

**NORTH CAROLINA DEPARTMENT OF INSURANCE  
RALEIGH, NORTH CAROLINA**

**STATE OF NORTH CAROLINA**

**BEFORE THE COMMISSIONER  
OF INSURANCE**

**COUNTY OF WAKE**

**IN THE MATTER OF )  
AFFINITY GROUP BENEFITS ASSOCIATION, )  
INC., SMART DATA SOLUTIONS, LLC, )  
NATIONAL TRADE BUSINESS ALLIANCE OF )  
AMERICA d/b/a NATIONAL ALLIANCE OF )  
ASSOCIATIONS, PROFESSIONAL BENEFITS )  
CONSULTANTS, INC., a.k.a. PBC DIRECT, )  
RICHARD H. BACHMAN, BART )  
POSEY, OBED KIRKPATRICK, THOMAS )  
SULLIVAN, JAMES M. DOYLE, AND )  
CHRISTOPHER ASHIOTES )**

**Docket No. D-1417**

**EMERGENCY CEASE  
AND DESIST ORDER,  
NOTICE OF HEARING,  
AND ORDER TO  
PRODUCE DOCUMENTS  
AND INFORMATION**

**TO: Ernest B. Beall, President and Registered Agent  
Affinity Group Benefits Association, Inc.  
537 Devereux Place  
Concord, NC 28025**

**Bart Posey, President  
Smart Data Solutions, LLC  
4676 Highway 41 North  
Springfield, Tennessee 37172**

**Thomas J. Sullivan, President  
National Trade Business Alliance of America, d/b/a National Alliance of  
Associations  
141 Ganttown Rd., Suite E  
Turnersville, NJ 08012**

**Christopher Ashiotes  
Professional Benefits Consultants, Inc., a.k.a. PBC Direct  
141 Ganttown Rd., Suite D  
Turnersville, NJ 08012**

**Richard H. Bachman  
1600 Magpie Cove  
Austin, Texas 78746**

**Bart Posey**  
**3448 Forest Park Road**  
**Springfield, Tennessee 37172**

**Obed Kirkpatrick**  
**1705 Rocking Chair Place**  
**Franklin, Tennessee 37067**

**Thomas Sullivan**  
**98 Oak Street #205**  
**Lindenwood, NJ 08021**

**James M. Doyle**  
**28 Sirius Court**  
**Sewell, NJ 08080**

**Christopher Ashiotes**  
**2302 Fernwood Avenue**  
**Atco, NJ 08004**

### **ORDER TO CEASE AND DESIST**

Pursuant to N. C. Gen. Stat. § 58-28-20(d) and any other applicable statutes and rules, the undersigned Hearing Officer hereby orders Affinity Group Benefits Association, Inc. [hereinafter, "AGBAI"], Smart Data Solutions, LLC [hereinafter, "SDS"], National Trade Business Alliance of America [hereinafter, "NTBAA"], a.k.a. National Alliance of Associations [hereinafter, "NAA"], Obed Kirkpatrick, Bart Posey, Richard H. Bachman, Thomas Sullivan, James M. Doyle, Christopher Ashiotes and any other agent of AGBAI, SDS, and NTBAA, a.k.a. NAA, to immediately cease and desist from transacting insurance business in violation of N.C.G.S. § 58-28-5.

The undersigned Hearing Officer finds, from the sworn affidavit of Terry Dorman presented to him in this matter that the interests of the public may be irreparably harmed if the

above-named Respondents are not ordered to immediately cease and desist from transacting insurance business in violation of N.C.G.S. § 58-28-5 as a result of the following:

1. Respondents have performed the following acts in violation of N.C.G.S. §§ 58-28-5 and 58-28-10:

- a) Respondents have operated their insurance businesses through a North Carolina corporation.
- b) Respondents have effected by mail or otherwise the issuance or delivery of contracts of insurance to residents of this State and other states by means of a master group health insurance policy issued in North Carolina to a North Carolina Corporation known as AGBAI.
- (c) Respondents have solicited applications for contracts of insurance to residents of this State and other states by means of a master group health insurance policy issued in North Carolina to a North Carolina corporation known as AGBAI and have collected premiums, membership fees, assessments, or other consideration for such contracts.

2. The National Trade Business Alliance of America ["NTBAA"] is registered as a non-profit New Jersey corporation and is located at 141 Ganttown Road, Turnersville, NJ 08012. The NTBAA is supposedly a membership association which purportedly provides health insurance, health-related discounts, and accidental death benefits to its "members."

3. At various times, NTBAA has done business under various names and currently does business using the name National Alliance of Associations ["NAA"] [hereinafter, the NTBAA and NAA will be merely referred to as the NAA].

4. Professional Benefits Consultants, Inc., a.k.a. PBC Direct [hereinafter, "PBC Direct"], is supposedly an insurance producer also located at 141 Ganttown Road, Turnersville, NJ 08012. PBC Direct and NAA are operated by the same individuals from the same address, and are essentially each other's alter ego.

5. Thomas Sullivan is the President of the NAA and was the incorporator agent of PBC Direct. James M. Doyle is the Secretary and Treasurer of the NAA and Vice President of Operations for PBC. Sullivan and Doyle are the only members of the Board of Trustees for the NAA. Christopher Ashiotes is a Vice President, Marketing Director, and insurance producer of PBC.

6. Smart Data Solutions, LLC [hereinafter, "SDS"] is a Tennessee corporation located at 4676 Highway 41 North in Springfield, Tennessee 37172. Bart Posey is the President of SDS and Richard H. Bachman is the Vice President of SDS. [hereinafter, Posey and Bachman shall be collectively referred to as the "principals" of SDS] Posey is a resident of Tennessee. Bachman has a nonresident Life and Health agent license issued by the Department on February 23, 2006.

7. Obed Kirkpatrick is a Tennessee resident and business associate of SDS who works out of the SDS office in Tennessee.

8. AGBAI is a North Carolina nonprofit corporation with an office in Concord, North Carolina. Ernest B. Beall is the President, owner, and registered agent of AGBAI.

9. In late July 2007, Posey and Kirkpatrick told Beall that they had a large number of individuals who were ready to enroll in an association for insurance benefits and persuaded Beall to "loan" them the use of AGBAI so that they could offer insurance to these individuals.

10. In August 2007, AGBAI entered into a marketing service agreement with SDS. Pursuant to the marketing service agreement, SDS is responsible for "market[ing] the day to day operations of the AGBAI. This [] include[s] developing marketing plans to procure new members, hiring marketing organizations to approach new potential members and administration once the new member becomes an active member."

11. SDS is also responsible under the marketing service agreement 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 to answer any members who have questions about insurance benefits and to enroll new members in AGBAI's insurance plans.

12. SDS established and maintains a web site [www.agbai.com](http://www.agbai.com) through which it promotes AGBAI's health insurance to the general public.

13. On September 4, 2007, Bachman submitted an application for a TransChoice policy to Transamerica Life Insurance Company ["Transamerica"] to be issued to AGBAI. Transamerica is a licensed insurance company. On September 4, 2007, AGBAI and SDS executed a Premium Collection Agreement which authorized SDS to serve as AGBAI's Premium Collection Administrator ["administrator"]. As administrator, SDS's duties include the handling of all insurance premium billing and collection matters on AGBAI's behalf.

14. On or about September 4, 2007, Transamerica issued a TransChoice Plus group policy to AGBAI with an effective date of September 1, 2007. The TransChoice policy was issued in North Carolina and provides limited health insurance benefits rather than comprehensive health insurance.

15. AGBAI entered into an affiliation agreement with the NAA which purportedly authorizes AGBAI to provide NAA members the same insurance benefits that AGBAI offers its members and requires the NAA to collect AGBAI affiliated member dues from NAA members and remit these dues to AGBAI.

16. Transamerica was unaware of the affiliation agreement and did not approve the NAA to market the TransChoice product as a sub-association of AGBAI. Nevertheless, the NAA, PBC Direct, SDS, their principals, and other marketing companies under contract with or connected with these companies marketed and sold the TransChoice product to the general public via illegal and unauthorized fax blast solicitations. The NAA, PBC Direct, SDS, and their principals also prepared to rollover existing NAA enrollees into the TransChoice policy issued to AGBAI.

17. Although the United States Fire Insurance Company ["US Fire"] has never issued any policies to AGBAI and has never been affiliated with AGBAI in any way, the NAA, PBC Direct, SDS, and their principals also marketed and sold accident and medical insurance purportedly provided under a policy or policies issued to AGBAI by US Fire.

18. For an effective date of February 1, 2008, SDS submitted two blocks of applications for a total of 1055 members for enrollment in the TransChoice policy to Key Benefits Administrators, Inc. ["KBA"], Transamerica's third party administrator. One of the blocks was submitted through a New Jersey insurance agent who had not been appointed as an insurance producer with Transamerica Worksite Marketing ["TWM"], an operating division of Transamerica. Transamerica directed KBA to reject all 1,055 applications and on February 13, 2008, Transamerica, through TWM, terminated Bachman's appointment as a Transamerica producer and informed SDS and Bachman that it would not accept any new enrollments in connection with the AGBAI account. By this time, approximately 5000 plus individuals from 49 states, including residents of North Carolina, had been enrolled in the AGBAI group policy issued by Transamerica.

19. Since at least February 1, 2008, Kirkpatrick, SDS, Posey, Bachman, AGBAI,

NAA, and PBC Direct have been enrolling individuals in a group health insurance policy issued in North Carolina to AGBAI by Beema Insurance Company ["Beema"], an unauthorized, alien insurer located in Pakistan for which SDS provides third party administrator services. The NAA, PBC Direct, SDS, AGBAI, and their principals have also been marketing and selling the Beema product.

20. For the foregoing reasons, Respondents Kirkpatrick, SDS, Posey, Bachman, AGBAI, NAA, PBC Direct, Sullivan, Doyle, Ashiotes, and any other agent of SDS, AGBAI, NAA, and PBC Direct shall immediately **CEASE AND DESIST** from:

- a. Contracting to provide insurance in this state for risks located in this state, whether as an insurer, agent, or by any other method;
- b. Offering, selling, and marketing insurance in this state for risks located in this state, whether as an insurer, agent, or by any other method;
- c. Taking or receiving an application for insurance offered by Beema or any other entity;
- d. Issuing or delivering contracts of insurance and certificates of insurance or other evidence of insurance coverage issued by Beema or any other entity;
- e. Transferring or moving AGBAI enrollees into new insurance coverage;
- f. Soliciting, negotiating, procuring or effectuating insurance coverage, or renewals thereof, disseminating information as to coverage or rates, forwarding applications, delivering policies or contracts, or in any other manner representing or assisting Beema or any other insurer;
- g. Directly or indirectly acting as an agent for, or otherwise representing or aiding in the solicitation, negotiation, procurement or effectuation of insurance coverage issued by Beema or by any other entity;
- h. 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 for or regarding any insurance issued by Beema or any other entity;

- i. Conducting insurance business within the meaning of the North Carolina statutes relating to insurance, or otherwise acting as an insurer in this State; and
- j. Receiving or collecting any premiums, commissions, or other consideration for insurance issued by Beema or any other entity.

### **NOTICE OF HEARING**

Pursuant to North Carolina General Statutes, Chapter 58, Article 28, North Carolina General Statutes, Chapter 150B, Article 3A, North Carolina General Statutes §§ 58-2-50, 58-2-55, 58-2-70, 58-3-125, 58-3-5, 58-28-10, 58-28-20, 58-28-45, 58-33-46, 58-33-95, 58-63-25, 58-63-32, 58-63-40, 150B-38, 150B-40, and other applicable statutes and rules, notice is given that an administrative hearing will be convened before the Commissioner of Insurance, or before a hearing officer duly designated by him, on **August 26, 27, and 28, 2008, at 10:00 a.m.**, Room # 3099 of the Dobbs Building, located at 430 North Salisbury Street, Raleigh, Wake County, North Carolina. The hearing may subsequently be moved to a more suitable room in the building. The purpose of this hearing is to determine:

- (1) Whether Respondents are in violation of N.C.G.S. § 58-28-5 by having entered into a contract or contracts of insurance as an insurer in this State or by transacting insurance business in this State as set forth in N.C.G.S. § 58-28-10 without first being issued a certificate of authority or license to act as an insurance company;
- (2) Whether Respondents are in violation of N.C.G.S. 58-28-10 by performing any of the acts or transactions set forth therein while not authorized to do business in this State;
- (3) Whether Respondents have violated N.C.G.S. § 58-28-45(a) by acting as an agent for an insurer not authorized to transact business in this State or by negotiating for or placing or aiding in placing insurance coverage in this State for another with any such insurer;
- (4) Whether Respondents have violated N.C.G.S. § 58-33-95 by soliciting, negotiating, or selling insurance in this State for an unauthorized insurer;
- (5) Whether Respondents NAA, Thomas Sullivan, James Doyle, and Christopher Ashiotes

have willfully violated a Cease and Desist Order of the Commissioner entered against them pursuant to N.C.G.S. § 58-28-20;

- (6) Whether Respondents have engaged in any acts, methods, or practices in the business of insurance which are defined as or determined pursuant to Article 63 of Chapter 58 to be unfair and deceptive and whether a cease and desist order should be entered against them pursuant to N.C.G.S. § 58-63-32(a);
- (7) Whether Respondent Richard H. Bachman should have his agent licenses revoked or suspended pursuant to N.C.G.S. §§ 58-33-46(a) and 58-33-95;
- (8) Whether Respondents should be fined pursuant to N.C.G.S. §§ 58-28-5, 58-28-10, 58-28-45(h), and 58-2-70 for their violations of the insurance laws;
- (9) Whether Respondents NAA, PBC Direct, Thomas Sullivan, James Doyle, and Christopher Ashiotes should be fined pursuant to N.C.G.S. § 58-28-30 for willful violation of a Cease and Desist Order of the Commissioner; and
- (10) Whether Respondent Kirkpatrick should be fined pursuant to N.C.G.S. § 58-28-30 for willful violation of a Cease and Desist Order of the Commissioner;
- (11) Whether the Commissioner should issue an order to Respondents pursuant to N.C.G.S. § 58-28-20 to cease and desist from violating N.C.G.S. § 58-28-5.

## **I. ALLEGATIONS AND CHARGES**

At this hearing, the following allegations and charges shall be considered:

### **A. General Allegations**

1. The National Trade Business Alliance of America ["NTBAA"] is registered as a non-profit New Jersey corporation and is located at 141 Ganttown Road, Turnersville, NJ 08012. The NTBAA is supposedly a membership association which purportedly provides health insurance, health-related discounts, and accidental death benefits to its "members."
2. At various times, NTBAA has done business under various names and currently does business using the name National Alliance of Associations ["NAA"] [hereinafter, the NTBAA and NAA will be merely referred to as the NAA].
3. Professional Benefits Consultants, Inc., a.k.a. PBC Direct [hereinafter, "PBC

Direct”], is supposedly an insurance producer also located at 141 Ganttown Road, Turnersville, NJ 08012. PBC Direct and NAA are operated by the same individuals from the same address, and are essentially each other’s alter ego.

4. Thomas Sullivan is the President of the NAA and was the incorporator agent of PBC Direct. James M. Doyle is the Secretary and Treasurer of the NAA and Vice President of Operations for PBC. Sullivan and Doyle are the only members of the Board of Trustees for the NAA. Christopher Ashiotes is a Vice President, Marketing Director, and insurance producer of PBC.

5. The NAA, PBC Direct, Sullivan, Ashiotes, and Doyle [hereinafter Sullivan, Ashiotes, and Doyle shall be referred to as “principals” of NAA and PBC Direct] contract with marketing companies to market and sell bogus health insurance plans to residents of North Carolina and numerous other states via illegal and unauthorized blast fax solicitations.

6. The NAA and PBC Direct require individuals who apply for health insurance advertised via NAA’s fax solicitations to pay a \$125.00 one time enrollment fee to become NAA members and thereby obtain health insurance benefits purportedly provided through a group policy issued to the NAA. Individuals are not aware that they are becoming “members” of the NAA when they enroll in the NAA’s health insurance plans. Since April 2006, the NAA, PBC, and their principals enrolled at least one hundred twenty-three (123) North Carolina residents in the NAA’s bogus insurance plans and collected premiums and enrollment fees from these residents. As of June 2007, 32 of the NAA’s existing members were North Carolina residents.

7. Although no licensed insurer has ever issued a group insurance policy to the NAA, the NAA, PBC Direct, SDS, their principals, and the marketing companies acting under contract with these companies have misrepresented to consumers that the NAA provides

comprehensive health insurance benefits through a policy issued by various licensed insurers, including Stanford Life, Assurity Life, Bankers Fidelity, and AIG. Once enrolled, members are repeatedly moved by the NAA and PBC Direct from one bogus insurance policy to another without the members' knowledge and consent.

8. The NAA, PBC Direct, and their principals have also fraudulently prepared insurance cards and fulfillment packages bearing the names of licensed insurers and distributed these cards and packages to NAA enrollees.

9. After learning about these unauthorized activities by the NAA, PBC Direct, and their principals, several insurance companies have issued cease and desist orders to the NAA and PBC Direct and have posted consumer alerts on their websites.

10. Although the NAA does not meet the underwriting guidelines for a group policy because it is not a bona fide association, the NAA, PBC Direct, and their principals have attempted to procure a group health insurance policy for the NAA from licensed insurance companies. The NAA, PBC Direct, and their principals have also purported to provide health insurance benefits to NAA members through group policies issued by licensed insurers to other associations with which the NAA is allegedly affiliated.

11. In August 2007, a hearing was held in the Department against the NAA, PBC Direct, their principals and other named respondents in Docket number 1375 for alleged violations of North Carolina's unauthorized insurance laws. By order entered on January 31, 2008, the Department found and concluded that NAA, PBC Direct, their principals, and other named respondents therein had violated N.C.G.S. §§ 58-28-5 and 58-28-10 and ordered that all named respondents in that case cease and desist these violations.

12. Smart Data Solutions, LLC [hereinafter, "SDS"] is a Tennessee corporation

located at 4676 Highway 41 North in Springfield, Tennessee 37172. Bart Posey is the President of SDS and Richard H. Bachman is the Vice President of SDS. [hereinafter, Posey and Bachman shall be collectively referred to as the "principals" of SDS] Posey is a resident of Tennessee. Bachman has a nonresident Life and Health agent license issued by the Department on February 23, 2006.

13. Obed Kirkpatrick is a Tennessee resident and business associate of SDS who works out of the SDS office in Tennessee. On January 22, 2004, the Department entered an order in Docket number 1102 which concluded that Kirkpatrick and other named respondents therein had transacted insurance business in violation of N.C.G.S. §§ 58-28-5 and 58-33-95 and ordered Kirkpatrick and other named respondents to cease and desist transacting insurance business in this State and to pay unpaid claims.

14. SDS and its principals own and operate or provide third party administrator services for one or more membership associations, including Transportation Service Association ["TSA"], Fleetwood Group, Real Benefits Association, and American Trade Association ["ATA"]. SDS and its principals have marketed and sold bogus health insurance benefits to the general public, including residents of North Carolina, through these associations. SDS and its principals have prepared and distributed insurance cards and fulfillment packages for these bogus insurance benefits to enrollees, including residents of North Carolina.

15. In October 2006, the NAA executed an affiliation agreement with one of SDS's associations, TSA. That agreement purportedly enables the NAA to provide health insurance benefits under group health insurance policies allegedly issued to the TSA and other associations owned by or affiliated with SDS.

16. Pursuant to an affiliation agreement between the NAA and SDS, the NAA

purportedly provided NAA members health insurance benefits through a group policy issued by Stanford Life to Transportation Workers Benefits Association ["TWBA"], another association with which SDS was allegedly affiliated. However, the Stanford Life policy was a bogus policy and there was no actual affiliation between SDS and TWBA. Between November 2006 and March 2007, the NAA and SDS enrolled at least 32 North Carolina residents in the bogus Stanford Life policy.

17. SDS served as the administrator for the NAA's bogus health insurance plans from November 2006 through March 2007. In the second half of 2007, SDS resumed acting as an administrator for the NAA's insurance plans and continues to act as an administrator for the NAA's insurance plans.

18. In the fall of 2006, the NAA, PBC Direct, SDS, the principals of these entities, and Obed Kirkpatrick conspired to obtain an existing association for the purpose of procuring a group health insurance policy to cover existing and future enrollees in the NAA and other associations which SDS owns and operates or for which SDS performs third party administrator services. The NAA, PBC Direct, SDS, and the principals of these entities had been withdrawing monies from the bank accounts of individuals enrolled in their associations for bogus insurance coverage.

19. In furtherance of the conspiracy to obtain insurance benefits for existing and future enrollees of the NAA and these other associations, Posey and Kirkpatrick initiated discussions with Ernest B. Beall about purchasing Affinity Group Benefits Association, Inc. [hereinafter, "AGBAI"] AGBAI is a North Carolina nonprofit corporation with an office in Concord, North Carolina. Beall is the President, owner, and registered agent of AGBAI.

20. Posey and Kirkpatrick led Beall to believe that Posey was looking to buy an

association for the purposes of providing insurance benefits to clients in the trucking industry. SDS would market the association benefits for AGBAI. At the time Posey and Kirkpatrick offered to purchase AGBAI, it was a dormant association with no members.

21. Beall initially expressed interest in selling AGBAI to Posey and Kirkpatrick. However, on June 19, 2007, Beall informed Kirkpatrick and Posey that he decided not to sell AGBAI. In late July 2007, Posey and Kirkpatrick called Beall and urged him to allow them to "use" AGBAI temporarily until they could form a new association of their own. Posey and Kirkpatrick told Beall that they had a large group of individuals who were ready to enroll in an association which offered insurance benefits as of August 1, 2007, and that they would lose the group if they could not use AGBAI. Beall then agreed to allow Kirkpatrick and Posey to operate their business through AGBAI until they could form a new association. Posey and Kirkpatrick paid Beall \$5,000.00 up front and a monthly administrative fee of \$.50 per member enrolled for the use of AGBAI.

22. Beall named Kirkpatrick as AGBAI's secretary. As AGBAI's secretary, Kirkpatrick has been responsible for the day to day operations of the association. Kirkpatrick also performs certain services, such as developing and producing brochures and newsletters for AGBAI, which assist Posey in marketing the association's insurance and other insurance related benefits. Although Beall has received a monthly administrative fee, Beall contends that he has had no involvement in the business activities which Kirkpatrick, Posey, and SDS conducted through AGBAI.

23. On August 24, 2007, AGBAI entered into a marketing service agreement with SDS. Pursuant to the marketing service agreement, SDS is responsible for "market[ing] the day to day operations of the AGBAI. This [] include[s] developing marketing plans to procure new

members, hiring marketing organizations to approach new potential members and administration once the new member becomes an active member.”

24. SDS is also responsible under the marketing service agreement 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 to answer any members who have questions about insurance benefits and to enroll new members in AGBAI’s insurance plans.

25. SDS established and maintains a web site [www.agbai.com](http://www.agbai.com) through which it promotes AGBAI’s health insurance to the general public.

26. In furtherance of the conspiracy to obtain insurance benefits for existing and future enrollees of the various associations owned and operated by NAA, PBC Direct, SDS, and their principals, Bachman and SDS became appointed in July 2007 as agents to represent Transamerica Life Insurance Company (“Transamerica”) through its Transamerica Worksite Marketing [“TWM”] division in the marketing and sale of TransChoice, a group voluntary limited-benefit medical indemnity insurance policy issued by Transamerica. Transamerica is a licensed insurance company.

27. On or about August 2007, Bachman approached TWM about obtaining a TransChoice Plus policy for AGBAI. On September 4, 2007, Bachman submitted an application for a TransChoice policy to TWM to be issued to AGBAI. In the application, which was executed by Bachman as broker of record and Kirkpatrick as Secretary of AGBAI, Kirkpatrick and Bachman falsely stated that AGBAI had 1400 existing members.

28. On September 4, 2007, AGBAI and SDS executed a Premium Collection Agreement which authorized SDS to serve as AGBAI's Premium Collection Administrator ["administrator"]. As administrator, SDS's duties include the handling of all insurance premium billing and collection matters on AGBAI's behalf.

29. On or about September 4, 2007, Transamerica issued a TransChoice Plus group policy to AGBAI with an effective date of September 1, 2007. The TransChoice policy was issued in North Carolina and provides limited health insurance benefits rather than comprehensive health insurance.

30. Some time after the TransChoice Plus group policy was issued to AGBAI, AGBAI entered into an affiliation agreement with the NAA. The affiliation agreement purportedly authorizes AGBAI to provide NAA members the same insurance benefits that AGBAI offers its members and requires the NAA to collect AGBAI affiliated member dues from NAA members and remit these dues to AGBAI.

31. Transamerica was unaware of the affiliation agreement and did not approve the NAA to market the TransChoice product as a sub-association of AGBAI. Nevertheless, the NAA, PBC Direct, SDS, their principals, and other marketing companies under contract with these companies marketed and sold the TransChoice product to the general public via illegal and unauthorized fax blast solicitations. The NAA, PBC Direct, SDS, and their principals also prepared to transfer existing NAA enrollees into the TransChoice policy issued to AGBAI.

32. Although the United States Fire Insurance Company ["US Fire"] has never issued any policies to AGBAI and has never been affiliated with AGBAI in any way, the NAA, PBC Direct, SDS, and their principals also marketed and sold accident and medical insurance purportedly provided under a policy or policies issued to AGBAI by US Fire.

33. In late September, 2007, the General Counsel of TWM's third party administrator, Key Benefit Administrators, Inc. ["KBA"], received information indicating that the NAA or marketing companies acting under contract with the NAA had been sending fax blast solicitations to the general public in violation of TWM's marketing guidelines and were purporting to enroll individuals in the TransChoice policy.

34. KBA's General Counsel contacted Bachman of SDS, who informed KBA's General Counsel about AGBAI's affiliation agreement with NAA. Subsequently, on September 27, 2007, Transamerica and TWM, in cooperation with and through KBA's General Counsel, issued a notice to SDS, NAA, and all producers and entities connected therewith requiring that they cease and desist marketing Transamerica's TransChoice Plus policy through AGBAI, NAA, or any other entity.

35. On October 6, 2007, Transamerica and TWM, through KBA's General Counsel, lifted the cease and desist notice as to SDS and Bachman, but kept the cease and desist notice in effect as to the NAA.

36. NAA, PBC Direct, and their principals ignored Transamerica's notice to cease and desist marketing the TransChoice product. SDS also ignored Transamerica's directive not to submit NAA members for enrollment in the TransChoice product. For a January 1, 2008 effective date, SDS submitted a block of 1,812 member applications for the AGBAI TransChoice Plus policy to KBA. In January and February 2008, TWM and KBA received many complaints from individuals in this block who were enrolled in the TransChoice Plus policy and had either received the policy fulfillment packages not knowing that their health coverage had been transferred to Transamerica, or who had premiums withdrawn from their bank accounts without their knowledge and consent. In many instances, these individuals had

not heard of Transamerica, TWM, or SDS before this time but had enrolled in an insurance plan marketed by the NAA and PBC Direct or other marketing companies under contract with or connected with these entities.

37. The NAA, PBC Direct, SDS, their principals, and marketing companies with which they were contracted or connected with made misrepresentations to many of these individuals which led them to believe that they were purchasing comprehensive health insurance when in fact the coverage was a limited-benefit medical indemnity insurance policy.

38. The NAA and their principals prepared and distributed association fulfillment packages to NAA enrollees which included a flyer for the TransChoice Plus policy without authorization from TWM.

39. The NAA, PBC Direct, SDS, AGBAI, and their principals charged enrollees an enrollment fee, monthly dues, and monthly insurance premiums which were significantly higher than the actual insurance premium charged by Transamerica. The association monthly dues and insurance premium amounts were not separately disclosed to the members. Rather, only a single combined premium amount was disclosed to enrollees.

40. A payment collection firm acting on behalf of NAA, PBC Direct, SDS, or other marketing firms connected with the principals of NAA, PBC Direct, and SDS took payments by credit card or directly from the member's bank account. Portions of the amounts that were collected on behalf of the NAA and PBC Direct were transferred to SDS. In January 2008, SDS began using a different payment collection firm and had that firm withdraw moneys from member accounts for the enrollment fee, monthly dues, and monthly premiums and submit those collections directly to SDS. In either case, SDS remitted only Transamerica insurance premium monies to KBA.

41. For an effective date of February 1, 2008, SDS submitted two blocks of applications for a total of 1055 members for enrollment in the TransChoice policy to KBA. One of the blocks was submitted through a New Jersey insurance agent who had not been appointed as an insurance producer with TWM. Transamerica directed KBA to reject all 1,055 applications and on February 13, 2008, Transamerica, through TWM, terminated Bachman's appointment as a Transamerica producer and informed SDS and Bachman that it would not accept any new enrollments in connection with the AGBAI account. By this time, approximately 5000 plus individuals from 49 states, including residents of North Carolina, had been enrolled in the AGBAI group policy issued by Transamerica.

42. On February 18, 2008, Transamerica appointed Bart Posey, the owner of SDS, as a producer and entered into a new contract with SDS. Since that time, SDS has continued to collect premiums from existing AGBAI enrollees for the TransChoice policy.

43. Since Transamerica stopped accepting new enrollments in February 2008, the NAA, PBC Direct, SDS, AGBAI, and their principals have been placing new enrollees in a group policy allegedly issued to AGBAI by Beema Insurance Company ["Beema"]. Beema is an unauthorized, alien insurance company located in Pakistan for which SDS purportedly provides third party administrator services. The NAA, PBC Direct, SDS, AGBAI and their principals have also been marketing and selling the bogus Beema product.

44. On February 19, 2008, Terry Dorman, Chief Examiner in the Unlicensed Plan Investigations section of the Department's Consumer Services Division, wrote Posey and Bachman separate letters requesting documents and information pertaining to AGBAI's insurance activities, including the names of all insurers providing insurance benefits to AGBAI members and a list of all AGBAI enrollees. Bachman failed to respond to Dorman's letter.

Although Posey responded to Dorman's letter, the only information he provided in response to Dorman's requests was a copy of the Transamerica policy issued to AGBAI.

45. On April 18, 2008, the Department sent a letter to Beall which informed him of alleged violations of the unauthorized insurance laws and unfair and deceptive acts and practices in violation of N.C.G.S. § 58-63-10 by AGBAI, SDS, and the NAA and requested his attendance at an informal conference with the Department. On April 20, 2008, Beall faxed a letter to Kirkpatrick requesting that Kirkpatrick and all of his associates immediately cease and desist using AGBAI and terminating any and all business relationships between he and Kirkpatrick. Since that time, Kirkpatrick, SDS, and their principals continue to collect premiums, fees, and dues from existing AGBAI members and to market their bogus insurance through AGBAI.

**B. Violation of the Unauthorized Insurance Laws**

46. Respondents have performed the following acts in violation of N.C.G.S. §§ 58-28-5 and 58-28-10:

- a) Respondents have operated their insurance businesses through a North Carolina corporation.
- b) Respondents have effected by mail or otherwise the issuance or delivery of contracts of insurance to residents of this State and other states by means of a master group health insurance policy issued in North Carolina to a North Carolina Corporation known as AGBAI.
- c) Respondents have solicited applications for contracts of insurance to residents of this State and other states by means of a master group health insurance policy issued in North Carolina to a North Carolina corporation known as AGBAI and have collected premiums, membership fees, assessments, or other consideration for such contracts.

47. Respondents have violated N.C.G.S. § 58-28-45(a) by acting as an agent for insurers not authorized to transact business in this State and by negotiating for or placing or aiding in the placement of insurance coverage in this State for another with insurers not

authorized to transact business in this State.

48. Respondents NAA, PBC Direct, Sullivan, Doyle, Ashiotes, SDS, Posey, Bachman, and Kirkpatrick have violated N.C.G.S. § 58-33-95(a) (3) by knowingly soliciting, negotiating, or selling insurance in this State for an unauthorized insurer.

**C. Unfair or Deceptive Acts or Practices in Violation of N.C.G.S. § 58-63-10**

49. Respondents have engaged in unfair and deceptive methods, acts or practices in the business of insurance in violation of N.C.G.S. § 58-63-10 by making, issuing, circulating, or causing to be made, issued or circulated illustrations, circulars, or statements misrepresenting the terms of and benefits provided under policies of insurance.

50. Respondents have engaged in other methods, acts, or practices which constitute unfair and deceptive acts or practices in the business of insurance in violation of N.C.G.S. § 58-63-10 but which are not defined as unfair and deceptive acts or practices in the business of insurance under N.C.G.S. § 58-63-15. These allegations are based on all of the allegations previously set out in this Notice and which are hereby realleged and incorporated by reference as if fully set out herein. They are also based on the following allegations:

- (a) Respondents have repeatedly sent fax blasts or caused numerous fax blasts to be sent to North Carolina residents advertising health benefits. The sending of these faxed advertisements is unfair and deceptive because these advertisements, among other things: (1) Do not identify the company offering the health benefits advertised and the insurance company providing these benefits; (2) Do not disclose that individuals are required to join an association and pay an enrollment fee and monthly association dues in order to obtain the insurance benefits; (3) Set forth an amount of monthly payment due for various levels of insurance coverage which includes monthly dues and fees, but fails to disclose that the monthly payment includes amounts for monthly dues and fees and the amount of the payment which constitutes monthly dues and fees; (4) Are unsolicited and attempt to induce the recipients to enroll quickly by stating that the offer expires within a few days; and (5) Do not accurately describe the insurance benefits being made available.

- (b) Respondents have repeatedly moved numerous individuals enrolled in their insurance plans from one bogus insurance policy to another without their knowledge and consent.
- (c) Respondents have often refused to refund enrollment fees, monthly dues, and premiums or unreasonably delayed making such refunds to individuals enrolled in their health insurance plans when enrollees request to cancel.
- (d) Respondents have perpetuated their fraudulent sale of bogus health insurance by producing and distributing flyers to enrollees which include summaries of insurance benefits under insurance policies which are issued or purportedly issued by licensed insurers and which purportedly cover their enrollees.

**D. Grounds for Revocation or Suspension of Bachman's agents licenses**

51. Pursuant to N.C. Gen. Stat. § 58-33-95(b), the Commissioner may revoke Bachman's licenses for knowingly soliciting, negotiating, or selling insurance in this State for an unauthorized insurer in violation of N.C. Gen. Stat. § 58-33-95(a)(3).

52. Pursuant to N.C. Gen. Stat. § 58-33-46(a)(2) the Commissioner may revoke, suspend or refuse to renew Bachman's licenses on the grounds that Bachman violated North Carolina's insurance laws and regulations. This allegation is based on all of the allegations previously set out in this Notice and which are hereby realleged and incorporated by reference as if fully set out herein.

53. Pursuant to N.C. Gen. Stat. § 58-33-46(a)(7), the Commissioner may revoke Bachman's licenses for committing unfair and deceptive methods, acts, or practices in the business of insurance. This allegation is based on the allegations previously set out in Section C of this Notice and which are hereby realleged and incorporated by reference as if fully set out herein.

54. Pursuant to N.C. Gen. Stat. § 58-33-46(a)(8), the Commissioner may revoke, suspend or refuse to renew Bachman's license on the grounds that in the conduct of his

affairs under his license, Bachman has used fraudulent, coercive, or dishonest practices or has shown himself to be incompetent, untrustworthy and financially irresponsible in the conduct of business. This allegation is based on all of the allegations previously set out in this Notice and which are hereby realleged and incorporated by reference as if fully set out herein.

55. Pursuant to N.C. Gen. Stat. § 58-33-46(a)(12a), the Commissioner may revoke Bachman's licenses for soliciting, negotiating, or selling insurance in this State for an unauthorized insurer.

**E. Respondents' NAA, PBC Direct, Sullivan, Doyle, and Ashiotes Willful Violation of the Commissioner's Cease and Desist Order**

56. Respondents NAA, PBC Direct, Sullivan, Doyle, and Ashiotes should be fined pursuant to N.C.G.S. §§ 58-28-30 and 58-2-70 for willful violation of the Commissioner's January 31, 2008 Cease and Desist Order. This allegation is based on all of the allegations previously set out in this Notice and which are hereby realleged and incorporated by reference as if fully set out herein.

**F. Respondent Kirkpatrick's Willful Violation of the Commissioner's Cease and Desist Order**

57. Respondent Kirkpatrick should be fined pursuant to N.C.G.S. §§ 58-28-30 and 58-2-70 for willful violation of the Commissioner's January 22, 2004 Cease and Desist Order. This allegation is based on all of the allegations previously set out in this Notice and which are hereby realleged and incorporated by reference as if fully set out herein.

**II. POSSIBLE ADVERSE ADMINISTRATIVE ACTION**

Based upon the foregoing, it is alleged that Respondents should be ordered to:

(1) Cease and desist from transacting insurance business in violation of N.C.G.S. § 58-28-5,

(2) Pay fines for violating N.C.G.S. §§ 58-28-5 and 58-28-45(a) pursuant to N.C.G.S. §§ 58-28-10 and 58-28-45(h), and (3) Cease and desist from engaging in the acts alleged herein to be unfair and deceptive methods, acts, or practices in the business of insurance.

It is further alleged that Respondents NAA, PBC Direct, Sullivan, Doyle, and Ashiotes should be fined pursuant to N.C.G.S. §§ 58-28-30 and 58-2-70 for willful violation of the Commissioner's January 31, 2008 Cease and Desist Order.

It is further alleged that Respondent Kirkpatrick should be fined pursuant to N.C.G.S. §§ 58-28-30 and 58-2-70 for willful violation of the Commissioner's January 22, 2004 Cease and Desist Order.

It is further alleged that Respondent Bachman's licenses should be revoked pursuant to N.C.G.S. §§ 58-33-46(a)(2), (7), (8), and (12a) and 58-33-95(b).

### **III. PROCEDURES FOR THE HEARING**

- A. At this hearing, Respondents will be given the opportunity directly or through counsel to present evidence on issues of fact, examine documents and cross examine witnesses, submit rebuttal evidence and make arguments as to issues of law.
- B. Please be advised that N.C.G.S. § 58-33-95 makes any person representing an insurer personally liable on all contracts of insurance unlawfully made by or through him, directly or indirectly, for any company not authorized to do business in the State. Also be advised that pursuant to the provisions of N.C.G.S. § 58-33-46(a)(2), any person currently licensed as an agent by the Commissioner may be subjected to license suspension, revocation or nonrenewal for violating any insurance law.
- C. As a result of this hearing, the Commissioner may reduce his findings to writing and issue and cause to be served upon such person or persons an order to cease and desist from violating the provisions of N.C.G.S. § 58-28-5, which make it unlawful for any company to enter into a contract of insurance as an insurer or to transact insurance business in this State without first obtaining a certificate of authority or a license. N.C.G.S. § 58-28-30 makes any person who willfully violates a cease and desist order of the Commissioner, after it has become final, and while such order is in effect, subject to the provisions of N.C.G.S. § 58-2-70.

N.C.G.S. § 58-2-70 authorizes the Commissioner to impose upon such person a penalty of not less than one hundred dollars (\$100.00) and not more than one thousand dollars (\$1,000.00) per violation. Furthermore, subsection (c) thereof provides that each day during which a violation occurs constitutes a separate offense.

- D. Please be advised that N.C.G.S. § 58-28-10 subjects any person who is found guilty of violating any of the provisions of such section while not authorized to do business within this State to a penalty of not less than one thousand dollars (\$1,000) nor more than five thousand dollars (\$5,000) for each offense, provided that each day in which a violation occurs shall constitute a separate offense.
- E. Your failure to appear at the hearing will not prevent the Commissioner or Hearing Officer from hearing the evidence and entering any appropriate Order as authorized by law.

**ORDER TO PRODUCE DOCUMENTS AND INFORMATION**

Pursuant to N.C.G.S. § 58-2-50 and other applicable statutes, each Respondent is ORDERED to produce the following documents and to provide the following information:

1. A list of the names, addresses, and phone numbers of all persons or entities which market or in any way represent or which have marketed or in any way represented the NAA, PBC Direct, SDS, AGBAI, and any other associations which the NAA, PBC Direct, SDS, Richard H. Bachman, and Bart Posey have owned, operated, or provided marketing services to from August 2007 to present.
2. Copies of all flyers, brochures, advertisements, and other materials used by SDS or third parties contracted with SDS to market insurance or insurance related products and benefit plans offered through AGBAI from August 2007 to present.
3. Copies of all flyers, brochures, advertisements, and other materials used by the NAA, PBC Direct, or third parties contracted with NAA or PBC Direct to market insurance or insurance related products and benefit plans offered through AGBAI from August 2007 to present.
4. The full name and addresses of all insurance carriers that underwrite or have underwritten insurance or insurance related products and benefit plans offered through AGBAI by the NAA, PBC Direct, SDS, AGBAI, and any other associations which the NAA, PBC Direct, SDS, Richard H. Bachman, and Bart Posey have owned, operated, or provided marketing services to from October 2006 to February 2008.

5. The full name and addresses of all insurance carriers that underwrite or have underwritten insurance or insurance related products and benefit plans offered through AGBAI by the NAA, PBC Direct, SDS, AGBAI, and any other associations which the NAA, PBC Direct, SDS, Richard H. Bachman, and Bart Posey have owned, operated, or provided marketing services to from February 2008 to present.
6. Copies of all group insurance policies issued to AGBAI from August 2007 to present.
7. Copies of all group insurance policies issued to any association through which members of AGBAI are provided insurance benefits.
8. Copies of all applications for group insurance policies submitted for AGBAI from August 2007 to present.
9. Copies of all contracts between SDS, Bart Posey, or Richard H. Bachman and insurance companies which have issued a group insurance policy or policies to AGBAI from August 2007 to present.
10. Identify and produce copies of all agreements to which AGBAI is a party.
11. Copies of all contracts between Obed Kirkpatrick and SDS or any officers of SDS.
12. Copies of all agreements between SDS and the NAA or PBC Direct from October 2006 to present.
13. Copies of all contracts between the NAA, PBC Direct, SDS, AGBAI, and any other associations which the NAA, PBC Direct, SDS, Bart Posey, or Richard H. Bachman have owned, operated, or provided marketing services to and third parties to market insurance plans and other benefits made available through AGBAI from August 2007 to present.
14. List the names and addresses of all associations whose members are provided insurance benefits through a group policy or policies issued to AGBAI.
15. Copies of all individual applications submitted by SDS to Transamerica or its third party administrator, Key Benefits Administrators, Inc. for an effective date of January 1, 2008.
16. Copies of all individual applications submitted by SDS to Transamerica or its third party administrator, Key Benefits Administrators, Inc. for an effective date of February 1, 2008.
17. List the names, addresses, and phone numbers of all individuals enrolled in AGBAI between September 2007 to present. For each individual enrolled, state: (a) whether the

individual was ever enrolled as a member in the NAA and, if so, the name of the insurance company through which the NAA provided insurance benefits to the individual before the individual was enrolled in AGBAI; (b) the date of the individual's enrollment into AGBAI, (c) the date of cancellation, if applicable, (d) the names of each insurance company which provides or has provided insurance benefits to the individual through a group policy issued to AGBAI, (e) separately state the amount of money collected from the individual for enrollment fees, monthly dues, and premiums, and (f) the amount of premiums remitted to an insurance carrier on behalf of the enrollee.

18. List the names, addresses, and phone numbers of all North Carolina residents which are or have been enrolled in any insurance plans offered through any other associations which SDS, Bart Posey, or Richard H. Bachman have owned, operated, or provided marketing services to from January 2006 to present. For each North Carolina resident identified, state: (a) the name and address of the association through which the individual was insured, (b) the name and address of the insurance company which provided the insurance benefits offered through that association, (c) the date the individual was enrolled in the insurance plan, (d) the date of cancellation, if applicable, (e) separately state the amount of money collected from the individual for enrollment fees, monthly dues, and premiums, and (f) the amount of premiums remitted to an insurance carrier on behalf of the enrollee.

19. Copies of all records, including bank statements, which show the enrollment fees, monthly dues, and premiums collected by or for SDS from individuals enrolled in AGBAI from August 2007 to present.

20. Copies of all records, including bank statements, which show the premiums remitted to insurance companies on behalf of AGBAI from August 2007 to present.

21. Copies of all records, including bank statements, which show monies received by SDS from the NAA and PBC Direct from October 2006 to present.

22. Copies of all records, including bank statements, which show monies paid by SDS to the NAA and PBC Direct from November 2006 to present.

23. Copies of all records, including bank statements, which show monies paid by SDS to Obed Kirkpatrick and AGBAI.

24. Copies of AGBAI's bank accounts statements from August 2007 to present.

25. Copies of records of all complaints, verbal and written, which SDS, the NAA, PBC Direct, AGBAI, or third parties which provide or have provided marketing services to these entities have received from individuals who were enrolled in AGBAI or who were solicited to enroll in AGBAI.

26. Copies of all written requests to cancel enrollment and for refunds which SDS, the NAA, PBC Direct, AGBAI, or third parties which provided marketing services to these

entities have received from individuals who were enrolled in AGBAI.

27. Records of all refunds made by SDS, the NAA, PBC Direct, AGBAI, or third parties which provided marketing services to these entities to individuals who enrolled in AGBAI.

28. Copies of all e-mails, letters, faxes, and other correspondence between Obed Kirkpatrick, Bart Posey, Richard H. Bachman, or any other officer or employee of SDS and Thomas Sullivan, James Doyle, Christopher Ashiotes, or any other officer or employee of the NAA and PBC Direct regarding NAA business administered by SDS from November 2006 to present.

29. Copies of all e-mails, letters, faxes, and other correspondence between Obed Kirkpatrick and Bart Posey regarding AGBAI from November 2006 to present.

30. Copies of all e-mails, letters, faxes, and other correspondence between Obed Kirkpatrick and Richard H. Bachman regarding AGBAI from November 2006 to present.

31. Copies of all e-mails, letters, faxes, and other correspondence between Bart Posey and Richard H. Bachman regarding AGBAI from November 2006 to present.

32. Copies of all correspondence between Christopher Ashiotes, James, Doyle, and Thomas Sullivan regarding AGBAI.

33. The names and addresses of all insurance carriers which have provided coverage to North Carolina residents currently or previously enrolled in the NAA, AGBAI, and any other associations which the NAA, PBC Direct, SDS, Bart Posey, or Richard H. Bachman have owned, operated, or provided marketing services to from January 2006 to present.

34. Copies of all insurance policies through which the NAA, AGBAI, and any other associations which the NAA, PBC Direct, SDS, Bart Posey, or Richard H. Bachman have owned, operated, or provided marketing services to, have provided insurance benefits to North Carolina residents from January 2006 to present.

35. Copies of any and all contracts, policies, brochures, literature, application forms, enrollment documents, disclosure forms and other documents that are being used or have been used in connection with insurance benefits offered through AGBAI from August 2007 to date by NAA, PBC Direct, SDS, AGBAI, and any other associations which the NAA, PBC Direct, SDS, Bart Posey, or Richard H. Bachman have owned, operated, or provided marketing services to.

36. Copies of any and all contracts, policies, brochures, literature, application forms, enrollment documents, disclosure forms and other documents that are being used or have been used by SDS in North Carolina in connection with insurance benefits offered through any other associations which the NAA, PBC Direct, AGBAI, SDS, Bart Posey, or Richard H. Bachman have owned, operated, or provided marketing services to from August 2007 to present.

37. A list of the full names and addresses of all officers of SDS.
38. All corporate records of SDS filed with the state of Tennessee, including SDS's Articles of Incorporation.
39. A list of the full names and addresses of all individuals or entities which have an ownership interest in SDS.
40. Copies of all third party administrator's licenses issued to SDS.
41. Copies of all contracts which SDS has entered into to provide third party administrator services from January 2006 to present.
42. Copies of all contracts between SDS and any associations in force at any time between January 2006 to present.
42. List all states in which each of the following Respondents have been issued insurance agent licenses and produce copies of each license: (a) Bart Posey, (b) Obed Kirkpatrick, (c) Richard H. Bachman, (d) Thomas Sullivan, (e) James Doyle, and (f) Christopher Ashiotes.
43. Identify all websites established and or used by SDS, NAA, PBC Direct, and AGBAI to market insurance plans from August 2007 to present.
44. NAA "Compliance Manual" distributed to NAA marketing representatives.

Respondents shall produce originals or legible copies of the documents ordered to be produced to Terry Dorman, Chief Examiner, Unlicensed Plan Investigations, at his address of North Carolina Department of Insurance, 1201 Mail Service Center, Raleigh, North Carolina 27699-1201 on or before the day of June 20, 2008.

This 16<sup>th</sup> day of May, 2008.



William Hale  
Hearing Officer  
N.C. Department of Insurance  
Post Office Box 26387  
Raleigh, NC 27611  
(919) 715-0011

## **CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this day I have served the foregoing **ORDER TO CEASE AND DESIST, NOTICE OF HEARING, AND ORDER TO PRODUCE DOCUMENTS** by mailing a copy thereof by federal express addressed as follows:

**Ernest B. Beall, President and Registered Agent  
Affinity Group Benefits Association, Inc.  
537 Devereux Place  
Concord, NC 28025**

**Bart Posey, President  
Smart Data Solutions, LLC  
4 676 Highway 41 North  
Springfield, Tennessee 37172**

**Thomas J. Sullivan, President  
National Trade Business Alliance of America, d/b/a National Alliance of  
Associations  
141 Ganttown Rd., Suite E  
Turnersville, NJ 08012**

**Christopher Ashiotes  
Professional Benefits Consultants, Inc., a.k.a. PBC Direct  
141 Ganttown Rd., Suite D  
Turnersville, NJ 08012**

**Richard H. Bachman  
1600 Magpie Cove  
Austin, Texas 78746**

**Bart Posey  
3448 Forest Park Road  
Springfield, Tennessee 37172**


**Obed Kirkpatrick  
1705 Rocking Chair Place  
Franklin, Tennessee 37067**

**Thomas Sullivan  
98 Oak Street #205  
Lindenwood, NJ 08021**

**James M. Doyle  
28 Sirius Court  
Sewell, NJ 08080**

**Christopher Ashiotes**  
**2302 Fernwood Avenue**  
**Atco, NJ 08004**

This the 16<sup>th</sup> day of May, 2008.

  
Anne Goco Kirby  
Assistant Attorney General  
North Carolina Department of Justice  
Post Office Box 629  
Raleigh, North Carolina 27602-0629  
Telephone: (919) 716-6610  
North Carolina State Bar No. 13613  
E-mail: [akirby@ncdoj.gov](mailto:akirby@ncdoj.gov)