

BEFORE THE INSURANCE COMMISSIONER OF THE  
STATE OF OKLAHOMA

**FILED**  
FEB 11 2008  
INSURANCE COMMISSIONER  
OKLAHOMA

STATE OF OKLAHOMA, ex rel. )  
KIM HOLLAND, Insurance Commissioner, )  
 )  
Petitioner )  
 )  
vs. )  
 )  
HEALTHSHARE AMERICA, LLC, )  
HEALTHSHARE MARKETING, LLC, )  
W.I.N. ASSOCIATION, )  
CHAMBERHEALTH USA, )  
DAN JOHNSON, )  
ROY STINNETT, )  
MICHAEL BIANCHI, and )  
EDWIN D. WELLS, )  
 )  
Respondents. )

Case No. 08-0118-UNI

**APPLICATION FOR EMERGENCY CEASE AND DESIST ORDER**

The Oklahoma Insurance Department (“Department” or “OID”), through Assistant General Counsel John Mahoney, applies for an Emergency Cease and Desist Order against HealthShare America, LLC (“HSA”); HealthShare Marketing, LLC (“HSM”); W.I.N. Association (“WIN”); ChamberHealth USA (“Chamber”); Dan Johnson (“Johnson”); Roy Stinnett (“Stinnett”); Michael Bianchi (“Bianchi”); and Edwin D. Wells (“Wells”), hereinafter collectively referred to as Respondents. Respondent HSA purports to be a “co-op health care benefits company.” Respondent HSM is engaged in the sale of sales territories on behalf of HSA. Respondent WIN is believed to be the recently adopted name under which HSA and HSM solicit and sell insurance contracts. ChamberHealth USA is HSA offered to local Chambers of Commerce promising a \$25.00 fee for each client/family referred. Johnson, Stinnett and Bianchi

are believed to be the Board of Directors of HSA. Wells is identified as the National Sales Director.

### **RESPONDENTS AND SERVICE**

Respondent HSA lists an address of 3130-C Strawberry Road, Pasadena, Texas 77504. Respondent HSM lists an address of 601 Heritage Drive, Unit 121, Jupiter, Florida 33458. Respondent WIN lists an address of 4535 West Sahara Avenue, Suite 200, Las Vegas, Nevada 89102. Respondents Johnson, Stinnett and Bianchi are believed to be at 3130-C Strawberry Road, Pasadena, Texas 77504. Respondent Wells lists an address of 6248 Robinson Street, Jupiter, Florida 33458.

### **JURISDICTION**

The Insurance Commissioner has jurisdiction over this matter pursuant to the Oklahoma Constitution Article VI § 22, and the Oklahoma Insurance Code, 36 O.S. §§ 101 et seq., specifically pursuant to: Article 6 Authorization of Insurers, 36 O.S. §§ 601, et seq.; the Oklahoma Producer Licensing Act, 36 O.S. §§ 1435.1, et seq.; the Unauthorized Insurance Business Act, 36 O.S. §§ 6103.1, et seq.; and the Health Care Fraud Prevention Act, 36 O.S. § 1219.4.

### **NATURE OF THIS ACTION**

The Oklahoma Insurance Department alleges Respondents engaged in the insurance business in Oklahoma without authorization.

### **ALLEGATIONS OF FACT**

In addition to the above the Department alleges as follows:

1. In January 2008 the Oklahoma Insurance Department was notified through U.S. mail of allegations that Respondents were engaged in fraudulent and unlicensed insurance

activities. The sender of the information identified himself as Scott Green, a former Florida State Director for Respondent HSM. The initial information subtitled "A Case Study in Medical Insurance Fraud" identified Respondent HSA as a medical insurance plan and Respondent HSM as an entity selling Respondent HSA's sales territories. Green alleged, inter alia, the activities were essentially a Ponzi scheme operated primarily with unlicensed agents.

2. Green's complaint provided a web-site [www.healthshareamerica.com](http://www.healthshareamerica.com). The Department's Anti-Fraud Unit located the web-site and found the Respondents now advertised as Respondent WIN. In addition to a healthcare plan, the site offered a "Save-a-Pet Care Plan" and a "Vehicle Repair Assistance Plan." The site included an Association Membership Enrollment Form and fee schedule.

3. In addition to the Association application, the web-site included applications for the Association Health Plan, the Association Save-A-Pet Plan, and Vehicle Repair Assistance Plan. Also included were a Description of Major Medical Plans and a Monthly Fee schedule. The Major Medical plans ranged in price from \$100.00 per month for the "Lite" plan to \$250.00 for Plan "D" with an additional \$25.00 per month assessed to those not paying with automatic bank or credit card draft.

4. The Anti-Fraud Unit initiated telephone contact with the number provided on the complaint. A person identifying himself as Scott Green confirmed that he had sent the complaint. Green said he was an insurance agent licensed in the State of Florida and was recruited to sell HSA policies in South Florida. He paid \$10,000.00 to HSM to become a Florida State Director. This entitled him to a portion of the commissions paid to certain agents in Florida.

5. Green went on to state he sold approximately 30 policies before he discovered there was little or no coverage for his clients. Green learned of this when these clients informed him their claims were not being paid. The clients have now been placed with other insurers.

6. Green stated that Respondent WIN was a recently adopted name. Green also advised that Respondents had marketed to various chambers of commerce under the name ChamberHealth. Based on Respondents' representations to him, Green believed hundreds of policies were sold in Texas and Oklahoma.

7. Green agreed to provide additional documents he had received from Respondents. The Department received them via e-mail shortly after making contact with Green. Respondents' Basic Training materials claimed HSA to be a "Co-op Healthcare Benefits Company," alternative to "traditional" insurance covering individuals, families, self-employed, large and small groups, additional benefits include dental, vision, chiropractic, comprehensive major medical with "No Deductibles." Additionally, the manual stated: "Nobody is turned away, Accept pre-existing conditions."

8. The manual went on to state [HSA] "fills gaps in Medicare...", "Comprehensive benefits at prices not currently available through any other program," "20% - 50% less than traditional insurance." The manual claims "HSA is not an insurance company. Payments made by HSA are not insurance." Notwithstanding this assertion, the presentation portion of the manual instructs the sales representative to: "Say that this is the best insurance plan in the area."

9. The manual further stated, "Everything else was prologue. The point of what we do at HSA is to fill out applications." "Never, never call HSA insurance. It is a co-op benefits plan. It does pay claims, it has a PPO network and it has co-pays. It is **NOT** insurance."

10. A ChamberHealth power point forwarded by Green provides similar promises. However, it is purported to be exclusively for the “Chamber Member.” The participating Chamber is to receive a \$25.00 fee for each referral.

11. An Oklahoma Insurance Department Anti-Fraud Unit investigator contacted an e-mail address found on Respondents’ web-site, [ewellsnsd@gmail.com](mailto:ewellsnsd@gmail.com), and inquired for insurance coverage for a family of four. A response was received signature blocked “Edwin D. Wells 561-201-2828 Cell, National Sales Director, WIN Association, [www.winassociation.com](http://www.winassociation.com), [ewells@winassociation.com](mailto:ewells@winassociation.com). The investigator was directed to the WIN association web-site and instructed to call with any questions.

12. The OID investigator requested by e-mail to meet a local agent. However, he was informed by the person identified as Ed Wells NSD that Respondent was looking for someone in the state to represent them and that in the meantime he was the representative. A toll-free number was provided (877 800 4363) to “call me anytime.”

13. The Department investigator inquired “how much does your insurance pay toward the bill [\$150.00 doctor appointment]?” The person identified as Ed Wells responded, “After month 3 100%. The customer has a 90 day \$500.00 initial responsibility. After 90 days it is no more ever again.”

A review of the OID records determined none of the Respondents are licensed by the OID in any capacity. Nor have they ever been licensed. Further investigation revealed none are licensed with the Oklahoma Secretary of State to do business in Oklahoma.

## **ALLEGED VIOLATIONS OF LAW**

1. Respondents are engaging in activities that fall within the definition of "doing an insurance business in this State." The above-cited conduct is in violation of 36 O.S. §§ 6103.2 and 6103.3.

2. The alleged conduct is an immediate danger to the public or is causing or can be reasonably expected to cause significant, imminent and irreparable public injury.

## **RELIEF REQUESTED**

The Insurance Commissioner is requested to immediately without notice or hearing issue an Emergency Cease and Desist Order under authority of 36 O.S. § 6103.5, ordering Respondents and their agents, affiliates, employees, and other representatives, both current and successor, whether named or unnamed herein, to cease and desist from all activities related to doing unauthorized insurance business in this state, including:

1. The making of or proposing to make, as an insurer, an insurance contract;
2. The making of or proposing to make, as guarantor or surety, any contract of guaranty or suretyship as a vocation and not merely incidental to any other legitimate business or activity of the guarantor or surety;
3. The taking or receiving of any application for insurance;
4. Maintaining any agency or office where any acts in furtherance of an insurance business are transacted, including but not limited to:
  - a. the execution of contracts of insurance with citizens of this or any other state,
  - b. maintaining files or records of contracts of insurance,
  - c. the processing of claims, or

d. the receiving or collection of any premiums, commissions, membership fees, assessments, dues or other consideration for any insurance or any part thereof;

5. The issuance or delivery of contracts of insurance to residents of this state or to persons authorized to do business in this state;

6. Directly or indirectly acting as an agent for, or otherwise representing or aiding on behalf of another, any person or insurer in:

a. the solicitation, negotiation, procurement or effectuation of insurance or renewals thereof,

b. the dissemination of information as to coverage or rates, or forwarding of applications, or delivery of policies or contracts,

c. inspection of risks,

d. fixing of rates or investigation or adjustment of claims or losses,

e. the transaction of matters subsequent to effectuation of the contract and arising out of it, or

f. in any other manner representing or assisting a person or insurer in the transaction of insurance with respect to subjects of insurance resident, located or to be performed in this state;

7. Contracting to provide indemnification or expense reimbursement in this state to persons domiciled in this state or for risks located in this state, whether as an insurer, agent, administrator, trust, funding mechanism, or by any other method;

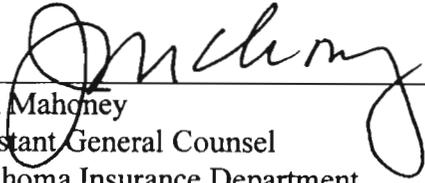
8. The doing of any kind of insurance business specifically recognized as constituting the doing of an insurance business within the meaning of the statutes relating to insurance;

9. The doing or proposing to do any insurance business in substance equivalent to any of the foregoing in a manner designed to evade the provisions of the statutes; or

10. Any other transactions of business in this state by an insurer or Discount Medical Plan Organization provider or marketer.

In addition, the Commissioner is requested, notwithstanding the above requested orders, to order Respondents to pay all unpaid claims and to order any further relief which may be deemed appropriate and which is authorized by law, whether or not specifically requested herein, consistent with 36 O.S. §§ 6103.1 - 6103.11.

Respectfully submitted on this 11<sup>th</sup> day of February, 2008.

  
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John Mahoney  
Assistant General Counsel  
Oklahoma Insurance Department  
P.O. Box 53408  
Oklahoma City, Oklahoma 73152-3408  
Telephone: (405) 521-2746  
Facsimile: (405) 522-0125

**CERTIFICATE OF MAILING**

I, John Mahoney, hereby certify that a true and correct copy of the above and foregoing Application for Emergency Cease and Desist Order was mailed certified mail with postage prepaid and return receipt requested on this 19<sup>th</sup> day of February, 2008, to:

HealthShare America, LLC  
3130-C Strawberry Rd.  
Pasadena, Texas 77504

Dan Johnson  
3130-C Strawberry Road  
Pasadena, Texas 77504

**Certified No. 7001 0320 0004 4505 0577**

**Certified No. 7001 0320 0004 4505 0614**

HealthShare Marketing, LLC  
601 Heritage Drive, Unit 121  
Jupiter, Florida 33458

Roy Stinnett  
3130-C Strawberry Rd.  
Pasadena, Texas 77504

**Certified No. 7001 0320 0004 4505 0584**

**Certified No. 7001 0320 0004 4505 0621**

W.I.N. Association  
4535 W. Sahara Ave., Suite 200  
Las Vegas, Nevada 89102

Michael Bianchi  
3130-C Strawberry Rd.  
Pasadena, Texas 77504

**Certified No. 7001 0320 0004 4505 0591**

**Certified No. 7001 0320 0004 4505 0638**

ChamberHealth USA  
3130-C Strawberry Rd.  
Pasadena, Texas 77504

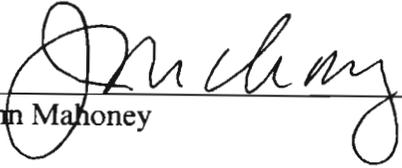
Edwin D. Wells  
6248 Robinson Street  
Jupiter, Florida 33458

**Certified No. 7001 0320 0004 4505 0607**

**Certified No. 7001 0320 0004 4505 0645**

and a copy was hand-delivered to:

Financial Division  
Agents Licensing Division

  
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John Mahoney