

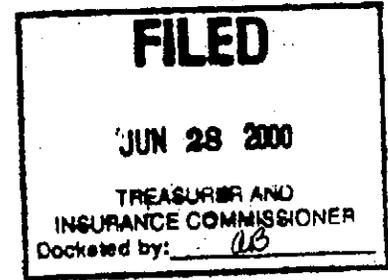
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DIVISION OF  
ADMINISTRATIVE  
HEARINGS  
TREASURER OF THE STATE OF FLORIDA  
DEPARTMENT OF INSURANCE

BILL NELSON



IN RE: THE MATTER OF  
ACCELERATED BENEFITS CORPORATION

Case No. 34703-00-CO

ADMINISTRATIVE COMPLAINT

You, ACCELERATED BENEFITS CORPORATION (ABC), are hereby notified that pursuant to the Florida Insurance Code the Treasurer and Insurance Commissioner of the State of Florida has caused to be made an investigation of your activities while licensed as a viatical settlement provider, as a result of which it is alleged that:

GENERAL ALLEGATIONS

1. ABC is a Florida corporation whose principal address is 105 E. Robinson Street, Second Floor, Orlando, Fla. 32801
2. ABC is licensed by the Florida Department of Insurance (Department) as a viatical settlement provider pursuant to Part X of Chapter 626, Florida Statutes.
3. ABC is engaged in the business of effectuating viatical settlement contracts.
4. Information made available to the Department through the execution of a Department subpoena reflects that ABC has, from offices located in this state, effectuated viatical settlement agreements in the presence of circumstances whereby ABC knew, or in the exercise of reasonable diligence should have known, that the

underlying insurance policy had been procured through fraud, or dishonesty, or misrepresentations made by the viator to the insurance company issuing the policy being purchased by ABC and, further, that ABC entered into a course of conduct intentionally designed to conceal that fraud, or dishonesty, or misrepresentation from the insurance carriers and this Department.

COUNT ONE

5. The allegations contained in paragraphs one through and including four are here re-alleged and incorporated by reference into this Count.

6. Files obtained from ABC show that:

a) On or about July 29, 1998, Viator #2126VC submitted a written application for a \$75,000 life insurance policy to Southwestern Life Insurance Company (Southwestern).

b) On said application Viator #2126VC specifically stated that he had not been diagnosed by a member of the medical profession as having Acquired Immune Deficiency Syndrome (AIDS), or tested positive for the HIV virus (human T-Cell Lymphotropic).

c) In reliance on that application and the representations therein, Southwestern issued the policy in question on or about August 11, 1998.

d) Despite those representations to Southwestern Viator #2126VC, on or about February 8, 1996, signed an application to Washington Viatical Network (a viatical settlement broker utilized by ABC relative to said Southwestern policy) which affirmatively stated that in July of 1995 he had been diagnosed as having a terminal illness, and that he suffered from fatigue and thrush. Washington Viatical

Network then brokered the sale of the Southwestern policy to ABC, and specifically noted that Viator #2126VC had " a decreasing T-cell level currently at 279."

e) On or about October 2, 1998, while the policy was still contestable, Viator #2126VC and ABC, through its trustee American Title Company of Orlando, entered into a contract for the sale and purchase of the Southwestern policy for the net sum of \$8,250.

f) At ABC's request, on October 5, 1998 Viator #2126VC also executed an "Addendum To Purchase And Sale Agreement Schedule A", in which Viator #2126VC acknowledged that his Southwestern policy was still within its contestability period, agreed that he would not inform Southwestern that he had sold that policy to a viatical settlement provider, and agreed to sign an undated change of ownership or absolute assignment for use by ABC upon the expiration of the contestability period.

g) ABC's files show that it effectuated the aforementioned viatical settlement agreement with Viator #2126VC after it knew or in the exercise of reasonable diligence should have known that Viator #2126VC had made material misrepresentations relative to his health on the application to Southwestern, and that ABC thereafter undertook a course of action designed to conceal those misrepresentations from Southwestern and this Department.

IT IS THEREFORE CHARGED that Accelerated Benefits Corporation has violated or is accountable under one or more of the following provisions of the Florida

Insurance Code which constitutes grounds for the suspension or revocation of its viatical settlement provider license:

- (a) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement provider.[Section 626.9914(1)(b), F. S.];
- (b) Failure to report knowledge or belief of the commission of a fraudulent insurance act or any other act which, upon conviction, constitutes a felony or misdemeanor under the Insurance Code or Section 817.234, F. S. [Section 626.989(6), F. S.].

COUNT TWO

7. The allegations contained in paragraphs one through and including four are here re-alleged and incorporated by reference into this Count.

8. Files obtained from ABC show that:

a) On or about July 27, 1998 Viator #2125VC submitted a written application for a \$30,000 life insurance policy to Bradford National Life Insurance Company (Bradford).

b) On said application Viator #2125VC specifically stated that he had not been diagnosed by a member of the medical profession as having Acquired Immune Deficiency Syndrome (AIDS), or tested positive for exposure to the AIDS virus.

c) In reliance on that application and the representations therein, Bradford issued the policy in question on or about August 12, 1998.

d) Despite those representations to Bradford, Viator #2125VC, on or about February 8, 1996, signed an application to Washington Viatical Network (a viatical settlement broker utilized by ABC relative to said Bradford policy) which affirmatively stated that in July of 1995 he had been diagnosed as having a

terminal illness, and that he suffered from fatigue and thrush. Washington Viatical Network then brokered the sale of the Bradford policy to ABC, and specifically noted that Viator #2125VC had "a decreasing T-cell level currently at 279."

e) On or about October 2, 1998, while the policy was still contestable, Viator #2125VC and ABC, through its trustee American Title Company of Orlando, entered into a contract for the sale and purchase of the Bradford policy for the net sum of \$3,300.

f) At ABC's request, on October 5, 1998 Viator #2125VC also executed an "Addendum To Purchase And Sale Agreement Schedule A", in which Viator #2125VC acknowledged that his Bradford policy was still within its contestability period, agreed that he would not inform Bradford that he had sold that policy to a viatical settlement provider, and agreed to sign an undated change of ownership or absolute assignment for use by ABC upon the expiration of the contestability period.

g) ABC's files show that it effectuated the aforementioned viatical settlement agreement with Viator #2125VC after it knew or in the exercise of reasonable diligence should have known that Viator #2125VC had made material misrepresentations relative to his health on the application to Bradford, and that ABC thereafter undertook a course of action designed to conceal those misrepresentations from Bradford and this Department.

IT IS THEREFORE CHARGED that Accelerated Benefits Corporation has violated or is accountable under one or more of the following provisions of the Florida

Insurance Code which constitutes grounds for the suspension or revocation of its viatical settlement provider license:

- (a) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement provider.[Section 626.9914(1)(b), F. S.]
- (b) Failure to report knowledge or belief of the commission of a fraudulent insurance act or any other act which, upon conviction, constitutes a felony or misdemeanor under the Insurance Code or Section 817.234, F. S. [Section 626.989(6), F. S.]

### COUNT THREE

9. The allegations contained in paragraphs one through and including four are here re-alleged and incorporated by reference into this Count.

10. Files obtained from ABC show that:

a) On or about October 2, 1996 Viator #1734VC submitted a written application for a \$100,000 life insurance policy to Interstate Assurance Company (Interstate).

b) On said application Viator #1734VC specifically stated that he had not been diagnosed within the last ten years by a member of the medical profession as having an immune system disorder, and was not then on medication or treatment or therapy.

c) In reliance on that application and the representations therein Interstate issued the policy in question on or about October 10, 1996.

d) Despite those representations to Interstate, on or about May 20, 1996, Life Benefit Services (a viatical settlement broker utilized by ABC relative to said Interstate policy) received a completed "Physician's Questionnaire" which

affirmatively stated that in 1990 Viator #1734VC had been diagnosed as having a tested positive for exposure to the AIDS virus, and that in 1995 Viator #1734VC was diagnosed as having AIDS, and that Viator #1734VC was then on AIDS medication. Life Benefit Services then brokered the sale of the Interstate policy to ABC, which then completed a "Policy Acquisition Worksheet" specifically noting that Viator #1734VC had AIDS as of June 1995, with a first diagnosis in 1990.

e) On or about June 23, 1997, while the policy was still contestable, Viator #1734VC and ABC entered into a contract for the sale and purchase of the Interstate policy for the net sum of \$10,000.

f) ABC issued written instructions to Viator #1734VC telling him to not contact his insurance company until told to do so by Ms. Holman, and caused Viator #1734VC to execute an "Addendum To Purchase And Sale Agreement Schedule A", in which Viator #1734VC acknowledged that his Interstate policy was still within its contestability period, agreed that he would not inform Interstate that he had sold that policy to a viatical settlement provider, and agreed to sign an undated change of ownership or absolute assignment for use by ABC upon the expiration of the contestability period.

g) During the contestability period, Jennifer A. Grinstead, an ABC employee, paid the annual premium on Viator #1734VC's Interstate policy from her personal checking account in order to conceal from Interstate that Viator #1734VC had sold the policy to ABC, and received reimbursement for those payments from American Title Company of Orlando, ABC's trustee.

h) Only on November 6, 1998, after the contestability period had expired, did ABC inform Interstate that it had purchased the policy in question.

i) ABC's files show that it effectuated the aforementioned viatical settlement agreement with Viator #1734VC after it knew or in the exercise of reasonable diligence should have known that Viator #1734VC had made material misrepresentations relative to his health on the application to Interstate, and that ABC thereafter undertook a course of action designed to conceal those misrepresentations from Interstate and this Department.

IT IS THEREFORE CHARGED that Accelerated Benefits Corporation has violated or is accountable under one or more of the following provisions of the Florida Insurance Code which constitutes grounds for the suspension or revocation of its viatical settlement provider license:

- (a) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement provider. [Section 626.9914(1)(b), F. S.];
- (b) Failure to report knowledge or belief of the commission of a fraudulent insurance act or any other act which, upon conviction, constitutes a felony or misdemeanor under the Insurance Code or Section 817.234, F. S. [Section 626.989(6), F. S.].

#### COUNT FOUR

11. The allegations contained in paragraphs one through and including four are here re-alleged and incorporated by reference into this Count.

12. Files obtained from ABC show that:

a) On or about November 19, 1997 Viator #1924VC submitted a written application for a \$20,000 life insurance policy to Gerber Life Insurance Company (Gerber).

b) On said application Viator #1924VC specifically stated that he had not within the last ten years been diagnosed by a member of the medical profession as having Acquired Immune Deficiency Syndrome (AIDS), or AID Related Complex (ARC), or HIV infection, or been treated by a doctor within the last five years.

c) In reliance on that application and the representations therein, Gerber issued the policy in question on or about December 15, 1997.

d) Despite those representations to Gerber, Viator #1924VC, on or about October 22, 1997, completed an application to United Viatical Settlements (a viatical settlement broker utilized by ABC relative to said Gerber policy) which affirmatively stated that in April of 1992 he had been diagnosed as having HIV. Further, the "Policy Acquisition Worksheet" completed by ABC relative to its purchase of the Gerber policy specifically noted that in March of 1996 Viator #1924VC was diagnosed as having AIDS, and being on a number of prescribed medications.

e) On or about January 15, 1998, while the policy was still contestable, Viator #1924VC and ABC entered into a contract for the sale and purchase of the Gerber policy for the net sum of \$2,456.

f) At ABC's request, on January 20, 1998 Viator #1924VC also executed an "Addendum To Purchase And Sale Agreement Schedule A", in

which Viator #1924VC acknowledged that his Gerber policy was still within its contestability period, agreed that he would not inform Gerber that he had sold that policy to a viatical settlement provider, and agreed to sign an undated change of ownership or absolute assignment for use by ABC upon the expiration of the contestability period.

g) ABC's files show that it effectuated the aforementioned viatical settlement agreement with Gerber after it knew or in the exercise of reasonable diligence should have known that Gerber had made material misrepresentations relative to his health on the application to Gerber, and that ABC thereafter undertook a course of action designed to conceal those misrepresentations from Gerber and this Department.

IT IS THEREFORE CHARGED that Accelerated Benefits Corporation has violated or is accountable under one or more of the following provisions of the Florida Insurance Code which constitutes grounds for the suspension or revocation of its viatical settlement provider license:

- (a) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement provider.[Section 626.9914(1)(b), F. S.];
- (b) Failure to report knowledge or belief of the commission of a fraudulent insurance act or any other act which, upon conviction, constitutes a felony or misdemeanor under the Insurance Code or Section 817.234, F. S. [Section 626.989(6), F. S.].

#### COUNT FIVE

13. The allegations contained in paragraphs one through and including four are here re-alleged and incorporated by reference into this Count.

14. Files obtained from ABC show that:

a) On or about May 22, 1998 Viator #2101VC submitted a written application for a \$250,000 life insurance policy to The United States Life Insurance Company (US Life).

b) On said application Viator #2101VC specifically stated that he had not consulted any physician or other practitioner within the last five years.

c) In reliance on that application and the representations therein, US Life issued the policy in question on or about August 1, 1998.

d) Despite that representation to US Life, on or about July 29, 1998, Life Benefit Services (a viatical settlement broker utilized by ABC relative to said Interstate policy) received a completed "Confidential Application Form" from Viator #2101VC which affirmatively stated that in 1982 Viator #2101VC had been diagnosed as having HIV, and Life Benefits "Policy Summary Sheet" dated August 6, 1998, shows Viator #2101VC's diagnosis as "HIV/AIDS", and Life benefits was in possession of doctor's records showing Viator #2101VC had been under a physician's treatment during the last five years. Life Benefit Services brokered the sale of the US Life policy to ABC.

e) On or about August 25, 1998, while the policy was still contestable, Viator #2101VC and ABC entered into a contract for the sale and purchase of the US Life policy for the net sum of \$25,000.

f) ABC issued written instructions to Viator #2101VC telling him to not contact his insurance company until told to do so by Ms. Holman, and caused Viator #2101VC to execute an "Addendum To Purchase And Sale Agreement

Schedule A", in which Viator #2101VC acknowledged that his US Life policy was still within its contestability period, agreed that he would not inform Interstate that he had sold that policy to a viatical settlement provider, and agreed to sign an undated change of ownership or absolute assignment for use by ABC upon the expiration of the contestability period.

g) During the contestability period, Jennifer A. Grinstead, an ABC employee, paid the annual premium on Viator #2101VC's US Life policy from her personal checking account in order to conceal from Interstate the fact that Viator #2101VC had sold the policy to ABC, and received reimbursement for those payments from American Title Company of Orlando, ABC's trustee.

h) ABC's files show that it effectuated the aforementioned viatical settlement agreement with Viator #2101VC after it knew or in the exercise of reasonable diligence should have known that Viator #2101VC had made material misrepresentations relative to his health on the application to US Life, and that ABC thereafter undertook a course of action designed to conceal those misrepresentations from US Life and this Department.

IT IS THEREFORE CHARGED that Accelerated Benefits Corporation has violated or is accountable under one or more of the following provisions of the Florida Insurance Code which constitutes grounds for the suspension or revocation of its viatical settlement provider license:

- (a) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement provider.[Section 626.9914(1)(b), F. S.] ;

- ( )
- (b) Failure to report knowledge or belief of the commission of a fraudulent insurance act or any other act which, upon conviction, constitutes a felony or misdemeanor under the Insurance Code or Section 817.234, F. S. [Section 626.989(6), F. S.].

COUNT SIX

15. The allegations contained in paragraphs one through and including four are here re-alleged and incorporated by reference into this Count.

16. Files obtained from ABC show that:

a) On or about November 4, 1997, Viator #1900VC submitted a written application for a \$45,000 life insurance policy to Life USA Insurance Company (Life USA).

b) On said application Viator #1900VC specifically stated that he had not received any medical or surgical advise or treatment within the last five years, had not been told by a medical doctor that he had AIDS or ARC, and was not then taking any medication.

c) In reliance on that application and the representations therein, Life USA issued the policy in question on or about November 12, 1997.

d) Despite those representations to Life USA, on or about December 17, 1997, United Viatical Settlements (a viatical settlement broker utilized by ABC relative to said Life USA policy) received a completed "Application" form from Viator #1900VC which affirmatively stated that Viator #1900VC had been diagnosed as having HIV, "a few years ago", and ABC's "Policy Acquisition Worksheet", ABC's "Clean Up Sheet" dated December 18, 1997, and other ABC records shows that ABC knew Viator #1900VC had HIV or AIDS and was under

a doctor's treatment during the last five years. United Viatical Settlements brokered the sale of the Life USA policy to ABC.

e) On or about December 31, 1997, while the policy was still contestable, Viator #1900VC and ABC entered into a contract for the sale and purchase of the Interstate policy for the net sum of \$4,914.25.

f) ABC issued written instructions to Viator #1900VC telling him to not contact his insurance company until told to do so by Ms. Holman, and caused Viator #1900VC to execute an "Addendum To Purchase And Sale Agreement Schedule A", in which Viator #1900VC acknowledged that his Life USA policy was still within its contestability period, agreed that he would not inform Interstate that he had sold that policy to a viatical settlement provider, and agreed to sign an undated change of ownership or absolute assignment for use by ABC upon the expiration of the contestability period.

g) During the contestability period, Jennifer A. Grinstead, an ABC employee, paid the annual premium on Evan's Life USA policy from her personal checking account in order to conceal from Life USA the fact that Viator #1900VC had sold the policy to ABC, and received reimbursement for those payments from American Title Company of Orlando, ABC's trustee.

h) ABC's files show that it effectuated the aforementioned viatical settlement agreement with Viator #1900VC after it knew or in the exercise of reasonable diligence should have known that Viator #1900VC had made material misrepresentations relative to his health on the application to US Life, and that

ABC thereafter undertook a course of action designed to conceal those misrepresentations from Life USA and this Department.

IT IS THEREFORE CHARGED that Accelerated Benefits Corporation has violated or is accountable under one or more of the following provisions of the Florida Insurance Code which constitutes grounds for the suspension or revocation of its viatical settlement provider license:

- (a) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement provider. [Section 626.9914(1)(b), F. S.];
- (b) Failure to report knowledge or belief of the commission of a fraudulent insurance act or any other act which, upon conviction, constitutes a felony or misdemeanor under the Insurance Code or Section 817.234, F. S. [Section 626.989(6), F. S.].

#### COUNT SEVEN

17. The allegations contained in paragraphs one through and including four are here re-alleged and incorporated by reference into this Count.

18. Files obtained from ABC show that:

a) On or about April 26, 1997, Viator #1067V submitted a written application for a \$48,000 life insurance policy to Lincoln Benefit Life (Lincoln).

b) On said application Viator #1067V specifically stated that he had not been under medical observation or treatment within the last five years, and had not been diagnosed as having AIDS or ARC or tested positive for HIV.

c) In reliance on that application and the representations therein, Lincoln issued the policy in question on or about June 2, 1997.

d) Despite those representations to Lincoln, on or about January 14, 1998 Medical Escrow Society (a viatical settlement broker utilized by ABC relative to said Life USA policy) received a completed "Application" form from Viator #1067V which affirmatively stated that Viator #1067V had been diagnosed as having tested positive for HIV on August 8, 1989, and as having AIDS on August 10, 1994, and was then under a physician's care. Medical Escrow Society brokered the sale of the Lincoln policy to ABC.

e) On or about June 25, 1999, just after the expiration of the contestability period, Ralph Cahall, then owner of the Lincoln policy, and ABC entered into a contract for the sale and purchase of the Lincoln policy for the net sum of \$29,238.72, and on June 29, 1999, submitted a request for change of ownership from Cahall to American Title Company of Orlando, ABC's trustee. Neither Lincoln nor this department were informed about the misrepresentations known by ABC to have been made by Viator #1067V on his insurance policy application.

f) ABC's files show that it effectuated the aforementioned viatical settlement agreement with Cahall after it knew or in the exercise of reasonable diligence should have known that Viator #1067V had made material misrepresentations relative to his health on the application to Lincoln, and that ABC thereafter undertook a course of action designed to conceal those misrepresentations from Lincoln and this Department.

IT IS THEREFORE CHARGED that Accelerated Benefits Corporation has violated or is accountable under one or more of the following provisions of the Florida

Insurance Code which constitutes grounds for the suspension or revocation of its viatical settlement provider license:

- (a) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement provider. [Section 626.9914(1)(b), F. S.];
- (b) Failure to report knowledge or belief of the commission of a fraudulent insurance act or any other act which, upon conviction, constitutes a felony or misdemeanor under the Insurance Code or Section 817.234, F. S. [Section 626.989(6), F. S.];
- (c) Knowingly entering into a viatical settlement contract the subject of which is a life insurance policy that was obtained by means of a false, deceptive, or misleading application for the life insurance policy. [Section 626.99275, F. S.]

#### COUNT EIGHT

19. The allegations contained in paragraphs one through and including four are here re-alleged and incorporated by reference into this Count.

20. Files obtained from ABC show that:

a) On or about January 22, 1996 Viator #6095V submitted a written application for a \$50,000 life insurance policy to Interstate Assurance Company (Interstate).

b) On said application Viator #6095V specifically stated that he had not been diagnosed with an immune system disorder within the last ten years, and had not consulted or been treated by a member of the medical profession or been prescribed any medication within the last five years.

c) In reliance on that application and the representations therein, Interstate issued the policy in question on or about January 25, 1996.

d) Despite those representations to Interstate, on or about May 27, 1997, Viator #6095V completed an "Application Questionnaire" directed to Cash For Life, Inc., (a viatical settlement broker utilized by ABC relative to said Interstate policy) on which Viator #6095V which affirmatively stated that he had been diagnosed as having tested positive for HIV in August 1991. Cash For Life, Inc., brokered the Interstate policy to ABC, specifically informing ABC of Jacob's true medical condition.

e) On or about December 31, 1997, ABC responded to the solicitation made by Cash For Life, offering to purchase Jacob's policy for \$29,435.28, but specifically delaying actual purchase until after the contestability period had expired.

f) One January 26, 1998, just one day after the expiration of the contestability period, Viator #6095V and ABC entered into a contract for the sale and purchase of the Interstate policy. Neither the department nor Interstate were informed about the misrepresentations known by ABC to have been made by Viator #6095V on his insurance policy application.

f) ABC's files show that it effectuated the aforementioned viatical settlement agreement with Viator #6095V after it knew or in the exercise of reasonable diligence should have known that Viator #6095V had made material misrepresentations relative to his health on the application to Interstate, and that ABC thereafter undertook a course of action designed to conceal those misrepresentations from Interstate and this Department.

IT IS THEREFORE CHARGED that Accelerated Benefits Corporation has violated or is accountable under one or more of the following provisions of the Florida Insurance Code which constitutes grounds for the suspension or revocation of its viatical settlement provider license:

- (a) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement provider.[Section 626.9914(1)(b), F.S.];
- (b) Failure to report knowledge or belief of the commission of a fraudulent insurance act or any other act which, upon conviction, constitutes a felony or misdemeanor under the Insurance Code or Section 817.234, F.S. [Section 626.989(6), F.S.].

COUNT NINE

21. The allegations contained in paragraphs one through and including four are here re-alleged and incorporated by reference into this Count.

22. Files obtained from ABC show that:

a) On or about September 30, 1996, Viator #1783VC, submitted a written application for a \$100,000 life insurance policy to Interstate Assurance Company (Interstate).

b) On said application Viator #1783VC specifically stated that he had not been diagnosed with an immune system disorder within the last ten years.

c) In reliance on that application and the representations therein, Interstate issued the policy in question on or about October 9, 1996.

d) Despite those representations to Interstate, on or about July 18, 1997, Viator #1783VC completed an application form for Benefits America (a viatical settlement broker utilized by ABC relative to said Interstate policy) which

affirmatively stated that Viator #1783VC had been diagnosed as having tested positive for HIV, on February 11, 1994. Benefits America brokered the sale of the Interstate policy to ABC. ABC's "Policy Acquisition Worksheet indicates that ABC then knew Viator #1783VC was HIV positive

e) On or about July 31, 1997, while the policy was still contestable, Viator #1783VC and ABC entered into a contract for the sale and purchase of the Interstate policy for the net sum of \$15,430.

f) ABC issued written instructions to Viator #1783VC telling him to not contact his insurance company until told to do so by Ms. Holman, and caused Viator # 1783VC to execute an "Addendum To Purchase And Sale Agreement Schedule A", in which Viator #1783VC acknowledged that his Interstate policy was still within its contestability period, agreed that he would not inform Interstate that he had sold that policy to a viatical settlement provider, and agreed to sign an undated change of ownership or absolute assignment for use by ABC upon the expiration of the contestability period.

g) During the contestability period, Jennifer A. Grinstead, an ABC employee, paid the annual premium on Viator #1783VC's Interstate policy from her personal checking account in order to conceal from Interstate the fact that Viator #1783VC had sold the policy to ABC, and received reimbursement for those payments from American Title Company of Orlando, ABC's trustee.

h) ABC's files show that it effectuated the aforementioned viatical settlement agreement with Viator #1783VC after it knew or in the exercise of reasonable diligence should have known that Viator #1783VC had made material

misrepresentations relative to his health on the application to Interstate, and that ABC thereafter undertook a course of action designed to conceal those misrepresentations from Interstate and this Department.

IT IS THEREFORE CHARGED that Accelerated Benefits Corporation has violated or is accountable under one or more of the following provisions of the Florida Insurance Code which constitutes grounds for the suspension or revocation of its viatical settlement provider license:

- (a) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement provider.[Section 626.9914(1)(b), F. S.];
- (b) Failure to report knowledge or belief of the commission of a fraudulent insurance act or any other act which, upon conviction, constitutes a felony or misdemeanor under the Insurance Code or Section 817.234, F. S. [Section 626.989(6), F. S.].

#### COUNT TEN

23. The allegations contained in paragraphs one through and including four are here re-alleged and incorporated by reference into this Count.

24. Files obtained from ABC show that:

a) On or about May 12, 1997, Viator #1772VC submitted a written application for a \$980,000 life insurance policy to Interstate Assurance Company (Interstate);

b) On said application Viator #1772VC specifically stated that he had not been diagnosed with an immune system disorder within the last ten years,

had not been treated by a member of the medical profession within the last five years, and was not then on medication or under treatment or therapy.

c) In reliance on that application and the representations therein, Interstate issued the policy in question on or about May 19, 1997.

d) Despite those representations to Interstate, on or about July 9, 1997, Viator #1772VC completed an application form for Life Benefit Services (a viatical settlement broker utilized by ABC relative to the Interstate policy) which affirmatively stated that Viator #1772VC had been diagnosed as having tested positive for HIV in May of 1996. Life Benefit Services brokered the sale of the Interstate policy to ABC. The August 6, 1997 "Mortality Profile" supplied to ABC by American Viatical Services stated that Viator #1772VC was first diagnosed HIV positive in August of 1995, was as of the date of the report in the early stages of AIDS, and had been on medication and undergoing doctor's treatment within the last five years prior to the Interstate insurance application.

e) On or about August 20, 1997, while the policy was still contestable, Viator #1772VC and ABC entered into a contract for the sale and purchase of the Interstate policy for the net sum of \$107,800.

f) ABC issued written instructions to Viator #1772VC telling him to not contact his insurance company until told to do so by Ms. Sansone, and caused Viator #1772VC to execute an "Addendum To Purchase And Sale Agreement Schedule A", in which Viator #1772VC acknowledged that his Interstate policy was still within its contestability period, agreed that he would not inform Interstate that he had sold that policy to a viatical settlement provider, and agreed to sign

an undated change of ownership or absolute assignment for use by ABC upon the expiration of the contestability period.

g) During the contestability period, Jennifer A. Grinstead, an ABC employee, paid the annual premium on Viator #1772VC's Interstate policy from her personal checking account in order to conceal from Interstate the fact that Viator #1772VC had sold the policy to ABC, and received reimbursement for those payments from American Title Company of Orlando, ABC's trustee.

h) ABC's files show that it effectuated the aforementioned viatical settlement agreement with Viator #1772VC after it knew or in the exercise of reasonable diligence should have known that Viator #1772VC had made material misrepresentations relative to his health on the application to Interstate, and that ABC thereafter undertook a course of action designed to conceal those misrepresentations from Interstate and this Department.

IT IS THEREFORE CHARGED that Accelerated Benefits Corporation has violated or is accountable under one or more of the following provisions of the Florida Insurance Code which constitutes grounds for the suspension or revocation of its viatical settlement provider license:

- (a) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement provider. [Section 626.9914(1)(b), F. S.];
- (b) Failure to report knowledge or belief of the commission of a fraudulent insurance act or any other act which, upon conviction, constitutes a felony or misdemeanor under the Insurance Code or Section 817.234, F. S. [Section 626.989 (6), F. S.].

COUNT ELEVEN

25. The allegations contained in paragraphs one through and including four are here re-alleged and incorporated by reference into this Count.

26. Files obtained from ABC show that:

a) On or about May 16, 1996, Viator #1829VC submitted a written application for a \$99,900 life insurance policy to Massachusetts General Life Insurance Company, later Conseco Life Insurance Company (Conseco).

b) On said application Viator #1829VC specifically stated that he had never had any medical tests or any known indication of any disease, condition, or physical disorder not mentioned on the application form. AIDS, ARC, and HIV+ were not mentioned on that form.

c) In reliance on that application and the representations therein, Conseco issued the policy in question on or about June 28, 1996.

d) Despite those representations to Conseco, on or about July 9, 1997, Viator #1829VC completed an application form for Life Benefit Services (a viatical settlement broker utilized by ABC relative to the Conseco policy) which affirmatively stated that Viator #1829VC had been diagnosed as having tested positive for HIV in May of 1996. Life Benefit Services brokered the sale of the Conseco policy to ABC. The July 28, 1997, "Physician's Questionnaire" and "Physician's Letter of Competency" supplied to ABC by Life Benefit Services stated that Viator #1829VC was terminally ill, and had been on medication and undergoing doctor's treatment within the last five years prior to the Conseco insurance application.

e) On or about September 17, 1997, while the policy was still contestable, Viator #1829VC and ABC entered into a contract for the sale and purchase of the Interstate policy for the net sum of \$13,986.00

f) ABC issued written instructions to Viator #1829VC telling him to not contact his insurance company until told to do so by Ms. Holman, and caused Viator #1829VC to execute an "Addendum To Purchase And Sale Agreement Schedule A", in which Viator #1829VC acknowledged that his Conseco policy was still within its contestability period, agreed that he would not inform Conseco that he had sold that policy to a viatical settlement provider, and agreed to sign an undated change of ownership or absolute assignment for use by ABC upon the expiration of the contestability period.

g) During the contestability period, Jennifer A. Grinstead, an ABC employee, paid the annual premium on Viator #1829VC's Conseco policy from her personal checking account in order to conceal from Conseco the fact that Viator #1829VC had sold the policy to ABC, and received reimbursement for those payments from American Title Company of Orlando, ABC's trustee.

h) ABC's files show that it effectuated the aforementioned viatical settlement agreement with Viator #1829VC after it knew or in the exercise of reasonable diligence should have known that Viator #1829VC had made material misrepresentations relative to his health on the application to Conseco, and that ABC thereafter undertook a course of action designed to conceal those misrepresentations from Conseco and this Department.

( )

IT IS THEREFORE CHARGED that Accelerated Benefits Corporation has violated or is accountable under one or more of the following provisions of the Florida Insurance Code which constitutes grounds for the suspension or revocation of its viatical settlement provider license:

- (a) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement provider.[Section 626.9914(1)(b), F. S.];
- (b) Failure to report knowledge or belief of the commission of a fraudulent insurance act or any other act which, upon conviction, constitutes a felony or misdemeanor under the Insurance Code or Section 817.234, F. S. [Section 626.989(6), F. S.].

IT IS THEREFORE CHARGED that Accelerated Benefits Corporation, contrary to the prohibitions in Section 626.9914, Florida Statutes, has engaged in fraudulent or dishonest practices or has otherwise been shown to be untrustworthy or incompetent to act as a viatical settlement provider as described in Section 626.9911(6), Florida Statutes.

WHEREFORE, you, Accelerated Benefits Corporation, are hereby notified that the Insurance Commissioner and Treasurer intends to enter an Order revoking your license as a viatical settlement provider or to impose such penalties as may be provided

under the provisions of Sections 626.611, 626.621, and 626.681, 626.691, 626.9914, and 626.9915, Florida Statutes, and under the other referenced sections of the Florida Statutes as set out in this Administrative Complaint.

DONE AND ORDERED this 28th day of June, 2000.



A handwritten signature in black ink that reads "Bill Nelson". The signature is written in a cursive, flowing style and is positioned above a horizontal line.

BILL NELSON  
Treasurer and  
Insurance Commissioner

### NOTICE OF RIGHTS

Pursuant to Sections 120.569 and 120.57, Florida Statutes, and Rule 28-106 Florida Administrative Code (F.A.C.), you have a right to request a hearing to contest this action by the Department. You may request a hearing by filing a Petition. The Petition must be in writing and signed by you. The Petition requesting a hearing must be directed to the General Counsel, acting as the Agency Clerk for the Department of Insurance. If you respond by U.S. Mail, the Petition should be addressed to the Florida Department of Insurance at 612 Larson Building, Tallahassee, Florida 32399-0333. If Express Mail or hand delivery is utilized, the Petition should be delivered to 612 Larson Building, 200 East Gaines Street, Tallahassee, Florida 32399-0333. The Petition must be received by the Department within twenty-one (21) days of the date of your receipt of this notice.

Mailing the Petition on the twenty-first day will not preserve your right to a hearing.

YOUR FAILURE TO SO ENSURE THAT THE PETITION REPLYING TO THIS ADMINISTRATIVE COMPLAINT IS RECEIVED BY THE DEPARTMENT WITHIN TWENTY-ONE (21) DAYS WILL CONSTITUTE A WAIVER OF YOUR RIGHT TO REQUEST A HEARING ON THE MATTERS ALLEGED HEREIN AND AN ORDER OF REVOCATION WILL BE ENTERED AGAINST YOU.

You may be entitled to a hearing on the proposed agency action pursuant to Sections 120.569 and 120.57, Florida Statutes. If the Petition requests a hearing, it must comply with all of the requirements of Rule 28-106, Florida Administrative Code, and must specifically contain:

(a) The name and address of each agency affected and each agency's file or identification number, if known (see Case Number on the Administrative Complaint);

(b) The name, address, and telephone number of the petitioner (For the purpose of requesting hearing in this matter, you are the "petitioner"); the name, address, and telephone number of the petitioner's representative, if any, which shall be the address for service purposes during the course of the proceeding; and an explanation of how the petitioner's substantial interests will be affected by the agency determination;

(c) A statement of when and how the petitioner received notice of the agency decision (the Administrative Complaint to which your petition is responding);

(d) A statement of all disputed issues of material fact. If there are none, the petition must so indicate;

(e) A concise statement of the ultimate facts alleged, including the specific facts the petitioner contends warrant reversal or modification of the agency's proposed action;

(f) A statement of the specific rules or statutes the petitioner contends require reversal or modification of the agency's proposed action; and

(g) A statement of the relief sought by the petitioner, stating precisely the action petitioner wishes the agency to take with respect to the agency's proposed action.

**Your failure to substantially comply with any of those requirements will result in your petition being dismissed as provided for in Rule 28-106.201(4) F.A.C.**

### **ADDITIONAL RIGHTS**

If a hearing of any type is requested, you have the right to hire an attorney to represent you, to testify in your own behalf, to call and to cross-examine witnesses, and to compel the attendance of witnesses and the production of documents by subpoena.

Failure to follow the procedure outlined with regard to your response to this notice may result in the request being denied. All prior oral communication or correspondence in this matter shall be considered freeform agency action, and no such oral communication or correspondence shall operate as a valid request for an administrative proceeding. Any request for an administrative proceeding received prior to the date of this notice shall be deemed abandoned unless timely renewed in compliance with the guidelines as set out above. Mediation of this matter is not available, and no department attorney will discuss this matter with you until the Petition has been received by the Department of Insurance.

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing Administrative Complaint was sent by Certified U.S. Mail to Accelerated Benefits Corporation 105 E. Robinson Street, 2<sup>nd</sup> Floor, Orlando, Fla. 32802 this 20<sup>th</sup> day of June, 2000.

Michael H. Davidson, Esq.  
 Florida Department of Insurance  
 Division of Legal Services  
 200 E. Gaines Street, Suite 612  
 Tallahassee, Florida 32399-0333  
 (850) 413-4178

Certified Article Number

**P 975 986 564**

SENDER'S RECORD

|  |  |   |
|--|--|---|
| <b>RE:</b> ABC 34703<br><b>SENDER:</b> Michael Davidson  |  | I also wish to receive the following service (for an extra fee):<br>RESTRICTED DELIVERY <input type="checkbox"/><br>Consult postmaster for fee. |
| <b>3. Article Addressed to:</b><br>Accelerated Benefits Corporation<br>105 E. Robinson Street, 2nd Floor<br>Orlando, Florida 32802 |  | <b>4a. Article Number:</b><br><b>P 975 986 564</b><br>  |
| <b>5. Received By: (Print Name)</b>  |  | <b>4b. Service Type</b> <input checked="" type="checkbox"/> <b>CERTIFIED</b>  |
| <b>6. Signature: (Addressee or Agent)</b><br>  |  | <b>7. Date of Delivery</b><br><u>7-5-00</u>   |
| <b>6. Signature: (Addressee or Agent)</b>  |  | <b>8. Addressee's Address</b>   |