

No. **10-0301**

OFFICIAL ORDER
of the
COMMISSIONER OF INSURANCE
of the
STATE OF TEXAS
AUSTIN, TEXAS

Date: APR 15 2010

Subjects Considered:

WILLIAM WORTHY, II
PO Box 611
Blythewood, South Carolina 29016

DAVID L. CLARK
118 A Fulton Street, PO Box 138
New York, New York 10038

KATHLEEN D. CAUTHEN
10120 Two Notch Road, Suite 2-340
Columbia, South Carolina 29223

RICHARD DUNN
14 Fairview Road
Hopewell Junction, New York 12533

KEVIN DUNN
100 Eagle Rock, Suite 100
East Hanover, New Jersey 07936

BART S. POSEY
4676 Highway 41 North
Springfield, Tennessee 37172

RICHARD H. BACHMAN
4676 Highway 41 North
Springfield, Tennessee 37172

OBED KIRKPATRICK
4676 Highway 41 North
Springfield, Tennessee 37172

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William Worthy, II and David L. Clark et al.

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MIRZA SHAHNAWAZ AGHA
412-427 4th Floor
Muhammadi House
I.I. Chundrigar Road
PO Box 5626
Karachi-74000 Pakistan

COLIN JACK YOEUELL
Beema Pakistan Company Limited
412-427 4th Floor
Muhammadi House
I.I. Chundrigar Road
PO Box 5626
Karachi-74000 Pakistan

DAVID L. NELLSON aka DAVIS L. NELLSON
855 North Wolfe Street
Baltimore, Maryland 21205

LOUIS DELUCA
20 Madison Avenue
Valhalla, New York 10595

GARY L. KARNS, JR.
1145 Highbrook, #411
Akron, Ohio 44301

WILSHIRE HOLDING, LLC
10120 Two Notch Road
Suite 2-340
Columbia, South Carolina 29223

WORLDWIDE FAMILY BENEFITS ASSOCIATION, INC.
8655 East Via De Ventura # 6200
Scottsdale, Arizona 85258

UNITED STATES CONTRACTORS TRUST
855 N. Wolfe Street
Baltimore, Maryland 21205

NATIONAL ASSOCIATION OF BUSINESS LEADERSHIP, LLC AND/OR INC.
100 Eagle Rock Ave, Suite 100
East Hanover, New Jersey 07936

VIKING ADMINISTRATORS, LLC
PO Box 171
Avon Lake, Ohio 44012

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REAL BENEFITS ASSOCIATION

118 A Fulton Street, PO Box 138
New York, New York 10038

AMERICAN TRADE ASSOCIATION, INC.

4676 Highway 41 North
Springfield, Tennessee 37172

SMART DATA SOLUTIONS, LLC

4676 Highway 41 North
Springfield, Tennessee 37172

SOUTHEAST INSURANCE ADVISORS, LLC

Post Office Box 462
Isle of Palms, South Carolina 29451

NATIONWIDE ADMINISTRATORS, LLC

c/o First Citizens Bank
201 Blythewood Road
Blythewood, South Carolina 29016

CEO CLUBS, INC.

15 Broad Street, Suite 1120
New York, New York 10005-1972

CEO CLUB BENEFITS

100 Eagle Rock Avenue
East Hanover, New Jersey 07936

HUDSON VALLEY CONSULTANTS, LLC

100 Eagle Rock Avenue
East Hanover, New Jersey 07936

AIM HEALTHPLANS, INC.

1145 Highbrook Road, Suite PH 7
Akron, Ohio 44301

ASSOCIATION OF INDEPENDENT MANAGERS

20 Madison Avenue
Valhalla, New York 10595

INSURANCE RESOURCE GROUP

20 Madison Avenue
Valhalla, New York 10595

INTEGRATED INSURANCE MARKETING, INC.
1106 Smith Ridge Road
New Canaan, Connecticut 06840

SERVE AMERICA ASSURANCE, LTD.
PO Box 611
Blythewood, South Carolina 29016

BEEMA INSURANCE COMPANY-PAKISTAN
412-427 4th Floor
Muhammadi House
I.I. Chundrigar Road
PO Box 5626
Karachi-74000 Pakistan

BEEMA-PAKISTAN COMPANY LIMITED
412-427 4th Floor
Muhammadi House
I.I. Chundrigar Road
PO Box 5626
Karachi-74000 Pakistan

BEEMA INSURANCE COMPANY
412-427 4th Floor
Muhammadi House
I.I. Chundrigar Road
PO Box 5626
Karachi-74000 Pakistan

BEEMA-PAKISTAN, LTD.
412-427 4th Floor
Muhammadi House
I.I. Chundrigar Road
PO Box 5626
Karachi-74000 Pakistan

EMERGENCY CEASE AND DESIST ORDER
DISCIPLINARY ACTION

TDI ENFORCEMENT FILE NOS. 54682, 54998, 55251, 56905, 56906, 56907 and 57148

General remarks and official action taken:

On this day the Texas Department of Insurance ("TDI/Department"), through Staff Attorney, Kimberly M. Hammer, presented to the Commissioner of Insurance an application for an ex parte Emergency Cease and Desist Order against (1) the Individual Respondents William Worthy, II, David L. Clark, Kathleen D. Cauthen, Richard Dunn, Kevin Dunn, Bart S. Posey, Richard H. Bachman, Obed Kirkpatrick, Mirza Shahnawaz Agha, Colin Jack Youell, David L.

Nellson also known as Davis L. Nellson, Louis DeLuca and Gary L. Karns, Jr. (collectively the "Individual Respondents"), (2) the Associated Entities Wilshire Holding, LLC, Worldwide Family Benefits Association, Inc., United States Contractors Trust, National Association of Business Leadership, LLC and/or Inc., Viking Administrators, LLC, Real Benefits Association, American Trade Association, Inc., Smart Data Solutions, LLC, SouthEast Insurance Advisors, LLC and Nationwide Administrators, LLC, CEO Clubs, Inc., CEO Club Benefits, Hudson Valley Consulting, LLC, AIM Healthplans, Inc., Association of Independent Managers, Insurance Resource Group and Integrated Insurance Marketing, Inc. (collectively the "Associated Entities"), and (3) the Unauthorized Insurers Serve America Assurance, Ltd., Beema Insurance Company-Pakistan and/or Beema-Pakistan Company Limited and/or Beema Insurance Company and/or Beema-Pakistan, Ltd. (collectively "Unauthorized Insurers"). Additional service addresses for some of the Individual Respondents, Associated Entities and Unauthorized Insurers can be found in the Cease and Desist Order Application. The Department alleges that Individual Respondents, Associated Entities and Unauthorized Insurers have been acting individually and/or in concert to engage in the unauthorized business of insurance in violation of TEX. INS. CODE ANN. §§ 101.051 and 101.102.

Under TEX. INS. CODE ANN. § 83.051, the Commissioner of Insurance may issue an emergency cease and desist order if an authorized person is committing an unfair act or an unauthorized person is engaging in the business of insurance in violation of Chapter 101, if such conduct is fraudulent, hazardous, creates an immediate public danger to safety, or is causing or can be reasonably expected to cause public injury that is likely to occur at any moment, is incapable of being repaired or rectified, and has or is likely to have influence or effect.

The Commissioner believes that Staff's Application meets the requirements of TEX. INS. CODE ANN. § 83.051 for the issuance of an emergency cease and desist order. Accordingly, the Commissioner finds as follows:

1. The Individual Respondents, Associated Entities and Unauthorized Insurers are taking advantage of the current health insurance marketplace. To date, numerous states have taken various types of regulatory actions against some of the Individual Respondents, Associated Entities and Unauthorized Insurers, as well as other persons and entities, for providing non-existent or unauthorized insurance through association-based insurance schemes.
2. By and through their agents and representatives, the operators of these types of association-based unauthorized insurance schemes have manufactured or otherwise obtained associations and entered into arrangements with other associations and various agents, including marketing entities and individuals, third-party administrators, insured and non-insured benefits providers, and unauthorized insurers. After a variable amount of time, the operators start the process over again with a new association. Members from the prior association are solicited or transferred directly to a new association, possibly with non-existent or unauthorized insurance.
3. The Unauthorized Insurers do not hold a certificate of authority to act as an insurer and have not filed any notice with the Commissioner of any claim for exemption from TEX. INS. CODE ANN. §§ 101.102 or 801.051-801.053, with documents supporting such

claim prior to commencing operations, as required by TEX. INS. CODE ANN. §§ 101.004 or TEX. INS. CODE ANN. § 101.102.

4. The Associated Entities have either engaged in the unauthorized business of insurance in the past, are currently engaged in the unauthorized business of insurance, and/or are conspiring to engage in the business of unauthorized insurance in the future.
5. Because the underwriter(s) of these policies is unauthorized to do the business of insurance in this State, persons who have purchased insurance products from or through Respondents face serious risk of loss. Acting in concert, the Individual Respondents, Associated Entities and Unauthorized Insurers together conspire to sell and/or administer health insurance, offered in several levels of insurance coverage, to Texas residents without any regulatory oversight to ensure lawful policy forms, rates, and financial solvency.
6. Although some of the Individual Respondents are licensed by the Department, by conspiring to sell and/or administer unauthorized health insurance, they are engaging in unfair acts and/or the unauthorized business of insurance.
7. By engaging in the unauthorized business of insurance in Texas, the Individual Respondents, Associated Entities and Unauthorized Insurers have subjected themselves to the jurisdiction of the State of Texas, the Commissioner of Insurance, and the provisions of the Texas Insurance Code, and rules of the Department.
8. The Individual Respondents, Associated Entities and Unauthorized Insurers are engaging in the unauthorized business of insurance in violation of TEX. INS. CODE ANN. §§ 101.051, 101.102, 541.003, 541.051, 541.061, 4001.051, 4001.101 and 28 TEX. ADMIN. CODE §§ 21.3-21.4 and 21.112. Such conduct is unfair, fraudulent, illegal, hazardous, creates an immediate danger to public safety, and is causing or can reasonably be expected to cause public injury that is likely to occur at any moment, is incapable of being repaired or rectified, and has or is likely to have influence or effect. Further, such conduct, designed to evade the insurance laws of the State of Texas, should immediately be stopped and enjoined.
9. Unless the Individual Respondents, Associated Entities and Unauthorized Insurers are immediately ordered to cease and desist, they will continue to commit such unfair or deceptive acts or practices and engage in the business of insurance in and from Texas in an unauthorized and illegal manner.
10. The Commissioner has authority and jurisdiction over this matter pursuant to TEX. INS. CODE ANN. §§ 83.051, 101.001-101.156, 541.003, 541.051, 541.061, 801.051-801.053, 4001.051 and 4054.051, 28 TEX. ADMIN. CODE § 1.901 *et seq.*, 7.1601 – 7.1616, 21.3-21.4, 21.101-21.105 and 21.112, and TEX. GOV'T CODE ANN. §§ 2001.051 - 2001.178.

IT IS THEREFORE ORDERED that William Worthy, II, David L. Clark, Kathleen D. Cauthen, Richard Dunn, Kevin Dunn, Bart S. Posey, Richard H. Bachman, Obed Kirkpatrick,

Mirza Shahnawaz Agha, Colin Jack Youell, David L. Nellson also known as Davis L. Nellson, Louis DeLuca, Gary L. Karns, Jr., Wilshire Holding, LLC, Worldwide Family Benefits Association, Inc., United States Contractors Trust, National Association of Business Leadership, LLC and/or Inc., Viking Administrators, LLC, Real Benefits Association, American Trade Association, Inc., Smart Data Solutions, LLC, SouthEast Insurance Advisors, LLC, Nationwide Administrators, LLC, CEO Clubs, Inc., AIM Healthplans, Inc., Insurance Resource Group, Integrated Insurance Marketing, Inc., Serve America Assurance, Ltd., Beema Insurance Company-Pakistan, Beema-Pakistan Company Limited, Beema Insurance Company and Beema-Pakistan, Ltd., and their agents, employees or other representatives, shall immediately cease and desist from doing the following:

1. Engaging in or transacting the unauthorized business of insurance in the State of Texas, including the selling or directly or indirectly assisting in the procurement of health care coverage with non-existent insurance or insurance through an insurer not authorized in Texas;
2. Advertising insurance-related products, including health benefit plans, unless authorized to do so;
3. Seeking, soliciting, pursuing and/or obtaining or directly or indirectly assisting in the procurement of any unauthorized insurance business in the State of Texas, including health care coverage with non-existent insurance or insurance through an insurer not authorized in Texas;
4. Participating, directly or indirectly, in any act of an insurance agent or insurance company seeking, soliciting, pursuing and/or obtaining any unauthorized trust, annuity or other insurance business in the State of Texas, including health care coverage;
5. Soliciting Texas residents by e-mail, facsimile (fax), telephone, mail or any other means to induce them to purchase any form of insurance product, including health care coverage, unless authorized to do so;
6. Offering to Texas residents a plan, contract, trust, annuity or policy or coverage for any other form of insurance without complying with all Texas insurance laws and regulations;
7. Taking any action concerning funds which have been directly or indirectly collected, received or derived from Texas residents, or which have been commingled with funds collected, received, or derived from Texas residents, except as directed by the Texas Department of Insurance;
8. Permitting any third party to take any action concerning funds which have been directly or indirectly collected, received or derived from Texas residents, or which have been commingled with funds collected, received, or derived from Texas residents, except as directed by the Texas Department of Insurance;
9. The making of or proposing to make, as an insurer, an insurance contract, annuity or other insurance related product contract without having first obtained a Certificate of

Authority from the Texas Department of Insurance to conduct business as an insurer, if required;

10. The taking or receiving of any application for insurance, annuity or other insurance related product, other than by a licensed insurance agent acting on behalf of an insurer possessing a Certificate of Authority to do the business of insurance in Texas in compliance with all applicable statutes and regulations;
11. The receiving or collection of any premium, commission, membership fees, assessments, dues or other consideration for any insurance, annuity or other insurance related product or any part thereof, without first complying fully with the statutes and regulations of the State of Texas and the Texas Department of Insurance;
12. The issuance or delivery of contracts of insurance, annuities or other insurance related products to residents of this State or to persons authorized to do business in this State, without first complying fully with the statutes and regulations of the State of Texas or the Texas Department of Insurance;
13. Directly or indirectly acting as an agent for or otherwise representing or aiding on behalf of any person or insurer in the solicitation, negotiation, procurement or effectuation of an insurance contract, annuity or other insurance related product or renewals thereof or in the dissemination of information as to coverage rates, or forwarding of applications, or delivery of policies or contracts, or in any other manner representing or assisting a person or insurer in the transaction of insurance with respect to subject of insurance resident, located or to be performed in this State, without first fully complying with the statutes and regulations of the State of Texas and the Texas Department of Insurance;
14. 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, website or other publication, or in the form of a notice, circular, pamphlet, letter, brochure, poster, or over any radio or television station, or in any other way, an advertisement, announcement or statement concerning any assertion, representation or statement with respect to the business of insurance with respect to any person in the conduct of this insurance business, which is untrue, deceptive, or misleading;
15. The doing of any kind of business specifically recognized as constituting the doing of insurance business within the meaning of the statutes relating to insurance, without complying fully with the statutes and regulations of the State of Texas and the Texas Department of Insurance; and
16. The doing of or proposing to do any insurance business in substance equivalent to any of the acts defined in TEX. INS. CODE ANN. § 101.051 as doing the business of insurance in a manner designed to evade the provisions of the statutes.

10-0301

Commissioner's Order

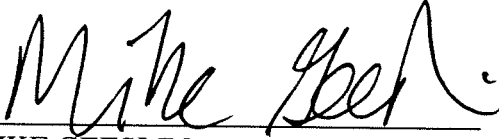
William Worthy, II and David L. Clark et al.

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IT IS FURTHER ORDERED that this Order is effective immediately and shall continue in force and effect until further order by the Commissioner of Insurance. This Order is binding on Respondents, their agents, employees and/or other representatives.

PURSUANT TO TEX. INS. CODE ANN. § 83.053, ANY PERSON AFFECTED BY THIS ORDER AND WHO SEEKS TO CONTEST IT HAS THE RIGHT TO REQUEST A HEARING BEFORE THE COMMISSIONER, OR HIS APPOINTED REPRESENTATIVE, TO SHOW CAUSE AS TO WHY THIS ORDER SHOULD NOT BE AFFIRMED. THE PERSON AFFECTED MUST MAKE A REQUEST NOT LATER THAN THE 30TH DAY AFTER THE DATE ON WHICH THE PERSON RECEIVED 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 TEX. GOV'T CODE ANN. §§ 2001.051-2001.062.

IN THE EVENT THIS ORDER IS VIOLATED, THE COMMISSIONER MAY IMPOSE A CIVIL PENALTY OF \$25,000 FOR EACH ACT OF VIOLATION, OR DIRECT THE PERSON 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 TEXAS RESIDENTS, TEXAS INSURERS, AND ENTITIES OPERATING IN TEXAS HARMED BY THE VIOLATION OR FAILURE TO COMPLY, OR THE COMMISSIONER MAY IMPOSE BOTH THE PENALTY AND ORDER RESTITUTION.


MIKE GEESLIN
COMMISSIONER OF INSURANCE

[illegible]

**WILLIAM WORTHY, II,
DAVID L. CLARK,
KATHLEEN D. CAUTHEN,
RICHARD DUNN,
KEVIN DUNN,
BART S. POSEY,
RICHARD H. BACHMAN,
OBED KIRKPATRICK,
MIRZA SHAHNAWAZ AGHA,
COLIN JACK YOEELL,
DAVID L. NELLSON,
LOUIS DELUCA,
GARY L. KARNS, JR.,
Individual Respondents,**

**WILSHIRE HOLDING, LLC,
WORLDWIDE FAMILY BENEFITS ASSOCIATION, INC.,
UNITED STATES CONTRACTORS TRUST,
NATIONAL ASSOCIATION OF BUSINESS LEADERSHIP,
LLC and/or INC.,
VIKING ADMINISTRATORS, LLC,
REAL BENEFITS ASSOCIATION,
AMERICAN TRADE ASSOCIATION, INC.,
SMART DATA SOLUTIONS, LLC,
SOUTHEAST INSURANCE ADVISORS, LLC,
NATIONWIDE ADMINISTRATORS, LLC,
CEO CLUBS, INC.,
CEO CLUB BENEFITS,
HUDSON VALLEY CONSULTANTS, LLC,
AIM HEALTH PLANS, INC.,
ASSOCIATION OF INDEPENDENT MANAGERS,
INSURANCE RESOURCE GROUP,
INTEGRATED INSURANCE MARKETING, INC.
Associated Entities,**

**SERVE AMERICA ASSURANCE, LTD,
BEEMA INSURANCE COMPANY-PAKISTAN,
BEEMA – PAKISTAN COMPANY LIMITED,
BEEMA INSURANCE COMPANY,
BEEMA-PAKISTAN, LTD.
Unauthorized Insurers.**

APPLICATION FOR EMERGENCY CEASE AND DESIST ORDER

COMES NOW the Texas Department of Insurance (“TDI/Department”), through Staff Attorney, Kimberly M. Hammer, complaining that the above-referenced Individual Respondents, Associated Entities and Unauthorized Insurers are engaging in the unauthorized business of insurance, that their conduct constitutes unfair acts, and that the conduct by the Individual Respondents, Associated Entities and Unauthorized Insurers is fraudulent, illegal, hazardous, creates an immediate danger to public safety, and is causing or can be reasonably expected to cause public injury that is likely to occur at any moment, is incapable of being repaired or rectified and has or is likely to have influence or effect under TEX. INS. CODE ANN. § 83.051.

I. SERVICE

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to William Worthy, II at Post Office Box 611, Blythewood, South Carolina 29016. Service for William Worthy, II is also being provided at the following addresses: Post Office Box 462, Isle of Palms, South Carolina 29451, 117 Winding Oak Way, Blythewood, South Carolina 29016 and 550 Palmetto Street, Spartanburg, South Carolina 29302.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to David L. Clark at 118 A Fulton Street, Post Office Box 138, New York, New York 10038. David L. Clark is also being served at Post Office Box 74, Basking Ridge, New Jersey 07920.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to Kathleen D. Cauthen at 10120 Two Notch Road, Suite 2-340, Columbia, South Carolina 29223.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to Richard Dunn at 14 Fairview Road, Hopewell Junction, New York 12533. Richard Dunn is also being provided service at 100 Eagle Rock, Suite 100, East Hanover, New Jersey 07936.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to Kevin Dunn at 100 Eagle Rock, Suite 100, East Hanover, New Jersey 07936.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to Bart S. Posey at 4676 Highway 41 North, Springfield, Tennessee 37172. Bart S. Posey is also being provided service at 400 Memorial Boulevard, Springfield, Tennessee 37172. Bart S. Posey is also being provided service through his attorney Julius A. Rousseau, III, Herrick, Feinstein, LLP, 2 Park Avenue, New York, New York 10012.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to Richard H. Bachman at 4676 Highway 41 North, Springfield, Tennessee 37172. Richard H. Bachman is also being provided service at the following addresses: 400 Memorial Boulevard, Springfield, Tennessee 37172 and 1600 Magpie Cove, Austin, Texas 78746.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to Obed Kirkpatrick at 4676 Highway 41 North, Springfield, Tennessee 37172. Service to Obed Kirkpatrick is also being provided at 400 Memorial Boulevard, Springfield, Tennessee 37172.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to Mirza Shah Nawaz Agha at 412-427 4th Floor, Muhammadi House, I.I. Chundrigar Road, Post Office Box 5626, Karachi-74000, Pakistan.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to Colin Jack Youell at Beema Pakistan Company Limited, 412-427 4th Floor, Muhammadi House, I.I. Chundrigar Road, Post Office Box 5626, Karachi-74000, Pakistan.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to David L. Nellson, also known as ("aka") Davis L. Nellson and/or David Nelson, at 855 North Wolfe Street, Baltimore, Maryland 21205. Service to David L. Nellson is also being provided care of United States Contractors Association, Inc., Attn: David Nellson, 9805 Arbor Oaks Lane, No. 303, Boca Raton, Florida 33428.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to Louis DeLuca, aka Louis DeLuca, III, at 20 Madison Avenue, Valhalla, New York 10595. Louis DeLuca, aka Louis DeLuca, III, is also being served at 33465 South Arlington Rd., #154, Akron, Ohio 44312.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to Gary L. Karns, Jr. at 1145 Highbrook, #411, Akron, Ohio 44301. Gary L. Karns, Jr. is also being served at the following addresses: 3645 South Arlington Road, #154, Akron, Ohio 44312 and 1618 Boettler Road, Uniontown, Ohio 44685.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to Wilshire Holding, LLC at 10120 Two Notch Road, Suite 2-340, Columbia, South Carolina 29223. Wilshire Holding, LLC is also being provided service through its attorney Kathleen Cauthen at 117 Winding Oak Way, Blythewood, South Carolina 29016.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to Worldwide Family Benefits Association, Inc. at 8655 East Via De Ventura # 6200, Scottsdale, Arizona 85258. Worldwide Family Benefits Association, Inc. is also being provided service care of Corporate Creations Network, 8275 South Eastern Avenue #200, Las Vegas, Nevada 89123. Worldwide Family Benefits Association, Inc. is also being provided service through its contact, George Katosic, at George R. Katosic & Associates, 300 North Coit Rd, Suite 350, Richardson, Texas 75080.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to United States Contractors Trust at 855 N. Wolfe Street, Baltimore, Maryland 21205. Service to United States Contractors Trust is also being provided care of United States Contractors Association, Inc., Attn: David Nellson, 9805 Arbor Oaks Lane, No. 303, Boca Raton, Florida 33428. Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested

order is being provided to National Association of Business Leadership, LLC and/or Inc. at 100 Eagle Rock Ave, Suite 100, East Hanover, New Jersey 07936. Service is also being provided to National Association of Business Leadership, LLC. and/or Inc. at 100 Eagle Rock Ave, Suite 121, East Hanover, New Jersey 07936. Service is also being provided to National Association of Business Leadership, LLC. and/or Inc., care of National Registered Agents, Inc., 120 Penmarc Drive, Suite 118, Raleigh, North Carolina 27603.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to Viking Administrators, LLC at PO Box 171, Avon Lake, Ohio 44012. Service is also being provided to Viking Administrators, LLC at 5201 Kingston Pike Road, Suite # 6-335, Knoxville, Tennessee 37919. Service is also being provided to Viking Administrators, LLC care of Northwest Registered Agency, Inc., 1776 Forrest Oaks Dr., Nashville, Tennessee 37221.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to Real Benefits Association at 118 A Fulton Street, P.O. Box 138, New York, NY 10038.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to American Trade Association, Inc. at 4676 Highway 41 North, Springfield, Tennessee 37172. Service is also being provided to American Trade Association, Inc. at 400 Memorial Boulevard, Springfield, Tennessee 37172. Service is also being provided to American Trade Association's counsel, Julius A. Rousseau, III, at Herrick, Feinstein, LLP, 2 Park Avenue, New York, New York 10012.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to Smart Data Solutions, LLC at 4676 Highway 41 North, Springfield, Tennessee 37172. Service is also being provided to Smart Data Solutions, LLC at 400 Memorial Boulevard, Springfield, Tennessee 37172. Service is also being provided to Smart Data Solutions, LLC's counsel, Julius A. Rousseau, III, at Herrick, Feinstein, LLP, 2 Park Avenue, New York, New York 10012.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to SouthEast Insurance Advisors, LLC at P.O. Box 462, Isle of Palms, South Carolina 29451.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to Nationwide Administrators, LLC care of First Citizens Bank, 201 Blythewood Road, Blythewood, South Carolina 29016.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to CEO Clubs, Inc. 15 Broad Street, Ste 1120, New York, New York 10005-1972.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to CEO Club Benefits at 100 Eagle Rock Avenue, Suite 121, East Hanover, New Jersey 07936.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to Hudson Valley Consultants, LLC at 100 Eagle Rock Avenue, Suite 121, East

Hanover, New Jersey 89703. Service is also being provided through its registered agent the Corporation Trust Company of Nevada, 311 S Division Street, Carson City, Nevada 89703.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to AIM Health Plans, Inc., 1145 Highbrook Rd., Ste. PH7, Akron, Ohio 44301.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to Association Independent Managers at 20 Madison Avenue, Valhalla, New York 10595.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to Insurance Resource Group at 20 Madison Avenue, Valhalla, New York 10595.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to Integrated Insurance Marketing, Inc. at 1106 Smith Ridge Rd., New Canaan, Connecticut 06840. Integrated Insurance Marketing, Inc. is also being served at 1618 Boettler Road, Uniontown, Ohio 44685. Integrated Insurance Marketing, Inc. is also being served at 1145 Highbrook St., Ste. 411, Akron, Ohio 44301.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to Serve America Assurance, Ltd., William Worthy, II, President, PO Box 611, Blythewood, South Carolina 29016. Service is also being provided to Serve America Assurance, Ltd., William Worthy, II, President at 117 Winding Oak Way, Blythewood, South Carolina 29016.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to Beema Insurance Company-Pakistan, 412-427 4th Floor , Muhammadi House, I.I. Chundrigar Road, PO Box 5626, Karachi-74000, Pakistan.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to Beema Pakistan Company Limited, 412-427 4th Floor , Muhammadi House, I.I. Chundrigar Road, PO Box 5626, Karachi-74000, Pakistan.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to Beema Insurance Company at 412-427 4th Floor , Muhammadi House, I.I. Chundrigar Road, PO Box 5626, Karachi-74000, Pakistan.

Pursuant to TEX. INS. CODE ANN. § 83.052(b), service of the requested order is being provided to Beema-Pakistan, Ltd., 412-427 4th Floor , Muhammadi House, I.I. Chundrigar Road, PO Box 5626, Karachi-74000, Pakistan.

Further, pursuant to TEX. INS. CODE ANN. § 804.107, service of the requested order may be obtained through the Texas Secretary of State, Citations Unit, 1019 Brazos St., Room 2149, Rudder Building, Austin, Texas 78701, via hand delivery.

II. JURISDICTION

The Commissioner of Insurance has authority and jurisdiction over this matter pursuant to TEX. INS. CODE ANN. §§ 31.021, 83.051, 101.001-101.156, 541.003, 541.051, 541.061, 801.051-801.053, Chapter 226, Chapter 1251, Chapter 1701, 4001.051, 4054.051 and Chapter 4151, 28 TEX. ADMIN. CODE § 1.901 *et seq.*, 7.1601-7.1616, 21.3-21.5, 21.101-21.102, 21.112, and TEX. GOV'T CODE ANN. §§ 2001.051 - 2001.178.

III. NATURE OF THIS ACTION

This application for an emergency cease and desist order is brought by the Enforcement Division of the Texas Department of Insurance for the purpose of obtaining an *ex parte* emergency cease and desist order under the authority of TEX. INS. CODE ANN. § 83.051 and 28 TEX. ADMIN. CODE § 1.901. If granted, the Individual Respondents, Associated Entities and Unauthorized Insurers and all of their agents, employees, and other representatives will be ordered to cease and desist from engaging in any activity within this State for which they are not licensed or do not hold a certificate of authority and from otherwise engaging in the unauthorized business of insurance in Texas.

IV. ALLEGATIONS

The Enforcement Division of the Department alleges as follows:

1. The Individual Respondents are William Worthy, II, David L. Clark ("Clark"), Kathleen D. Cauthen ("Cauthen"), Richard Dunn, Kevin Dunn, Bart S. Posey ("Posey"), Richard H. Bachman ("Bachman"), Obed Kirkpatrick ("Kirkpatrick"), Mirza Shahnawaz Agha, Colin Jack Youell, David L. Nellson ("Nellson"), aka Davis L. Nelson and David L. Nelson, Louis DeLuca ("DeLuca"), aka Louis DeLuca, III, and Gary L. Karns, Jr. ("Karns").
2. The Associated Entities are Wilshire Holding, LLC ("Wilshire Holding"), Worldwide Family Benefits Association, Inc., ("Worldwide Family Benefits Association"), United States Contractors Trust, National Association of Business Leadership, LLC and/or Inc. ("National Association of Business Leadership"), Viking Administrators, LLC ("Viking Administrators"), Real Benefits Association, American Trade Association, Inc., ("American Trade Association"), Smart Data Solutions, LLC, ("Smart Data Solutions"), SouthEast Insurance Advisors, LLC, Nationwide Administrators, LLC, CEO Clubs, Inc. ("CEO Clubs"), CEO Health Plans, Hudson Valley Consultants, LLC, AIM Health Plans, Inc., Association of Independent Managers, Insurance Resource Group and Integrated Insurance Marketing, Inc. ("Integrated Insurance Marketing").
3. The Unauthorized Insurers are Serve America Assurance, Ltd. ("Serve America Assurance"), Beema Insurance Company-Pakistan, Beema-Pakistan Company Limited and Beema-Pakistan, Ltd. and Beema Insurance Company ("Beema").
4. The Individual Respondents, Associated Entities and Unauthorized Insurers are taking unfair advantage of the current health insurance marketplace. To date, numerous states

have taken various types of regulatory actions against some of the Individual Respondents, Associated Entities and Unauthorized Insurers, as well as other persons and entities, for providing non-existent or unauthorized insurance through association-based insurance schemes.

5. By and through their agents and representatives, the operators of these types of association-based unauthorized insurance schemes have manufactured or otherwise obtained associations and entered into arrangements with other associations and various agents, including, marketing entities and individuals, third-party administrators, insured and non-insured benefits providers and unauthorized insurers. After a variable amount of time, the operators start the process over again with a new association. Members from the prior association are solicited or transferred directly to a new association, possibly with non-existent or unauthorized insurance.
6. On January 26, 2009, the North Carolina Department of Insurance issued a Final Order against some of the Respondents and other entities and persons for unauthorized insurance. (*Exhibit 1*)
7. Licensed attorney George Katosic ("Katosic") of Dallas, Texas has provided legal services to one or more of the Individual Respondents. Katosic has written articles regarding associations (*Exhibit 2*) and he describes his services at www.katosic-law.com. (*Exhibit 3*)

Real Benefits Association and American Trade Association

8. The American Trade Association is an Indiana for-profit company operating from Springfield, Tennessee. According to the Indiana Secretary of State, the American Trade Association was originally incorporated in 1986 as Transportation Services Association, Inc. with William H. Bradshaw as President. On March 15, 2007, Cauthen filed a business entity report listing Worthy as the president. On March 19, 2009, Worthy filed "Articles of Amendment to the Articles of Incorporation" changing the name of the entity to American Trade Association. On June 4, 2009, "Articles of Amendment to the Articles of Incorporation" were filed changing the purpose of the association to include facilitating the acquisition of life, accident and health insurance on behalf of the association's members. Kirkpatrick signed as "President." (*Exhibit 4*)
9. Worthy held a General Life, Accident and Health License issued by this Department on January 3, 1996. It was surrendered on January 17, 2006. On October 26, 2007, this Department sanctioned Worthy through Commissioner's Order No. 07-0936 for his participation in a fraudulent unauthorized insurance scheme through CHS Admin, LLC of Spartanburg, South Carolina. (*Exhibit 5*)
10. Smart Data Solutions is a Tennessee limited liability company also operating from Springfield, Tennessee that performs third party administrator services for the American Trade Association. Smart Data Solutions was founded by Posey in 2004. (*Exhibit 6*)

11. Smart Data Solutions has never been licensed as a third party administrator in Texas. (*Exhibit 7*)
12. Smart Data Solutions was registered by the Arkansas Department of Insurance as a third party administrator. Bachman was identified as a vice-president. (*Exhibit 8*) However, on January 28, 2010, the Insurance Commissioner of the State of Arkansas issued Emergency Cease and Desist Order No. 2010-013 against the Respondents and other persons and entities for unauthorized insurance and revoked Smart Data Solutions' third party administrators' registration on an emergency basis. (*Exhibit 9*)
13. Bachman currently holds a General Life, Accident and Health License issued by this Department on September 23, 1992. (*Exhibit 10*)
14. In October 2008, Smart Data Solutions entered into an arrangement with Paylogix, LLC ("Paylogix"), a billing and collection company based in Weatherford, New York and currently a licensed third party administrator in Texas. Posey signed the Paylogix agreement as president of Smart Data Solutions. In this arrangement, Paylogix contracted with various marketing entities to draft contributions or premiums from members' bank accounts. (*Exhibit 11*)
15. On March 4, 2009, Richard Pfadenhauer, president of Paylogix, flew to Springfield, Tennessee and met with Posey, Bachman, Worthy and Cauthen to discuss Paylogix services and enhancements. Worthy represented himself as a representative or officer of Beema Insurance/Serve America. Cauthen represented herself as counsel to Beema Insurance/Serve America, and that she worked with Worthy and with Beema on a project involving the acquisition of a domestic insurance company. (*Exhibit 11*)
16. In November 2009, after actions filed by numerous states, Paylogix terminated its relationship with Smart Data Solutions and the various marketing entities effective December 31, 2009. (*Exhibit 12*)
17. In February 2009, a Texas resident received a fax that solicited insurance only and failed to disclose numerous material facts, including, but not limited to, the identity of the entity sending the fax, and, most importantly, the name of the insurer bearing the risk for the insured benefits. (*Exhibit 13*) The Texas resident elected to purchase the products from the solicitation and in February 2009 Paylogix began drafting the one-time enrollment fee, and monthly drafts of \$399.00 thereafter from the Texas resident's bank account. Subsequently, the Texas resident received a fulfillment booklet which indicated he purchased benefits through the Real Benefits Association and American Trade Association. One of the benefits included in the Real Benefits Association and American Trade Association product was a limited benefit insured product delivered via a group certificate of insurance underwritten by Serve America Assurance. Colin Youell signed the certificate on behalf of Serve America Assurance. (*Exhibit 14*)
18. Real Benefits Association's web site currently states that "Mr. Clark is the Chairman of Real Benefits Association (www.rbausa.com), an independent Union established in 2004. The organization, offers, among other services, voluntary employee benefits to

professionals and independent contractors across the country.” (*Exhibit 15*) However, on June 26, 2008, the Department of Labor’s Office of Labor Management Standards (“OLMS”) issued a determination that Real Benefits Association did not meet the definition of a labor organization. (*Exhibit 16*) Furthermore, the OMLS provided an affidavit executed on October 23, 2008 for the North Carolina Department of Insurance’s action referenced in Exhibit 1. (*Exhibit 17*)

19. Serve America Assurance has represented itself on its web site to be (a) one of the fastest growing reinsurance companies in the United States today; (b) a wholly owned off shore captive insurance company of Beema Insurance Company – Pakistan (“Beema”); and (c) the insurance underwriter and carrier for the American Trade Association, Inc. domiciled in Indiana in 1986. Beema maintains a web site at <http://www.beemapakistan.com>. According to this web site, Mirza Shahnawaz Agha is the Chairman and Chief Executive Officer and Colin Jack Youell is the Director. (*Exhibit 18*)
20. Serve America Assurance and Beema have never been licensed insurers in Texas. (*Exhibit 19*)
21. In 2009, the Texas resident and an insured family member each incurred health care expenses which were the result of illnesses of sudden onset. Smart Data Solutions denied the Texas resident’s health care claims because it asserted the illnesses were pre-existing conditions. Subsequently, the Texas resident filed a complaint with the Texas Department of Insurance. TDI Enforcement Division Investigator Chris Orr (“Investigator Orr”) informed the Texas resident that Serve America Assurance and Beema were not licensed insurers. The Texas resident immediately terminated his membership with the Real Benefits Association and American Trade Association.
22. On or about February 2, 2010, the above-referenced Texas resident received an e-mail soliciting only insurance. The e-mail states, in part: “As of January 1, 2010, we have merged with AmeriCare Health who is backed by Prudential.” (*Exhibit 20*) The Texas resident contacted the marketing entities, applied for coverage and was approved the same day. On or about February 8, 2010, the Texas resident informed Investigator Orr that he had recently procured new coverage with “Prudential.” At the request of Investigator Orr, the Texas resident inquired further and it was determined that he had amazingly ended up back with the American Trade Association and Smart Data Solutions. The Texas consumer contacted his bank and put in an order to stop the bank draft effected through the marketing entity.
23. Even though the Texas consumer had started the termination process, Smart Data Solutions sent him a new fulfillment booklet postmarked February 9, 2010. One of the benefits included in this new American Trade Association fulfillment booklet is a limited benefit insured product delivered via a group certificate of insurance insured by Andone Insurance Company, Ltd (“Andone”) and Prudential, PLC UK. (*Exhibit 21*)
24. Andone and Prudential PLC, UK are not licensed insurers in Texas. (*Exhibit 22*)

25. Andone asserts that the American Trade Association and Smart Data Solutions is using Andone's name without the authority, knowledge and consent of Andone. (*Exhibit 23*)
26. Both of the fulfillment booklets provided to the Texas resident indicates that enrollees have access to Multiplan, Inc. ("Multiplan), a nationally recognized preferred provider organization. On September 1, 2009, Multiplan entered into a preferred provider agreement with Smart Data Solutions. On December 8, 2009, Multiplan notified Smart Data Solutions' Bachman that it was terminating the Smart Data Solutions preferred provider agreement. On December 14, 2009, Multiplan notified Smart Data Solutions again that it should immediately cease using the Multiplan's name and logo. (*Exhibit 24*)
27. On December 21 and 22, 2009 responses to Multiplan's termination, attorney William Hendricks ("Hendricks") requested that Multiplan reinstate the agreement and represented that Smart Data Solutions and American Trade Association had secured, effective January 1, 2010, a new carrier known as North Carolina Mutual Insurance Company ("North Carolina Mutual"). However, North Carolina Mutual confirmed that it was not providing insurance to American Trade Association. (*Exhibit 25*)
28. The benefit booklet issued by Smart Data Solutions postmarked February 9, 2010 and sent to the Texas Resident included an Andone certificate of insurance and misrepresented the fact that the American Trade Association enrollee received access to the Multiplan preferred provider network. (*Exhibit 21*)
29. Both of the fulfillment booklets provided to the Texas resident indicates that members have a prescription drug benefit provided by Express Scripts, Inc. ("Express Scripts"). Express Scripts is currently licensed by this Department as a third party administrator. Express Scripts has provided pharmacy benefit manager services to Smart Data Solutions pursuant to an April 2008 agreement. Express Scripts' billings were sent to and paid by Smart Data Solutions and based on the individuals' utilization of the pharmacy benefits. By letter dated January 22, 2010, Express Scripts notified Smart Data Solutions' Posey that it was terminating its agreement. Subsequently, Express Scripts delayed the termination for thirty days. By letter dated February 24, 2010, Express Scripts notified Smart Data Solutions' Posey that their agreement was terminated effective 11:59 p.m. on February 26, 2010. (*Exhibit 26*)
30. The Department has received numerous complaints from Texas residents against Smart Data Solutions, American Trade Association, Real Benefits Association and their agents and representatives for misrepresentations, omissions and unpaid claims.
31. According to the information provided by Paylogix, from August 2008 through November 2009, through the Smart Data Solutions, American Trade Association and Real Benefits Association arrangement, it had: (a) input into its system approximately 12,401 members nationwide, of which 1,541 were Texas residents; and (b) collected approximately \$14,409,340.29 from members nationwide, of which \$1,927,655.29 were from Texas enrollees. As of November 2009, 5,564 members were active, of which 690 were Texas residents.

32. Unauthorized insurance premium taxes have not been paid for the American Trade Association and Real Benefits Association's Texas business as contemplated in TEX. INS. CODE ANN. Chapter 226.
33. On March 1, 2010, the American Trade Association filed a civil complaint against Worthy and the companies SouthEast Insurance Administrators, LLC and Nationwide Administrators, LLC for fraud. (*Exhibit 27*)
34. Numerous states have taken various types of regulatory actions against some of the Individual Respondents, Associated Entities and Unauthorized Insurers and other persons and entities for providing non-existent or unauthorized insurance through the Real Benefits Association, American Trade Association and other associations.

Worldwide Family Benefits Association, National Association of Business Leadership and CEO Clubs, Inc.

35. As previously noted, after a variable amount of time the operators start the process over again with a new association, associated entities and other agents and representatives. Members from the prior association are solicited or transferred to a new association. Some of the Individual Respondents have now started over again with new associations with non-existent or unauthorized insurance. These new associations and Associated Entities include Wilshire Holding, United States Contractors Trust, Worldwide Family Benefits Association, National Association of Business Leadership and CEO Club Benefits.
36. In March 2002, the Metropolitan Business Alliance, LLC ("Metropolitan Business Alliance") made its initial filings with the North Carolina Secretary of State. On or about December 3, 2007, Metropolitan Business Alliance filed an amended annual report for calendar year 2007 which made numerous changes, including the replacement of Anthony Pecone as manager with Kevin Dunn of 100 Eagle Rock Ave, Suite 121, East Hanover, NJ 07936. (*Exhibit 28*)
37. On or about August 22, 2008, the Metropolitan Business Alliance made a fictitious name filing with the New York Department of State in the name of National Association of Business Leadership, LLC ("National Association of Business Leadership/NABL"). This is one week after the North Carolina Department of Insurance amended its Emergency Cease and Desist Order on August 15, 2008, a substantive regulatory filing for the action referenced in Exhibit 1. (*Exhibit 29*)
38. According to the Pennsylvania Department of State, as of March 8, 2010, Kevin Dunn, Richard Dunn, Susan Donato and Metropolitan Business Alliance own the National Association of Business Leadership. (*Exhibit 30*)
39. Richard Dunn currently holds a General Life, Accident and Health License issued by this Department on April 6, 2009. (*Exhibit 31*)

40. As of February 27, 2010, current and former members of the American Trade Association and Real Benefits Association are being solicited to purchase health insurance through the National Association of Business Leadership. The insurer for the insured benefits is The Phoenix Insurance Company ("Phoenix"). (*Exhibit 32*)
41. Kevin and Richard Dunn are benefit consultants for CEO Clubs, Inc. ("CEO Clubs"). They assert that Worthy and Clark gave CEO Clubs a group health policy issued by Star UK/Phoenix Insurance Company through United States Contractors Trust, purportedly a risk retention group. (*Exhibit 33*)
42. Some members of CEO Clubs have been issued membership kits which include insured group limited health care benefits through Phoenix. The membership kit advises CEO Clubs' members to mail claims to Viking Administrators, PO Box 171, Avon Lake, OH 44012. (*Exhibit 34*)
43. Phoenix does not write health insurance. (*Exhibit 35*)
44. On or about August 25, 2009, Cauthen negotiated an agreement between Viking Administrators, LLC ("Viking"), 5201 Kingston Pike Road, Suite #6-355, Knoxville, Tennessee 37919 and Commerce Benefits Group, Inc. ("Commerce Benefits Group") of Avon, Ohio which currently holds a third party administrator license issued by the Department. This executed agreement was signed by John Schultz for Viking. (*Exhibit 36*)
45. Viking Administrators has never been licensed as a third party administrator in Texas. (*Exhibit 37*)
46. According to the Tennessee Secretary of State, Viking Administrators is a perpetual, member managed, mutual benefit, limited liability company with one (1) member formed on June 26, 2009. (*Exhibit 38*)
47. On or about February 3, 2010, Cauthen executed a third party administrator agreement between Commerce Benefits Group and Worldwide Family Benefits Association. Cauthen signed the agreement as Executive Vice President of Worldwide Family Benefits Association. This agreement was not fully executed by Commerce Benefits Group because Worldwide was "unable/unwilling to answer Mr. Jackson's [Commerce Benefits Group's Counsel] questions about licensure." (*Exhibit 39*)
48. According to the Arizona Corporation Commission's records, the Worldwide Family Benefits Association's February 4, 2010 Articles of Domestication filing was rejected on February 23, 2010, and the contact information is George R. Katosic & Associates, 300 N. Coit Rd, Ste 350, Richardson, TX 75080. (*Exhibit 40*)
49. According to the Nevada Secretary of State's records, the Worldwide Family Benefits Association initially filed Articles of Incorporation on September 25, 2002, and John C. Schultz is the President. (*Exhibit 41*)

50. Based on information from Legacy.com, John C. Schultz passed away on February 6, 2010, and he was Cauthen's father. (*Exhibit 42*)
51. On or about March 4, 2010, Worthy and Zeke Agha ("Agha") contacted Arthur Seifert ("Seifert"), Chief Executive Officer of Bunker Hill Benefit Plans Agency, Inc. of Houston, Texas. Worthy and Agha represented to Seifert certain terms of the unauthorized insurance arrangement purportedly with Phoenix through Wilshire Holding and the United States Contractors Trust, Worldwide Benefits Association, CEO Clubs and National Association of Business Leadership. Worthy and Agha represented to Seifert that CEO Clubs and National Association of Business Leadership have enrolled twelve thousand (12,000) lives since November 2009. (*Exhibit 43*)
52. Documents provided to the Department by North Carolina Mutual show that on or about January 9, 2010, Cauthen represented to North Carolina Mutual that she was President of Wilshire Holding. According to the South Carolina Secretary of State, Cauthen is the Registered Agent of Wilshire Holding. In an e-mail dated January 31, 2010, Worthy represented to North Carolina Mutual that Arnie Katz, Kevin Dunn and Chuck Green are his "Master Agents." (*Exhibit 44*)
53. In a letter dated December 11, 2009 to Wilshire Holding, 300 N. Coit Road, Suite 350, Richardson, Texas 75080, coincidentally the same address as Katosic's address identified in Exhibits 3 and 40, and purportedly written by David L. Nellson of the United States Contractors Trust, states in part "USCT will provide a master certificate and policy to World Wide Family Benefits Association and bind business written from November 1, 2009 based on TPA Report supplied by WWFBA from Star Group UK / The Phoenix Insurance Company (NAIC #25623) General Policy No. 123740-SK." (*Exhibit 45*)
54. As previously noted above, Phoenix doesn't write health insurance. In addition, Phoenix has provided this Department with a negative certification to this effect. (*Exhibit 46*)
55. According to the Delaware Secretary of State, the United States Contractors Association, Inc. consented to the usage of a similar name by the United States Contractors Trust. According to the Certificate of Incorporation filed with the Delaware Secretary of State, the president of the United States Contractors Association, Inc. is David Nelson. The signature on the documents for the United States Contractors Association, Inc. appears to be identical to the signature contained in the December 11, 2009 letter from United States Contractors Trust to Wilshire Holding referenced above. (*Exhibit 47*)
56. Despite the termination of Paylogix, Multiplan and Express Scripts, the American Trade Association and Smart Data Solutions continued to operate. Furthermore, Hendricks asserts that Worthy/Serve America have notified former members on or about February 19, 2010 that the re-insurance coverage through Serve America was terminated effective August 31, 2009. (*Exhibit 48*)
57. On March 18, 2010, CEO Clubs' counsel notified this Department that Kevin Dunn, as managing director of CEO Club Benefits, had issued cease and desist correspondence to

Worthy, Clark, DeLuca, Insurance Resource Group, Integrated Insurance Marketing, AIM Health Plans and Arnold Katz to stop marketing and selling non-existent insurance through Phoenix. This correspondence failed to address what action should be taken for in-force Texas and non-Texas business. *(Exhibit 49)*

58. CEO Club Benefits is a Pennsylvania corporation whose owners are Barbara E. Dunn, Mary T. Dunn, Joseph Moynihan, Kathleen Aber, and Hudson Valley Consultants, LLC. *(Exhibit 50)*
59. Hudson Valley Consultants, LLC is a Nevada Limited Liability Company managed by managing members Barbara E. Dunn, Mary T. Dunn, Joseph Moynihan and Kathleen Aber. *(Exhibit 51)*
60. On March 11, 2010, the Utah Department of Insurance issued a cease and desist order for unauthorized insurance against AIM Health Plans, Louis DeLuca, Insurance Resource Group, Integrated Insurance Marketing, Inc., Gary L. Karns, Jr., CEO Clubs, Inc., Chief Executive Officers Club and Viking Administrators, LLC. *(Exhibit 52)*
61. According to the Ohio Secretary of State, Karns and DeLuca are Directors of Integrated Insurance Marketing, Inc. *(Exhibit 53)*
62. In October 2008, American Medical and Life Insurance Company of New York, New York ("AMLI") entered into agent arrangements with DeLuca, Insurance Resource Group, Karns and Integrated Insurance Marketing. In late September, 2009, AMLI notified DeLuca, Insurance Resource Group, Karns and Integrated Insurance Marketing to immediately cease marketing of AMLI products due to a number of compliance violations. In early December, 2009, AMLI received correspondence from an Association of Independent Managers ("AIM") enrollee questioning why they were being moved to another insurer, Town & Country Life Insurance. Pointedly, the enrollee wrote: "What the heck is this??? Is someone pulling a fast one?????" Subsequently, on or about December 11, 2009, Karns notified AMLI that AIM Health Plans, Inc. was transferring all AIM limited medical lives insured by AMLI "to an alternative carrier offering coverage comparable to that presently provided by AMLI" effective January 1, 2010. The number of AIM enrollees that terminated from AMLI was 3,411, of these 155 were Texas residents. *(Exhibit 54)*
63. As of March 23, 2010, CEO Health Plans' web site (www.ceohealthplans.com) indicated that "All current policies are underwritten by Star UK / Phoenix Insurance Company (NAIC # 25623)." *(Exhibit 55)*
64. On March 23, 2010 through at least April 8, 2010, visitors to www.aimhealthplans.com were routed to the website www.ceohealthplans.com, which contained an announcement that "we have suspended new applications" and the assurance that "all of our policy holders that their policies remain in full effect and that all claims will be processed and paid per the policy schedule."*(Exhibit 56)*

65. On March 24, 2009, Thomas J. Patton ("Patton"), Chief Executive Officer of Commerce Benefits Group, issued a notice of intent to cancel the Viking contract effective March 26, 2010. In his March 25, 2010 response to Patton, Clark made numerous misrepresentations, including, but not limited to, the fact that Tennessee does not require third party administrators to be licensed and that the California DOI was "able to state with certainty that NABL and CEO Clubs are covered under an appropriate carrier." Clark's thinly-veiled attempt to preserve the Viking and Commerce Benefits Group contract failed to include any supporting documentation that real insurance actually exists, but he did provide Patton with an incoherent letter from David Nellson of the United States Contractors Trust. Clark's e-mail to Patton copied Worthy and Cauthen. (*Exhibit 57*)
66. On March 24, 2010, the Tennessee Attorney General filed a petition in the Chancery Court to appoint a Receiver. Named in the petition as respondents are Smart Data Solutions, American Trade Association, Inc., American Trade Association, LLC, Serve America Assurance, Posey, Kirkpatrick, Bachman, Worthy, Youell and other persons. On April 14, 2010, the Chancery Court issued a Memorandum and Order which including findings of unauthorized or non-existent insurance and found grounds for liquidation. (*Exhibit 58*)
67. Even as the Tennessee Attorney General deals with the carcass of the American Trade Association, Smart Data Solutions, et al, Worthy, Clark and Cauthen, by and through associated entities, including, but not limited to, Wilshire Holding, United States Contractors Trust, Worldwide Benefits Association, CEO Clubs, the National Association of Business Leadership, Viking and their agents and representatives are currently marketing, selling and/or providing non-existent insurance, which is currently purportedly through Phoenix.
68. On March 26, 2010, this Department received correspondence from CEO Clubs' counsel, which, in part: (a) confirms that Phoenix has notified CEO Clubs that it was not bearing risk; (b) CEO Clubs has demanded from Worthy and Clark a full accounting and return of premium; and (c) Clark is claiming, with Worthy's knowledge, a new carrier, better suited to their market, will soon replace Phoenix effective "1/1/09." (*Exhibit 59*)
69. On March 31, 2010, this Department received correspondence from Kevin Dunn, which, in part, describes the non-existent or unauthorized insurance scheme, details his assertions regarding the actions of Worthy and Clark and included a March 31 e-mail from Clark, which included a new group health policy issued by the United States Contractors Trust effective November 1, 2009. Subsequently, Kevin Dunn provided an affidavit signed April 6, 2010 which contained substantially similar information. Both documents provided by Kevin Dunn included a statement that all existing Texas CEO Club lives in the alleged Phoenix program will be offered / resold a Texas-filed LMI policy, underwritten by a Texas-admitted carrier, through Texas-licensed marketing sources by or before May 1. (*Exhibit 60*)
70. In paragraph 2 of Kevin Dunn's March 31, 2010 correspondence, paragraph 6 of his affidavit (*Exhibit 58*) and in the documentation provided by AMLI (*Exhibit 52*),

references were made to Town and Country Life Insurance Company ("Town and Country") as being an insurer for Worthy and Clark's association schemes. However, in late-November and early-December 2009, Worthy and Clark, through Cauthen and Wilshire Investment Group, LLC, approached Town and Country with a purchase offer. Subsequently, the offer terminated and on December 21, 2009, Town and Country notified the Utah Insurance Department that Worthy and Clark made a purchase offer and that it had received information which indicated that insured products through AIM had been sold with Town and Country as the insurer. Town and Country is a small Utah-domiciled insurer that only writes group dental. (*Exhibit 61*)

71. Even though the operators are aware of the obvious problems that Phoenix is not bearing the risk, and cease and desist correspondence has purportedly been issued, on March 31, 2010, a former member of the American Trade Association and Real Benefits Association was solicited to purchase health insurance through the National Association of Business Leadership. Again, the insurer for the insured benefits is Phoenix. (*Exhibit 62*)
72. Through the September 1, 2009 agreement, Commerce Benefits Group received claims and input them into its system, yet it was Viking personnel that adjudicated the medical claims.
 - (A) As of March 26, 2010, the total census under the Viking arrangement is approximately 12,099, of these approximately 680 are Texas residents.
 - (B) From September 1, 2009 through March 26, 2010, approximately 22,893 medical claims for charges totaling approximately \$20,031,494.37 were received. Of this amount, approximately 808 claims, totaling approximately \$670,228.54, were for Texas residents
 - (C) From the total claims submitted nationwide, approximately \$1,235,449.01 in benefits has purportedly been paid, which represents a mere 6.17% of the total charges submitted for consideration.
 - (D) Approximately \$5,769,751.29 in charges for all states has been denied. Of these charges, \$635,505.66 have been denied for exceeding the plans' limits; \$3,709.20 in charges were denied for being duplicate; and \$5,112,536.43 in charges were denied for pre-existing condition.
 - (E) Approximately \$320,861.60 in charges for Texas residents has been denied. Of these charges, \$58,739.91 have been denied for exceeding the plans' limits, \$110.90 in charges were denied for being duplicate; and \$262,011.69 in charges were denied for pre-existing condition. (*Exhibit 63*)
73. Unauthorized insurance premium taxes have not been paid for the Commerce Benefits Group and Viking block of Texas business, as contemplated in TEX. INS. CODE ANN. Chapter 226.

74. In an April 5, 2010 e-mail to Patton of Commerce Benefits Group, Clark writes, in part: "I am happy to attach a letter from David Neilson, Trustee – USCT, confirming the coverage for the limited medical program administered by your office for our members. I trust this will be sufficient evidence for you and your counsel of the validity of the coverage, so that you can reactivate the services performed by CBG for our members." (*Exhibit 64*)
75. The United States Contractors Trust is not a licensed insurer in Texas. (*Exhibit 65*)
76. On April 7, 2010, TDI received a letter from David Nellson for United States Contractors Trust. Nelson asserted that "[t]he entire risk of the trade sits with us retro from 1st November 2009 and is adequately covered by re-insurance and reserves of USD 500,000/- in escrow." The letter provided no specifics about the asserted re-insurance or its authority to bear risk. The letter further requests to TDI that it "hold your demand." TDI replied to this letter on April 9, 2010. (*Exhibit 66*)
77. The Individual Respondents, Associated Entities and Unauthorized Insurers have sold, are currently selling, providing and/or assisting directly or indirectly in providing and/or procurement of non-existent or unauthorized insurance. TEX. INS. CODE ANN. §101.102 prohibits entities and persons who do not hold an insurance license or other authorization issued by the Texas Department of Insurance from directly and/or indirectly performing acts which constitute the business of insurance, as that term is defined in TEX. INS. CODE ANN. § 101.051.
78. Pursuant to TEX. INS. CODE ANN. § 101.001(a), it is a state concern that many residents of this state hold insurance policies issued by persons or insurers who are not authorized to do insurance business in this state and who are not qualified as eligible surplus lines insurers under Chapter 981. These residents face often insurmountable obstacles in asserting legal rights under the policies in foreign forums under unfamiliar laws and rules of practice.
79. Pursuant to TEX. INS. CODE ANN. § 101.201(a), a person who directly or indirectly assisted in the procurement of an insurance contract entered into by an unauthorized insurer is liable to the insured for the full amount of a claim or loss under the terms of the contract if the unauthorized insurer fails to pay the claim or loss.
80. By engaging in the unauthorized business of insurance in Texas, the Individual Respondents, Associated Entities and Unauthorized Insurers have subjected themselves to the jurisdiction of the State of Texas, the Commissioner of Insurance, the provisions of the Texas Insurance Code and the rules of the Department.
81. The conduct of the Individual Respondents, Associated Entities, and Unauthorized Insurers set forth in the above allegations constitute unfair acts and is fraudulent, illegal, hazardous, or creates an immediate danger to the public safety; and is causing or can be reasonably expected to cause public injury. The above conduct violates TEX. INS. CODE ANN. §§ 101.051, 101.102, 541.003, 541.051, 541.061, 4001.051, 4001.101, and 28 TEX. ADMIN. CODE §§ 21.3-21.4 and 21.112.

82. Unless Individual Respondents, Associated Entities, and Unauthorized Insurers, their agents, employees, or other representatives are immediately ordered to cease and desist from the commission of the acts herein alleged, they will continue to commit the same and similar acts to the irreparable and immediate injury of the public in violation of TEX. INS. CODE ANN. §§ 101.051, 101.102, 541.003, 4001.051 and 28 TEX. ADMIN. CODE §§ 21.3-21.4, and 21.112.

V. RELIEF REQUESTED

WHEREFORE, PREMISES CONSIDERED, the Enforcement Division of the Texas Department of Insurance requests that the Commissioner of Insurance immediately, without notice or hearing, issue a cease and desist order under TEX. INS. CODE ANN. § 83.051 and 28 TEX. ADMIN. CODE § 1.901 ordering the Individual Respondents, Associated Entities, Unauthorized Insurers, their agents, employees, or other representatives to cease and desist from:

1. Engaging in or transacting the unauthorized business of insurance in the State of Texas, including the selling or directly or indirectly assisting in the procurement of health care coverage with non-existent insurance or insurance through an insurer not authorized in Texas;
2. Advertising insurance-related products, including health benefit plans, unless authorized to do so;
3. Seeking, soliciting, pursuing and/or obtaining or directly or indirectly assisting in the procurement of any unauthorized insurance business in the State of Texas, including health care coverage with non-existent insurance or insurance through an insurer not authorized in Texas;
4. Participating, directly or indirectly, in any act of an insurance agent or insurance company seeking, soliciting, pursuing and/or obtaining any unauthorized trust, annuity or other insurance business in the State of Texas, including health care coverage;
5. Soliciting Texas residents by e-mail, facsimile (fax), telephone, mail or any other means to induce them to purchase any form of insurance product, including health care coverage, unless authorized to do so;
6. Offering to Texas residents a plan, contract, trust, annuity or policy or coverage for any other form of insurance without complying with all Texas insurance laws and regulations;
7. Taking any action concerning funds which have been directly or indirectly collected, received or derived from Texas residents, or which have been commingled with funds collected, received, or derived from Texas residents, except as directed by the Texas Department of Insurance;
8. Permitting any third party to take any action concerning funds which have been directly or indirectly collected, received or derived from Texas residents, or which have been

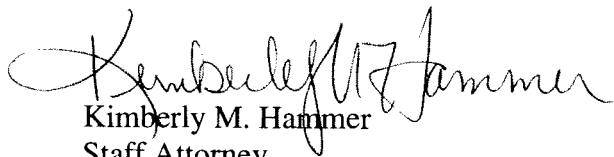
commingled with funds collected, received, or derived from Texas residents, except as directed by the Texas Department of Insurance;

9. The making of or proposing to make, as an insurer, an insurance contract, annuity or other insurance related product contract without having first obtained a Certificate of Authority from the Texas Department of Insurance to conduct business as an insurer, if required;
10. The taking or receiving of any application for insurance, annuity or other insurance related product, other than by a licensed insurance agent acting on behalf of an insurer possessing a Certificate of Authority to do the business of insurance in Texas in compliance with all applicable statutes and regulations;
11. The receiving or collection of any premium, commission, membership fees, assessments, dues or other consideration for any insurance, annuity or other insurance related product or any part thereof, without first complying fully with the statutes and regulations of the State of Texas and the Texas Department of Insurance;
12. The issuance or delivery of contracts of insurance contracts, annuities or other insurance related products to residents of this State or to persons authorized to do business in this State, without first complying fully with the statutes and regulations of the State of Texas or the Texas Department of Insurance;
13. Directly or indirectly acting as an agent for or otherwise representing or aiding on behalf of any person or insurer in the solicitation, negotiation, procurement or effectuation of an insurance contract, annuity or other insurance related product or renewals thereof or in the dissemination of information as to coverage rates, or forwarding of applications, or delivery of policies or contracts, or in any other manner representing or assisting a person or insurer in the transaction of insurance with respect to subject of insurance resident, located or to be performed in this State, without first fully complying with the statutes and regulations of the State of Texas and the Texas Department of Insurance;
14. 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, website or other publication, or in the form of a notice, circular, pamphlet, letter, brochure, poster, or over any radio or television station, or in any other way, an advertisement, announcement or statement concerning any assertion, representation or statement with respect to the business of insurance with respect to any person in the conduct of this insurance business, which is untrue, deceptive, or misleading;
15. The doing of any kind of business specifically recognized as constituting the doing of insurance business within the meaning of the statutes relating to insurance, without complying fully with the statutes and regulations of the State of Texas and the Texas Department of Insurance; and

16. The doing of or proposing to do any insurance business in substance equivalent to any of the acts defined in TEX. INS. CODE ANN. § 101.051 as doing the business of insurance in a manner designed to evade the provisions of the statutes.

The Texas Department of Insurance, through the Enforcement Division, requests any and such further relief, both at law and in equity, to which it may be entitled.

Respectfully submitted this ____ day of April, 2010.

A handwritten signature in cursive script, reading "Kimberly M. Hammer".

Kimberly M. Hammer
Staff Attorney

Enforcement Division, MC110-1A
Texas Department of Insurance
333 Guadalupe
Austin, Texas 78701
State Bar No. 24002219
(512) 322-4297
(512) 475-1772 (Fax)

**SERVE AMERICA ASSURANCE, LTD,
BEEMA INSURANCE COMPANY-PAKISTAN,
BEEMA – PAKISTAN COMPANY LIMITED,
BEEMA INSURANCE COMPANY,
BEEMA-PAKISTAN, LTD.
Unauthorized Insurers.**

10-0301

AFFIDAVIT OF CHRIS ORR

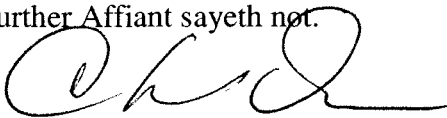
BEFORE ME, the undersigned authority, personally appeared Chris Orr, who after being by me duly sworn, deposed as follows:

My name is Chris Orr. I am of sound mind, capable of making this affidavit, over the age of 18 and personally acquainted with the facts herein stated.

1. I am currently employed as a Senior Investigator in the Enforcement Division of the Texas Department of Insurance. I have been employed as an investigator with the Enforcement Division since June 1999. In this capacity, I have investigated numerous cases involving individuals and companies that have violated Texas insurance laws, including acts involving unauthorized insurance and viatical and life settlements, and I have been an investigator in numerous Emergency Cease and Desist orders issued by The Texas Department of Insurance.
2. As an investigator for the Enforcement Division, I have obtained certain information and documentation to support the Enforcement Division's Application for Emergency Cease and Desist Order in the above-captioned matter ("Application"). This information includes interviews with the Texas resident referenced in the Application. In addition, I have analyzed the electronic data provided by Paylogix, which was used as the basis for the following statement from the Application:

According to the information provided by Paylogix, from August 2008 through November 2009, through the Smart Data Solutions, American Trade Association and Real Benefits Association arrangement, it had: (a) input into its system approximately 12,401 members nationwide, of which 1,541 were Texas residents; and (b) collected approximately \$14,409,340.29 from members nationwide, of which \$1,927,655.29 were from Texas enrollees. As of November 2009, 5,564 members were active, of which 690 were Texas residents.


Further Affiant sayeth not.

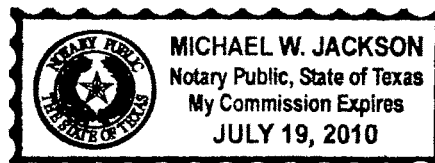


Affiant

BEFORE ME, Michael W. Jackson, a notary public in and for the State of Texas, on this day personally appeared Chris Orr, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office on April 15, 2010.


Notary Public, State of Texas



Notary without Bond