

OCT 12 2007

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPT. OF INSURANCE  
BY 

In the Matter of:

NATIONAL TRADE BUSINESS ASSOCIATION  
aka NATIONAL TRADE BUSINESS ALLIANCE OF  
AMERICA aka NATIONAL TRANSPORTATION  
BENEFITS ALLIANCE ASSOCIATION aka  
QUALIFIED ADMINISTRATIVE SPECIALISTS OF  
AMERICA aka AMERICAN EMPLOYERS  
ASSOCIATION aka NTBAA aka AFFINITY  
HEALTHPLANS OF AMERICA; THOMAS J.  
SULLIVAN; HCH ADMINISTRATION, INC.;  
FAMILY HEALTHCARE SERVICES, INC.,  
dba AMERICA'S BEST BENEFITS; MARK MILLER;  
ETHAN ERICKSON; JAMES DOYLE; PAYLOGIX,  
LLC; RICHARD PFADENHAUER

No. 07A-177-INS

ORDER TO CEASE  
AND DESIST

Respondents.

The Arizona Department of Insurance ("Department") has received evidence that Respondents have unlawfully engaged in the business of insurance in the State of Arizona. Accordingly, the Director of Insurance of the State of Arizona (the "Director") makes the following Findings of Fact and Conclusions of Law and enters the following Order pursuant to A.R.S. § 20-401.02.

FINDINGS OF FACT

1. On February 14, 2007, Jewel Davis ("Davis") filed a complaint with the Arizona Department of Insurance regarding a health insurance policy purchased for two employees of Marick, Inc. dba Copy Works & Printing ("Copy Works & Printing"). The health insurance policy was solicited through a fax sent to Copy Works & Printing. Davis purchased the insurance through a Nevada producer, Mark Miller, who represented that the health insurance was a PPO.

1           2.       Mark Miller is an employee of Family Healthcare Services, Inc. dba America's  
2 Best Benefits, an independent contractor enrollment firm that provides enrollment services for  
3 the National Trade Business Alliance of America<sup>1</sup>, an association that purports to provide its  
4 members with a healthcare savings program called Affinity Health Plans of America.

5           3.       For each employee, Davis received two cards for "Affinity Health Plans of  
6 America." One card was a "Medical Benefits" card but stated that it was for a Limited Benefit  
7 Insured Plan – 100. The address for claims submissions was HCH, TPA, P.O. Box 841237,  
8 Houston, Texas 77284. The other card stated "This Program is not Insurance" and only  
9 provides dental, vision, prescription and chiropractic services on a discounted basis.

10          4.       Mark Miller ("Miller" or "Respondent Miller") is not licensed to transact insurance  
11 in Arizona nor is he exempt from the licensing requirement.

12          5.       Family Healthcare Services, Inc. dba America's Best Benefits ("America's Best"  
13 or "Respondent America's Best") is not licensed to transact insurance in Arizona nor is it  
14 exempt from the licensing requirement. America's Best Benefit's addresses are: 2515  
15 Camino Del Mar #11, Del Mar CA 92014 and 5234 Kendall Ridge Court, Las Vegas NV  
16 89141.

17          6.       Ethan Erickson ("Erickson" or "Respondent Erickson") is President of America's  
18 Best Benefits. Erickson is licensed in Arizona as a non-resident life producer, license number  
19 864105 which expires January 10, 2010. Erickson's addresses of record with the Department  
20 are: 5550 S. Fort Apache, Suite 108, Las Vegas, NV, 89148 (business) and 5234 Kendall  
21 Ridge Ct., Las Vegas, NV, 89141.

22          7.       James Doyle ("Doyle" or "Respondent Doyle") is the Vice President of America's  
23 Best. Doyle is not licensed to transact insurance in Arizona nor is he exempt from the  
licensing requirement.

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<sup>1</sup> The National Trade Business Association is also known as the National Trade Business Alliance of America, National Transportation Benefits Alliance Association, Qualified Administrative Specialists of America, American Employers Association and NTBAA.

1           8.     National Trade Business Association ("NTBAA" or "Respondent NTBAA") is a  
2 membership association located at 141 Ganttown Road, Suite E, Turnersville, NJ 08012.  
3 NTBAA is not a bona fide association within the meaning of A.R.S. § 20-2301(5). NTBAA is  
4 not licensed to transact insurance in Arizona nor is it exempt from the licensing requirement.  
5 NTBAA issued health insurance contracts to Arizona residents in the form of insurance cards  
6 for Affinity Health Plans of America.

7           9.     Thomas J. Sullivan ("Sullivan" or "Respondent Sullivan") is the President of  
8 NTBAA. Sullivan is not licensed to transact insurance in Arizona nor is he exempt from the  
9 licensing requirement.

10          10.    Doyle is the Secretary and Treasurer of NTBAA.

11          11.    Neither NTBAA or Affinity Health Plans of America holds a certificate of authority  
12 to transact insurance in the State of Arizona.

13          12.    Neither NTBAA or Affinity Health Plans of America is exempt from the certificate  
14 of authority requirement.

15          13.    HCH Administration, Inc. ("HCH" or "Respondent HCH") is a licensed third party  
16 administrator domiciled in New Mexico and holds Arizona license number 201589 which  
17 expires on June 30, 2009. HCH's address of record with the Department is 209 W R B  
18 Garrett Ave., Peoria, Illinois 61605.

19          14.    Paylogix, LLC ("Paylogix" or "Respondent Paylogix") is a New York domiciled life  
20 and health administrator (NAIC # 2271) authorized to do business in Arizona. Paylogix is  
21 located at 1025 Old Country Road, Suite 310, Westbury, NY 11590.

22          15.    Richard Pfadenhauer is the Owner/Member of Paylogix.

23          16.    On July 20, 2006, Paylogix entered into an Administrative Service Agreement  
with NTBAA. Sullivan signed the agreement as President of NTBAA.

          17.    On July 15, 2006, Paylogix entered into an Administrative Service Agreement  
with America's Best to administer Affinity Healthplan (sic) of America. Erickson signed the  
agreement as Vice President of America's Best.

1 18. On September 11, 2006, Paylogix, on behalf of Affinity Health Plans of America,  
2 made two withdrawals from the CopyWorks & Printing business account, \*\*\*\* \* 0116, each  
3 for \$249.50.

4 19. As a result of its investigation, the Department discovered:

5 a. On May 22, 2007, the North Carolina Department of Insurance scheduled  
6 a hearing and issued an Order to produce documents to Sullivan, Doyle and  
7 Erickson alleging the transaction of unlicensed insurance business in that state  
(Docket # 1375).

8 b. On March 22, 2007 the Better Business Bureau issued a press release  
9 warning Washingtonians that Affinity Health Plans of America was a sham  
10 insurance plan offered by NTBAA.

11 c. On September 26, 2006, the Kentucky Office of Insurance issued a press  
12 release warning Kentuckians of a group health insurance scam being offered by  
NTBAA through another agent, PBC Direct.

13 d. On August 3, 2004, the Pennsylvania Department of Insurance entered a  
14 Consent Order with NTBAA, Docket No. CO 04-07-003, for violations of  
15 Pennsylvania statutes prohibiting the solicitation of unauthorized insurance.  
16 NTBAA was ordered to cease and desist doing business in Pennsylvania.

17 e. On December 13, 2002, the Commissioner of Insurance of the State of  
18 Texas issued an ex parte Emergency Cease and Desist Order against Doyle for  
19 engaging in unlicensed activity in that state. On or about June 3, 2004, Doyle  
was indicted for selling bogus insurance products to Texas consumers.

#### 20 CONCLUSIONS OF LAW

21 1. The Director has jurisdiction over this matter.

22 2. Transact, with respect to insurance, includes solicitation and inducement,  
23 preliminary negotiations, effectuation of a contract of insurance and transaction of matters

1 subsequent to effectuation of the contract and arising out of it, within the meaning of A.R.S. §  
2 20-106(A).

3 3. Respondents Miller, America's Best, NTBAA, Sullivan and Doyle's conduct, as  
4 alleged above, constitutes selling, soliciting or negotiating insurance in Arizona for any class or  
5 classes of insurance without a license for that line of authority, within the meaning of A.R.S. §  
6 20-282.

7 4. Respondents Miller, America's Best, NTBAA, Sullivan and Doyle are not exempt  
8 from licensure under A.R.S. § 20-283(B).

9 5. Grounds exist to issue a cease and desist order to Respondents Miller,  
10 America's Best, NTBAA, Sullivan and Doyle for selling, soliciting or negotiating insurance in  
11 Arizona for any class or classes of insurance without a license for that line of authority, within  
12 the meaning of A.R.S. § 20-292.

13 6. Respondent NTBAA is not a bona fide association in Arizona within the meaning  
14 of A.R.S. § 20-2324 nor does NTBAA hold a certificate of exemption under A.R.S. § 20-  
15 401.05.

16 7. Respondent NTBAA's conduct, as alleged above, constitutes transacting  
17 insurance business in Arizona without a certificate of authority, within the meaning of A.R.S. §  
18 20-401.01(A).

19 8. Respondent NTBAA is not exempt from holding a certificate of authority under  
20 A.R.S. § 20-401.01(B).

21 9. Grounds exist to issue a cease and desist order to Respondent NTBAA for  
22 unlawfully transacting insurance business in Arizona without a certificate of authority, within  
23 the meaning of A.R.S. § 20-401.02.

Insurance contracts issued by Respondent NTBAA are enforceable and valid  
contracts, within the meaning of A.R.S. §20-402.





1 Please send your hearing and ISC requests to:

2 **Arizona Department of Insurance**  
3 **2910 North 44<sup>th</sup> Street, Suite 210**  
4 **Phoenix, Arizona 85018-7269**  
5 **Attn: Director's Office**

6 COPY of the foregoing mailed this  
7 12th day of October, 2007 to:

8 Lynette Evans  
9 Assistant Attorney General  
10 1275 West Washington  
11 Phoenix, Arizona 85007  
12 Attorney for the Department

13 National Trade Business Association of America  
14 National Trade Business Alliance of America  
15 National Transportation Benefits Alliance Association  
16 Qualified Administrative Specialists of America  
17 American Employers Association  
18 NTBAA  
19 Affinity Health Plans of America  
20 141 Ganttown Road, Suite E  
21 Turnersville NJ 08012  
22 Respondent

23 Thomas J. Sullivan  
c/o NTBAA  
141 Ganttown Road, Suite E  
Turnersville NJ 08012  
Respondent

Family Healthcare Services, Inc.  
dba America's Best Benefits,  
2515 Camino Del Mar #11  
Del Mar CA 92014  
Respondent

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dba America's Best Benefits,  
5234 Kendall Ridge Court  
Las Vegas NV 89141  
Respondent

*Attorney for  
NTBAA, Doyle  
+ Sullivan is  
Bogdan Rentea  
Austin, TX*



1 Ethan Erickson  
2 5550 S. Fort Apache, Suite 108  
3 Las Vegas, NV 89148  
4 Respondent

4 Ethan Erickson  
5 5234 Kendall Ridge Ct.  
6 Las Vegas, NV 89141  
7 Respondent

6 James Doyle  
7 c/o Family Healthcare Services, Inc.  
8 dba America's Best Benefits,  
9 2515 Camino Del Mar #11  
10 Del Mar CA 92014  
11 Respondent

10 James Doyle  
11 c/o NTBAA  
12 141 Ganttown Road, Suite E  
13 Turnersville NJ 08012  
14 Respondent

13 Mark Miller  
14 c/o Family Healthcare Services, Inc.  
15 dba America's Best Benefits,  
16 2515 Camino Del Mar #11  
17 Del Mar CA 92014  
18 Respondent

16 HCH Administration, Inc.  
17 209 W R B Garrett Ave.  
18 Peoria, IL 61605  
19 Respondent

18 Paylogix, LLC  
19 1025 Old Country Road, Suite 310  
20 Westbury, NY 11590  
21 Respondent

21 Richard Pfadenhauer  
22 c/o Paylogix, LLC  
23 1025 Old Country Road, Suite 310  
Westbury, NY 11590  
Respondent

1 Gerrie Marks, Deputy Director  
Mary E. Kosinski, Exec. Assistant for Reg. Affairs  
2 Mary Butterfield, Assistant Director  
Catherine M. O'Neil, Consumer Legal Affairs Officer  
3 Terry Cooper, Assistant Director  
Alix Shafer, Assistant Director  
4 Arnold Sniegowski, Supervisor  
Steven Fromholtz, Licensing Director  
5 Department of Insurance  
2910 North 44<sup>th</sup> Street, Suite 210  
6 Phoenix, Arizona 85018

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8 Curvey Walters Burton

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