

Okahoma

BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA

STATE OF OKLAHOMA, ex rel.)
KIM HOLLAND, Insurance Commissioner,)
)
Petitioner,)
)
vs.)
)
AMERICA TRADE ASSOCIATION,)
REAL BENEFITS ASSOCIATION,)
SMART DATA SOLUTIONS,)
SERVE AMERICA ASSURANCE, LTD.,)
SERVE AMERICA ASSURANCE, LTD.,)
COMPANY,)
BEEMA-PAKISTAN COMPANY LTD.,)
OBED KIRKPATRICK,)
BART POSEY)
RICHARD BACHMAN)
WILLIAM M. WORTHY II)
KATHLEEN CAUTHEN)
DAVID L. CLARK)
COLIN YOEUELL,)
individually and/or in their capacity as officers,)
directors or agents of the above named entities.)
HEALTHCARE AMERICA)
PINNACLE HEALTH SOLUTIONS,)
PINNACLE HEALTH SOLUTIONS, LLC,)
EHEALTHGREEN,)
EXECUTIVE HEALTHCARE,)
MY ATA BENEFITS,)
FIRST AMERICAN HEALTHCARE,)
SUPERIOR HEALTH CARE,)
OMNI HEALTHCARE,)
PROVEN CHOICE,)
MINI HEALTH CARE,)
JAMES PARISH)
NICHOLAS A. WALL)
BILLY HENSON)
CLEOTHA MONTGOMERY)
MICHAEL SCHULTZ, owners of the above named)
entities)
)
Respondents.)

FILED

NOV 09 2009

INSURANCE COMMISSIONER
OKLAHOMA

Case No. 09-1544-UNI

APPLICATION FOR EMERGENCY CEASE AND DESIST ORDER

The Oklahoma Insurance Department (the "Department") through Assistant General Counsel Julie Delluomo applies for an Emergency Cease and Desist Order against American Trade Association, Smart Data Solutions, Real Benefits Association, Obed Kirkpatrick, Brad Posey, Richard Bachman, William M. Worthy II, Dave Clark, Colin Youell, Serve America Assurance Ltd., Serve America Assurance, Ltd. Company, Beema-Pakistan Company Ltd, Healthcare America , Pinnacle Health Solutions, Pinnacle Health Solutions, LLC, eHealth Green, HealthEnroll, Executive Healthcare, My ATA Benefits, First American Healthcare, Superior Healthcare, Omni Healthcare, Proven Choice, Mini Healthcare, James Parish, Nicholas A. Wall, Billy Henson, Cleotha Montgomery and Michael Schultz, collectively referred to as Respondents. The following information is offered in support of this Application:

RESPONDENT AND SERVICE

1. American Trade Association, LLC ("ATA") is an Arkansas Limited Liability Corporation with a principal place of business at 4676 Highway 41 North, Springfield, TN 37172. Obed Kirkpatrick is the president of ATA.
2. Smart Data Solutions, LLC, is a Tennessee Limited Liability Corporation with a principal place of business also at 4676 Highway 41 North, Springfield, TN 37172. Richard Bachman and Bart Posey are the corporate officers of Smart Data Solutions.
3. Real Benefits Association is a New Jersey Limited Liability Corporation with a principal place of business at 118A Fulton Street, Box 138, New York, NY 10038. David L. Clark is the president of Real Benefits Association.

4. Serve America Assurance Ltd is an unknown company with an unknown principal place of business. Its website, www.serveamericalltd.com, states that Serve America Assurance Ltd. Company is a wholly owned off-shore insurance company of Beema Pakistan Company.
5. Serve America Assurance Ltd. Company is an unknown company with an unknown principal place of business. It was registered as a South Carolina limited liability company on February 5, 2009 by Kathleen Cauthen. It was later dissolved on September 11, 2009. Cauthen has an address of 117 Winding Way, Blythewood, S.C. 29211.
6. William M. Worthy II is purportedly the underwriter for Serve America Assurance Ltd. Worthy has an address of 44 Morgan Place Drive, Isle of Palms. SC 29451.
7. Beema Pakistan Company Ltd. is a public listed company incorporated under the laws of Pakistan located at 412-427, Muhammadi House, I.I. Chundrigar Road, PO Box 5626, Karachi-74000. Pakistan. Colin Youell is a Director.
8. Healthcare America, Pinnacle Health Solutions eHealthGreen, HealthEnroll, Executive Healthcare, My ATA Benefits, First American Healthcare, Superior Healthcare, Omni Healthcare, Proven Choice and Mini Health Care are various names used on websites by "brokers" who sell the insurance products offered through American Trade Association. Their principle places of business are unknown.
9. James Parish, Nicholas A. Wall, Billy Henson, Cleotha Montgomery and Michael Schultz are owners of these websites.

JURISDICTION

The Insurance Commissioner has jurisdiction over this matter pursuant to the Insurance Code 36 O. S. §§ 101 et seq., specifically pursuant to: Article 6 Authorization of Insurers; 36 O.S. §§ 601 et seq.; the Oklahoma Producer Licensing Act, 36 O.S. §§ 1435.1 et seq.; the Unauthorized Insurance Business Act, 36 O.S. §§ 6103.1 et seq.; the Health Care Fraud Prevention Act, 36 O.S. §§ 1219.1, et seq.

ALLEGATIONS OF FACT

1. The Oklahoma Insurance Department received a complaint from Oklahoma producer David Knox on July 16, 2009. Knox was inquiring on behalf of his customer whether Healthcare America was licensed in Oklahoma. Knox provided an advertisement sent by facsimile to Knox's customer and a proposal and application e-mailed to the customer.

2. Investigation into the matter revealed that Healthcare America is not licensed nor authorized to do business in the State of Oklahoma. The purported insurer of Healthcare America's insurance products is Serve America Assurance Ltd.. No physical address could be located for these entities.

3. Serve America Assurance Ltd. is allegedly the underwriting insurer for the American Trade Association health products. It is purportedly a wholly-owned, off-shore subsidiary insurance company of Beema-Pakistan Insurance Company Ltd.. Serve America Assurance Ltd. Company was organized by Kathleen Cauthen in 2009 and dissolved in 2009. Neither Serve America Assurance Ltd. or Serve America Assurance Ltd Company has a known physical address or is an authorized insurer in the State of Oklahoma. William Worthy is associated with Serve America Assurance Ltd. Company.

Worthy's South Carolina resident producer license, third-party administrator license and his non-resident Tennessee producer license were previously revoked.

4. American Trade Association purports to be a membership association offering nine fully insured and underwritten health insurance plans, health-related discounts and accidental death benefits, as an additional benefit to its members. The president of American Trade Associations is Obed Kirkpatrick. Its physical address is 4676 Highway 41 North, Springfield, TN 37172. ATA claims that it is exempt from licensure because it has filed as a union with the United State Department of Labor. Investigation revealed that American Trade Association is not a legally licensed trade union nor authorized to do business in Oklahoma.

5. Smart Data Solutions purports to be the third party administrator who manages claims for ATA and wire transfers customer's monthly premiums to the insurer Serve America Assurance Ltd. It is also located at 4676 Highway 41 North, Springfield, TN 37172. The corporate officers of Smart Data Solutions are Brad Posey and Richard Bachman. Investigation revealed that Smart Data Solutions is not a licensed third party administrator in Tennessee nor is Smart Date Solutions authorized to do business in Oklahoma.

6. Domains by Proxy, located in Scottsdale Arizona, provided information to the Department that Richard Bachman created the Serve America website; www.serveamericalltd.com in 2009. Domains by Proxy also provided information to the Department that Bachman created three additional ATA websites; www.myatabenefits.com, www.myatahome.com and www.rba-ata.com in 2009.

7. Healthcare America is one of many names used on websites that sell the

Serve America Assurance insurance plans. Other brokers include: www.pinnaclehealthsavings.com, www.myatabenefits.com, www.ehealthgreen.com, www.firstamericanhealthcare.com, Superior Healthcare, Omni Healthcare, Proven Choice and Mini Health Care.

8. Investigation revealed that American Trade Association and Smart Data Solutions utilize telemarketing operations through these brokers who send unsolicited advertisements by facsimile throughout the United States and then utilize the above websites to generate sales of unlicensed insurance products. The brokers portray affiliation with licensed insurance companies when, in fact, there is no such business relationship. The brokers continually change their names and list fictitious locations and telephone numbers, making it difficult for consumers to contact them.

9. Real Benefits Association is purportedly a membership trade association that is affiliated with American Trade Association through the brokers' enrollment packets. Its president is David L. Clark. Similar to ATA, RBA claims that it is exempt from licensure because it has filed as a union with the United States Department of Labor. Real Benefits Association is not a legally licensed trade union nor certified to do business in Oklahoma. Real Benefits Association and David L. Clark were previously ordered by the Oklahoma Insurance Department to cease and desist from all activities related to doing unauthorized insurance business in Oklahoma in Case No. 06-1418-UNI.

10. During investigation by the Oklahoma Anti-Fraud Division, investigator Leslie Landwert received a list of sixty-nine (69) Oklahoma customers of the above brokers through American Trade Association and Real Benefits Association. Ronald and Joetta Truelove were two of these customers. The Trueloves enrolled with

Healthcare America on February 1, 2009. During an interview with investigator Landwert, the Trueloves stated that they have paid monthly premiums since their enrollment date to present with none of their medical claims being paid.

11. A review of Oklahoma Insurance Department records determined that no Respondent named in this application is licensed by the Department in any capacity. Investigation revealed that other states, including North Carolina, Ohio, Connecticut, Montana and Indiana have taken regulatory disciplinary action against these various Respondents for unauthorized and unlicensed activities. In addition, many other states are currently investigating the Respondents' activities.

ALLEGED VIOLATIONS OF LAW

1. Respondents actions fall within the definition of "doing an insurance business in this State" 36 O.S. § 6103.2. The above-cited conduct is in violation of 36 O.S. §§ 6103.2 and 6103.3 and 36 O.S. §§ 1219.4.

2. Respondents have acted or attempted to act as insurance producers in violation of the Oklahoma Producer Licensing Act, 36 O.S. § 1435.1 et.seq.

3. The alleged conduct is an immediate danger to the public or is causing or can be reasonably expected to cause significant, imminent and irreparable public injury.

RELIEF REQUESTED

The Insurance Commissioner is requested to immediately without notice or hearing issue an Emergency Cease and Desist Order under authority of 36 O.S. § 6103.5 and 36 O.S. § 1219.4, ordering Respondents and their agents, affiliates, employees, and other representatives, both current and successor, whether named or unnamed herein, to cease and desist from all activities related to doing unauthorized insurance business in

this state, including:

1. The making of or proposing to make as an insurer an insurance contract;
2. The making of or proposing to make, as guarantor or surety, any contract of guaranty or surety ship as a vocation and not merely incidental to any other legitimate business or activity of the guarantor or surety;

3. The taking or receiving of any application for insurance;

4. Maintaining any agency or office where any acts in furtherance of an insurance business are transacted, including but not limited to:

- a. execution of contracts of insurance with citizens of this or any other state,

- b. maintaining files or records of contracts of insurance,

- c. processing of claims, or

- d. receiving or collection of any premiums, commissions, membership fees, assessments, dues or other consideration for any insurance or any part thereof;

5. The issuance or delivery of contracts of insurance to residents of this state or to persons authorized to do business in this state;

6. Directly or indirectly acting as an agent for, or otherwise representing or aiding on behalf of another, any person or insurer in:

- a. solicitation, negotiation, procurement or effectuation of insurance or renewals thereof,

- b. dissemination of information as to coverage or rates, or forwarding of applications, or delivery of policies or contracts,

- c. inspection of risks,
- d. fixing of rates or investigation or adjustment of claims or losses,
- e. transaction of matters subsequent to effectuation of the contract and arising out of it, or
- f. in any other manner representing or assisting a person or insurer in the transaction of insurance with respect to subjects of insurance resident, located or to be performed in this state;

7. Contracting to provide indemnification or expense reimbursement in this state to persons domiciled in this state or for risks located in this state, whether as an insurer, agent, administrator, trust, funding mechanism, or by any other method;

8. The doing of any kind of insurance business specifically recognized as constituting the doing of an insurance business within the meaning of the statutes relating to insurance;

9. The doing or proposing to do any insurance business in substance equivalent to any of the foregoing in a manner designed to evade the provisions of the statutes; or

10. Any other transactions of business in this state by an insurer.

In addition, the Commissioner is requested, notwithstanding the above requested orders, to order Respondents to pay all unpaid claims and to order any further relief which may be deemed appropriate and which is authorized by law, whether or not specifically requested herein, consistent with 36 O.S. §§ 6103.1 et seq.

Respectfully submitted on this 9th day of November, 2009.



Julie Delluomo

Julie Delluomo, OBA #14410
Assistant General Counsel
Oklahoma Department of Insurance
P.O. Box 53408
Oklahoma City, Oklahoma 73152-3408
Telephone: (405) 521-2746
Facsimile: (405) 522-0125

CERTIFICATE OF MAILING

I, Julie Delluomo hereby certify that a true and correct copy of the above and foregoing Application for Emergency Cease and Desist Order was mailed postage prepaid with return receipt requested on this 9th day of November 2009 to:

Serve America Assurance, Ltd.
c/o Beema-Pakistan Company, Ltd
412-427 Muhammadi House
I.I. Chundrigar Road, P.O. Box 5626
Karachi 74000 Pakistan

INTERNATIONAL CERTIFIED MAIL
RE 295 672 367 US

Serve America Assurance, Ltd. Company
Kathleen Cauthen
117 Winding Oak Way
Blythewood, SC 29016

CERTIFIED MAIL:
7006 0810 0002 6163 8846

Beema-Pakistan
412-427 Muhammadi House
I.I. Chundrigar Road, P.O. Box 5626
Karachi 74000 Pakistan

INTERNATIONAL CERTIFIED MAIL
RE 295 672 438 US

America Trade Association
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Springfield, TN 37172

CERTIFIED MAIL:
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America Trade Association
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Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 8860

Real Benefits Association
118A Fulton Street
Box 138
New York, NY 10038

CERTIFIED MAIL:
7006 0810 0002 6163 9263

Smart Data Solutions
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 8891

Healthcare America
Db: www.Healthcareamericaonline.com
P.O. Box 181, Wilshire Blvd
Beverly Hills, CA 90212

CERTIFIED MAIL:
7006 0810 0002 6163 8938

Dave Clark, President
Real Benefits Association
118A Fulton Street
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New York, NY 10038

CERTIFIED MAIL:
7006 0810 0002 6163 9270

Obed Kirkpatrick
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 8877

Obed Kirkpatrick
1705 Rocking Chair Place
Franklin, TN 37067

CERTIFIED MAIL:
7006 0810 0002 6163 8884

William M. Worthy
44 Morgan Place Dr.
Isle of Palms, SC 29451

CERTIFIED MAIL:
7006 0810 0002 6163 9287

Bart Posey
c/o Smart Data Solutions
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 8907

Bart Posey
3448 Forest Park Road
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 8914

Richard Bachman
c/o Smart Data Solutions
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 8921

Colin Youell, Director
Beema-Pakistan
412-427 Muhammadi House
I.I. Chundrigar Road, P.O. Box 5626
Karachi 74000 Pakistan

INTERNATIONAL CERTIFIED MAIL
RE 295 672 384 US

Pinnacle Health Solutions
DbA: www.pinnaclehealthsavings.com
c/o James Parish
1481 Glencrest Drive
San Marcos, CA 92078

CERTIFIED MAIL:
7006 0810 0002 6163 9119

Michael Schultz
Pinnacle Health Solutions
National Registered Agents, Inc. of NV
1000 East William Street, Suite 204
Carson City, NV 89701

CERTIFIED MAIL:
7006 0810 0002 6163 9126

Pinnacle Health Solutions, LLC
3651 Lindell Road, Suite D173
Las Vegas, NV 89103

CERTIFIED MAIL:
7006 0810 0002 6163 9133

eHealthGreen
dba: www.eHealthGreen.com
1481 Glencrest Drive
San Marcos, CA 92078

CERTIFIED MAIL:
7006 0810 0002 6163 9140

eHealthGreen
1481 Glencrest Drive
San Marcos, CA 92078

CERTIFIED MAIL:
7006 0810 0002 6163 9157

www.HealthEnroll.net
c/o American Trade Association
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 9164

Executive Healthcare
www.executivehealthcare.biz
c/o Cleotha Montgomery
1801 Crape Myrtle Circle
Irving, TX 75038-8416

CERTIFIED MAIL:
7006 0810 0002 6163 9171

www.myatabenefits.com
c/o American Trade Association
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 9188

www.firstamericanhealthcare.com
Liquid Chips
c/o Free Private Reg
P.O. Box 81024
Burnaby, BC V5H 4 K2
Canada

INTERNATIONALCERTIFIED MAIL
RE 295 672 398 US

www.firstamericanhealthcare.com
Hostmaster, Domain
c/o Free Private Reg
Suite 210 – 3602 Gilmore Way
Burnaby, BC V5G 4 W9
Canada

INTERNATIONALCERTIFIED MAIL
RE 295 672 375 US

First American Healthcare
James Parish
1481 Glencrest Drive
San Marcos, CA 92069

CERTIFIED MAIL:
7006 0810 0002 6163 9195

First American Healthcare
Nicholas A. Wall
Liquid Chips
1481 Glencrest Drive
San Marcos, CA 92069

CERTIFIED MAIL:
7006 0810 0002 6163 9201

First American Healthcare
c/o American Trade Association
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 9218

Superior Health Care
c/o American Trade Association
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 9225

Omni HealthCare
c/o American Trade Association
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 9232

Proven Choice
c/o American Trade Association
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 9249

Mini Health Care
c/o American Trade Association
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 9256

and a copy was hand-delivered to:

Director, OID Consumer Assistance

Director, OID Financial Division

Director, OID Anti-Fraud Division


Director, OID Producer Licensing Division



Julie Delluomo

I, Kim Holland Insurance Commissioner of
the State of Oklahoma, hereby certify that the
foregoing is a true, correct and complete copy of
the instrument herewith set out as appears of
record in the Oklahoma Insurance Department,
this 22nd day of February, 2010.

Kim Holland
Insurance Commissioner

By  _____

BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA

STATE OF OKLAHOMA, ex rel.
KIM HOLLAND, Insurance Commissioner,

Petitioner,

vs.

AMERICA TRADE ASSOCIATION,
REAL BENEFITS ASSOCIATION,
SMART DATA SOLUTIONS,
SERVE AMERICA ASSURANCE, LTD.,
SERVE AMERICA ASSURANCE, LTD.,
COMPANY,
BEEMA-PAKISTAN COMPANY LTD.,
OBED KIRKPATRICK,
BART POSEY
RICHARD BACHMAN
WILLIAM M. WORTHY II
KATHLEEN CAUTHEN
DAVID L. CLARK
COLIN YUELL,
individually and/or in their capacity as officers,
directors or agents of the above named entities.
HEALTHCARE AMERICA
PINNACLE HEALTH SOLUTIONS,
PINNACLE HEALTH SOLUTIONS, LLC,
EHEALTHGREEN,
EXECUTIVE HEALTHCARE,
MY ATA BENEFITS,
FIRST AMERICAN HEALTHCARE,
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OMNI HEALTHCARE,
PROVEN CHOICE,
MINI HEALTH CARE,
JAMES PARISH
NICHOLAS A. WALL
BILLY HENSON
CLEOTHA MONTGOMERY
MICHAEL SCHULTZ, owners of the above named
entities

Respondents.

FILED

NOV 09 2009

INSURANCE COMMISSIONER
OKLAHOMA

Case No. 09-1544-UNI

EMERGENCY CEASE AND DESIST ORDER

On the 9th day of November, 2009, the Oklahoma Insurance Department ("OID") through Assistant General Counsel Julie Delluomo presented to the Insurance Commissioner an Application for an Emergency Cease and Desist Order. The Commissioner having examined the Application finds the Oklahoma Insurance Department has jurisdiction over this matter pursuant to the Oklahoma Constitution Article 6 § 22; the Oklahoma Insurance Code, generally, 36 O.S. §§ 101 et seq.; and specifically pursuant to Article 6 of the Insurance Code (Authorization of Insurers), 36 O.S. §§ 601 et seq; the Oklahoma Producer Licensing Act, 36 O.S. §§ 1435.1 et seq; the Unauthorized Insurance Business Act, 36 O.S. §§ 6103.1 et seq; and the Health Care Fraud Prevention Act, 36 O. S. § 1219.1 et seq.

The Commissioner further finds clear and convincing evidence to support the following finding and orders:

1. Respondents actions fall within the definition of "doing an insurance business in this State" 36 O.S. § 6103.2. The above-cited conduct is in violation of 36 O.S. §§ 6103.2 and 6103.3.

2. The alleged conduct is an immediate danger to the public or is causing or can be reasonably expected to cause significant, imminent and irreparable public injury.

IT IS THEREFORE ORDERED that Respondents and any agents, affiliates, employees, and/or other representatives, both current and successor, whether named or unnamed herein, shall **CEASE & DESIST** from all activities related to doing insurance business in this state, including:

1. The making of or proposing to make as an insurer an insurance contract;
2. The making of or proposing to make, as guarantor or surety, any contract of guaranty or suretyship as a vocation and not merely incidental to any other legitimate business or activity of the guarantor or surety;
3. The taking or receiving of any application for insurance;
4. Maintaining any agency or office where any acts in furtherance of an insurance business are transacted, including but not limited to:
 - a. execution of contracts of insurance with citizens of this or any other state,
 - b. maintaining files or records of contracts of insurance,
 - c. processing of claims, or
5. receiving or collection of any premiums, commissions, membership fees, assessments, dues or other consideration for any insurance or any part thereof;
6. The issuance or delivery of contracts of insurance to residents of this state or to persons authorized to do business in this state;
7. Directly or indirectly acting as an agent for, or otherwise representing or aiding on behalf of another, any person or insurer in:
 - a. solicitation, negotiation, procurement or effectuation of insurance or renewals thereof,
 - b. dissemination of information as to coverage or rates, or forwarding of applications, or delivery of policies or contracts,
 - c. inspection of risks,
 - d. fixing of rates or investigation or adjustment of claims or losses,

e. transaction of matters subsequent to effectuation of the contract and arising out of it, or

f. in any other manner representing or assisting a person or insurer in the transaction of insurance with respect to subjects of insurance resident, located or to be performed in this state;

8. Contracting to provide indemnification or expense reimbursement in this state to persons domiciled in this state or for risks located in this state, whether as an insurer, agent, administrator, trust, funding mechanism, or by any other method;

9. The doing of any kind of insurance business specifically recognized as constituting the doing of an insurance business within the meaning of the statutes relating to insurance;

10. The doing or proposing to do any insurance business in substance equivalent to any of the foregoing in a manner designed to evade the provisions of the statutes; or

11. Any other transactions of business in this state by an insurer.

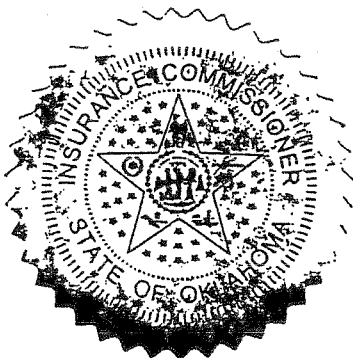
IT IS FURTHER ORDERED Respondent shall leave all of its records undisturbed in its offices until such time as an appropriate examination of such records can be completed by representatives of the department or other examiners appointed by or cooperating with the Commissioner.

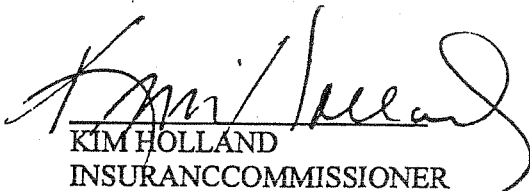
IT IS FURTHER ORDERED that this Order is effective immediately and shall continue in full force and effect until further order of the Commissioner. This Order is binding on Respondent, its agents, affiliates, employees and/or other representatives, both current and successor, whether named or unnamed herein.

Pursuant to 36 O.S. § 6103.6(B), any person affected by this Order and who seeks to contest it, has the right to request a hearing before the Commissioner, or her duly appointed representative, to show cause why this Order should not be affirmed. The person affected must make the request not later than the 30th day after the date on which the person receives this Order. The request must be in writing directed to the Commissioner and must state the grounds for the request to set aside or modify the Order. Pending hearing, this Order shall continue in full force and effect unless stayed by the Commissioner. Any such hearing shall be conducted according to the procedures for contested cases under the Insurance Code and 75 O.S. §§ 250 et seq.

In the event this order is violated, the Commissioner may impose a civil penalty of \$25,000.00 for each act of violation; direct the Respondent against whom the Order is issued to make complete restitution, in the form and amount and within the period determined by the Commissioner to all Oklahoma residents, Oklahoma insureds and entities operating in Oklahoma damaged by the violation or failure to comply, or impose both the penalty and direct restitution.

WITNESS My Hand and Official Seal this 9th day of November, 2009.




KIM HOLLAND
INSURANCE COMMISSIONER
STATE OF OKLAHOMA

CERTIFICATE OF MAILING

I, Julie Delluomo hereby certify that a true and correct copy of the above and foregoing Application for Emergency Cease and Desist Order was mailed postage prepaid with return receipt requested on this 9th day of November 2009 to:

Serve America Assurance, Ltd.
c/o Beema-Pakistan Company, Ltd
412-427 Muhammadi House
I.I. Chundrigar Road, P.O. Box 5626
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INTERNATIONAL CERTIFIED MAIL
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7006 0810 0002 6163 8815

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7006 0810 0002 6163 8341

Healthcare America
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7006 0810 0002 6163 8389

Dave Clark, President
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William M. Worthy
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CERTIFIED MAIL:
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Richard Bachman
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Colin Youell, Director
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Karachi 74000 Pakistan

INTERNATIONAL CERTIFIED MAIL
RE 295 672 353 US

Pinnacle Health Solutions
Db: www.pinnaclehealthsavings.com
c/o James Parish
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San Marcos, CA 92078

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Michael Schultz
Pinnacle Health Solutions
National Registered Agents, Inc. of NV
1000 East William Street, Suite 204
Carson City, NV 89701

CERTIFIED MAIL:
7006 0810 0002 6163 8402

Pinnacle Health Solutions, LLC
3651 Lindell Road, Suite D173
Las Vegas, NV 89103

CERTIFIED MAIL:
7006 0810 0002 6163 8419

eHealthGreen
dba: www.eHealthGreen.com
1481 Glencrest Drive
San Marcos, CA 92078

CERTIFIED MAIL:
7006 0810 0002 6163 8426

eHealthGreen
1481 Glencrest Drive
San Marcos, CA 92078

CERTIFIED MAIL:
7006 0810 0002 6163 8433

www.HealthEnroll.net
c/o American Trade Association
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 8440

Executive Healthcare
www.executivehealthcare.biz
c/o Cleotha Montgomery
1801 Crape Myrtle Circle
Irving, TX 75038-8416

CERTIFIED MAIL:
7006 0810 0002 6163 8457

www.myatabenefits.com
c/o American Trade Association
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6164 1792

www.firstamericanhealthcare.com
Liquid Chips
c/o Free Private Reg
P.O. Box 81024
Burnaby, BC V5H 4 K2
Canada

INTERNATIONAL CERTIFIED MAIL
RA 288 628 779 US

www.firstamericanhealthcare.com
Hostmaster, Domain
c/o Free Private Reg
Suite 210 – 3602 Gilmore Way
Burnaby, BC V5G 4 W9
Canada

INTERNATIONAL CERTIFIED MAIL
RE 295 672 424 US

First American Healthcare
James Parish
1481 Glencrest Drive
San Marcos, CA 92069

CERTIFIED MAIL:
7006 0810 0002 6164 1839

First American Healthcare
Nicholas A. Wall
Liquid Chips
1481 Glencrest Drive
San Marcos, CA 92069

CERTIFIED MAIL:
7006 0810 0002 6163 8761

First American Healthcare
c/o American Trade Association
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 8754

Superior Health Care
c/o American Trade Association
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 8778

Omni HealthCare
c/o American Trade Association
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 8785

Proven Choice
c/o American Trade Association
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 8792

Mini Health Care
c/o American Trade Association
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 8808

and a copy was hand-delivered to:

Director, OID Consumer Assistance

Director, OID Financial Division

Director, OID Anti-Fraud Division


Director, OID Producer Licensing Division



Julie Delluomo

I ~~Kim~~ Holland Insurance Commissioner of
the State of Oklahoma, hereby certify that the
foregoing is a true, correct and complete copy of
the instrument herewith set out as appears of
record in the Oklahoma Insurance Department,
this 22nd day of February, 20 .

Kim Holland
Insurance Commissioner

By 

BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA

STATE OF OKLAHOMA, ex rel.
KIM HOLLAND, Insurance Commissioner,

Petitioner,

vs.

AMERICA TRADE ASSOCIATION,
REAL BENEFITS ASSOCIATION,
SMART DATA SOLUTIONS,
SERVE AMERICA ASSURANCE, LTD.,
SERVE AMERICA ASSURANCE, LTD.,
COMPANY,
BEEMA-PAKISTAN COMPANY LTD.,
OBED KIRKPATRICK,
BART POSEY
RICHARD BACHMAN
WILLIAM M. WORTHY II
KATHLEEN CAUTHEN
DAVID L. CLARK
COLIN YUPELL,
individually and/or in their capacity as officers,
directors or agents of the above named entities.
HEALTHCARE AMERICA
PINNACLE HEALTH SOLUTIONS,
PINNACLE HEALTH SOLUTIONS, LLC,
EHEALTHGREEN,
EXECUTIVE HEALTHCARE,
MY ATA BENEFITS,
FIRST AMERICAN HEALTHCARE,
SUPERIOR HEALTH CARE,
OMNI HEALTHCARE,
PROVEN CHOICE,
MINI HEALTH CARE,
JAMES PARISH
NICHOLAS A. WALL
BILLY HENSON
CLEOTHA MONTGOMERY
MICHAEL SCHULTZ, owners of the above named
entities

Respondents.

FILED

JAN 08 2010

INSURANCE COMMISSIONER
OKLAHOMA.

Case No. 09-1544-UNI

NOTICE OF VIOLATION OF CEASE & DESIST ORDER

COMES NOW the State of Oklahoma ex rel. Kim Holland, by and through her attorney Julie Delluomo, and alleges and states as follows:

JURISDICTION AND SERVICE

1. Kim Holland is the Insurance Commissioner of the State of Oklahoma and as such is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101 et seq.

2. The Insurance Commissioner has jurisdiction over this matter pursuant to the Insurance Code 36 O. S. §§ 101 et seq., specifically pursuant to: Article 6 Authorization of Insurers; 36 O.S. §§ 601 et seq.; the Oklahoma Producer Licensing Act, 36 O.S. §§ 1435.1 et seq.; the Unauthorized Insurance Business Act, 36 O.S. §§ 6103.1 et seq.; the Health Care Fraud Prevention Act, 36 O.S. §§ 1219.1, et seq.

3. On the 9th day of November, 2009, an Emergency Cease & Desist Order was issued by Commissioner Holland against the named Respondents because the named Respondents were not licensed or authorized to do an insurance business in the State of Oklahoma. The Cease and Desist Order ordered that Respondents and any agents, affiliates, employees, and/or other representatives, both current and successor, whether named or unnamed, shall **CEASE & DESIST** from all activities related to doing insurance business in the State of Oklahoma. (Exhibit "A").

4. On the 16th day of November, 2009, Respondents America Trade Association, Smart Data Solutions and www.myatabenefits were served with the Cease & Desist Order. (Exhibit "B"). No Respondent named in this case contested the Cease &

Desist Order by requesting a hearing to show cause why the Order should not be affirmed.

ALLEGATIONS OF FACT

1. On the 10th day of December, 2009, the Oklahoma Insurance Department investigated whether the named Respondents were complying with the Cease & Desist Order. Previous investigation revealed that American Trade Association offers health insurance products to customers through various marketing tools including fax solicitation, internet websites and producers. American Trade Association is located in Springfield, Tennessee and its president is Obed Kirkpatrick. American Trade Association does not hold a producer's license, certificate of authority, or any other registration or license from the Oklahoma Insurance Department authorizing it to engage in the business of insurance in Oklahoma.

2. Smart Data Solutions is also located in Springfield Tennessee and its corporate officers are Richard Bachman and Brad Posey. Smart Data Solutions is the third party administrator for American Trade Association and drafts customer's bank accounts for premium payments. Smart Data Solutions is not registered with the Oklahoma Insurance Department as a third party administrator. Information from Domains by Proxy revealed that Richard Bachman, a corporate officer of Smart Data Solutions, created the Internet website www.myatabenefits.com in 2009.

3. On December 10, 2009, investigation revealed that www.myatabenefits.com was still an existing and working website on the Internet. A quote for insurance for an Oklahoma consumer was requested under the name "Trish McPhee" from this website.

4. On December 14, 2009, a call from phone number (615) 382-9595 was received from an individual identifying himself as Trent Parks ("Parks) with American Trade Association.

5. "Trent Parks" stated that American Trade Association sells mini-medical or major medical health insurance policies. Parks stated their plan provided a \$500.00 deductible, 20% coinsurance, \$25 doctor visits, \$50 urgent care visits, and \$20 generic mail in prescriptions through Express Scripts.

6. Parks stated the Preferred Provider Organization ("PPO") was Multi-Plan with over 500,000 physicians in the network. Parks provided a quote of \$662.80 per month for the major medical policy.

7. Parks confirmed that Dr. Keith Conaway, located in Shawnee, Oklahoma was a contracted physician with Multi-Plan. Parks further confirmed Unity South and Unity North healthcare facilities, both located in Shawnee, Oklahoma were contracted providers under Multiplan. Parks stated American Trade Association was between insurance companies but would know the name of the new company by the end of the week.

8. Parks stated that the \$662.80 monthly premium could be sent through direct bill or the funds could be withdrawn through bank draft. Parks thereafter faxed an application and bank draft sheet from fax number (866) 512-6464 to the investigator. The faxed enrollment form for health insurance was titled "American Trade Association". (Exhibit "C"). The name "Trish McPhee" was listed as the primary insured's name. The bank draft form was titled "Smart Data Solutions" The name "Trish McPhee" was listed as the member name. (Exhibit "D").

9. On the 5th day of January, 2010, an individual with American Trade Association who identified himself as "Heath Parks" stated the new insurance company was Andone Insurance Company Limited. Parks stated that it is a "white listed company, which means in insurance terms, it is the best".

10. Andone Insurance Company Limited does not hold a certificate of authority to conduct business in Oklahoma nor is it in anyway authorized to do business in Oklahoma.

ALLEGED VIOLATIONS OF LAW

The conduct of American Trade Association, Smart Data Solutions and www.myatabenefits.com in doing an insurance business in the State of Oklahoma violates the Cease & Desist Order served on them November 16, 2009.

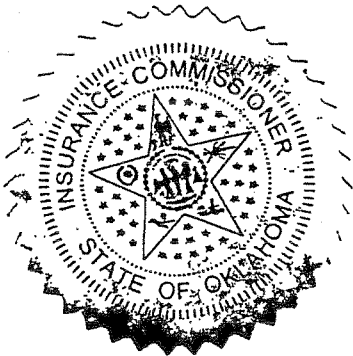
ORDER

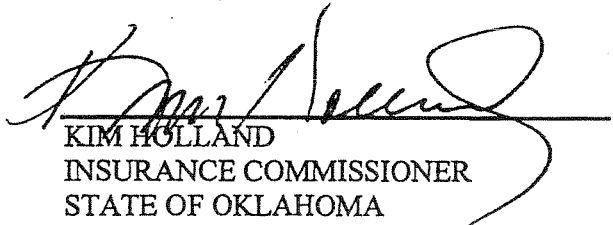
IT IS THEREFORE ORDERED, ADJUDGED AND DECREED by the Insurance Commissioner, subject to the following paragraph, that the Respondents violated the Cease & Desist Order and therefore **American Trade Association, Smart Data Solutions and www.myayabenefits.com are EACH FINED A CIVIL PENALTY in the amount of \$25,000.00 (TWENTY-FIVE THOUSAND DOLLARS) for the violation, pursuant to 36 O.S. § 6103.7(B)(1), payable within thirty (30) days of the date of mailing.**

IT IS FURTHER ORDERED, ADJUDGED AND DECREED by the Insurance Commissioner that the Respondents may request a hearing with respect to the Allegations of Fact set forth above within thirty (30) days of the date of mailing of this Notice of Violation of Cease & Desist Order. This Order and the penalties set forth

above shall become a Final Order on the thirty-first day following the date of mailing of this Order. Such request for hearing, if desired, shall be made in writing addressed to Julie Delluomo, Oklahoma Insurance Department, Legal Division, Post Office Box 53408, Oklahoma City, Oklahoma 73152-3408 and must be served on the Oklahoma Insurance Department within the thirty (30) days allotted. The proceedings on any such requested hearing will be conducted in accordance with the Oklahoma Insurance Code, 36 O.S. §§ 101 et seq., and the Oklahoma Administrative Procedures Act, 75 O.S. §§ 250 et seq.

WITNESS My Hand and Official Seal this 8th day of January 2010.




KIM HOLLAND
INSURANCE COMMISSIONER
STATE OF OKLAHOMA

CERTIFICATE OF MAILING

I, Julie Delluomo hereby certify that a true and correct copy of the above and foregoing Notice of Violation of Cease and Desist Order was mailed postage prepaid with return receipt requested on this 8th day of January 2010 to:

America Trade Association
400 Memorial Blvd.
Springfield, TN 37172

CERTIFIED MAIL # 7006 0810 0002 6163 9362

Smart Data Solutions
4676 Highway 41 North
Springfield, TN 37172

CERTIFIED MAIL # 7006 0810 0002 6163 9379

www.myatabenefits.com
c/o American Trade Association
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL # 7006 0810 0002 6163 9393


and a copy was hand-delivered to:

Director, OID Consumer Assistance

Director, OID Financial Division

Director, OID Anti-Fraud Division

Director, OID Producer Licensing Division


Julie Delluomo
Julie Delluomo

BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA

STATE OF OKLAHOMA, ex rel.)
KIM HOLLAND, Insurance Commissioner,)

Petitioner,)

vs.)

AMERICA TRADE ASSOCIATION,)
REAL BENEFITS ASSOCIATION,)
SMART DATA SOLUTIONS,)

SERVE AMERICA ASSURANCE, LTD.,)
SERVE AMERICA ASSURANCE, LTD.,)
COMPANY,)

BEEMA-PAKISTAN COMPANY LTD.,)

OBED KIRKPATRICK,)

BART POSEY)

RICHARD BACHMAN)

WILLIAM M. WORTHY II)

KATHLEEN CAUTHEN)

DAVID L. CLARK)

COLIN YOEUELL,)

individually and/or in their capacity as officers,)
directors or agents of the above named entities.)

HEALTHCARE AMERICA)

PINNACLE HEALTH SOLUTIONS,)

PINNACLE HEALTH SOLUTIONS, LLC,)

EHEALTHGREEN,)

EXECUTIVE HEALTHCARE,)

MY ATA BENEFITS,)

FIRST AMERICAN HEALTHCARE,)

SUPERIOR HEALTH CARE,)

OMNI HEALTHCARE,)

PROVEN CHOICE,)

MINI HEALTH CARE,)

JAMES PARISH)

NICHOLAS A. WALL)

BILLY HENSON)

CLEOTHA MONTGOMERY)

MICHAEL SCHULTZ, owners of the above named)
entities)

Respondents.)

FILED

NOV 09 2009

INSURANCE COMMISSIONER
OKLAHOMA

Case No. 09-1544-UNI



EMERGENCY CEASE AND DESIST ORDER

On the 9th day of November, 2009, the Oklahoma Insurance Department ("OID") through Assistant General Counsel Julie Delluomo presented to the Insurance Commissioner an Application for an Emergency Cease and Desist Order. The Commissioner having examined the Application finds the Oklahoma Insurance Department has jurisdiction over this matter pursuant to the Oklahoma Constitution Article 6 § 22; the Oklahoma Insurance Code, generally, 36 O.S. §§ 101 et seq.; and specifically pursuant to Article 6 of the Insurance Code (Authorization of Insurers), 36 O.S. §§ 601 et seq; the Oklahoma Producer Licensing Act, 36 O.S. §§ 1435.1 et seq; the Unauthorized Insurance Business Act, 36 O.S. §§ 6103.1 et seq; and the Health Care Fraud Prevention Act, 36 O. S. § 1219.1 et seq.

The Commissioner further finds clear and convincing evidence to support the following finding and orders:

1. Respondents actions fall within the definition of "doing an insurance business in this State" 36 O.S. § 6103.2. The above-cited conduct is in violation of 36 O.S. §§ 6103.2 and 6103.3.

2. The alleged conduct is an immediate danger to the public or is causing or can be reasonably expected to cause significant, imminent and irreparable public injury.

IT IS THEREFORE ORDERED that Respondents and any agents, affiliates, employees, and/or other representatives, both current and successor, whether named or unnamed herein, shall **CEASE & DESIST** from all activities related to doing insurance business in this state, including:

1. The making of or proposing to make as an insurer an insurance contract;
2. The making of or proposing to make, as guarantor or surety, any contract of guaranty or suretyship as a vocation and not merely incidental to any other legitimate business or activity of the guarantor or surety;
3. The taking or receiving of any application for insurance;
4. Maintaining any agency or office where any acts in furtherance of an insurance business are transacted, including but not limited to:
 - a. execution of contracts of insurance with citizens of this or any other state,
 - b. maintaining files or records of contracts of insurance,
 - c. processing of claims, or
5. receiving or collection of any premiums, commissions, membership fees, assessments, dues or other consideration for any insurance or any part thereof;
6. The issuance or delivery of contracts of insurance to residents of this state or to persons authorized to do business in this state;
7. Directly or indirectly acting as an agent for, or otherwise representing or aiding on behalf of another, any person or insurer in:
 - a. solicitation, negotiation, procurement or effectuation of insurance or renewals thereof,
 - b. dissemination of information as to coverage or rates, or forwarding of applications, or delivery of policies or contracts,
 - c. inspection of risks,
 - d. fixing of rates or investigation or adjustment of claims or losses,

e. transaction of matters subsequent to effectuation of the contract and arising out of it, or

f. in any other manner representing or assisting a person or insurer in the transaction of insurance with respect to subjects of insurance resident, located or to be performed in this state;

8. Contracting to provide indemnification or expense reimbursement in this state to persons domiciled in this state or for risks located in this state, whether as an insurer, agent, administrator, trust, funding mechanism, or by any other method;

9. The doing of any kind of insurance business specifically recognized as constituting the doing of an insurance business within the meaning of the statutes relating to insurance;

10. The doing or proposing to do any insurance business in substance equivalent to any of the foregoing in a manner designed to evade the provisions of the statutes; or

11. Any other transactions of business in this state by an insurer.

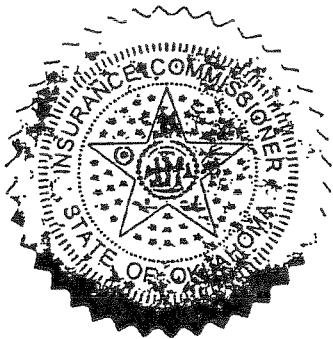
IT IS FURTHER ORDERED Respondent shall leave all of its records undisturbed in its offices until such time as an appropriate examination of such records can be completed by representatives of the department or other examiners appointed by or cooperating with the Commissioner.

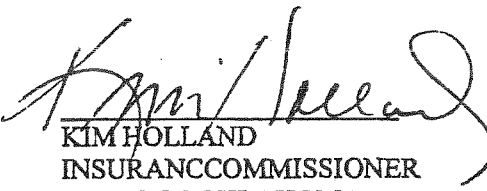
IT IS FURTHER ORDERED that this Order is effective immediately and shall continue in full force and effect until further order of the Commissioner. This Order is binding on Respondent, its agents, affiliates, employees and/or other representatives, both current and successor, whether named or unnamed herein.

Pursuant to 36 O.S. § 6103.6(B), any person affected by this Order and who seeks to contest it, has the right to request a hearing before the Commissioner, or her duly appointed representative, to show cause why this Order should not be affirmed. The person affected must make the request not later than the 30th day after the date on which the person receives this Order. The request must be in writing directed to the Commissioner and must state the grounds for the request to set aside or modify the Order. Pending hearing, this Order shall continue in full force and effect unless stayed by the Commissioner. Any such hearing shall be conducted according to the procedures for contested cases under the Insurance Code and 75 O.S. §§ 250 et seq.

In the event this order is violated, the Commissioner may impose a civil penalty of \$25,000.00 for each act of violation; direct the Respondent against whom the Order is issued to make complete restitution, in the form and amount and within the period determined by the Commissioner to all Oklahoma residents, Oklahoma insureds and entities operating in Oklahoma damaged by the violation or failure to comply, or impose both the penalty and direct restitution.

WITNESS My Hand and Official Seal this 9th day of November, 2009.




KIM HOLLAND
INSURANCE COMMISSIONER
STATE OF OKLAHOMA

CERTIFICATE OF MAILING

I, Julie Delluomo hereby certify that a true and correct copy of the above and foregoing Application for Emergency Cease and Desist Order was mailed postage prepaid with return receipt requested on this 9th day of November 2009 to:

Serve America Assurance, Ltd.
c/o Beema-Pakistan Company, Ltd
412-427 Muhammadi House
I.I. Chundrigar Road, P.O. Box 5626
Karachi 74000 Pakistan

INTERNATIONAL CERTIFIED MAIL
RE 295 672 407 US

Serve America Assurance, Ltd. Company
Kathleen Cauthen
117 Winding Oak Way
Blythewood, SC 29016

CERTIFIED MAIL:
7006 0810 0002 6164 1167

Beema-Pakistan
412-427 Muhammadi House
I.I. Chundrigar Road, P.O. Box 5626
Karachi 74000 Pakistan

INTERNATIONAL CERTIFIED MAIL
RE 295 672 415 US

America Trade Association
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6164 1181

America Trade Association
400 Memorial Blvd.
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6164 1198

Real Benefits Association
118A Fulton Street
Box 138
New York, NY 10038

CERTIFIED MAIL:
7006 0810 0002 6163 8815

Smart Data Solutions
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 8341

Healthcare America
DbA: www.Healthcareamericaonline.com
P.O. Box 181, Wilshire Blvd
Beverly Hills, CA 90212

CERTIFIED MAIL:
7006 0810 0002 6163 8389

Dave Clark, President
Real Benefits Association
118A Fulton Street
Box 138
New York, NY 10038

CERTIFIED MAIL:
7006 0810 0002 6163 8822

Obed Kirkpatrick
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 8327

Obed Kirkpatrick
1705 Rocking Chair Place
Franklin, TN 37067

CERTIFIED MAIL:
7006 0810 0002 6163 8334

William M. Worthy
44 Morgan Place Dr.
Isle of Palms, SC 29451

CERTIFIED MAIL:
7006 0810 0002 6163 8839

Bart Posey
c/o Smart Data Solutions
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 8358

Bart Posey
3448 Forest Park Road
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 8365

Richard Bachman
c/o Smart Data Solutions
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 8372

Colin Youell, Director
Beema-Pakistan
412-427 Muhammadi House
I.I. Chundrigar Road, P.O. Box 5626
Karachi 74000 Pakistan

INTERNATIONAL CERTIFIED MAIL
RE 295 672 353 US

Pinnacle Health Solutions
Db: www.pinnaclehealthsavings.com
c/o James Parish
1481 Glencrest Drive
San Marcos, CA 92078

CERTIFIED MAIL:
7006 0810 0002 6163 8396

Michael Schultz
Pinnacle Health Solutions
National Registered Agents, Inc. of NV
1000 East William Street, Suite 204
Carson City, NV 89701

CERTIFIED MAIL:
7006 0810 0002 6163 8402

Pinnacle Health Solutions, LLC
3651 Lindell Road, Suite D173
Las Vegas, NV 89103

CERTIFIED MAIL:
7006 0810 0002 6163 8419

eHealthGreen
dba: www.eHealthGreen.com
1481 Glencrest Drive
San Marcos, CA 92078

CERTIFIED MAIL:
7006 0810 0002 6163 8426

eHealthGreen
1481 Glencrest Drive
San Marcos, CA 92078

CERTIFIED MAIL:
7006 0810 0002 6163 8433

www.HealthEnroll.net
c/o American Trade Association
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 8440

Executive Healthcare
www.executivehealthcare.biz
c/o Cleotha Montgomery
1801 Crape Myrtle Circle
Irving, TX 75038-8416

CERTIFIED MAIL:
7006 0810 0002 6163 8457

www.myatabenefits.com
c/o American Trade Association
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6164 1792

www.firstamericanhealthcare.com
Liquid Chips
c/o Free Private Reg
P.O. Box 81024
Burnaby, BC V5H 4 K2
Canada

INTERNATIONAL CERTIFIED MAIL
RA 288 628 779 US

www.firstamericanhealthcare.com
Hostmaster, Domain
c/o Free Private Reg
Suite 210 – 3602 Gilmore Way
Burnaby, BC V5G 4 W9
Canada

INTERNATIONAL CERTIFIED MAIL
RE 295 672 424 US

First American Healthcare
James Parish
1481 Glencrest Drive
San Marcos, CA 92069

CERTIFIED MAIL:
7006 0810 0002 6164 1839

First American Healthcare
Nicholas A. Wall
Liquid Chips
1481 Glencrest Drive
San Marcos, CA 92069

CERTIFIED MAIL:
7006 0810 0002 6163 8761

First American Healthcare
c/o American Trade Association
4676 Highway 41
Springfield, TN 37172

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Superior Health Care
c/o American Trade Association
4676 Highway 41
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Omni HealthCare
c/o American Trade Association
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 8785

Proven Choice
c/o American Trade Association
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 8792

Mini Health Care
c/o American Trade Association
4676 Highway 41
Springfield, TN 37172

CERTIFIED MAIL:
7006 0810 0002 6163 8808

and a copy was hand-delivered to:

Director, OID Consumer Assistance

Director, OID Financial Division

Director, OID Anti-Fraud Division

Director, OID Producer Licensing Division


Julie Delluomo

I, Kim Holland Insurance Commissioner of
the State of Oklahoma, hereby certify that the
foregoing is a true, correct and complete copy of
the instrument herewith set out as appears of
record in the Oklahoma Insurance Department,
this 22nd day of February, 2010.

Kim Holland
Insurance Commissioner


By 

<p>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>Print your agent and address on the reverse so that we can return the card to you.</p> <p>Attach this card to the back of the mail or on the front if space is available.</p>		<p>A. Signature</p> <p><i>X [Signature]</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
<p>1. Article Addressed to:</p> <p style="text-align: right;">RECEIVED NOV 19 2009 LEGAL DIVISION</p> <p>Legal Division America Trade Association 400 Memorial Blvd. Springfield, TN 37172</p>		<p>B. Recipient by (Printed Name)</p> <p><i>Richard Bull</i></p>	
		<p>C. Date of Delivery</p> <p><i>11-16-9</i></p>	
		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If YES, enter delivery address below: <input type="checkbox"/> No</p>	
		<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>	
		<p>4. Restricted Delivery (Extra Fee) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
<p>2. Article Number (Transfer from service label)</p>		<p>7006 0810 0002 6164 1198</p>	
<p>PS Form 3811, February 2004</p>		<p>Domestic Return Receipt</p>	

EXHIBIT

B

<p> <input type="checkbox"/> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. <input type="checkbox"/> Print your name and address on the reverse so that we can return the card to you. <input type="checkbox"/> Attach this card to the back of the envelope or on the back of space permits. </p>	<p> A. Signature <input checked="" type="checkbox"/> <i>Colleen</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressess </p>
<p> 1. Article Addressed to: NOV 19 2009 Legal Division America Trade Association 4876 Highway 41 Springfield, TN 37172 </p>	<p> B. Received by (Printed Name) C. Date of Delivery 11-16-09 </p> <p> D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No </p>
<p> 2. Article Number <small>(Transfer from service label)</small> </p>	<p> 3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes </p>
<p> PS Form 3811, February 2004 </p>	<p> Domestic Return Receipt 102995-02-11-15-10 </p>

<p> <input type="checkbox"/> Complete form and attach complete Form 49 (Required only way to return) <input type="checkbox"/> Print your name and address on the envelope so that we can return the card if needed <input type="checkbox"/> Attach this card to the front of the envelope or on the front of the package </p>		<p> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee </p>	
<p>1. Article Addressed to:</p> <p style="text-align: right;">NOV 19 2009</p> <p>  Legal Division Smart Data Solutions 4676 Highway 41 Springfield, TN 37172 </p>		<p> <input type="checkbox"/> Registered Mail <input type="checkbox"/> Registered Mail - Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. </p>	
<p>2. Article Number (Required for merchandise)</p>		<p>7006 0810 0002 6163 8341</p>	
<p>PS Form 3811, February 2004</p>		<p>Domestic Return Receipt</p>	

1. Addressee www.myatabenefits.com c/o American Trade Associat 4676 Highway 41 Springfield, TN 37172		2. Article Number (Number does not exceed 100)
3. Article Number (Number does not exceed 100)		7006 0810 0002 6164 1792
PS Form 3811, February 2004		Domestic Return Receipt



400 Memorial Blvd.
 Springfield, TN 37172
 800-546-7405 ext. 133
 888-512-6464 fax

Enrollment Form For Health Coverage Plan

1. Primary Insured's Information

Name	Date of Birth	SS #	Age	Sex
Trisha McPhee				
Street Address: Street, City, State, Zip Code				
Billing Address: Street, City, State, Zip Code				
Email Address:	Home Phone No.	Work Phone No.		
almesapc@hushmail.com		405-522-6779		

2. Dependent Information - Complete the following for each dependent to be insured:

Name (Last/First/Middle)	Sex	Relationship	Date of Birth	Social Security No.

3. Beneficiary Information - Complete the following for the Accidental Death & Dismemberment benefit:

Primary Beneficiary:		Relationship:	
Contingent Beneficiary:		Relationship:	

Company Name _____ Average Weekly Hours Worked _____

4. Plan Selected: (Circle one)

Plan 300	Plan 500	Plan 1000	Major Medical
Critical Illness Benefit: 5K or 25K / Smoker or Non-Smoker			

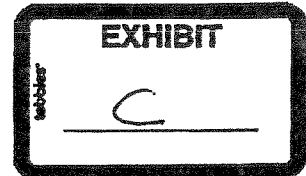
Monthly Dues: \$ _____ Requested Effective Date: _____

Member's Statement

I hereby request and accept membership in the American Trade Association (ATA).
 I (We) hereby authorize the Association to represent me in matters regarding terms and conditions of employment to include, but not necessarily be limited to, voluntary employee benefits. The Association has authority on my behalf to negotiate and conclude any and all agreements as to these medical benefits and collect for that cost as well as the dues for my membership through their normal collection method. The insurance contract is written on a month to month basis and is automatically renewed monthly unless cancelled in writing.

By signing below,
 I AUTHORIZE SERVE AMERICA ASSURANCE., OR ITS THIRD PARTY ADMINISTRATOR TO COLLECT ANY AND ALL DUES FOR THIS COVERAGE. I ALSO STATE AT THIS TIME THAT I DO _____ DO NOT _____ HAVE CURRENT COVERAGE IN PLACE IF YOU HAVE CURRENT COVERAGE PLEASE ATTACH COPY OF LATEST STATEMENT

Fraud Warning: Any person who knowingly and with intent, defrauds or deceives any insurance company by submitting an application or filing a claim that contains any false or incomplete information, or conceals information for the purpose of misleading, is guilty of insurance fraud, which is a felony and subject to criminal and/or civil penalties.



Signed In: _____ (City, State) Signature of Member _____ Date _____
 Enrollment Representative _____ Heath Parks



smartDATA

SOLUTIONS

SDS, LLC 4676 HIGHWAY 41 NORTH SPRINGFIELD, TN 37172

Member Name Trisha Mcphee

Address _____

City _____

State _____

Zip Code _____

Telephone 405-201-1101 _____ Email _____

Monthly premium _____

Coverage for	Member Only	_____
	Member /Spouse	_____
	Member/Children	_____
	Member/Family	_____

Please select your payment choice.

Dues to be drafted monthly

Name of Bank _____

Name on Bank Account _____

Routing Number (9 digits) _____

Account Number _____

Credit Card Name on Account _____

Card Type _____ Acc Number _____

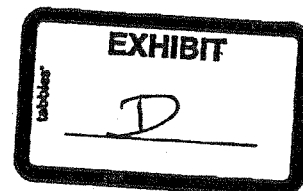
Exp Date _____

CW Code _____

***Date to be drafted _____

***Please note if draft date falls on the weekend, your account will be drafted the following business day.

Member's Signature _____ Date _____
Please fax to 800-548-7402, email kwright@sdsfirst.com or mail to the address above. For assistance or questions call us at 800-591-6764.



Business Act, 36 O.S. §§ 6103.1, et seq., the Health Care Fraud Prevention Act 36 O.S. §§ 1219.1, the Health Savings Account Act 36 O.S. §§ 7001 et. seq.

The Commissioner having examined the attached Application finds clear and convincing evidence Respondents are engaging in the insurance business in this state without authorization in violation of 36 O.S. § 6103.3 and should be immediately stopped and enjoined from conducting insurance business in the State of Oklahoma.

IT IS THEREFORE ORDERED that Respondents and any agents, affiliates, employees, and/or other representatives, both current and successor, whether named or unnamed herein, shall **CEASE AND DESIST** from all activities related to doing insurance business in this state, including:

1. The making of or proposing to make, as an insurer, an insurance contract;
2. The making of or proposing to make, as guarantor or surety, any contract of guaranty or suretyship as a vocation and not merely incidental to any other legitimate business or activity of the guarantor or surety;
3. The taking or receiving of any application for insurance;
4. Maintaining any agency or office where any acts in furtherance of an insurance business are transacted, including but not limited to:
 - a. the execution of contracts of insurance with citizens of this or any other state;
 - b. maintaining files or records of contracts of insurance;
 - c. the processing of claims; or,
 - d. the receiving or collection of any premiums, commissions, membership fees, assessments, dues or other consideration for any insurance or any part thereof.
5. The issuance or delivery of contracts of insurance to residents of this state or to persons authorized to do business in this state;
6. Directly or indirectly acting as an agent for, or otherwise representing or aiding on behalf of another, any person or insurer in:
 - a. the solicitation, negotiation, procurement or effectuation of insurance or renewals thereof,

- b. the dissemination of information as to coverage or rates, or forwarding of applications, or delivery of policies or contracts,
- c. inspection of risks,
- d. fixing of rates or investigation or adjustment of claims or losses,
- e. the transaction of matters subsequent to effectuation of the contract and arising out of it, or
- f. in any other manner representing or assisting a person or insurer in the transaction of insurance with respect to subjects of insurance resident, located or to be performed in this state;

7. Contracting to provide indemnification or expense reimbursement in this state to persons domiciled in this state or for risks located in this state, whether as an insurer, agent, administrator, trust, funding mechanism, or by any other method;

8. The doing of any kind of insurance business specifically recognized as constituting the doing of an insurance business within the meaning of the statutes relating to insurance;

9. The doing or proposing to do any insurance business in substance equivalent to any of the foregoing in a manner designed to evade the provisions of the statutes; or

10. Any other transactions of business in this state by an insurer.

IT IS FURTHER ORDERED Respondents shall leave all of their records undisturbed in their offices until such time as an appropriate examination of such records can be completed by representatives of the OID or other examiners appointed by or cooperating with the Commissioner.

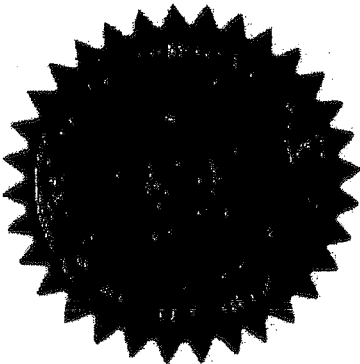
IT IS FURTHER ORDERED that this Order is effective immediately and shall continue in force and effect until further order of the Oklahoma Insurance Commissioner. This Order is binding on Respondents, their agents, affiliates, employees and/or other representatives, both current and successor, whether named or unnamed herein.

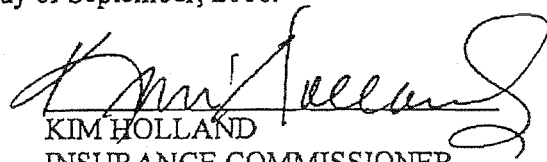
Pursuant to 36 O.S. § 6103.6(B), any person affected by this Order and who seeks to contest it, has the right to request a hearing before the Commissioner, or his duly appointed representative, to show cause why this Order should not be affirmed. The person affected must make the request not later than the 30th day after the date on which the person receives this

Order. The request must be in writing directed to the Commissioner and must state the grounds for the request to set aside or modify the Order. Pending hearing this Order shall continue in full force and effect unless stayed by the Commissioner. Any such hearing shall be conducted according to the procedures for contested cases under the Insurance Code and 75 O.S. §§ 250-323.

IN THE EVENT THIS ORDER IS VIOLATED, THE COMMISSIONER MAY IMPOSE A CIVIL PENALTY OF \$25,000.00 FOR EACH ACT OF VIOLATION OR DIRECT THE RESPONDENTS AGAINST WHOM THE ORDER IS ISSUED TO MAKE COMPLETE RESTITUTION IN THE FORM AND AMOUNT AND WITHIN THE PERIOD DETERMINED BY THE COMMISSIONER TO ALL OKLAHOMA RESIDENTS, OKLAHOMA INSURERS, AND ENTITIES OPERATING IN OKLAHOMA DAMAGED BY THE VIOLATION OR FAILURE TO COMPLY OR IMPOSE BOTH THE PENALTY AND DIRECT RESTITUTION.

Witness My Hand and Official Seal this 26 day of September, 2006.




KIM HOLLAND
INSURANCE COMMISSIONER
STATE OF OKLAHOMA

CERTIFICATE OF MAILING

I, John Mahoney hereby certify that a true and correct copy of the above and foregoing Cease and Desist Order was mailed postage prepaid with return receipt requested on this 26 day of September 2006 to:

Real Benefits Association
P.O. Box 74
Basking Ridge, NJ 07920
7001 0320 0003 9968 2961

David L. Clark, Chairman
Real Benefits Association
P.O. Box 74
Basking Ridge, NJ 07920
7001 0320 0003 9968 2954

PerfectHealth Insurance Company
P.O. Box 140724
Staten Island, NY 10314
7001 0320 0003 9968 2947

Perfect Health Benefits
29 W. 036 Butterfield Road
Warrenville, IL 60555
7001 0320 0003 9968 2930

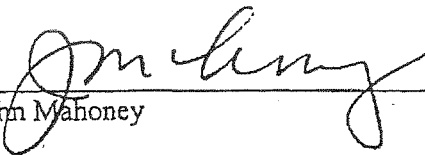
Kendra Fields, Account Manager
Perfect Health Benefits
29 W. 036 Butterfield Road
Warrenville, IL 60555
7001 0320 0003 9968 2985

J. L. Barnes Insurance Agency
a/k/a JLBG
P. O. Box 533
Warrenville, IL 60555
7001 0320 0003 9968 2978

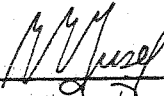
and a copy was hand-delivered to:

- OID Financial Division
- OID Agent Licensing
- OID Life & Health
- OID Investigations/Anti-Fraud

I, Kim Holland Insurance Commissioner of the State of Oklahoma, hereby certify that the foregoing is a true, correct and complete copy of the instrument herewith set out as appears of record in the Oklahoma Insurance Department, this 28th day of February, 2010.


John Mahoney

Kim Holland
Insurance Commissioner

By 

Kansas

BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF KANSAS

FINAL ORDER
EFFECTIVE 2-8-10

In the Matter of:)	
REAL BENEFITS ASSOCIATION, a/k/a RBA,	)	Docket No. 3966-SO
)	
SERVE AMERICA ASSURANCE,	)	3964-SO
LTD.)	
)	
AMERICAN TRADE ASSOCIATION, LTD,	)	3967-SO
a/k/a ATA)	
)	
SMART DATA SOLUTIONS, LLC	)	3968-SO
Springfield, TN)	
)	
Bart Posey	)	3969-SO
)	
Richard H. Bachman	)	3970-SO
)	
John Miller	)	3971-SO
)	
David L. Clark	)	3973-SO

SUMMARY ORDER

(Pursuant to K.S.A. 2006 Supp. 40-2404 and K.S.A. 40-2407)

Pursuant to authority granted to the Commissioner of Insurance (“Commissioner”) by K.S.A. 40-2404, K.S.A. 40-2406, K.S.A. 40-2407 and in accordance with the Kansas Administrative Procedure Act (as amended), K.S.A. 77-501 et. seq.

I, Sandy Praeger, the duly elected, qualified and acting Commissioner of Insurance of the State of Kansas, hereby orders the entities and individuals named above and their officers, directors, trustees, agents, employees, and affiliates (collectively known as “Respondents”) to cease and desist from the unauthorized transaction the business of insurance in the state of

Kansas and cease and desist from disseminating deceptive and misleading insurance advertisements to Kansas residents by way of a Summary Order pursuant to K.S.A. 40-2407.

Findings of Fact

The Commissioner finds the following facts:

1. Serve America Assurance, Ltd (hereinafter SAA) has as its address 4676 Highway 41 North, Springfield, Tennessee 37172.
2. SAA has not been granted a certificate of authority or license to conduct the business of insurance in the State of Kansas as an insurance company, agency, Third Party Administrator (TPA) or in any other capacity.
3. SAA is not registered with the Kansas Secretary of State as corporations authorized to conduct business in the state of Kansas.
4. Smart Data Solutions, LLC (hereinafter "SDS") is a Tennessee corporation located at 676 Highway 41 North, Springfield, Tennessee 37172. Bart Posey is identified as the President of SDS and Richard H. Bachman is identified as the Vice President of SDS.
5. Richard H Bachman is licensed with the Tennessee Department of Commerce and Insurance as a non-resident insurance producer, with license number 900932.
6. Richard H. Bachman is not licensed by the Kansas Department of Insurance as an insurance agent and Mr. Bachman is not authorized to transact the business of insurance in the state of Kansas.
7. Bart Posey is not licensed by the Kansas Department of Insurance as an insurance agent nor is Mr. Posey authorized to transact the business of insurance in the state of Kansas.
8. Real Benefits Association (hereinafter "RBA"), American Trade Association (hereinafter "ATA") are engaged in the business of marketing, soliciting, sales, and distribution of health and

life insurance products in the state of Kansas via the internet and other methods. Dave Clark is listed as the Chairman of RBA.

9. David L. Clark is not licensed by the Kansas Department of Insurance to act as an insurance agent or to transact the business of insurance in the state of Kansas.

10. RBA, ATA and SDS have not been granted a certificate of authority or license to conduct the business of insurance in the State of Kansas as an insurance company, agency, Third Party Administrator (TPA) or in any other capacity.

11. RBA, ATA are not registered with the Kansas Secretary of State as corporations authorized to conduct business in the state of Kansas.

12. RBA, ATA and SDS operate in a collaborative manner through the use of several different internet websites to market, solicit, sell, distribute and service life and health insurance policies underwritten by several different insurance companies. This collaboration is accomplished through the use of several websites which are located at: www.sdsfirst.com; www.atafirst.com; <http://rba-ata.com>; <http://healthtoday.bizl>; <http://www.serveamericald.com>; <http://www.familyhealthresource.com>; <http://www.firstamericanhealthcare.com>, and; <http://www.myatabenefits.com> .

13. John Miller is an associate of Bart Posey and works with ATA and SAA as a customer assistance associate and is not licensed by the Kansas Department of Insurance to act as an agent or to transact the business of insurance in the state of Kansas.

14. On February 23, 2009 KID received a complaint from Kansas resident M. H. which related that F.H., M.H.'s wife, signed up for insurance from in American Trade Association on February 19, 2009. F. H. responded to a fax that had been received at M.H's business. The fax advertised "Affordable Healthcare Plans". There was no identification of the insurance company

or any other information indicating the source, name, location or affiliation of the advertisement, only a phone number of 800-252-2171. M. H. stated that when the phone number was called and a health insurance policy was negotiated the charge quoted was \$324.00 per month, which was to become effective March 1, 2009.

15. M. H. stated that the company was to take this money from M. H. and F.H.'s joint checking account on February 24, 2009. However, the draft was processed on February 15, 2009. F. H. faxed a request to SDS cancel the insurance on February 23, 2009.

16. Subsequent to requesting cancellation of the policy M. H. has made numerous calls to the various telephone numbers used by SDS, ATA and RBA in an attempt to obtain a refund of the monies withdrawn from his account. M. H. states that when he calls, he is informed that the person he spoke with before is not there, that he should try another number or there is some other reason a refund cannot be made. To date no refund has been made to M.H or F.H. for this insurance.

17. M.H. provided KID with copies of the documents he received from American Trade Association via fax and by reviewing the various websites he was referred to by John Miller.

The following describes these pages:

(a) The first page, describes the "500 Plus Plan". Two types of insurance, life and health, are claimed to be part of this plan. The next to the last paragraph states "There is a term life benefit of \$5,000 for the primary member and \$2,500 for your spouse and any child insured under the plan as well. The Accident/Medical plan also has a \$50,000 accidental death Benefit included for all insured members." The last paragraph of the same page states, in part: "This is a group insurance plan issued directly to the Association. Each member receives a certificate of insurance from the carrier." This page also displays "Copyright 2008-2009. healthtoday.biz. All rights reserved."

(b) The second page, "RBA/ATA Plus500 Plan Benefits" states in part that, "It is an Association group medical plan which helps lower your out of pocket costs by using indemnity benefits and the opportunity to use network providers to reduce costs of medical care."

(c) Pages three, four and five provide the specific coverages, limits, exclusions and claims provisions. The address for notice of a claim is shown to be RBA/ATA

Administrator, 4676 Highway 41 North, Springfield, Tennessee 37172. Further, it states on page five: "Underwritten by: Serve America Assurance, LTD."

18. On March 12, 2009, pursuant to Nelson v. Miller, 233 Kan. 122, 660 P.2d 1361, 1983, KID notified RBA, ATA, SDS, SAA, Bart Posey, Richard H. Bachman, John Miller and David L. Clark individually, by letter that it considered their actions in marketing, soliciting, selling and servicing life and health insurance policies to be in violation of Kansas law and could result in administrative action being taken against them if they did not cease operations.

19. On April 15, 2009, SDS responded to the KID Nelson v. Miller letter of March 12, 2009, via a letter from the law firm of Evans and Petree, PC, of Memphis, Tennessee. The response admitted that SDS acts as a third party administrator for RBA and others, that SDS does not have any type of license related to insurance in Kansas. The letter also disputed jurisdiction, and the authority of KID to regulate their activities in providing administrative services.

20. On September 28, 2009, KID received a complaint from N.A.R. regarding the failure of RBA to pay claims totaling in excess of Eighty Eight Thousand dollars (\$88,000) for medical services provided to two different RBA members (M.B. and L.C.).

21. On November 13, 2009, KID received a complaint from J.N. regarding unwanted and unsolicited faxes being received at his business. These faxes were offering "Complete Health Care Plans". There is no insurance agency, insurance agent or insurance company name shown on these faxes, only a toll free telephone number is shown.

22. On November 13, 2009, KID Consumer Assistance representative, Jason Lapham, called the toll free number and was informed the health benefit plan was provided by First American Healthcare (Hereinafter FAH). Upon review of the website that the representative gave Mr. Lapham it was determined that FAH operates in close connection with ATA.

23. On December 8, 2009, after reviewing documentation of the denials provided by M.B., KID sent a letter of inquiry to RBA asking for an explanation for the denial of coverage. To date RBA has not responded.

Applicable Law

K.S.A. 40-214 states, in pertinent part:

It shall be unlawful for any person, company, corporation or fraternal benefit society to transact the business of insurance, indemnity or suretyship, or do any act toward transacting such business, unless such person, company, corporation or fraternal benefit society shall have been duly authorized under the laws of this state to transact such business and shall have received proper written authority from the commissioner of insurance in conformity with the provisions of the laws of this state relative to insurance, indemnity and suretyship, and further, it shall be unlawful for any insurance company to effect contracts of insurance in this state on the life or person of residents of this state or on property located in this state except through persons duly licensed and certified in accordance with the insurance laws of this state and subject to the provisions of K.S.A. 40-245.

K.S.A. 2006 Supp. 40-216 states, in pertinent part:

(a) No insurance company shall hereafter transact business in this state until certified copies of its charter and amendments thereto shall have been filed with and approved by the commissioner of insurance.

K.S.A. 1972 Supp. 40-2403 provides:

No person shall engage in this state in any trade practice which is defined in this state as, or determined pursuant to K.S.A. 40-2406 to be, an unfair method of competition or an unfair or deceptive act or practice in the business of insurance.

K.S.A. 2005 Supp. 40-2404 states, in pertinent parts:

The following are hereby defined as unfair methods of competition and unfair or deceptive acts or practices in the business of insurance:

- (1) Misrepresentations and false advertising of insurance policies. Making, issuing, circulating or causing to be made, issued or circulated, any estimate, illustration, circular, statement, sales presentation, omission or comparison which: (a) misrepresents the benefits, advantages, conditions or terms of any insurance policy.
- (2) False information and advertising generally. Making, publishing, disseminating, circulating or placing before the public, or causing, directly or indirectly, to be made, published, disseminated, circulated or placed before the public, in a newspaper, magazine or other publication, or in the form of a notice, circular, pamphlet, letter or poster, or over any radio or television station, or in any other way, an advertisement, announcement or statement containing any assertion,

misrepresentation or statement with respect to the business of insurance or with respect to any person in the conduct of such person's insurance business, which is untrue, deceptive or misleading.

- (9) Unfair claim settlement practices. It is an unfair claim settlement practice if any of the following or any rules and regulations pertaining thereto are: (A) Committed flagrantly and in conscious disregard of such provisions, or (B) committed with such frequency as to indicate a general business practice.
- (a) Misrepresenting pertinent facts or insurance policy provisions relating to coverages at issue;
 - (b) failing to acknowledge and act reasonably promptly upon communications with respect to claims arising under insurance policies;
 - (c) failing to adopt and implement reasonable standards for the prompt investigation of claims arising under insurance policies;
 - (d) refusing to pay claims without conducting a reasonable investigation based upon all available information;
 - (n) failing to promptly provide a reasonable explanation of the basis in the insurance policy in relation to the facts or applicable law for denial of a claim or for the offer of a compromise settlement.

K.S.A. 40-2406 provides:

- (a) Whenever the commissioner has reason to believe that any such person has been engaged or is engaging in this state in an unfair method of competition or any unfair or deceptive act or practice, whether or not defined in K.S.A. 40-2404 and amendments thereto, and that a proceeding by the commissioner in respect thereto would be in the interest of the public, the commissioner shall issue and serve upon such person a statement of the charges in that respect and conduct a hearing thereon in accordance with the provisions of the Kansas administrative procedure act.
- (b) If, after such hearing, the commissioner determines that the person charged has engaged in any unfair method of competition or any unfair or deceptive act or practice, any costs incurred as a result of conducting any administrative hearing authorized under the provisions of this section shall be assessed against such person or the company or companies represented by such person as an agent, broker or adjuster who is a participating party to the matters giving rise to the hearing. As used in this subsection, "costs" shall include witness fees, mileage allowances, any costs associated with reproduction of documents which become part of the hearing record and the expense of making a record of the hearing.

K.S.A. 40-2407 provides, in pertinent part:

- (a) If, after such hearing, the commissioner shall determine that the person charged has engaged in an unfair method of competition or an unfair or deceptive act or practice, the commissioner shall render an order requiring such person to cease and desist from engaging in such method of competition, act or practice and if the act or practice is a violation of K.S.A. 40-2404 and amendments thereto, the commissioner may in the exercise of discretion order any one or more of the following:

- (1) Payment of a monetary penalty of not more than \$1,000 for each and every act or violation, but not to exceed an aggregate penalty of \$10,000, unless the person knew or reasonably should have known such person was in violation of this act, in which case the penalty shall be not more than \$5,000 for each and every act or violation, but not to exceed an aggregate of \$50,000 in any six-month period.

K.S.A. 2006 Supp. 40-4905 states, in pertinent part:

(a) . . .it shall be unlawful for any person to sell, solicit or negotiate any insurance within this state unless such person has been issued a license as an insurance agent in accordance with this act.

K.S.A. 1989 Supp. 40-3810 states, in pertinent part:

. . . No person shall act as or hold oneself out to be an administrator in this state, unless such person holds a certificate of registration as an administrator issued by the commissioner of insurance. . .

K.A.R 40-1-34 state in the pertinent parts:

Section 6.

B. Every insurer, upon receipt of any inquiry from the insurance department respecting a claim shall, within fifteen working days of receipt of such inquiry, furnish the department with an adequate response to the inquiry.

Conclusions of Law

Based on the findings of fact in paragraphs #1 through #23 and the Applicable Law cited above, the Commissioner hereby finds:

1. The Commissioner has jurisdiction over Respondents as well as the subject matter of this proceeding, and such proceeding is held in the public interest.
2. The Commissioner finds that Respondents unlawfully conducted transactions or assisted in the transaction of the business of insurance in the State of Kansas without being authorized or licensed to conduct the business of insurance in the state of Kansas a violation of K.S.A. 40-214.

3. The Commissioner finds that Respondents RBA and ATA, unlawfully sold, solicited or negotiated insurance within this state without being duly authorized, a violation of K.S.A. 2006 Supp. 40-4905(a).
4. The Commissioner finds that Respondent RBA failed to acknowledge and act reasonably promptly upon communications with respect to claims arising under insurance policies; failed to adopt and implement reasonable standards for the prompt investigation of claims arising under insurance policies; refused to pay claims without conducting a reasonable investigation based upon all available information; failed to promptly provide a reasonable explanation of the basis in the insurance policy in relation to the facts or applicable law for denial of a claim in violation of K.S.A. 40-2404(9)(a), (b), (c), (d) and (n).
5. The Commissioner finds that Respondent SDS held themselves out to be, and acted as an administrator of insurance policies and benefits without a valid Kansas certificate of registration in violation of K.S.A. 40-3810.
6. The Commissioner finds that Respondent RBA failed to provide an adequate response within fifteen (15) days to an inquiry from KID respecting a claim in violation of K.A.R. 40-1-34 Section 6.B.
7. The Commissioner finds that permitting the Respondents to continue to conduct the business of insurance in the State of Kansas would pose an immediate danger to the well-being of Kansas residents.

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT:

That REAL BENEFITS ASSOCIATION; SERVE AMERICA ASSURANCE;

AMERICAN TRADE ASSOCIATION, LTD.; SMART DATA SOLUTIONS, LLC; BART POSEY; RICHARD H. BACHMAN; JOHN MILLER, and; DAVID L. CLARK, as well as their officers, directors, employees, managers, members, partners investors, affiliates, associates, agents and all other persons with actual knowledge of this Order, regardless of relation to or corporate or other form are, all **HEREBY ORDERED** to **IMMEDIATELY CEASE AND DESIST** from the further transaction of the business of insurance in Kansas, by whatever means and through whatever parties. This Summary Order shall continue in force until further Order of the Commissioner of Insurance. If Summary Order is violated, the Commissioner may, at her discretion, subject the Respondents to the provisions of K.S.A. 40-2411.

NOTICE AND OPPORTUNITY FOR HEARING

Respondents, within fifteen (15) days of service of this Summary Order, may file with the Kansas Insurance Department a written request for hearing on this Summary Order, as provided by K.S.A. 77-542. In the event a hearing is requested, such request should be directed to:

John W. Campbell, General Counsel
Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612

Any costs incurred as a result of conducting any administrative hearing shall be assessed against the agent/agency who is the subject of the hearing as provided by K.S.A. 40-4909(f). Costs shall include witness fees, mileage allowances, any costs associated with reproduction of documents which become part of the hearing record, and the expense of making a record of the hearing.

If a hearing is not requested, this Summary Order shall become effective as a Final Order, without further notice, upon the expiration of the fifteen (15) day period for requesting a hearing. The Final Order will constitute final agency action in the matter.

In the event the Petitioner files a petition for judicial review, the agency officer designated pursuant to K.S.A. 77-613(e) to receive service of a petition for judicial review on behalf of the Kansas Insurance Department is:

John W. Campbell, General Counsel

John W. Campbell, General Counsel
Kansas Insurance Department
420 S.W. 9th St.
Topeka, Kansas 66612

IT IS SO ORDERED THIS 20th DAY OF JANUARY 2010, IN THE CITY OF TOPEKA,
COUNTY OF SHAWNEE, STATE OF KANSAS.



Sandy Praeger

Sandy Praeger
Commissioner of Insurance

BY:

John W. Campbell
John W. Campbell
General Counsel

Certificate of Service

The undersigned hereby certifies that above and foregoing Cease and Desist Order was served via the United States Postal Service, first-class postage prepaid, on this 20th day of January, 2010, addressed to the following:

SERVE AMERICA ASSURANCE, LTD.
4676 Highway 41 North
Springfield, Tennessee 37172

Real Benefits Association, a/k/a RBA,
118A Fulton St., Box 138
New York, NY 10038

American Trade Association, LTD,
4676 Highway 41 North
Springfield, Tennessee 37172

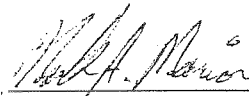
Smart Data Solutions, LLC
4676 Highway 41 North
Springfield, Tennessee 37172

Bart Posey
4676 Highway 41 North
Springfield, Tennessee 37172

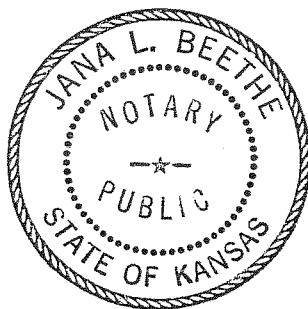
Richard H. Bachman
1600 Magpie Cove
Austin, TX 78746

John Miller
4676 Highway 41 North
Springfield, Tennessee 37172

Dave Clark, Chairman
Real Benefits Association
P.O. Box 74
Basking Ridge, NJ 07920



Mark A. Marion
Staff Attorney



Montana

SEP 04 2009

Michael Winsor
Montana State Auditor's Office
840 Helena Avenue
Helena, MT 59601
(406) 444-2040

Attorney for the Department of Insurance

BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE
OFFICE OF THE STATE AUDITOR
STATE OF MONTANA

IN THE MATTER OF:	)	Case No. INS 2007-79
)	
NATIONAL ALLIANCE OF ASSOCIATIONS, a.k.a.)	
NATIONAL TRADE BUSINESS ASSOCIATION,	)	NOTICE OF AGENCY
a.k.a. NATIONAL TRANSPORTATION BENEFITS	)	ACTION AND
ALLIANCE ASSOCIATION, a.k.a. NATIONAL TRADE	)	OPPORTUNITY FOR
BUSINESS ALLIANCE OF AMERICA, a.k.a.	)	HEARING
ALLIANCE ASSOCIATION HEALTH, a.k.a.)	
QUALIFIED ADMINISTRATIVE SPECIALISTS OF	)	(RESTITUTION,
AMERICA, a.k.a. AMERICAN EMPLOYERS	)	ADMINISTRATIVE
ASSOCIATION, a.k.a. NATIONAL ALLIANCE	)	FINES; PERMANENT
HEALTHCARE, a.k.a. HEALTHCARE ALLIANCE, a.k.a.	)	CEASE AND DESIST
ASSOCIATION HEALTH CARE MANAGEMENT INC.,	)	ORDER; AND
a.k.a. AFFINITY HEALTH PLANS OF AMERICA, a.k.a.	)	SUSPENSION OR
ALLIANCE HEALTH, a.k.a. AFFINITY HEALTH,	)	REVOCAION OF
a.k.a. AFFINITY ASSOCIATION GROUP, a.k.a.	)	PRODUCER AND
NATIONAL ASSOCIATION OF PRIVATE	)	ADMINISTRATOR
ENTERPRISE, a.k.a. ALLIANCE ASSOCIATION	)	LICENSES)
HEALTH, a.k.a. NATIONAL ALLIANCE OF)	
ENTREPRENEURS;)	
)	
PROFESSIONAL BENEFITS CONSULTANTS OF)	
DELAWARE, a.k.a. PROFESSIONAL BENEFITS)	
CONSULTANTS INC., a.k.a. PBC DIRECT, a.k.a.)	
PERSONAL BENEFITS CONSULTANTS INC.;)	
)	
THOMAS J. SULLIVAN; JAMES DOYLE;)	
CHRISTOPHER ASHIOTES; ROBERT FORTIER;)	
MICHAEL B. ROBERTS; and DAWN MAAHS;)	
individually and/or in their capacities as officers, directors)	
or agents of the above-named entities;)	
)	
ACCESS ONE CONSUMER HEALTH INC., CAREY)	
DANIEL ADAMS; and JULIAN STUART CRAWFORD;)	

individually and/or in their capacities as officers, directors)
or agents of the immediately foregoing entities;)
))
SEBRITE AGENCY INC.; MINNESOTA E-BIZ;)
DIRECT SERVICES ASSOCIATION; DP HEALTH)
MANAGEMENT SERVICES LLC; WORLDWIDE)
INSURANCE AND REINSURANCE SERVICES INC.;)
PRO-TEC ADMINISTRATORS/ENHANCEMENT)
SERVICES INC.; CONSUMER ALLIANCE USA, a.k.a)
CAUSA; PROFESSIONAL RISK AND ASSET)
MANAGEMENT INSURANCE SERVICES INC.; SMART)
DATA SOLUTIONS LLC; AFFINITY GROUP BENEFITS)
ASSOCIATION INC.;)
))
RICHARD RANDALL, JR.; TONY DENNIS; CODY)
KOTKE; RANDY TROLLOP; DENISE WISHCOP;)
CHRIS NOVINGER; JOHN VANHARA; YAMIL D.)
EMEDAN; CHRISTOPHER HUMMER; CARMEN JOY;)
AL KLINE; DEREK A. SEIWERT; JERRY SARVADI,)
a.k.a GERALD SARVADI; MARK KUHL; SCOTT)
INTRAVIA; CAMERON STRONG; MICHAEL)
SACKETT and DAVID P. WILSON; BART POSEY;)
RICHARD BACHMAN; OBED KIRKPATRICK; EARNEST)
BEAL, individually and/or in their capacities as officers,)
directors or agents of the immediately foregoing entities;)
))
CONSOLIDATED WORKERS ASSOCIATION INC.;)
CONSOLIDATED WORKERS RISK RETENTION)
GROUP; CLAIMS AND BENEFIT MANAGEMENT)
INC., a.k.a CLAIMS MANAGEMENT SERVICE, a.k.a)
CBM ADMINISTRATORS, a.k.a. CBMC;)
HEALTHCARE RECOVERY SYSTEMS, INC.;)
INTEGRATED HEALTH BENEFITS; NATIONAL)
ALLIANCE OF BENEFIT SERVICES ASSOCIATION;)
WALTER CECCHINI; BRAD WESSLER;)
individually and/or in their capacities as officers, directors)
or agents of the immediately foregoing entities;)
))
PAYLOGIX, LLC; RICHARD PFADENHAUER,)
JAMES HOUSE, MARK LANGSTON, and)
LEE DELORENZO, individually and/or in their)
capacities as officers, directors or agents of PAYLOGIX;)
))
Respondents.)

RESPONDENTS PLEASE TAKE NOTICE:

Staff of the Insurance Department of the Office of the State Auditor and Commissioner of Insurance of the state of Montana, pursuant to the authority of the Montana Insurance Code, Mont. Code Ann. § 33-1-101, *et seq.*, is proposing that the Commissioner take disciplinary action against the Respondents for violations of the Montana Insurance Code. Specifically, staff is proposing that the Commissioner:

1. issue a permanent Cease and Desist Order;
2. require Respondents to make full restitution to Montana citizens for all financial losses sustained as a result of fraud together with interest at a rate of 10% per annum from the date of the fraud pursuant to Mont. Code Ann. § 33-1-1302;
3. impose an administrative fine of not less than \$5,000 and not more than \$25,000 for each day Respondents marketed, sold, or distributed medical care discount cards in this state without a certificate of registration pursuant to Mont. Code Ann. § 33-38-105;
4. impose an administrative fine of \$5,000 for each violation and the revocation or suspension of nonresident producer and agency license of each Respondent who has a nonresident license for up to five (5) years, for violations of §§ 33-17-201, 33-17-411 and 33-17-1004, pursuant to Mont. Code Ann. §§ 33-1-317, 33-17-411 and 33-17-1001;
5. suspend or revoke the certificate of registration for Paylogix, a licensed administrator, pursuant to Mont. Code Ann. § 33-17-1001(a),(c), (f),(l) and fine Paylogix no more than \$25,000 for each violation;
6. impose a fine not to exceed \$25,000 for each violation of the Montana Insurance Code in addition to all other penalties imposed by the laws of Montana, pursuant to Mont. Code Ann. § 33-1-317.

The Commissioner has authority to take such action under the provisions of Mont. Code Ann. §§ 33-1-102, 33-1-311, 33-1-314, 33-1-317, 33-1-318, 33-1-1202, 33-1-1211, 33-1-1302, 33-2-104, 33-17-201, 33-17-411, 33-17-603, 33-17-1001, 33-17-1004 and 33-38-105.

ALLEGATIONS OF FACT

I. Multiple Respondents Acted in Concert to Violate the Insurance Code

1. At all times material, Respondents are or were affiliated persons and entities who, in concert, offered, sold, and distributed medical care discount cards in the state of Montana without holding certificates of registration, transacted the business of insurance in Montana without a certificate of authority to at least 57 Montana insurance consumers through unlicensed producers, aided and assisted in that regard, or acted as third party administrators in the state of Montana without certificates of registration.

2. At all times material hereto, each Respondent was the agent, servant, employee, or in some other legal relationship to the others, whereby legal liability is imputed from one party to the other.

3. At all times material hereto, Respondents, and each of them, were acting within the course and scope of their agency, servant or employee relationships.

4. At all times material hereto, the entities named herein were or are used as a subterfuge to justify the wrongs or perpetrate the fraud alleged herein.

A. NAA and PBC

5. National Alliance of Associations (NAA) purports to provide disability (“health”) insurance, accidental death benefits, and distributes medical care discount cards to consumers. NAA is not a licensed insurer or medical care discount card supplier in Montana.

6. At various times, NAA has done business under various names including, but not necessarily limited to, the following: National Trade Business Association, National Transportation Benefits Alliance Association, National Trade Business Alliance of America, Alliance Association Health, Qualified Administrative Specialists of America, American Employers Association, National Alliance Healthcare, Healthcare Alliance, Association Healthcare Management, Inc., Affinity Health Plans of America, Alliance Health, Affinity Health, Affinity Association Group, National Association of Private Enterprise, and National Alliance of Entrepreneurs.

7. At all times material hereto, NAA and all of its aliases listed above in Paragraph 2 did business at 141 Ganttown Road, Turnersville, NJ 08012. Whenever reference is made herein below to NAA, it is understood to include and refer to NAA acting under any or all of its aliases.

8. At all times material hereto, Professional Benefits Consultants of Delaware, a.k.a. Personal Benefits Consultants, Inc., a.k.a. Professional Benefits Consultants, Inc., d.b.a. PBC Direct (PBC), like NAA, also did business at 141 Ganttown Road, Turnersville, NJ, 08012.

9. Whenever reference is made herein below to PBC, it is understood to include and refer to PBC acting under any or all of its aliases as listed in Paragraph 4 above.

10. PBC is primarily engaged in the business of marketing and distribution of health insurance and medical care discount card products for NAA but has also acted as an administrator in Montana by automatically withdrawing money from Montana consumers' accounts.

11. PBC is not licensed to transact insurance in Montana or to solicit or sell medical care discount cards. PBC does not have an administrator license, a producer license, or any other license in Montana.

12. NAA and PBC are operated by the same individuals from the same addresses, with the same phone numbers.

13. At all times material hereto, Thomas J. Sullivan (Sullivan) was president of NAA and incorporator agent of PBC; James Doyle (Doyle) was secretary and treasurer of NAA and vice-president of operations for PBC; Christopher Ashiotes (Ashiotes) was a vice-president, marketing director, and insurance producer for PBC, and owned the property where NAA and PBC operated; Robert Fortier (Fortier) was a compliance officer and a director of NAA as well as a vice-president of Access One Consumer Health Inc. (Access One); Michael B. Roberts was an officer and director of compliance and training for NAA; Dawn Maahs was a director of NAA and a licensed producer in several states not including Montana.

B. Access One. Medical Care Discount Card

14. NAA and/or PBC contracted with Access One to provide the medical care discount card component of the NAA bundled product.

15. Access One is located at 84 Villa Road, Greenville, SC 29615. Carey Daniel Adams is president and Julian Stuart Crawford is secretary and treasurer of Access One.

16. Access One did not obtain a certificate of registration as a medical care discount card supplier in the state of Montana prior to the solicitation and sale of its products in Montana.

17. Consumers were not given a thirty-day right to cancel membership for the medical care discount card.

18. The discount card did not state that the product was not insurance in bold and prominent type of at least 14 points in size.

19. Montana consumers were not given access to a list of health care providers who were contractually bound to honor the medical care discount card prior to the consumers' purchase.

20. The NAA/Access One plan medical care discount card product did not have participating medical providers in Montana who were contractually bound to honor the card.

C. Producer Agencies, TPA's, Associations, and "Limited Benefit" Insurance Policies

21. In the original plans sold to Montana consumers, three producer agencies obtained limited group medical benefit insurance to insure three associations which were affiliated with or within the producer agencies' control. The insurance products were bundled with the Access One medical care discount card and sold to the general public. Solicitors told Montana consumers they were purchasing NAA comprehensive health insurance and after purchasing the NAA product consumers were informed that they were so-called "members" of the various associations who had purchased "limited benefits" and discounts.

22. "Limited benefits" was a term used by NAA which referred to what were basically accident, mini-med, or hospital indemnity policies policies bundled with discount products.

23. These producer agencies were Sebrite Agency Inc. (Sebrite), Worldwide Insurance and Reinsurance Inc. (Worldwide), and Professional Risk and Asset Management Inc. (PRAM).

24. The original associations were Minnesota E-Biz corporation (formed by Sebrite), Direct Services Association (DSA), affiliated with Worldwide, and Consumer Alliance USA (CAUSA) (affiliated with PRAM).

25. In later plans sold to Montana consumers, the associations DSA and CAUSA were replaced by Affinity Group Benefits Association Inc. (AGBAI) and Consolidated Workers Association (CWA).

Sebrite, Minnesota E-Biz and the NUFIC “Flex Shield” Policy

26. Sebrite is a Minnesota corporation and has a producer agency license in Montana for property and casualty but is not licensed for health insurance.

27. Dick Randall is president and owner of Sebrite and Minnesota E-Biz. Tony Dennis is vice-president of Sebrite. Cody Kottke was the Sebrite agent responsible for processing insurance identification cards for the NAA health plan product and has a producer license in Montana. Randy Trollop was affiliated with Sebrite as a compliance officer involved with NAA. Denise Wishcop was treasurer of Sebrite and has a Montana insurance producer license.

28. On or about June 1, 2007, Tony Dennis, on behalf Sebrite and Minnesota E-Business Association, entered into an affiliation agreement with Thomas Sullivan of NAA to contract for the procurement of a “Flex Shield” employee benefit plan from AIG subsidiary National Union Fire Insurance Company (NUFIC) for Minnesota E-Biz members; the plan was procured later that month. Minnesota E-Biz did not have any employees.

29. According to the agreement, NAA was authorized to solicit and sell the product as a sub-producer for Sebrite. AIG/NUFIC was not a party to the affiliation agreement and did not authorize NAA as a sub-producer for Sebrite. After it discovered the affiliation with NAA, NUFIC terminated the policy.

CAUSA, Sebrite/Minnesota E-Biz, PRAM, and the Guarantee Trust Life “Blanket Accident Coverage” Policy

30. Consumer Alliance USA Inc. (CAUSA) is a Missouri corporation. Mark C. Kuhls is president of CAUSA, Cameron Strong is vice-president, and Michael Sackett is secretary and treasurer. All three of the foregoing individuals are members of CAUSA’s board of directors. Scott Intravia was a vice-president of CAUSA as well as a director of NAA.

31. Professional Risk and Asset Management Insurance Services Inc. (PRAM) was a California corporation and has a Montana producer agency license.

32. Scott Intravia was an officer and director of PRAM as well as a vice-president of CAUSA. David P. Wilson is the CEO and a director of PRAM. David P. Wilson has a Montana producer license for the lines of life, disability, property and casualty. Michael Sackett was a director of PRAM and the secretary and treasurer of CAUSA.

33. On April 28, 2007, Tony Dennis, of Sebrite Agency and Minnesota E-Biz, and Mark Kuhls on behalf of CAUSA, signed an affiliation agreement whereby the parties agreed to affiliate for the purpose of representing to NAA purchasers that they were covered by a Guarantee Trust Life “Blanket Accident Coverage” policy. The Guarantee Trust Life policy was issued to CAUSA as the policyholder.

34. Scott Intravia, on behalf of PRAM, brokered the procurement of the Guarantee Trust life policy for CAUSA and was listed as the agent of record for the master policies issued to CAUSA.

35. The Guarantee Trust Life policy sold to Montana NAA purchasers and provided in fulfillment packages was not approved for sale in Montana.

Worldwide, Pro-Tec/ESI, DSA, and the Presidential Life Accident/Emergency Room Policy

36. At all times material hereto, Worldwide Insurance and Reinsurance Services Inc. (Worldwide) was a producer agency located in Lewisburg, Pennsylvania. Worldwide is not licensed to transact insurance in Montana.

37. Yamil D. Emedan was president and CEO of Worldwide, Christopher Hummer was vice-president, Carmen Joy was vice-president of finance, and Al Kline was the director of brokerage operation.

38. Pro-Tec Administrators/Enhancement Services Inc. (Pro-Tec/ESI) was a third party administrator incorporated in Texas and located in Jacksonville Florida. Pro Tec/ESI does not have a Montana administrator's license

39. Derek A. Siewert was president of Pro Tec/ESI, and Gerald Sarvadi was a director and owner. .

40. Direct Services Association (DSA) is a South Carolina corporation. Chris Novinger is the president of DSA.

41. DSA is managed by DP Health Management Services, LLC, a Nevada company located in Las Vegas. John Vanhara is the managing member of DP Health Management Services, LLC.

42. NAA affiliated with Worldwide in order to procure an Accident/Emergency Room policy for DSA in order to bundle it with the other NAA benefits. The policy was issued on

January 1, 2007. Worldwide represented to Presidential that the association DSA was an employer group and that the policy would only be sold in South Carolina. Pro-Tec/ESI was purportedly the third-party administrator.

43. After receiving calls from NAA members, Presidential learned that DSA was affiliated with and was marketing the benefit through NAA with which Presidential had no relationship. Presidential immediately ordered DSA to cease and desist all marketing through NAA.

**SDS, AGBAI, and the Transamerica Life Insurance Company
TransChoice Policy**

44. Smart Data Solutions, LLC (SDS), is a Tennessee corporation located in Springfield, Tennessee. Bart Posey is president of SDS and Richard Bachman is vice-president. Obed Kirkpatrick is an agent of SDS. SDS, Bart Posey and Richard Bachman are not licensed in any capacity by the Department of Insurance.

45. Affinity Group Benefits Association, Inc. (AGBAI) is a North Carolina corporation with an office in Concord, North Carolina. Ernest B. Beal is the owner, president and registered agent of AGBAI.

46. Late July of 2007, Bart Posey and Obed Kirkpatrick told Ernest B. Beal that they had a large number of individuals who were ready to enroll in an association for insurance benefits and persuaded Beal to "loan" them the use of AGBAI so that they could offer insurance to individuals and employers.

47. In August 2007, AGBAI entered into a marketing service agreement with SDS pursuant to which SDS was responsible for marketing and the day-to-day operations of AGBAI

including development of marketing plans to obtain new members, and hiring marketing organizations to approach new potential members, and administration.

48. Additionally, under the agreement, SDS's responsibilities were to: a) negotiate for services and products on AGBAI's behalf; b) make health insurance benefits available to AGBAI members; c) bill and collect monthly dues and insurance premiums for all members; d) handle and send fulfillment packages (including insurance cards and explanations of benefits) to new members; and e) provide live customer support operators and licensed representatives at its offices in Tennessee.

49. SDS employees were not licensed producers in Montana and SDS was not a registered administrator or licensed in any capacity by the Department.

50. On September 4, 2007, Richard Bachman submitted an application for a TransChoice policy to Transamerica Life Insurance Company (Transamerica) to be issued to AGBAI. Also on September 4, 2007, AGBAI and SDS executed a Premium Collection Agreement which authorized SDS to serve as AGBAI's premium collection administrator. As such, SDS's duties included the handling of all insurance premium billing and collection matters for AGBAI.

51. Around September 4, 2007, Transamerica issued a TransChoice Plus group policy to AGBAI to be sold in North Carolina with an effective date of September 1, 2007. The TransChoice policy provides limited benefits rather than comprehensive health insurance.

52. On September 25, 2007, AGBAI entered into an affiliation agreement with NAA which purportedly authorized AGBAI to provide NAA members the TransChoice Plus group policy that AGBAI offered its members and required NAA to collect AGBAI-affiliated member dues from NAA members and remit those dues to AGBAI.

53. Transamerica was unaware of the affiliation agreement between NAA and AGBAI; yet, NAA, PBC, SDS, and their agents and affiliates sold the TransChoice product to the general public nationally and in Montana via illegal and unauthorized fax blast solicitations. NAA, PBC, SDS, and their principals also prepared to rollover existing NAA enrollees into the TransChoice policy issued to AGBAI.

54. SDS began collecting premiums directly from the bank accounts of NAA members in January of 2008.

55. On February 13, 2008, as a result of discovering the NAA connection and receiving consumer complaints, Transamerica terminated Bachman's appointment as a Transamerica producer and informed SDS and Bachman that it would not accept any new enrollments in connection with AGBAI.

CWA, CWRRG, CBM, CBMC, NABSA and IHB

56. At all times material hereto, Consolidated Workers Association (CWA) was a Delaware corporation formed by Walter Cecchini (Cecchini) who also formed a Washington, D.C. corporation about the same time with the same name. Consolidated Workers Risk Retention Group (CWRRG) was a Delaware risk retention group formed by Cecchini. Cecchini was president of CWA and CWRRG. Cecchini is not licensed as an insurance producer in Montana. CWA and CWRRG are not licensed or registered by the Department in any capacity.

57. In one of NAA's more recent fulfillment packages, the "Plan Book" materials indicate that Imagine Re Insurance Company, an unauthorized offshore Reinsurance company, in association with Consolidated Workers Association, under group name Consolidated Workers RRG, was an underwriter of the insurance benefits named in the "Plan Book."

58. Some NAA members were rolled over to CWA membership.

59. It appears that PBC operated as an administrator for CWA.

60. CWA entered into an "Association Affiliation Agreement" with Claims and Benefit Management, Inc. (CBM) on or about November 13, 2007. At or around the same time CBM also entered into an "Administration & Service Agreement" with CWRRG.

61. CBM, in turn, also had an "Association Affiliation Agreement" with NAA whereby CBM licensed NAA to use its name and authorized NAA to collect NAA member premiums and remit the same to CBM.

62. CBM, a.k.a CBMC, is a California corporation owned by Brad Wessler who is its CEO and president. CBM also does business as Claims Management Service and CBM Administrators. Brad Wessler also does business as Healthcare Recovery Systems, Inc. (HRSI), National Alliance of Benefit Services Association (NABSA), Integrated Health Benefits (IHB).

63. CBM is an unlicensed administrator while Wessler's companies, NABSA, and IHB appear to be companies that solicit unauthorized bundled insurance and medical care discount card products. Wessler does not have a Montana insurance producer license or any other license issued by the Department.

Paylogix LLC

64. Paylogix, LLC (Paylogix) acted as an administrator by taking withdrawals from Montana members' bank accounts on behalf NAA. After NAA received the payments from Paylogix, NAA sent the premiums to SDS, net of NAA's fees.

65. Paylogix is a New York-domiciled life and health administrator and was issued an Administrator's Certificate of Registration by this Department.

66. Richard Pfhadenhauer is the president of Paylogix, James House is the vice-president, Mark Langton is the treasurer, and Lee Delorenzo is the secretary.

67. On July 20, 2006, Paylogix entered into an Administrative Service Agreement with NTBAA. Thomas Sullivan signed the agreement as President of NTBAA. Paylogix continued the relationship after NTBAA changed its name to NAA.

II. Fraudulent Solicitation

68. At all times material hereto, the Respondents contracted with various enrollers to market and solicit their products through mass “fax blasting” (sending unsolicited faxes) nationwide and in Montana in violation of the Montana Consumer Protection Act, specifically Mont. Code Ann. § 30-14-1501. These entities misrepresented the products sold to Montana consumers, consisting of individuals and employers, in a manner which led consumers to believe that they were purchasing comprehensive health insurance.

69. All of the fax solicitations obtained by the Department of Insurance, with some variations in format, purport to offer \$25 out-of-pocket discounted doctor visits, monthly premiums for individuals of \$199, monthly premiums for couples ranging from \$279 to \$299, and monthly premiums for families ranging from \$349 to \$369 together with an enrollment fee of \$125.

70. The fax solicitations represent that the product is insurance and “not discount healthcare,” and offer 60% off eye exams, hearing aids, and glasses; discounts on prescription drugs and medical supplies; \$10,000 accidental injury coverage; and \$20,000 accidental death coverage. Some of the faxes represented that the company would cover ground and air emergency medical transportation and 100% of surgery schedule.

71. When Montana consumers called the number listed on the faxes, they were told that they would not be given any additional information unless they gave enrollers their bank account numbers, their routing numbers, their bank name and their social security numbers for automatic withdrawals.

72. Consumers were told by NAA solicitors that the NAA product was underwritten either by Ace, Aetna, American Medical, Guaranteed Trust Life, or AIG, yet, in its membership and policy materials NAA represented that it provided coverage underwritten by National Union Fire Insurance Company of Pennsylvania, Presidential Life Insurance Company, Guarantee Trust Life Insurance Company, TransAmerica Insurance Company, Imagine Re Insurance Company, Consolidated Workers Association, National Union Fire Insurance Company, and NAA itself.

73. Although NAA is not a licensed insurance company and did not have contracts with licensed insurers to provide health insurance coverage to its members, the Respondents, either individually or through their agents, presented NAA to Montana consumers as a validly licensed insurance company.

74. The Respondents, either individually or through their agents, led Montana consumers to believe that they were purchasing comprehensive or major medical health insurance. The Respondents accepted premiums from Montana consumers knowing that comprehensive coverage would not be provided.

75. Respondents represented that they were affiliated with Beechstreet when, in fact, they were not.

CONCLUSIONS OF LAW

1. The State Auditor is the Commissioner of Insurance. Mont. Code Ann. § 2-15-1903.
2. The Montana Insurance Department is under the control and supervision of the Commissioner. Mont. Code Ann. §§ 2-15-1902 and 33-1-301.
3. The Commissioner and Insurance Department have jurisdiction over this matter. Mont. Code Ann. § 33-1-311.
4. The Commissioner shall administer the Insurance Department to protect insurance consumers. Mont. Code Ann. § 33-1-311(3).
5. A person or entity may not transact a business of insurance in Montana or a business relative to a subject resident, located, or to be performed in Montana without complying with the Montana Insurance Code. Mont. Code Ann. § 33-1-102(1).
6. Insurance is as a contract whereby one undertakes to indemnify another or pay or provide a specified or determinable amount or benefit upon determinable contingencies. Mont. Code Ann. § 33-1-201(5).
7. The “insured benefit” component of the NAA product constituted insurance because the product purports to indemnify members or pay a specified or determinable amount or benefit for medical expenses upon determinable contingencies. Mont. Code Ann. § 33-1-201(5).
8. No person or entity shall act as an insurer and/or transact insurance in Montana except as authorized by a certificate of authority issued by the Commissioner. Mont. Code Ann. § 33-2-101.
9. “Person” includes an individual, insurer, company, association, organization, Lloyd’s, society, reciprocal or interinsurance exchange, partnership, syndicate, business trust, corporation,

or any other legal entity. Mont. Code Ann. § 33-1-202. Each of the respondents are persons as defined by Mont. Code Ann. § 33-1-202.

10. An insurer includes every person or entity engaged as an indemnitor, surety, or contractor in the business of entering into contracts of insurance. Mont. Code Ann. § 33-1-201(6). NAA/PBC, CAUSA, CWA, and the individuals responsible acted as an insurers because they received consideration for, and promised to pay members' medical expenses in the event of certain contingencies.

11. "Transact," with respect to insurance, includes any of the following: (a) solicitation and inducement; (b) preliminary negotiations; (c) effectuation of a contract of insurance; or (d) transaction of matters subsequent to effectuation of the contract of insurance and arising out of it. Mont. Code Ann. § 33-1-201.

12. NAA, PBC, CWA and the individuals associated therewith have transacted insurance in Montana by soliciting sales through mass faxing and the internet, negotiating sales of the NAA product, accepting consideration in exchange for the NAA product, and sending insurance identification cards and membership materials to purchasers.

13. By acting as insurers and transacting insurance in Montana without a certificate of authority, NAA, PBC, CAUSA, CWA and the individuals associated therewith have committed multiple violations of Mont. Code Ann. § 33-2-101.

14. No person may directly or indirectly act as an insurance producer for, or otherwise represent or aid on behalf of another, any insurer not authorized to transact insurance in this state in the solicitation, negotiation, or effectuation of insurance contracts, inspection of risks, fixing of rates, investigation or adjustment of losses, collection of premiums, or any other transaction of

insurance with respect to subjects of insurance resident, located or to be performed in this state.

Mont. Code Ann. § 33-2-104.

15. By representing or aiding an unauthorized insurer, all of the Respondents, other than NAA, PBC and CWA, have committed multiple violations of Mont. Code Ann. § 33-2-104.

16. A medical care discount card supplier may not market, promote, sell, or distribute a medical care discount card in this state unless the supplier holds a certificate of registration as a supplier issued by the commissioner. Mont. Code Ann. § 33-38-105.

17. "Medical care discount card" means a paper or plastic device or other mechanism, arrangement, account, or other device that does not constitute insurance, as defined in § 33-1-201, that purports to grant, for consideration, a discount or access to a discount in a medical care-related purchase from a health care provider. Mont. Code Ann. § 33-38-102.

18. "Medical care discount card supplier" means a person engaged in selling or furnishing, either as principal or agent, for consideration, one or more medical care discount cards to another person or persons. Mont. Code Ann. § 33-38-102.

19. NAA, PBC, Access One, and the individuals named herein as officers, directors, or agents of the same are medical discount card suppliers who have committed multiple violations of Mont. Code Ann. § 33-38-105 by marketing or promoting a medical card discount plan in the state of Montana without first applying for and receiving a certificate of registration.

20. NAA, Access One, and the individuals named herein as their officers, directors, or agents violated Mont. Code Ann. § 33-38-104(1) by failing to give consumers a thirty-day right to cancel memberships.

21. NAA, Access One, and the individuals named herein as their officers, directors, or agents violated Mont. Code Ann. § 33-38-103(2)(a) by failing to state on their medical care discount cards that the product was not insurance in bold and prominent type of at least 14 points in size.

22. NAA, Access One, and the individuals named herein as their officers, directors, or agents violated Mont. Code Ann. § 33-38-103(1)(c) by failing to provide purchasers or users, prior to purchase of the medical care discount card, access to a list of health care providers, including the name, city, state and provider type.

23. A person commits the act of insurance, medical care discount card, or pharmacy discount card fraud, when in the course of offering or selling insurance, a medical discount card, or a pharmacy discount card, the person misrepresents a material fact, known to the person to be untrue or made with reckless indifference as to whether it is true, with the intention of causing another person to rely upon the misrepresentation to that relying person's detriment. Mont. Code Ann. § 33-1-1302.

24. Respondents, pursuant to a common scheme, conspired, and committed multiple violations of Mont. Code Ann. § 33-1-1302 by representing that the offered products provided coverage which was not provided. Respondents made these representations knowing that they were untrue or with reckless indifference as to the truth of the representations with the intention of causing consumers to rely on the misrepresentation to the consumer's detriment.

25. A person commits the act of insurance fraud when the person accepts premium money knowing that coverage will not be provided. Mont. Code Ann. § 33-1-1202(4).

Respondents, pursuant to a common scheme, conspired, and violated Mont. Code Ann. § 33-1-1202(4), by representing that their products provided coverage which was not provided.

26. PBC and CBM violated Mont. Code Ann. § 33-17-603 by failing to obtain certificates of registration before acting as third party administrators.

27. A certificate of registration may be suspended or revoked if, after notice and hearing, the commissioner finds that the administrator has violated any of the requirements of this part or that the administrator is not competent, trustworthy, financially responsible, or of good personal and business reputation. Mont. Code Ann. § 33-17-603(4).

28. Paylogix violated Mont. Code Ann. § 33-17-603(4) by engaging in the activities set forth above with the other entities and individuals named herein as respondents.

29. Codky Kotke and Denise Wishcop engaged in acts for which issuance of their licenses could have been refused, violated provisions of the Insurance Code, used dishonest practices in the conduct of the affairs under their licenses, and are a source of injury to the public.

30. The Commissioner may suspend or revoke the nonresident producer licenses of Cody Kotke and Denise Wishcop for their involvement with NAA and may levy a civil penalty against them pursuant to Mont. Code Ann. § 33-17-1001(1)(a),(c),(f).

31. The Commissioner may suspend or revoke the producer agency licenses of Sebrite Agency and PRAM Insurance Services Inc. for violations of the Insurance Code, as set forth hereinabove pursuant to Mont. Code Ann. § 33-17-1001, and levy a civil penalty of up to \$5,000 for each violation of the Code against the same pursuant Mont. Code Ann. § 33-1-317.

RELIEF REQUESTED

WHEREFORE, the Department requests:

1. that a permanent cease and desist order be issued against the individual Respondents named herein, under the organizational titles identified herein or any other organizational title, entity or successor entities controlled by or affiliated with them;
2. all Respondents, jointly and severally, be required to make full restitution to Montana citizens who purchased the NAA product for all financial losses sustained as a result of insurance and medical care discount card fraud together with interest at a rate of 10% per annum from the date of the fraud pursuant to Mont. Code Ann. § 33-1-1302;
3. an administrative fine of \$25,000 be imposed upon Respondents for each day of violation for violations of Mont. Code Ann. § 33-38-105;
4. a penalty of up to \$5,000.00 for each violation of Title 33 and suspension or revocation of the nonresident producer licenses Cody Kottke and Denise Wishcop, for a period of up to five (5) years pursuant to Mont. Code Ann. §§ 33-1-317, 33-17-411 and 33-17-1001;
5. a fine of \$25,000 of each violation of Title 33 by Paylogix, in addition to other fines and the suspension or revocation of Paylogix administrator's license;
6. a fine of \$1,500, in addition to other fines imposed, for violations of Mont. Code Ann. § 33-17-603 by PBC and CBM;
7. an administrative fine not to exceed \$25,000 be imposed against each Respondent other than the licensed nonresident producers for each of the violations of the Montana Insurance Code in addition to all other penalties imposed by the laws of Montana pursuant to Mont. Code Ann. § 33-1-317;
8. suspension or revocation of the producer agency license of PRAM Insurance Services and Sebrite Agency pursuant to Mont. Code Ann § 33-17-1001; and

9. any other such additional relief as justice requires.

STATEMENT OF RIGHTS

You are entitled to a hearing and to respond to this Notice of Proposed Agency Action and to present evidence and arguments on all issues involved in this case. You may have a formal hearing before a hearing examiner appointed by the Commissioner as provided in the Montana Administrative Procedure Act. Mont. Code Ann. § 2-4-601, *et seq.*

You have a right to be represented by an attorney at any and all stages of this proceeding. If you wish to contest the allegations herein, you must make a written request for a hearing within 15 days of receipt of this notice to Michael Winsor, Attorney for the Department of Insurance, State Auditor's Office, 840 Helena Ave., Helena, MT 59601. The hearing shall then be held within 45 days of the Commissioner's receipt of the hearing request, unless the time is extended by agreement of the parties or by order of the hearing examiner. While so advising Mr. Winsor, your written notice must clearly indicate whether you request a hearing, or whether you waive formal proceedings and, if so, what informal proceedings you prefer for handling this case. Pursuant to Mont. Code Ann. § 2-4-603(2), you may not request to proceed informally if the action could result in suspension, revocation or any other adverse action against a professional license. If you request a hearing, you will be given notice of the date, time, and place of the hearing.

Should you request a hearing, you have the right to be accompanied, represented and advised by an attorney. If the attorney you choose has not been admitted to the practice of law in the State of Montana, she or he must comply with the Montana State Bar requirements for appearing *pro hac vice*, *Application of American Smelting and Refining, Co.*, 164 Mont. 139, 520

P.2d 103 (1973); and *Mont. Supreme Court Comm'n on the Unauthorized Practice of Law v. Jerry O'Neil*, 2006 MT 284, 334 Mont. 311, 147 P.3d 200 (2006).

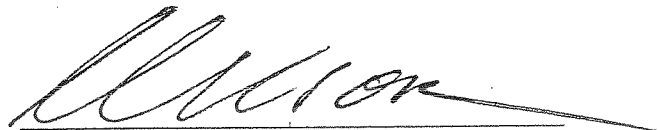
CONTACT WITH THE COMMISSIONER'S OFFICE

If you have questions or wish to discuss this matter, please contact Michael Winsor, Attorney for the Department of Insurance, State Auditor's Office, 840 Helena Ave, Helena, MT, 59601, (406) 444-2040. If you are represented by an attorney, please make any contacts with this office through your attorney.

POSSIBILITY OF DEFAULT

Failure to give written notice of your demand for a formal hearing or for informal procedure within 15 days will result in the entry of a default order imposing any sanctions available under Montana law without any additional notice to you pursuant to Mont. Admin. R. 6.6.101 and the Attorney General's Model Rule 10, Mont. Admin. R. 1.3.214.

DATED this 3rd day of September, 2009.



Michael Winsor
Attorney for the Department of Insurance

CERTIFICATE OF SERVICE

I certify that this 4 day of SEPTEMBER 2009, a true and correct copy of the foregoing Notice of Agency Action and Opportunity for Hearing was served on the following by certified mail with postage prepaid and return receipt requested.

National Alliance of Associations, National Trade Business Association of America, et al.
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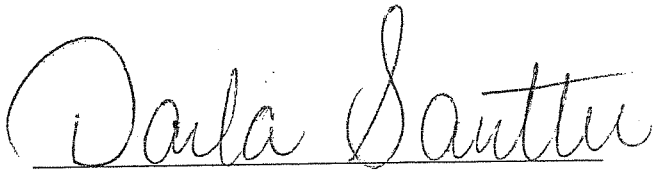
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Lee Delorenzo
Secretary, Paylogix, LLC
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A handwritten signature in cursive script that reads "Darla Sautter". The signature is written in black ink and is positioned above a horizontal line.

Darla Sautter
State Auditor's Office