

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)	
ASSOCIATION INC.; CLAIMS AND)	CASE NO.: INS-2008-55
BENEFIT MANAGEMENT INC., a.k.a.)	CONSENT AGREEMENT AND
CLAIMS MANAGEMENT SERVICE,)	FINAL ORDER FOR CONSOLIDATED
a.k.a. CBM ADMINISTRATORS, a.k.a.)	WORKERS ASSOCIATION AND
CBMC; HEALTHCARE RECOVERY)	WALTER R. CECCHINI, JR.
SYSTEMS INC.; INTEGRATED HEALTH)	
BENEFITS; NATIONAL ALLIANCE OF)	
BENEFIT SERVICES ASSOCIATION;)	
NATIONAL HEALTHCARE)	
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 2nd day of August, 2010, is between the Montana Insurance Department ("Department"), acting pursuant to Mont. Code Ann. § 2-4-603 and the authority of the Insurance Code, Mont. Code Ann. § 33-1-101, *et. seq.*, and Walter R. Cecchini, Jr., and Consolidated Workers Association, Inc. (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: transacting insurance without a certificate of authority, 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, 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 Respondents enter into the following:

AGREEMENT

Without admitting or denying any of the Department's allegations contained in the Order and Notice, Respondent Walter R. Cecchini, Jr., individually and in his capacity as officer, director or agent of Consolidated Workers Association Inc., ("CWA"), and Respondent CWA stipulate and agree to the following:

- a. Imposition of an administrative penalty upon the Respondents in the

amount of Thirty Thousand Five Hundred Dollars and no/100 (\$30,500.00) of which Eighteen Thousand Dollars and no/100 (\$18,000.00) shall be suspended subject to full performance of Paragraphs a-c of this Consent Agreement. Respondents shall pay the remaining non-suspended portion of the penalty, *to wit*: Twelve Thousand Five Hundred Dollars and no/100 (\$12,500.00) as set forth below in Paragraph b.

b. Respondents shall make four monthly installment payments of Three Thousand One Hundred Twenty-Five Dollars and no/100 (\$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 o below;
- (ii) the remaining payments shall be due not later than the 15th day of each consecutive month thereafter until the entire penalty is paid in full; and
- (iii) payments shall be payable to the Montana State Auditor's Office and sent to the Commissioner of Securities and Insurance ("CSI"), Office of the Montana State Auditor, 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). Respondents shall pay this amount into their attorneys' trust account for distribution to Montana consumers.

- (i) Respondents shall instruct their attorneys to issue payment from Respondents' deposited funds 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 a, above, shall become immediately due and owing to the Department.

d. The Respondents acknowledge the Department has 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 in the instant matter Case No. INS-2008-55.

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 CSI herein.

m. The Respondents further understand that, upon the signing of the Final Order by the CSI 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, full payment of an administrative penalty as set forth in Paragraph a, and contributions to Montana consumers as set forth in Paragraph 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 or any other administrative action dismissed pursuant to this Consent Agreement. Additionally, the Department will enter into a stipulation of dismissal, with prejudice, with the Respondents in the United National Workforce Association *et al.* case, Case No. INS-2006-71, the National Alliance of Associations *et al.* case, Case No. INS-2007-79 and the American Trade Association *et al.* case, Case No. INS-2010-01.

- 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 authority or 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.

DATED this 2nd day of August, 2010.


MIKE WINSOR
Attorney for the Department of Insurance

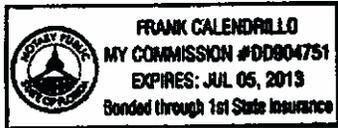
DATED this 26 day of July, 2010.

**CONSOLIDATED WORKERS
ASSOCIATION INC.**

By: Walter G. Gosh
Its: President

STATE OF Florida)
County of: Palm Beach) :ss.

SUBSCRIBED and SWORN to before me this 26 day of July, 2010.



Frank Calendrillo
(Signature)
FRANK CALENDRILO

(Printed name)
Notary Public for the State of: FLORIDA
Residing at: 520 27th St West Palm Beach
My Commission Expires: July 5, 2013

DATED this 26 day of July, 2010.

Walter R Cecchini Jr
WALTER R. CECCHINI, JR.

STATE OF Florida)
County of: Palm Beach) :ss.

SUBSCRIBED and SWORN to before me this 26 day of July, 2010.



Frank Caendrilla
(Signature)

FRANK CAENDRILLO
(Printed name)

Notary Public for the State of: FLORIDA
Residing at: 520 27 ST WEST PALM BEACH
My Commission Expires: July 5, 2013

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