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DIVISION OF FRAUD
HEADQUARTERS



THE TREASURER OF THE STATE OF FLORIDA
DEPARTMENT OF INSURANCE

Tom Gallagher

IN THE MATTER OF:

Case No.: 43160-01-CO

T.R.G. MARKETING, LLC

T.R.G. ADMINISTRATION, LLC

THE REDWOOD GROUP, LLC

CARMELO ZANFEI

WILLIAM PAUL CROUSE

NOTICE OF INTENT TO ISSUE CEASE AND DESIST ORDER AND TO ASSESS
PENALTY

TO:

T.R.G. MARKETING, LLC
37 South Park Boulevard
Greenwood, Indiana 46142

T.R.G. MARKETING, LLC
in care of its Registered Agent
Laughlin Associates, Inc.
2533 North Carson Street
Carson City, Nevada 89706
OR
Incorp Services
3675 Pecos-McLeod, #1400
Las Vegas, Nevada 89121

T.R.G. ADMINISTRATION, LLC
37 South Park Boulevard
Greenwood, Indiana 46142

T.R.G. ADMINISTRATION, LLC
in care of its Registered Agent
Laughlin Associates, Inc.
2533 North Carson Street
Carson City, Nevada 89706
OR

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BUREAU OF AGENT &
AGENCY INVESTIGATIONS

THE REDWOOD GROUP, LLC
37 South Park Boulevard
Greenwood, Indiana 46142

Incorp Services
3675 Pecos-McLeod
Carson City, Nevada 89706

THE REDWOOD GROUP, LLC
in care of its Registered Agent
Laughlin Associates, Inc.
2533 North Carson Street
Carson City, Nevada 89706

OR

Incorp Services
3675 Pecos-McLeod
Carson City, Nevada 89706

CARMELO ZANFEI
Individually and as Manager
Or Member of T.R.G. Marketing,
LLC, T.R.G. Administration, LLC,
And The Redwood Group, LLC
37 South Park Boulevard
Greenwood, Indiana 46142

CARMELO ZANFEI
Individually and as Manager
or Member of T.R.G. Marketing,
LLC, T.R.G. Administration, LLC,
and The Redwood Group, LLC
641 Hirsch
Calumet City, Illinois 60409

WILLIAM PAUL CROUSE
Individually and as Manager
or Member of T.R.G. Marketing,
LLC, T.R.G. Administration, LLC,
and The Redwood Group, LLC
37 South Park Boulevard
Greenwood, Indiana 46142

WILLIAM PAUL CROUSE
Individually and as Manager
or Member of T.R.G. Marketing,
LLC, T.R.G. Administration, LLC,
and The Redwood Group, LLC
257 Winding Way
Batesville, Indiana 47007

YOU ARE HEREBY NOTIFIED that pursuant to the Florida Insurance Code including, Sections 624.307, 624.317, 624.318, 626.201, and 120.569, *Florida Statutes*, the Treasurer and Insurance Commissioner of the State of Florida has caused an investigation to be made of the insurance-related activities of T.R.G. MARKETING, LLC, T.R.G. ADMINISTRATION, LLC, THE REDWOOD GROUP, LLC, CARMELO ZANFEI, and WILLIAM PAUL CROUSE (individually and in their capacities with TRG) with respect to their insurance-related activities in Florida.

As a result of that investigation, the Treasurer and Insurance Commissioner charges the following:

1. The Treasurer and Insurance Commissioner, as head of the Florida Department of Insurance (hereafter, the "Department") has jurisdiction over the subject matter hereof and the parties hereto.
2. T.R.G. ADMINISTRATION, LLC, T.R.G MARKETING, LLC, and THE REDWOOD GROUP, LLC are Nevada limited liability companies that have their principal places of business in Greenwood, Indiana. They will hereafter be collectively referred to as "TRG".
3. TRG is not currently licensed or authorized, nor has it ever been licensed or authorized to transact insurance, or to operate as a Multiple Employer Welfare Arrangement (hereafter, MEWA) in this State. All insurers and MEWAs are required by Florida law to hold a Florida Certificate of Authority in order to conduct business in this State in accordance with Section 624.437(2), *Florida Statutes*.
4. CARMELO ZANFEI and WILLIAM PAUL CROUSE are over the age of eighteen (18) and otherwise sui juris. CARMELO ZANFEI is a resident of Illinois. WILLIAM PAUL CROUSE is a resident of Indiana. Each are Managers, Members, and otherwise directed the operation of TRG.
5. Neither CARMELO ZANFEI nor WILLIAM PAUL CROUSE are licensed to transact insurance in Florida in any capacity, but control the insurance activities and the other business operations of TRG and serve as officers, directors, managers or members of the entity.
6. Despite the absence of any certificate of authority or other licensure to transact insurance or to operate a MEWA in this State, TRG, ZANFEI, and CROUSE have in the past engaged, and currently engage in the unlicensed, unauthorized, and therefore illegal business of insurance and/or as an illegal MEWA (as contemplated and defined by the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. ss.1001, *et seq.*) [hereafter "ERISA"] in violation of the Florida Insurance Code including, Sections 624.401(2) and 624.437(2), and 626.901, *Florida Statutes*, respectively.

7. TRG is not subject to any exception to the requirement of the Florida Insurance Code for a Certificate of Authority to engage in the business of insurance in any form, or to operate as a MEWA in Florida.

8. Section 624.02, *Florida Statutes* defines "Insurance" as: *"Insurance" is a contract whereby one undertakes to indemnify another or pay or allow a specified amount or a determinable benefit upon determinable contingencies.*

9. Section 624.03, *Florida Statutes* defines "Insurer" as: *"Insurer" includes every person engaged as indemnitor, surety, or contractor in the business of entering into contracts of insurance or annuity.*

10. Section 624.09, *Florida Statutes* defines "Authorized", "Unauthorized insurer" as: *(1) An "authorized" insurer is one duly authorized by a subsisting certificate of authority issued by the department to transact insurance in this state. (2) An "unauthorized" insurer is one not so authorized.*

11. Section 624.10, *Florida Statutes* defines "Transacting insurance" as: *"Transact" with respect to insurance includes any of the following, in addition to other applicable provisions of the code: (1) solicitation or inducement (2) Preliminary negotiations. (3) Effectuation of a contract of insurance. (4) Transaction of matters subsequent to the effectuation of a contract of insurance and arising out of it.*

12. Section 624.437(1), *Florida Statutes* defines "Multiple Employer Welfare Arrangement" as: *[a]n employee welfare benefit plan or any other arrangement which is established or maintained for the purpose of offering or providing health insurance benefits or any other benefits, described in s. 624.33, other than life insurance benefits, to the employees of two or more employers, or to their beneficiaries.*

13. Section 626.88(1), *Florida Statutes* defines "Administrator" as: *[a]ny person who directly or indirectly solicits or effects coverage of, collects charges or premiums from, or adjusts or settles claims on residents of this state in connection with authorized commercial self-insurance funds or with insured or self-insured programs which provide life or health insurance coverage of any other expenses*

described in s.624.33(1), other than any of the following persons... (none of which exceptions are applicable).

14. Section 626.8805(1), *Florida Statutes* provides, in pertinent part: *It is unlawful for any person to act as or to hold himself or herself out to be an administrator in this state without a valid certificate of authority issued by the Department pursuant to ss. 626.88-626.894.*

15. TRG, ZANFEI and CROUSE have engaged or presently engage in the unlicensed, unauthorized, and therefore illegal, insurance business in Florida as an unlicensed, unauthorized, and therefore, illegal insurer and/or MEWA under the guise of establishing and operating ERISA plans. They have operated or do operate, in part, under the ruse of establishing individuals "in business", ostensibly to market long distance telephone services, and to use the façade of such "business" as a canard by which to establish a supposed "employee benefit plan". In fact, no bona fide "business" is created, as the only reason for the exercise is/was the sale of the unauthorized insurance. They also act as a third-party administrator for the illegal insurance without being licensed in this state, or elsewhere, to do so.

16. Additionally, they have operated or do operate under the ruse of establishing and, through licensed Florida insurance agents, representatives, and other operatives, marketing entities known alternately as "VEBAs". They falsely and deceptively claim that such entities are exempt from the licensure requirements of the Florida Insurance Code when in fact, they are risk-bearing entities for multiple individuals or groups, and are therefore subject to the licensure and other requirements of the Florida Insurance Code. Alternatively, the establishment of the "VEBA" entities is nothing more than a conduit and facade for the true and sole business of TRG: the sale of unlicensed, unauthorized, and therefore, illegal health insurance, or operating an unlicensed, unauthorized, and therefore, illegal MEWA in violation of Section 627 654, *Florida Statutes* and other Florida law.

17. TRG has solicited and sold, and/or continues to solicit and to sell such unlicensed,

unauthorized, and therefore illegal health insurance to employers throughout Florida through a multitude of Florida- licensed insurance agents, some of who include:

<u>NAME</u>	<u>LOCATION</u>
Raul Victor Leyva Life Partners, Inc.	Miami, Fla.
William F. Starling (Lic. #A252679) Starling & Associates	Reddick, Fla.
Gary A. Bastie (Lic. #A015669) Starling & Associates	St. Petersburg, Fla.
E. Michael Farley (Lic. #A081006) Starling & Associates	Palm City, Fla.
Paul Hughes (Lic. #A125504) Risk Transfer, Inc.	Orlando, Fla.
Daryl Williams (Lic. #A285479) Risk Transfer, Inc./Risk Transfer Solutions	Orlando, Fla.
Gary Lynn Christopher (Lic. #A047104) Integra Financial Group	Fort Myers, Fla.
Jill Keely (Lic. #188284)	Longwood, Fla.

18. As evidenced by the number and geographic dispersion of the insurance agents that are marketing the TRG health plan, the unauthorized health coverage is being solicited and sold widely and in all parts of the State of Florida.

19. In conjunction with its solicitation, TRG, ZANFEI, CROUSE and other persons and entities with whom they affiliate for the purpose of soliciting and selling the unauthorized and illegal health insurance in Florida, including those persons named herein, have placed and continue to publish, disseminate, circulate, and otherwise place before the public statements regarding the business of insurance that are untrue, deceptive, or misleading. Among those misrepresentations are that the coverage and the rights of the parties to the contract are governed by the Employee Retirement Income

Security Act (ERISA), and that it is not subject to regulation by the Department, all in violation of the Florida Insurance Code including, Sections 624.401(1), 624.437, and 626.9541, *Florida Statutes*, and, at various times, that the scheme was either fully insured or was reinsured. Although purporting to be subject only to Federal regulation as an ERISA plan, TRG fails to meet even the most rudimentary prerequisites of a qualified ERISA plan so as to exempt it from regulation by the Florida Department of Insurance. Among the many factors that disqualify TRG as an ERISA plan is the fact that TRG is marketed and sold to multiple employers, and no single employer fully self-insures the health claims of its own employees. Instead, TRG is itself risk bearing and is therefore a Multiple Employer Welfare Arrangement or an insurer, subject to mandatory licensure and regulation by the Department.

20. Alternatively, through a fiction of enrolling employers and individuals into one of the various "businesses" or other entities set forth in Paragraphs 15 and 16 hereof, TRG has attempted to create the illusion that it exists and operates in accordance with Section 627.654(1)(a), *Florida Statutes*, which provides, in pertinent part:

A group of individuals may be insured under a policy issued to an association...which association has a constitution and bylaws and not less than 25 individual members and which has been organized and has been maintained in good faith for a period of 1 year for purposes other than that of obtaining insurance...

However, neither TRG, nor the individual associations, have in fact obtained a health insurance policy to provide insurance for its/their members/enrollees. Instead, in return for the "premium" paid for the health coverage, benefits are paid by TRG from the then-current cash flow or assets of TRG. As such, TRG is itself bearing the risk of the medical and health-related claims of those persons covered by policies or benefit contracts issued to multiple employers throughout the State of Florida, without being

licensed as either an insurer or as a Multiple Employer Welfare Arrangement as required by Florida law, and without meeting the statutory financial requirements of Florida law.

21. As an unlicensed insurer or MEWA that has not satisfied the statutory requirements necessary to obtain a Certificate of Authority, TRG presents a grave and immediate risk of financial harm to the residents of Florida. Effective on or about December 1, 2001, TRG unilaterally terminated all coverage under its policies, yet gave affected Florida consumers at most 2 days, and in most cases no advanced notice, thereby obviating any meaningful ability to obtain legitimate health insurance coverage. Although the Department was not aware of prior instances of significant delays or failure to pay claims, upon information and belief, the TRG operation has not processed, funded, or paid any claims in the intervening period, and in fact, has retained no licensed facility to perform that function.

22. Without a determination by the Department that the insurer or MEWA meets the statutory capital, surplus, operational, and other requirements, the particularized harm resulting from its operation in Florida include:

A. The potential inability to meet its financial obligations to Florida residents and entities to whom and to which it has issued policies of insurance or other coverage contracts, caused in whole or in part by insufficient capital, surplus and reserves, by charging inadequate or otherwise actuarially unsound rates or premiums, and by enterprise management that is unlicensed, untrained, and unskilled in insurance operations. In fact, the rates (premiums) charged by TRG, as reflected on its solicitation material, are grossly less than those rates charged by legitimate, licensed insurers and approved by the Department for comparable health insurance coverage, and reflect actuarial insufficiency in comparison to the benefits promised in the contracts.

B. The issuance of policies or contracts on forms that have not been approved by the Department of Insurance and which therefore do not contain the safeguards and disclosures for the

benefit of the public that have been determined by the Legislature to be necessary and that are required by the Florida Insurance Code;

C. The adverse financial impact upon healthcare providers from illicit insurance activity and from the non-payment of claims, when health care goods and services have been furnished to Florida residents in reliance, in whole or in part, upon the perception or representation that legitimate health insurance or HMO coverage existed to pay for the goods and services;

D. In part, by offering rates that are substantially below those charged by licensed insurers, TRG induces potential enrollee/employers to abandon their legitimate insurance with lawful, licensed, and regulated insurers, and to purchase the TRG product. By so doing, the enrollees/employers lose both the legal and financial safeguards that attend group health insurance with an entity that is licensed and regulated by the Department. Among those safeguards include, mandatory financial reporting to and oversight by the Department, including as to reserves, which have a direct relationship to the entity's ability to pay claims on an ongoing basis and requirements that persons who sell such coverage and who handle claims made under it be licensed and otherwise under the jurisdiction of the Department to ensure minimal competence, honesty, and adherence to applicable requirements of the Florida Insurance Code.

E. The adverse impact on future insurability of Florida residents who participate in such illegal plans, under statutes mandating guaranteed-issue health coverage for those persons having requisite prior creditable coverage from or through a legitimate health insurer or HMO.

23. Upon information and belief, TRG, ZANFEI, and CROUSE purport to be arranging or have arranged for financing to pay claims through an entity called "DreamTime Partners". In fact, the latter entity is owned, operated, and controlled by Gary Christopher of Integra Financial Group, who, as set forth in Paragraph 17, is a Florida insurance agent who is and has been part of the insurance and marketing ruse perpetrated by TRG, ZANFEI and CROUSE.

24. The unlicensed transaction of business as an insurer, as a MEWA, as an administrator, or any other transaction of insurance business by TRG, ZANFEI and CROUSE places Florida residents at grave and immediate risk for the further reason that Florida TRG has not complied with the Department's application procedure for entities that wish to conduct insurance or MEWA business in the State. As a condition of licensure, principals of insurers, MEWAs and other risk-bearing entities must submit an application to the Department of Insurance, undergo a background check, and otherwise be determined to have the requisite knowledge, experience, honesty, and integrity to transact insurance. These statutes were enacted for the benefit and the protection of the insurance-buying public by requiring that only honest and competent individuals serve as principals of insurance/MEWA entities. The unlicensed transaction of insurance therefore deprives Florida consumers of the benefits of such statutory requirements of competence and honesty.

25. In State vs. Knott, 166 Fla. 835 (Fla., 1936), the Florida Supreme Court found "that the business of insurance so directly affects the public that it is generally considered to be affected with a public interest, and, being so, is subject to the regulation and control by the Legislature, which includes the power to license and regulate the agents through whom such business is conducted". Id. at 837. The Court further held that "it would be difficult to find a business that more vitally affects the public interest... Id. In Natelson vs. Department of Insurance, 454 So.2d 31 (Fla. 1st DCA, 1984), the court stated that the business of insurance is "greatly affected by the public trust". Id. at 31. Indeed, insurance contracts are characterized by the law as uberrimae fidei contracts, and as such are agreements "of utmost good faith".

26. The health insurance policies or plans issued by TRG are not subject to the provisions of the Employee Retirement Income Security Act (ERISA), 29 USC 1001, et seq. in that:

- A). The policies and plans are not part of any employee benefit plan;

B). The individuals who were afforded health coverage under the policies and plans paid premiums for such coverage;

C). The employers of the individuals who were afforded health coverage under the policies and plans took no part in the administration or decision making processes with respect to claims or benefits.

D). Neither the employers of the individuals who were afforded health coverage under the policies and plans, nor the officers, directors, managers, or members of the other entities into which employer and individual applicants were enrolled, undertook to exercise, or in fact exercised, any fiduciary responsibilities to the individuals who were afforded health coverage with respect to the acquisition or maintenance of the policies and plans, nor with respect to the adjudication and payment of claims.

27. Based upon the foregoing allegations, the Department of Insurance charges TRG, ZANFEI and CROUSE with engaging in the unauthorized and therefore illegal business of insurance in Florida in violation of the Florida Insurance Code including, Sections 624.410, 624.11, 626.112, 624.401(1), 624.437, 626.451, 626.9521, 626.9541, 626.901, and 627.410, *Florida Statutes*.

IT IS THEREFORE CHARGED THAT TRG, CARMELO ZANFEI, and WILLIAM PAUL CROUSE HAVE VIOLATED OR ARE ACCOUNTABLE UNDER THE FOLLOWING PROVISIONS OF THE FLORIDA INSURANCE CODE:

A). No person shall transact insurance in this state, or relative to a subject of insurance resident, located, or to be performed in this state, without complying with the applicable provisions of this code. [Section 624.11, *Florida Statutes*];

B). No person shall act as an insurer, and no insurer or its agents, attorneys, subscribers, or representatives shall directly or indirectly transact insurance in this state except as authorized by a

subsisting certificate of authority issued to the insurer by the Department, except as to such transactions as are expressly otherwise provided for in this code. [Section 624.401(1), *Florida Statutes*];

C). No person shall operate, maintain, or, after October 1, 1983, establish a multiple employer welfare arrangement unless such arrangement has a valid certificate of authority issued by the department. [Section 624.437(2), *Florida Statutes*];

D). Each appointing entity appointing an agent, adjuster, service representative, customer representative, or managing general agent in this state shall file the appointment with the department and, at the same time, pay the applicable appointment fee and taxes. Every appointment shall be subject to the prior issuance of the appropriate agent's, adjuster's, service representative's, customer representative's, or managing general agent's license. [Section 626.451(1), *Florida Statutes*];

E). No person shall, from offices or by personnel or facilities located in this state, or in any other state or country, directly or indirectly act as agent for, or otherwise represent or aid on behalf of another, any insurer not then authorized to transact insurance in this state in:

(a) The solicitation, negotiation, procurement, or effectuation of insurance or annuity contracts, or renewals thereof;

(b) The dissemination of information as to coverage or rates;

(c) The forwarding of applications;

(d) The delivery of policies or contracts;

(e) The inspection of risks

(f) The fixing of rates;

(g) The investigation or adjustment of claims or losses; or

(h) The collection or forwarding of premiums;

or in any other manner represent or assist such an insurer in the transaction of insurance with respect to subjects of insurance resident, located, or to be performed in this state. [Section 626.901(1), *Florida Statutes*];

F). If an unauthorized insurer fails to pay in full or in part any claim or loss within the provisions of any insurance contract which is entered into in violation of this section, any person who knew or reasonably should have known that such contract was entered into in violation of this section and who solicited, negotiated, took application for, or effectuated such insurance contract is liable to the insured for the full amount of the claim or loss not paid. [Section 626.901(2), *Florida Statutes*];

G). In addition to any other penalties provided in the insurance code, any person other than an insurance agent licensed in this state who in this state represents or aids an unauthorized insurer in violation of s.626.901 commits a felony of the third degree, punishable as provided in s.775.082, s.775.083, or s. 775.084. [Section 626.902(1)(a), *Florida Statutes*];

H). In addition to the penalties provided for in sub-section (1) of Section 626.901, *Florida Statutes*, such violator shall be liable, personally, jointly, and severally, with any other person or persons liable therefor, for payment of taxes payable on account of such insurance under s.626.938. [Section 626.902(2), *Florida Statutes*];

I). No person shall engage in this state in any trade practice which is defined in this part as, or determined pursuant to s.626.951 or s.626.9561 to be, an unfair method or competition or an unfair or deceptive act or practice involving the business of insurance. [Section 626.952(1), *Florida Statutes*];

J). Any person who violates any provision of this part shall be subject to a fine in an amount not greater than \$2,500 for each non-willful violation and not greater than \$20,000 for each willful violation. Fines under this subsection may not exceed an aggregate amount of \$10,000 for all non-willful violations arising out of the same action or an aggregate amount of \$100,000 for all willful violations arising out of

the same action. The fines authorized by this subsection may be imposed in addition to any other applicable penalty. [Section 626.9521(2), *Florida Statutes*];

K). Knowingly making, issuing, circulating, or causing to be made, issued, or circulated, any estimate, illustration, circular, statement, sales presentation, omission, or comparison which:

1. misrepresents the benefits, advantages, conditions, or terms of any insurance policy;
2. is a misrepresentation for the purpose of inducing, or tending to induce, the lapse, forfeiture, exchange, conversion, or surrender of any insurance policy;
3. uses any advertisement that would mislead or otherwise cause a reasonable person to believe mistakenly that the state or the Federal Government is responsible for the insurance sales activities of any person or stands behind any person's credit or that the person, state, or the Federal Government guarantees any returns on insurance products or is a source of payment of any insurance obligation of or sold by any person. [Section 626.9541(1)(a), *Florida Statutes*];

L). Knowingly making, publishing, disseminating, circulating, or placing before the public, or causing, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public,

1. in a newspaper, magazine, or other publication,
2. in the form of a notice, circular, pamphlet, letter, or poster,
3. over any radio or television station, or
4. in any other way

an advertisement, announcement, or statement containing any assertion, representation, or statement with respect to the business of insurance, which is untrue, deceptive, or misleading. [Section 626.9541(1)(c), *Florida Statutes*];

M). Knowingly:

- a. Filing with any supervisory or other public official,

- b. Making, publishing, disseminating, circulating,
- c. Delivering to any person,
- d. Placing before the public,
- e. Causing, directly or indirectly, to be made, published, disseminated, circulated,

delivered to any person, or placed before the public,

any false material statement [Section 626.9541(1)(e)1., *Florida Statutes*];

N). Knowingly making any false entry of a material fact in any book, report, or statement of any person, or knowingly omitting to make a true entry of any material fact pertaining to the business of such person in any book, report, or statement of such person. [Section 626.9541(1)(e)2. *Florida Statutes*];

O). No basic insurance policy or annuity contract form, or application form where written application is required and is to be made a part of the policy or contract, or group certificates issued under a master contract delivered in this state, or printed rider or endorsement form or form of renewal certificate, shall be delivered or issued for delivery in this state, unless the form has been filed with the department at its offices in Tallahassee by or on behalf of the insurer which proposes to use such form and has been approved by the department [Section 627.410 (1), *Florida Statutes*];

P). An insurer shall not deliver or issue for delivery or renew in this state any health insurance policy form until it has filed with the department a copy of every applicable rating manual, rating schedule, change in rating manual, and change in rating schedule; if rating manuals and rating schedules are not applicable, the insurer must file with the department applicable premium rates and any change in applicable premium rates. [Section 627.410(6)(a)].

WHEREFORE, TRG. CARMELO ZANFEI and WILLIAM PAUL CROUSE are hereby notified that the Department intends to enter a permanent Cease and Desist Order pursuant to Section 626.9581, *Florida Statutes* prohibiting the transaction by you and all related entities of insurance in the

State of Florida, or relative to a subject of insurance resident, located, or to be performed in this state, without being licensed.

You are further notified that the Department intends to seek monetary penalties to the full extent permitted by Florida law.

NOTICE OF RIGHTS

Pursuant to Sections 120.569 and 120.57, Florida Statutes and Rule Chapter 28-106, Florida Administrative Code (F.A.C.), you have a right to request a proceeding to contest this action by the Department. You may elect a proceeding by completing the attached Election of Rights form or filing a Petition. Your Petition or Election of a proceeding must be in writing and must be filed with the General Counsel acting as the Agency Clerk, Department of Insurance. If served by U.S. Mail the Petition or Election 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 or Election should be delivered to 612 Larson Building, 200 East Gaines Street, Tallahassee, Florida 32399-0333. The Petition or Election must be received by, and filed in the Department within twenty-one (21) days of the date of your receipt of this notice.

YOUR FAILURE TO RESPOND TO THIS NOTICE OF INTENT TO ISSUE CEASE AND DESIST ORDER AND ASSESS PENALTIES WITHIN TWENTY-ONE (21) DAYS WILL CONSTITUTE A WAIVER OF YOUR RIGHT TO REQUEST A PROCEEDING ON THE MATTERS ALLEGED HEREIN AND AN ORDER TO CEASE AND DESIST AND ASSESS PENALTIES WILL BE ENTERED AGAINST YOU. SUBSEQUENT VIOLATION OF THE ORDER TO CEASE AND DESIST AND ASSESS PENALTIES WILL SUBJECT YOU TO AN ADDITIONAL FINE UP TO \$50,000 PURSUANT TO SECTIONS 626.9581 AND 626.9601, FLORIDA STATUTES.

If a proceeding is requested and there is no dispute of fact the provisions of Section 120.57(2), Florida Statutes would apply. In this regard you may submit oral or written evidence in opposition to the action taken by this agency or a written statement challenging the grounds upon which the agency has relied. While a hearing is normally not required in the absence of a dispute of fact, if you feel that a hearing is necessary one will be conducted in Tallahassee, Florida or by telephonic conference call upon your request.

If you dispute material facts that are the basis for this agency's action you may request a formal adversarial proceeding pursuant to Sections 120.569 and 120.57(1), Florida Statutes. If you request this type of proceeding, the request must comply with all of the requirements of Rule Chapter 28-106, F.A.C. and contain:

- a) A statement identifying with particularity the allegations of the Department that you dispute and the nature of the dispute;
- b) An explanation of what relief you are seeking and believe you are entitled to;
- c) Any other information that you contend is material.

These proceedings are held before a State administrative law judge of the Division of Administrative Hearings. Unless the majority of witnesses are located elsewhere the Department will request that the hearing be conducted in Tallahassee.

If you request a hearing, you have the right to be represented by counsel, or other qualified representative, to take testimony, to call and cross-examine witnesses, and to have subpoena and subpoena duces tecum issued on your behalf.

You are hereby notified that mediation under Section 120.573, Florida Statutes, is not available.

Failure to follow the procedure outlined with regard to your response to this notice may result in the request being denied. All prior correspondence in this matter shall be considered freeform agency action, and no such correspondence shall operate as a valid request for an administrative proceeding.

Any request for 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.

You are hereby further notified that you have a right to request an advisory opinion or information letter as to your status and as to the effect of certain acts and transactions under the Retirement Income Security Act (ERISA) pursuant to ERISA Proc. 76-1, from the Pension and Welfare Benefits Administration of the United States Department of Labor, 200 Constitution Avenue NW, Washington, D.C. 20210

DATED and SIGNED this 15 day of January, 2002.


Kevin McCarty
Deputy Insurance Commissioner

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Notice of Intent to Issue Cease and Desist Order and to Assess Penalty has been sent by Certified Mail this 15 day of January, 2002 to:

T.R.G. MARKETING, LLC
37 South Park Boulevard
Greenwood, Indiana 46142 .

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Laughlin Associates, Inc.
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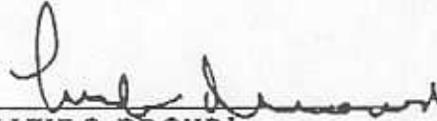
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and The Redwood Group, LLC*
641 Hirsch
Calumet City, Illinois 60409

WILLIAM PAUL CROUSE
*Individually and as Manager
or Member of T.R.G. Marketing,
LLC, T.R.G. Administration, LLC,
and The Redwood Group, LLC*
37 South Park Boulevard
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WILLIAM PAUL CROUSE
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STATE OF FLORIDA
DEPARTMENT OF INSURANCE

IN THE MATTER OF:

Case No.: 43160-01-CO

T.R.G. MARKETING, LLC

T.R.G. ADMINISTRATION, LLC

THE REDWOOD GROUP, LLC

CARMELO ZANFEI

WILLIAM PAUL CROUSE

ELECTION OF RIGHTS

I have received and have read the NOTICE OF INTENT TO ISSUE CEASE AND DESIST ORDER AND ASSESS PENALTY 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 proceeding. The Department may enter a Cease and Desist Order against me.

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
 - attend a hearing to be held in Tallahassee; or
 - attend a hearing by way of a telephone conference call.

3. I do dispute the Department's factual allegations. I have attached to this form a statement indicating the specific issues of fact that are disputed and other required information indicated in the Notice of Rights. I hereby request a proceeding pursuant to Sections 120.569 and 120.57(1), Florida Statutes to be held before the Division of Administrative Hearings.

DATE: _____

Signature of Petitioner

**TO PRESERVE YOUR RIGHT TO A
PROCEEDING, YOU MUST RETURN**

Name: _____

**THIS FORM WITHIN TWENTY-ONE
(21) DAYS OF RECEIPT TO THE
DEPARTMENT OF INSURANCE AT
THE ADDRESS INDICATED IN
THE NOTICE OF RIGHTS.**

Address: _____

Phone: _____