exhibit 73.*
 - F. A certified mail receipt indicating acceptance of service in this matter was signed on behalf of Posey on February 4, 2010. *Case file.*
 - G. Posey is not, nor has he ever been, licensed as an insurance producer in the State of Missouri. *Exhibit 66.*
35. Respondent Thomas J. Sullivan ("Sullivan"):

- A. Sullivan is an individual and has a mailing address in New Jersey. *Case file.*
 - B. Sullivan is or was the president of NAA and NTBAA. *Exhibits 21, 23, and 41.*
 - C. Sullivan was the signatory on the March 19, 2006, Marketing Agreement between PBC and NTBAA; the October 1, 2006, Association Affiliation Agreement between Transportation Services Association/TSA and NTBAA; the June 1, 2007, Marketing Agreement between PBC and NAA; and the August 31, 2007, Association Affiliation Agreement between AGBAI and NAA. *Exhibits 72, 73, 74, and 75.*
 - D. Attorneys for American International Group, Inc. ("AIG") sent Sullivan a letter dated December 5, 2007, demanding that NAA, PBC, and NTBAA immediately cease use of AIG, National Union Fire Insurance Company of Pittsburgh, PA, and the product name "Flex Shield." *Exhibit 40.*
 - E. Sullivan was named as one of the individuals in control of NAA and NTBAA in a letter dated November 12, 2008, that Walter R. Cecchini, Jr., sent to Special Investigator Lorna J. Noren, Florida Department of Financial Services, Division of Agents & Agency Services, Bureau of Investigation. *Requests for continuance dated February 4, 2010, and February 9, 2010.*
 - F. Sullivan was named as one of the principals of NAA and PBC in a Cease and Desist Order issued by the North Carolina Insurance Department on January 31, 2008. *Exhibit 20.*
 - G. In a letter to counsel for the Division received February 16, 2010, Sullivan states that:
 - (1) NTBAA ceased operation on June 1, 2007 due to the death of its founder, McCarthy;
 - (2) NAA operated as a non-profit association from June 1, 2007, to December 31, 2007;
 - (3) NTBAA and NAA were just membership associations providing discount and insured products and services to their members through affiliation agreements with other associations and vendors;
 - (4) Any solicitation of Missouri residents, including unsolicited "blast" faxes, was done by independent contractors not employed or contracted to NTBAA or NAA;
 - (5) NTBAA and NAA never billed or collected any money from Missouri residents and only received \$3.00 per member per month in dues from those entities that did the billing and collection;
 - (6) NAA and PBC have joined together in a lawsuit against one of the third party administrators (Paylogix) and its "contracted enrollers" regarding misrepresentations and improper marketing of the products and services of NAA; and
 - (7) NTBAA and NAA should be dismissed from this matter since they are not guilty of any wrongdoing.
 - H. A certified mail receipt indicating acceptance of service in this matter was signed by Sullivan on March 8, 2010. *Case file.*
 - I. Sullivan is not, nor has he ever been, licensed as an insurance producer in the State of Missouri. *Exhibit 68.*
36. Respondent William M. Worthy ("Worthy"):
- A. Worthy is an individual and has a mailing address in South Carolina. *Case file.*

- B. Worthy was licensed by the Department as a non-resident individual insurance producer January 18, 1989, to April 18, 1991, and again from July 15, 2002, until July 15, 2006. (License No. 0134851). *Exhibit 69.*
 - C. Worthy conveyed an interest in the Indiana nonprofit corporation Transportation Services Association, Inc. (“TSA”) to Cecchini, who changed its name to TWBA, Inc. *Request for Dismissal Attachment A-1, A-2, and A-3 and official notice of the records of the Indiana Secretary of State.* Worthy reacquired Cecchini’s interest in TWBA, Inc., on April 17, 2007, and the corporation’s name was changed back to TSA effective April 23, 2007. *Exhibit 54, Request for Dismissal Attachment B-1, B-2, B-3, and B-4, and Tr. p. 117.*
 - D. Worthy changed the name of TSA to ATA effective March 19, 2009, by filing an amendment to the articles of incorporation with the Indiana Secretary of State. *Official notice of the records of the Indiana Secretary of State.* Thereafter, Kirkpatrick became the president of ATA. *Exhibits 49 and 79*
 - E. Service of process was attempted on Worthy, but it was returned because the address was no longer correct. Service was never sent with another address. *Case file.*
37. Respondent Colin Youell (“Youell”):
- A. Youell is an individual and has a mailing address in West Palm Beach, Florida. *Exhibit 51.*
 - B. Youell is or was a director of the Florida corporation known as Transportation Workers Benefits Association, Inc., and is or was a board member of Beema. *Exhibits 51 and 36.*
 - C. Youell acted as a contact for SAAL to Posey, and Posey said Youell is “the one that set the captive up.” *Exhibit 76, p. 7-8.*
 - D. Service of process was attempted on Youell, but no confirmation of receipt has been received. *Case file.*
 - E. Youell is not, nor has he ever been, licensed as an insurance producer in the State of Missouri. *Exhibit 70.*

C. Findings of Fact Regarding the Charged Violations

38. The Division’s investigator, Dana Whaley, received a list of Missouri residents involved with AGBAI from the North Carolina Insurance Department (“AGBAI List”). This list shows a group number of BN2003 and an effective date on or after September 1, 2007, for each name listed. Sixty-one of the names listed had a termination date and 86 names had no termination date. *Exhibit 4, Tr. p. 21-22 and 63.*

39. Investigator Whaley wrote letters to all the Missouri residents on the AGBAI List and received responses from Theresa Hurley, Martha Linton, Prudence Schnoebelen, Nancy Schindel, William Riggins, Sharon Durham, Anita Gipson, Lila J. Beaty, Ailene Smith, and Susan Suda. *Exhibits 5, 6a-6f, 7a-7f, 8a-8h, 9a-9f, 10a-10e, 11a-11d, 12a-12c, 17, 21, 47, and 57, Tr. p. 22-26.*

40. Theresa and Charles Hurley:
- A. Theresa Hurley received a fax solicitation on November 2, 2007. The fax stated “THIS IS NOT DISCOUNT INSURANCE” and listed “Dental Visits” under the

heading "Largest Provider Network" and the words "Dental" and "Vision" under the heading "Wellness Coverage." *Exhibits 6a and 6d*

- B. Mrs. Hurley enrolled in the "Member + 1" plan for \$289.00 per month. On November 16, 2007, the first premium of \$289.00 plus an enrollment fee of \$125.00 was withdrawn from her checking account. The message on her bank statement for the electronic transaction said "PBC 8563748665 Insurance." A second payment of \$289.00 was withdrawn from her account on December 20, 2007. *Exhibit 6d.*
- C. Subsequent to enrolling, the Hurleys received two letters with identification cards attached. One letter started with the following heading in capital letters and bold face type: **"THESE ID CARDS ARE FOR OUR HEALTHCARE SAVINGS PARTNERS-THIS PORTION OF THE PROGRAM IS NOT INSURANCE."** In the body of the letter it stated as follows:

You may use the cards attached below immediately, these are your non-insurance benefits only. If you elected to participate in the association's optional insurance program, those cards are included as well.

On the bottom of both the front and back of the cards, it stated in capital letters that "THIS IS NOT INSURANCE." Below this phrase on the back of the cards was the following: "Discount Medical Plan Provided by AccessOne Consumer Health." A dental network (Aetna Dental Access) and a vision network (ECI Eye Care International) were also named on the cards. *Exhibit 6h.*

- D. The second letter had cards attached to the bottom as well. These cards were identified as "Your Limited Benefit Insurance ID Cards." The front of the card had an "Affiliation #" of "CBMC" and a "Group #" of "BN2003." On the top of the back of the card were logos of five provider networks, including Beech Street. Toward the bottom of the back of the card it said: Medical: Mail Claims to National Alliance – CBMC P.O. Box 2647 – Chino Hills, CA 91709." At the bottom of the back of the card was the following:

This is a limited benefit health plan and this card does not constitute guarantee of payment or eligibility of benefit; final determination is by the insurer and only after claim receipt. *Exhibit 6c.*

- E. On January 29, 2008, another payment of \$289.00 was withdrawn from Mrs. Hurley's checking account, but the message for the electronic transaction was different; it said "SDS, I.L.C; SDS, I.L.C." Subsequent withdrawals for \$289.00 were made by SDS in March, April, and May. *Exhibit 6d.*
- F. When no withdrawal was made in June, Mrs. Hurley called Beech Street, which she believed to be the medical insurance company, on July 7, 2008. Someone at Beech Street told her she was canceled on December 31, 2007, and suggested that she call the Consolidated Workers Association at the toll-free number labeled "Providers" on her ID card. After calling this and other numbers, Mrs. Hurley was unable to get any satisfaction. *Exhibits 6d and 6e.*
- G. By letter dated July 10, 2008, Mrs. Hurley demanded that her payments for January, March, and April be refunded (her May payment had already been credited to her checking account) and made it clear that no further withdrawals

from her checking account were authorized. Mrs. Hurley said she would turn the matter over to her lawyer if any further deductions were made. *Exhibit 6f.*

- H. AccessOne Consumer Health, Inc. was not registered as a discount medical plan in Missouri until June 19, 2008. *Official notice of the records of the Department.*
 - I. Charles Hurley is shown on the AGBAI List with an effective date of January 1, 2008, and no termination date. *Exhibit 4.*
41. Martha Linton and James Reeder:
- A. Martha Linton and James Reeder were enrolled in a benefit plan on November 29, 2007, pursuant to a fax solicitation received on November 26, 2007. The fax included an "Alliance Association Health Summary of Benefits." The descriptions of the discount medical plan benefits for dental and vision use the words "co-pay," "covered," and "PPO," and neither the dental nor the vision benefits were described as being discount medical plans; however, the dental and vision networks as noted on the fax cover sheet were represented to be the same as the networks on the Hurleys' discount medical plan card. *Exhibits 7a and 7b.*
 - B. Ms. Linton and Mr. Reeder subsequently received faxes with plan information to give to healthcare providers until their "permanent Association and Defined Medical ID cards arrive." These faxes were on AGBAI letterhead, but the fax transmittal line at the top of the page indicated they were from NAA. The "Defined Medical Plan Information" said they should mail medical claims to Key Benefit Administrators, P.O. Box 1279, Fort Mill, SC 29716; however, no claim mailing address was given for the dental and vision information. *Exhibits 7c and 7d.*
 - C. Thereafter, Ms. Linton received a letter with attached "Limited Benefit Insurance ID Cards" similar to the cards received by the Hurleys with the same "Group #" of "BN2003," but the "Affiliation #" shown on Ms. Linton's card is "AGBAI." Although the letter states that the package Ms. Linton received contained a separate set of cards for her "additional Association Benefits" just like the Hurleys, Ms. Linton did not supply a copy of any additional cards. *Exhibit 7d.*
 - D. Association membership fees and premiums for the benefit plans were deducted by SDS from the checking account of Ms. Linton's employer (L&C Metal Works, LLC) from December 11, 2007 through May 21, 2008, for a total of \$2,470.00. *Exhibit 7f.*
 - E. Ms. Linton was notified by a letter from SDS dated July 2008 that Transamerica had "decided to discontinue its relationship with AGBAI" effective June 1, 2008. The letter stated that SDS had made arrangements "for a new plan sponsor through our association with Real Benefits Association (RBA)." The letter directed the reader to the ATA website to review the plan and benefits, and described the plan as being "offered through RBA/ATA." The letter included a form for Ms. Linton to complete to accept the new plan, but Ms. Linton was not interested in doing so. *Exhibits 7e and 7f.*
 - F. Martha Linton and James Reeder are shown on the AGBAI List with an effective date of January 1, 2008, and no termination date. *Exhibit 4.*
42. Prudence Schnoebelen:
- A. Prudence Schnoebelen enrolled in a benefit plan by telephone after receiving fax solicitations. One fax page has at the top the statement "This is Not Discount Insurance," states "pre-existing conditions are accepted," describes it as

association health plan coverage, and lists the benefits as including "Medical and Dental." The second fax page has the statement "AFFORDABLE HEALTHCARE PLANS!" across the top and also lists dental and vision benefits. *Exhibit 8b and 8c.*

- B. Ms. Schnoebelen was also sent a description of benefits as part of the solicitation. The description of dental benefits states:

DENTAL COST SAVINGS UP TO 70% OFF. This policy will cover up to 70% on dental expenses. Routine visits, cleanings, cosmetic, and elective procedures will be covered at reduced rates based on the PPO schedule.

The description of vision and hearing benefits states:

VISION AND HEARING BENEFITS. Your policy will cover 1 free vision and 1 free hearing exam annually. Eye glasses, contacts and hearing aids are included at savings up to 60%. Your wellness benefits provide coverage for physical exams, lab test, lab exams and diagnostic procedures.

A separate page is on the letterhead of AGBAI. It states that: "Your Association has contracted with Quest Diagnostics and LabOne to allow you access to their lab services at a discounted rate off their regular National Billing Schedule." *Exhibit 8d.*

- C. Ms. Schnoebelen received two letters with attached cards similar to what the Hurleys received. The letter and cards for the discount medical plan clearly stated that it was not insurance, and that the plan was being provided by AccessOne Consumer Health, Inc., which the letter described as being "its Discount Medical Plan Organization (the Plan)" and a "licensed Plan." The letter also set forth disclosures for residents of Utah, Maryland, and West Virginia as to how their discount medical plan benefits are affected by those states' laws. *Exhibit 8f.*
- D. The second letter had the "Limited Benefit Insurance ID Cards" attached at the bottom. The cards showed an "Affiliation #" of "CBMC" and a "Group #" of "BN2003" just like the Hurleys' cards. The second page of Ms. Schnoebelen's letter had a detailed description of "How to Use your Limited Medical Benefits" including statements that it was "not intended to replace major medical insurance" and that benefit decisions are made by "the licensed insurance company." *Exhibit 8e.*
- E. Ms. Schnoebelen canceled her plan before it became effective because she was not able to have the premiums charged to her credit card as she had been promised. Despite this, two charges of \$199.00 were made on her credit card on January 18, 2008. These charges were subsequently reversed, but she never received a refund of her \$175.00 membership fee. *Exhibits 8a and 8h.*
- F. Quest and LabOne are providers of laboratory services and are not registered as discount medical plan organizations in Missouri. *Official notice of the records of the Department.*
- G. Ms. Schnoebelen is shown on the AGBAI List with both an effective date and termination date of January 1, 2008. *Exhibit 4.*

43. Nancy Schindel:
- A. Nancy Schindel enrolled in a benefit plan after receiving a fax solicitation with the heading “Low Cost Quality Health Insurance” on July 19, 2007. The fax listed dental and vision benefits and used the terms “PPO” and “coverage,” but it did not say anything about discount medical plans. The fax also listed a “Free flu shot” as a benefit. *Exhibit 9b.*
 - B. Ms. Schindel subsequently received a letter with informational materials from NAA. The letter stated it was from Thomas J. Sullivan, President of the National Alliance. One page of the informational materials stated that benefits were being provided through affiliation agreements with other associations. This page also stated that the discount benefits are provided by AccessOne Consumer Health, Inc., and references a “Flex Shield Plan” that was “Issued Through Minnesota E-Business Association.” The second page described the discount medical plan provided by AccessOne and made it clear that it was not health insurance. *Exhibit 9c.*
 - C. Ms. Schindel also received two ID cards. One card had the AIG logo with “AIG Companies” at the top and “Insured by National Union Fire Insurance Company of Pittsburgh, PA” at the bottom. The second ID card stated that it was for the benefits the informational materials listed as discount medical plan benefits, but it did not mention discount medical plan or AccessOne. *Exhibit 9d.*
 - D. Between September 2007 and April 2008, Ms. Schindel paid \$1,717.00 in membership fees and premiums. *Exhibit 9a.*
 - E. Ms. Schindel received medical services on October 23, 2007, including a flu shot. Ms. Schindel subsequently received an Explanation of Benefits (“EOB”) that showed \$50.00 being paid for the physician services, but described the flu shot as “not a covered service under the terms of your policy.” Ms. Schindel also received four additional EOBs that showed a date of service of December 20, 2007. While these EOBs indicated that most of the services were reimbursed, three items showed no payment made either because it was not a covered service or the annual maximum for those benefits had been reached. *Exhibit 9f.*
 - F. Ms. Schindel wrote NAA requesting that she be reimbursed for the flu shot that she was told would be free, but there is no indication that she was ever reimbursed. *Exhibit 9e and Tr. p. 46 ln. 9-11.*
 - G. Ms. Schindel stated that her AIG plan was switched to Transamerica as of January 1, 2008. *Exhibit 9a.*
 - H. Nancy Schindel is shown on the AGBAI List with an effective date of January 1, 2008, and no termination date. *Exhibit 4.*
44. William Riggins:
- A. William Riggins enrolled in a plan in response to faxes he received in November 2007. The first fax advertised “AFFORDABLE HEALTHCARE,” “Quality association health coverage,” “This is not a discount plan,” and “pre-existing health conditions approved” with no mention of any benefits being provided through a discount medical plan. The second fax, which stated it was from PMA, included a “Summary of Benefits” that also said nothing about any benefits being provided through a discount medical plan. *Exhibits 10b and 10c.*
 - B. The first premium plus membership fee was electronically drawn from his bank account on December 10, 2007, under the name of “PBC.” Payments for January, February, March, and April of 2008 were electronically withdrawn under the

name of "SDS, I.L.C." Mr. Riggins sent a check for a payment to SDS in June 2008. *Exhibit 10a.*

- C. Mr. Riggins received a letter dated June 25, 2008, from Transamerica Worksite Marketing. This letter was captioned: "Urgent Notice Relating to Payment of Your TransChoice Plus Premiums." The letter explained that the North Carolina Insurance Department had issued a cease and desist order prohibiting SDS, AGBAI, NTBAA, NAA, and other parties "from receiving or collecting insurance premiums or other consideration for insurance." The letter urged Mr. Riggins not to pay premiums to SDS and instructed him to make future premium payments to Transamerica's administrator, Key Benefit Administrators, in order to maintain his coverage. Mr. Riggins subsequently sent his July 2008 premium payment to Key Benefit Administrators. *Exhibits 10a and 10d.*
 - D. Mr. Riggins subsequently received the same July 2008 letter from SDS that Ms. Linton had received asking him to agree to accept coverage in a plan through "ATA/RBA." Mr. Riggins declined to do so. *Exhibits 10a and 10e.*
 - E. William Riggins is shown on the AGBAI List with an effective date of January 1, 2008, and no termination date. *Exhibit 4.*
45. Sharon Durham:
- A. Sharon Durham enrolled her husband and herself in a plan effective November 1, 2005. Automatic withdrawals were supposed to be made from her bank account, but this did not occur. Instead, Mrs. Durham received a statement from SDS on January 31, 2006, for four months premium that asked her to remit at least two months premium before January 31, 2006. The SDS statement states that it is for health insurance benefits for "Home Services of Iowa." *Exhibits 11a and 11b.*
 - B. Because the payment would be late, Mrs. Durham called to verify that the coverage would still be good. She was assured it would be, so she mailed a payment on February 2, 2006. Because the address she was given was incorrect, the payment was returned. Mrs. Durham called again and was told the coverage was still in effect, so she resent the payment. *Exhibits 11a and 11c.*
 - C. On February 16, 2006, Mr. Durham had a cyst removed and a physical at a participating physicians' office. The Durhams subsequently received EOBs stating that the claims were not covered because their coverage was terminated January 31, 2006. The EOBs were from Ace USA Companies UGP Optimed Plan. *Exhibits 11a and 11d.*
 - D. Mrs. Durham wrote Acc/Optimed on May 25, 2006, asking why they continue to deny Mr. Durham's claims when SDS told her he was covered. Mrs. Durham's letter indentifies the group as "Transportation Services." In reply Optimed wrote that its records still reflect that their coverage terminated on January 31, 2006, and they should contact their employer to have the records updated if this was incorrect. Mr. Durham's claims ended up being denied three times and never paid, but the Durhams were able to get a subsequent claim incurred on May 4, 2006, paid. *Exhibit 11a and 11d.*
 - E. Sharon Durham is shown on the AGBAI List with an effective date of September 1, 2007, and no termination date; however, Mrs. Durham states in her e-mail to Investigator Whaley that she stopped making premium payments in December of 2007. *Exhibits 4 and 11a.*

46. Anita Gipson:
- A. In 2005, Anita Gipson enrolled her husband, her daughter and herself in a TSA benefit plan through her employer, Festus Manor, LLC. The fax benefit summary she received had the name "Fairmont Specialty Group" in the lower left corner. Both Mrs. Gipson and her employer paid a portion of the monthly premium. *Exhibits 12a and 12b.*
 - B. During the period they were covered, the Gipsons had numerous claims that were not paid. Mrs. Gipson's letter and her telephone call notes cite claim dates of August 21, 2005, February 9, 2006, April 11, 2006, June 27, 2006, November 6, 2006, March 5, 2007, and July 20, 2007. *Exhibits 12a and 12c.*
 - C. Despite repeated telephone calls to the TSA/SDS offices in Springfield, Tennessee, Mrs. Gipson was unable to get her claims paid as of July 30, 2008. *Exhibit 12c.*
 - D. Anita Gipson is shown on the AGBAI List with both an effective date and termination date of September 1, 2007. *Exhibit 4.*
47. Lila J. Beaty:
- A. Lila J. Beaty was enrolled in an AGBAI plan sometime prior to February 1, 2008. *Exhibit 17.*
 - B. Ms. Beaty received a notice dated March 26, 2008, from the COBRA Department of Key Benefit Administrators offering her the opportunity to continue her health coverage in the AGBAI Group Health Plan. If she did not elect to continue coverage, her coverage would be terminated effective February 1, 2008. *Exhibit 17.*
 - C. Lila Beaty is shown on the AGBAI List with an effective date of September 1, 2007, and no termination date. *Exhibit 4.*
48. Oumar Sow:
- A. Oumar Sow was enrolled in a plan through NAA and AGBAI. Mr. Sow received a card similar to the Hurleys stating that the discount medical plan was provided by AccessOne Consumer Health. *Exhibit 21.*
 - B. Mr. Sow also received a letter dated January 16, 2008, that stated: "On January 1, 2008 AGBAI assumed the members of NAA." The letter advised NAA members to: "Note that your monthly bank draft will now say Smart Data Solutions." *Exhibit 21, Tr. p. 63-64.*
 - C. Oumar Sow is shown on the AGBAI List with an effective date of January 1, 2008, and no termination date. *Exhibit 4.*
49. Ailene Smith and Tyrica Sterrett:
- A. On November 20, 2007, Ailene Smith enrolled her daughter, Tyrica Sterrett, in a plan offered by Alliance of America. The representative she spoke with on the telephone said she would mail Ms. Smith the information and insurance card for Tyrica. *Exhibit 47.*
 - B. On November 30, 2007, \$308.00 was electronically withdrawn from her account. The comment for this withdrawal noted that it was for insurance and was being done by PBC. *Exhibit 47.*
 - C. When Ms. Smith did not receive anything after a few weeks, she called the representative again to ask for her daughter's insurance card number. The

representative told her to be sure to give any doctor the name, Becchstreet. *Exhibit 47.*

- D. After three months, Ms. Smith had still not received anything, so she called again. The person she spoke with told her that her daughter was too young to be in the program by herself. Ms. Smith requested the coverage be cancelled and that she be refunded the money she had paid. *Exhibit 47.*
- E. Tyrica Sterrett is shown on the AGBAI List with an effective date of December 1, 2007, and no termination date. *Exhibit 4.*

50. Susan Suda:

- A. Susan Suda enrolled in a TSA benefit plan through her employer, Festus Manor, LLC, sometime prior to July 28, 2006. The front of the ID card she received states "TSA FESTUS MANOR" across the top and states to "Submit Claims To: TSA, 4676 Highway 41 North, Springfield, Tennessee 37172." The back of the ID card states "Limited Benefit Plan, Call For Benefits." Ms. Suda's premium was paid bi-weekly through pre-tax withholding from her paycheck. *Exhibit 57.*
- B. Melissa Suda was treated at Byrnes Mill Medical Center ("Byrnes") on July 28, 2006, August 14, 2006, and January 8, 2007. The billing statements from Byrnes indicate that it contacted or attempted to contact TSA several times. When Byrnes was able to contact TSA, Byrnes was told that the plan would only pay \$60.00 for the service. *Exhibit 57.*
- C. During the January 8, 2007, treatment, specimens were taken and sent to Quest Diagnostics ("Quest"). Additional charges were payable to Quest for these laboratory services. *Exhibit 57.*
- D. Ms. Suda states that TSA would not "respond to claim forms or letters." When she was able to contact them by telephone, she was told "they were still processing the claim." TSA never made any payment on the claims, and Ms. Suda was forced to pay the entire charges herself. *Exhibit 57.*
- E. Susan Suda is shown on the AGBAI List with both an effective date and termination date of September 1, 2007. *Exhibit 4.*

51. In addition to Charles Hurley, Martha Linton, James Reeder, Nancy Schindel, William Riggins, and Oumar Sow, 30 additional Missouri residents are shown on the AGBAI List with an effective date of January 1, 2008, and no termination date. *Exhibit 4.*

52. On July 29, 2008, Bobbi S. Arnold filed a complaint against NAA with the Division. The complaint stated that:

- A. Bobbi S. Arnold purchased coverage for Joseph Barnes through NAA in September of 2007. She paid the \$125.00 membership fee and the first month's premium of \$199.00 at the time of application. The coverage was supposed to be effective November 1, 2007, but she discovered the coverage had been made effective October 1, 2007, after she received the benefit plan documents. As a result, an additional \$199.00 was deducted from her bank account for the November premium. *Exhibit 13.*
- B. Ms. Arnold faxed a cancellation on October 26, 2007, and confirmed cancellation by telephone. She was told she would receive a full refund of all premium and fees. *Exhibit 13.*
- C. Ms. Arnold called the telephone number for PBC several times in subsequent months and was told at various times that her check would be issued soon, that it

could not be issued because of litigation, and that the refunds had been taken over by another company. *Exhibits 13 and 45.*

- D. When she called the other company, they indicated that they were not responsible for any money collected prior to the date they took over servicing the NAA clients, January 1, 2008. As of July 29, 2008, Ms. Arnold had not received her refund. *Exhibit 13.*
- E. Neither Joseph Barnes nor Bobbi Arnold is shown on the AGBAI List. *Exhibit 4.*

53. On February 26, 2009, the Division received a complaint from Hannibal Clinic Operations, LLC (“Hannibal Clinic”) regarding unpaid claims for services rendered to Greg Robinson. Hannibal Clinic identified the insurance company as Americans for Affordable Healthcare, Inc. (“AFAH”). When the Division wrote AFAH regarding the complaint, AFAH’s reply letter stated that it was unable to respond because it uses Spencer & Associates (“Spencer”) as a third party administrator. AFAH indicated that the Division should direct its inquiries to Spencer. Greg Robinson is not shown on the AGBAI List. *Exhibits 4, 14, and 15.*

D. Facts as to the Likelihood that Violations Will Continue or Reoccur

54. The Division continues to receive copies of unsolicited faxes advertising benefit plans similar to the above. *Tr. p. 119.*

55. When the Division attempts to investigate the origin of the faxes, it frequently learns that phone numbers, websites, and entity names have changed. *Tr. p. 119-120.*

56. Other states have issued cease and desist orders that were subsequently violated. *Tr. p. 120 ln. 14-21.*

E. Facts as to Investigation Costs

57. The Division spent 230 hours investigating consumer complaints related to Respondents’ actions. *Tr. p. 120, 121, and 126.* The costs to the Consumer Affairs Division associated with the investigation total \$5,266.10. *Exhibit 84; Tr. p. 132.*

III. CONCLUSIONS OF LAW

A. Jurisdiction and Authority to Issue Cease and Desist and Other Orders

58. The jurisdiction of the Director to initiate and administer this proceeding is found in Section 374.046, RSMo Supp. 2009, which provides, in part:

1. If the director determines based upon substantial and competent evidence that a person has engaged, is engaging in or has taken a substantial step toward engaging in an act, practice, omission, or course of business constituting a violation of the laws of this state relating to insurance in this chapter, chapter 354, RSMo, and chapters 375 to 385, RSMo, or a rule adopted or order issued pursuant thereto or that a person has materially aided or is materially aiding an act, practice, omission, or course of business constituting a violation of the laws of this state relating to insurance in this chapter, chapter 354, RSMo, and chapters 375 to 385, RSMo, or a rule

adopted or order issued pursuant thereto, the director may order the following relief:

(1) An order directing the person to cease and desist from engaging in the act, practice, omission, or course of business;

(2) A curative order or order directing the person to take other action necessary or appropriate to comply with the insurance laws of this state;

(3) Order a civil penalty or forfeiture as provided in section 374.049; and

(4) Award reasonable costs of the investigation.

2. In determining any relief sought, the director shall consider, among other factors, whether:

(1) The violations are likely to continue or reoccur;

(2) Actual financial loss was sustained by consumers and restitution has been made;

(3) The act, practice, omission, or course of business was detected as part of a self-audit or internal compliance program and immediately reported to the director; and

(4) The act, practice, omission, or course of business had previously been detected, but inadequate policies and procedures were implemented to prevent reoccurrence.

3. Unless the director determines that a summary order is appropriate under subsection 4 of this section, the director shall provide notice of the intent to initiate administrative enforcement by serving a statement of the reasons for the action upon any person subject to the proceedings. A statement of reasons, together with an order to show cause why a cease and desist order and other relief should not be issued, shall be served either personally or by certified mail on any person named therein. The director shall schedule a time and place at least ten days thereafter for hearing, and after notice of and opportunity for hearing to each person subject to the order, the director may issue a final order under subsection 6 of this section.

4. If the director determines that sections 375.014, 375.144, or 375.310, RSMo, are being violated and consumers are being aggrieved by the violations, the order issued under subdivision (1) of subsection 1 of this section may be summary and be effective on the date of issuance. Upon issuance of the order, the director shall promptly serve each person subject to the order with a copy of the order and a notice that the order has been entered.

5. A summary order issued under subsection 4 of this section must include a statement of the reasons for the order, notice within five days after receipt of a request in a record from the person that the matter will be scheduled for a hearing, and a statement whether the department is seeking a civil penalty or costs of the investigation. If a person subject to the order does not request a hearing and none is ordered by the director within thirty days after the date of service of the order, the order becomes final as to that person by operation of law. If a hearing is requested or ordered, the director, after notice of and opportunity for hearing to each person subject to the order, may modify or vacate the order or extend it until final determination.

6. If a hearing is requested or ordered pursuant to subsection 3 or subsection 5 of this section, a hearing before the director or a hearing officer designated by the director must be provided. A final order may not be issued

unless the director makes findings of fact and conclusions of law in a record in accordance with the provisions of chapter 536, RSMo, and procedural rules promulgated by the director. The final order may make final, vacate, or modify the order issued under subsection 5 of this section.

7. In a final order under subsection 6 of this section, the director may impose a civil penalty or forfeiture as provided in section 374.049. No civil penalty or forfeiture may be imposed against a person unless the person has engaged in the act, practice, omission, or course of business constituting the violation.

8. In a final order under subsection 6 of this section, the director may charge the actual cost of an investigation or proceeding for a violation of the insurance laws of this state or a rule adopted or order issued pursuant thereto. These funds shall be paid to the director to the credit of the insurance dedicated fund.

* * *

10. Statements of charges, notices, orders, and other processes of the director may be served by anyone duly authorized by the director either in the manner provided by law for service of process in civil actions, or by registering or certifying and mailing a copy thereof to the person affected by such statement, notice, order, or other process at his or its residence or principal office or place of business. The verified return by the person so serving such statement, notice, order, or other process setting forth the manner of such service shall be proof of the same, and the return postcard receipt for such statement, notice, order, or other process, registered and mailed as aforesaid, shall be proof of the service of the same.

59. Section 375.310, RSMo 2000 and Section 375.310, RSMo Supp. 2009, prohibit unlicensed individuals or entities from transacting insurance business in Missouri without a license. The current version of Section 375.310, which was effective August 28, 2007, provides, in part, the following:

1. It is unlawful for any person, association of individuals, or any corporation to transact in this state any insurance business unless the person, association, or corporation is duly authorized by the director under a certificate of authority or appropriate licensure, or is an insurance company exempt from certification under section 375.786.

2. If the director determines that a person has engaged, is engaging in, or has taken a substantial step toward engaging in an act, practice or course of business constituting a violation of this section or a rule adopted or order issued pursuant thereto, or that a person has materially aided or is materially aiding an act, practice, omission, or course of business constituting a violation of this section or a rule adopted or order issued pursuant thereto, the director may issue such administrative orders as authorized under section 374.046, RSMo. A violation of this section is a level four violation under section 374.049, RSMo.

The version effective prior to August 28, 2007, provided, in part, the following:

Any association of individuals, and any corporation transacting in this state any insurance business, without being authorized by the director of the insurance department of this state so to do, or after the authority so to do has been suspended, revoked, or has expired, shall be subject to suit by the director who may institute proceedings in the circuit court of the county or city in which said company was organized, or in which it has, or last had, its principal or chief office or place of business, or in the county of Cole, to enjoin said company from the further transaction of its business, either temporarily or perpetually, and for such other decrees and relief as the court shall deem advisable;

60. Section 376.1500, RSMo Supp. 2009, defines "discount medical plan," "discount medical plan organization," "marketer," and "medical services" as follows:

(3) "Discount medical plan", a business arrangement or contract in which a person, in exchange for fees, dues, charges, or other consideration, provides access for plan members to providers of medical services and the right to receive medical services from those providers at a discount. The term does not include any product regulated as an insurance product, group health service product or membership in a health maintenance organization in this state or discounts provided by an insurer, group health service, or health maintenance organizations where those discounts are provided at no cost to the insured or member and are offered due to coverage with a licensed insurer, group health service, or health maintenance organization. The term does not include an arrangement where the discounts or prices are sold, rented or otherwise provided to another licensed carrier or to a self-insured or self-funded employer sponsored plan or Taft-Hartley trust, or licensed third party administrator;¹

(4) "Discount medical plan organization", means a person or an entity that, in exchange for fees, dues, charges or other consideration, provides access for plan members to providers of medical services and the right to receive medical services from those providers at a discount. It is the person or organization that contracts with providers, provider networks or other discount medical plan organizations to offer access to medical services at a discount and determines the charge to plan members;²

* * *

(7) "Marketer", a person or entity who markets, promotes, sells or distributes a discount medical plan, including a private label entity that places

¹ This section was enacted by H.B. 818 and S.B. 66 during the First Regular Session of the 94th General Assembly, 2007. Due to a variation both versions are printed in the Revised Statutes. The S.B. 66 version omits the words "or licensed third party administrator."

² This section was enacted by H.B. 818 and S.B. 66 during the First Regular Session of the 94th General Assembly, 2007. Due to a variation both versions are printed in the Revised Statutes. The H.B. 818 version defines "Discount medical plan organization" as "a person or an entity that operates a discount medical plan."

its name on and markets or distributes a discount medical plan but does not operate a discount medical plan;

(8) "Medical services", any care, service or treatment of illness or dysfunction of, or injury to, the human body including, but not limited to, physician care, inpatient care, hospital surgical services, emergency services, ambulance services, dental care services, vision care services, mental health services, substance abuse services, chiropractic services, podiatric care services, laboratory services, and medical equipment and supplies. The term does not include pharmaceutical supplies or prescriptions;

61. Section 376.1502.1, RSMo Supp. 2009, sets forth a registration requirement that must be met before a discount medical plan organization may transact business in Missouri:

It is unlawful to transact business in this state as a discount medical plan organization, unless the organization is a corporation, limited liability corporation, partnership, limited liability partnership or other legal entity organized under the laws of this state or, if a foreign entity, authorized to transact business in this state, and is registered as a discount medical plan organization with the director or duly authorized by the director as an insurance company, licensed health maintenance organization, licensed group health service organization, or licensed third-party administrator.

62. Section 376.1510, RSMo Supp. 2009, prohibits a discount medical plan organization from doing the following in its advertising, marketing, or other materials:

(1) Use in its advertisements, marketing material, brochures, and discount cards the terms "health plan", "coverage", "co-pay", "co-payments", "preexisting conditions", "guaranteed issue", "premium", "PPO", "preferred provider organization", or other terms in a manner that could reasonably mislead a person to believe that the discount medical plan is health insurance;

* * *

(5) Except as otherwise provided in sections 376.1500 to 376.1532, as a disclaimer of any relationship between discount medical plan benefits and insurance, or as a description of an insurance product connected with a discount medical plan, use in its advertisements, marketing material, brochures, and discount cards the term "insurance".

63. Section 376.1532.1, RSMo Supp. 2009, sets forth the grounds for the Director to take administrative action under the discount medical plan laws:

If the director determines that a person has engaged, is engaging, or has taken a substantial step toward engaging in a violation of sections 376.1500 to 376.1532, or a rule adopted or order issued pursuant thereto, or that a person has materially aided or is materially aiding an act, practice, omission, or course of business constituting a violation of sections 376.1500 to 376.1532 or a rule adopted or order issued pursuant thereto, the director may issue such administrative orders as authorized under section 374.046, RSMo. A violation of sections 376.1500 to 376.1532 is a level two violation under

section 374.049, RSMo. The director of the department of insurance, financial institutions and professional registration may also suspend or revoke the license or certificate of authority of such person for any willful violation.

64. The provisions of the discount medical plan laws, Sections 376.1500 to 376.1532, became effective in Missouri on August 28, 2007.

B. Violations of the Discount Medical Plan Laws

65. Because service of process by certified mail pursuant to Section 374.046.10, RSMo Supp. 2009, was not effected on Respondents National Alliance of Associations, National Trade Business Alliance of America, Peak Membership Alliance, Professional Benefits Consultants, Spencer & Associates, I.I.C, William M. Worthy, and Colin Youell, no conclusions of law as to alleged violations of Sections 376.1500 to 376.1532, RSMo Supp. 2009, by these Respondents are made.

66. Violations regarding Theresa and Charles Hurley:

- A. Between December 2007 and May 2008, the Hurleys were enrolled in a plan with discount benefits for dental and vision care services provided by a discount medical plan organization (AccessOne Consumer Health, Inc.) that was not registered in Missouri until June 19, 2008. These benefits were being provided to the Hurleys through the marketing efforts of PBC and NAA and membership in NAA. Respondents Sullivan, Doyle, and Ashiotes were responsible for the actions of the PBC and NAA. By facilitating the marketing of and enrollment in an unregistered discount medical plan organization, Respondents Sullivan, Doyle, and Ashiotes, as agents of an unregistered discount medical plan organization, have engaged in an act, practice, omission, or course of business constituting a violation of Section 376.1502, RSMo Supp. 2009, or materially aided an act, practice, omission, or course of business constituting a violation of Section 376.1502, RSMo Supp. 2009.
- B. The fax solicitation sent to the Hurleys gave the impression that discount medical plan benefits, such as dental and vision, were actually insurance benefits by using words and phrases such as “THIS IS NOT DISCOUNT INSURANCE” and “coverage” and by not clearly disclosing which benefits were being provided by a discount medical plan. PBC and NAA were responsible for the marketing of this discount medical plan, and Respondents Sullivan, Doyle, and Ashiotes were responsible for the actions of PBC and NAA. By distributing or allowing the distribution of marketing materials for a discount medical plan that used the term “insurance” and used terms in a manner that could reasonably mislead a person to believe that the discount medical plan is health insurance, Respondents Sullivan, Doyle, and Ashiotes, as agents of an unregistered discount medical plan organization, have engaged in an act, practice, omission, or course of business constituting a violation of Section 376.1510, RSMo Supp. 2009, or materially aided an act, practice, omission, or course of business constituting a violation of Section 376.1510, RSMo Supp. 2009.
- C. Through the affiliation agreement with NAA, the enrollment of NAA members as members of the AGBAI, and the provision of administrative services to NAA, Respondents AGBAI, SDS, Bachman, Kirkpatrick, and Posey, as agents of an unlicensed discount medical plan organization, were also responsible for engaging

in an act, practice, omission, or course of business constituting a violation of Sections 376.1502 and 376.1510, RSMo Supp. 2009, or materially aiding an act, practice, omission, or course of business constituting a violation of Sections 376.1502 and 376.1510, RSMo Supp. 2009.

- D. The record reflects that Respondents Sullivan, Doyle, Ashiotes, Bachman, Kirkpatrick, and Posey have all been involved in the insurance industry for years and should be aware that it is a highly regulated industry. Indeed, Bachman and Kirkpatrick have both been licensed as insurance agents. They were clearly aware that states impose various licensing requirements and that a discount medical plan organization would have to meet those requirements before its product could be offered in a state. Accordingly, it is clear that Respondents Sullivan, Doyle, Ashiotes, Bachman, Kirkpatrick, and Posey, and by imputation AGBAI and SDS, acted knowingly in their marketing to and enrollment of Missouri residents in an unregistered discount medical plan in violation of Sections 376.1502 and 376.1510, RSMo Supp. 2009. There is not substantial evidence in the record, however, that the Respondents' actions were done in conscious disregard of Missouri law as alleged by the Division.

67. Violations as to Martha Linton and James Reeder:

- A. Between December 2007 and June 2008, Ms. Linton and Mr. Reeder were provided discount benefits for dental and vision care services by a discount medical plan through the NAA and AGBAI. Although Ms. Linton did not supply a copy of her discount medical plan card, it is clear from the names of the dental networks she was given and the time period she was a member of NAA/AGBAI that the discount medical plan was being provided by AccessOne Consumer Health, Inc., which was not registered as a discount medical plan organization in Missouri until June 16, 2008. By facilitating the marketing of and enrollment in an unregistered discount medical plan organization, Respondents Sullivan, Doyle, Ashiotes, Bachman, Kirkpatrick, Posey, AGBAI, and SDS, as agents of an unregistered discount medical plan organization, have engaged in an act, practice, omission, or course of business constituting a violation of Section 376.1502, RSMo Supp. 2009, or materially aided an act, practice, omission, or course of business constituting a violation of Section 376.1502, RSMo Supp. 2009.
- B. The fax solicitation and summary of benefits Ms. Linton and Mr. Reeder received gave the impression that discount medical plan benefits, such as dental and vision, were actually insurance benefits by using terms such as "co-pay," "coverage," "PPO," and by not clearly disclosing which benefits were being provided by a discount medical plan. By distributing or allowing the distribution of marketing materials for a discount medical plan that used terms in a manner that could reasonably mislead a person to believe that the discount medical plan is health insurance, Respondents Sullivan, Doyle, Ashiotes, Bachman, Kirkpatrick, Posey, AGBAI, and SDS, as agents of an unregistered discount medical plan organization, have engaged in an act, practice, omission, or course of business constituting a violation of Section 376.1510, RSMo Supp. 2009, or materially aided an act, practice, omission, or course of business constituting a violation of Section 376.1510, RSMo Supp. 2009.
- C. Respondents' knowledge and awareness of state insurance licensing laws make it clear that Respondents Sullivan, Doyle, Ashiotes, Bachman, Kirkpatrick, and Posey, and by imputation AGBAI and SDS, acted knowingly in their marketing to

and enrollment of Missouri residents in an unregistered discount medical plan in violation of Sections 376.1502 and 376.1510, RSMo Supp. 2009.

68. Violations as to Prudence Schnoebelen:

- A. In December 2007, Ms. Schnoebelen initially enrolled in and subsequently canceled a plan with discount benefits for dental and vision care services provided by a discount medical plan organization (AccessOne Consumer Health, Inc.) that was not registered in Missouri until June 19, 2008. By facilitating the marketing of and enrollment in an unregistered discount medical plan organization, Respondents Sullivan, Doyle, Ashiotes, Bachman, Kirkpatrick, Posey, AGBAI, and SDS, as agents of an unregistered discount medical plan organization, have engaged in an act, practice, omission, or course of business constituting a violation of Section 376.1502, RSMo Supp. 2009, or materially aided an act, practice, omission, or course of business constituting a violation of Section 376.1502, RSMo Supp. 2009.
- B. The fax solicitation and summary of benefits that Ms. Schnoebelen received failed to disclose that dental and vision benefits were through discount medical plans, and used the terms and phrases "This is Not Discount Insurance," "pre-existing conditions are accepted," "association health plan," "coverage," and "AFFORDABLE HEALTHCARE PLANS!" By distributing or allowing the distribution of marketing materials for a discount medical plan that used the term "insurance" and used terms in a manner that could reasonably mislead a person to believe that the discount medical plan is health insurance, Respondents Sullivan, Doyle, Ashiotes, Bachman, Kirkpatrick, Posey, AGBAI, and SDS, as agents of an unregistered discount medical plan organization, have engaged in an act, practice, omission, or course of business constituting a violation of Section 376.1510, RSMo Supp. 2009, or materially aided an act, practice, omission, or course of business constituting a violation of Section 376.1510, RSMo Supp. 2009.
- C. One page of the materials Ms. Schnoebelen received also stated that AGBAI had contracted with two providers of laboratory services, Quest Diagnostics and LabOne, to provide discounts to association members. By contracting directly with providers to allow association members to receive medical services at a discount, Respondent AGBAI met the definition of a discount medical plan organization in Section 376.1500(4), RSMo Supp. 2009, and was acting as a discount medical plan organization without being registered as such in violation of 376.1502.1, RSMo Supp. 2009. By assisting in this activity, Respondents Sullivan, Doyle, Ashiotes, Bachman, Kirkpatrick, Posey, and SDS, as agents of an unregistered discount medical plan organization, have engaged in an act, practice, omission, or course of business constituting a violation of Section 376.1502, RSMo Supp. 2009, or materially aided an act, practice, omission, or course of business constituting a violation of Section 376.1502, RSMo Supp. 2009.
- D. Respondents' knowledge and awareness of state insurance licensing laws make it clear that Respondents Sullivan, Doyle, Ashiotes, Bachman, Kirkpatrick, and Posey, and by imputation AGBAI and SDS, acted knowingly in their marketing to and enrollment of Missouri residents in an unregistered discount medical plan, and acted knowingly as an unregistered discount medical plan organization in Missouri in violation of Sections 376.1502 and 376.1510, RSMo Supp. 2009. Furthermore, the statement in the materials provided to Ms. Schnoebelen that AccessOne Consumer Health, Inc. was a licensed discount medical plan

organization indicates a particular knowledge and awareness of the requirements of Missouri laws and a conscious disregard for those requirements. This conclusion is reinforced by additional statements in the materials disclosing the impact of the laws of Utah, Maryland, and West Virginia on the discount medical plan benefits provided to residents of those states. By misrepresenting that AccessOne Consumer Health, Inc. was licensed as a discount medical plan in Missouri when it was not, Respondents' violations of Sections 376.1502 and 376.1510 with regard to Ms. Schnobelen were knowingly committed in conscious disregard of Missouri law as alleged by the Division.

69. Violations as to Nancy Schindel:

- A. Beginning in September 2007, Ms. Schindel was enrolled in a plan with discounts benefits for dental and vision care services provided by a discount medical plan organization (AccessOne Consumer Health, Inc.) that was not registered in Missouri until June 19, 2008. Although Ms. Schindel was initially in a plan provided through an affiliation agreement with Minnesota E-Business Association, she was switched to a plan provided through AGBAI in January 2008. By facilitating the marketing of and enrollment in an unregistered discount medical plan organization, Respondents Sullivan, Doyle, Ashiotes, Bachman, Kirkpatrick, Posey, AGBAI, and SDS, as agents of an unregistered discount medical plan organization, have engaged in an act, practice, omission, or course of business constituting a violation of Section 376.1502, RSMo Supp. 2009, or materially aided an act, practice, omission, or course of business constituting a violation of Section 376.1502, RSMo Supp. 2009.
- B. The fax solicitation Ms. Schindel received failed to disclose that dental and vision benefits were through discount medical plans, and used the terms and phrases "Low Cost Quality Health Insurance," "PPO," and "coverage." By distributing or allowing the distribution of marketing materials for a discount medical plan that used the term "insurance" and used terms in a manner that could reasonably mislead a person to believe that the discount medical plan is health insurance, Respondents Sullivan, Doyle, Ashiotes, Bachman, Kirkpatrick, Posey, AGBAI, and SDS, as agents of an unregistered discount medical plan organization, have engaged in an act, practice, omission, or course of business constituting a violation of Section 376.1510, RSMo Supp. 2009, or materially aided an act, practice, omission, or course of business constituting a violation of Section 376.1510, RSMo Supp. 2009.
- C. Respondents' knowledge and awareness of state insurance licensing laws make it clear that Respondents Sullivan, Doyle, Ashiotes, Bachman, Kirkpatrick, and Posey, and by imputation AGBAI and SDS, acted knowingly in their marketing to and enrollment of Missouri residents in an unregistered discount medical plan in violation of Sections 376.1502 and 376.1510, RSMo Supp. 2009.

70. Violations as to William Riggins:

- A. Between December 2007 and June 2008, Mr. Riggins was enrolled in a plan through AGBAI. Although Mr. Riggins did not provide a copy of his ID card, it is clear that he would have had the same benefits as other individuals enrolled in the AGBAI plan. This would include a discount medical plan provided by a discount medical plan organization (AccessOne Consumer Health, Inc.) that was not registered in Missouri until June 19, 2008. By facilitating the marketing of

and enrollment in an unregistered discount medical plan organization, Respondents Sullivan, Doyle, Ashiotes, Bachman, Kirkpatrick, Posey, AGBAI, and SDS, as agents of an unregistered discount medical plan organization, have engaged in an act, practice, omission, or course of business constituting a violation of Section 376.1502, RSMo Supp. 2009, or materially aided an act, practice, omission, or course of business constituting a violation of Section 376.1502, RSMo Supp. 2009.

- B. The fax solicitation Mr. Riggins received failed to disclose that dental and vision benefits were through discount medical plans, and used the terms and phrases “AFFORDABLE HEALTHCARE,” “Quality association health coverage,” “This is not a discount plan,” and “pre-existing health conditions approved.” By distributing or allowing the distribution of marketing materials for a discount medical plan that used the term “insurance” and used terms in a manner that could reasonably mislead a person to believe that the discount medical plan is health insurance, Respondents Sullivan, Doyle, Ashiotes, Bachman, Kirkpatrick, Posey, AGBAI, and SDS, as agents of an unregistered discount medical plan organization, have engaged in an act, practice, omission, or course of business constituting a violation of Section 376.1510, RSMo Supp. 2009, or materially aided an act, practice, omission, or course of business constituting a violation of Section 376.1510, RSMo Supp. 2009.
- C. Respondents’ knowledge and awareness of state insurance licensing laws make it clear that Respondents Sullivan, Doyle, Ashiotes, Bachman, Kirkpatrick, and Posey, and by imputation AGBAI and SDS, acted knowingly in their marketing to and enrollment of Missouri residents in an unregistered discount medical plan in violation of Sections 376.1502 and 376.1510, RSMo Supp. 2009.

71. Violations as to Oumar Sow:

- A. From at least January 1, 2008, Mr. Sow was enrolled in a plan with discount benefits for dental and vision care services provided by a discount medical plan organization (AccessOne Consumer Health, Inc.) that was not registered in Missouri until June 19, 2008. By facilitating the marketing of and enrollment in an unregistered discount medical plan organization, Respondents Sullivan, Doyle, Ashiotes, Bachman, Kirkpatrick, Posey, AGBAI, and SDS, as agents of an unregistered discount medical plan organization, have engaged in an act, practice, omission, or course of business constituting a violation of Section 376.1502, RSMo Supp. 2009, or materially aided an act, practice, omission, or course of business constituting a violation of Section 376.1502, RSMo Supp. 2009.
- B. Respondents’ knowledge and awareness of state insurance licensing laws make it clear that Respondents Sullivan, Doyle, Ashiotes, Bachman, Kirkpatrick, and Posey, and by imputation AGBAI and SDS, acted knowingly in their marketing to and enrollment of Missouri residents in an unregistered discount medical plan in violation of Section 376.1502 RSMo Supp. 2009.

72. Violations as to 30 Missouri residents shown on the AGBAI List with effective dates of January 1, 2008, and no termination dates:

- A. The NAA and AGBAI memberships of Charles Hurley, Martha Linton, James Reeder, Nancy Schindel, William Riggins, and Oumar Sow share many common characteristics, including the following:

- (1) All were either NAA members “assumed” by AGBAI effective January 1, 2008 (as described in the letter sent to Oumar Sow) or were joint NAA and AGBAI members from inception.
 - (2) All were automatically provided with discount medical plan benefits through AccessOne Consumer Health, Inc., as a part of their association membership benefits in NAA and AGBAI.
 - (3) All are shown on the AGBAI List with a group number of BN2003. This group number is also reflected on the “Insurance ID Card[s]” issued to Charles Hurley, Martha Linton, and James Reeder.
 - (4) All are shown on the AGBAI List with an effective date of January 1, 2008, and no termination date regardless of whether their initial NAA membership was prior to this date.
- B. The AGBAI List shows 30 additional Missouri residents who also share with Charles Hurley, Martha Linton, James Reeder, Nancy Schindel, William Riggins, and Oumar Sow the BN2003 group number, an effective date of January 1, 2008, and no termination date. Hence these 30 Missouri residents were also: (1) either NAA members “assumed” by AGBAI effective January 1, 2008, or joint NAA and AGBAI members from inception; and (2) automatically provided with discount medical plan benefits through AccessOne Consumer Health, Inc., as a part of their association membership benefits in NAA and AGBAI.
- C. By facilitating the marketing of and enrollment in an unregistered discount medical plan organization for these 30 Missouri residents, Respondents Sullivan, Doyle, Ashiotes, Bachman, Kirkpatrick, Posey, AGBAI, and SDS, as agents of an unregistered discount medical plan organization, have engaged in an act, practice, omission, or course of business constituting a violation of Section 376.1502, RSMo Supp. 2009, or materially aided an act, practice, omission, or course of business constituting a violation of Section 376.1502, RSMo Supp. 2009.
- D. Respondents’ knowledge and awareness of state insurance licensing laws make it clear that Respondents Sullivan, Doyle, Ashiotes, Bachman, Kirkpatrick, and Posey, and by imputation AGBAI and SDS, acted knowingly in their marketing to and enrollment of Missouri residents in an unregistered discount medical plan in violation of Section 376.1502 RSMo Supp. 2009.

73. There was not substantial evidence of the involvement of an unregistered discount medical plan organization regarding Sharon Durham, Anita Gipson, Bobbi S. Arnold/Joseph Barnes, Lila J. Beaty, Ailene Smith/Tyrice Sterrett, Susan Suda, or the Hannibal Clinic/Greg Robinson.

C. Violations of Section 375.310, RSMo 2000, and Section 375.310, RSMo Supp. 2009

74. Although the Division did not allege violations of Section 375.310, RSMo 2000, and Section 375.310, RSMo Supp. 2009, in its complaint, Section 374.046.1, RSMo Supp. 2009, authorizes the Director to take action against individuals or entities if the Director is presented with “substantial and competent evidence that a person has engaged, is engaging in or has taken a substantial step toward engaging in an act, practice, omission, or course of business constituting a violation of the laws of this state relating to insurance ... or that a person has materially aided or is materially aiding” such a violation. Furthermore, Section 374.046.4, RSMo Supp. 2009, authorizes the Director to issue a summary cease and desist order, effective

upon issuance, if the Director determines that Section 375.310 is being violated and consumers are being aggrieved by the violations.

75. Violations as to Anita Gipson and Susan Suda:
- A. Both Ms. Gipson and Ms. Suda were enrolled in a limited benefit health insurance plan through their employer, Festus Manor, LLC. Although the fax benefit summary Ms. Gipson received had the name "Fairmont Specialty Group" on it, there was no other indication in any of the materials that a licensed insurance company was involved in providing the limited benefit health insurance. The only information that they received was that the limited benefit health insurance was being provided by TSA and that TSA claims should be submitted to the address of Respondent SDS. Both Ms. Gipson and Ms. Suda had claims that they understood would be paid by the insurance provided by TSA, and those claims have never been paid.
 - B. TSA is the previous name of Respondent ATA. Neither name has held or holds a certificate of authority as an insurance company in Missouri. At the time Ms. Gipson and Ms. Suda were covered by the TSA limited benefit health insurance, Respondents SDS, Bachman, Posey, and Worthy were responsible for the marketing and administration of Respondent ATA's business. By marketing insurance to, accepting premium from, underwriting risk of, and adjudicating claims for residents of Missouri, Respondents ATA, SDS, Bachman, Posey, and Worthy were acting as an insurance company without a certificate of authority in Missouri or were materially aiding in such actions in violation of Section 375.310, RSMo 2000.
76. Violations as to Martha Linton, William Riggins, and others:
- A. Both Ms. Linton and Mr. Riggins were offered the opportunity to have limited benefit health insurance through Respondent ATA's affiliation with Respondent RBA. This limited benefit health insurance continues to be marketed to Missouri residents through unsolicited faxes and websites.
 - B. The limited benefit health insurance being provided to members of Respondents ATA and RBA is underwritten by Respondent SAAL. Respondent SAAL does not hold a certificate of authority as an insurance company in Missouri. Respondents SDS, Bachman, Posey, Kirkpatrick, Clark, and Youell are responsible for the marketing and administration of the ATA/RBA/SAAL insurance. By marketing insurance to residents of Missouri, Respondents SAAL, ATA, RBA, SDS, Bachman, Posey, Kirkpatrick, Clark, and Youell were acting and are continuing to act as an insurance company in Missouri without a certificate of authority or were materially aiding and are continuing to materially aid in such actions in violation of Section 375.310, RSMo Supp. 2009.
77. Violations as to the Hannibal Clinic and Greg Robinson:
- A. Greg Robinson obtained health insurance through Respondent AFAH. Respondent AFAH represented to the Division that this health insurance was being administered by Respondent Spencer.
 - B. It is unclear from the record if this coverage was being provided through a licensed insurance company. It is clear, however, that this coverage was being administered by a third party administrator (Respondent Spencer) that does not hold a certificate of authority in Missouri. By administering insurance provided

to Missouri residents, Respondent Spencer was acting and is continuing to act as a third party administrator in Missouri without a certificate of authority in violation of Section 375.310, RSMo Supp. 2009. By employing Respondent Spencer to act as a third party administrator in Missouri without holding a certificate of authority, Respondent AFAH was materially aiding and is continuing to materially aid in such actions in violation of Section 375.310, RSMo Supp. 2009.

D. Violations Are Likely to Continue or Reoccur

78. Based upon the substantial and competent evidence presented, the danger exists that the violations of Missouri laws by Respondents are likely to continue or to reoccur. Respondents have demonstrated a business practice of purchasing dormant associations, changing telephone and facsimile numbers, changing website addresses, using prohibited terms and phrases to mislead consumers, and otherwise conducting themselves in a manner that evidences a strong desire to avoid regulator attention and detection. Further, this conduct harms consumers who purchased products because they are unable to submit claims, question benefits, or cancel plans without undue hardship. For these reasons and based upon all of the evidence, a cease and desist order is necessary to stop further violations of the law and potential harm to consumers.

E. Investigation Costs

79. The expenses incurred by the Division while investigating Respondents' actions are reasonable.

ORDER

Based upon the substantial and competent evidence in the record and presented at the hearing in this matter, the Director issues the following Orders:

ORDERS AS TO VIOLATIONS OF THE DISCOUNT MEDICAL PLAN LAWS

IT IS HEREBY ORDERED that Respondents Affinity Group Benefits Association, Inc., Smart Data Solutions, I.I.C, Christopher Ashiotes, Richard Bachman, James M. Doyle, Obed Kirkpatrick, Bart S. Posey, Sr., and Thomas J. Sullivan **CEASE AND DESIST** from the following:

1. Engaging in an act, practice, omission, or course of business constituting a violation of Section 376.1502, RSMo Supp. 2009, or materially aiding an act, practice, omission, or course of business constituting a violation of Section 376.1502, RSMo Supp. 2009, by facilitating the marketing of and enrollment in an unregistered discount medical plan organization;
2. Engaging in an act, practice, omission, or course of business constituting a violation of Section 376.1510, RSMo Supp. 2009, or materially aiding an act, practice, omission, or course of business constituting a violation of Section 376.1510, RSMo Supp. 2009, by distributing or allowing the distribution of marketing materials for a discount medical plan that use the term "insurance" or otherwise use terms in a manner that could reasonably mislead a person to believe that a discount medical plan is health insurance; and
3. Engaging in an act, practice, omission, or course of business constituting a violation of Section 376.1502, RSMo Supp. 2009, or materially aiding an act, practice, omission, or course of business constituting a violation of Section 376.1502, RSMo Supp. 2009, by acting or assisting any person in acting as a discount medical plan organization without being registered as such in violation of Section 376.1502.1, RSMo Supp. 2009.

IT IS FURTHER ORDERED that Respondents Affinity Group Benefits Association, Inc., Smart Data Solutions, LLC, Christopher Ashiotes, Richard Bachman, James M. Doyle, Obed Kirkpatrick, Bart S. Posey, Sr., and Thomas J. Sullivan shall:

1. Jointly pay \$5,266.10 to reimburse the Division of Consumer Affairs for the costs it incurred to investigate Respondents' actions, such sum to be made payable to the Insurance Dedicated Fund by cashier's check or money order in accordance with Section 374.046.1(4) and 8, RSMo Supp. 2009; and
2. Pay a total civil penalty of \$1,040,000.00, consisting of a civil penalty of \$130,000.00 from each Respondent, such sums to be made payable to the Missouri School Fund by cashier's check or money order in accordance with Sections 374.280 and 374.049.11, RSMo Supp. 2009, for the following violations:
 - A. The maximum penalty authorized pursuant to Section 374.049.2(3), RSMo Supp. 2009, of \$100,000.00 per Respondent for 41 level three violations, committed knowingly by each Respondent, of Sections 376.1502 and 376.1510, RSMo Supp. 2009, in regard to Charles Hurley (two violations), Martha Linton (two violations), James Reeder (two violations), Nancy Schindel (two violations), William Riggins (two violations), Oumar Sow (one violation), and 30 other Missouri residents (30 violations).
 - B. The maximum per violation penalty authorized pursuant to Section 374.049.2(4), RSMo Supp. 2009, of \$30,000.00 per Respondent for three level four violations, committed knowingly and in conscious disregard by each Respondent, of Sections 376.1502 and 376.1510, RSMo Supp. 2009, in regard to Prudence Schnoebelen.

Payment of the above amounts is due within 10 days of the date of this Order and shall be delivered to the Department of Insurance, Financial Institutions and Professional Registration, Attention: Tamara W. Kopp, Senior Enforcement Counsel, P.O. Box 690, Jefferson City, Missouri 65102. All correspondence and/or payments shall reference the above cited case number. If Respondents fail to make the payment as ordered, the Director may pursue additional legal remedies to enforce this Order.

SUMMARY ORDERS AS TO VIOLATIONS OF SECTION 375.310, RSMO 2000, AND SECTION 375.310, RSMO SUPP. 2009

IT IS HEREBY ORDERED that Respondents Serve America Assurance Ltd. a/k/a Serve America Assurance Ltd Company a/k/a Serve America Assurance, American Trade Association, Rcal Benefits Association, Smart Data Solutions, LLC, Richard Bachman, Bart S. Posey, Sr., Obed Kirkpatrick, David L. Clark, Colin Youell, and William M. Worthy **CEASE AND DESIST** from acting as an insurance company in Missouri without a certificate of authority or materially aiding in such actions in violation of Section 375.310, RSMo 2000, and Section 375.310, RSMo Supp. 2009.

IT IS FURTHER ORDERED that Respondent Spencer & Associates, LLC, **CEASE AND DESIST** from acting as a third party administrator in Missouri without a certificate of authority in violation of Section 375.310, RSMo Supp. 2009, and Respondent Americans for Affordable Healthcare, Inc., **CEASE AND DESIST** from materially aiding in such action in violation of Section 375.310, RSMo Supp. 2009.

IT IS FURTHER ORDERED that:

1. Respondents Serve America Assurance Ltd. a/k/a Serve America Assurance Ltd Company a/k/a Served America Assurance, American Trade Association, Rcal Benefits Association, Smart Data Solutions, LLC, Richard Bachman, Bart S. Posey, Sr., Obed Kirkpatrick, David L. Clark, Colin Youell, William M. Worthy, Spencer & Associates, LLC, and American for Affordable Healthcare, Inc., shall be given notice of this Summary Order pursuant to Section 374.046.10, RSMo Supp. 2009;

2. If any of the Respondents subject to this Summary Order request a hearing, a hearing will be scheduled within five days of receipt of the request, and the Department will request civil penalties and reimbursement of any investigation costs as a part of the hearing;

3. If a Respondent subject to this Summary Order does not request a hearing within 30 days after the date of service on that Respondent, the Summary Order will become final as to that Respondent.

SO ORDERED, SIGNED AND OFFICIAL SEAL AFFIXED THIS 27TH DAY OF AUGUST, 2010.


John M. Huff, Director

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing was served by U.S. Mail, certified, postage prepaid, on this 31st day of August, 2010 to:

Affinity Group Benefits Association, Inc.
Ernest B. Beall, Registered Agent
AGBAI-SDS
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Springfield, TN 37172

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c/o Stanley & Matyola
Attorneys at Law
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Somerville, NJ 08876

Americans for Affordable Healthcare, Inc.
c/o Registered Agent for Americans for
Affordable Healthcare, Inc.
Corporate Creations Network, Inc.
7925 Clayton Road, Suite 200
St. Louis, MO 63117

American Trade Association
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Springfield, TN 37172

American Trade Association
400 Memorial Boulevard
Springfield, TN 37172

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Karachi- 74000 Pakistan

Key Benefit Administrators, Inc
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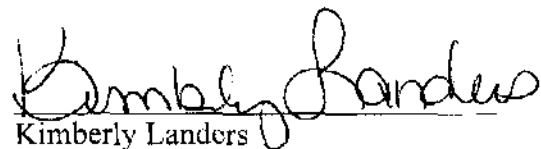
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Kimberly Landers