

MIKE WINSOR
Office of the Commissioner of
Securities & Insurance
840 Helena Avenue
Helena, MT 59601
(406) 444-2040

Attorney for the Department of Insurance

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

IN THE MATTER OF)	
CONSOLIDATED WORKERS)	CASE NO.: INS-2008-55
ASSOCIATION INC.; CLAIMS AND)	
BENEFIT MANAGEMENT INC., a.k.a.)	CONSENT AGREEMENT AND
CLAIMS MANAGEMENT SERVICE,)	FINAL ORDER FOR CLAIMS &
a.k.a. CBM ADMINISTRATORS, a.k.a.)	BENEFIT MANAGEMENT, INC.,
CBMC; HEALTHCARE RECOVERY)	HEALTHCARE RECOVERY SYSTEMS
SYSTEMS INC.; INTEGRATED HEALTH)	INC., INTEGRATED HEALTH BENEFITS
BENEFITS; NATIONAL ALLIANCE OF)	NATIONAL ALLIANCE OF BENEFIT
BENEFIT SERVICES ASSOCIATION;)	SERVICES ASSOCIATION, and BRAD
NATIONAL HEALTHCARE)	WESSLER
ASSOCIATES; WALTER R. CECCHINI,)	
JR.; and BRAD WESSLER, individually)	
and/or in their capacities as officers,)	
directors or agents of the immediately)	
foregoing entities,)	
)	
Respondents.)	

This Consent Agreement dated this 27 day of July, 2010, is between the Montana Insurance Department ("Department"), acting pursuant to Mont. Code Ann. § 2-4-603 and the authority of the Montana Insurance Code, Mont. Code Ann. § 33-1-101, *et. seq.*, and Claims & Benefit Management, Inc., Healthcare Recovery Systems Inc., Integrated Health

Benefits, National Alliance of Benefit Services Association, and Brad Wessler (referred to collectively herein as "Respondents").

RECITALS

WHEREAS, on May 5, 2009, the Department issued a Temporary Order to Cease and Desist and Opportunity for Hearing ("Order") and a Notice of Proposed Agency Action and Opportunity for Hearing ("Notice") against the Respondents alleging that Respondents committed multiple violations of the Montana Insurance Code, Mont. Code Ann. § 33-1-101, *et seq.*, generally including, but not limited to, the following: representing or aiding an unauthorized insurer, selling medical care discount cards without a certificate of registration, misrepresenting product coverage and benefits, and failing to enter into contracts with medical care providers in Montana to provide the discounts represented by the Respondents to be granted to purchasers of the medical care discount card.

WHEREAS, the Allegations of Fact and Conclusions of Law contained in the Order and Notice are incorporated herein by reference;

WHEREAS, Respondents do not admit or deny the Department's allegations, but wish to avoid the uncertainty, risk and expense of a formal hearing on this matter; and

WHEREAS, the Department and the Respondents agree that the parties' best interests would be served by entering into the following specific agreement and undertakings set forth below.

NOW THEREFORE, in consideration of the mutual undertakings established herein, the Department and the Respondent enter into the following:

AGREEMENT

(1) Without admitting or denying the Department's allegations contained in the Order and Notice, Respondents stipulate and agree to the following:

(a) Imposition of an administrative penalty upon the Respondents in the amount of Thirty Thousand Five Hundred Dollars (\$30,500.00) of which Eighteen Thousand Dollars (\$18,000.00) shall be suspended subject to full performance of Paragraphs (1)(a)-(c) of this Consent Agreement. Respondents shall pay the remaining non-suspended portion of the penalty, *to wit*: Twelve Thousand Five Hundred Dollars (\$12,500.00) as set forth below in Paragraph 1(b).

(b) Respondents shall make four monthly installment payments of Three Thousand One Hundred Twenty-Five Dollars (\$3,125.00).

(i) The first payment shall be due within ten (10) days of the effective date of the Final Order as set forth in Paragraph (1)(c) below;

(ii) the remaining payments shall be due not later than the 15th day of each consecutive month thereafter until the entire non-suspended portion of the penalty is paid in full and Respondents may pre-pay all or a portion of the penalty at any time; and

(iii) checks should be payable to the Montana State Auditor's Office and sent to the Commissioner of Securities and Insurance, Office of the State Auditor ("CSI"), Attention: Mike Winsor, 840 Helena Avenue, Helena, MT 59601.

(c) Within 60 days of the execution of this Consent Agreement and

Final Order, Respondents agree to make contributions to each of the Montana consumers identified in Exhibit "A," in the agreed aggregate amount of Six Thousand Two Hundred Seventy-Six Dollars and Fifty-Four Cents (\$6,276.54).

(i) Respondents shall issue payments in the form of certified checks or their equivalent payable to each of the consumers identified in Exhibit "A" attached hereto and in the amounts set forth therein. Respondents' attorneys shall send payments, together with an explanation letter, to the Department. The Department will then cause each check to be sent to the consumers. The Department's and Respondents' attorneys shall exchange draft transmittal and explanation letters prior to mailing for review and approval.

(ii) In the event Respondents fail to make payments as described above, the suspended portion of the administrative penalty as set forth in Paragraph (1)(a) above shall become immediately due and owing to the Department.

(iii) If any payment to a consumer listed in Exhibit "A" is returned as undeliverable, Respondents shall cooperate with the Department to attempt to locate that consumer. If, thereafter, the consumer still is not located, a list of all consumers that have not been located must be provided to the Department, and all funds due or payable to those consumers whose last known address are in the state of Montana, but not deliverable, shall be delivered to the Montana Department of Revenue pursuant to the provisions of the "Uniform Unclaimed Property Act," Mont. Code Ann. § 70-9-801, *et seq.*, to be processed as set forth in that Act. The Department shall provide all available information as requested by the Montana Department of Revenue Administrator to handle the funds as unclaimed property.

(d) The Respondents acknowledge the CSI and the Department have jurisdiction over the subject matter of the above entitled proceeding.

(e) The Respondents acknowledge they were advised of their option to be represented by legal counsel, have consulted with legal counsel regarding this Consent Agreement, and are satisfied with the services of their legal counsel.

(f) The Respondents acknowledge that they have read and understand each term of this Consent Agreement and enter into this Consent Agreement voluntarily and without reservation.

(g) The Respondents stipulate and agree with the Department that this Consent Agreement resolves alleged violations set forth in the Order and Notice.

(h) The Respondents and the Department hereby acknowledge and agree that this Consent Agreement constitutes the entire agreement between the parties and that no other promises or agreements, either express or implied, have been made by the Department or by any member, officer, agent, or representative of the Department to induce the Respondents to enter into this Consent Agreement.

(i) With respect to the Order and Notice, the Respondents specifically and affirmatively waive a contested case hearing and their right to appeal, and elect to resolve this matter on the terms and conditions set forth herein.

(j) The Respondents fully and forever release and discharge the CSI, Department, and all Department employees and agents from any and all actions, claims, causes of action, demands, or expenses for damages or injuries, whether asserted or unasserted, known or unknown, foreseen or unforeseen, arising out of this administrative

action and the Factual Allegations and Conclusions of Law contained in the Order and Notice and incorporated by reference in this Consent Agreement.

(k) The parties acknowledge and agree that this Consent Agreement may not be modified orally, and any subsequent modifications to this Consent Agreement must be mutually agreed upon in writing to be effective.

(l) The Department and the Respondents agree that this Consent Agreement shall be incorporated into and made a part of the attached Final Order issued by the Commissioner herein.

(m) The Respondents further understand that, upon the signing of the Final Order by the Commissioner or her representative, this Consent Agreement and Final Order will be an order of the CSI and failure to comply with it may constitute a separate violation of the Montana Insurance Code, as provided in Mont. Code Ann. § 33-1-318, and may result in subsequent legal action by the Department.

(n) Upon execution of this Consent Agreement, and compliance with paragraphs 1(a) through (c) above, the Department will fully and forever release and discharge Respondents, Respondents' employees, and Respondents' agents from any and all actions, claims, causes of action, demands, or expenses for damages or injuries, whether asserted or unasserted, known or unknown, foreseen or unforeseen, arising out of this administrative action and the Factual Allegations and Conclusions of Law contained in the Order and Notice and incorporated by reference in this Consent Agreement and will not commence any further administrative, civil, or other legal action based upon the allegations set forth in the Order and Notice that occurred prior to the execution of this Consent Agreement. Additionally, the Department will enter into a stipulation of

dismissal, with prejudice, with the Respondents in the National Alliance of Associations *et al.* case, Cause No. INS 2007-79.

(o) This Consent Agreement shall be effective upon signing of the Final Order.

(p) The Respondents acknowledge that this Consent Agreement and Final Order are public records under Montana law and as such may not be sealed or otherwise withheld from the public.

(q) Additionally, the Respondents agree to refrain from engaging in the following conduct in the state of Montana without first applying for and receiving appropriate licensure from the Department:

(i) engaging in or transacting the business of insurance including: offering of association memberships, insurance, and/or medical care discount card products, the collection of premiums, membership fees, or other consideration, issuance of insurance and insurance-related products, advertising to or soliciting Montana residents by email, facsimile, telephone, mail, internet or any other means so as to induce Montana residents to purchase any form of insurance, association membership, or medical care discount card product under any of the identified business organizational titles or under any other name or organization;

(ii) participating in any act of an insurance producer or an insurance company in soliciting insurance business in the state of Montana,

(iii) participating in any act of a third-party administrator in the state of Montana; and

(iv) engaging in any other act, practice, or course of business that violates any section of the Montana Insurance Code.

(r) Respondents understand that the Department is currently investigating the complaints related to the activities of an affiliated entity, Association for Lifestyle Reform and anticipates opening an administrative matter as matter number INS 2010-62, and that this Agreement does not apply to that matter. The Department acknowledges that this Agreement does not apply to or independently prohibit Respondents from carrying out activities related to or on behalf of Association for Lifestyle Reform and will not be used as the basis for asserting a separate violation for violating an order of the Department against any Respondents in any matter involving Americans for Lifestyle Reform.

(s) The Respondents agree to make reasonable good faith efforts to settle the private civil matter with W.K., but the Department acknowledges that settlement of the matter is not within Respondents' exclusive control, and that failure to settle the private civil matter does not impact the validity of this agreement.

DATED this 27 day of July, 2010.


MIKE WINSOR
Attorney for the Department of Insurance

DATED this 27 day of July, 2010.

**CLAIMS & BENEFIT
MANAGEMENT, INC.**

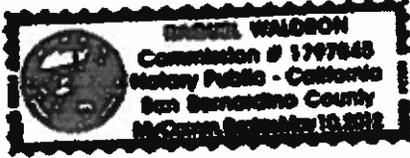
By: [Signature]

Its: President

STATE OF California

County of San Bernardino :ss.

SUBSCRIBED and SWORN to before me this 27 day of July, 2010.



[Signature]

(Signature) Raquel Waldron

(Printed name)

Notary Public for the State of California

Residing at:

My Commission Expires: May 10, 2012

DATED this 27 day of July, 2010.

**HEALTHCARE RECOVERY
SYSTEMS INC.**

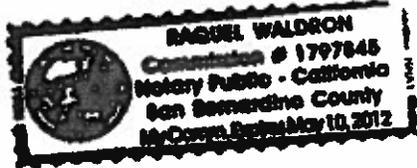
By: [Signature]

Its: President

STATE OF California

County of San Bernardino :ss.

SUBSCRIBED and SWORN to before me this 27 day of July, 2010.



[Signature]

(Signature) Raquel Waldron

(Printed name)

Notary Public for the State of California

Residing at:

My Commission Expires: May 10, 2012

DATED this 21 day of July, 2010.

**INTEGRATED HEALTH
BENEFITS**

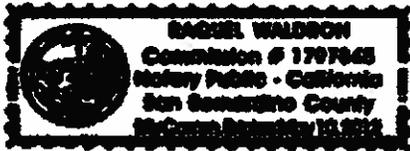
By: [Signature]

Its: President

STATE OF California

County of: San Bernardino :ss.

SUBSCRIBED and SWORN to before me this 27 day of July, 2010.



[Signature]
(Signature)

Raquel Waldron
(Printed name)

Notary Public for the State of California

Residing at: _____

My Commission Expires: May 10, 2012

DATED this 21 day of July, 2010.

**NATIONAL ALLIANCE OF BENEFIT
SERVICES ASSOCIATION**

By: [Signature]

Its: President

STATE OF California

County of: San Bernardino :ss.

SUBSCRIBED and SWORN to before me this 27 day of July, 2010.



[Signature]
(Signature)

Raquel Waldron
(Printed name)

Notary Public for the State of California

Residing at: _____

My Commission Expires: May 10, 2012

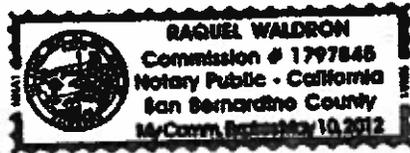
DATED this 27 day of July, 2010.

Brad Wessler
BRAD WESSLER

STATE OF California

County of: San Bernardino

SUBSCRIBED and SWORN to before me this 27 day of July, 2010.



Raquel Waldron
(Signature)

Raquel Waldron
(Printed name)

Notary Public for the State of: California

Residing at:

My Commission Expires: May 10, 2012

FINAL ORDER

Pursuant to the authority vested by Mont. Code Ann. § 2-4-603, and the Montana Insurance Code, Mont. Code Ann. § 33-1-101, *et seq.*, and upon review of the foregoing Consent Agreement and Final Order and good cause appearing therefor,

IT IS ORDERED that the foregoing Consent Agreement between the Department and the Respondent is hereby adopted as if set forth fully herein.

DATED this 2nd day of August, 2010.

MONICA J. LINDEEN
Commissioner of Securities and Insurance

By: 
WALTER SCHWEITZER
Deputy State Auditor

cc: Mike Winsor, Insurance Department
Respondents

EXHIBIT A

Consumer	Amount
[REDACTED]	\$790.50
[REDACTED]	\$285.92
[REDACTED]	\$3,610.00
[REDACTED]	<u>\$1,590.12</u>
Total	\$6,276.54