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8 **STATE OF WASHINGTON**  
9 **OFFICE OF INSURANCE COMMISSIONER**

10 In the Matter of

11 **PREFERRED CHIROPRACTIC DOCTOR,**  
12 **INC.**

13 Respondent,

NO. 13-0134

DECLARATION OF DR. STEPHEN  
BELOW IN OPPOSITION TO THE  
REQUEST BY THE WASHINGTON  
INSURANCE COMMISSIONER FOR  
IMPOSITION OF FINES

14 I, STEPHEN BELOW, declare:

15 1. I have personal knowledge of the facts stated herein and if called as a witness I  
16 could testify competently thereto.

17 2. I am the co-founder, president, and CEO of Preferred Chiropractic Doctor, Inc.  
18 (PCD).

19 3. I attended college at the University of Alabama from 1975 to 1976. I  
20 subsequently attended Life Chiropractic College from 1980 through 1984 where I received  
21 my chiropractic training and my Doctor of Chiropractic degree. In March 1985, I received my  
22 chiropractic license.<sup>1</sup>

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24  
25 <sup>1</sup> A typographical error in PCD's Application for Licensure as a Discount Plan Organization stated that I  
received my chiropractic license in March 1984.

1           4.       During my career I have been actively involved in civic and professional  
2 activities including, but not limited to, the following:

3                   Alabama State Board of Chiropractic Examiners; board member, 1987-1996;  
4 president, 1991-'96

5                   Alabama State Radiation Advisory Board; member, approx. 1991-'95

6                   Alabama State Chiropractic Association; Board of Directors, 1985-'86

7                   Alabama Chiropractic Council; founding President, 1992

8                   Alabama Chiropractic Council; trustee, 1993-'96

9                   BSA troop 259; committee member, adult leader, 2000-2009

10                  Ducks Unlimited; Board member, 1985-'87

11                  Central Alabama American Heart Association; president, 1985-'87

12                  Chilton County (AL) YMCA Board of Directors; member, 1986-'91

13                  Founder/President, Alabama Healthcare Coalition; 1991 (I got various  
14 healthcare groups together in the state and created an organization that worked on  
15 legislative issues for the benefit of the groups and consumers of the state.)

16                  Founder/Publisher, Wellness Bound Publications; 1994-2007 (We published  
17 three national magazines — *Wellness Bound*; *The Art of Health*, which appeared  
18 nationally on PBS; and *The Art of Living* — as well as a number of local “directory-  
19 based” publications called the *Community Wellness Directory*, along with a national  
20 newsletter called the *PCD Lifeline*.)

21                  Founder/CEO, Community Wellness Alliance; 2002 to present (This is a  
22 national, non-profit (c4), community/chapter-based, membership organization. We  
23 developed community-based chapters across the country and developed multiple  
24 venues/programs/activities/relationships to educate the public about engaging in  
25 healthier life choices. We received great response from this program. Along with this,

1 we started the national magazines as our "flagship" publications. Currently the  
2 program is on hold.

3 Co-author, "Pigskin Dreams: The People, Places and Events That Forged The  
4 Character of The NFL's Greatest Players" (Personal interviews, conducted by Todd  
5 Kalis, with Hall of Fame football players about their early influences and how that  
6 helped to build their character)

7 Consultant, NFL Alumni; 2002-2008 (Consulted with NFL Alumni Board  
8 members relative to board operations and strategies, and especially relative to the  
9 pursuit and implementation of programs specific to a major activity of the NFL  
10 Alumni, namely, "Caring for Kids.")

11 5. My father was a chiropractor and my brother is a chiropractor. While I was  
12 still in chiropractic school in 1983, I bought an existing chiropractic clinic in Clanton,  
13 Alabama, and named it Below Chiropractic Clinic. The chiropractor from whom I bought the  
14 clinic continued to practice part time and my father and brother practiced there part time.  
15 After I received my license in March 1985, I was immediately able to step into an existing  
16 practice of my own. I have practiced chiropractic ever since.

17 6. In my chiropractic practice I found that health insurance was a factor. Some  
18 policies covered chiropractic services while others did not. I learned that chiropractors and  
19 patients both encountered problems with health insurers. Insurance plans that covered  
20 chiropractic care were expensive. Reimbursement by insurance plans to chiropractors was  
21 often erratic, reduced, delayed and unreliable. Additionally, in order to process insurance  
22 claim forms efficiently, the chiropractors were compelled to install specialized billing systems  
23 at a cost of \$10,000 - \$15,000. Plus the chiropractor had to hire additional administrative staff  
24 to handle the billings to the health insurers. Further, there was typically at least a 30-day delay  
25

1 before the insurance carrier would pay the chiropractor and it was not at all uncommon for the  
2 insurance carrier to return the submitted paperwork claiming some type of technical error,  
3 which added to the delay in reimbursement and added additional administrative expense.  
4 Further, many Preferred Provider Organization and Health Maintenance Organization plans,  
5 in their contracts with providers, reduced the amount of Usual, Customary and Reasonable  
6 (UCR) Fees to amounts that were actually less than the UCR Fees in the covered region. Also,  
7 the majority of states had adopted statutes that made it illegal for a chiropractor to charge a  
8 patient with insurance more than a patient without insurance even though the actual payment  
9 received for the insured patient from the carrier is less than the billed amount. The result of  
10 the significant increase in costs to deliver healthcare and to process third party insurance  
11 claim forms plus the reduction in fees received by providers was that it was becoming  
12 uneconomical for some chiropractors to practice and charges to patients were, of necessity,  
13 being increased so that care would still be available. Against this backdrop, I came up with  
14 the idea of providing, for a small, affordable, annual fee, a discount plan that would provide to  
15 patients at least a 25% discount on fees at participating chiropractors. As part of the plan the  
16 patient would pay the chiropractor at the time of service. From the chiropractor's standpoint,  
17 that eliminated the administrative fees associated with billing an insurance company and the  
18 delay in receipt of payment. To implement the plan, I formed PCD in Alabama in 1993 and  
19 began notifying chiropractors who wanted to offer the plan to their patients.

20 Our service costs patients \$37.00 per year or only \$3.08 per month.

21 7. As chiropractors in various states learned about our program, they began to ask  
22 us if they could participate. Some chiropractors in Washington approached us about PCD,  
23 and in 1994, we began offering our program in Washington. We employed a national law  
24 firm, Epstein, Becker & Green in about 1994 to confirm that we were operating legally in all  
25 states where we were conducting operations. We contacted the State of Washington

1 Department of Health and Washington Office of the Insurance Commissioner (OIC) in 1995  
2 and in 1997, respectively, concerning whether we needed to register in some manner with the  
3 state. The OIC staff member who was contacted by the company, Mr. Dennis Julnes, stated  
4 the company should review RCW Chapter 48.44, Health Care Services, and particularly RCW  
5 48.44.010, definitions. Based on our review of the statutes and our conversations with the  
6 OIC, we determined that we were neither an "insurance producer" nor a "health care service  
7 contractor" and, therefore, did not need a license from Washington. We therefore continued  
8 our operations in Washington and continued to provide our plan to Washington chiropractors  
9 who offered it to their patients.

10 8. Our plan is offered to consumers only through our member chiropractors  
11 (providers), who offer it to their patients. We do not directly market our plan to consumers in  
12 Washington or any other state. We market our plan only to licensed chiropractors through  
13 direct mail advertisements, referrals, and by recommendations from industry leaders at trade  
14 association meetings.

15 9. In 2011 I became aware that a software company in Iowa was claiming that all  
16 discount plan organizations (DPOs) in that state were required to obtain a license to operate in  
17 the state. The software company claimed that its software would complete the required  
18 paperwork more quickly and efficiently than the companies could do it on their own. I  
19 checked to see about any licensing requirements for Iowa and found there were none.  
20 However, I learned that several states had adopted some type of licensing requirement for  
21 DPOs. We were doing business in all 50 states at that time and I was concerned whether there  
22 were other states in which we needed to obtain licenses. We were, and are, a small company  
23 which does not have the human or financial resources to conduct an investigation into the  
24 requirements of each state. Further, I did not believe we had the resources to apply for  
25 necessary licenses if more than a few states required licensing. I therefore began searching for

1 a company that had received DPO licensing in all necessary states. Through research I learned  
2 that AccessOne Consumer Health, Inc. (AccessOne or ACH) was a DPO that offered a variety  
3 of discount plan services in most states and that it was licensed in most states that required  
4 licensing. I thereupon began discussions with Robert Fortier, the executive director of  
5 Marketing of AccessOne, to see if it would be possible to affiliate with them on some basis so  
6 that we could offer our discount chiropractic plan under their licenses. Over an approximately  
7 six months period Mr. Fortier and I discussed the situation and worked out the details of an  
8 affiliation.

9       10. We finally signed two agreements with AccessOne on May 8, 2012. Under the  
10 terms of the first agreement, the Network Access Agreement, AccessOne has agreed, among  
11 other matters, as provided in section 1.01, to maintain at all times a valid and current license  
12 or registration as a Discount Medical Plan Organization in the states that required the same  
13 and comply with all pertinent rules, regulations and statutes. PCD, for its part, has agreed,  
14 among other matters, as provided in Article II, to provide a network of participating, duly  
15 licensed chiropractors who each have malpractice and liability insurance in an amount that  
16 exceeded \$250,000 per occurrence who have agreed to discount their "routinely rendered  
17 services." PCD further agreed to follow the marketing and regulatory directives set forth by  
18 AccessOne so that AccessOne would be able to comply with applicable regulations. PCD  
19 also agreed that its chiropractors would reduce their prevailing professional fees to members  
20 by a minimum of 25% as provided in Article III. A copy of that agreement is attached as  
21 **Exhibit 1.**

22       11. Under the term of the second agreement with AccessOne, the Reseller  
23 Agreement, PCD has agreed to affiliate with AccessOne for the purpose of offering  
24 individuals the opportunity to obtain uninsured discounted medical services. Under the terms  
25 of the Reseller Agreement, PCD, among other matters, has to obtain the compliance approval

1 of AccessOne for all printed and verbal marketing and solicitation material. PCD also is  
2 required to report any provider or consumer complaints to AccessOne immediately. A copy of  
3 that agreement is attached as Exhibit 2.

4 12. In July 2012 a Washington chiropractor inquired whether PCD was registered  
5 in Washington as a discount medical plan. That was the first I had heard of the requirement.  
6 Up until that time, none of our Washington chiropractors/ providers had mentioned the  
7 licensing requirement.

8 13. When I learned about the licensing requirement for Washington, I checked  
9 with AccessOne to see if they were licensed in Washington. AccessOne said Washington was  
10 one of the few states in which they were not licensed. We thereupon took immediate action to  
11 begin compliance procedures.

12 14. We began working on the registration requirements by obtaining a registered  
13 agent in Washington for service of process and obtaining a Washington Certificate of  
14 Authority as a Foreign Profit Corporation on July 18, 2012. We compiled By-Laws and  
15 created an Organizational Chart for the application. We then began work on the notarized  
16 biographical affidavits for all company officers. We also obtained a DPO Bond on August 7,  
17 2012, with an effective date of August 10, 2012. We hired a company to do the NAIC Third-  
18 Party Verification for all biographical affidavits. We obtained a Certificate of Existence from  
19 the State of Washington; a current Certificate of Existence from Alabama, our state of  
20 domicile; and a current Certificate of Good Standing for Alabama. Once we began work on  
21 the actual application and supporting documentation, we had questions and concerns about the  
22 applicable Washington laws. Therefore, in September 2012, I contacted attorney Edward  
23 Clabaugh in Washington to help us with our legal concerns with respect to the process of  
24 applying for licensure in WA. After reviewing the pertinent statutes and regulations, Mr.  
25 Clabaugh began a series of contacts with the OIC on our behalf. It was the conclusion of our

1 attorney, our company, and the OIC that we should continue the application process, which  
2 we did.

3 15. Our small firm, which has revenues under \$1 million, has kept its books on a  
4 tax accounting basis. We found that the cost of developing and using a GAAP accounting  
5 system would be too costly for us. Also we had never had PCD's financial statements audited  
6 since there had not been any need for an audit. In connection with our planned Application for  
7 Licensure we requested an audit by an independent CPA firm on July 24, 2012. However, as  
8 it turned out, rather than an audit the CPA firm provided us with an unaudited and un-  
9 reviewed financial compilation of our financial statements for our fiscal year ended May 31,  
10 2012. The compilation as we learned subsequently through Mr. Clabaugh's discussions with  
11 the OIC, and review of the relevant statutes, would be unacceptable to the OIC. In fact Mr.  
12 Clabaugh had a long discussion with Ms. Baker concerning the required financial statements  
13 and other aspects of our Application on November 5, 2012. He subsequently emailed me a  
14 Memorandum dated November 6, 2012, concerning that telephone conversation together with  
15 copies of the pertinent statutes and rules. A copy of the Memorandum is attached to Mr.  
16 Clabaugh's Declaration as Exhibit 1. In December we engaged another CPA, Hull & Russell,  
17 P.C., to provide audited statements. The audited statements dated January 29, 2013, were  
18 provided to PCD on February 11, 2013.

19 16. On December 4, 2012, Mr. Clabaugh notified senior staff members of the OIC  
20 by email that the discount health plan company he had been discussing with them during the  
21 fall was PCD and that PCD was in the process of completing the necessary information to  
22 apply for registration. A copy of his email to the OIC is attached to Mr. Clabaugh's  
23 Declaration as Exhibit 2.  
24  
25

1           17.     On December 6, 2012, I mailed a letter to the Commissioner that explained that  
2 PCD had become aware that regulations required us to register and that we were in the  
3 process of completing such registration. A copy of the letter is attached as **Exhibit 3**.

4           18.     In December 2012 AccessOne sent to me a copy of a letter it had received  
5 dated November 28, 2012, from the Peick Law Group addressed to PCD and AccessOne at  
6 the office of AccessOne in Greenville, South Carolina. A copy of that letter is attached as  
7 **Exhibit 4**. I emailed a copy of the letter to Mr. Clabaugh, our Washington attorney. Mr.  
8 Clabaugh subsequently advised me that he had spoken to Mr. Peick and told him that PCD  
9 was in the process of putting together its application for licensure.

10          19.     In January 2013 I received from AccessOne a copy of a letter from the OIC  
11 dated January 14, 2013, addressed to PCD, me and Access One Consumer Health at  
12 AccessOne's office in Greenville, South Carolina. The letter enclosed a copy of the so-called  
13 complaint from the Peick Law Group dated November 28, 2012, which had been received by  
14 PCD from AccessOne in December 2012 and a letter from Peick to the OIC dated December  
15 18, 2012. A copy of the OIC letter is attached as **Exhibit 5**.

16          20.     Mr. Clabaugh responded to the OIC's January 14<sup>th</sup> letter by a letter dated  
17 January 28, 2013. A copy of that letter is attached as Exhibit 3 to Mr. Clabaugh's Declaration.

18          21.     We wanted to notify our members and our chiropractors about our status and  
19 situation concerning the OIC. Therefore, we sent a letter dated February 12, 2013, to each of  
20 our members and to each of our chiropractors. Copies of the templates for each are attached as  
21 **Exhibits 6 and 7**, respectively.

22          22.     We submitted our application for licensure to the OIC on February 13, 2013.

23          23.     PCD received a letter dated February 5, 2013, from OIC Investigator Mr. Barry  
24 Walden. The letter stated that the OIC had received a complaint that PCD may be conducting  
25 the business of insurance and is not licensed to do so. A copy of the letter is attached as

1 **Exhibit 8.** I responded to that letter by a letter to Mr. Walden dated February 22, 2013. A  
2 copy of that letter is attached as **Exhibit 9.** Mr. Walden subsequently requested a copy of the  
3 spreadsheet provided to him by PCD that listed the company's Washington members and the  
4 fees received from each in electronic form. Ms. Ginger Connell of our office emailed that  
5 information to Mr. Walden on March 11, 2013. A copy of that email is attached as Exhibit 3  
6 to the Declaration of Ginger Connell.

7 24. We received an emailed letter from Ms. Susan Baker dated March 19, 2013,  
8 that responded to our Application for Licensure. Her letter stated the OIC was unable to  
9 qualify PCD for a license for the reasons stated in the letter. Among those reasons were that  
10 the audited financial statements for the company were not under full GAAP standards.  
11 Therefore, Ms. Baker concluded that the company could not demonstrate that it met the  
12 minimum net worth requirement under RCW 48.155.030.<sup>2</sup> The letter stated that since the  
13 application disclosed that PCD had been conducting unlicensed healthcare plan activities prior  
14 to the application the OIC wanted the company to confirm the date when all such activities  
15 ceased. The letter further cited the pertinent statute that prohibits activities until the company  
16 is licensed. The company was given until April 9, 2013, to resolve the deficiencies or request  
17 that its application be withdrawn. The letter concluded that if the OIC did not receive a  
18 response by April 9<sup>th</sup> the OIC was prepared to issue a denial. Ms. Baker's letter also stated  
19 that the OIC had encountered a problem when it accessed the company's website. She stated  
20 that she had experienced an attack by a Trojan that destroyed her computer. A copy of Ms.  
21 Baker's letter is attached as **Exhibit 10.**

22 25. Upon receipt of Ms. Baker's letter I sent her an email apologizing for the  
23 website problems she had encountered and stating that our IT staff was working hard to  
24 resolve the problems. We also immediately notified our chiropractors by letter dated March

25 \_\_\_\_\_  
<sup>2</sup> \$150,000

1 22, 2013, that we were ceasing activity in Washington until we were licensed. A copy of that  
2 letter template is attached as Exhibit 11. Prior to that, in an effort to continue honoring our  
3 contractual obligations to our members, and because we never received a Cease and Desist  
4 Order from the OIC, we had continued business in WA during our application process.

5 26. We reviewed Ms. Baker's letter in detail to determine whether we could  
6 comply with the financial requirements of the OIC and also remedy the other problems stated  
7 by Ms. Baker. Concerning the financial requirements, Mr. Clabaugh had several email  
8 exchanges with the company's auditor and then reported to me about a telephone conversation  
9 he had with Ms. Baker on April 2. Following that telephone conversation, Ms. Baker sent an  
10 email to Mr. Clabaugh that specified the OIC's concerns about the accounting for the  
11 company. A copy of that email is attached as Exhibit 4 to Mr. Clabaugh's Declaration.

12 27. By a letter dated April 8, 2013, PCD withdrew its application. A copy of that  
13 letter is attached as Exhibit 12. The OIC acknowledged receipt of, and accepted, PCD's  
14 request to withdraw its application by email dated April 8, 2013 from Ms. Nina Slocum of the  
15 OIC.

16 28. PCD sent a Washington Refund Postcard printed and mailed on April 23, 2013,  
17 by Print Direct For Less, which informed our members that we were no longer doing business  
18 in WA and which offered refunds to all current members. A copy of the text on the postcard is  
19 attached as Exhibit 13.

20 29. By a letter dated April 25, 2013, to all of our chiropractors, we notified them  
21 that we had withdrawn our application for licensure and that we were no longer doing  
22 business in Washington. A copy of the letter template is attached as Exhibit 14.

23 30. On May 20, 2013, we received by email from Mr. Clabaugh a copy of the  
24 OIC's Notice of Request for Hearing for Imposition of Fines that had been mailed to Mr.  
25 Clabaugh.

1           31.     Because we value our contractual commitments, and we do not want to see our  
2 patients in Washington deprived of their ability to continue to receive discounted services  
3 from their chiropractors, we decided to offer our plan in Washington at no charge. If we  
4 stopped our Washington operations, our members there would be deprived of important  
5 medical services upon which they had come to rely. The services would become more  
6 expensive to those members. For some not so affluent patients it might even cause them to  
7 stop the services which could increase their potential for adverse health outcomes.  
8 Additionally, it would eliminate income from the providers who provided  
9 medical/chiropractic services to its members. Therefore, even though free services would be  
10 an economic hardship for the company, by letter dated June 6, 2013, we advised our  
11 chiropractors that we decided to offer our program for free, which is legally allowed in  
12 Washington. Our plan is to build our company to the level where it will qualify for licensure  
13 in Washington and then to reapply. A copy of the letter template is attached as Exhibit 15.

14           32.     On August 13, 2013, I sent a letter to all our Washington chiropractors  
15 updating them on the current status of the company. I included with the letter a Provider  
16 Questionnaire concerning their experience with the company. Included with the Questionnaire  
17 was a stamped envelope addressed to our auditor, Hull & Russell, for them to return the  
18 Questionnaire. A copy of the letter and Questionnaire is attached as Exhibit 16.

19           I declare under penalty of perjury under the laws of the State of Washington that the  
20 foregoing is true and correct to the best of my knowledge.

21  
22           Executed at Clanton, Alabama, this 9<sup>th</sup> day of September, 2013

23  
24             
25           Dr. Stephen Below

DECLARATION OF  
DR. STEPHEN BELOW

Exhibit 1

## NETWORK ACCESS AGREEMENT

This Network Access Agreement (the **AGREEMENT**) is by and between AccessOne Consumer Health, Inc. (**ACH**) a Florida Corporation and Preferred Chiropractic Doctor, Inc. (**Network**) located at 507 2<sup>nd</sup> Avenue Clinton AL 35045, an ~~Alabama Corporation~~.

WHEREAS ACH is a licensed Discount Medical Plan Organization (DMPO), and the Network is comprised of licensed participating chiropractors (providers); and

WHEREAS ACH and on behalf of itself and its clients, who are individuals, insurers, welfare organizations, third party administrators, provider networks and any other entity that desires to direct its participants or insured's to healthcare providers and practitioners who will provide services at contracted rates, which are less than usual and customary charges made by the Network providers; and

WHEREAS both ACH and the Network agree that it is in the best interest of each to enter into this Agreement to make such benefits available;

NOW THEREFORE and in consideration of the foregoing and for other good and valuable consideration and with the understanding that this AGREEMENT is contingent upon the good faith representations of each of the parties, the receipt and sufficiency of which is acknowledged, AccessOne and Network agree as follows:

### Article I ACCESSONE RESPONSIBILITIES

- 1.01 ACH shall maintain at all times during the dependency of this Agreement, in the jurisdictions and or territories requiring same, a valid and current license or registration as a Discount Medical Plan Organization (DMPO) and comply with all said requirements of the rules, regulations and statutes as pertain to the operation of a Discount Medical Plan Organization.
- 1.02 ACH shall make available to the Network all of the necessary data and information to market its discount medical plan (DMPO) to the patients of the Network as well as to the general public, should the network so desire.
- 1.03 ACH will assist the Network as is necessary to make sure that all of the advertising, solicitation and marketing material used by the Network to promote its plan and program are in compliance with the rules regulations and statutes pertaining to DMPO's.
- 1.04 ACH will provide if and as is necessary, proper and appropriate identification and notification cards for individuals who participate in the program. Said identification may also be provided by the Network in a form approved, in advance, by ACH.

### Article II NETWORK RESPONSIBILITIES

- 2.01 The Network warrants that the providers represented by it are duly licensed by the state to perform the services rendered by them.
- 2.02 The Network further warrants that it has the right to contract, on behalf of each of its participating providers, for the provision of services to the members of the DMPO and that each provider agrees to abide by the terms of this agreement between the Network and ACH. The Network agrees to provide to ACH, upon reasonable request, copies of any and all such written agreements between it and the participating providers or their duly appointed representatives agreeing to the representation contained herein.

## NETWORK ACCESS AGREEMENT

2.03 The Network further warrants that all of its practitioners are in good standing and have no significant disciplinary history that will affect the quality of patient care and that any providers who may be in the employ of the Network are credentialed according to the principles of NCQA, if applicable.

2.04 The Network has provided ACH with an Individual Provider Profile for each of its participating and contracted providers.

2.05 The Network further warrants that it and all of the providers in the Network are covered on their own or under a blanket policy of malpractice and liability insurance in an amount that exceeds Two Hundred Fifty Thousand Dollars (\$250,000) per occurrence and that, upon reasonable request, the Network will make available to ACH a copy of the certificate or policy providing said insurance.

2.06 The Network will follow the marketing and regulatory directives as set for by ACH in such a manner that ACH will be able to comply with all regulations pertaining to DMPO's in all such jurisdictions as required.

2.07 The Network shall provide to ACH a full and complete list of its participating providers (such list may be in an electronic form) which shall be updated no less than monthly and the Network will use its best efforts to remove no participating providers from the list as soon as reasonably possible upon notification of same.

2.08 The Network warrants that each participating provider in the network will discount those services routinely rendered by that provider and that those services fall within the scope of the licenses held by the provider. In the instance in which an individual provider may limit the services for which a discount is available, then the network shall make such limitations known to ACH and conspicuously note same in the directory of providers made available to members. If a schedule of fees for service is utilized, then such schedule must be made readily available members in a convenient form and place.

2.09 The Network and ACH agree and understand that ACH cannot and will not participate in any manner in the payment of fees for services to any contracted provider of the network and that all financial arrangements, other than the discount of the provided services are between the participating provider and the DMPO member. Payment for discounted services will be due at the time the services are performed.

### Article III FEES

For the term of this Agreement and until mutually agreed, in writing, otherwise, the Network will make all of the professional services rendered by participating providers to members who so identify themselves in advance of the service and pay for the service at the time rendered, at a rate equal to that so shown in Attachment A of this Agreement.

Furthermore, the Network agrees to make available to ACH, upon reasonable request, the schedule of prevailing fees so that ACH can confirm that the Network is in fact, making services for participating members at a rate consistent with this Agreement. The Network further agrees, that in no circumstance, will it ever allow ACH participants to be charged more than the prevailing rate by any of its providers.

Any change in the fee schedule, will take effect 120 days after execution of an amendment to this agreement stating such change.

### Article III TERM AND TERMINATION

The term of the Agreement shall commence upon the date executed by both parties hereto and shall continue until terminated. Such termination will be effective upon ninety days written notice (however such notice shall be delivered by one party to the other) following the first anniversary of this Agreement; provided however this Agreement shall be immediately terminated by either party, in the event that the other Party breaches any

## NETWORK ACCESS AGREEMENT

material obligation hereunder. In the event of termination, all rights and obligations hereunder shall cease except for the provisions of Article XIV and XVI, each of which shall survive the termination of this Agreement.

This Agreement may be terminated at any time if any state, local or federal law or regulation is enacted or promulgated that prohibits the performance of any of the duties, of either party, or if any law is interpreted to prohibit such performance.

### Article V COMMUNICATIONS

Each Party will cooperate with the other in the preparation and dissemination of the material required by this Agreement. The Network is authorized to use the name AccessOne Consumer Health, Inc. and/or AccessOne in conjunction with the promotion and description of its program and AccessOne is authorized to use the name and mark of ~~AccessOne Consumer Health, Inc.~~ in conjunction with the promotion and description of the program offered herein.

Both parties agree to submit, in advance of use, for approval any marketing, promotional or identification pieces referencing the other.

### Article VI NOTICES

Any notice required or given under this Agreement shall be in writing and delivered in person, sent by Certified Mail Return Receipt Requested, or next day mail or courier and addressed to the other party at the address set forth below, or at such other address as the party may designate in writing. Notices delivered in person, by next day mail or courier shall be deemed to have been given as of the day actually received. Notices sent by Certified Mail shall be deemed to have been given on the fifth day after the date such notice was sent or the day actually received, whichever is earlier; provided however that if such date falls on a weekend or legal holiday, receipt shall be deemed to have occurred on the next business day following such weekend or legal holiday.

AccessOne Consumer Health, Inc.  
84 Villa Rd.  
Greenville, SC 29615

~~Network:  
Name:  
Address:  
City, State, Zip:  
Attention:~~

### Article VII ASSIGNMENT

The rights and duties of either party shall not be assigned or transferred in whole or part without prior written consent of the other party (such consent shall not be unreasonably withheld); provided however that either party may assign this Agreement to a present or future affiliate, subsidiary or successor in interest who succeeds to all or substantially all of the assets and operations of such party.

### Article VIII FORCE MAJEURE

Neither party shall be responsible for delays or failures of performance resulting from acts beyond the control of such party. Such acts include, but are not limited to, acts of god, strikes, lockouts, riots, acts of war, epidemics,

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government regulations imposed after the effective date hereof, fire communication line failures, power failures, earthquakes or other disasters.

### Article IX OWNERSHIP

Both parties acknowledge that all right, title and interest to the proprietary concepts, methods, techniques, processes, adaptations and ideas that pertain to the conduct of each party's respective enterprise (Proprietary Information) shall remain with the party to which concept, method, technique, process, adaptation or idea is native. Each party acknowledges that the Proprietary Information of the other was developed or acquired through the expenditure of substantial time and expense and each agrees that without prior written consent of the other, it shall not copy or otherwise reproduce, misappropriate, distribute, disclose, transfer or use any Proprietary information except as expressly contemplated in this Agreement.

### Article X RESPONSIBILITY AND RIGHTS OF THIRD PARTIES

The Network acknowledges and agrees that (a) ACH does not practice medicine or any other profession; (b) ACH does not control the provision of services to ACH members or Cardholders; (c) ACH has no responsibility for the care and or treatment rendered by Network providers to: Network patients, ACH members or ACH Cardholders; (d) ACH is not responsible for the credentialing of the providers employed or contracted by the Network.

### Article XI COUNTERPARTS

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which taken together shall constitute one and the same instrument.

### Article XII SEVERABILITY

Should any provision of the Agreement be adjudged unlawful or invalid by any court of competent jurisdiction, the remaining provisions shall remain in full force and effect.

### Article XIII ATTORNEY'S FEES

In the event of any action or threatened action between the parties to enforce the terms of this Agreement, in addition to any other relief that may be awarded, the prevailing party shall be entitled to be reimbursed by the other party for the prevailing party's cost incurred in connection therewith, including but not limited to legal and expert witness fees.

### Article XIV ARBITRATION

Each party shall use its best efforts to resolve any claim or controversy arising out of or in connection with this Agreement. However should the parties not be able to come to a resolution, each agrees to participate in final and binding arbitration (Arbitration) conducted in Greenville, South Carolina. Except as otherwise provided herein; the Arbitration shall be commenced and conducted in accordance with the Rules of Practice and Procedures of the Judicial Arbitration and Mediation Services, Inc. (JAMS) as in effect at the time. The exact time and place of the Arbitration will be determined by the arbitrator. The parties shall jointly select one arbitrator from the local panel of arbitrators. All testimony in the Arbitration shall be taken under oath. Both parties agree that the findings of the arbitrator will be final or reviewable unless the arbitration was not conducted in accordance with the provisions of the JAMS rules.

## NETWORK ACCESS AGREEMENT

Judgment upon any award rendered by the arbitrator may be entered in any court having jurisdiction thereof and the award may be judicially enforced.

### Article XV GOVERNING LAW

The laws of the State of South Carolina shall govern this Agreement, without giving effect to its conflicts of law provision.

### Article XVI CONFIDENTIALITY AND NON-COMPETITION

Each party may, in the course of the relationship established by this Agreement, disclose to the other party, in confidence, non-public information concern such party's earnings, volume of business, methods, systems, practices, plans and other confidential or commercially valuable propriety information and information of third parties which either party may be contractually obligated to protect; including HIPAA protected medical information (collectively "Confidential Information"). Each party acknowledges that the disclosing party (or the third part obligator) shall at all times be and remain the owner of all Confidential Information disclosed by on behalf of such party, and that the party to whom Confidential Information is disclosed may use such Confidential Information only in furtherance of the purposes and obligations of this Agreement. The party to whom the Confidential Information is disclosed shall use its best efforts, consistent with the manner in which it protects its own Confidential Information, to preserve the confidentiality of the Confidential Information in its possession.

Both parties agree that during the terms of this Agreement and for a terms of twenty-four (24) months after the rmination thereof, by either party, that they shall not influence or seek to influence, directly or indirectly, any customers, business partners, vendors and affiliates of the other, to avoid, discontinue or limit such entity's business relationship with the other. Nor shall they enter into a business relationship with the business partners, vendors or affiliates who are involved in the provision of the terms or services of this Agreement, if such names or services and roles were disclosed under this Agreement.

This Agreement and the terms thereof shall remain Confidential Information and may not be disclosed to any other party, except as required by law.

### Article XVII ARTICLE HEADINGS

The Article headings included in this Agreement are for the convenience of the parties only and shall not affect the construction or interpretation of this Agreement.

### Article XVIII ENTIRE AGREEMENT

This Agreement contains the entire agreement and understanding of the parties' subject matter hereof and shall supersede any and all prior and concurrent agreements, whether oral or written, between the parties regarding the subject matter thereof. The parties acknowledge and agree that neither of them has made any representations with respect to the subject matter of this Agreement, or any representation including the execution and delivery hereof except as such representations are specifically set forth herein, and each party acknowledges that it has relied upon its own judgment in entering into same.

### Article XIX NO AGENCY

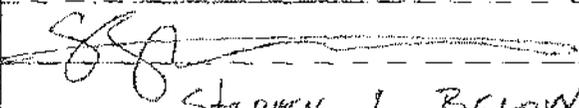
No Agency is created by the terms of this Agreement. Neither party shall have the right to obligate the other in any way, contractually or otherwise.

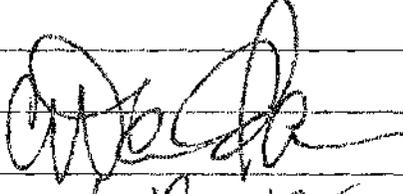
NETWORK ACCESS AGREEMENT

Article XX AUTHORITY

Each person signing this Agreement on behalf of a party hereto represents that he or she is duly authorized to do so on behalf of such party.

In witness whereof, this Agreement is executed and effective as of the date signed hereon, below:

NETWORK NAME	Preferred CHIROPRACTIC Doctor, INC
AUTHORIZED SIGNATURE	
PRINTED NAME	STEPHEN L. BELOW
TITLE	Pres/CEO
DATE	5-8-12

AccessOne Consumer Health, Inc.	
C. Dan Adams, President	President.
Date:	6-19-12

## NETWORK ACCESS AGREEMENT

### ATTACHMENT A

#### FEE SCHEDULE

This Attachment becomes part of and subject to the terms and provisions of this Network Access Agreement upon execution thereof. Said Fee Schedule shall be effective and remain in force until the termination of this Agreement or at such time this FEE SCHEDULE is modified by the NETWORK. Such modification will be effective following one hundred twenty (120) days written notice by the NETWORK to ACH. ACH will use its best efforts to assure that all effected participants of the modification are notified of said modification.

Participating NETWORK Providers will reduce the current prevailing professional fee by a minimum of twenty-five percent (25%) for any ACH member, including all dependants residing in the cardholder's household. This fee schedule is applicable only for charges that are paid for at the time service is rendered. Provider, at its option only, may allow for extended payment. Additionally, Provider may, at its option only, reduce charges below this fee schedule for patients with special circumstance or undergoing financial hardship.

Network is authorized by its written agreement with each provider to extend this fee schedule to ACH on behalf of each provider in the NETWORK and bind providers to terms specific to the provision of discounted services contained in this Agreement.

This Fee Schedule is effective as of the date this Agreement is executed and shall remain in force until modified or terminated in accordance with the Agreement.

DECLARATION OF  
DR. STEPHEN BELOW

Exhibit 2

## RESELLER AGREEMENT

Preferred Chiropractic Doctor - GROUP NUMBER 7641

AccessOne Consumer Health, Inc.

THIS AGREEMENT (Agreement) is effective on the 1<sup>st</sup> day of June 2012 (Effective Date) by and between AccessOne Consumer Health, Inc., a Florida Corporation "ACH" and, Preferred Chiropractic Doctor, Inc. "Reseller" an Alabama Corporation located at 507 2<sup>nd</sup> Avenue Clanton, AL 35045.

WHEREAS, AccessOne Consumer Health, Inc. administers and owns a Discount Medical Plan Organization, and provides access to various other discount health and medical services for individuals, groups and associations; and

WHEREAS, the Reseller wishes to resell the services and benefits of ACH to various approved entities and individuals by and of itself and through approved marketers under the terms and conditions of this Agreement; and

WHEREAS, Reseller agrees to be responsible for the actions Marketers in respect of this Agreement and assume the liabilities thereof, for the purpose of this Agreement; and

WHEREAS, ACH desires to make certain benefits and services available to the Reseller under the terms and conditions of this Agreement;

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree to the following:

- 1. AFFILIATION** Reseller agrees to this affiliation with ACH for the purpose of offering individuals and households the opportunity to obtain uninsured discounted medical services, as described in Exhibit A of this Agreement. Reseller understands and agrees that these benefits are not insurance. While the Reseller may offer insured benefits, such benefits may not be offered as part of the discount benefit offering contained herein. Reseller further understands and agrees that the Reseller or any approved marketer may not participate in the payment of benefits to or on behalf of any participant in the discount program and that each participant is solely responsible for charges incurred. Each participant will receive a discount on those charges if the participant utilizes the services of a participating provider.
- 2. MARKETING & COMPLIANCE** Reseller agrees that at all times during the Term of this Agreement to assure that the authorized marketers make available or sell individual participation and the benefits of such participation in strict compliance with the Operating Terms (Exhibit B) of this Agreement and any other directives as handed down by ACH and all applicable state and federal laws and regulations as may be enacted or amended from time to time. Reseller, on behalf of himself and approved marketers agrees to refer all regulatory complaints or inquiries to ACH within two (2) business days of receipt. Reseller will provide ACH with pertinent information and detail to review and answer such complaint within ten (10) business days of request of same by ACH. Reseller agrees not to respond to such complaint or inquiry until such time as ACH has had an opportunity to review the complaint/inquiry and advise Reseller on the appropriate response. Such reply shall take no longer than five (5) business days from receipt of information from Reseller, or earlier if required by the regulatory agency issuing the inquiry. If the Reseller is in violation of the Operating Terms of this Agreement then the Reseller is responsible for all penalties and fines; more specifically, in the event ACH incurs a fine and/or other penalty as a result of an action or omission by the Reseller that is ruled or judged non-complaint by any court, regulatory agency or any other entity having appropriate jurisdiction, then, at the sole discretion of ACH, the Reseller shall reimburse ACH for the fine and any other associated costs in a timely manner. Failure to pay such fine and/or costs to ACH in a timely manner is a breach of this

## RESELLER AGREEMENT

Preferred Chiropractic Doctor - GROUP NUMBER 7641

AccessOne Consumer Health, Inc.

Agreement and grounds for immediate termination, as described in Section 14.1 of this Agreement; if the Reseller has complied with the Operating Terms of this Agreement and directives of ACH and is compliant, then ACH will be responsible for any fines or penalties incurred.

3. **DISCLOSURES** Reseller agrees to provide to each Participant a disclosure as described in Exhibit C of the Agreement. Such disclosure must be acknowledged, in writing or verbally by the Participant either at the time of sale of the participation or upon receipt of fulfillment material. Each fulfillment document provided must include the disclosure contained in Exhibit C. ID Cards issued or used by the Reseller must clearly state that "This is Not Insurance" and provide in a prominent place, in easily readable type the name, address, telephone number and web address of AccessOne Consumer Health.
4. **ELIGIBILITY** Participants will be eligible for the benefits of the program as soon as their enrollment details are submitted to ACH and added to the eligibility system(s) of the various network/provider group vendors used to deliver the benefit for which the Participant is eligible. The Participant is considered eligible for the discount benefit on the first day of the month in which the participant becomes eligible. ACH will deliver to the vendors of the specific benefits, participant eligibility as frequently as once per week dependent upon receipt of participant eligibility from the Reseller.
5. **BILLING & PAYMENT** The services provided by ACH will be paid by the Reseller or the individual participant to ACH monthly. On or before the fifth (5<sup>th</sup>) day of the month following the month in which Participants became eligible or remain eligible, Reseller or participant will send to ACH payment for eligible services as of the first day of preceding month. Any participant who is eligible for benefits for any part of the month shall be charged for the entire month.
6. **REFUNDS** If a Participant notifies the Reseller, the Authorized Marketer or AccessOne, within thirty (30) days of the delivery of the Discount Program Fulfillment and Identification Card(s), then AccessOne will, by whatever terms and processes necessary, refund to that Participant all fee's and dues collected for the services or products so defined as discount benefits in Exhibit A of this Agreement. Such refund must be made to the individual seeking same in a timely manner, not to exceed twenty-one days from the request. Payment of such refund will be made from amounts due Reseller.

The Reseller agrees to notify ACH of each request for refund and the process and status of such request. Should the Reseller believe that such a refund is not due the Participant, the Reseller will notify ACH of such in a timely manner, not to exceed five (5) days from the date of request.

7. **CANCELLATIONS** A Participant may cancel at anytime with notice. Should the Participant notify the Reseller, the Authorized Marketer or AccessOne at least five (5) business days prior to the next billing date, the Participant will be allowed to terminate immediately and no funds will be deducted from the Participant either by check or credit card. If the Participant pays less frequently than monthly, the cancellation may be prorated from the last withdrawal date through the current month.
8. **COMPLAINTS** The Reseller agrees that should it or its Authorized Marketer receive a complaint from a participant regarding the operation, service or understanding of the discount medical benefits, that the Reseller will notify ACH of said complaint within 36 hours or two business days of receipt of such complaint with as much detail as possible. The Reseller further agrees that it will abide by the decision of ACH in the handling of the complaint and communication with the complaining party. Failure to timely submit complaints to ACH and or cooperate in the solution of the complaint will be grounds for immediate termination of this agreement for cause, and that upon termination of this Agreement, for

## RESELLER AGREEMENT

Preferred Chiropractic Doctor - GROUP NUMBER 7641

AccessOne Consumer Health, Inc.

cause, ACH is required to notify the Reseller, the participants and the regulatory agencies that ACH and Reseller are no longer affiliated and that the Reseller and its Authorized Marketers are no longer authorized to resell or market ACH products or service. In the event ACH incurs a fine and/or other penalty as a result of an action or omission by the Reseller that is ruled or judged non-complaint by any court, regulatory agency or any other entity having appropriate jurisdiction, then, at the sole discretion of ACH, the Reseller shall reimburse ACH for the fine and any other associated costs in a timely manner. Failure to pay such fine and/or costs in a timely manner to ACH is a breach of this Agreement and grounds for immediate termination, as described in Section 14.1 of this Agreement.

9. **OTHER ENTITIES RIGHT TO PARTICIPATE THROUGH RESELLER** The Reseller is authorized to make available to other entities (Marketers) the products and services of this Agreement if such entities execute an Authorized Marketer Agreement and Marketer Registration and that the Reseller share in the responsibility for the compliance to the terms of the Agreement with the Marketer. No entity may market an AccessOne product without executing an approved Authorized Marketer Agreement and completing and complying with all the terms therein.
10. **CONFIDENTIAL & PROPRIETARY INFORMATION** The parties acknowledge and understand and agree that (a) the marketing list and participation and eligibility rolls of each party is proprietary; (b) each party shall treat information of the other party as proprietary; (c) each party shall take reasonable means to keep the information of the other party confidential and will not allow duplication or disclosure of any information considered confidential or proprietary to any other organization, entity or individual other than their officers, employees or agents in the performance of their duties relative to the execution of this Agreement. Confidential and proprietary information shall not mean information that is generally known to the public or has been made known to the public by one of the parties or which has been ordered to be delivered or divulged by a court of competent jurisdiction. The parties agree that the remedy at law for breach of this provision may be inadequate and that in addition to any other remedies at law that the party may have, the prevailing party shall be entitled to injunctive relief without the necessity of proving actual damages.
11. **COPYRIGHTS, NAMES, TRADEMARKS, SERVICE MARK, LOGOS, & ADVERTISING MATERIALS** A party may use and display only those marks as expressly authorized by the other party and such use and display shall be exclusively in connection with the products and services described herein. Use or display does not give a party any interest herein and each party recognizes the other parties' exclusive right to its respective marks and logos. The Reseller does not have the right to release or utilize any marketing materials, applications, websites, etc. of ACH without prior written consent to and of same.
12. **INDEMNIFICATION** The parties agree to a mutual hold harmless understanding including but not limited to their respective officers, directors, employees and agents from and against all claims, demands, losses, damages, liabilities, cost and obligations and any other proceedings, (criminal, civil or administrative) judgments, orders, fines, penalties, amounts paid in settlement, action and causes of action, of any character, type or description, including reasonable attorney fees, court costs, and all other related expenses, suffered or incurred by a party, that arise directly or indirectly out of, or in connection with, any claim, allegation or assertion made against a party as a result of the conduct or performance of the other party in respect to its obligations and responsibilities under this Agreement.

**12.1 Reimbursement of Fines:** In the event ACH incurs a fine and/or other penalty as a result of an action or omission by the Reseller that is ruled or judged non-complaint by any court, regulatory agency or any other entity having appropriate jurisdiction, then, at the sole discretion of ACH, the

## RESELLER AGREEMENT

Preferred Chiropractic Doctor - GROUP NUMBER 7641

AccessOne Consumer Health, Inc.

Reseller shall reimburse ACH for the fine and any other associated costs in a timely manner. Failure to pay such fine and/or costs to ACH in a timely manner is a breach of this Agreement and grounds for immediate termination, as described in Section 14.1 of this Agreement.

**12.2 Conditions of Indemnification** The parties hereunder have the right to be indemnified and held harmless herein provided that the party seeking such indemnification (a) notifies the party from whom indemnification is sought of such action, claim or proceeding; (b) does not have attributed to it in regard to such claims, damages, losses, or expenses any negligent act or omission, nor its parents, Resellers, subsidiaries, contractors, subcontractors or agents; (c) provides the party from whom indemnification is sought with all information reasonably accessible to it for such party to defend that action, claim or proceeding; and (d) cooperates with the party from whom indemnification is sought in regard to its defense or settlement of the action, claim or proceeding. The party seeking indemnification shall have the right, at its own expense, to participate in the defense of any action, claim or proceeding for which it is indemnified and which has been assumed by this obligation or indemnity hereunder; however, it shall have no control over the defense, consent to judgment, or agree to settle any such action, claim or proceeding without the prior written consent of the party from whom such indemnification is sought. This indemnification shall survive the termination of this Agreement.

**13. TERM OF AGREEMENT** The initial term of this Agreement shall be for a period of two (2) years, commencing on the Effective Date (Initial Term), and shall be automatically be renewed for successive, additional terms of one (1) year each, upon terms mutually agreeable to the parties unless terminated earlier as set forth below.

**14. TERMINATION** Except for the Initial Term, either party may notify the other party in writing of its intention to terminate this Agreement on an anniversary date of this Agreement. Such written notice shall be provided no less than thirty (30) days prior to the date of termination.

**14.1 Immediate Termination** Notwithstanding any other provision of this Agreement, a party shall have the right to terminate this Agreement immediately in the event the other party shall be determined to be in violation of or failing to comply with any of the requirements of this Agreement after thirty (30) days written notice and failure to comply or if the other party be determined to be in violation of or failure to comply with any local, state, or federal law, rule or regulation having jurisdiction over such party, by judicial decree or regulatory order. Additionally, should the Reseller be found to be in violation of the Operating Terms of this Agreement (Exhibit B) and fails to modify, terminate or reinstate the actions necessary to be in compliance with the Operating Terms, ACH may terminate this Agreement immediately and retroactive to the first period of non-compliance with the Operating Terms.

**14.2 Automatic Termination** This Agreement will automatically terminate on the earlier of (a) the date legislation is effective or any court interprets a law so as to prohibit the continuation of this Agreement or (b) the date on which either party shall initiate a petition in bankruptcy or for reorganization, suffer to be filed against it a petition in bankruptcy or reorganization and fail to cause such petition to be dismissed within sixty (60) days, or admit insolvency or be adjudicated insolvent.

**14.3 Non-Circumvention** Reseller agrees not to directly contact or form any agreements with any of the providers or companies that ACH is utilizing to fulfill the terms of this Agreement without prior written consent of ACH. This restriction shall survive the termination of this Agreement for a period of

## RESELLER AGREEMENT

Preferred Chiropractic Doctor GROUP NUMBER 7641

AccessOne Consumer Health, Inc.

one (1) year following the termination of this Agreement unless such Agreement is terminated by Reseller for cause. ACH agrees that during the term of any Agreement between Reseller and client of Reseller or Participant that ACH will not actively solicit such Participants or clients or known non-medical providers or companies used by Reseller. This restriction shall survive the termination of this Agreement for a period of one (1) year following termination unless the Agreement is terminated by ACH for cause. If the Reseller has existing relationships in the marketplace similar to that of the ACH with vendors that ACH currently works with; it is agreed and understood that these relationships are exempt from this Non-Circumvention provision.

15. **RECORDS** Each party shall maintain accurate and complete records of all transactions between the parties.

15.1 **Right to Audit** each party (or such auditor as either party may select) shall have the right to examine the books and records of the other party as they specifically relate to the conduct of business transacted under this Agreement. Either party may conduct an audit during the term of this Agreement and for a term of two (2) years following upon reasonable written request to the other party; provided that no party shall be subject to audit no more than once every one hundred eighty (180) days. No audit shall be conducted without a representative of the party being audited present and at a time mutually agreeable to both parties. The party conducting the audit shall bear all costs and expenses relating to or attributable to each such audit. The results of such audit shall be made available to the audited party, free of charge, within five (5) days after such results are made know to the auditing party.

16. **MISCELLANEOUS** This Agreement (including schedules, exhibits, attachments or addendum) constitutes the entire agreement between the parties hereto and as of the Effective Date supersedes all other agreements and understandings, whether oral or written, between the parties with respect to the subject matter hereof.

16.1 **Independent Contractors; Third Parties** The parties to this Agreement are at all times acting and performing as independent contractors and have no other legal relationship under this Agreement. No provision of this Agreement is for the benefit of any person or entity who is not party and no such third party will have any right or cause of action hereunder.

16.2 **Amendment** Any Amendment or modification of this Agreement shall be in writing and executed by each party hereto.

16.3 **Binding Effect** This Agreement shall be binding upon and shall inure to the benefit of the parties, their respective heirs, legal representatives, successors and permitted assigns.

16.4 **Assignment** Neither party shall assign this Agreement, in whole or in part without prior written consent of the other party. Each party agrees to not withhold reasonable consent on assignment of this Agreement.

16.5 **Notices** Any notice required by this Agreement shall be in writing, delivered in person, by US Mail, certified return receipt requested, delivered by courier or transmitted by facsimile and confirmed in writing (by courier or certified mail) to the party at the address shown on this Agreement. Either party may notify the other of a change in address. Notice shall be deemed given on the date of delivery or refusal as shown on the return receipt.

## RESELLER AGREEMENT

Preferred Chiropractic Doctor - GROUP NUMBER 7641

AccessOne Consumer Health, Inc.

**16.6 Waiver of Breach** Waiver of breach of any provision of this Agreement shall not be deemed a waiver of any other breach of the same or different provision. The failure to exercise any right or remedy shall not operate as a waiver of such right and shall be without prejudice to the exercise by the party of that or any other right or remedy under this Agreement.

**16.7 Severability** The invalidity of any term or provision of this Agreement shall not affect the validity of any other term or provision of this Agreement.

**16.8 Fees and Costs** In the event either party initiates legal action to enforce any rights arising under this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs in addition to any other relief that may be awarded. As referenced herein in Section(s) 2, 8, 12.1, 16.8, and Exhibit B of this Agreement, fines and related costs incurred by ACH shall be reimbursed to ACH by Reseller under the circumstances as previously set forth herein.

**16.9 Counterparts** This Agreement may be executed in counterparts and by facsimile, all of which, taken together, constitute a single agreement between the parties.

**16.10 Choice of Law** This Agreement shall be construed and enforced in accordance with the laws of the State of South Carolina and applicable federal law. Venue for any dispute shall be in Greenville, South Carolina.

**16.11 Warranties** The parties hereby warrant and represent to each other that this Agreement and the transactions contemplated herein have been duly and validly approved by all corporate action, and that this Agreement represents and constitutes the binding obligation of the parties, and the activities of the parties contemplated herein are within compliance with all applicable laws, rules and regulations of any authority having proper jurisdiction; and provided further, that parties compliance with the terms, provisions, and conditions of this Agreement will not constitute a material default or prohibited activity by the parties under the terms of any other agreement to which the parties are part. The parties acknowledge and confirm that they are relying on said warranties and representations of each other contained herein. The only warranties and representations made by the parties hereunder are those specifically contained in this Agreement and no others of any kind or nature whatsoever are being made herein.

**16.12 Arbitration** Any controversy, dispute or claim arising out of or in connection with this Agreement, or any other reason, shall be resolved, upon the request of either party hereto (Request), by final and binding arbitration (Arbitration) conducted in Greenville, South Carolina in accordance with the provisions hereof. Except, as otherwise provided herein, the Arbitration shall be commenced and conducted in accordance with the Rules of Practice and Procedures of the American Arbitration Association as in effect at the time of the Arbitration. The exact time and location of the Arbitration proceeding will be determined by the Arbitrator. The parties shall each select one arbitrator from the available panel in Greenville, South Carolina and the two selected shall select the third. All testimony in the Arbitration proceeding shall be given under oath. Commencement of any Arbitration pursuant hereto shall be subject to the same statutes of limitations as would apply if the matter were filed in a court of law or equity. The arbitrators shall have the power to grant all legal and equitable remedies provided by South Carolina or federal law, provided however, that the arbitrators shall not have the power to award punitive or exemplary damages and shall be bound by applicable statutory and case law in rendering a decision. The majority decision of the arbitrators shall be in writing and shall include written findings of fact and conclusions of law. The decision of the arbitrators shall be final and

## RESELLER AGREEMENT

Preferred Chiropractic Doctor GROUP NUMBER 7641

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not subject to review for any error of any kind; except (i) if the arbitration was not conducted in accordance with the provisions hereof or the American Arbitration Association, or (ii) for those reasons set forth in the South Carolina Code of Civil Procedures, however, that the arbitrators decision shall not be subject to review because of any claimed error in interpreting, following, or applying applicable law in deciding the matter subject to the Arbitration. Judgment upon any award rendered by the arbitrators may be entered into any court of competent jurisdiction and the award may be judicially enforced.

**17. Financial Obligations** The Reseller agrees to and assumes the following financial obligations in the course of this Agreement.

**17.1 E&O Insurance** The Reseller agrees, for the purposes, of satisfying any fines and costs, as described in Section(s): 2; 8; 12.1; 16.8 and Exhibit B of this Agreement, to purchase an annual Errors & Omissions insurance policy in the minimum amount of \$100,000, which based on the size of Reseller may be adjusted upward if/when necessary, issued by an insurance company licensed in the State of South Carolina, in favor of AccessOne Consumer Health, Inc. Evidence of such insurance policy, with terms acceptable to ACH and with ACH named as an additional insured or party of interest, must be delivered to ACH within thirty (30) days of execution of this Agreement. Failure to obtain and/or maintain this insurance policy is a breach of this Agreement.

**17.2 Refund Escrow** The Reseller agrees, that for the term of this Agreement, it will maintain on deposit with AccessOne a \$2500 for the sole purpose of funding any refunds that are not honored by the Reseller or any of its Authorized Marketers. These funds shall be held by AccessOne exclusively for this purpose and shall not be available for or used to fund any product or service sold by the Reseller. The amount of this deposit may be adjusted from time to time by ACH to reflect the number of programs resold in any month or the refund activity generated by consumers. The minimum deposit held will be \$2500 and the maximum in any one month will not exceed \$30,000. The Reseller agrees that it must deposit to the balance, up to the maximum amount within 10 days of notice of any such adjustment. Any balance contained in this Refund Escrow will be returned on the first of the month following 90 days termination of this Agreement, if the Reseller and its accounts are current with AccessOne. AccessOne, upon termination of this Agreement reserves the right to deduct from the Refund Escrow any amount due it, prior to returning any balances to the Reseller.

**RESELLER AGREEMENT**

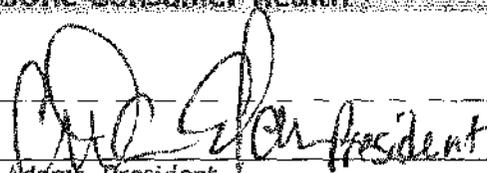
**Preferred Chiropractic Doctor - GROUP NUMBER 7641**

AccessOne Consumer Health, Inc.

**THIS PAGE IS FOR SIGNATURE ONLY**

AccessOne Consumer Health

**RESELLER**

	Signature: 
C. Dan Adams, President	Printed Name: <u>STEPHEN L. BELOW</u>
84 Villa Road	Title: <u>PRESIDENT / CEO</u>
Greenville, SC 29615	Street Address: <u>507 2<sup>nd</sup> Ave. S</u>
Facsimile:	State & Zip: <u>CLANTON, AL 35045</u>
	Facsimile: <u>205-755-7663</u>
Email Address: <u>reschin@accessonednpo.com</u>	Email Address: <u>Steve@bellow2.com</u>

6-19-12  
Date

5.8.12  
Date

# RESELLER AGREEMENT

Preferred Chiropractic Doctor - GROUP NUMBER 7641

AccessOne Consumer Health, Inc.

## Exhibit A

### COST FOR ACCESSONE PROGRAMS AND BENEFITS #TBD

ACH will make available to the Reseller the following benefits for the amount so listed:

Program	Benefits	Annual Cost to Reseller	Maximum Retail Cost
Product	Preferred Chiropractic Doctor Network	\$1.00*	\$529.00 per adult per annum

\*Children up to the age of 26, living in the household as the adult, are included at no additional charge

**Fulfillment & Processing:** For the purpose of this Agreement, shall mean: delivery material (whether it be written or downloaded from an internet web site) made available or presented to the participant that describes, in detail, the benefits, inclusions, limitations exclusions and procedures of the Discount Health Program and includes appropriate plan participation identification. Fulfillment processing will be provided by AccessOne and will be prepared and delivered to the participant upon receipt of eligibility data and payment. **NOT APPLICABLE**

**Minimum Monthly Fee Payable to ACH:**

**NOT APPLICABLE**

(The Minimum Monthly Fee shall commence on the 91<sup>st</sup> day of this agreement- Service Fee minimums are due immediately)

Accepted by the Reseller (Signature)	Date
	5.8.12

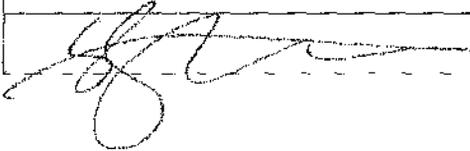
**RESELLER AGREEMENT**  
**Preferred Chiropractic Doctor - GROUP NUMBER 7641**

AccessOne Consumer Health, Inc.

**Exhibit B**  
**Operating Terms**

Notwithstanding any other provisions of this Agreement, the following items are required to resell or market the AccessOne Consumer Health Discount Medical Plan Organization (ACH). In the event ACH incurs a fine and/or other penalty as a result of an action or omission by the Reseller that is ruled or judged non-complaint by any competent jurisdiction, then, at the sole discretion of ACH, the Reseller shall reimburse ACH for the fine and any other associated costs in a timely manner. Failure to pay such fine and/or costs to ACH on a timely basis is a breach of this Agreement and grounds for immediate termination, as described in Section 14.1 of this Agreement. ACH will keep RESELLER apprised of all changes and modifications of the statutes that affect the RESELLER.

1. All printed marketing material must be submitted to AccessOne for review and compliance approval. New marketing material must be submitted to AccessOne prior to implementation.
2. All verbal solicitations and scripts must be submitted to AccessOne for review and compliance approval.
3. In both written and verbal communication, including but not limited to internet web sites, there shall be NO inference that the ACH program is insurance and the following terms are explicitly forbidden to be used in either written or verbal solicitation: "insurance", "health plan", "coverage", "co-pay", "co-payments", "pre-existing conditions", "guaranteed issue", "premium", "enrollment", "Preferred Provider Organization", or any other terms that would lead a reasonable individual to believe that the discount medical plan organization was health insurance.
4. The RESELLER will provide AccessOne a list of its authorized marketing locations and the contact information for the supervisor of each location. ACH may periodically and in random fashion, visit and inspect the marketing facility to insure compliance with the market practices set forth herein. The expense for such inspection shall be borne by the Reseller.
5. Failure to comply in a reasonable fashion and timeframe with modifications required by ACH in regard to market practices and compliance outlined herein will be cause for ACH to terminate the agreement with the RESELLER immediately.
6. RESELLER will report any provider or consumer complaints to ACH immediately by calling the ACCESSONE compliance representative.

Accepted by the Reseller (Signature)	Date
	5-8-12

# RESELLER AGREEMENT

Preferred Chiropractic Doctor - GROUP NUMBER 7641

AccessOne Consumer Health, Inc.

## Exhibit C

### Participant Rights & Obligations

(This Disclosure MUST be provided to each individual Participant)

#### DISCLOSURES

- The plan is not a health insurance policy;
- The plan provides discounts at certain health care providers for medical services;
- The plan does not make payments directly to the providers of medical services;
- The plan Participant is obligated to pay for all health care services but will receive a discount from those health care providers who have contracted with or through AccessOne.
- Access One Consumer Health, Inc. can be contacted at: 84 Villa Road, Greenville SC 29615. (Tel: 800-896-1962) or [www.accessonedmnp.com](http://www.accessonedmnp.com).

AccessOne will provide the Participant with a list of participating providers at its web site [www.accessone.com](http://www.accessone.com) or the Participant may call 800-896-1962 to find a provider. Participants will be able to apply program discounts to all providers of each participating network. Provider services (depending upon the program selected) include medical doctors, doctors of osteopathy, dentists, chiropractors, and diagnostic labs, out-patient facilities, pharmacies, ophthalmologists, opticians and optometrist's services. The Participant will be billed by the provider at the discounted rate at the time service is rendered. The Participant is obligated to pay the provider for services rendered.

In no instance will AccessOne make payments directly to health care providers on behalf of the Participant.

If the Participant or the provider has a complaint regarding AccessOne then he or she may go to [www.accessonedmnp.com](http://www.accessonedmnp.com) or call 800-896-1962 or write to AccessOne Consumer Health, Inc. 84 Villa Road, Greenville, SC 29615. This complaint will be addressed and the Participant will receive a response within 15 days of receipt of the complaint by AccessOne.

The Participant may terminate participation in the discount medical plan organization during the first 30 days of the program and receive a full refund on any fees paid for the discount medical plan organization less a processing fee. Following the first thirty (30) days, the Participant may cancel participation at any time. The Administrator must receive notification at least five (5) business days in advance of the next billing cycle for the Participant not to be charged for that billing cycle. If notice of cancellation is not received prior to the end of the then current billing cycle, cancellation of payment will occur at the next billing cycle.

Accepted by the Reseller (Signature)

Date

5-8-12

**RESELLER AGREEMENT**

**Preferred Chiropractic Doctor - GROUP NUMBER 7641**

AccessOne Consumer Health, Inc.

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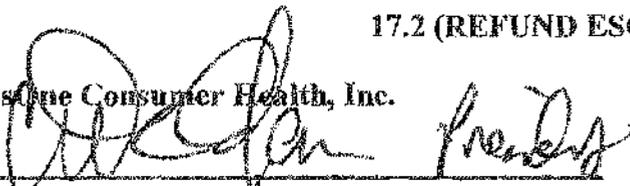
**AMENDMENT I**

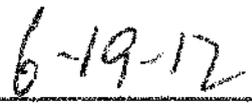
This amends the **RESELLER AGREEMENT #7641** by and between **AccessOne Consumer Health, Inc** and **Preferred Chiropractor Doctor, Inc** as of the effective date of said Agreement. This amendment applies specifically to the provision(s) set forth below and to that provision only. All other terms, conditions, responsibilities and provisions of the Agreement remain in full force until amended or otherwise modified in accordance with this Agreement.

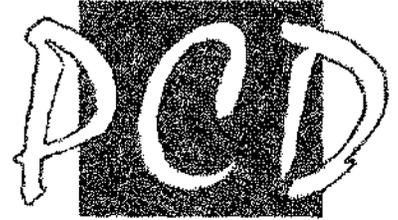
**THE FOLLOWING PROVISION IS REMOVED FROM THE AGREEMENT:**

**17.2 (REFUND ESCROW)**

AccessOne Consumer Health, Inc.

  
\_\_\_\_\_  
C. Dan Adams, President

  
\_\_\_\_\_  
Date



507 2<sup>nd</sup> AVENUE SOUTH, CLANTON, AL 35045  
1-800-BEWELL-2 \* FAX 1-888-755-9005  
www.bewell2.com \* pcd@bewell2.com

March 26, 2012

Robert Fortier  
AccessOne Consumer Health, Inc.  
84 Villa Road  
Greenville SC, 29615

Dear Mr. Fortier,

This letter is sent to confirm that Preferred Chiropractic Doctor only markets through individual chiropractic offices.

If you need any additional information, please contact me at your earliest convenience.

Sincerely,

A handwritten signature in black ink, appearing to read 'Stephen L. Below', written over a horizontal line.

Dr. Stephen L. Below  
President, CEO  
Preferred Chiropractic Doctor, Inc.

PREFERRED CHIROPRACTIC DOCTOR

DECLARATION OF  
DR. STEPHEN BELOW

Exhibit 3

PREFERRED CHIROPRACTIC DOCTOR



507 2nd AVENUE SOUTH, CLANTON, AL 35045  
1-800-BEWELL-2 \* FAX 1-888-755-9005  
www.bewell2.com \* pod@bewell2.com

December 6, 2012

The Honorable Michael Kreidler  
Insurance Commissioner  
State of Washington  
PO Box 40255  
Olympia, WA 98504-0255

Dear Mr. Kreidler,

I am the president and CEO of a small Discount Medical Plan Organization (DMPO), Preferred Chiropractic Doctor, Inc. In the past several months our company became aware of regulations in your state that required registration in order to legally conduct business, and we are in the process of completing such registration.

When we became aware of these regulations, we immediately began to take steps to comply with your state, and other states that also required some form of registration of DMPO's. In order to expedite our compliance, we decided the best short-term solution to compliance would be to operate as marketers under an existing registered/licensed entity, which many states allow. It was our oversight, and inaccurate assumption, that the company we were working with was registered in Washington State. It was not. Upon learning of this oversight, we began the process of registering in your state.

While I understand that ignorance of the law does not constitute a good defense, the fact of the matter is we simply were not aware that Washington had implemented new regulations. As soon as we became aware of those regulations, we began taking steps to comply.

I can certainly understand why your state and others have implemented these regulations in this industry. This industry is replete with companies that misrepresent and deceive consumers. Our intention has always been to provide consumers with a valuable service that increases their access to chiropractic care, and reduces their financial burden when participating in that care. We've never had a legal issue arise since 1993, when we began operations of our company. And we have very, very few consumer complaints, and those that we do have we always strive to find a solution to the satisfaction of the consumer.

We have fewer than 1000 consumer members in the state of Washington, along with approximately 30 "active" provider members, who are all contracted via an agreement. Our annual membership fee is \$37.00, which includes all family members. We do no automatic renewals. Rather we send out annual renewal notices each year for those that wish to continue their memberships. Our renewal rate hovers around the forty (40) percent rate, which is an outstanding indicator of the value our members perceive and receive. The vast majority of consumer members will save more than the amount of their membership on their first visit to a participating provider, and they are guaranteed to save a minimum of twenty-five (25) percent on services. I would also add that we do not directly solicit consumers. Our memberships are generated at the point of service to those patients who elect to receive discounts on services.

We are interested in long-term relationships with our members, and we understand in order to accomplish that we have to provide them with a valuable service. We are very proud of the fact that we have provided that value, as evidenced by the many positive comments we get from our members and the paltry number of complaints.

We look forward to working with your department as we continue the registration process. Please feel free to contact me with any concerns or questions you might have.

Sincerely,

Stephen D. Below, DC  
President/CEO

DECLARATION OF  
DR. STEPHEN BELOW

Exhibit 4



## Peick Law Group, P.S.

*A Pacific Northwest Law Firm*  
3633 136<sup>th</sup> Place SE #205  
Bellevue, Washington 98006  
Telephone: 425-462-0660  
Fax: 800-422-1676  
[www.peicklaw.com](http://www.peicklaw.com)

John C. Peick  
[jpeick@peicklaw.com](mailto:jpeick@peicklaw.com)

November 28, 2012

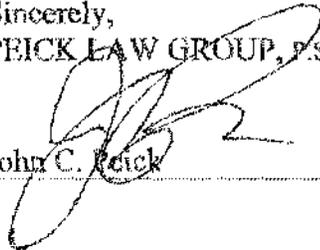
Preferred Chiropractic Discount  
Access One Consumer Health  
84 Villa Road  
Greenville, So. Carolina 29615

RE: Washington State Healthcare Discount Plan

Dear Ladies & Gentlemen:

We have become aware you are operating in the State of Washington as a Healthcare Discount Plan. We have been unable to locate your registration with the Office of Insurance Commissioner. It may be your company is a subsidiary of a registered plan. However, if not, you are operating illegally in the State of Washington. Please clarify your registration status at the earliest opportunity.

Sincerely,  
PEICK LAW GROUP, P.S.

  
John C. Peick

cc: Michael Kreidler, OIC

DECLARATION OF  
DR. STEPHEN BELOW

Exhibit 5



OFFICE OF  
INSURANCE COMMISSIONER

January 14, 2013

**PREFERRED CHIROPRACTIC DOCTOR**  
STEPHEN BELOW  
ACCESS ONE CONSUMER HEALTH  
84 VILLA ROAD  
GREENVILLE SC 29615

OIC Case No.: 1098829

Dear Mr. Below:

Enclosed is a copy of a complaint we received from John Peick Law Group. Please be advised that Health Care Discount Plans must be registered with our agency. Please provide your Washington Registration number in accordance with RCW 48.155.

Please review your policy and/or claim file and respond to the issues raised in the complaint. Your complete response should include:

- All documentation supporting your position. Do not send film, recordings, or your entire file.
- The name and NAIC number of the issuing company and the specific type of contract involved in this complaint. We'll use this verification to report complaint data to the NAIC.

WAC 284-30-360 and WAC 284-30-650 require you to provide a response within 15 business days of receiving this letter. Allowing 5 days for delivery, we expect your answer by **February 14, 2013**.

Direct all correspondence about this complaint to my attention using one of the following:

U.S. Mail	Email	FAX
PO Box 40256 Olympia, WA 98504-0256	CAP.mailbox@oic.wa.gov	(360) 586-2018

Sincerely,

*Wendy Galloway*

Wendy Galloway  
Compliance Analyst  
Consumer Advocacy  
1-800-562-6900

WG:vg

Enclosure

cc: John Peick Law Group



## Peick Law Group, P.S.

A Pacific Northwest Law Firm  
1611 1st Place SE, Suite 205  
Olympia, Washington 98513  
Tel. 360.426.0900 Fax 360.426.0920

Shari Casteel

scasteel@peicklaw.com

December 18, 2012

**RECEIVED**

DEC 21 2012

OFFICE INSURANCE COMMISSIONER  
CONSUMER ADVOCACY

Office of Insurance of Commissioner  
RE: Compliance Division  
P.O. Box 40255  
Olympia, WA 98504-0255

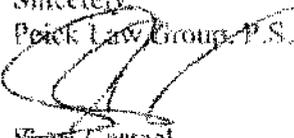
RE: PCD

Dear Compliance Division:

Please find enclosed the Preferred Chiropractor Doctor brochure for your records.

If you have any questions, please give our office a call.

Sincerely,  
Peick Law Group, P.S.

  
Shari Casteel  
Legal Assistant



# Peick Law Group, P.S.

*A Pacific Northwest Law Firm*  
3633 136th Place SE #205  
Bellevue, Washington 98006  
Telephone: 425-462-0660  
Fax: 800-422-1674  
[www.peicklaw.com](http://www.peicklaw.com)

John C. Peick  
[jpeick@peicklaw.com](mailto:jpeick@peicklaw.com)

*Handwritten note:* 01/11/12

November 28, 2012

*Handwritten notes:* WJ, 11/28/12

Preferred Chiropractic Discount  
Access One Consumer Health  
84 Villa Road  
Greenville, So. Carolina 29615

RE: Washington State Healthcare Discount Plan

Dear Ladies & Gentlemen:

We have become aware you are operating in the State of Washington as a Healthcare Discount Plan. We have been unable to locate your registration with the Office of Insurance Commissioner. It may be your company is a subsidiary of a registered plan. However, if not, you are operating illegally in the State of Washington. Please clarify your registration status at the earliest opportunity.

Sincerely,  
PEICK LAW GROUP, P.S.

John C. Peick

cc: Michael Kreidler, OIC

Join the PCD cash patient plan and you will be guaranteed to save at least 25% off of your doctor's regular service fee - on every visit!

### ***PCD is NOT like other Discount Plans!***

Check out the differences you'll see as a PCD member:

PCD was established in 1993 and has grown to be the largest chiropractic patient advocacy organization in the nation! When you join PCD, you can be sure that your chiropractor is offering you the very best program for the care you need at a fee you can afford!

- We don't hype up plans with services you may never use like other programs! PCD cash discount plans are solely for chiropractic healthcare, with savings beginning immediately!
- PCD patient members are **guaranteed** to save at least 25% off of every visit with participating providers, which includes excess, adjustments, x-rays, and therapies!
- With PCD, our patients pay an annual membership fee of only \$37! Many other DMPOs charge MONTHLY fees, but at PCD, your membership begins immediately, lasts for one year, and includes your spouse and children up to age 26!
- PCD patients' memberships are valid with any participating PCD provider. So, when you're out of town, or on vacation, you'll be able to receive reduced rates wherever you go!

# PCD

*Preferred Chiropractic Doctor*

## **America's Premier Cash Fee System**

For Patients with  
Limited or No Insurance

**[www.BeWell2.com](http://www.BeWell2.com)**

# PCD

*Preferred Chiropractic Doctor*

507 2nd Avenue South  
Creston, AL 35045  
(800) 238-3652  
[www.BeWell2.com](http://www.BeWell2.com)

PCD is NOT an insurance program and is void in conjunction with any third party payer. This plan is NOT insurance; the plan provides discounts at certain providers of chiropractic services. The plan does not make payments directly to providers. The plan member is not paid to pay for all services but will receive a discount from providers who have contracted with the discount plan organization.

The name and address of the discount medical plan organization is AmassOne Consumer Health, Inc., 24 Vols Hill, Greenville, SC 29616. [www.AmassOneDMPO.com](http://www.AmassOneDMPO.com) (800) 459-1362.

DEDICATED TO MAKING HEALTHCARE MORE AFFORDABLE

# Glad 2 know you'll **BE WELL 2!**

PCD is America's Premier  
Cash Fee System that enables  
patients with limited or no insurance  
coverage to receive chiropractic  
healthcare more affordably!

**Annual Membership Fee: \$37**  
(if applicable, includes your spouse  
and children up to age twenty-one)

With PCD you can afford to  
give your loved ones the  
chiropractic care they need!

- Patients are guaranteed at least 25% off of every visit!
- The PCD program is Nationwide!
- Reduced PCD rates may be applied for non-covered services from insurance companies.
- PCD is the perfect plan for patients with little or no insurance!

...Just a simple, reduced cash fee to help patients receive chiropractic healthcare at a reduced rate!

## Ready to Start Saving? Sign Up Today!

Choose one of the three  
Easy Enroll options below:

### Option 1: Enroll with your Doctor

When you complete the Member Participation Agreement, and pay for your PCD patient membership at your chiropractor's office, your savings can begin immediately! Your membership enrollment and payment will be forwarded to the PCD office.

NOTE: Payments are not processed automatically unless your chiropractor participates in online processing of our services on the date of your visit. All other payments are made from your chiropractor and processed upon receipt. Check card payments will be processed by PCD Inc. directly to your chiropractor.

### Option 2: Enroll Online

Visit PCD online at  
[www.BeWell2.com](http://www.BeWell2.com)



### Option 3: Enroll over the phone with PCD

Call the PCD office at  
**(800) 239-3552**



Office Hours:  
Monday - Thursday 8 am - 5 pm  
Friday 8 am - noon

### The Big Question:

**"Why can't my chiropractor just give me the discount without joining PCD?"**

In most states, regulations restrict chiropractors from offering reduced fees for identical services, unless those patients receiving reduced fees have negotiated these fees through a third-party agreement or contract. PCD serves as that third party and allows your chiropractor to reduce his/her expenses and offer you significant savings on the care you need at a more affordable rate.



DECLARATION OF  
DR. STEPHEN BELOW

Exhibit 6

PREFERRED CHIROPRACTIC DOCTOR



507 2<sup>ND</sup> AVENUE SOUTH, CLANTON, AL 35045  
1-800-BEWELL-2 • FAX 1-888-755-9005  
WWW.BEWELL2.COM • pcd@bewell2.com

February 12, 2013

«AddressBlock»

Dear «name»:

I am contacting you today to inform you about an issue regarding the PCD patient membership plan you signed up for in your chiropractor's office, which enables you to receive reduced rates on your chiropractic healthcare costs, regardless of limited or no insurance coverage.

Your membership in the PCD program is valuable to our office and I would like to keep you up to date regarding an issue relating to Discount Medical Plan Organizations (DMPOs) like PCD, Inc. and certain compliance laws set forth by the state of Washington.

When we began operating in Washington State in the mid-90s, there were no regulations that required us to register or be licensed in the state. We recently became aware that Washington has created new laws that do require such registration.

I want to let you know that we are in the process of complying with those new regulations so we can continue to help provide more affordable chiropractic care to you and your family. I also want to stress that the application process for compliance in Washington will have no effect on your PCD membership, and your ability to receive discounts on your chiropractic care at participating PCD provider offices.

Part of this compliance process may include contact with a few of our members from the Washington Office of the Insurance Commissioner, who is the governing authority in this process. If you are contacted in regards to this issue, simply truthfully relate your experience with our company.

Thank you for your support of our program, and if you have any concerns or questions please feel free to contact us.

Sincerely,

Stephen L. Below  
President/CEO

DECLARATION OF  
DR. STEPHEN BELOW

Exhibit 7



February 12, 2013

507 2<sup>nd</sup> AVENUE SOUTH, CLANTON, AL 35045  
1-800-BEWELL-2 • FAX 1-888-755-9005  
www.bewell2.com • pcd@bewell2.com

Dear PCD Provider:

I wanted to contact you to bring you up to date on an issue we are currently addressing in the state of Washington.

Several months ago we became aware that Washington State required registration of companies like ours. We have been operating in Washington since the mid-90's. When we first began our operations in Washington we did communicate with all the appropriate state agencies and, at that time, registration was not required. We became aware of the new regulations several months ago and immediately began taking steps to comply with Washington law and are currently in the process of completing that process.

The application process for compliance in Washington is complex and we hope to have this process completed in the next month or two, dependent upon how quickly the wheels of government will turn in the great state of Washington.

This process should have no effect on the contractual agreements you have with your PCD patients, and those contracts will remain in force. I also want to stress that you, as a Washington licensee, have no liability whatsoever regarding this issue. We have taken the liberty of contacting your PCD patients and informing them of this situation.

Upon the successful completion of our registration, PCD will be the only exclusively chiropractic discount fee organization licensed to operate in Washington.

Please feel free to contact us with any questions or concerns, and thank you for your continued support of the PCD program.

Sincerely,

Stephen L. Below, DC  
President/CEO  
Preferred Chiropractic Doctor, Inc.

DECLARATION OF  
DR. STEPHEN BELOW

Exhibit 8



OFFICE OF  
INSURANCE COMMISSIONER

February 5, 2013

Preferred Chiropractic Doctors Inc.  
507 2<sup>nd</sup> Ave S.  
Clanton, Al. 35045  
800-239-3552

OIC Case #: 1108320

Dear Preferred Chiropractic Doctors Inc

The Office of the Insurance Commissioner has received a complaint that you may be conducting the business of insurance, and are not licensed to do so in the State of Washington in possible violation of RCW 48.155.020 (1).

I have been assigned to investigate this matter. As part of the investigative process, I am requesting that you provide this office with a written response to the allegation. Specifically, please address the following issues:

1. Please explain why you are offering discount health plan services in Washington without being licensed to do so.
2. Please explain under who's' authority you are offering discount health plan services in Washington.

Also, please provide this office with copies of the following documents:

1. Please provide an Excel spreadsheet listing all policies sold to Washington residents between January 1, 2009 and January 1, 2012. Please include the name, address and phone number of the member. The date membership was sold, type and status of membership, method of sale (phone, internet etc.), name of insurer, and the name and phone number of the selling agent.

Please provide your written response and copies of the above listed documents by February 25, 2013

We appreciate your cooperation in this matter. I may be reached directly at (360) 725-7231 for further information.

Sincerely,

A handwritten signature in black ink, appearing to read "Barry Walden", with a long horizontal line extending to the right.

Barry Walden, Senior Investigator  
Legal Affairs Division  
Office of Insurance Commissioner  
State of Washington  
(360) 725-7231 barryw@oic.wa.gov

DECLARATION OF  
DR. STEPHEN BELOW

Exhibit 9

PREFERRED CHIROPRACTIC DOCTOR



February 22, 2013

507 2<sup>nd</sup> AVENUE SOUTH, CLANTON, AL 35045  
1-800-BEWELL-2 • FAX 1-888-755-9005  
www.bewell2.com • pcd@bewell2.com

Mr. Barry Walden, Senior Investigator  
Legal Affairs Division  
Washington State Office of the Insurance Commissioner  
5000 Capitol Blvd. SE  
Tumwater, WA 98501

FedEx Tracking Number: 5905091695

Re: Preferred Chiropractic Doctor, Inc  
OIC Case No.: 1108320  
OIC Case No.: 1098829

Dear Mr. Walden:

Thank you for your letter dated February 5, 2013, and for the opportunity to respond to your concerns. Please allow me to first offer a bit of background surrounding this issue, as I believe it is important in gaining a clearer picture of how we have, and continue, to conduct our particular business.

Our company, Preferred Chiropractic Doctor, Inc., (PCD) began providing membership to our discount chiropractic care service in Washington circa 1996 (PCD was founded in 1993). Having been founded by three chiropractors with no particular experience in the corporate world, we were cognizant of the fact that it would be a good idea to employ attorneys to answer a simple question: "Is PCD legal?"

We employed the firm of Epstein, Becker and Green, who have offices nationwide and are one of the premiere healthcare law firms in the country, and they provided us with analysis that, in summary, stated that in their opinion based on a review of all fifty (50) states we (PCD) were not in violation of any state laws. Additionally, we contacted all chiropractic state associations, chiropractic state regulatory boards and many state insurance departments in an effort to ensure that our activities were in line with existing regulations.

PCD had correspondence with the Washington State Office of the Insurance Commissioner in 1997 in regards to operating in Washington. In review of that correspondence, I note that there was a question in regards to Washington statute "RCW 48.44, Health Care Services" and whether or not PCD was required to register as a "health care service contractor." Our position was that we were not required to register pursuant to the above statute, as the language in the statute did not apply to us. My last conversation with your office during that period seemed to embrace our position, and we never heard anything else about the issue and we assumed the issue was settled.

Fast forward to the present, we became aware in the past months that we are required to register and comply with Washington State regulations, pursuant to laws passed in recent years. It was actually a Washington chiropractor that called our office inquiring about our status as being registered in Washington that brought our attention to this matter. As soon as we became aware of this requirement, we began taking steps to become compliant in your state. As a matter of expediency, finances, and man power, we engaged in a relationship with a company called AccessOne, which was registered in most states as a Discount Medical Plan Organization. We learned that by operating as one of their marketers we could become compliant in those states.

What we overlooked, through no fault of AccessOne, was the fact that AccessOne was not registered in the state of Washington. Upon learning that, we immediately began taking steps to register in Washington State, in order to comply with existing laws. Although you may already have the related information in your file concerning OIC Case No. 1098829 that deals with our steps to register, out of an abundance of caution I am enclosing for you a copy of the letter dated January 28, 2013 from our attorney that was in response to Ms. Wendy Galloway's letter dated January 14, 2013.

To date we have not received any response to Mr. Clabaugh's letter and we take that to mean the Commissioner is awaiting our Application which will have been submitted by the time you receive this letter.

You requested that we provide to you a listing of all "policies" sold to Washington residents. However we do not sell "policies" since we do not pay claims to or for any of our members. We do not offer any insurance coverage of any kind. Rather, our participating providers offer a discount of 25% or more to our members for the chiropractic and other services they provide. Also, we do not have any "selling agents." Instead, written information concerning our program is available at the offices of our providers, and information is also provided on the Internet and by telephone and fax. Anyone interested in joining our plan fills out a form and sends it to our offices by mail, email, fax, or via the internet. Additionally, they can enroll by telephone. We do not pay anyone any commission for selling our program. As requested, I am enclosing a copy of the following document:

- An Excel spreadsheet listing all memberships sold to Washington residents between January 1, 2009, and January 1, 2012, that includes the name, address and phone number of the member, the date the membership was sold, type and status of membership and the method of sale (phone, internet etc.). As noted above, there is no insurer involved and there is no selling agent.

We have been actively involved in completing the application process for several months now. We had completed all the required steps, except the financial audit portion of the application. The original CPA we engaged only supplied us with a financial compilation report and related to us that was all we needed. Upon further investigation by us, we became aware that was not the case and employed another CPA. Our application is now complete and received by your office and we look forward to working with your office to become compliant in your state.

If you need any further information, please do not hesitate to contact me at my office, (800) 239-3552, or [steve@bellow2.com](mailto:steve@bellow2.com).

Sincerely,



Stephen L. Below, DC  
CEO and President

Enclosures (2)

c: Edward L. Clabaugh, attorney at law (w/o encls.)

DECLARATION OF  
DR. STEPHEN BELOW

Exhibit 10

STATE OF WASHINGTON

MIKE KREIDLER  
STATE INSURANCE COMMISSIONER

Phone: (360) 725-7202  
Fax: (360) 586-2022



OFFICE OF  
INSURANCE COMMISSIONER

March 19, 2013

Preferred Chiropractic Doctor, Inc.  
507 Second Ave So  
Clanton AL 35045

WAOIC#500857

ATTN: Dr. Stephen Below

via Email to: [legal@bewell2.com](mailto:legal@bewell2.com)

RE: Application for Healthcare Discount Plan Organization license under Chapter 48.155 RCW

Dear Mr. Below:

Thank you for your application submission. After completing our cursory review we are unable to qualify Preferred Chiropractic Doctor, Inc. (PCD) for a license for the following reasons (in order of the application):

**Part I – Basic Information:**

**#8 - Website:** RCW 48.155.020(6) requires that prior to licensure by the Commissioner, each discount plan organization all establish an internet web site in order to conform to the requirements of RCW 48.155.070(2)(a). You provided [www.bewell2.com](http://www.bewell2.com) as your website. This morning, I attempted to perform a cursory review of your website, at which time I experienced an attack by a Trojan that destroyed this Company Analyst's computer. This caused our licensing staff and IT staff a collective number of hours to restore computer service. This has sounded an alarm here at OIC with regard to a potential security breach of PCD's member's personal data and credit card information taken through this website. Because of PCD's prior unlicensed activities there are potentially WA members that will be involved in this potential security breach event. Because a compliant website is a pre-licensing requirement, the security breach event will need to be fully addressed and resolved with all existing members before PCD can be considered for a license. Once ready to present the website for review, please bear in mind that it will need to be compliant with the Chapter requirements such as:

1. Use of full legal name as required under RCW 48.155.090(1)(c). PCD must conduct business in its own legal name and all written communications from a discount plan to regulators and consumers must prominently display the discount organization's full legal name.
2. The first-page (Home page) disclosures required under RCW 48.155.090(3)(a).
3. Until licensed, there needs to be a prominent first-page disclaimer that the plan is not available in WA.

**Part II – Required Documentation:**

**Item J & P – Provider and Provider Network contracts:** RCW 48.155.020(2)(b)(viii) requires you to provide a copy of the form of all contracts made or to be made between the applicant and any health care providers or health care provider networks regarding the provision of health care services to members and discounts to be made available to members. Two contracts were found as follows:

1) *PCD Provider Application*- this application was incomplete as referenced Exhibits I and II were missing; and the contract did not contain required language under RCW 48.155.070(1)(b)(i)-(ii). Please revise and resubmit to demonstrate that the contract is compliant.

2) AccessOne Consumer Health, Inc. (ACH) – Section 1.01 of this contract requires that ACH hold and maintain a DPO license. Further, the contract reveals that ACH has contracted as a Discount Plan Organization to utilize PCD's provider network. From cursory review my initial interpretation of this contract is that ACH is attempting to act as a "wholesaler" of their own discount plan by having PCD act as a "reseller" under the contract. Under WA law, ACH needs their own license prior to operating in WA. This contract cannot be approved as part of PCD's discount plan in WA.

**Item Q:** CDC's most recent Audited Financial Statements as of 5/31/12 were provided. However, these financial statements are not under full GAAP standards as required under WAC 284-155-020, therefore the Auditor's opinion is qualified, and the audit cannot meet the statutory standard under RCW 48.155.020(2)(b)(xii) and is also unable to demonstrate that it meets the minimum net worth requirement under RCW 48.155.030. Of serious concern is that the application submissions reveal that PCD is writing 3-year term memberships, but according to the auditor's report management has decided not to book the related liability for the unearned portion of its contracts, and hold the corresponding cash reserves to cover the liability. PCD's application cannot be considered without a full GAAP basis accounting, and an unqualified auditor's opinion – both of which demonstrate that the applicant has and can maintain the statutorily required minimum net worth of \$150k.

Given the application disclosure that PCD has been conducting unlicensed healthcare discount plan activities in WA prior to application, please confirm the date that all such activities ceased. Per RCW 48.155.020 - PCD including any of its agents, representatives, marketers, and providers is prohibited from conducting any health care discount plan activities and operations to which this Chapter applies until it is licensed.

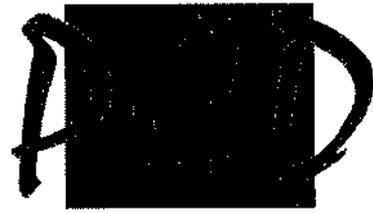
Please respond within the next fifteen business days (by April 9<sup>th</sup>). Resolution of the above deficiencies will provide for a comprehensive review of all application submissions. Should PCD not wish to continue with the application we would need a written request (email is fine) to withdraw it within the stated deadline. Should we not receive a response by April 9<sup>th</sup>, we are prepared to issue a denial.

Sincerely,

Susan Baker  
Company Licensing Specialist  
Company Supervision Division  
Email: [susanb@oic.wa.gov](mailto:susanb@oic.wa.gov)  
Phone: 360-725-7232

DECLARATION OF  
DR. STEPHEN BELOW

Exhibit 11



507 2<sup>nd</sup> AVENUE SOUTH, CLANTON, AL 35045  
1-800-BEWELL-2 • FAX 1-888-755-9005  
www.bewell2.com • pcd@bewell2.com

March 22, 2013

«AddressBlock»

Dear «name»:

As you may recall from our earlier communication, PCD is in the process of registering in Washington as a Discount Plan Organization, or DPO, to become compliant with Washington State law. To bring you up to date with our application process, we have submitted all required documents and fees and have received our first response from the Washington Office of Insurance Commissioner (OIC). Overall, we are very pleased with their response.

Washington State has one of the most difficult laws to comply with in the country as it relates to registering a DPO. That is precisely why there are no currently registered, exclusively chiropractic DPO companies registered in Washington, nor, as far as we know, any other such organizations currently making application for licensure in Washington.

While we are happy with the initial response we received, the Washington OIC has required that we temporarily cease activity in the state of Washington until we are licensed. As such, please do not issue any new PCD patient memberships until we have secured licensure in your state.

In regards to any current PCD patients you have, those will remain active and current and you should continue to treat those patients pursuant to their existing PCD agreements. I also want to assure all Washington PCD Providers that this issue creates no liability for you or your office.

We hope to have this issue resolved in a few weeks. We are doing our best to comply with all requests from Washington OIC, but we have no control over how long they take to respond. Thank you for your support, and we know that we'll have an even better organization upon successful completion of the licensing process in Washington State.

Please feel free to contact us with any questions or concerns, and thank you for your continued support of the PCD program.

Sincerely,

Stephen L. Below  
President/CEO

DECLARATION OF  
DR. STEPHEN BELOW

Exhibit 12



507 2<sup>nd</sup> AVENUE SOUTH, CLANTON, AL 35045  
1-800-BEWELL-2 • FAX 1-888-755-9005  
www.bewell2.com • pcd@bewell2.com

April 8, 2013

Ms. Susan Baker  
Company Licensing Specialist  
Office of Insurance Commissioner  
500 Capital Blvd.  
Turnwater, WA 98501

Dear Ms. Baker:

Following up on our previous email correspondence and telephone conferences, this will advise you that Preferred Chiropractic Doctor, Inc. (PCD) hereby withdraws its previously submitted application for a license as a healthcare discount plan organization under Chapter 48.155 RCW. At this time, PCD cannot provide GAAP financial statements satisfying the statutory requirements, and thus we do not wish to proceed with a license application at this time.

As you know, PCD discovered that its activities in Washington could be construed to be unlicensed healthcare discount plan activities in the state. Upon discovering that it might have inadvertently violated applicable legal requirements in Washington, PCD took immediate steps to seek licensure. As we have previously advised you, PCD ceased activities that had been identified as potential violations of the statute on March 22, 2013. PCD will not resume such activities unless and until it has reapplied for licensure and been licensed. In addition, PCD is contacting all of its members in Washington and offering refunds of current membership fees paid.

We appreciate the Division's attention in reviewing PCD's application and helping us understand the regulatory requirements in Washington. Please be assured that PCD regrets any inadvertent noncompliance with those requirements.

Please confirm the Division's acceptance of the withdrawal of PCD's application, and do not hesitate to contact us if you have any further questions. Again, thank you for your attention.

Sincerely,

Stephen L. Below, DC  
CEO and President

c: Nina Slocum, Office of Insurance Commissioner  
Edward L. Clabaugh, attorney at law  
William W. Horton, attorney at law

DECLARATION OF  
DR. STEPHEN BELOW

Exhibit 13

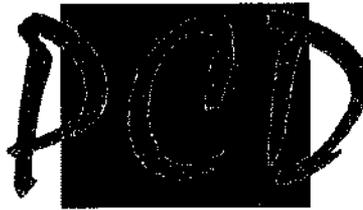
In 2009, Washington passed 48.155 RCW, the Health Care Discount Program Organization Act. This law was created to regulate companies that offered health care discount services to the citizens of the great state of Washington. Preferred Chiropractic Doctor, Inc. has arranged for discounted chiropractic care to Washington residents since 1994, and we are proud of the fact that we have helped make chiropractic care dramatically more affordable for thousands of Washington residents.

Preferred Chiropractic Doctor, Inc. endeavors to operate in compliance with all state laws and has in the past communicated with the Washington State Office of Insurance Commissioner in an effort to be compliant with state laws, rules, and regulations. Several months ago, Preferred Chiropractic Doctor, Inc. learned that Washington had passed new legislation to regulate the health care discount program industry, and upon learning about the new regulations, we took immediate steps to become compliant in the state of Washington.

We have been unable to meet the strict requirements imposed by this regulation and have withdrawn our application for licensure. We discontinued all business activity in Washington State effective March 22, 2013, and will not resume any such business activity unless and until we have obtained licensure in Washington. We are contacting you to let you know that, if you have a current Preferred Chiropractic Doctor, Inc. membership, we are offering you a refund of your membership purchase price. You may request a refund by returning your current membership ID card to Preferred Chiropractic Doctor, Inc., 507 2nd Avenue South, Clanton, Alabama 35045 via certified mail, along with proof of purchase documentation in the form of a bank or credit card statement, or other form of suitable verification. If you have any questions, please contact PCD at 205-755-7577.

DECLARATION OF  
DR. STEPHEN BELOW

Exhibit 14



507 2<sup>ND</sup> AVENUE SOUTH, CLANTON, AL 35045  
1-800-BEWELL-2 • FAX 1-888-755-9005  
WWW.BEWELL2.COM • pcd@BEWELL2.COM

April 25, 2013

«AddressBlock»

Dear «name»:

As you may know, PCD has been in the process of applying for licensure in Washington to be able to continue providing our service to you and your patients. I regret to inform you that we were unable to comply with the strict requirements imposed by Washington and have withdrawn our application, and are no longer doing business in Washington, per Washington law and directive, effective March 22, 2013. We have notified all current Washington PCD patients of this notice, as well.

We had hoped for a more favorable outcome to this issue and were optimistic early in the application process. As the process moved forward, it became more evident that the end-game desired by the Washington Office of Insurance Commissioner (OIC) was to make the process as cumbersome and cost prohibitive as possible in order to disqualify companies such as ours from licensure. The OIC has been very successful in their efforts, as Washington has fewer companies like ours in operation than any other state in the Union.

The discount health-card industry is replete with shady operators that seek to prey on unsuspecting consumers, hence the increasing regulations nationwide. We have always, and will continue to, do our best to provide real value to our members, in an affordable way, to create greater access for them to chiropractic services.

I regret any inconvenience this creates for you and your patients. We have invested many man-hours in this process and tens of thousands of dollars in an effort to continue to provide you and your patients with our service. I know we often ask ourselves if there was anything else we could have done to resolve a certain issue. In this instance, the answer is no. We did all we could, and turned over every stone we could. We did not prevail. It simply "is what it is." From there, we all move on. Please take time to discuss these changes with your staff and make sure to discard any remaining PCD materials.

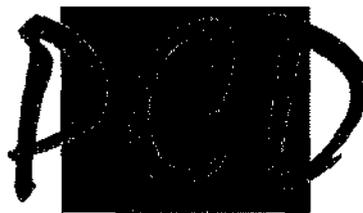
Thank you for your past support of our program. I know there are lots of folks in your state that have benefited from your care that might not otherwise have had the opportunity to do so without membership in our program. We are currently analyzing our solution options in Washington and hopefully will be able to report positive outcomes to you in the near future. In the meantime, I am happy to offer any solutions I might have, relative to the particular circumstances in your office. Please feel free to contact me.

Sincerely,

Stephen L. Below, President/CEO  
1 (800) 239-3552  
Steve@BeWell2.com

DECLARATION OF  
DR. STEPHEN BELOW

Exhibit 15



507 2<sup>ND</sup> AVENUE SOUTH, CLANTON, AL 35045  
1-800-BEWELL-2 • FAX 1-888-755-9005  
WWW.BEWELL2.COM • pcd@bewell2.com

June 6, 2013

Dear Doctor,

I wanted to contact you with an update on our legal issues in Washington, as well as a solution for you to continue to legally offer reduced fees to patients.

As background to our issue, we have been offering the PCD program in Washington since 1994. In 1995 and in 1997 we communicated with the Washington Office of Insurance Commissioner (OIC) in regards to operating in Washington. We were not in violation of any statute or rule, as there were no existing statutes that regulated our industry at that time.

We operated within the law until 2009, when new legislation was passed requiring licensure of Discount Plan Organizations (DPO's). We were not aware of the law change until 2012. As soon as we became aware of the law change, we began efforts to apply for licensure, informing the OIC we were operating in Washington as a DPO.

Washington State has the most demanding DPO licensure requirements in the country. In attempting to comply with the requirements, after considerable time and expense, we withdrew our application, as we were unable to meet the financial requirements of the OIC. Specifically, the OIC required that we maintain pro-rated reserve funds of membership fees on a *nation-wide* basis. In other words, if a PCD patient enrolled in January, we were required to sequester the remaining eleven (11) months of membership revenue in a separate account *for every member we had nationwide*.

We could have easily complied with this requirement if it was only specific to Washington residents, but the nation-wide requirement was beyond our ability to overcome. Hence, we were forced to withdraw our application.

I know this has created significant chaos in many practices, and left your practice without a viable solution to servicing your patients that may not have adequate insurance to cover your services. In Washington, it is illegal for you to charge an insurance patient more than you would charge a patient without insurance, and the PCD program enabled you, via a contractual agreement, to legally, and affordably, offer your services to such patients. I'm happy to inform you that we are able to announce a solution for you. And I know that you, and your patients are going to like it!

We all have a set of metrics and beliefs that we live our lives by. One of mine has been that "things don't happen *to* you, they happen *for* you." We can be victims of our circumstance, or we can take our circumstance and do our best to learn from it and try to parlay that circumstance into a positive outcome. And that's exactly what we've tried to do with this particular circumstance.

Effective immediately, the PCD program will be free to any of your patients that may have a need to utilize the program. According to current Washington law, we can legally offer our services for free. And that is precisely what we will do until we are in a position to meet the financial requirements of the OIC.

This was our original solution to the issue, and I regret that several weeks have had to pass before I could inform you of this solution. But our attorneys insisted that we not contact you in regards to this, at least until the OIC had issued their hearing and penalty request notice. The OIC has done so and now I have the green light to inform you of our solution.

Because of the significant expense of materials and postage, we will streamline Washington PCD membership into an "online only" membership. We hope to have all the technical issues in place by the end of this month, where you'll be able to easily process PCD patients via our website. During our OIC application process we had to disable all of our visible web-related Washington State PCD functions, but as soon as our IT folks (hopefully they won't hold us hostage too long!) get all this straightened out, we'll be totally functional, and totally equipped to continue providing you with a legal cash solution for your practice.

straightened out, we'll be totally functional, and totally equipped to continue providing you with a legal cash solution for your practice.

While we wait for our IT folks to hammer out the details of the web-based membership, you can continue to use the PCD materials you already have in your possession to process any patients that have need for the PCD program. Simply process them as you normally would, and write "NO CHARGE" in the payment area of the application. We will process those applications and issue membership cards as we have in the past. In the interim while we await the arrival of the web-based solution, if you need any materials please contact us and we'll get them out to you ASAP.

Consistent with the belief that "things happen for you," I would also like to encourage you to use this as a re-activation opportunity with your current and past PCD patients. One thing is certain: people appreciate it when another does something for them. Informing your current and past PCD patients that your office is now able to provide free PCD membership to them will, without a doubt, be received as a value-added component of their relationship with you. The vast majority of your patients will appreciate your generosity. Some of them will be motivated to return to your office for care they need, and to take advantage of the free PCD membership offer.

You can still access your current PCD member list in the provider area of our website, [www.bewell2.com](http://www.bewell2.com). We are happy to provide you with a complete list of your expired PCD patients, too. Simply contact us and let us know you would like a list of your expired PCD patients. Additionally, if you would like a sample letter to send out or email to your patients, contact us and we'll be happy to provide you with a sample letter you can use as is, or edit to fit your particular circumstance. Simply email us at [info@bewell2.com](mailto:info@bewell2.com) and request the *Washington re-activation letter* and we'll shoot it right back to you, along with the best ways to utilize the re-activation letter.

As soon as the website is up and running with the new "free" Washington State Information, we will be contacting all of your PCD patients (all those patients with email addresses) to let them know their membership is now free. We hope that provides an additional positive bump for your practice.

I apologize for any inconvenience this has created for you, your patients, and your practice. We could analyze the "should have done this," and "should have done that's" all day long. We'd still end up at "it is what it is." As a company we could moan and complain about the evil OIC, or we could put our best foot forward and try to come up with the best solution to the issue. That's what we've tried to do, and I believe that we'll end up in a better place than where we've come from. I'm pretty certain that's where we're headed.

To all those folks who contacted us with their support, thank you. You know who you are. You're really the reason we're doing what we're doing with the free membership. We could have just pulled out of Washington and avoided what's going to cost us in the range of \$300,000.00. We know the PCD program helps people get the chiropractic care they need. We believe that makes people's lives better, and ultimately the world a better place to live. That's how we've (the founders of PCD) always run our practices. That's what we bought in to—what we still buy in to. We think it's an investment well worth the cost. Your support made that decision that much easier.

To the few who contacted us with their wrath...we understand. We could have done some things differently. We should have done some things differently. We're human. We hope we have the opportunity to make it right with you.

We look forward to what the future brings. I'm particularly interested to learn how the free membership will impact your practice. I know it's going to create better access to your service, I'm just wondering how big an impact it's going to make. I guess we'll all find out in the months to come.

Please let us know if you have any questions or comments, or how we might be of service to you. We look forward to hearing from you, and thank you again for your current and past support.

Be well,

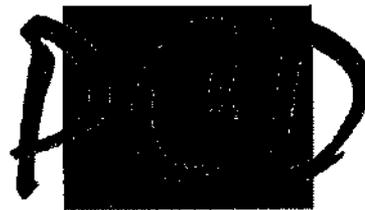


Stephen Below, DC  
President/CEO, Preferred Chiropractic Doctor, Inc.  
[steve@bewell2.com](mailto:steve@bewell2.com)  
[www.bewell2.com](http://www.bewell2.com)

DECLARATION OF  
DR. STEPHEN BELOW

Exhibit 16

PREFERRED CHIROPRACTIC DOCTOR



507 2<sup>nd</sup> AVENUE SOUTH, CLANTON, AL 35045  
1-800-BEWELL-2 • FAX 1-888-755-9005  
www.bewell2.com • pcd@bewell2.com

August 13, 2013

«AddressBlock»

Dear «name»,

I wanted to take this opportunity to contact you to bring you up to date on the current status of Preferred Chiropractic Doctor (PCD) in the State of Washington.

First, I wanted to remind you that PCD is currently operating in Washington, and we hope that you are taking advantage of the opportunity to offer PCD to your patients at no cost. That's correct—we are offering the PCD program to WA residents at no cost. When you have patients that may need the services of PCD, simply enroll them online at [www.bewell2.com](http://www.bewell2.com), and the membership is free (simple instructions are included in this letter for your review).

Why are we giving PCD memberships away for free in Washington? The short answer is because it is not illegal in Washington State to offer a discount health care program for free. The other part of that answer is that we've developed many long term relationships in Washington since 1994 that we value highly, and that we believe we have a responsibility to honor those relationships. Giving free membership was our best solution to honoring those relationships.

As you may recall, we are in the middle of some legal issues with the Washington Office of Insurance Commissioner (OIC) in regards to operating an unlicensed Discount Plan Organization (DPO) in the state of Washington. To review, Washington passed new legislation in 2009 to regulate the DPO industry. We were not aware of this law change until 2012 (even though we had contacted the OIC at least twice in the mid-90's in regards to compliance and the OIC had full knowledge of our presence in Washington).

When we became aware of the law change we immediately began taking steps to comply with the new law and submitted an application to the OIC. We were unsuccessful in our application due only to the financial requirements. The OIC requires that a DPO licensee have a minimum \$150,000.00 net worth. That would not have been a problem except the OIC determines net worth using a bit of fuzzy math. You see, the OIC required us to maintain reserves of unused membership fees for the entire country—not just Washington State—essentially negating our revenue and resulting in a negative net worth. In other words, if we received payment for an annual membership in January, the next eleven months counted against us in regards to net worth.

Currently, we are scheduled to attend a hearing regarding this matter on September 19<sup>th</sup>. The OIC is requesting in excess of \$150,000.00 in penalties. We've been doing business in all 50 states (and beyond) for over twenty years now and have never had a single consumer complaint addressed to any

state agency or court system. And we still don't have any consumer complaints, as the only notification that the Washington OIC received (in addition to turning ourselves in) was from a Washington attorney, Mr. John Peick, who was not, nor has ever been, a member of PCD. It is my understanding that Mr. Peick provides representation to the Washington Chiropractic Association.

So, when it's all said and done, we're looking somewhere in the \$250,000.00 range for costs associated with this hearing. I guess the bottom line is that we were operating without a license in Washington, and I should have been aware of the law changes. And we're prepared to accept whatever outcome transpires. But, I have to tell you, it still blows my mind that we're in the position we're in. Clearly, no one has been damaged by our presence in Washington. In fact, your patients have been able to receive more affordable care, and you have been able to *legally* offer those patients more affordable care. When I remind myself it's a government agency, I have an easier time understanding it.

I'd like to ask you for your help with our defense of this issue. While this is an administrative process (as opposed to a civil issue), it would still be helpful to PCD if you would be willing to share your experience with our company. I've enclosed a questionnaire and if you could take a few minutes to complete it, and return it in the SASE, we would be very appreciative of your response. If you're willing to help out with this, please complete and return as soon as possible. As you'll note, these questionnaires will be sent to a licensed CPA to be verified.

Regardless of the hearing outcome, we plan on being of service to the chiropractors and residents of Washington for a long time to come. If we have to do it as a "no-fee" company, that's what we'll do! We've got two other basic options in regards to operating in Washington. We will either re-apply for licensure, which is very probable, or we could try to amend the current law with language that exempts DPO's that charge less than a specific fee—say in the \$35.00 range—for membership. The law change would require significant support from Washington chiropractors, and I'd love to hear if any of you might be up for that challenge.

Don't forget that PCD is available for your use right now—as a free membership program. We'd love to see thousands of patients take advantage of chiropractic savings. After all, that's still our big driving force—we're chiropractors too, and we want more folks going to see chiropractors. That's good for us all! Thanks for your current and past support. We'll be in touch!

Until again,

Be Well,

A handwritten signature in black ink that reads "Stephen Below, DC". The signature is written in a cursive, somewhat stylized font.

Stephen Below, DC  
President/CEO



# Provider Questionnaire

Preferred Chiropractic Doctor, Inc. • 507 2nd Avenue South • Clanton, AL 35045  
Phone: (800) 239-3552 Fax: (888) 755-9005 / (205) 755-7663  
www.BeWell2.com • info@bewell2.com

To Be Completed By Hull&Russell:

PCD Provider # \_\_\_\_\_

Received: \_\_\_/\_\_\_/\_\_\_

Please complete this questionnaire and return it in the S.A.S.E. by **September 6, 2013.**  
*Your input is very important. Thank you for your participation.*

First Name \_\_\_\_\_ MI \_\_\_\_\_ Last Name \_\_\_\_\_

Clinic Name \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ ST \_\_\_\_\_ Zip Code \_\_\_\_\_

I certify that I am a participating PCD Provider, but request to remain anonymous.

1. I have utilized the Preferred Chiropractic Doctor (PCD) program in my office.  Yes  No
2. The PCD program has better enabled me to serve patients that are less able to afford my regular fees.  
 Strongly agree  Agree  Neutral  Disagree  Strongly disagree
3. In my practice setting, patients that were members of the PCD program voiced negative sentiments:  
 Never heard any complaints  
 Infrequently heard complaints  
 Heard some complaints  
 Regularly heard complaints
4. If you had any complaints from your patients regarding PCD, what were they specifically about? \_\_\_\_\_
5. Have you ever been notified by a government agency/department, or a trade association, in regard to the passage and enactment of RCW 48.155.020, the legislation regarding the regulation of Discount Plan Organizations enacted by the Washington legislature and Governors' signature and becoming effective on July 26, 2009?  Yes  No
6. When, or about when, did you become aware that there was a law that regulated Discount Plan Organizations in Washington State? (Please state date, or approximate date.) \_\_\_\_\_
7. In your experience and opinion, have you ever experienced any of the following behaviors in your relationship with PCD? (Please check any that apply, or none.)  
 Deceptive practices/advertising  
 Fraudulent activity  
 Improper membership billing practices  
 Inaccessibility  
 None
8. If you had any issues in question #7 (or any issues not listed), please describe the specific issue(s) and whether or not the issue was resolved satisfactorily. (Please use additional paper if needed.) \_\_\_\_\_

...continued on back

9. **Being able to offer more affordable fees, through a relationship with a DPO such as PCD, to patients that may not have the financial wherewithal to afford the care they are seeking creates greater access to your care and greater benefit to the patient.**  
 Strongly agree  Agree  Neutral  Disagree  Strongly disagree
10. **How long, or about how long have you utilized the PCD program in your office?** \_\_\_\_\_
11. **Relative to the \$37 annual membership fee that PCD charges for membership, how many visits would it take for a new, first-time PCD patient member to recoup their membership fee in your office?**  
 1 visit  2-3 visits  4-6 visits  More than 7 visits
12. **For a typical, uncomplicated office visit, what is your regular fee?** \_\_\_\_\_  
**How much is your fee for this same type of patient who is a member of PCD?** \_\_\_\_\_
13. **Overall, how would you relate your experience with the PCD program?**  
 Extremely favorable and beneficial  
 Favorable and beneficial  
 Neutral  
 Unfavorable and not beneficial  
 Very unfavorable and extremely unbeneficial
14. **Were you notified by PCD that the PCD program was no longer going to be offered in Washington as a fee-based Discount Plan Organization effective March 22, 2013?**  Yes or  No
15. **Based on comments and responses you've received from previously enrolled PCD patients, would you say those responses indicate the withdrawal of PCD discounted fees has played a major factor in their ability to receive required or recommended care?**  
 Dramatically decreased their ability to receive needed care  
 Decreased their ability to receive needed care  
 Didn't matter one way or another  
 Increased their ability to receive needed care  
 Dramatically increased their ability to receive needed care
16. **Has it been your professional, clinical experience that you have seen a decrease in the functionality and/or health of your previously enrolled PCD patients due to the absence of available discounted fees in your office?**  
 Numerous previous PCD patients have suffered some loss of improvement in their condition  
 Some previous PCD patients have suffered some loss of improvement in their condition  
 Minimal numbers of previous PCD patients have suffered some loss of improvement in their condition  
 No noticed loss of improvement in PCD patients due to the loss of their ability to afford my care
17. **In your opinion, has the enactment of RCW 48.155.020 enhanced your ability to provide healthcare services to the citizens of your community?**  
 Greatly enhanced patient access  
 Enhanced patient access  
 Neither enhanced or reduced access  
 Reduced patient access  
 Greatly reduced patient access
18. **Do you have any other comments in regards to your relationship with PCD, the effect it has had on your patients and your practice, or on the efficacy of RCW 48.155.020? (If so, please comment below, or on additional paper.)**  
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