

STATE OF WASHINGTON

Phone: (360) 725-7000  
www.insurance.wa.gov

MIKE KREIDLER  
STATE INSURANCE COMMISSIONER



FILED

**DECLARATION OF MAILING**

I declare under penalty of perjury under the laws of the State of Washington that on the date listed below, I mailed or caused delivery of a true copy of this document to parties listed

DATED this 4th day of June 2008 at Tumwater, Washington.

Signed W. Galloway

Patricia D. Petersen  
Chief Hearing Officer  
(360) 725-7105

OFFICE OF  
INSURANCE COMMISSIONER  
HEARINGS UNIT

Fax: (360) 664-2782

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Hearings Unit, DIC  
Wendy Galloway  
Chief Hearing Officer  
Paralegal  
(360) 725-7002  
[Wendyg@oic.wa.gov](mailto:Wendyg@oic.wa.gov)

BEFORE THE STATE OF WASHINGTON  
OFFICE OF INSURANCE COMMISSIONER

In the Matter of:

ROBERT D. EDELHEIT,

Licensee.

No. D07-0352

ORDER CONCERNING  
STIPULATION AND SETTLEMENT  
AGREEMENT AND ADVISING THAT  
PROCEEDINGS ARE NOT  
TERMINATED

TO: Robert D. Edelheit  
2500 N. Military Trl., Ste. 450  
Boca Raton, Florida 33431-6353

Michael Madden, Esquire  
Bennett Bigelow & Leedom, PS  
1700 Seventh Avenue, Suite 1900  
Seattle, Washington 98102

COPY TO: Mike Kreidler, Insurance Commissioner  
Vernon Stoner, Chief Deputy Insurance Commissioner  
James T. Odiorne, Deputy Commissioner, Consumer Protection  
Carol Sureau, Deputy Commissioner, Legal Affairs Division  
Thomas P. Rowland, Staff Attorney, Legal Affairs Division  
John F. Hamje, Deputy Commissioner, Consumer Protection Division  
Office of the Insurance Commissioner  
PO Box 40255  
Olympia, WA 98504-0255

ORDER CONCERNING STIPULATION  
& SETTLEMENT AGREEMENT – D07-0352

Page 2

On May 19, 2008, the undersigned received a Stipulation and Settlement Agreement and Order Terminating Proceedings in the above-referenced matter. The Stipulation as to Facts section being executed by Robert D. Edelheit, Mr. Madden, and Mr. Rowland on May 2, May 6 and May 8, 2008, respectively, and the Settlement Agreement section being executed by Mr. Madden and Mr. Rowland on May 9 and May 12, 2008, respectively. Several concerns arise, as follows:

1. The Order Terminating Proceedings executed by an unnamed individual (and with illegible signature) on behalf of Karena Kirkendoll, Administrative Law Judge with the Office of Administrative Hearings, is only a recommended or initial order; it is not final and is no way effective until a final order is entered by the undersigned. This is pursuant to Title 34 RCW, and as the undersigned advised the parties in the Order on Motion of Robert D. Edelheit (Licensee) to Transfer to Office of Administrative Hearings or in the Alternative for a Stay entered April 18, 2008. The above-referenced Initial Order Terminating Proceeding received by the undersigned, is therefore not effective at this time and this proceeding will remain active until a Final Order Terminating Proceeding is entered by the undersigned.

2. With regard to Stipulation Item 3, the Insurance Commissioner issued an Order Revoking License against Robert D. Edelheit, but because Mr. Edelheit requested a hearing before its January 7, 2008 effective date, pursuant to RCW 48.04.010(3), that Order Revoking License was stayed. Under the subject Settlement Agreement, under specified conditions, the Insurance Commissioner is proposing to withdraw that Order Revoking License as a means of concluding, but not eliminating, this disciplinary action.

3. Stipulation Item 3.a. reads:

*3. Robert D. Edelheit, having no interest in transacting insurance business in Washington, further stipulates that he will not, either personally or through any persons or entities under his control, sell insurance products in the State of Washington, or otherwise transact the business of insurance within the State of Washington or affecting Washington residents, provided that:*

*a. This agreement does not apply to the following activities, which are not prohibited by this Stipulation and Settlement Agreement:*

*i. Sales of group products to single employers outside of the State of Washington that have some Washington employees; ....*

The parties are required to provide specific legal authority for agreeing to the above-referenced provision, taking into account the provisions of Title 48 RCW, and regulations applicable thereto, and, specifically, WAC 284-30-600.

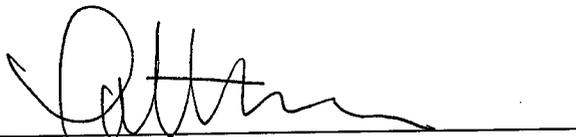
ORDER CONCERNING STIPULATION  
& SETTLEMENT AGREEMENT – D07-0352

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Based upon the above activity,

**IT IS HEREBY ORDERED** that the parties shall comply with the requirement as soon as practicable, recognizing that the Stipulation and Settlement Agreement and Initial Order Terminating proceedings have not been filed and that this proceeding is still active and has not been terminated, set forth in paragraph 2 above.

Entered this 4<sup>th</sup> day of June, 2008, at Tumwater, Washington, pursuant to Title 48 RCW, Title 34 RCW and regulations pursuant thereto.



PATRICIA D. PETERSEN

Review Judge

Chief Hearing Officer

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MAY 19 2008

INSURANCE COMMISSIONER  
LEGAL AFFAIRS DIVISION

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STATE OF WASHINGTON  
OFFICE OF ADMINISTRATIVE HEARINGS  
FOR THE OFFICE OF INSURANCE COMMISSIONER

In the Matter of

**ROBERT D. EDELHEIT,**

Licensee.

Docket No. 2008-INS-0001

OIC No. D07-0352

**STIPULATION AND SETTLEMENT  
AGREEMENT AND ORDER  
TERMINATING PROCEEDINGS**

Pursuant to RCW 34.05.060 and WAC 10-08-230(2)(b), the parties hereby stipulate to the entry of the following in full and complete resolution of this matter:

**STIPULATION AS TO FACTS**

1. Robert D. Edelheit ("Edelheit" or "Licensee") holds an insurance agent's license in the State of Washington as issued by the Office of the Insurance Commissioner ("OIC").
2. On December 18, 2007, following an investigation, the OIC entered Order Revoking License No. D07-0352, thereby revoking Edelheit's license.
3. On January 3, 2008, pursuant to RCW 48.04.010, Edelheit (1) objected to the OIC's Order Revoking License, (2) denied the allegations contained in the Order Revoking License, and (3) requested an administrative hearing, as a result of which, pursuant to RCW 48.04.020, the Order Revoking License was stayed and Mr. Edelheit's insurance agent's license was not revoked.

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CONSENT TO SETTLEMENT

Robert D. Edelheit and the OIC hereby stipulate to entry of the preceding Stipulation as to Facts and to the following Settlement Agreement which may be entered forthwith and without further notice. Robert D. Edelheit and the OIC enter into this Stipulation and Settlement Agreement voluntarily and in mutual agreement to forego further proceedings in OAH Docket Number 2008-INS-0001.

Dated this 2 day of May, 2008.

By:   
Robert D. Edelheit  
Licensee

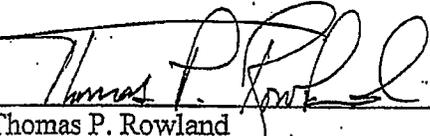
Dated this 6 day of May, 2008.

BENNETT BIGELOW & LEEDOM, P.S.

By:   
Michael Madden, WSBA # 8747  
Attorneys for Licensee

Dated this 8<sup>TH</sup> day of May, 2008.

OFFICE OF THE INSURANCE COMMISSIONER

By:   
Thomas P. Rowland  
Staff Attorney  
Legal Affairs Division

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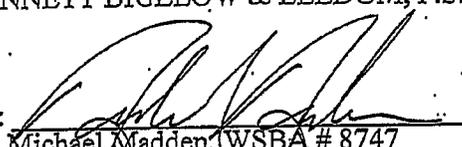
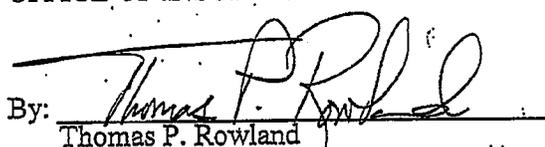
## SETTLEMENT AGREEMENT

IT IS AGREED, pursuant to the foregoing Stipulation and Consent to Settlement, as follows:

1. The Order Revoking License No. D07-0352, entered on December 18, 2007, is hereby withdrawn.
2. Because he presently is not engaged in any business of insurance in Washington requiring an agent's license, and has no interest in transacting such business in the future, Robert D. Edelheit has voluntarily requested that his Washington insurance agent's license, which was renewed effective January 15, 2008 and which expires on January 15, 2010, be declared permanently inactive and expired.
3. Robert D. Edelheit, having no interest in transacting insurance business in Washington, further stipulates that he will not, either personally or through any persons or entities under his control, sell insurance products in the State of Washington, or otherwise transact the business of insurance within the State of Washington or affecting Washington residents, provided that:
  - a. This agreement does not apply to the following activities, which are not prohibited by this Stipulation and Settlement Agreement:
    - i. Sales of group products to single employers outside of the State of Washington that have some Washington employees; and
    - ii. Third-party administration services for single employer plans outside of the State of Washington that have some Washington employees.
  - b. In the event of a good faith change of control of United Group Programs, Inc., the company may apply to the OIC for modification of this Agreement as applied to it.
4. These acts shall not be characterized as other than voluntary on the part of Edelheit or the OIC.
5. Upon receipt of the Stipulation and Settlement Agreement and Order Terminating Proceedings, signed by Robert D. Edelheit and his counsel, and accompanied by Robert D. Edelheit's insurance

1 agent's license, the OIC will execute the Stipulation and  
2 Settlement Agreement and Order Terminating Proceedings and  
3 submit the same to Judge Karena Kirkendoll at the Office of  
4 Administrative Hearings.

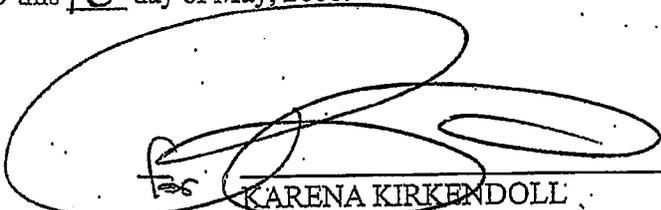
5 6. This Stipulation and Settlement Agreement and Order Terminating  
6 Proceedings applies only to terminate the revocation action in  
7 process and identified as case Number 2008-INS-0001 before the  
8 Office of Administrative Hearings. The Washington State Office  
9 of the Insurance Commissioner retains continuing authority to  
10 enforce this Stipulation and Settlement Agreement and Order  
11 Terminating Proceedings and to resolve disputes arising therefrom,  
12 subject to Edelheit's right to a hearing under Chapter 48.04 RCW  
13 and any other available administrative or judicial review, or  
14 remedy.

15 Dated this <u>9</u> day of May, 2008.	15 Dated this <u>12<sup>th</sup></u> day of May, 2008.
16 BENNETT BIGELOW & LEEDOM, P.S.	16 OFFICE OF INSURANCE COMMISSIONER
17 By:  18 Michael Madden, (WSBA # 8747 19 Attorneys for Edelheit and UGP, Inc.	17 By:  18 Thomas P. Rowland 19 OIC Staff Attorney

### 20 ORDER TERMINATING PROCEEDINGS

21 This matter having come before Administrative Law Judge Karena Kirkendoll,  
22 pursuant to the foregoing Stipulation and Settlement Agreement and Order Terminating  
23 Proceedings, and the Administrative Law Judge deeming herself fully advised in the  
premises, it is hereby ordered pursuant to RCW 48.17.530 and 48.17.560 that Case No. 2008-  
INS-0001 is hereby closed and dismissed as settled.

SIGNED and ENTERED this 16<sup>th</sup> day of May, 2008.

  
KARENA KIRKENDOLL  
Administrative Law Judge  
Office of Administrative Hearings

## AMENDED MASTER SETTLEMENT AGREEMENT

**1. Parties:** The parties to this Master Agreement are Robert D. Edelheit, individually and in his capacity as President and CEO of United Group Programs, Inc., and the Office of the Insurance Commissioner of the State of Washington (OIC).

**2. Purpose:** The purpose of this Agreement is to resolve all pending proceedings and disputes between the parties regarding OIC Order Nos. D07-0351 and D07-0352.

**3. Terms:** In order to resolve these disputes and to terminate all pending proceedings, the parties agree that they will do the following:

- a. Execute the Amended Stipulation and Settlement Agreement No. D07-0351, attached hereto as Exhibit A, perform in accordance with its terms, and notify the hearing officer that Edelheit's demand for hearing in No. D07-0351 is withdrawn;
- b. Execute the Stipulation, Settlement Agreement, and Order Terminating Proceedings in No. D07-0352, attached hereto as Exhibit B, present the same for entry by the presiding officer, and perform in accordance with its terms;
- c. The OIC will send an email, substantially in the form attached hereto as Exhibit C, to the agent at the Federal Bureau of Investigation who received information from former OIC Investigator Bruce Roberts, and inform the agent that, notwithstanding any prior statements by Mr. Roberts, the OIC does not have any evidence that Edelheit was or is connected to organized crime in Florida; and
- d. In the event that the OIC receives an inquiry from any other regulator or law enforcement agency concerning Robert D. Edelheit, Jonathan Edelheit or United Group Programs, Inc., if the OIC furnishes any documents in response to such inquiry, it shall include the documents referenced in subparts a and b of this paragraph with its response.

Each of these terms is essential to this Agreement and if there is a material failure with respect to any of them, any party may declare this Agreement null and void.

**4. Authority:** Each party warrants that it has authority to enter into this Settlement Agreement and to execute the documents attached as exhibits hereto.

**5. Supereession:** This amended agreement supersedes the previously executed agreement.

Dated this     day of May, 2008.	Dated this <u>28<sup>th</sup></u> day of May, 2008.
By:  Robert D. Edelheit, individually and as President/CEO of United Group Programs, Inc.	By:  Carol Sureau Deputy Commissioner for Legal Affairs Office of Insurance Commissioner