

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

SEP 5 1993

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In the Matter of)
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EMPIRE BLUE CROSS AND BLUE)
SHIELD; WINSTON-HILL ASSURANCE)
COMPANY, LTD.; GLOBAL CAPITAL)
ASSURANCE COMPANY, LTD.;)
COMMERCIAL ACCEPTANCE INSURANCE)
COMPANY; OLD AMERICAN INSURANCE)
COMPANY, LTD.; PROVIDENT CAPITAL)
INDEMNITY, LTD.; UNIVERSAL)
GENERALE INSURANCE COMPANY,)
LTD.; FIRST ASSURANCE AND CASUALTY)
COMPANY, LTD.; DIVERSIFIED)
HEALTH CONCEPTS; WARREN SCHULTE;)
ROBERT SCHNEIDER; BENEFIT)
ADMINISTRATORS OF FORT MITCHELL,)
KENTUCKY; COMMAND CAPITAL OF)
COLORADO, INC.; M & M MANAGEMENT,)
CORPORATION; BENEFIT DATA)
ADMINISTRATORS OF NOVATO,)
CALIFORNIA; C.R.E.A.T.E.; WESTERN)
BUSINESSMEN'S ASSOCIATION;)
WORLDWIDE BUSINESSMANS)
ASSOCIATION; NATIONAL LABOR)
RELATIONS CONSULTANTS CORP., dba)
N.L.R.C.C.; AMERICAN BENEFIT)
BUSINESS TRUST, dba AMERICAN)
BUSINESS TRUST; FARMERS HEALTH)
TRUST; ARTHUR ALVIN HANEY, a.k.a.)
AL HANEY, a.k.a. A. A. HANEY;)
JAMES G. RICKARD, a.k.a. GARY)
RICKARD; MICHAEL A. ANASTASIO;)
ALICE LOUETTA MUSTIC dba ALICE)
LONG; PAUL DONG; ROGER FORTIER;)
A.A. HANEY AND ASSOCIATES, INC.;)
SELECTIVE SALES, INC.; NATIONAL)
INSURANCE MANAGEMENT, INC.;)
NATIONAL ADMINISTRATIVE)
CORPORATION, INC.; NATIONAL)
INSURANCE WAREHOUSE; GUNHILD)
ALLEN; KATHY MOGEL; JUDITH)
ST. GAUDENS.)
)
Respondents.)
_____)

DEPARTMENT OF INSURANCE
By

Docket No. 8187

ORDER OF
CEASE AND DESIST

1 The Arizona Department of Insurance ("Department") has
2 received evidence that the Respondents, and/or each of them,
3 have transacted the business of insurance in the State of
4 Arizona. Accordingly, the Director of Insurance ("Director")
5 makes the following Findings of Fact and Conclusions of Law and
6 enters the following Order pursuant to A.R.S. § 20-401.02.

7 FINDINGS OF FACT

8 1. The Director is charged with the enforcement of
9 Title 20, Arizona Revised Statutes, relating to insurance.

10 2. Respondent Empire Blue Cross and Blue Shield
11 ("Empire") is a foreign company organized and existing under the
12 laws of the State of New York, with its principal place of
13 business located at 622 Third Avenue, New York, New York 10017.

14 3. Empire does not and/or did not at any material
15 time hold a certificate of authority to transact the business of
16 insurance in the State of Arizona.

17 4. From approximately March 1, 1990, through
18 approximately June 30, 1990, Empire issued group health
19 insurance coverage to Respondent C.R.E.A.T.E. (an
20 Arizona-domiciled not-for-profit corporation); and/or Respondent
21 Western Businessmen's Association ("WBA"), a California
22 association with its principal place of business in the State of
23 Arizona; and/or Respondent National Labor Relations Consultants
24 Corp ("N.L.R.C.C."), a marketing entity which purported to
25 provide health insurance coverage to Arizona residents, and/or
26 Respondent Worldwide Businessmans Association ("Worldwide"), a
27 marketing entity which purported to provide health insurance
28 coverage to Arizona residents; and/or Respondent American

1 Benefit Business Trust, also doing business as American Benefit
2 Trust ("American Business Trust"), a marketing entity which
3 purported to provide health insurance coverage to Arizona
4 residents.

5 5. Respondent Winston-Hill Assurance Company
6 ("Winston-Hill") is not authorized to transact insurance in any
7 state in the United States and purports to be an alien company
8 organized and existing under the laws of the Bahamas, with its
9 principal place of business at 1470 South Dairy Amsford, Suite
10 111, Houston, Texas 77077.

11 6. Winston-Hill does not and/or did not at any
12 material time hold a certificate of authority to transact the
13 business of insurance in the State of Arizona.

14 7. From approximately November 1, 1990, through
15 approximately May 31, 1991, Winston-Hill issued group health
16 insurance coverage to Respondents C.R.E.A.T.E. and/or WBA and/or
17 N.L.R.C.C. and/or Farmers Health Trust and/or Worldwide and/or
18 American Business Trust.

19 8. Respondent Global Capital Assurance Company, Ltd.,
20 ("Global Capital") is not authorized to transact insurance in
21 any state in the United States and purports to be an alien
22 company organized and existing under the laws of Turks and
23 Caicos, with its principal place of business at 3 Riverway,
24 Suite 1460, Houston, Texas 77056.

25 9. Global Capital does not and/or did not at any
26 material time hold a certificate of authority to transact the
27 business of insurance in the State of Arizona.

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1 10. From approximately June 1, 1991, through
2 approximately June 30, 1991, Global Capital issued group health
3 insurance coverage to Respondents C.R.E.A.T.E. and/or WBA and/or
4 N.L.R.C.C. and/or Farmers Health Trust and/or Worldwide and/or
5 American Business Trust.

6 11. Respondent Commercial Acceptance Insurance Company
7 ("Commercial Acceptance") is not authorized to transact
8 insurance in any state in the United States and purports to be
9 an alien company organized and existing under the laws of
10 Barbados.

11 12. Commercial Acceptance does not and/or did not at
12 any material time hold a certificate of authority to transact
13 the business of insurance in the State of Arizona.

14 13. From approximately July 1, 1991, through
15 approximately November 30, 1991, Commercial Acceptance issued
16 group health insurance coverage to Respondents C.R.E.A.T.E.
17 and/or WBA and/or N.L.R.C.C. and/or Farmers Health Trust and/or
18 Worldwide and/or American Business Trust.

19 14. Respondent Old American Insurance Company, Ltd.
20 ("Old American") is not authorized to transact insurance in any
21 state in the United States and purports to be an alien company
22 organized and existing under the laws of the Turks and Caicos.

23 15. Old American does not and/or did not at any
24 material time hold a certificate of authority to transact the
25 business of insurance in the State of Arizona.

26 16. From approximately December 1, 1991, through
27 January 31, 1992, Old American issued group health insurance
28 coverage to Respondents C.R.E.A.T.E. and/or WBA and/or

1 N.L.R.C.C. and/or Farmers Health Trust and/or Worldwide and/or
2 American Business Trust.

3 17. Respondent Provident Capital Indemnity, Ltd.
4 ("Provident Capital") is not authorized to transact insurance in
5 any state in the United States and purports to be an alien
6 company organized and existing under the laws of the
7 Commonwealth of Dominica, West Indies.

8 18. Provident Capital does not and/or did not at any
9 material time hold a certificate of authority to transact the
10 business of insurance in the State of Arizona.

11 19. From approximately August 1, 1992, through
12 October, 1992, Provident Capital issued group health insurance
13 coverage to and/or through Respondents C.R.E.A.T.E. and/or WBA
14 and/or N.L.R.C.C. and/or Farmers Health Trust and/or American
15 Business Trust.

16 20. Respondent Universal Generale Insurance Company,
17 Ltd. ("Universal Generale") is not authorized to transact
18 insurance in any state in the United States and purports to be
19 an alien company.

20 21. Universal Generale does not and/or did not at any
21 material time hold a certificate of authority to transact the
22 business of insurance in the State of Arizona.

23 22. From approximately November, 1992, through
24 December, 1992, Universal Generale issued group health insurance
25 coverage to Respondents C.R.E.A.T.E. and/or WBA and/or
26 N.L.R.C.C. and/or Farmers Health Trust and/or American Business
27 Trust.

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1 23. Respondent First Assurance and Casualty Company,
2 Ltd. ("First Assurance") is not authorized to transact insurance
3 in any state in the United States and purports to be an alien
4 company organized and existing under the laws of the Turks and
5 Caicos.

6 24. First Assurance does not and/or did not at any
7 material time hold a certificate of authority to transact the
8 business of insurance in the State of Arizona.

9 25. From approximately January, 1993, through the
10 present, First Assurance issued group health insurance coverage
11 to Respondents C.R.E.A.T.E. and/or WBA and/or N.L.R.C.C. and/or
12 Farmers Health Trust and/or American Business Trust.

13 26. From approximately March 1, 1990, through
14 approximately June 1, 1991, Respondent Diversified Health
15 Concepts (DHC), acting on behalf of unauthorized carriers,
16 namely Respondents Empire and/or Winston-Hill, did solicit
17 and/or induce health insurance coverage for, enter into
18 preliminary negotiations with, effectuate a contract for
19 insurance for, and/or transact matters subsequent to the
20 effectuation of the insurance contract and/or arising out of the
21 insurance contract with Respondents C.R.E.A.T.E. and/or WBA
22 and/or N.L.R.C.C. and/or Farmers Health Trust and/or American
23 Business Trust. At all times material to this matter Respondent
24 DHC was controlled by Respondents, Warren Schulte and/or Robert
25 Schneider.

26 27. From approximately August 1, 1990, through
27 approximately June 1, 1991, Respondent Benefit Administrators of
28 Fort Mitchell, Kentucky, an unlicensed entity acting on behalf

1 of an unauthorized carrier, namely Respondent Winston-Hill, did
2 solicit and/or induce health insurance coverage for, enter into
3 preliminary negotiations with, effectuate a contract for
4 insurance for, and/or transact matters subsequent to the
5 effectuation of the insurance contract and/or arising out of the
6 insurance contract with Respondents C.R.E.A.T.E. and/or WBA
7 and/or N.L.R.C.C. and/or Farmers Health Trust and/or American
8 Business Trust.

9 28. From approximately June 1, 1991, through
10 approximately July 31, 1991, Respondent Command Capital, Inc.,
11 an unlicensed entity acting on behalf of an unauthorized
12 carrier, namely Respondent Global Capital, did solicit and/or
13 induce health insurance coverage for, enter into preliminary
14 negotiations with, effectuate a contract for insurance for,
15 and/or transact matters subsequent to the effectuation of the
16 insurance contract and/or arising out of the insurance contract
17 with Respondents C.R.E.A.T.E. and/or WBA and/or N.L.R.C.C.
18 and/or Farmers Health Trust and/or American Business Trust.

19 29. From approximately August, 1991, through
20 approximately November, 1991, Respondent M & M Management
21 Corporation, an unlicensed entity acting on behalf of an
22 unauthorized carrier, namely Respondent Commercial Acceptance,
23 did solicit and/or induce health insurance coverage for, enter
24 into preliminary negotiations with, effectuate a contract for
25 insurance for, and/or transact matters subsequent to the
26 effectuation of the insurance contract and/or arising out of the
27 insurance contract with Respondents C.R.E.A.T.E. and/or WBA
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1 and/or N.L.R.C.C. and/or Farmers Health Trust and/or American
2 Business Trust.

3 30. From approximately July 1, 1991, through
4 approximately July, 1993, Respondent Benefit Data Administrators
5 of Novato, California, registered as a Third Party Administrator
6 with the State of Arizona, registration number 2205, acting on
7 behalf of an unauthorized carrier, namely Respondents Global
8 Capital, Provident Capital and/or Universal Generale, did
9 solicit and/or induce health insurance coverage for, enter into
10 preliminary negotiations with, effectuate a contract for
11 insurance for, and/or transact matters subsequent to the
12 effectuation of the insurance contract and/or arising out of the
13 insurance contract with Respondents C.R.E.A.T.E. and/or WBA
14 and/or N.L.R.C.C. and/or Farmers Health Trust and/or American
15 Business Trust.

16 31. From approximately March 1, 1990, through
17 approximately June 30, 1991, Respondent C.R.E.A.T.E., an
18 unlicensed not for profit corporation formed under the laws of
19 the State of Arizona acting on behalf of unauthorized carriers,
20 namely Respondents Empire, Winston-Hill, Global Capital,
21 Commercial Acceptance, Provident Capital, Universal Generale,
22 and/or First Assurance did solicit and/or induce health
23 insurance coverage, enter into preliminary negotiations,
24 effectuate a contract for insurance, and/or transact matters
25 subsequent to the effectuation of the insurance contract and/or
26 arising out of the insurance contract for and/or with various
27 residents of Arizona and/or other states.

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1 32. From approximately March 1, 1990, through the
2 present, Respondent WBA, an unlicensed entity with its principal
3 place of business in Phoenix, Arizona acting on behalf of
4 unauthorized carriers, namely Respondents Empire, Winston-Hill,
5 Global Capital, Commercial Acceptance, Provident Capital,
6 Universal Generale, and/or First Assurance did solicit and/or
7 induce health insurance coverage, enter into preliminary
8 negotiations, effectuate a contract for insurance, and/or
9 transact matters subsequent to the effectuation of the insurance
10 contract and/or arising out of the insurance contract for and/or
11 with various residents of Arizona and/or other states.

12 33. From approximately March 1, 1990, through the
13 present, Respondent N.L.R.C.C., an unlicensed entity formed
14 under the laws of the State of Arizona and acting on behalf of
15 unauthorized carriers, namely Respondents Empire, Winston-Hill,
16 Global Capital, Commercial Acceptance, Provident Capital,
17 Universal Generale, and/or First Assurance did solicit and/or
18 induce health insurance coverage, enter into preliminary
19 negotiations, effectuate a contract for insurance, and/or
20 transact matters subsequent to the effectuation of the insurance
21 contract and/or arising out of the insurance contract for and/or
22 with various residents of Arizona and/or other states.

23 34. From approximately October, 1988, through May,
24 1991, when it merged with Respondent N.L.R.C.C., Respondent
25 Farmers Health Trust, d.b.a. Farmers Health Insurance Trust
26 ("Farmers Health"), an unlicensed entity with its principal
27 place of business in Phoenix, Arizona acting on behalf of
28 unauthorized carriers, namely Respondents Empire, Winston-Hill,

1 Global Capital, Commercial Acceptance, Provident Capital,
2 Universal Generale, and/or First Assurance did solicit and/or
3 induce health insurance coverage, enter into preliminary
4 negotiations, effectuate a contract for insurance, and/or
5 transact matters subsequent to the effectuation of the insurance
6 contract and/or arising out of the insurance contract for and/or
7 with various residents of Arizona and/or other states.

8 35. From approximately August, 1990, through November,
9 1990, Respondent American Business Benefit Trust, also doing
10 business as American Business Trust, an unlicensed entity acting
11 on behalf of unauthorized carriers, namely Respondents Empire,
12 Winston-Hill, Global Capital, Commercial Acceptance, Provident
13 Capital, Universal Generale, and/or First Assurance did solicit
14 and/or induce health insurance coverage, enter into preliminary
15 negotiations, effectuate a contract for insurance, and/or
16 transact matters subsequent to the effectuation of the insurance
17 contract and/or arising out of the insurance contract for and/or
18 with various residents of Arizona and/or other states.

19 36. From and after March, 1991, Respondent Worldwide
20 Businessmans Association, an unlicensed entity acting on behalf
21 of unauthorized carriers, namely Respondents Empire,
22 Winston-Hill, and/or Global Capital did solicit and/or induce
23 health insurance coverage, enter into preliminary negotiations,
24 effectuate a contract for insurance, and/or transact matters
25 subsequent to the effectuation of the insurance contract and/or
26 arising out of the insurance contract for and/or with various
27 residents of Arizona and/or other states.

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1 37. Respondents C.R.E.A.T.E., WBA, N.L.R.C.C., Farmers
2 Health, American Business Benefit Trust, and/or each of them,
3 did solicit, induce and/or effectuate health insurance coverage,
4 enter into preliminary negotiations, effectuate a contract for
5 insurance, and/or transact matters subsequent to the
6 effectuation of the insurance contract and/or arising out of the
7 insurance contract for and/or with various individuals including
8 but not limited to the following Arizona residents: Norma
9 Barber of Tempe; Marion F. Bool of Tucson; Jeffrey Cantor of
10 Scottsdale; United Food Bank of Mesa; Bob Gamelgaard of Phoenix;
11 John Johnson of Phoenix; Dennis (Siu) Lee of Tucson; Louise
12 McLellan of Mesa; Naquin Farms of Yuma; Tom Ocano of Phoenix;
13 Doyle Purvis of Scottsdale; Deanna Rigo of Phoenix; Robert
14 Sullivan of Scottsdale; Southwest Perfusion of Phoenix.

15 38. The solicitation, inducement and/or effectuation
16 of the insurance contracts described above includes the
17 procurement, preliminary negotiation, the taking or receiving of
18 applications, the collection of premium, the payment of
19 commissions, membership fees, dues or other consideration, the
20 active marketing of the insurance to prospective policyholders,
21 the quotation of premium rates, the providing application forms,
22 and/or the payment of insurance claims.

23 39. Arthur Alvin Haney, a.k.a. Al Haney, a.k.a. A.A.
24 Haney, ("Haney") is presently, and/or was at all times material
25 to this matter, licensed as an insurance agent or broker by the
26 State of Arizona, license number 48303. Respondent Haney is a
27 principal of Respondents W.B.A., N.L.R.C.C., C.R.E.A.T.E.,
28 Worldwide.

1 40. On and after March 1, 1990, Respondent Haney
2 participated directly and/or through agents, partners, and/or
3 associations, in the solicitation, inducement and/or
4 effectuation of insurance contracts underwritten by carriers not
5 authorized to transact health insurance in Arizona.

6 41. James G. Rickard, a.k.a. Gary Rickard, ("Rickard")
7 is presently, and/or was at all times material to this matter,
8 licensed as an insurance agent or broker by the State of
9 Arizona, license number 642834. Respondent Rickard is and/or was
10 at all material times a principal of Respondents W.B.A.,
11 N.L.R.C.C., C.R.E.A.T.E., and/or Worldwide.

12 42. On and after March 1, 1990, Respondent Rickard
13 participated directly and/or through agents, partners, and/or
14 associations, in the solicitation, inducement and/or
15 effectuation of insurance contracts underwritten by carriers not
16 authorized to transact health insurance in Arizona.

17 43. Michael A. Anastasio, ("Anastasio" or "Agent") is
18 presently, and/or was at all times material to this matter,
19 licensed as an insurance agent or broker by the State of
20 Arizona, license number 2650. Respondent Anastasio is and/or
21 was at all material times a principal of Respondents W.B.A.,
22 N.L.R.C.C., C.R.E.A.T.E., and/or Worldwide.

23 44. On and after March 1, 1990, Respondent Anastasio
24 participated directly and/or through agents, partners, and/or
25 associations, in the solicitation, inducement and/or
26 effectuation of insurance contracts underwritten by carriers not
27 authorized to transact health insurance in Arizona.

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1 45. Alice Louetta Mustic dba Alice Long, ("Long") is
2 presently, and/or was at all times material to this matter,
3 licensed as an insurance agent or broker by the State of
4 Arizona, license number 662470.

5 46. On and after March 5, 1991, Respondent Long
6 participated directly and/or through agents, partners, and/or
7 associations, in the solicitation, inducement and/or
8 effectuation of insurance contracts underwritten by carriers not
9 authorized to transact health insurance in Arizona.

10 47. Robert Schneider, ("Schneider") is presently,
11 and/or was at all times material to this matter, licensed as an
12 insurance agent or broker by the State of Arizona, license
13 number 103161.

14 48. On and after April 5, 1990, Respondent Schneider
15 participated directly and/or through agents, partners, and/or
16 associations, in the solicitation, inducement and/or
17 effectuation of insurance contracts underwritten by carriers not
18 authorized to transact health insurance in Arizona.

19 49. Warren Schulte, ("Schulte") was at all material
20 times prior to February 28, 1993 licensed as an insurance agent
21 or broker by the State of Arizona, license number 103161.
22 Schulte's license expired February 28, 1993.

23 50. On and after April 5, 1990, Respondent Schulte
24 participated directly and/or through agents, partners, and/or
25 associations, in the solicitation, inducement and/or
26 effectuation of insurance contracts underwritten by carriers not
27 authorized to transact health insurance in Arizona.

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1 51. Roger Fortier, ("Fortier") is presently, and/or
2 was at all times material to this matter, licensed as a
3 nonresident insurance agent or broker by the State of Arizona,
4 license number 11619.

5 52. On and after December 21, 1990, Respondent Fortier
6 participated directly and/or through agents, partners, and/or
7 associations, in the solicitation, inducement and/or
8 effectuation of insurance contracts underwritten by carriers not
9 authorized to transact health insurance in Arizona.

10 53. Paul Dong, ("Dong") is presently, and/or was at
11 all times material to this matter, licensed as a nonresident
12 insurance agent or broker by the State of Arizona, license
13 number 281927.

14 54. On and after January 17, 1992, Respondent Dong
15 participated directly and/or through agents, partners, and/or
16 associations, in the solicitation, inducement and/or
17 effectuation of insurance contracts underwritten by carriers not
18 authorized to transact health insurance in Arizona.

19 55. A.A. Haney and Associates, Inc., ("A.A.H.") is
20 presently, and/or was at all times material to this matter,
21 licensed as an insurance agency by the State of Arizona, license
22 number 137718, controlled by Respondents Haney, Anastasio,
23 and/or Rickard.

24 56. On and after March 1, 1990, Respondent A.A.H.
25 participated directly and/or through agents, partners, and/or
26 associations, in the solicitation, inducement and/or
27 effectuation of insurance contracts underwritten by carriers not
28 authorized to transact health insurance in Arizona.

1 57. Selective Sales, Inc., ("Selective") is presently,
2 and/or was at all times material to this matter, licensed as an
3 insurance agency by the State of Arizona, license number 142492,
4 controlled by Respondents Haney and/or Anastasio.

5 58. On and after March 1, 1990, Respondent Selective
6 participated directly and/or through agents, partners, and/or
7 associations, in the solicitation, inducement and/or
8 effectuation of insurance contracts underwritten by carriers not
9 authorized to transact health insurance in Arizona.

10 59. National Insurance Management, Inc., ("NIM") is
11 presently, and/or was at all times material to this matter,
12 licensed as an insurance agency by the State of Arizona, license
13 number 294063, controlled by Respondents Haney and/or Anastasio.

14 60. On and after March 1, 1990, Respondent NIM
15 participated directly and/or through agents, partners, and/or
16 associations, in the solicitation, inducement and/or
17 effectuation of insurance contracts underwritten by carriers not
18 authorized to transact health insurance in Arizona.

19 61. National Administrative Corporation, Inc., ("NAC")
20 is presently, and/or was at all times material to this matter,
21 licensed as an insurance agency by the State of Arizona, license
22 number 349159, controlled by Respondents Haney and/or Anastasio.

23 62. On and after March 1, 1990, Respondent NAC
24 participated directly and/or through agents, partners, and/or
25 associations, in the solicitation, inducement and/or
26 effectuation of insurance contracts underwritten by carriers not
27 authorized to transact health insurance in Arizona.

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1 63. National Insurance Warehouse, ("Warehouse") is
2 presently, and/or was at all times material to this matter,
3 licensed as an insurance agency by the State of Arizona, license
4 number 413233, controlled by Respondents Haney and/or Anastasio.

5 64. On and after March 1, 1990, Respondent Warehouse
6 participated directly and/or through agents, partners, and/or
7 associations, in the solicitation, inducement and/or
8 effectuation of insurance contracts underwritten by carriers not
9 authorized to transact health insurance in Arizona.

10 65. Respondents Haney, Rickard, Anastasio, Long,
11 Schneider, Schulte, Fortier, Dong, A.A.H., Selective, NIM, NAC,
12 Warehouse, Worldwide, and/or each of them, did solicit, induce
13 and/or effectuate health insurance coverage, enter into
14 preliminary negotiations, effectuate a contract for insurance,
15 and/or transact matters subsequent to the effectuation of the
16 insurance contract and/or arising out of the insurance contract
17 for and/or with individuals including but not limited to the
18 following Arizona residents: Norma Barber of Tempe; Marion F.
19 Bool of Tucson; Jeffrey Cantor of Scottsdale; United Food Bank
20 of Mesa; Bob Gamelgaard of Phoenix; John Johnson of Phoenix;
21 Dennis (Siu) Lee of Tucson; Louise McLellan of Mesa; Naquin
22 Farms of Yuma; Tom Ocano of Phoenix; Doyle Purvis of Scottsdale;
23 Deanna Rigo of Phoenix; Robert Sullivan of Scottsdale; Southwest
24 Perfusion of Phoenix.

25 66. The solicitation, inducement and/or effectuation
26 of the insurance contracts described above includes the
27 procurement, preliminary negotiation, the taking or receiving of
28 applications, the collection of premium, and/or payment of

1 commissions, membership fees, dues or other consideration,
2 active marketing of the insurance to prospective policyholders,
3 the quotation of premium rates, providing application forms,
4 and/or remitting the premiums to companies not authorized to
5 transact insurance in the State of Arizona.

6 67. Respondent Gunhild Allen ("Allen") does not and
7 did not at any material time hold an insurance license in
8 Arizona.

9 68. Allen served as an officer of Respondents WBA and
10 C.R.E.A.T.E. and aided Respondents Haney, Rickard, and/or
11 Anastasio in the solicitation, inducement, and/or effectuation
12 of insurance contracts underwritten by companies not authorized
13 to transact health insurance in Arizona.

14 69. Respondent Judith St. Gaudens ("St. Gaudens") does
15 not and did not at any material time hold an insurance license
16 in Arizona.

17 70. St. Gaudens acted as signatory on the company bank
18 account of Respondent N.L.R.C.C. and aided Respondents Haney,
19 Rickard, and/or Anastasio in the solicitation, inducement,
20 and/or effectuation of insurance contracts underwritten by
21 insurance carriers not authorized to transact health insurance
22 in Arizona.

23 71. Respondent Kathy Mogel ("Mogel") does not and did
24 not at any material time hold an insurance license in Arizona.

25 72. Mogel acted as signatory on various business bank
26 accounts of Respondents C.R.E.A.T.E., WBA, and/or N.L.R.C.C. and
27 aided Respondents Haney, Rickard, and/or Anastasio in the
28 solicitation, inducement and/or effectuation of insurance

1 contracts underwritten by companies not authorized to transact
2 health insurance in Arizona.

3 73. The solicitation, inducement and/or effectuation
4 of the insurance contracts described above includes the
5 procurement, preliminary negotiation, the taking or receiving of
6 applications, the collection of premium, and/or payment of
7 commissions, membership fees, dues or other consideration,
8 active marketing of the insurance to prospective policyholders,
9 the quotation of premium rates, providing application forms,
10 and/or remitting the premiums to companies not authorized to
11 transact insurance in the State of Arizona.

12 CONCLUSIONS OF LAW

13 1. The Director has jurisdiction over this matter.

14 2. The conduct of Respondents, and/or each of them,
15 as described in the Findings of Fact above constitutes the
16 transaction of insurance within the meaning of A.R.S. § 20-106.

17 3. The conduct of Respondents, and/or each of them,
18 as described above constitutes the unauthorized transaction of
19 insurance within the meaning of A.R.S. §§ 20-106, 20-107 and
20 20-401.01.

21 4. The transaction of insurance by Respondents, or
22 each of them, does not impair the validity of any act or
23 contract of the Respondents.

24 5. Respondents, and each of them, are prohibited from
25 maintaining any action in any court of this State to enforce any
26 right, claim, or demand arising out of the transaction of the
27 business of insurance until and unless Respondents, or each of
28

1 them, obtain a certificate of authority as set forth in A.R.S. §
2 20-402.

3 6. If Respondents, or each of them, fail to pay any
4 claim or loss within the provisions of the insurance contract
5 issued by them, or by each of them, any person who acted
6 directly or indirectly as an agent for or otherwise represented
7 or aided Respondents, or each of them, in a solicitation,
8 negotiation, procurement or effectuation of the insurance
9 contract or renewal of the contract is liable to the insured for
10 the full amount of the claim or loss in the manner provided by
11 the provisions of the insurance contract as set forth in A.R.S.
12 § 20-402(B).

13 ORDER

14 IT IS HEREBY ORDERED:

15 1. That Respondents, and each of them, shall
16 immediately cease and desist from the transaction of the
17 business of insurance in the State of Arizona.

18 2. That Respondents, and each of them, shall
19 immediately cease and desist from soliciting any insurance
20 application, making or proposing to make any insurance contract,
21 taking or receiving any application for insurance, taking or
22 collecting any premium, commission, or any other consideration
23 for any insurance contract, issuing or delivering contracts of
24 insurance to residents of this State, or otherwise transacting
25 insurance business from offices or by personnel or facilities
26 located in the State of Arizona.

27 3. Respondents, and each of them, shall pay all valid
28 claims arising out of acts covered by any and all insurance

1 insurance contracts issued by them, or each of them, to Arizona
2 residents for so long as such claims may legally be brought by
3 or against any insured.

4 4. Respondents, and each of them, shall, within
5 thirty (30) days of the date of this Order, remit to the
6 Department of Insurance of the State of Arizona any and all
7 premium taxes applicable to the unauthorized insurance
8 transacted in the State of Arizona and shall provide at the time
9 of such submission an accounting acceptable to the Director of
10 Insurance of the State of Arizona.

11 5. Respondents, and each of them, shall, within
12 thirty (30) days of the date of this Order, remit to the
13 Department of Insurance of the State of Arizona the costs of
14 examination associated this proceeding in the following manner:

15 6. This Order shall become effective immediately and
16 shall remain in full force and effect until otherwise stayed,
17 modified, vacated or set aside.

18
19 NOTICE OF OPPORTUNITY FOR HEARING


20 Pursuant to Titles 20 and 41 of the Arizona Revised
21 Statutes, Respondents, and each of them, are hereby notified
22 that each of them may request a hearing pursuant to A.R.S. §
23 20-161 to contest the order to cease and desist. Such a request
24 must be in writing and received at the following address within
25 thirty (30) days from the date hereof:

26 Arizona Department of Insurance
27 Hearing Division
28 2910 North 44th Street
2nd Floor
Phoenix, Arizona 85018

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Upon receipt of a timely written request for hearing, the Director will issue a notice setting the time and place of the hearing.

DATED AND EFFECTIVE this 3rd day of September, 1993.



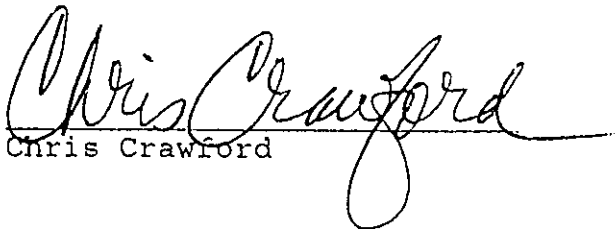
SUSAN GALLINGER
Director of Insurance

- 1 COPY of the foregoing mailed/delivered
2 this 3rd day of September, 1993, to:
- 3 Mark Sendrow, Esq.
4 Assistant Attorney General
5 Consumer Protection and Antitrust Section
6 1275 W. Washington
7 Phoenix, Arizona 85007
8 Attorney for the Department of Insurance
- 9 Charles Cohen, Acting Deputy Director
10 Sandra Lewis, Executive Assistant
11 Gary A. Torticill, Assistant Director
12 Jay Rubin, Assistant Director
13 Department of Insurance
14 2910 North 44th Street, 2nd Floor
15 Phoenix, Arizona 85018
- 16 Empire Blue Cross and Blue Shield
17 622 Third Avenue
18 New York, New York 10017
- 19 Winston-Hill Assurance Company
20 1111 Katy Freeway, Suite 800
21 Houston, Texas 77079
- 22 Global Capital Assurance Company, Ltd.
23 3 Riverway, Suite 1460
24 Houston, Texas 77056
- 25 Commercial Acceptance Insurance Company
26 c/o Arizona Secretary of State
- 27 Universal Generale Insurance Co., Ltd.
28 c/o Arizona Secretary of State
- 29 Old American Insurance Co., Ltd.
30 Sabre House
31 P.O. Box 171
32 Grand Turks, Turks & Caicos Islands
33 British West Indies
- 34 Old American Insurance Co., Ltd.
35 c/o Peter N. Osborn, Esq.
36 3530 Wilshire Blvd., Suite 1500
37 Los Angeles, CA 90010-2343
- 38 Provident Capital Indemnity, Ltd.
39 600 East Atlantic Avenue
40 Delray Beach, Fl 33483
41 First Assurance and Casualty Company, Ltd.
42 Arawak Bldg. - Front Street
43 Grand Turk
44 Turks & Caicos, British West Indies

- 1 Diversified Health Concepts
9700 North 91st Street
- 2 Scottsdale, Arizona 85258
- 3 Benefit Administrators
P. O. Box 17748
- 4 Fort Mitchell, Kentucky 41017
- 5 Command Capital, Inc.
1444 Wazee, Suite 210
- 6 Denver, Colorado 80202
- 7 M & M Management Inc,
1627 Main Street, Suite 700
- 8 Kansas City, MO 64108
- 9 Benefit Data Administrators
8 Digital Drive, Suite 200
- 10 Novato, CA 94949
- 11 C.R.E.A.T.E.
P. O. Box 35699
- 12 Phoenix, Arizona 85069-5699
- 13 C.R.E.A.T.E.
2604 North 24th Street
- 14 Phoenix, Arizona 85008
- 15 Western Businessmen's Association
P. O. Box 930
- 16 Phoenix, Arizona 85001
- 17 National Labor Relations Consultants
Corp./ Farmers Health Trust
- 18 P.O. Box 35699
Phoenix, AZ 85069-5699
- 19 National Labor Relations Consultants
Corp.
- 20 2604 North 24th Street
- 21 Phoenix, Arizona 85008
- 22 Farmers Health Trust
P.O. Box 343
- 23 Gilbertsville, N.Y. 13776
- 24 American Business Benefit Trust
2010 Crow Canyon Place #260
- 25 San Ramon, CA 94583
- 26 Warren Schulte
12625 North 85th Street
- 27 Scottsdale, AZ 85260
- 28

- 1 Robert Schneider
1028 East Palmaire
2 Phoenix, AZ 85020
- 3 Arthur Alvin Haney
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4 Paradise Valley, AZ 85253
- 5 James G. Rickard
3435 W. Orchid Lane
6 Phoenix, AZ 85051
- 7 Michael A. Anastasio
4702 E. Cypress
8 Phoenix, AZ 85008
- 9 Alice Louetta Mustic
4764 West Escuda Drive
10 Glendale, AZ 85038
- 11 Anthony Jeanette
9465 North 92nd Street #207
12 Scottsdale, AZ 85258-5109
- 13 Atlantic to Pacific Marketing
10105 East Via Linda, Suite 103-360
14 Scottsdale, AZ 85258-5311
- 15 Paul Dong
3714 West Glendale Avenue
16 Phoenix, AZ 85051
- 17 Roger Fortier
1031 Loma Vista
18 Pomona, CA 91758
- 19 Gunhild Allen
2602 North 24th Street
20 Phoenix, AZ 85008
- 21 Judith St. Gaudens
2602 North 24th Street
22 Phoenix, AZ 85008
- 23 Kathy Mogel
2602 North 24th Street
24 Phoenix, AZ 85008
- 25 A.A. Haney and Associates, Inc.
P.O. Box 620
26 Phoenix, AZ 85001
- 27 Selective Sales, Inc.
P.O. Box 620
28 Phoenix, AZ 85001

- 1 National Insurance Warehouse
P.O. Box 620
2 Phoenix, AZ 85001
- 3 National Insurance Management, Inc.
P.O. Box 620
4 Phoenix, AZ 85001
- 5 National Administrative Corporation, Inc.
P.O. Box 620
6 Phoenix, AZ 85001
- 7 National Insurance Management, Inc.
P.O. Box 620
8 Phoenix, AZ 85001
- 9 National Administrative Corporation, Inc.
P.O. Box 620
10 Phoenix, AZ 85001
- 11 American Health Care Underwriters
of Encino, CA
12 16133 Ventura Boulevard
Suite 635
13 Encino, CA 91436
- 14 Robert D. Sullivan
8409 East Chama Road
15 Scottsdale, Arizona 85255
- 16 Irving Zirbel, Esq.
Zirbel Law Offices, P.C.
17 Scottsdale Financial Plaza
7500 East Butherus Drive
18 Scottsdale, Arizona 85260
- 19 Robert L. Brace, Esq.
1126 Santa Barbara Street
20 Santa Barbara, California 93101
- 21 Louise McLellan
311 West 6th Street
22 Mesa, Arizona 85201
- 23 United Food Bank
358 East Javelina
24 Mesa, Arizona 85201

25 
26 Chris Crawford
27
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