



THE TREASURER OF THE STATE OF FLORIDA
DEPARTMENT OF INSURANCE

TOM GALLAGHER

IN THE MATTER OF

Case No. 62482-02-AG

THE MEDICAL ESCROW SOCIETY, INC.

_____ /

ADMINISTRATIVE COMPLAINT

You, THE MEDICAL ESCROW SOCIETY, INC., (Medical Escrow), are hereby notified that pursuant to the Florida Insurance Code, the Department of Insurance of the State of Florida has caused to be made an investigation of your activities while licensed as a viatical settlement broker. As a result of said investigation it is alleged that:

GENERAL ALLEGATIONS

1. Medical Escrow is a Florida corporation whose principal address is 601 N. New York Ave., Suite 202, Winter Park, Fla., 32789.
2. Medical Escrow is and was at all times material hereto licensed by the Florida Department of Insurance as a viatical settlement broker.
3. Medical Escrow, on behalf of a viator and for a fee, commission, or other valuable consideration offers or attempts to negotiate viatical settlement contracts between a viator resident in this state or other states, and one or more viatical settlement providers, and did so at all times material hereto.
4. Information available to the Department reflects that Medical Escrow has, from offices located in this state, offered or attempted to negotiate viatical settlement

contracts between viators and one or more viatical settlement providers in the presence of circumstances whereby Medical Escrow knew, or in the exercise of reasonable diligence should have known or been caused to believe, that the underlying insurance policy had been procured through fraud, or dishonesty, or misrepresentations made by the viator on his application to the insurance company issuing the policy in question.

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 and other information in the possession, custody, and control of the department show that:

a) On or about May 10, 1994, an individual, referred to herein as Viator One to protect his confidentiality, submitted a written application for a \$75,000 life insurance policy to United Presidential Life Insurance Company.

b) On said application Viator One specifically represented that he had not been diagnosed or treated by a member of the medical profession for either cancer or a disorder of the immune system.

c) In apparent reliance on that application and the representations therein, United Presidential issued the policy in question on or about May 17, 1994.

d) However, on a Medical Escrow application questionnaire submitted in association with a Medical Escrow "Life Insurance Policy Purchase and Sale Agreement" dated August 22, 1997, Viator One disclosed that he had been diagnosed HIV+ in June of 1991, and had also been diagnosed positive for cancer in July of 1992.

e) On or about August 22, 1997, Medical Escrow assigned that “Life Insurance Policy Purchase and Sale Agreement” to Mutual Benefits Corporation, a Florida licensed viatical settlement provider.

f) Medical Escrow personnel routinely reviewed insurance policy applications in conjunction with applications received from viators wishing to utilize Medical Escrow’s brokerage services to sell their life insurance policies to viatical settlement providers, and necessarily did so in this instance where it entered into a contract with the viator.

g) Medical Escrow made no report to the department regarding the matters alleged above in this count.

IT IS THEREFORE CHARGED that THE MEDICAL ESCROW SOCIETY, INC., 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 broker license:

(a) 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.]

(b) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement broker. [Section 626.9917, 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 and other information in the possession, custody, and control of the department show that:

a) On or about March 14, 1995, an individual, referred to herein as Viator Two to protect his confidentiality, submitted a written application for a \$45,000 life insurance policy to Metropolitan Life Insurance Company.

b) On said application Viator Two specifically represented that he had not within the last five years been treated, examined, or advised by any physician, practitioner, or health facility.

c) In apparent reliance on that application and the representations therein, Metropolitan issued the policy in question on or about March 27, 1995.

d) However, on a Medical Escrow application questionnaire dated August 25, 1997, Viator Two disclosed that he had been diagnosed by Dr. Erika Trapp as HIV+ in May of 1987, and diagnosed positive for AIDS in May of 1995.

e) On or about January 13, 1998, Medical Escrow entered into a "Life Insurance Policy Purchase and Sale Agreement" with Viator Two , and assigned the same to The Fidelity Viatical Trust, escrow agent for Future First Financial Group, a then licensed, now revoked, Florida viatical settlement provider.

f) Medical Escrow personnel routinely reviewed insurance policy applications in conjunction with applications received from viators wishing to utilize Medical Escrow's brokerage services to sell their life insurance policies to viatical settlement providers, and necessarily did so in this instance where it entered into a contract with the viator.

g) Medical Escrow made no report to the department regarding the matters alleged above in this count.

IT IS THEREFORE CHARGED that THE MEDICAL ESCROW SOCIETY, INC., 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 broker license:

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 and other information in the possession, custody, and control of the department show that:

a) On or about April 11, 1995, an individual, referred to herein as Viator Three to protect his confidentiality, submitted a written application to Medical Escrow in which he stated that he had been diagnosed HIV+ in May of 1986, and diagnosed positive for AIDS in March of 1995.

b) On an application to American States Insurance Company dated August 7, 1995, for an \$85,000 life insurance policy, Viator Three specifically represented that he had not within the last five years been told that he had AIDS or any AIDS related condition.

c) In apparent reliance on that application and the representations therein, American States issued such a policy to Viator Three .

d) On or about August 31, 1997, Medical Escrow entered into a “Life Insurance Policy Purchase and Sale Agreement” with Viator Three , and assigned the same to The Fidelity Viatical Trust, escrow agent for Future First Financial Group, a then licensed, now revoked, Florida viatical settlement provider.

e) Medical Escrow personnel routinely reviewed insurance policy applications in conjunction with applications received from viators wishing to utilize Medical Escrow’s brokerage services to sell their life insurance policies to viatical settlement providers, and necessarily did so in this instance where it entered into a contract with the viator.

f) Medical Escrow made no report to the department regarding the matters alleged above in this count.

IT IS THEREFORE CHARGED that THE MEDICAL ESCROW SOCIETY, INC., 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 broker license:

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 and other information in the possession, custody, and control of the department show that:

a) On or about April 11, 1995, Viator Three submitted a written application to Medical Escrow in which he represented that he had been diagnosed HIV+ in May of 1986, and diagnosed positive for AIDS in March of 1995.

b) On an application to Metropolitan Life Insurance Company dated June 29, 1995, for a \$50,000 life insurance policy, Viator Three specifically stated that he had not within the last five years been treated, examined, or advised by any physician, practitioner, or health facility.

c) In apparent reliance on that application and the representations therein, Metropolitan issued such a policy to Viator Three .

d) On or about July 28, 1997, Medical Escrow entered into a "Life Insurance Policy Purchase and Sale Agreement" with Viator Three, and assigned the same to The Fidelity Viatical Trust, escrow agent for Future First Financial Group, a then licensed, now revoked, Florida viatical settlement provider.

f) Medical Escrow personnel routinely reviewed insurance policy applications in conjunction with applications received from viators wishing to utilize Medical Escrow's brokerage services to sell their life insurance policies to viatical settlement providers, and necessarily did so in this instance where it entered into a contract with the viator.

g) Medical Escrow made no report to the department regarding the matters alleged above in this count.

IT IS THEREFORE CHARGED that THE MEDICAL ESCROW SOCIETY, INC., 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 broker license:

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 and other information in the possession, custody, and control of the department show that:

a) On or about August 31, 1995, an individual, referred to herein as Viator Four to protect his confidentiality, submitted a written application to Medical Escrow in which he represented that he had been diagnosed HIV+ in July of 1992.

b) On an application to Midland National Life Insurance Company dated October 27, 1995, for a \$100,000 life insurance policy, Viator Four specifically stated that he not ever had or been treated for an immune deficiency disorder, AIDS or ARC.

c) In apparent reliance on that application and the representations therein, Midland issued such a policy to Viator Four, effective December 11, 1995.

d) On or about January 12, 1998, Medical Escrow entered into a "Life Insurance Policy Purchase and Sale Agreement" with Viator Four, and assigned the

same to The Fidelity Viatical Trust, escrow agent for Future First Financial Group, a then licensed, now revoked, Florida viatical settlement provider.

e) Medical Escrow personnel routinely reviewed insurance policy applications in conjunction with applications received from viators wishing to utilize Medical Escrow's brokerage services to sell their life insurance policies to viatical settlement providers, and necessarily did so in this instance where it entered into a contract with the viator.

f) Medical Escrow made no report to the department regarding the matters alleged above in this count.

IT IS THEREFORE CHARGED that THE MEDICAL ESCROW SOCIETY, INC., 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 broker license:

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 and other information in the possession, custody, and control of the department show that:

a) On or about March 4, 1996, an individual, referred to herein as Viator Five to protect his confidentiality submitted a written application for a \$10,000 life

insurance policy to Globe Life And Accident Insurance Company. In that application, Viator Five represented that within the last three years he had not been diagnosed or treated by a member of the medical profession AIDS, ARC, or obtained test results indicating his exposure to the AIDS virus.

b) In apparent reliance on that application and the representations therein Globe issued such a policy to Viator Five, effective March 19, 1996.

c) However, in an application to Medical Escrow dated October 6, 1997, Viator Five stated that he was then and had been HIV+ since 1992, his last examination showing a T-Cell count of 620 on September 16, 1997.

d) On or about April 10, 1998, Medical Escrow entered into a "Life Insurance Policy Purchase & Sale Agreement" with Viator Five, and assigned the same to the Future First Financial Group, a then licensed, now revoked, Florida viatical settlement provider.

e) Medical Escrow personnel routinely reviewed insurance policy applications in conjunction with applications received from viators wishing to utilize Medical Escrow's brokerage services to sell their life insurance policies to viatical settlement providers, and necessarily did so in this instance where it entered into a contract with the viator.

f) Medical Escrow made no report to the department regarding the matters alleged above in this count.

IT IS THEREFORE CHARGED that THE MEDICAL ESCROW SOCIETY, INC., 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 broker license:

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 and other information in the possession, custody, and control of the department show that:

a) On or about October 8, 1996, Viator Five submitted a written application for a \$50,000 life insurance policy to Illinois Mutual Life Insurance Company. In that application, Viator Five represented that he had not been diagnosed by a medical practitioner as having AIDS, ARC, or any AIDS related condition, or ever tested positive for antibodies to the AIDS virus.

b) In apparent reliance on that application and the representations therein Illinois Mutual issued such a policy to Viator Five, effective October 15, 1996.

c) However, in an application to Medical Escrow dated October 19, 1998, Viator Five represented that he was then and had been HIV+ since 1992, his last examination showing a T-Cell count of 450 in September of 1998.

d) A "Physician's Questionnaire-HIV Disease" Medical Escrow form submitted by a Dr. Rodriguez confirmed those medical conditions.

e) On or about December 16, 1998, Medical Escrow entered into a “Life Insurance Policy Purchase & Sale Agreement” with Viator Five, and assigned the same to the Future First Financial Group, a then licensed, now revoked, Florida viatical settlement provider.

f) Medical Escrow personnel routinely reviewed insurance policy applications in conjunction with applications received from viators wishing to utilize Medical Escrow’s brokerage services to sell their life insurance policies to viatical settlement providers, and necessarily did so in this instance where it entered into a contract with the viator.

g) Medical Escrow made no report to the department regarding the matters alleged above in this count.

IT IS THEREFORE CHARGED that THE MEDICAL ESCROW SOCIETY, INC., 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 broker license:

a) 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.]

b) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement broker. [Section 626.9917, 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 and other information in the possession, custody, and control of the department show that:

a) On or about March 4, 1996, an individual, referred to herein as Viator Six to protect his confidentiality, submitted a written application to Medical Escrow in which he represented that he had been diagnosed HIV+ in 1985.

b) On an application to the Knights of Columbus dated June 13, 1996, for a \$49, 000 life insurance policy, Viator Six stated that he had not been told he had AIDS or any disorder of the immune system, and further stated that he had no illness or disease not listed on the application. HIV was not listed on the application.

c) In apparent reliance on that application and the representations therein, the Knights of Columbus issued such a policy to Viator Six , effective June 13, 1996.

d) On or about June 16, 1998, Medical Escrow entered into a “Life Insurance Policy Purchase & Sale Agreement” with Viator Six, and assigned the same to the Mutual Benefits Corporation a Florida viatical settlement provider.

e) Medical Escrow personnel routinely reviewed insurance policy applications in conjunction with applications received from viators wishing to utilize Medical Escrow’s brokerage services to sell their life insurance policies to viatical settlement providers, and necessarily did so in this instance where it entered into a contract with the viator.

f) Medical Escrow made no report to the department regarding the matters alleged above in this count.

IT IS THEREFORE CHARGED that THE MEDICAL ESCROW SOCIETY, INC., 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 broker license:

a) 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.]

b) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement broker. [Section 626.9917, 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 and other information in the possession, custody, and control of the department show that:

a) On or about May 22, 1997, an individual, referred to herein as Viator Seven to protect his confidentiality, submitted a written application to Liberty National Life Insurance Company for a \$75,000 life insurance policy, in which application he represented that he had not been diagnosed as having an immune deficiency disorder, AIDS, ARC, or tested positively for antibodies to the AIDS virus (HIV).

b) In apparent reliance on that application and the representations therein, Liberty National issued such a policy to Viator Seven, effective June 1, 1997.

c) On or about June 16, 1999, Viator Seven's primary care physician completed a Medical Escrow form entitled "Physician's Questionnaire-HIV Disease" in which he represented that Viator Seven had tested positive for the HIV virus and AIDS in 1996.

e) Medical Escrow personnel routinely reviewed insurance policy applications in conjunction with applications received from viators wishing to utilize Medical Escrow's brokerage services to sell their life insurance policies to viatical settlement providers, and necessarily did so in this instance where it received explicit information from the viator's treating physician on a Medical Escrow form designed expressly for that purpose.

f) Medical Escrow made no report to the department regarding the matters alleged above in this count.

g) Said Liberty National policy was eventually purchased by Wm. Page and Associates, a Florida viatical settlement provider.

IT IS THEREFORE CHARGED that THE MEDICAL ESCROW SOCIETY, INC., 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 broker license:

a) 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.]

b) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement broker. [Section 626.9917, 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 and other information in the possession, custody, and control of the department show that:

a) On or about March 21, 1996, an individual, referred to herein as Viator Eight to protect his confidentiality, submitted a written application for a life insurance policy in the amount of \$100,000 to Philadelphia Life Insurance Company, on which he represented that he had not been treated for or diagnosed with AIDS within the last ten years.

b) In apparent reliance on that application and the representations therein, Philadelphia Life issued such a policy to Viator Eight, effective May 9, 1996.

c) On a Medical Escrow viatical settlement application form dated July 8, 1998, Viator Eight represented that he had first been diagnosed with AIDS in 1989.

d) Medical Escrow in its capacity as a broker offered said policy for sale to Mutual Benefits Corporation (MBC), resulting in the purchase of that policy by MBC, and the payment of a \$1,000 commission to Medical Escrow on or about September 1, 1998.

e) Medical Escrow personnel routinely reviewed insurance policy applications in conjunction with applications received from viators wishing to

utilize Medical Escrow's brokerage services to sell their life insurance policies to viatical settlement providers.

f) Medical Escrow made no report to the department regarding the matters alleged above in this count.

IT IS THEREFORE CHARGED that THE MEDICAL ESCROW SOCIETY, INC., 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 broker license:

a) 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.]

b) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement broker. [Section 626.9917, 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 and other information in the possession, custody, and control of the department show that:

a) On or about July 3, 1996, Viator Eight submitted a written application for a life insurance policy in the amount of \$100,000 to Manhattan Life Insurance Company, in which he represented that he had not consulted with or been treated by any licensed physician or medical practitioner within the last five years.

b) In apparent reliance on that application and the representations therein, Manhattan Life issued such a policy to Viator Eight, effective July 3, 1996.

c) On a Medical Escrow viatical settlement application form dated July 8, 1998, Viator Eight represented that he had first been diagnosed with AIDS in 1989, and was being attended to by Dr. Ronald Wiewora.

d) Medical Escrow in its capacity as a broker offered said policy for sale to Mutual Benefits Corporation (MBC), resulting in the purchase of that policy by MBC, and the payment of a \$1,000 commission to Medical Escrow on or about August 25, 1998.

e) Medical Escrow personnel routinely reviewed insurance policy applications in conjunction with applications received from viators wishing to utilize Medical Escrow's brokerage services to sell their life insurance policies to viatical settlement providers.

f) Medical Escrow made no report to the department regarding the matters alleged above in this count.

IT IS THEREFORE CHARGED that THE MEDICAL ESCROW SOCIETY, INC., 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 broker license:

a) 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.]

b) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement broker. [Section 626.9917, F. S.]

COUNT TWELVE

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

28. Files and other information in the possession, custody, and control of the department show that:

a) On or about March 5, 1992, an individual, referred to herein as Viator Nine to protect his confidentiality, submitted a written application for a life insurance policy in the amount of \$250,000 to Jackson National Life Insurance Company, in which he represented that he had not been treated by a physician or other medical practitioner, or been a patient in a clinic or medical facility, within the past five years.

b) In apparent reliance on that application and the representations therein, Jackson National Life issued such a policy to Viator Nine, effective March 5, 1992.

c) On a Medical Escrow viatical settlement application form dated August 15, 1997, Viator Nine represented that he had first been diagnosed with AIDS in February of 1991.

d) Medical Escrow in its capacity as a broker offered said policy for sale to Mutual Benefits Corporation (MBC), resulting in the purchase of that policy by

MBC, and the payment of a \$17,500 commission to Medical Escrow Society on or about May 27, 1998.

e) Medical Escrow personnel routinely reviewed insurance policy applications in conjunction with applications received from viators wishing to utilize Medical Escrow's brokerage services to sell their life insurance policies to viatical settlement providers.

f) Medical Escrow made no report to the department regarding the matters alleged above in this count.

IT IS THEREFORE CHARGED that THE MEDICAL ESCROW SOCIETY, INC., 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 broker license:

a) 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.]

b) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement broker. [Section 626.9917, F. S.]

COUNT THIRTEEN

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

30. Files and other information in the possession, custody, and control of the department show that:

a) On or about August 6, 1996, Viator Nine submitted a written application for a life insurance policy in the amount of \$95,000 to Time Insurance

Company, in which he represented that he had not had a physical examination, diagnostic test, medical treatment, health impairment, or been advised to undergo any treatment within the past five years.

b) In apparent reliance on that application and the representations therein, Time issued such a policy to Viator Nine, effective September 1, 1996.

c) On a Medical Escrow viatical settlement application form dated August 15, 1997, Viator Nine stated that he had AIDS, and had first been diagnosed HIV+ in February of 1991.

d) Medical Escrow in its capacity as a broker offered said policy for sale to Mutual Benefits Corporation (MBC), resulting in the purchase of that policy by MBC, and the payment of a \$6,930 commission to Medical Escrow Society on or about November 10, 1998.

e) Medical Escrow personnel routinely reviewed insurance policy applications in conjunction with applications received from viators wishing to utilize Medical Escrow's brokerage services to sell their life insurance policies to viatical settlement providers.

f) Medical Escrow made no report to the department regarding the matters alleged above in this count.

IT IS THEREFORE CHARGED that THE MEDICAL ESCROW SOCIETY, INC., 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 broker license:

a) 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.]

b) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement broker. [Section 626.9917, F. S.]

COUNT FOURTEEN

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

32. Files and other information in the possession, custody, and control of the department show that:

a) On or about March 21, 1993, Viator Nine submitted a written application for a life insurance policy in the amount of \$70,000 to Interstate Assurance Company, in which he represented that within the last ten years he had not been diagnosed or treated by a member of the medical profession for an immune system disorder, and that within the last five years he had not been hospitalized or treated by a member of the medical profession or consulted a physician or been prescribed any medication.

b) In apparent reliance on that application and the representations therein, Interstate Assurance issued such a policy to Viator Nine, effective March 21, 1993. Said policy was later converted to a \$50,000 policy effective November 1, 1997.

c) On a Medical Escrow viatical settlement application form dated August 15, 1997, Viator Nine stated that he had AIDS, and had first been diagnosed HIV+ in February of 1991.

d) Medical Escrow in its capacity as a broker offered said policy for sale to Mutual Benefits Corporation (MBC), resulting in the purchase of that policy by

MBC, and the payment of a \$4,900 commission to Medical Escrow Society on or about December 11, 1997.

e) Medical Escrow personnel routinely reviewed insurance policy applications in conjunction with applications received from viators wishing to utilize Medical Escrow's brokerage services to sell their life insurance policies to viatical settlement providers.

f) Medical Escrow made no report to the department regarding the matters alleged above in this count.

IT IS THEREFORE CHARGED that THE MEDICAL ESCROW SOCIETY, INC., 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 broker license:

a) 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.]

b) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement broker. [Section 626.9917, F. S.]

COUNT FIFTEEN

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

34. Files and other information in the possession, custody, and control of the department show that:

a) On or about March 4, 1994, Viator Nine submitted a written application for a life insurance policy in the amount of \$80,000 to Interstate Assurance

Company, in which he represented that within the last ten years he had not been diagnosed or treated by a member of the medical profession for an immune system disorder, and that within the last five years he had not been hospitalized or treated by a member of the medical profession or consulted a physician or been prescribed any medication.

b) In apparent reliance on that application and the representations therein, Interstate Assurance issued such a policy to Viator Nine, effective March 7, 1994. Said policy was later converted to another \$80,000 Interstate Assurance policy effective October 17, 1997.

c) On a Medical Escrow viatical settlement application form dated August 15, 1997, Viator Nine stated that he had AIDS, and had first been diagnosed HIV+ in February of 1991. Additionally, on Medical Escrow Society "Physician's Questionnaire-HIV Disease" form dated September 4, 1997, Dr. Leslie Diaz represented that Viator Nine had HIV disease and a life expectancy of 5-10 years.

d) Medical Escrow personnel routinely reviewed insurance policy applications in conjunction with applications received from viators wishing to utilize Medical Escrow's brokerage services to sell their life insurance policies to viatical settlement providers.

e) Medical Escrow made no report to the department regarding the matters alleged above in this count.

IT IS THEREFORE CHARGED that THE MEDICAL ESCROW SOCIETY, INC., 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 broker license:

a) 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.]

b) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement broker. [Section 626.9917, F. S.]

COUNT SIXTEEN

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

36. Files and other information in the possession, custody, and control of the department show that:

a) On a Medical Escrow viatical settlement application form dated August 15, 1997, Viator Nine stated that he had AIDS, and had first been diagnosed HIV+ in February of 1991, and was being treated by Dr. Leslie Diaz.

b) On or about November 4, 1997, Viator Nine submitted a written application for a life insurance policy in the amount of \$350,000 to The Security Mutual Life Insurance Company, in which he represented that he had not been treated for or had any known indication of AIDS, ARC, or tested positive for HIV antibodies.

c) In apparent reliance on that application and the representations therein, Security Mutual issued such a policy to Viator Nine, effective December 22, 1997.

d) Medical Escrow personnel routinely reviewed insurance policy applications in conjunction with applications received from viators wishing to utilize

Medical Escrow's brokerage services to sell their life insurance policies to viatical settlement providers. In this instance, Medical Escrow decided to hold this policy in "Purgatory" (withhold it from sale) until December 29, 1999, after which Medical Escrow would broker it for sale.

e) Medical Escrow made no report to the department regarding the matters alleged above in this count.

IT IS THEREFORE CHARGED that THE MEDICAL ESCROW SOCIETY, INC., 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 broker license:

a) 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.]

b) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement broker. [Section 626.9917, F. S.]

COUNT SEVENTEEN

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

38. Files and other information in the possession, custody, and control of the department show that:

a) On a Medical Escrow viatical settlement application form dated August 15, 1997, Viator Nine stated that he had AIDS, and had first been diagnosed HIV+ in February of 1991, and was being treated by Dr. Leslie Diaz.

b) On or about August 28, 1998, Viator Nine submitted a written application for a life insurance policy in the amount of \$70,000 to Columbia Universal Life Insurance Company, in which he represented that he had not been diagnosed with any immune deficiency disease.

c) In apparent reliance on that application and the representations therein, Columbia Universal issued such a policy to Viator Nine, effective September 10, 1998.

d) Medical Escrow personnel routinely reviewed insurance policy applications in conjunction with applications received from viators wishing to utilize Medical Escrow's brokerage services to sell their life insurance policies to viatical settlement providers. In this instance, Medical Escrow decided to hold this policy in "Purgatory" (withhold it from sale) until December 29, 1999, after which Medical Escrow would broker it for sale.

e) Medical Escrow made no report to the department regarding the matters alleged above in this count.

IT IS THEREFORE CHARGED that THE MEDICAL ESCROW SOCIETY, INC., 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 broker license:

a) 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.]

b) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement broker. [Section 626.9917, F. S.]

COUNT EIGHTEEN

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

40. Files and other information in the possession, custody, and control of the department show that:

a) On a Medical Escrow viatical settlement application form dated August 15, 1997, Viator Nine stated that he had AIDS, and had first been diagnosed HIV+ in February of 1991, and was being treated by Dr. Leslie Diaz.

b) On or about August 28, 1998, Viator Nine submitted a written application for a life insurance policy in the amount of \$100,000 to the Philadelphia Life Insurance Company, in which he represented that he had not been told that he had tested positive for exposure to the HIV infection, and that to the best of his knowledge his health was not impaired in any way.

c) In apparent reliance on that application and the representations therein, Philadelphia Life issued such a policy to Viator Nine, effective December 18, 1998.

d) Medical Escrow personnel routinely reviewed insurance policy applications in conjunction with applications received from viators wishing to utilize Medical Escrow's brokerage services to sell their life insurance policies to viatical settlement providers. In this instance, Medical Escrow decided to hold this policy in "Purgatory" (withhold it from sale) until December 29, 1999, after which Medical Escrow would broker it for sale.

e) Medical Escrow made no report to the department regarding the matters alleged above in this count.

IT IS THEREFORE CHARGED that THE MEDICAL ESCROW SOCIETY, INC., 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 broker license:

a) 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.]

b) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement broker. [Section 626.9917, F. S.]

COUNT NINETEEN

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

42. Files and other information in the possession, custody, and control of the department show that:

a) On a Medical Escrow viatical settlement application form dated August 15, 1997, Viator Nine stated that he had AIDS, and had first been diagnosed HIV+ in February of 1991, and was being treated by Dr. Leslie Diaz.

b) On or about April 23, 1999, Viator Nine submitted a written application for a life insurance policy in the amount of \$250,000 to the United Home Life Insurance Company, in which he represented that within the last ten years he had not tested positive for exposure to the HIV infection, had not tested positive for antibodies to the AIDS virus, and had not consulted a medical practitioner within the last five years.

c) In apparent reliance on that application and the representations therein, United Home issued such a policy to Viator Nine, effective June 16, 1999.

d) Medical Escrow personnel routinely reviewed insurance policy applications in conjunction with applications received from viators wishing to utilize Medical Escrow's brokerage services to sell their life insurance policies to viatical settlement providers. In this instance, Medical Escrow decided to hold this policy in "Purgatory" (withhold it from sale) until December 29, 1999, after which Medical Escrow would broker it for sale.

e) Medical Escrow made no report to the department regarding the matters alleged above in this count.

IT IS THEREFORE CHARGED that THE MEDICAL ESCROW SOCIETY, INC., 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 broker license:

a) 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.]

b) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement broker. [Section 626.9917, F. S.]

COUNT TWENTY

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

44. Files and other information in the possession, custody, and control of the department show that:

a) On a Medical Escrow viatical settlement application form dated August 15, 1997, an individual, referred to herein as Viator Ten to protect his confidentiality, represented that he had AIDS, and had first been diagnosed HIV+ in February of 1991, and was being treated by Dr. Leslie Diaz.

b) On or about October 20, 1997, Viator Ten submitted a written application for a life insurance policy in the amount of \$300,000 to the Federal Home Life Insurance Company, in which he represented that within the last ten years he had not tested positive for exposure to the AIDS virus, had not been treated for the AIDS virus, and had not consulted a medical practitioner within the last five years.

c) In apparent reliance on that application and the representations therein, Federal Home issued such a policy to Viator Ten, effective October 28, 1997.

d) Medical Escrow personnel routinely reviewed insurance policy applications in conjunction with applications received from viators wishing to utilize Medical Escrow's brokerage services to sell their life insurance policies to viatical settlement providers. In this instance, Medical Escrow decided to hold this policy in "Purgatory" (withhold it from sale) until May 15, 2000, because it knew that Viator Ten had lied on the insurance application. After that date, Medical Escrow would nonetheless broker that policy for sale.

e) Medical Escrow made no report to the department regarding the matters alleged above in this count.

IT IS THEREFORE CHARGED that THE MEDICAL ESCROW SOCIETY, INC., 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 broker license:

a) 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.]

b) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement broker. [Section 626.9917, F. S.]

COUNT TWENTY-ONE

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

46. Files and other information in the possession, custody, and control of the department show that:

a) On or about April 25, 1996 an individual, referred to herein as Viator Eleven to protect his confidentiality, submitted a written application for a \$90,000 life insurance policy to The Manhattan Life Insurance Company, in which he represented that he had not consulted, been examined or treated by any licensed physician or medical practitioner within the last five years.

b) In apparent reliance on that application and the representations therein, Manhattan issued such a policy to Viator Eleven, effective July 1, 1996.

c) Medical information provided to Medical Escrow in conjunction with a viatical settlement application form dated April 14, 1998, shows that he had first been diagnosed HIV+ in September of 1991, and as of November, 1995, has been diagnosed with AIDS, had been receiving treatment from a physician for the same since that time.

d) Medical Escrow personnel routinely reviewed insurance policy applications in conjunction with applications received from viators wishing to utilize Medical Escrow's brokerage services to sell their life insurance policies to viatical settlement providers. In this instance, Medical Escrow brokered this policy and received a commission in the amount of \$6,440 for its services on or about June 9, 1998.

e) Medical Escrow made no report to the department regarding the matters alleged above in this count.

IT IS THEREFORE CHARGED that THE MEDICAL ESCROW SOCIETY, INC., 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 broker license:

a) 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.]

b) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement broker. [Section 626.9917, F. S.]

COUNT TWENTY-TWO

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

48. Files and other information in the possession, custody, and control of the department show that:

a) On or about July 1, 1996, an individual, referred to herein as Viator Twelve to protect his confidentiality, submitted a written application for an \$80,000 life insurance policy to Southern Farm Bureau Life Insurance Company, in which he

represented that he had not been told that he had or had been treated for an immune deficiency disorder, AIDS, ARC, or test results indicating exposure to the HIV virus.

b) In apparent reliance on that application and the representations therein, Southern Farm Bureau issued such a policy to Viator Twelve, effective July 1, 1996.

c) On a Medical Escrow viatical settlement application form dated December 3, 1996, Viator Twelve represented that he had “asymptomatic HIV” and had first been so diagnosed in 1991.

d) Medical Escrow personnel routinely reviewed insurance policy applications in conjunction with applications received from viators wishing to utilize Medical Escrow’s brokerage services to sell their life insurance policies to viatical settlement providers. In this instance, Medical Escrow brokered this policy to Future First Financial Group, a then Florida licensed viatical settlement provider.

e) Medical Escrow made no report to the department regarding the matters alleged above in this count.

IT IS THEREFORE CHARGED that THE MEDICAL ESCROW SOCIETY, INC., 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 broker license:

a) 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.]

b) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement broker. [Section 626.9917, F. S.]

COUNT TWENTY-THREE

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

50. Files and other information in the possession, custody, and control of the department show that:

a) On or about July 30, 1996, Viator Twelve submitted a written application for a \$100,000 life insurance policy to Primerica Life Insurance Company, in which he represented that he had not within the past ten years been diagnosed or treated for AIDS or any immune deficiency disorder or tested positive for exposure to the HIV virus.

b) In apparent reliance on that application and the representations therein, Primerica issued such a policy to Viator Twelve, effective October 15, 1996.

c) On a Medical Escrow viatical settlement application form dated December 3, 1996, Viator Twelve represented that he had "asymptomatic HIV" and had first been so diagnosed in 1991.

d) Medical Escrow personnel routinely reviewed insurance policy applications in conjunction with applications received from viators wishing to utilize Medical Escrow's brokerage services to sell their life insurance policies to viatical settlement providers. In this instance, Medical Escrow brokered this policy to Future First Financial Group, a then Florida licensed viatical settlement provider.

d) Medical Escrow made no report to the department regarding the matters alleged above in this count.

IT IS THEREFORE CHARGED that THE MEDICAL ESCROW SOCIETY, INC., 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 broker license:

a) 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.]

b) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement broker. [Section 626.9917, F. S.]

COUNT TWENTY-FOUR

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

52. Files and other information in the possession, custody, and control of the department show that:

a) On or about July 25, 1997, an individual, referred to herein as Viator Thirteen to protect his confidentiality, submitted a written application for a \$75,000 life insurance policy to Nationwide Life Insurance Company, in which he represented that he had not within the past five years been diagnosed or treated for AIDS, ARC, or any other immune deficiency syndrome, been examined or treated by any physician or medical practitioner, or by any hospital, clinic, or medical facility not previously mentioned on the application.

b) In apparent reliance on that application and the representations therein, Nationwide issued such a policy to Viator Thirteen, effective September 1, 1997.

c) On a Medical Escrow viatical settlement application form dated January 12, 1998, Viator Thirteen represented that he had been diagnosed HIV+ in 1992 and with AIDS in 1994. Information supplied by Viator Thirteen's physician on a Medical Escrow "Physician's Questionnaire—HIV Disease" form confirmed those representations. Viator Thirteen also informed Medical Escrow that he had sixteen (16) other insurance policies.

d) Medical Escrow personnel routinely reviewed insurance policy applications in conjunction with applications received from viators wishing to utilize Medical Escrow's brokerage services to sell their life insurance policies to viatical settlement providers. In this instance, Medical Escrow personnel noted that Viator Thirteen had lied on his application but nonetheless placed it into its "Purgatory", to be released for sale at a later time.

d) Medical Escrow made no report to the department regarding the matters alleged above in this count.

IT IS THEREFORE CHARGED that THE MEDICAL ESCROW SOCIETY, INC., 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 broker license:

a) 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.]

b) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement broker. [Section 626.9917, F. S.]

COUNT TWENTY-FIVE

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

54. Files and other information in the possession, custody, and control of the department show that:

a) On or about April 11, 1995, Viator Three submitted a written viatical settlement application to Medical Escrow Society on which he represented that he had been diagnosed HIV+ in May of 1986, and had been diagnosed with AIDS in March of 1995.

b) An Medical Escrow "Physician's Questionnaire—HIV Disease" form dated May 18, 1995 and submitted to Medical Escrow and signed by Dr. Carroll Cook confirmed those representations.

c) On or about July 31, 1995, Viator Three submitted a written application for a \$50,000 life insurance policy to Allstate Life Insurance Company, in which he represented that he never been diagnosed or treated for AIDS, ARC, or an AIDS related condition.

d) In apparent reliance on that application and the representations therein, Allstate issued a \$50,000 life insurance policy to Viator Three, effective August 2, 1995.

e) Medical Escrow Society brokered this policy to Future First Financial Group, then a Florida-licensed viatical settlement provider, on or about September 18, 1997, and on or about October 15, 1997, received a \$3,500 commission for its services in bringing about the sale of the policy.

f) Medical Escrow personnel routinely reviewed insurance policy applications in conjunction with applications received from viators wishing to utilize Medical Escrow's brokerage services to sell their life insurance policies to viatical settlement providers.

g) Medical Escrow made no report to the department regarding the matters alleged above in this count.

IT IS THEREFORE CHARGED that THE MEDICAL ESCROW SOCIETY, INC., 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 broker license:

a) 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.]

b) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement broker. [Section 626.9917, F. S.]

COUNT TWENTY-SIX

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

56. Files and other information in the possession, custody, and control of the department show that:

a) On or about April 11, 1995, Viator Three submitted a written viatical settlement application to Medical Escrow Society on which he represented that he had been diagnosed HIV+ in May of 1986, and had been diagnosed with AIDS in March of 1995.

b) An Medical Escrow “Physician’s Questionnaire—HIV Disease” form dated May 18, 1995 and submitted to Medical Escrow and signed by Dr. Carroll Cook confirmed those representations.

c) On or about October 20, 1995, Viator Three submitted a written application for a \$50,000 life insurance policy to Nationwide Life Insurance Company, in which he represented that he not within the last five years been diagnosed or treated for AIDS, ARC, or any other immune deficiency disorder.

d) In apparent reliance on that application and the representations therein, Nationwide issued a \$50,000 life insurance policy to Viator Three, effective October 27, 1995.

e) Medical Escrow Society brokered this policy to Mutual Benefits Corporation, a Florida-licensed viatical settlement provider, on or about January 27, 1998, and on or about March 5, 1998, received a \$3,500 commission for its services in bringing about the sale of the policy.

f) Medical Escrow personnel routinely reviewed insurance policy applications in conjunction with applications received from viators wishing to utilize Medical Escrow’s brokerage services to sell their life insurance policies to viatical settlement providers.

g) Medical Escrow made no report to the department regarding the matters alleged above in this count.

IT IS THEREFORE CHARGED that THE MEDICAL ESCROW SOCIETY, INC., 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 broker license:

a) 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.]

b) Has engaged in fraudulent or dishonest practices, or otherwise has been shown to be untrustworthy or incompetent to act as a viatical settlement broker. [Section 626.9917, F. S.]

IT IS THEREFORE CHARGED that MEDICAL ESCROW SOCIETY, INC., contrary to the prohibitions in Section 626.9917, 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 broker as described in Section 626.9911(4), Florida Statutes, and has failed to comply with the reporting requirements of Section 626.989(6), Florida Statutes.

WHEREFORE, you, MEDICAL ESCROW SOCIETY, INC., are hereby notified that the Insurance Commissioner and Treasurer intends to enter an Order revoking or suspending your license as a viatical settlement broker in Florida, and/or to impose such other or additional penalties pursuant to the provisions of and in accord with Section 626.9917, Florida Statutes, and under the other referenced sections of the Florida Insurance Code set forth in this Administrative Complaint.

DONE AND ORDERED this _____ day of _____ 2003.

KAREN CHANDLER
Deputy 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 NOTICE OF INTENT 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 OR OTHER LAWFUL PENALTY 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 the Case No. on the Notice of Intent);

(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 Notice of Intent 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 and NOTICE OF RIGHTS have been furnished by Certified Mail to The Medical Escrow Society Inc., 601 N. New York Ave., Suite 202, Winter Park, Fla. 32789-3103 this ____ day of _____, 2003.

Michael H. Davidson, Esq.
Florida Department of Insurance
Division of Legal Services
200 E. Gaines St., 612 Larson Building
Tallahassee, Florida 32399-0333
(850) 413-4178
Counsel for the department

STATE OF FLORIDA
DEPARTMENT OF INSURANCE

IN THE MATTER OF

MEDICAL ESCROW SOCIETY, INC.

Case No. 62482-02-AG

PETITION FOR PROCEEDING

I have received and have read the Notice of Intent filed against me, including the Notice of Rights contained therein, and I understand my options. I am requesting disposition of this matter as indicated below. (Choose one)

- 1. I do not desire a hearing. The Department may enter a final order revoking my licenses and appointments as may be appropriate.
- 2. I do not dispute any of the Department's factual allegations and I hereby elect a proceeding to be conducted in accordance with section 120.57(2), Florida Statutes. In this regard I desire to (Choose one):
 - submit a written statement and documentary evidence in lieu of a hearing
 - personally attend a hearing conducted by a department hearing officer in Tallahassee; or
 - attend that same hearing by way of a telephone conference call.
- 3. I do dispute one or more of the Department's factual allegations. I hereby request a hearing pursuant to Section 120.57(1), Florida Statutes to be held before the Division of Administrative Hearings. I have attached to this petition form additional writings indicating the specific issues of fact which are disputed and ALL other required information set forth in subparagraphs a) through and including g) of the Notice of Rights form. I understand that my failure to substantially comply with those written requirements will result in a dismissal of my petition.

DATE: _____

Signature of Petitioner

TO PRESERVE YOUR RIGHT TO A HEARING, YOU MUST ENSURE DELIVERY OF THIS PETITION TO THE DEPARTMENT OF INSURANCE AT THE ADDRESS INDICATED ON THE NOTICE OF RIGHTS WITHIN TWENTY ONE (21) DAYS OF YOUR RECEIPT OF THE NOTICE OF INTENT

Name: _____

Address _____

Phone _____

INTER-OFFICE MEMORANDUM

TO: Karen Chandler, Deputy Insurance Commissioner
FROM: Bill Tharpe
DATE: December 27, 2002
SUBJECT: Medical Escrow Society, Inc.
Administrative Complaint
Case No.: 62482-02-AG

Attached hereto for your approval and signature you will find an Administrative Complaint to be issued against Medical Escrow Society, Inc., a licensed viatical settlement broker.

The twenty-six count administrative complaint alleges that Medical Escrow Society, Inc. has engaged in numerous violations of the Viatical Settlement Act, relating to its viaticating of life policies.

The attorney handling this case is Michael Davidson.

The evidence obtained in the investigation constitutes sufficient grounds to enter this order.

Attachment

cc: Division Director – The Division of Agent and Agency Services

Authorized for signature:

John Hale, Division Director