

MAR 08 2012

BEFORE THE DEPARTMENT OF INSURANCE
STATE OF NEBRASKA

FILED

In the Matter of the Unauthorized Insurance Activities of)	SUMMARY ORDER TO CEASE AND DESIST
)	
ASSOCIATION OF INDEPENDENT MANAGERS;)	AND NOTICE OF RIGHTS
INTEGRATED INSURANCE MARKETING, INC. d/b/a AIM HEALTH PLANS, INC.;)	CAUSE NO. I-85
INSURANCE RESOURCE GROUP;)	
CEO CLUBS, INC. d/b/a CHIEF EXECUTIVE OFFICER CLUBS, INC. d/b/a CEO CLUB d/b/a CEO CLUBS;)	
METROPOLITAN BUSINESS ALLIANCE, LLC d/b/a NATIONAL ASSOCIATION OF BUSINESS LEADERSHIP, LLC; and)	
VIKING ADMINISTRATORS, LLC,)	
)	
Unauthorized Entities,)	
)	
and)	
)	
WILLIAM WORTHY II;)	
DAVID L. CLARK;)	
LOUIS DELUCA; and)	
GARY L. KARNS, JR.,)	
)	
Individual Respondents.)	

The Department of Insurance (herein the "Department"), by and through its Director, Bruce R. Ramage, upon Petition for Cease and Desist filed by Department counsel, Joel F. Green, hereby orders Association of Independent Managers, Integrated Insurance Marketing, Inc. d/b/a AIM Health Plans, Inc., Gary L. Karns, Jr., Louis Deluca, Insurance Resource Group, CEO Clubs Inc. d/b/a Chief Executive Officer Clubs, Inc. d/b/a CEO Club d/b/a CEO Clubs, Metropolitan Business Alliance, LLC d/b/a National Association of Business Leadership, LLC, William Worthy II, David L. Clark and Viking Administrators, LLC (collectively "Respondents") to immediately CEASE AND DESIST issuing, making, providing, administering, selling or offering, either directly or indirectly, insurance benefits in the State of Nebraska which are not insured by an insurer licensed to transact insurance in the state. Specifically, pursuant to NEB. REV. STAT. § 44-2002, NOTICE IS HEREBY GIVEN:

1. The Director of Insurance is charged with enforcement of the insurance laws of the State of Nebraska. Sec, NEB. REV. STAT. § 44-101 ET SEQ., including unauthorized activities of insurers;
2. NEB. REV. STAT. § 44-2002(2) defines an insurer to include all corporations, associations, partnerships, and individuals engaged as principals in the business of insurance;
3. NEB. REV. STAT. § 44-303 provides that an insurer must obtain a certificate of authority before transacting the business of insurance in the State of Nebraska;
4. NEB. REV. STAT. § 44-201(4) defines sickness and accident insurance to mean insurance against loss or expense resulting from the sickness of the insured, from bodily injury or death of the insured by accident, or both, and every insurance pertaining thereto;
5. The Unauthorized Insurers Act, NEB. REV. STAT. § 44-2001 ET SEQ., provides that “[i]t shall be unlawful for any insurer to transact insurance business in this state, as set forth in subsection (2) of this section without a certificate of authority from the director.” Subsection (2) provides that “[t]he following acts in this state effected by mail or otherwise by or on behalf of an unauthorized insurer shall constitute the transaction of an insurance business in this state . . . :
 - (a) The making of or proposing to make, as an insurer, an insurance contract;
 - (b) 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;
 - (c) The taking or receiving of any application for insurance;
 - (d) The receiving or collection of any premium, commission, membership fees, assessments, dues, or other consideration for any insurance or any part thereof;
 - (e) The issuance or delivery of contracts of insurance to residents of this state or to persons authorized to do business in this state;
 - (f) Directly or indirectly acting as an agent for or otherwise representing or aiding on behalf of another any person or insurer in the solicitation, negotiation, procurement, or effectuation of insurance or renewals

thereof or in the dissemination of information as to coverage or rates, or forwarding of applications, or delivery of policies or contracts, or inspection of risks, a fixing of rates or investigation or adjustment of claims or losses or in the transaction of matters subsequent to effectuation of the contract and arising out of it, or 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. This subsection shall not operate to prohibit full-time salaried employees of a corporate insured from acting in the capacity of an insurance manager or buyer in placing insurance on behalf of such employer;

- (g) The transaction of any kind of insurance business specifically recognized as transacting an insurance business within the meaning of the statutes relating to insurance; or
- (h) The transacting or proposing to transact any insurance business in substance equivalent to any of the provisions of subdivisions (a) through (g) of this subsection in a manner designed to evade the provisions of the statutes”;

6. The Respondents are not licensed as insurers, producers or third-party administrators in the State of Nebraska;
7. Following an investigation into this matter, the Department has reasonable cause to believe that Respondents are engaged, either directly or on behalf of an unauthorized insurer, in the business of transacting insurance in the state without a license and are violating and have violated NEB. REV. STAT. § 44-2002(a), (c) – (h) in that:

- (a) Louis Deluca (“Deluca”) is a resident of Connecticut, he is not licensed by the Department in any capacity and has been named in cease and desist orders, relating to activities that are the subject of this order, issued by insurance regulatory agencies in several states including, but not limited to, Texas, Utah, South Carolina, North Carolina, Florida and Delaware. Deluca is also a named defendant in a class action complaint currently before the United States District Court for the Southern District of New York, relating to activities that are the subject of this order, entitled *Dulsky v. Worthy*, Civil Action No. 1:2011-cv-04925;
- (b) Gary L. Karns, Jr. (“Karns”) is a resident of Akron, Ohio, was previously licensed by the Department as a non-resident producer, had his non-resident producer license revoked by the Department pursuant to administrative action cause number A-1883 on September 8, 2010, and has been named in cease and desist orders, relating to activities

that are the subject of this order, issued by insurance regulatory agencies in several states including, but not limited to, Texas, Utah, South Carolina, North Carolina, Florida and Delaware. Karns is also a named defendant in a class action complaint currently before the United States District Court for the Southern District of New York, relating to activities that are the subject of this order, entitled *Dulsky v. Worthy*, Civil Action No. 1:2011-cv-04925;

- (c) The Association of Independent Managers (“AIM”) is a foreign corporation with a principal place of business at 20 Madison Avenue, Valhalla, New York 10595, and it is not licensed as an insurance representative or insurer in Nebraska;
- (d) Integrated Insurance Marketing, Inc. (“IIM”) is a foreign corporation with a principal place of business at 1618 Boettler Road, Uniontown, Ohio 44685 or 1145 Highbrook Road, Suite 701, Akron, Ohio 44301 and is not licensed as an insurance representative or insurer in Nebraska. IIM is also a named defendant in a class action complaint currently before the United States District Court for the Southern District of New York, relating to activities that are the subject of this order, entitled *Dulsky v. Worthy*, Civil Action No. 1:2011-cv-04925;
- (e) Deluca and Karns formed the AIM and IIM for the purpose of marketing, offering and providing limited health insurance plans to Nebraska residents;
- (f) Deluca, Karns, AIM and IIM marketed, offered, provided and caused to be sold limited health insurance benefit plans backed by nonexistent insurance to residents of the State of Nebraska;
- (g) Insurance Resource Group, Inc. (“IRG”) is a foreign corporation with a principal place of business at 20 Madison Avenue, Valhalla, New York 10595, and was owned and controlled by Deluca;
- (h) IRG is not and never has been authorized to engage in the transaction of insurance in the State of Nebraska. IRG entered into an arrangement with CEO Clubs, Inc. d/b/a Chief Executive Officers Club, Inc. d/b/a CEO Clubs d/b/a CEO Club (“CEO Club”) to collect premiums and administer limited health benefit policies for members of the CEO Club/AIM. IRG has been named in cease and desist orders, relating to activities that are the subject of this order, issued by insurance regulatory agencies in several states including, but not limited to, Texas, Utah, South Carolina, North Carolina, Florida and Delaware;
- (i) CEO Club is a membership organization with a principal place of business at 15 Broad Street, Suite 1120, New York, NY 10005 or C/O

Spiegel & Utrera, P.A, P.C, at 1 Maiden Lane, 5th Floor, New York, NY 10038, and does business as CEO Clubs, Inc., Chief Executive Officers Club, Inc., CEO Club, and CEO Clubs, and is comprised of local clubs and chapters that provide benefits, including health insurance benefits, through association memberships to the public;

- (j) CEO Club is not and has never been authorized to engage in the transaction of insurance in the State of Nebraska. CEO Club entered into an arrangement with IRG to administer limited health insurance benefit policies for members of CEO Club, including Nebraska residents, and has been named in cease and desist orders, relating to activities that are the subject of this order, issued by insurance regulatory agencies in several states including, but not limited to, Texas, Utah, South Carolina, North Carolina, Florida and Delaware;
- (k) Metropolitan Business Alliance, LLC is a foreign company and does business as National Association of Business Leadership, LLC (“NABL”) with addresses of 2 Changebridge Rd., West Bldg., Suite 203, Montville, NJ 07045, 400 Northampton Street, Suite 407, Eason, PA 18042, C/O National Registered Agents, Inc., 120 Penmarc Drive, Suite 118, Raleigh, North Carolina 27603 and/or C/O National Registered Agents, Inc., 875 Avenue of the Americas, Suite 501, New York, NY 10001.
- (l) NABL, through various marketing entities, solicited members of American Trade Association and Real Benefits Association to purchase health insurance with NABL. NABL is not authorized to engage in the transaction of insurance in the State of Nebraska, is not exempt under any provision, either state or federal, from the requirements of the Nebraska Insurance Code, and has been named in cease and desist orders, relating to activities that are the subject of this order, issued by insurance regulatory agencies in several states including, but not limited to, Texas, North Carolina, South Carolina, Florida and Delaware;
- (m) William Worthy II (“Worthy”), the principal character in a nationwide unauthorized insurance scheme, is a resident of South Carolina, is not licensed by the Department in any capacity, has been named in cease and desist orders, relating to activities that are the subject of this order, issued by insurance regulatory agencies in several states including, but not limited to, Texas, South Carolina, North Carolina, Oklahoma, Florida and Delaware, was named in a prior Cease and Desist Order in Nebraska, Cause No. I-68, issued by the Department in March of 2006 regarding his unauthorized insurance activity relating to New Source Benefits LLC, was also named in a prior Cease and Desist Order in Nebraska, Cause No. I-82, issued by the Department in May of 2010

regarding his unauthorized insurance activity relating to Serve America Assurance and Beema-Pakistan Company Limited, and has continued to engage in unauthorized insurance activities. Worthy is a named defendant in a class action complaint currently before the United States District Court for the Southern District of New York, relating to activities that are the subject of this order, entitled *Dulsky v. Worthy*, Civil Action No. 1:2011-cv-04925;

- (n) David L. Clark (“Clark”) is a resident of New Jersey, is not licensed by the Department in any capacity, has been named in cease and desist orders, relating to activities that are the subject of this order, issued by insurance regulatory agencies in several states including, but not limited to, Texas, South Carolina, North Carolina, Oklahoma, Florida and Delaware, was named in a prior Cease and Desist Order in Nebraska, Cause No. I-82, issued by the Nebraska Department of Insurance in May of 2010 regarding his unauthorized insurance activity relating to Real Benefits Association and American Trade Association, and has continued to engage in unauthorized insurance activity. Clark is also a named defendant in a class action complaint currently before the United States District Court for the Southern District of New York, relating to activities that are the subject of this order, entitled *Dulsky v. Worthy*, Civil Action No. 1:2011-cv-04925;
- (o) Viking Administrators, LLC (“Viking”) was a foreign limited liability company with an address of 5201 Kingston Pike, Suite 6-355, Knoxville, Tennessee 37919 and C/O Northwest Registered Agent Inc., 1507 16th Ave South #V8, Nashville, Tennessee 37212-2905. As of August 8, 2010, Viking was administratively dissolved. Viking is not, and never has been, authorized to engage in the transaction of insurance in Nebraska, is not exempt under any provisions, either state or federal, from the requirements of the Nebraska Insurance Code. Viking acted as an administrator for CEO Clubs for health insurance benefits sold to Nebraska members, and has been named in cease and desist orders, relating to activities that are the subject of this order, issued by insurance regulatory agencies in several states including, but not limited to, Texas, North Carolina, South Carolina, Utah, Florida and Delaware;
- (p) Respondents have acted in concert to sell or caused to be sold on behalf of Respondents to Nebraska residents a group limited benefit health insurance plan backed by nonexistent insurance and available only through the purchase of a membership to any one of numerous associations established or controlled by Respondents. Respondents have transacted insurance in Nebraska affecting subjects located wholly or in part in Nebraska and to be performed in Nebraska, including plans or policies of coverage covering Nebraska residents;

- (q) Respondents have caused a group limited benefit health insurance policy backed by nonexistent insurance to be advertised and sold to Nebraska consumers through other various marketing entities, including Pacific Benefit Group, an insurance agency licensed by the State of Nebraska (NE License No. YR355892) whose registered business address is 1915 NW Amberglen Parkway, #300, Beaverton, OR 97006, and whose designated producer is Shane R. Nichols (National Producer No. 103003);
- (r) Within the past 3 years, Respondents have been and continue to be the subjects of emergency cease and desist orders filed by several states upon determination by various state regulatory authorities that such Respondents were illegally transacting the business of insurance without a license or required licenses in said states. Those states issuing cease and desist orders include, but are not limited to, Arkansas, Connecticut, Delaware, Florida, Indiana, Kansas, Maine, Michigan, Missouri, Montana, New Hampshire, New Jersey, North Carolina, Ohio, Oklahoma, South Carolina, Texas, Utah and Washington;
- (s) These emergency cease and desist orders consistently portray a massive, multi-state health insurance fraud scheme in which limited benefit medical plans backed by nonexistent insurance are sold to unsuspecting consumers through various associations. The nationwide health insurance scheme set forth and described in detail within the various cease and desist orders relates to the activities of this order and is factually identical in content and scope to the fraudulent scam perpetrated by Respondents upon Sandra P. ("Complainant"), a Nebraska resident, as follows:
- In September 2008, Complainant and her spouse, with the assistance of insurance agent Shane Nichols, designated producer for Pacific Benefits Group, enrolled in a limited benefit insurance plan issued to the Association of Independent Managers, or AIM, by the American Medical & Life Insurance Company;
 - On September 1, 2009, Complainant's spouse went on Medicare and made the decision to cancel his insurance coverage through AIM. Complainant completed a new application for insurance and submitted it to Pacific Benefits Group for processing;
 - After completing the application for insurance, Complainant received a certificate schedule of benefits for a group limited

benefit health insurance policy confirming Complainant's enrollment into an insurance policy underwritten by American Medical & Life Insurance Company. The certificate schedule stated the plan was effective October 1, 2009, under group policy number 50006. The certificate schedule stated the plan was issued to "Policy Holder Association of Independent Managers";

- On November 25, 2009, Complainant received an "Annual Policy Renewal" notice. The document, which did not contain the name, signature or identification of the sender, provided notice that Complainant's policy was automatically changed to CEO Clubs to be insured by Town & Country Insurance Company;
- Complainant received a Group Limited Benefits Health Insurance Certificate Schedule for Town & Country Life Insurance Company which states Complainant's insurance coverage was effective January 1, 2010, under group policy number CEO011 issued to policyholder CEO Club;
- Complainant also received a separate Group Limited Benefits Health Insurance Certificate Schedule Cover for STAR UK/Phoenix Insurance Company indicating Complainant's insurance coverage was effective January 1, 2010, under group policy number 123740-SK issued to National Association of Business Leadership. In addition to the certificate schedule, Complainant received an insurance identification card;
- The insurance identification card provided to Complainant contained the name and logo of Chief Executive Officers' Club and provided in part as follows:

Underwritten by:
STAR UK / Phoenix Insurance Company
NAIC # 25623

Limited Payor Plan

Group Number: 123740-SK
Member ID: 36430
Member: SANDRA P.
Effective Date: 01/01/2010
Coverage Type: Single

Benefit Questions: (800) 200-8670

Billing Questions Only: (800) 416-9907

Mail claims to:
Claims Processing
P.O. Box 1495
Toledo, OH 43603

- A separate insurance card provided to Complainant instructed Complainant to mail claims to Viking Administrators of Avon Lake, Ohio;
- The certificate schedule provided to Complainant consisted of a cover page and the group limited benefits health insurance certificate schedule. The cover page references CEO Clubs and specifies the level of benefits provided by the insurance policy as follows:

Star UK / Phoenix Insurance Company
Phoenix, AZ

GROUP LIMITED BENEFITS HEALTH INSURANCE
CERTIFICATE SCHEDULE

Name of Insured:	See Schedule Cover
Certificate Schedule Number:	NABL 006
Group Policy Number:	123740-SK
Policy Holder:	National Association of Business Leadership

- Starting on January 25, 2010, a monthly ACH payment, or automatic withdrawal, in the amount of \$259.00 was made from Complainant's personal checking account to serve as premium for the group limited benefits health insurance policy purchased;
- Between January 2010 and May 2010, five separate ACH payments were made to IRG as premium for Complainant's health insurance policy. The ACH withdrawals were described as payment for the "AIM Health Insurance Premium";
- In April and May of 2010, Complainant experienced an unexpected health condition causing her to seek immediate medical treatment and incur medical bills totaling \$39,048.71;

- To date, no benefits have been provided under Respondent's limited benefit health insurance policy, no claims have been paid to Complainant's health care providers by STAR UK / Phoenix Insurance Company or Respondents, and all attempts by Complainant to contact Respondents have gone unanswered;
- (t) Phoenix Insurance Company, NAIC # 25623, denies issuing a policy to any of the named Respondents. Phoenix Insurance Company asserts its name is being used fraudulently and without its authorization; that it has been disclaiming coverage as it does not offer health insurance products; that it has not provided any person, regardless of their name, title occupation or affiliation with any group, the legal right to conduct business on its behalf involving limited medical policies or any type of medical liability coverage; and that Phoenix Insurance Company is not associated with Respondents;
8. The aforementioned acts described in Paragraph 7 are unlawful and constitute violations of the Unauthorized Insurers Act and fall within the purview of the Department's authority to exercise powers authorized by law including the issuance of a summary order to cease and desist such activities pursuant to NEB. REV. STAT. § 44-2003(2);
9. The Unauthorized Insurers Act, NEB. REV. STAT. § 44-2002(3)(a) provides that "[t]he failure of an insurer transacting insurance business in this state to obtain a certificate of authority shall not impair the validity of any act or contract of such insurer and shall not prevent such insurer from defending any action at law or suit in equity in any court of this state, but no insurer transacting insurance business in this state without a certificate of authority shall be permitted to maintain an action in any court of this state to enforce any right, claim, or demand arising out of the transaction of such business until such insurer shall have obtained a certificate of authority";
10. And, finally, that NEB. REV. STAT. § 44-2002(3)(b) provides "[i]n the event of failure of any such unauthorized insurer to pay any claim or loss within the provisions of any insurance contract, any person who assisted or in any manner aided directly or indirectly in the procurement of such insurance contract *shall be liable* to the insured for the full amount of the claim or loss in the manner provided by the provisions of such insurance contract." (Emphasis added).

WHEREFORE, pursuant to the Nebraska Insurance Code, specifically NEB. REV. STAT. §§ 44-2003(2) and 44-4047, I, Bruce R. Ramage, do hereby find that the continued transaction of insurance by Respondents without a Certificate of Authority or appropriate producer licenses issued by the Department of Insurance, are violations of the Nebraska

Insurance Code and, as such, constitute an immediate danger to the public welfare by placing the public in grave harm so as to necessitate this immediate issuance of an Order.

ACCORDINGLY, IT IS THEREFORE CONSIDERED, ORDERED AND ADJUDGED that Respondents shall immediately CEASE AND DESIST from transacting the business of insurance in this State including acting or holding themselves out as insurers exempt from regulation in this State or insurance producers, either directly or indirectly, whether under Respondents' own names or any other name whatsoever used by any Respondent individually.

IT IS ORDERED that Respondents shall forthwith notify each and every Nebraska resident of the cessation of all insurance business because Respondents are unlicensed, that no additional premium funds or consideration will be accepted by Respondents from said Nebraska residents.

IT IS FURTHER ORDERED that Respondents shall add a disclaimer to any and all websites advertising Respondents products or services that said products and services "are not available in the State of Nebraska."

IT IS FURTHER ORDERED that Respondents and/or any person(s) who assisted or in any manner aided directly or indirectly in the procurement of such insurance contract shall be liable to the insured(s) for the full amount of the claim or loss in the manner provided by the provisions of such insurance contract.

NOTICE OF RIGHTS

A hearing on this matter may be requested in writing within ten (10) business days after receipt of this Order as authorized under NEB. REV. STAT. § 44-2003(2). If a hearing is requested, the Director shall schedule a hearing within ten (10) business days after receipt of the request.

Dated this 8th day of March, 2012.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE,



BRUCE R. RAMGE
Director of Insurance

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing SUMMARY ORDER TO CEASE AND DESIST was served upon Respondents by certified mail, return receipt requested, on this 8th day of March, 2012, to the following:

Association of Independent Managers
20 Madison Avenue
Valhalla, NY 10595

Integrated Insurance Marketing, Inc.
1145 Highbrook Road, Suite 701
Akron, OH 44301

and
327 Hillsborough Street
Raleigh, NC 27603

and
c/o Gary L. Karns
1618 Boettler Road
Uniontown, OH 44685

Metropolitan Business Alliance, LLC
2 Changebridge Rd., West Bldg., Suite 203
Montville, NJ 07045

and
c/o National Registered Agents, Inc.
120 Penmarc Drive
Raleigh, NC 27603

and
c/o National Registered Agents, Inc.
875 Avenue of the Americas, Suite 501
New York, NY 10001

and
400 Northampton Street, Suite 407
Eason, PA 18042

Louis Deluca
1106 Smith Ridge Road
New Canaan, CT 06840

CEO Clubs, Inc.
15 Broad Street, Suite 1120
New York, NY 10005-1972

and
c/o Spiegel & Utrera, P.A., P.C.
1 Maiden Lane, 5th Floor
New York, NY 10038

Insurance Resource Group
20 Madison Avenue
Valhalla, NY 10595

Viking Administrators, LLC
c/o Northwest Registered Agent Inc.
1507 16th Ave South #V8
Nashville, TN 37212-2905

and
5201 Kingston Pike, Suite 6-355
Knoxville, TN 37919

William Worthy II
44 Morgan Place Drive
Isle of Palms, SC 29451

and
c/o Anderson City Police Department
401 South Main Street
Anderson, SC 29624

Gary L. Karns, Jr.
Integrated Insurance Marketing
1145 Highbrook Road, Suite 701
Akron, OH 44301
and
3465 S. Arlington Road, E154
Akron, OH 44312

David L. Clark
118A Fulton Street
PO Box 138
New York, NY 10038
and
P.O. Box 74
Basking Ridge, NJ 07920

A handwritten signature in blue ink that reads "Gary A. Larkin". The signature is written in a cursive style and is positioned above a horizontal line.