



**DEPARTMENT OF INSURANCE, FINANCIAL  
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

P.O. Box 690, Jefferson City, Mo. 65102-0690

In the Matter of: )  
 )  
MICHAEL VINCENT BADALUCCO, ) Case No. 13-0913530C  
 )  
Applicant. )

**CONSENT ORDER**

John M. Huff, Director of the Department of Insurance, Financial Institutions and Professional Registration takes up the above matter for consideration and disposition. The Division of Consumer Affairs, through legal counsel Tammy S. Kearns, and Michael Vincent Badalucco, have reached a settlement in this matter and have consented to the issuance of this Consent Order.

1. John M. Huff is the duly appointed Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration (“Director” of the “Department”) whose duties, pursuant to Chapters 374 and 375, RSMo,<sup>1</sup> include the supervision, regulation and discipline of insurance producers.

<sup>1</sup> All statutory references are to the 2012 Supplement to the Revised Statutes of Missouri unless otherwise noted.

2. The Consumer Affairs Division of the Department ("Division") has the duty of conducting investigations into the unfair or unlawful acts of insurance producers and companies under the insurance laws of this state and has been authorized by the Director to investigate and initiate actions before the Director to enforce the insurance laws of this state, including insurance producer application refusal.

3. On February 10, 2010, Michael Vincent Badalucco ("Badalucco") pleaded guilty to Transmission of Wagering Information in Interstate and Foreign Commerce, a Class E Felony, in violation of Title 18 U.S.C. § 1084. *United States of America v. Michael V. Badalucco*, United States District Court, Western District of Missouri, Case No. 10-00044-01-CR-W-NKL.

4. The Information filed on February 10, 2010 charged Badalucco with "being engaged in the business of betting and wagering, knowingly used a wire communication facility, that is he placed a telephone call ... for the transmission in interstate and foreign commerce between the State of Missouri, the State of Arizona, and Costa Rica, of information assisting in the placing of bets or wagers on sporting events and contests." *Id.*

5. As part of the Plea Agreement Badalucco signed on February 10, 2010, Badalucco agreed to the following facts underlying his felony conviction:

On or about February 17, 2009, Michael V. Badalucco was engaged in an illegal sports bookmaking business operated in the Kansas City, Missouri metropolitan area and elsewhere. "Bookmaking" is a form of gambling and involves the business of establishing certain terms and conditions applicable to given bets or wagers, usually called a line or odds, and then accepting bets from members of the public on either side of the wagering proposition with a view toward making a profit from a percentage or commission collected from the bettors or customers for the privilege of placing the bets.

...

Bookmakers in this illegal sports bookmaking business, including Badalucco, provided their bettors with a 1-800 toll free number[.]

...

Both toll free 1-800 numbers rout[e] to a company located in Costa Rica. Under this scheme, the Costa Rican company acted as a virtual wire room for the illegal sports bookmaking operation – taking wagers and keeping electronic records of bettors’ activities and results on a computer server located in Costa Rica. ... The local Bookmakers, including Badalucco, would pay out or collect cash in person from their bettors usually on a weekly basis.

*Id.*

6. On December 16, 2010, the court sentenced Badalucco to three (3) years’ probation. As part of his probation, Badalucco was ordered to reside in and participate in a residential re-entry center program for three (3) months, participate in the Home Detention program for three (3) months, and pay a special assessment in the amount of \$100.00. *Id.*

7. Badalucco was released from probation on December 15, 2013.

8. On July 2, 2013, the Department received Badalucco’s Uniform Application for Individual Producer License/Registration (“Application”).

9. Badalucco disclosed his felony conviction on his Application. Badalucco also provided an explanation letter, copies of the Information and Judgment entered in Case No. 10-00044-01-CR-W-NKL, and proof that he passed his Life Accident and Health Insurance Producer Exam.

10. Badalucco acknowledges and understands that under § 375.141.1(6) the Director may refuse to issue an insurance producer license to Badalucco because Badalucco has been convicted of a felony.

11. David B. Wentz (“Wentz”), License No. 0233117, President of Tax Favored Benefits, Inc., agrees to supervise Badalucco and ensure his compliance with Missouri’s

insurance laws and regulations in Chapters 374 and 375, as well as the terms of this Consent Order.

12. Wentz's supervisory term will end upon the earlier of the expiration or renewal of Badalucco's two (2) year insurance producer license or the revocation of Badalucco's insurance producer license.

13. Badalucco acknowledges and understands that he has the right to consult an attorney at his own expense.

14. This Consent Order is entered pursuant to § 374.046. As such, any interested person aggrieved by this Consent Order may request a hearing before the Director or review of this Consent Order in a circuit court under § 374.055. Although under the Department's interpretation of the relevant statutes, review of this Consent Order by the Administrative Hearing Commission is not available, Badalucco nevertheless may have the right, under § 621.045, to submit this Consent Order to the Administrative Hearing Commission for a determination that the facts agreed to in this Consent Order constitute grounds to refuse to issue Badalucco an insurance producer license.

15. Except as provided in Paragraph 14 above, Badalucco stipulates and agrees to waive any waivable rights that he may have to a hearing before the Administrative Hearing Commission or the Director, and any rights to seek judicial review or other challenge or contest of the terms and conditions of this Consent Order, and forever releases and holds harmless the Department, the Director and his agents, and the Division from all liability and claims arising out of, pertaining to, or relating to this matter.

16. Badalucco acknowledges and understands that this Consent Order is an administrative action and will be reported by the Department to other states. Badalucco

further acknowledges and understands that this administrative action should be disclosed on future applications and renewal applications and that it is his responsibility to comply with the reporting requirements of each state in which he is licensed.

17. Each signatory to this Consent Order certifies by signing that he or she is fully authorized, in his or her own capacity, or by the named party he or she represents, to accept the terms and provisions of this Consent Order in their entirety, and agrees, in his or her personal or representational capacity, to be bound by the terms of this Consent Order.

#### **Conclusions of Law**

18. The facts admitted by Badalucco are grounds to refuse his Application pursuant to § 375.141.1(6).

19. The Director may impose orders in the public interest under § 374.046.

20. The terms set forth in this Consent Order are an appropriate disposition of this matter and entry of this Consent Order is in the public interest.

#### **ORDER**

IT IS ORDERED that the Department will issue an insurance producer license to Michael Vincent Badalucco subject to the conditions set forth herein and the following special conditions:

1. David B. Wentz, President of Tax Favored Benefits, Inc., agrees to supervise Michael Vincent Badalucco and ensure his compliance with Missouri's insurance laws and regulations.

2. David B. Wentz also agrees to supervise Michael Vincent Badalucco's compliance with the terms of this Consent Order. In doing so, Wentz agrees to report

any violations of the terms of this Consent Order to the Consumer Affairs Division within five (5) business days of first becoming aware of such violation and shall maintain a system of procedures reasonably designed to detect any failure of Badalucco to comply with this Consent Order.

3. David B. Wentz shall notify the Department within five (5) business days of any change to his status as the supervisor of Badalucco.

4. Michael Vincent Badalucco shall, at least thirty (30) days prior to any such change, report to the Department his intent to change his agency affiliation from Tax Favored Benefits, Inc. to any other business entity producer licensed to market insurance products in Missouri. Badalucco shall not change his agency affiliation from Tax Favored Benefits, Inc. to any other business entity producer licensed to market insurance products in Missouri without the Director's express written permission.

5. Michael Vincent Badalucco is required to enter into a new Consent Order with the Department in order to maintain his license if David B. Wentz is no longer able to supervise Badalucco or if Badalucco changes his agency affiliation.

6. Michael Vincent Badalucco shall report to the Consumer Affairs Division any violation of or failure to comply with Missouri insurance regulations and Missouri insurance laws, including those set forth in Chapters 374 or 375, within five (5) business days of such violation or failure to comply. Badalucco shall also immediately report said violation or failure to comply with Chapters 374 or 375 to David B. Wentz, who is required to report Badalucco's violations or failures to

comply to the Consumer Affairs Division within five (5) days of first becoming aware of such violation.

7. Michael Vincent Badalucco shall respond to all inquiries and consumer complaints forwarded or otherwise communicated to him by the Department or a consumer within five (5) business days of receipt. Badalucco shall immediately report in writing all inquiries and consumer complaints, both written and oral, to David B. Wentz, and Wentz shall also respond to the Consumer Affairs Division or consumer within five (5) business days of receipt. If the complaint was not communicated to Badalucco by the Department, Badalucco shall send the Department a copy of the complaint and copies of Badalucco's and Wentz's responses to the consumer within five (5) business days of receipt.

8. Michael Vincent Badalucco shall report to the Consumer Affairs Division any and all of the following incidents involving Badalucco: arrest, guilty plea, nolo contendere plea, finding of guilt, or conviction concerning a felony or misdemeanor. Badalucco shall report all such incidents to the Consumer Affairs Division within five (5) business days of their occurrence.

9. Michael Vincent Badalucco shall report to the Consumer Affairs Division any administrative action undertaken or initiated against Badalucco in another jurisdiction or by another governmental agency in this state within five (5) business days after Badalucco receives notification of the initiation of such administrative action.

10. Michael Vincent Badalucco shall report to the Consumer Affairs Division any violation of or failure to comply with the laws set forth in Chapters 374 and 375 within five (5) business days of such violation or failure to comply.

11. David B. Wentz's supervisory term will expire upon the earlier of the expiration or renewal of Michael Vincent Badalucco's two (2) year insurance producer license or the revocation of Badalucco's insurance producer license.

12. The special conditions listed in paragraphs 1 through 11 will expire upon the earlier of the expiration or renewal of Michael Vincent Badalucco's two (2) year insurance producer license or the revocation of Badalucco's insurance producer license.

IT IS ORDERED that for five (5) years subsequent to the date of this executed Consent Order, Michael Vincent Badalucco will voluntarily surrender his insurance producer license to the Department within five (5) business days of Badalucco's entry of a guilty plea, nolo contendere plea, finding of guilt or conviction for a felony or crime of moral turpitude, regardless of whether sentence is suspended or executed.

IT IS ORDERED that if Michael Vincent Badalucco maintains his insurance producer license beyond the initial term and complies with the terms of this Consent Order, Badalucco may apply to renew his insurance producer license and the Director shall consider the renewal application in accordance with Chapters 374 and 375 without regard to Badalucco's prior felony, or the underlying conduct, in *United States of America v. Michael V. Badalucco*, United States District Court, Western District of Missouri, Case No. 10-00044-01-CR-W-NKL.

IT IS ORDERED that the Director may pursue additional legal remedies, as determined appropriate by the Director, and without limitation, as authorized by Chapters 374 and 375 including remedies for violation of, or failure to comply with, the terms of this Consent Order.

SO ORDERED, SIGNED AND OFFICIAL SEAL AFFIXED THIS 17<sup>TH</sup> DAY  
OF JANUARY, 2014.



  
**JOHN M. HUFF, Director**  
Missouri Department of Insurance, Financial  
Institutions and Professional Registration

CONSENT AND WAIVER OF HEARING

The undersigned persons understand and acknowledge that Michael Vincent Badalucco has the right to a hearing, but that Michael Vincent Badalucco has waived the hearing and consented to the issuance of this Consent Order.



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1-3-2014

Date

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\_\_\_\_\_  
Date



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Supervisor of Michael Vincent Badalucco  
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\_\_\_\_\_  
Date

*Tammy S. Kearns*

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*1/15/2014*  
\_\_\_\_\_  
Date