

FILED

JUL 19 2007

Hearings Unit, OIC
Patricia D. Petersen
Chief Hearing Officer

MIKE KREIDLER
STATE INSURANCE COMMISSIONER



OFFICE OF
INSURANCE COMMISSIONER

In the matter of:)
)
)
 DAYSPRING MANAGEMENT, LLC;)
 PREMIER CLUB BENEFITS; PREMIER)
 CLUB SERVICES; RJ WILSON AND)
 ASSOCIATES, LTD; MEDICAL BENEFITS)
 ADMINISTRATOR OF MARYLAND, INC.,)
 Unauthorized Entities, and)
)
)
 RONALD J. WILSON, et al.,)
 Principals.)
)

No. D06-377

**NOTICE OF AMENDMENT TO
ORDER TO CEASE AND
DESIST AND ADDITIONAL
GROUNDS FOR IMPOSITION
OF A FINE AND TO
DETERMINE PREMIUM
TAXES DUE**

Order to Cease and Desist No. D06-377 is hereby amended to add as additional Respondents the Custom Rail Employer Welfare Trust, IGA Group Benefit Trust, Archery & Bow Hunting Industry Benefit Trust, and BrandSource Benefit Trust, which trusts are additional unauthorized self-funded Multiple Employer Welfare Associations operated in Washington by Respondents Ronald J. Wilson, Dayspring Management, LLC, and Medical Benefits Administrator of Maryland, Inc.

Notice is hereby given of the OIC's intent to extend the terms of said Order to these additional respondents and to impose fines and determine premium taxes due with respect to said additional respondents.

A. BASIS

This amendment and notice is based upon the following.

1. The Custom Rail Employer Welfare Trust, IGA Group Benefit Trust, Archery & Bow Hunting Industry Benefit Trust, and BrandSource Benefit Trust are Multiple Employer Welfare Association trusts that provide employee health coverage to member employers.
2. Following an investigation in which the OIC was led to believe by Respondent Wilson that no Multiple Employer Welfare Associations with which he is associated were operating in Washington, the OIC learned through other sources that one Washington employer, the Everett Golf & Country Club was purchasing health insurance for its employees from

NOTICE OF HEARING 1



Premier Club Benefit Trust, a MEWA that the OIC determined was not fully insured. On January 18, 2007, the Insurance Commissioner entered an Order to Cease and Desist, Order No. D06-377, ordering Respondents named therein, to cease and desist from various activities, among them, engaging in and transacting the unauthorized business of insurance in the State of Washington, including the collection of premium monies and the marketing of health plans and insurance-related products to Washington employers and residents. Although this Order is currently being contested by Respondents in this adjudicative proceeding, it has not been stayed and remains in effect.

3. In February, 2007, the Insurance Commissioner filed a Notice of Hearing in the adjudicative proceeding to request imposition of a fine and to determine premium taxes and penalties due as a result of the named respondents' conduct in acting as a self-insured Multiple Employer Welfare Arrangement in Washington without a Washington certificate of authority and as more fully set forth in Order to Cease and Desist No. D06-377, which Notice is incorporated herein as though fully set forth.
4. The OIC also propounded interrogatories to Respondents, the Answers to which were received by the OIC on June 18, 2007. Through these Answers, the OIC learned that other plans associated with Respondents Wilson, Dayspring, and Medical Benefits Administrators were also operating in Washington. Interrogatory No. 10 asked Respondents "Has membership or health coverage participation through any of the other associations or trust identified in your answer to the preceding interrogatory been marketed or made available to "Washington employers?" Respondents' answer states in part that "since receipt of the Cease and Desist Order the Respondents have enrolled only one member in the Archery and Bow Hunting Industry Benefit Trust and Respondents have taken action so that no Washington based employer will be enrolled in any association-sponsored multiple employer welfare arrangement for which any of the Respondents provide services." Attached to Respondents' Answers and to this Notice as Exhibit "1" is a three page document showing that in addition to the coverage sold to the Everett Golf & Country Club through the Premier Club Benefits Trust, for which Respondents collected \$110,976.60 in 2006 and 2007, Respondents sold coverage to (1) the Columbia Basin Railroad/Central Washington Railroad in Yakima, Washington, through the Custom Rail Employer Welfare Trust for which Respondents collected \$742,997.43 in premiums between 2003 and 2007; (2) to Wilderness Archery & Taxidermy in Bow, Washington through the Archery & Bow Hunting Industry Benefit Trust for which Respondents collected \$55,565.10 in 2003 and \$7,205.54 in premiums through May 31st in 2007, (3) to Dissmores IGA in Pullman, Washington through the IGA Group Employee Benefit Trust for which Respondents collected \$134,259.01 in 2006 and 2007 through May 31st, and (4) to Puyallup Appliance & Mattress in Puyallup, Washington through the BrandSource Benefit Trust for which Respondents collected \$39,898.09 between 2005 and May 31, 2007.
5. Each of these illegal additional contracts represents a separate violation by Respondents of RCW 48.15.020(1) and (2), respectively, and it appears that the Wilderness Archery &

Taxidermy coverage was placed by Ronald J. Wilson or the companies he controls after they had received the Order to Cease and Desist which is the subject of this proceeding and in direct violation of said Order.

6. Additional Respondents Custom Rail Employer Welfare Trust, the IGA Group Benefit Trust, the Archery & Bow Hunting Industry Benefit Trust, and the BrandSource Benefit Trust are "taxpayers" as defined in RCW 48.14.0201. As more fully set forth above, Respondents have collected premiums from Washington employers and have failed to report these premiums to the OIC and have failed to pay premium tax on these premiums in violation of RCW 48.14.0201.
7. Respondents are obligated for the amount of the above-mentioned delinquent premium taxes together with penalties and interest as set forth in RCW 48.14.060.

B. PENALTIES AND RELIEF REQUESTED

8. Pursuant to RCW 48.15.020(3), the OIC seeks to impose a fine against Respondent Wilson in the amount of \$25,000 for each additional violation of RCW 48.15.020(2) set forth herein.
9. Pursuant to RCW 48.15.023(5)a)(ii), the OIC seeks to impose a fine against Respondents in the amount of \$25,000 for each additional violation of RCW 48.15.020(1) herein.
10. Pursuant to RCW 48.14.060, OIC seeks to establish the liability of Respondents Premier Club Benefits Trust, Custom Rail Employer Welfare Trust, the IGA Group Benefit Trust, and Archery & Bow Hunting Industry Benefit Trust for delinquent premium taxes and penalties in an amount to be established at the time of hearing.

C. NOTICE OF HEARING

11. At the hearing on Respondent's request to set aside Order to Cease and Desist No. D 06-377, the OIC will ask the Chief Presiding Officer to also consider the fine to be imposed on Respondents and the amount of delinquent tax and penalties owed by Respondents pursuant to RCW 48.14.020.
12. Chief Presiding Officer, Patricia Petersen, P.O. Box 40255, Olympia, Washington 98504-0255, (360) 725-7105, has been appointed as Presiding Officer in this matter. A hearing is scheduled to commence before Chief Presiding Officer Petersen on June 11, 2007, as previously ordered by the Presiding Officer, at the Office of the Insurance Commissioner, 5000 Capital Blvd., Tumwater, Washington, and to continue on succeeding days until terminated.

13. At the hearing the OIC will present evidence as to why fines should be ordered against Respondents and why an order establishing the amount of delinquent premium tax and penalties owed by Respondents should be entered. Respondents may present any defenses, evidence or argument they may have in opposition. In the event that Respondents fail to appear, they may be held in default and the penalties and orders sought by the OIC may be levied effective on the date of the hearing. OIC specifically reserves the right to commence other proceedings to seek fines, license revocations, or other remedies against any and all other Respondents named in Order to Cease and Desist No. D 06-377.
14. The OIC staff will participate in this hearing through its designated representative, Charles Brown.

Dated at Tumwater, Washington, this 1st day of July, 2007.

MIKE KREIDLER
Insurance Commissioner

By:


CHARLES D. BROWN
Staff Attorney, Legal Affairs

EXHIBIT 1

Unless otherwise noted, all of the undersigned plans can be reached
 c/o Dayspring Management LLC, Administrator
 1630 Robins Circle
 Forest Hill Maryland 21050

Premier Club Benefit Trust

Everett Golf & Country Club
 P. O. Box 2300
 Everett, WA 98213-0300

49 covered persons

Total Contributions

Description	Year ending 12/31/05	Year ending 12/31/06	Current year to date 5/31/2007
Washington Employers	\$ 0.00	\$56,537.02	\$54,439.58

Custom Rail Employer Welfare Trust

c/o Ronald Wilson
 1630 Robins Circle
 Forest Hill Maryland 21050

Columbia Basin Railroad/Central Washington Railroad
 111 South 33rd Street, Suite 200
 Yakima, WA 98901

79 covered persons

Year	YEAR ENDED 10/31/2003	YEAR ENDED 10/31/2004	YEAR ENDED 10/31/2005	YEAR ENDED 10/31/2006	CURRENT YTD 5/31/2007
Contributions	\$69,472.45	\$121,926.86	\$170,398.86 ¹	\$241,165.04	\$140,034.22

¹ The Central Washington Railroad was added to the coverage as an affiliate in this year.

Tri-City & Olympia Railroad
 2579 Stevens Drive
 Richland, WA 99352

24 covered persons

Year	YEAR ENDED <u>10/31/2003</u>	YEAR ENDED <u>10/31/2004</u>	YEAR ENDED <u>10/31/2005</u>	YEAR ENDED <u>10/31/2006</u>	CURRENT YTD <u>5/31/2007</u>
Contributions	55,565.10	0.00	0.00	0.00	0.00

ARCHERY & BOW HUNTING INDUSTRY BENEFIT TRUST

Wilderness Archery & Taxidermy
 17697 Colony Road
 Bow, WA 98232

1 employee

Contributions for 2007 are \$7,205.54 as of May 31, 2007

IGA GROUP EMPLOYEE BENEFIT TRUST

Dissmores IGA
 1205 N. Grand Avenue
 Pullman, WA 99163

20 covered persons

TOTAL CONTRIBUTIONS BILLED

YEAR ENDED <u>10/31/2006</u>	CURRENT YTD <u>5/31/2007</u>
\$67,736.53	\$66,522.48

BRANDSOURCE BENEFIT TRUST

Puyallup Appliance & Mattress
133 15th Street, SE
Puyallup, WA 98372

**TOTAL CONTRIBUTIONS
COLLECTED**

YEAR ENDED	YEAR ENDED	CURRENT YTD
<u>12/31/2005</u>	<u>12/31/2006</u>	<u>5/31/2007</u>
\$11,252.01	\$20,572.58	\$8,073.57