

**NORTH CAROLINA DEPARTMENT OF INSURANCE
RALEIGH, NORTH CAROLINA**

STATE OF NORTH CAROLINA

**BEFORE THE COMMISSIONER
OF INSURANCE**

**COUNTY OF WAKE
IN THE MATTER OF
CONSOLIDATED WORKERS
ASSOCIATION, INC.,
WALTER CECCHINI,
CLAIMS AND BENEFIT
MANAGEMENT, INC.,
NATIONAL ALLIANCE OF BENEFIT
SERVICES ASSOCIATION, LLC,
BRAD WESSLER, and
NATIONWIDE BENEFITS SERVICES
ASSOCIATION, INC.**)

**CONSENT CEASE & DESIST
ORDER**

DOCKET # 1421

WHEREAS, the North Carolina Department of Insurance (hereinafter, "the Department") is charged with the authority and responsibility for the enforcement of the insurance laws of the State of North Carolina;

WHEREAS, Respondent Consolidated Workers Association, Inc. ("CWA") is a Delaware corporation with its primary place of business in Wilmington, Delaware, and with offices in West Palm Beach, Florida, and

WHEREAS, CWA holds no licenses with the Department; and

WHEREAS, Walter R. Cecchini, Jr. ("Walter Cecchini") is the president, stockholder and sole director of the CWA; and

WHEREAS, Walter Cecchini holds no licenses with the Department; and

WHEREAS, this administrative proceeding was instituted against the Respondents CWA and Walter Cecchini on September 5, 2008 with a Notice of Hearing and Order To Produce Documents and Information, and on January 13, 2009 with an Amended Notice of Hearing, and Order to Produce Documents and Information; and

WHEREAS, Respondents CWA and Walter Cecchini stipulate and agree that this Consent Order shall not be construed as affecting the legal rights of any third party or other Respondent named herein; and

WHEREAS Respondents CWA and Walter Cecchini stipulate and agree that this Consent Order shall not be construed as affecting the rights of the Department to pursue administrative action against all other Respondents named herein and any other person or entity

who has engaged in any unlawful transaction or activity related to the matters and things set forth herein; and it is not the intent of the Department to release or discharge any person or entity other than CWA and Walter Cecchini;

WHEREAS, the Department and the Respondents CWA and Walter Cecchini have reached a mutually-agreed resolution of the claims raised by the Department against CWA and Walter Cecchini in the September 5, 2008 Notice of Hearing and Order To Produce Documents and Information, and the January 13, 2009 Amended Notice of Hearing and Order to Produce Documents and Information, as set forth in this Final Consent Order; and

WHEREAS THE DEPARTMENT AND THE RESPONDENTS CWA AND WALTER CECCHINI STIPULATE AND AGREE TO THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW:

FINDINGS OF FACT

1. The September 5, 2008 Notice of Hearing and Order To Produce Documents and Information, and the January 13, 2009 Amended Notice of Hearing and Order to Produce Documents and Information were served upon the Respondents CWA and Walter Cecchini.
2. CWA is a Delaware corporation with its primary place of business in Wilmington, Delaware, and maintains offices in West Palm Beach, Florida.
3. Walter Cecchini is the President, stockholder and sole director of the CWA.
4. Walter Cecchini and CWA have never been licensed by the North Carolina Department of Insurance in any capacity or role.
5. During the period June 21, 2007 through November 30, 2008, Respondent CWA offered and issued health and medical benefit plans to its member enrollees. The CWA health and medical benefit plans (the "CWA benefit plan") provided various benefits including benefits for physician office visits, emergency room visits, diagnostic lab & x-ray expenses, accident coverage, hospital confinement, intensive care, surgery, anesthesia and skilled nursing. The CWA plan documents indicate these CWA benefits are "Underwritten by Consolidated Workers Association".
6. There was no North Carolina licensed insurance company that backed or guaranteed any benefits or promises made by CWA to its member enrollees.
7. Respondents CWA and Walter Cecchini contracted with Respondents Claims and Benefit Management, Inc. ("CBM"), and National Alliance of Benefit Services Association, LLC, ("NABSA"), to market CWA's benefit plan and to provide administrative services to the plan and member enrollees.
8. Respondents CBM and NABSA are owned and managed by Respondent Brad

Wessler ("Wessler").

9. The CWA benefit plan was marketed through "blast faxes" and telemarketing to consumers, including North Carolina consumers," by way of third party call centers contracted by Respondent NABSA. The "blast faxes" advertised the CWA benefit plan as health insurance. Consumers who enrolled in the CWA benefit plan became "CWA members" and their bank accounts were drafted for premiums and other fees by NABSA and/or CBM. CWA was aware that Respondent NABSA was utilizing third party call centers to market the CWA plan. CWA and Walter Cecchini allege that they never authorized the use of blast faxes and further allege that they instructed NABSA and Wessler not to market the CWA benefit plan as a comprehensive health insurance plan.

10. At least sixty four (64) North Carolina residents were enrolled and issued the CWA benefit plan. Several of the North Carolina enrollees submitted complaints to the Department claiming they were led to believe they were purchasing comprehensive major medical health insurance from a licensed insurer.

11. Prior to offering the CWA benefit plan to consumers, CWA and Walter Cecchini consulted with Risk Services, LLC regarding the legality of the CWA benefit plan. Risk Services, LLC advised CWA and Walter Cecchini that the CWA benefit plan was not insurance and that the plan comported with the Federal Liability Risk Retention Act.

12. Nothing herein binds Respondents CWA and Walter Cecchini in any disputes with other parties.

CONCLUSIONS OF LAW

1. Notice in this matter was timely and properly effected.
2. This matter is properly before the Commissioner of Insurance, and he has jurisdiction over the parties and the subject matter pursuant to Article 28 of Chapter 58 of the General Statutes of North Carolina.
3. The CWA health and medical benefit plans ("CWA benefit plan") are contracts of insurance as defined and contemplated by N.C. General Statute § 58-1-10.
4. Respondents CWA and Walter Cecchini, as President of CWA, have violated N.C. Gen. Stat. §§ 58-28-5, 58-28-10, 58-28-13 and 58-33-95 by having entered into contracts of insurance as an insurer in this State and by transacting insurance business in this State as set forth in N.C. Gen. Stat. §§ 58-28-10, 58-28-12, and 58-28-13 without first being issued a license or certificate of authority to do business as an insurance company in this state.
5. Under N.C. Gen. Stat. §§ 58-2-70, 58-28-10 and 58-28-14 a penalty of thirty-two thousand dollars (\$32,000) is warranted against Respondents CWA and Walter Cecchini, as President of CWA.

IT IS THEREFORE, BY CONSENT, ORDERED as follows:

1. CWA and Walter Cecchini shall CEASE AND DESIST from violating N.C. Gen. Stat. §§ 58-28-5, 58-28-10, 58-28-13, 58-28-45, and 58-33-95, including:
 - a. Directly or indirectly contracting to provide insurance in this state for risks located in this State, whether as an insurer, agent, association, by affiliation agreement, or by any other method;
 - b. Directly or indirectly offering, selling, and marketing insurance in this State for risks located in this State, whether as an insurer, agent, association, by affiliation agreement, or by any other method;
 - c. Directly or indirectly issuing or delivering contracts of insurance or certificates of insurance or other evidence of insurance coverage in this state;
 - d. Directly or indirectly soliciting, negotiating, procuring or effectuating insurance coverage, or renewals thereof, disseminating information as to coverage or rates, forwarding applications, delivering policies or contracts, or in any manner representing or assisting any insurer in this state;

This Consent Order does not prohibit Respondents CWA and Walter Cecchini from transacting lawful business of insurance in North Carolina that CWA and /or Walter Cecchini or his company[ies] are licensed by the Department to perform in this State.

2. CWA and Walter Cecchini shall fully resolve any and all pending complaints by North Carolina CWA benefit plan members within thirty (30) days of the execution of this Consent Order. These pending complaints are listed in Appendix A, attached hereto.
3. CWA and Walter Cecchini shall fully resolve any and all future complaints by North Carolina CWA benefit plan members within thirty (30) days of CWA and Walter Cecchini receiving notice of such complaints, unless CWA and Walter Cecchini receive an extension of time from the Department. CWA and Walter Cecchini must submit any requests for extension to resolve North Carolina consumer complaints in writing to the Department, and such requests for extensions must be received by the Department prior to the expiration of the thirty (30) day time period allotted for said resolution. The Department will consider such requests for extensions timely received, and may, in its discretion, grant an extension of time to resolve a consumer request. The Department will provide notice of such an extension to CWA and Walter Cecchini in writing.
4. CWA and Walter Cecchini agree to fully comply with all North Carolina insurance statutes and regulations.
5. CWA and Walter Cecchini shall pay an immediate penalty in the amount of thirty-two thousand dollars (\$32,000) at the time of the execution of this Consent Order. This amount shall be paid by certified check made payable to the North Carolina Department

of Insurance. The check shall accompany this Consent Order when it is sent to the Department after CWA and Walter Cecchini sign this Consent Order. Upon receipt of this Consent by the Department, the Hearing Officer will sign this Consent Order.

6. Walter Cecchini and CWA agree that any violation of this Consent Order shall result in an additional minimum penalty of one-hundred thousand dollars (\$100,000). In the event of violation of this Order, the undersigned Respondents shall each be jointly and severally liable for payment of the resulting penalty.
7. This Final Consent Order shall become effective when signed by the parties and when the Department receives payment of the thirty-two thousand dollars (\$32,000.00) penalty from CWA and Walter Cecchini.
8. Provided that Respondents CWA and Walter Cecchini fully comply with the terms of this Consent Order, this Consent Order resolves all claims and actions by the Department against Respondents CWA and Walter Cecchini as set forth in the Amended Notice of Hearing of January 13, 2009.

IN WITNESS WHEREOF, the parties have duly executed this Consent Order as of the dates indicated below.

This the 14th day of May, 2009

Walter R Cecchini Jr

Walter R. Cecchini, Jr.

CONSOLIDATED WORKERS ASSOCIATION

BY:

Walter R Cecchini Jr

Walter R. Cecchini, Jr.
President of Consolidated Workers Association

William K. Hale

William K. Hale
Hearing Officer and Special Counsel
North Carolina Department of Insurance

DATE 5/12/09

DATE 5/12/09

NORTH CAROLINA DEPARTMENT

NORTH CAROLINA DEPARTMENT
OF INSURANCE

BY:

Angela C. Ford

Angela Ford
Senior Deputy Commissioner

DATE

5/14/09

ATTACHMENT A
Pending North Carolina Consumer Complaints

Ron Fetterley
2901 Gamewell Circle
Eastover, NC 28312

Christy Johnston
1778 Slate Rd.
King, NC 27021

Becky Harris
111 Woodland Church Rd.
Goldsboro, NC 27530

Maria Furino
195 Hawke Crest Rd.
Hendersonville, NC 28792

Jo Anne Ladd
212 Hylan Ave.
Hamlet, NC 28345

Katrina Alsbrooks
3312 Credenza
Charlotte, NC 28208

David Eugene Davis
10 Old Logging Rd.
Asheville, NC 28804

Brenda McCants (Mucklevene)
1605 Timberwolf Drive
Durham, NC 27713

CERTIFICATE OF SERVICE

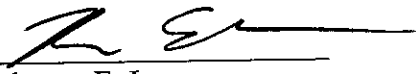
I HEREBY CERTIFY that on this day I have served the foregoing **Consent Order** by mailing a copy thereof by first class U.S. Postal Service mail, addressed as follows:

Julia Wicker, Esq.
Attorney for Brad Wessler,
CBM, NABSA, and Nationwide Benefits Association
SZD Wicker
P.O. Box 1951 Raleigh, NC 27602-1951

Walter R. Cecchini, Jr., President
Consolidated Workers Association, Inc.
1551 N. Flagler Drive, #1116
West Palm Beach, FL 33401

Joseph B. Cicero
Attorney for Walter R. Cecchini and CWA
Edwards Angell Palmer & Dodge LLP
919 N. Market Street, 15th Floor
Wilmington, DE 19801

This the 15th day of May, 2009.



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