

BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF: )  
 )  
 DONALD IRA PINANSKY; )  
 )  
 DYLAN BRENT SPORN; )  
 )  
 MARC SHAYE SPORN; )  
 )  
 BRYANA STARR SPORN; )  
 )  
 CONSOLIDATED USA INSURANCE, INC.; )  
 )  
 STARR INSURANCE GROUP INC.; )  
 )  
 AMERCO GROUP, INC. fka AMERCO )  
 INSURANCE, INC.; )  
 )  
 XCHANGE BENEFITS, LLC; and )  
 )  
 SELECTED MARKET INSURANCE )  
 GROUP, LLC; )  
 )  
 Respondents. )

Division File No. 85163

**SUMMARY ORDER OF SUSPENSION AND ORDER TO CEASE AND DESIST AS TO CONSOLIDATED USA INSURANCE, INC. BY CONSENT**

Upon motion of the Iowa Insurance Division and by the consent of Respondent Consolidated USA Insurance, Inc., through its officer and director, without admitting or denying any fact, and pursuant to the provisions of the Iowa Unfair Trade Practices Act – Iowa Code Chapter 507B, the Iowa Licensing of Insurance Producers Act – Iowa Code Chapter 522B, the Iowa Unauthorized Insurers Act – Iowa Code Chapter 507A, and Chapter 191—3 of the Iowa Administrative Code, the Commissioner enters the following summary order of suspension and order to cease and desist:

1. The Commissioner of Insurance, Nick Gerhart, pursuant to Iowa Code § 505.8, administers the Iowa Unfair Trade Practices Act – Iowa Code Chapter 507B, the Iowa Licensing of Insurance Producers Act – Iowa Code Chapter 522B, and the Iowa Unauthorized Insurers Act – Iowa Code Chapter 507A, and has jurisdiction to issue this order.
2. Consolidated USA Insurance, Inc. (Consolidated USA) is a Nevada corporation. Co-respondent Dylan Brent Sporn (Dylan Sporn) is president, secretary, treasurer and director of Consolidated USA. Consolidated USA receives mail at 4730 Boca Raton Boulevard, 2<sup>nd</sup> Floor, Boca Raton, FL 33431.

3. Consolidated USA has been licensed in the state of Iowa as a non-resident business entity producer with a national producer number of 16829950. Dylan Sporn is the Designated Licensed Producer for Consolidated USA.

4. Consolidated USA, through Respondent Dylan Sporn, does voluntarily stipulate and agree to the entry of this order and suspension of insurance producer license, notwithstanding the requirements of Iowa Code §§ 507A.10, 507B.6A and 17A.18A, and 191 IAC 3.31. It is expressly understood by the parties that the voluntary entry into this summary order by the Respondent shall be without prejudice to its right to a hearing on the final disposition of this matter on any or all issues within the jurisdiction of the Commission including the termination and/or amendment of this summary order.

NOW THEREFORE, IT IS HEREBY ORDERED that the business entity producer license of Respondent Consolidated USA in the state of Iowa is summarily suspended until final order of the Commissioner;

IT IS FURTHER ORDERED that Respondent Consolidated USA is summarily prohibited from transacting any insurance business in this state or from selling, soliciting or negotiating insurance; advising, counseling or servicing any policy of insurance; managing, supervising, compensating, hiring, employing, approving or evaluating any persons required to be licensed insurance producers in this state; or providing any other insurance services to, receiving any compensation, fee or remuneration for any such insurance services from, or being employed by any person or entity engaged in the business of insurance in this state until further order of the Commissioner. This provision does not prohibit the Respondent from (a) providing non-insurance services to a third party for which it may receive compensation from such third party's insurer, (b) making claims directly to an insurance company for benefits due the Respondent pursuant to a policy of insurance under which it is a beneficiary or (c) receiving residual compensation for insurance services provided prior to the entry of this order.

IT IS FURTHER ORDERED that Respondent Consolidated USA is summarily prohibited from engaging in any act or practice that violates Iowa Code §§ 507A.10 and 522B.2, and specifically from the following acts or practices:

- A. Selling, soliciting or negotiating insurance into or from this state without an effective license as a business entity insurance producer in the state of Iowa;
- B. Advising, counseling or servicing any policy of insurance in or from this state without an effective license as a business entity insurance producer in the state of Iowa and without the insurance policy being issued by an insurance company effectively authorized by the Commissioner; and/or
- C. Managing, supervising, compensating, hiring, employing, approving or evaluating any persons required to be licensed insurance producers in this state; or providing any other insurance services to, receiving any compensation, fee or remuneration for any such insurance services from, or being employed by any person or entity engaged in the business of insurance in this state. This provision does not prohibit the Respondent from (a) providing non-insurance services to a third party for which he may receive

compensation from such third party's insurer, (b) making claims directly to an insurance company for benefits due the Respondent pursuant to a policy of insurance under which he is a beneficiary or (c) receiving residual compensation for insurance services provided prior to the entry of this order.

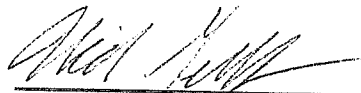
IT IS FURTHER ORDERED that Respondent Consolidated USA, in connection with any matter within the enforcement jurisdiction of the Commissioner, is summarily prohibited from engaging in any unfair or deceptive act or practice that violates Iowa Code §§ 507B.3 and 507B.4.

IT IS FURTHER ORDERED that Respondent Consolidated USA, acting through its officers, directors, employees, representatives, agents, attorneys, or any related business entity, shall preserve records within its or their possession and control, as the case may be, of all authorizations for credit card payment and relevant written confirmations relating to insurance business conducted to or from the state of Iowa until final disposition of this matter or for a period of three years from the date the insurance coverage expires, whichever is longer. If authorization was obtained orally, the electronically recorded conversation containing all the elements set forth above must be readily available for review by the Market Regulation Bureau until final disposition of this matter or for a period of three years from the date the insurance policy coverage expires as required by Iowa Code § 522B.16A, whichever is longer.


IT IS FURTHER ORDERED that Respondent Consolidated USA is hereby notified that a willful violation of this summary order shall constitute a willful act and a felony crime under Iowa Code § 507A.10.

IT IS FURTHER ORDERED that this is a preliminary order is issued without any admission or denial of facts by Respondent Consolidated USA, and further, jurisdiction is retained by the Commissioner.

SO ORDERED on this <sup>2nd</sup>~~1st~~ day of <sup>March</sup>~~February~~, 2015.

  
\_\_\_\_\_  
NICK GERHART  
Commissioner of Insurance

Respectfully submitted,

  
\_\_\_\_\_  
Douglas M. Ommen  
Deputy Commissioner

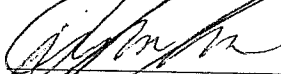
**CONSENT TO ORDER**

I, Dylan Brent Sporn, a Respondent in this matter, and as an officer and director of Respondent Consolidated USA Insurance, Inc., have read, understood, and do knowingly consent to this summary order in its entirety. By executing this consent, I understand that Consolidated USA is waiving its rights to a hearing on this preliminary order at this time and to the rights to confront and cross-examine witnesses, to produce evidence, and to judicial review of this order; provided, however, that it is expressly understood by the parties that the voluntary entry into this summary order by the Respondent shall be without prejudice to its right to a hearing on the final disposition of this matter on any or all issues within the jurisdiction of the Commission including the termination and/or amendment of this summary order.

I further understand that this summary order is not a final adjudication, but is an administrative action that may be reported to the National Association of Insurance Commissioners and to all insurance companies with which Consolidated USA is actively appointed. I also understand that this Order is a public record under Iowa Code chapter 22, that will be disclosed to other state regulatory authorities, upon request, pursuant to Iowa Code § 505.8(8)(d). I also understand that the information contained in the order will be posted to the Insurance Division's web site and a notation will be made to the publicly available web site record that administrative action has been taken against Consolidated USA.

Dated this 20<sup>th</sup> day of February, 2015.

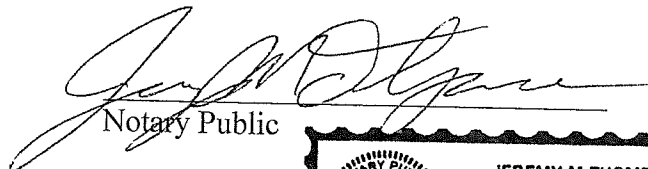
Consolidated USA Insurance, Inc.



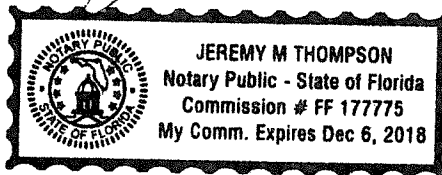
By: Dylan Brent Sporn

4730 BOCA RATON Blvd, Floor 2  
Address of Signatory BOCA RATON FL, 33431

Subscribed and sworn before me on this 20<sup>th</sup> day of February, 2015.



Notary Public



**FILED**

SEP 08 2014

COMMISSION OF INSURANCE  
INSURANCE DIVISION OF IOWA

BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF )  
)  
DONALD IRA PINANSKY; ) DIVISION FILE NO. 85163  
)  
DYLAN BRENT SPORN, )  
NPN 9611638; )  
) **STATEMENT OF CHARGES**  
MARC SHAYE SPORN; )  
)  
BRYANA STARR SPORN, )  
NPN 13411243; )  
)  
CONSOLIDATED USA INSURANCE INC., )  
NPN 16829950; )  
)  
STARR INSURANCE GROUP INC., )  
NPN 15835091; )  
)  
AMERCO GROUP, INC. fka AMERCO )  
INSURANCE, INC., )  
NPN 17143739; )  
)  
XCHANGE BENEFITS, LLC; and )  
)  
SELECTED MARKET INSURANCE )  
GROUP, LLC; )  
)  
Respondents. )

Now comes the Iowa Insurance Division (Division) pursuant to the provisions of the Iowa Unfair Trade Practices Act – Iowa Code Chapter 507B, the Iowa Licensing of Insurance Producers Act – Iowa Code Chapter 522B, the Iowa Unauthorized Insurers Act – Iowa Code Chapter 507A, and Chapter 191—3 of the Iowa Administrative Code, alleges the following:

## I. PARTIES AND JURISDICTION

1. The Commissioner of Insurance, Nick Gerhart, pursuant to Iowa Code § 505.8 (2014), administers the Iowa Unfair Trade Practices Act – Iowa Code Chapter 507B, the Iowa Licensing of Insurance Producers Act – Iowa Code Chapter 522B, and the Iowa Unauthorized Insurers Act – Iowa Code Chapter 507A.
2. Donald Ira Pinansky (Pinansky) is a 62 year-old individual resident of Florida with a mailing address of 4909 NW 1<sup>st</sup> Way, Pompano Beach, Florida 33064-2410. Pinansky was born on March 19, 1952.
3. Dylan Brent Sporn (Dylan Sporn) is a 25 year-old individual resident of Florida who resides at 1092 Jeffrey Street, Boca Raton, Florida 33487-4110. Dylan Sporn was born on August 6, 1989. Dylan Sporn is an individual insurance producer with a national producer number of 9611638. Dylan Sporn maintains a business office at 1800 N Federal Highway, Del Ray Beach, Florida 33483-6043. Dylan Sporn is the son of Marc Shaye Sporn.
4. Marc Shaye Sporn is a 52 year-old individual resident of Florida who resides at 655 SE 1<sup>st</sup> Street, Delray Beach, Florida 33483. Marc Sporn was born on November 10, 1962. Marc Sporn managed the business of Starr Insurance Group, Inc. Marc Sporn is the father of Dylan Sporn and Bryana Starr Sporn.
5. Bryana Starr Sporn (Bryana Sporn) is a 27 year-old individual resident of California who resides at 350 Jodahn Street, #303, San Francisco, California 94122. Bryana Sporn was born on July 21, 1987. Bryana Sporn is an individual insurance producer with a national producer number of 13411243. Bryana Sporn has listed a business office at Starr Insurance Group, 8081 Congress Avenue, Suite 202, Boca Raton, Florida 33487-1359. Bryana Sporn is the daughter of Marc Sporn.
6. Consolidated USA Insurance Inc. (Consolidated) is a Nevada corporation. Consolidated is a business entity insurance producer with a national producer number of 16829950. Consolidated has listed on its producer license and on its corporate record, a business address of 7260 West Azure Drive, Suite 140-649, Las Vegas, NV 89130 (7260 Azure). Dylan Sporn is president, secretary, treasurer and sole director of Consolidated.
7. Starr Insurance Group, Inc. (Starr) is a Florida corporation. Starr is a business entity insurance producer with a national producer number of 15835091. Starr has listed a business office of 8081 North Congress Avenue, Suite 202, Boca Raton, Florida 33487-1359. Bryana Sporn is president, secretary, treasurer and sole director of Starr.

8. Amerco Group, Inc. (Amerco) is a Florida corporation that was formerly known as Amerco Insurance, Inc. Amerco is a business entity producer with a national producer number of 17143739. Amerco had listed a business address at 8081 North Congress Avenue, Suite 202, Boca Raton, Florida 33487. Sometime in February 2014, the registered address with the Florida Secretary of State was changed to 4730 Boca Raton Boulevard, 2<sup>nd</sup> Floor, Boca Raton, Florida 33431. Dylan Sporn is president, secretary, treasurer and sole director of Amerco.

9. Xchange Benefits, LLC (Xchange Benefits) is a Delaware limited liability company. Xchange Benefits is a third party administrator and has listed its office address as Three Barker Avenue, White Plains, New York 10601.

10. Selected Market Insurance Group, LLC (Selected Market) is a Texas limited liability company. Selected Market is a third party administrator and has listed its office address as 1726 Kingsley Avenue, Suite 36, Orange Park, Florida 32073.

11. From at least July 13, 2010 to the present date, Respondents Pinansky, Dylan Sporn, Marc Sporn, Bryana Sporn, Starr and Consolidated have engaged in unfair trade practices in violation of Iowa Code §§ 507B.3 and 507B.4, and rules adopted pursuant to Iowa Code Chapter 507B.

12. From at least July 13, 2010 to the present date, Respondents Dylan Sporn, Bryana Sporn and Consolidated have engaged in acts and practices constituting cause for probation, suspension, revocation, fines or other relief under Iowa Code § 522B.11 and rules adopted pursuant to Iowa Code Chapter 522B.

13. From at least February 1, 2013 to the present date, Respondents Xchange Benefits and Selected Market have done business as a third-party administrator without authorization in violation of Iowa Code Chapter 510.

## **II. FACTUAL ALLEGATIONS**

### **A. General Background**

14. During 2012 through 2014, information concerning the Patient Protection and Affordable Care Act ("ACA") was widely disseminated to the public.

15. One of the provisions of the ACA that was most widely described to the public was the new prohibition on insurance companies denying coverage or requiring higher premiums based upon pre-existing health or medical conditions.

16. Throughout 2013 and into 2014 the United States government through the Department of Health and Human Services ("HHS") and the State of Iowa through

the Division were disseminating information on how consumers would be able to enroll in ACA qualified plans.

## **B. Licensing Background**

17. Dylan Sporn became licensed as a nonresident insurance producer in the State of Iowa on October 23, 2007. Florida is the resident licensure state for Dylan Sporn. He was first licensed in Florida on October 13, 2007.

18. An application for renewal of Dylan Sporn's nonresident individual insurance producer license in Iowa was last submitted on August 29, 2013 through the National Insurance Producer Registry (Dylan's Application) under national producer number 9611638. In Dylan's Application, the Commissioner was designated as an agent for service of process.

19. On January 18, 2013, a Consent Order and Settlement Stipulation for Consent Order were filed by the State of Florida prohibiting Dylan Sporn from misrepresentations in license applications and ordering the payment of a civil penalty.

20. In Dylan's Application, the answer "No" was submitted to question 2, which requested information concerning past administrative proceedings.

21. Bryana Sporn became licensed as a nonresident insurance producer in the State of Iowa on April 15, 2010. At that time, Florida was the resident licensure state for Bryana Sporn. She was first licensed in Florida sometime prior to April 15, 2010.

22. Under threat of disciplinary action by the State of Florida, Bryana Sporn's Florida resident license was withdrawn October 24, 2012. Just prior to that action and on October 4, 2012, a resident producer license for Bryana Sporn was obtained in California. On August 19, 2013, a nonresident insurance producer license in Iowa was sought in the name of Bryana Sporn by submission of an application for individual insurance producer license (Bryana's Application), dated August 16, 2013, under national producer number 13411243. In Bryana's Application, the Commissioner was designated as an agent for service of process.

23. Consolidated became licensed as a nonresident business entity insurance producer in the State of Iowa on October 2, 2013. Nevada is the resident licensure state for Consolidated.

24. Consolidated last applied for renewal of its nonresident insurance producer license by submitting through the National Insurance Producer Registry a Uniform Application for Individual Insurance Producer License (Consolidated's Application)



on October 2, 2013 under national producer number 16829950. In submitting its application, Consolidated designated the Commissioner as an agent for service of process. Dylan Sporn was designated as Responsible Licensed Producer for Consolidated. Consolidated's Application was last updated on July 10, 2014.

25. In its application, Consolidated listed 7260 West Azure Drive, Suite 140-649, Las Vegas, NV 89130 (7260 Azure) as its business address.

26. Consolidated does not have a place of business at 7260 Azure as that address is an unaffiliated mailbox service company.

27. In its application, Consolidated answered "No" to question 2, which requested information concerning past administrative proceedings.

28. Starr is not licensed as an insurance producer in the State of Iowa. Florida was the resident licensure state for Starr under national producer number 15835091, but that license expired on July 15, 2013.

29. Amerco was not licensed as a producer in the State of Iowa.

30. Xchange Benefits is not registered as a third party administrator in the State of Iowa.

31. Selected Market is not registered as a third party administrator in the State of Iowa.

### **C. Broadcast Advertising**

32. Leading up to and during 2013 – 2014, the Respondents caused television and radio advertisements to be broadcast throughout the United States, including the State of Iowa, which made reference to the ACA and health insurance for people with pre-existing conditions.

33. Specifically, Respondents contracted with Direct Media Power, Inc. ("DMP"), an Illinois corporation, to obtain leads for insurance sales. DMP's principal place of business is found at 199 S. Addison Road, Suite 102-A, Wood Dale, Illinois 60191.

34. An example of DMP's radio broadcast advertisements follows:

This is an important announcement for anyone with or without health insurance. Pay attention. A special health insurance hot-line has now been set up especially for you. Even if you have current health issues or if you have pre-existing conditions. Now get health insurance. Grab a pen and take down this number or store it in your cell phone right

now but call 1-800-809-7991. That's 1-800-809-7991. When you call you'll get free information. Free information on health insurance plans that are available to all individuals and families. Medical costs are the number one cause of financial distress in our country today. But if you call this special toll free hot-line you can get health insurance for you and your family. In addition your employment and credit history are not a factor to obtain health insurance. All adults are strongly urged to call this health insurance hot-line today for free information. Don't delay. Call the health insurance hot-line right now at 1-800-809-7991. That's 1-800-809-7991 today."

35. The broadcast advertisements contained assertions, representations and statements that were untrue, deceptive and misleading by creating consumer impressions that Respondents were offering insurance that provided health care coverage for pre-existing conditions.

#### **D. Sale of Insurance**

36. Many consumers in Iowa and throughout the United States responded to the broadcast advertisements by calling the telephone numbers in the advertisements, reaching telephone sales rooms, including those operated by Consolidated and Starr ("Respondents' Salespersons").

37. The calls were routed to Consolidated, but the Respondents' Salespersons routinely answered the calls using non-specific names such as "Insurance Services", "Insurance Hot-Line", "Insurance Health Hotline", "Enrollment Center" or other variations.

38. Among Respondents' Salespersons in the phone center answering the calls, were individuals who were not licensed as insurance producers in the State of Iowa.

39. Respondents' Salespersons represented to Iowa consumers:

- a. Respondents' "health plan/insurance" would "fit the needs" of the consumers;
- b. Respondents' "health plan/insurance" was the "Unified Health One 300" plan";
- c. Respondents' "health plan/insurance" was equivalent to "Obamacare";
- d. Respondents' "health plan/insurance" qualified under "Obamacare" and the consumer could not be penalized for not having insurance;

- e. Respondents' "health plan/insurance" was a "PPO" [preferred provider organization];
- f. Respondents' "health plan/insurance" included a Multiplan network, which is the same network that Blue Cross Blue Shield has;
- g. Respondents' "health plan/insurance" was major medical;
- h. Respondents' "health plan/insurance" will cover everything that is medically necessary;
- i. Respondents' "health plan/insurance" will allow you to go to any doctor in the country;
- j. Respondents' "health plan/insurance" was equivalent to a comprehensive plan;
- k. Respondents' "health plan/insurance" was full coverage with dental, vision and prescription coverage;
- l. Respondents' "health plan/insurance" included additional benefits of prescription, vision and hearing coverage;
- m. Respondents' "health plan/insurance" provides out of pocket expenses for doctors' visits will be as low as \$20 and possibly not anything – "...the most you would pay is \$50";
- n. When Respondents' Salespersons were asked whether the coverage is a limited benefit plan, consumers were told "actually – limited meaning there's no deductible, but you get a million dollars worth of coverage every year, which is more than enough";
- o. Respondents have a proprietary software program that looks through all federal plans and all private plans, including "gold, silver, bronze, platinum ... Blue Cross, United Health Care, Humana, Cigna, Aetna Insurance ...sixty different companies";
- p. Respondents' "health plan/insurance" provides benefits for hospital, surgery, anesthesia, intensive care and continuous care, like home health care nurse after hospitalization, inpatient physical therapy and rehab or out-patient physical therapy;

- q. Respondents' "health plan/insurance" covers substance abuse, mental illness, wellness exams, doctor office visits, emergency room, diagnostic x-rays, lab work, ambulatory service by air or ground.
40. Repondents' Salespersons failed to describe in any meaningful manner the significant limitations and conditions of the insurance being sold to the consumers.
41. Respondents' Salespersons obtained banking account information from consumers to place reoccurring authorization for "monthly premiums."
42. Respondents' Salespersons failed to obtain written confirmation of the consumers' affirmative authorization for preauthorized electronic transfer of funds.
43. Following the sales presentation, consumers were routinely transferred to another salesperson, who would follow a verification script. Before doing so, Respondents' Salespersons would instruct consumers that during this verification, the consumer would be asked a series of questions, but that the consumer should not interrupt or ask any questions, but should simply answer "yes" to the questions.
44. The verification process was typically recorded, but it was the only part of the sales presentation that was recorded.
45. During the recorded verification process, the Respondents' Salespersons failed to disclose material information necessary to obtain informed consent and authorization for the electronic transfer of funds.
46. During the verification, the verification representative did refer to the monthly payment as the "monthly medical premium."
47. The sales presentations contained statements, presentation, omissions and comparisons that misrepresented the benefits, advantages, conditions and terms of the actual insurance being sold to consumers.
48. The sales presentations contained assertions, representations, and statements, with respect to the business of insurance and persons in the business of insurance that were untrue, deceptive and misleading.

#### **E. Limited Benefit Plans**

49. Rather than receiving the comprehensive health coverage and coverage for pre-existing conditions that consumers were led to believe they were purchasing, consumers received a number of limited benefit insurance policies that would not cover pre-existing conditions.

50. These contracts were sent by mail by the several insurance companies issuing the policies.
51. Several examples of the policies that were actually written for consumers include the following:
- a. A group accident and sickness hospital indemnity plan by Unified Life Insurance Company for the group, "National Congress of Employers Association;"
  - b. An accidental death benefit plan by Fidelity Life Association;
  - c. A group short term medical expense insurance plan by Pan America Life Insurance Company for the group "Business Workers of America";
  - d. A dental indemnity policy by Time Insurance Company.
52. The actual monthly premium under these policies was substantially less than that amount represented to the consumers. The consumers were charged an enrollment fee.
53. Consumers were enrolled in an association and charged monthly association fees without their knowledge or consent.
54. Unified Life Insurance Company's records identified Bryana Sporn as the producer of record for the sale of insurance to consumers, although a number of those consumers had never spoken to Bryana Sporn.
55. Unified Life Insurance Company contracted with Xchange Benefits to contract with producers.
56. Xchange Benefits contracted with producers on behalf of Unified Life Insurance Company to sell, solicit and negotiate insurance in the State of Iowa.
57. Xchange Benefits was and is not registered as a third-party administrator in the State of Iowa.
58. Fidelity Life Association's records identified "Amerco Insurance" as the general agent in the sale of insurance to consumers.
59. Amerco was and is not licensed as a producer in the State of Iowa.
60. Pan American Life Insurance Company's records identified Starr as the agency in the sale of insurance to consumers.

61. Starr was and is not licensed as a producer in the State of Iowa.
62. Pan American contracted with Selected Market to bill and collect premium.
63. Selected Market billed and collected premium from consumers in the State of Iowa.
64. Selected Market was and is not registered as a third-party administrator in the State of Iowa.
65. Time Insurance Company's records identified Consolidated, Boca Raton, Florida, and Bryana Sporn as the producer of record for the sale of insurance to consumers, although those consumers had never spoken to Bryana Sporn.

#### **F. Cancellations**

66. If a consumer sought to cancel the policies, Respondents were unresponsive. Despite numerous requests by consumers to speak to the person that had been identified as their agent an effort to effectuate cancellation, Respondents employed unreasonable and unfair delay tactics, as repeated requests were ignored and calls were not returned.
67. When consumers sought to cancel, Respondents sought to switch the consumers to different plans and funds were electronically transferred from consumers' bank accounts without written authorization.

#### **G. Marc Sporn's Felony Convictions**

68. Marc Sporn managed the business of Starr during a period of time during the years of 2010 – 2014.
69. During a period of time including the years of 2010 – 2014, Marc Sporn has participated with the other Respondents in the business of insurance.
70. On April 10, 1992 and after a plea of guilty to five counts of wire fraud, Marc Sporn was sentenced to 27 months in prison, three years of supervision and payment of \$1,261,558.69 in victim restitution.
71. On May 11, 1992 and after a plea of guilty to six counts of bank fraud, Marc Sporn was sentenced to 24 months in prison to be run concurrent with the sentence referenced in paragraph 70, one year of supervision and payment of \$9,130 in victim restitution.

72. On February 3, 1998 and after a violation of supervised release, Marc Sporn was sentenced to an additional 14 months in federal prison.

73. The State of Iowa has not provided written consent for Marc Sporn to participate in the business of insurance.

74. The State of Florida has not provided written consent for Marc Sporn to participate in the business of insurance.

#### H. Pinansky's Felony Conviction

75. In responding to an investigative request by this office, Fidelity Life Association, forwarded a statement, dated May 8, 2014, made by:

Don Pinansky  
Administrative Assistant  
For G.A. Dylan Sporn

76. During a period of time including the years of at least 2012 – 2014, Pinansky has participated with the other Respondents in the business of insurance.

77. On September 9, 1997 and after a plea of guilty to conspiracy to commit wire fraud, Pinansky was sentenced to six months in prison, three years of supervision and payment of \$6,597,862 in victim restitution.

78. The principal in the telemarketing vending machine scheme that led to the charges against Pinansky was Marvin Wolf. The charges involved multiple defendants operating a multistate boiler room enterprise that defrauded customers nationwide of more than \$31 million. Pinansky operated one of the Florida telemarketing rooms.

79. The State of Iowa has not provided written consent for Pinansky to participate in the business of insurance.

80. The State of Florida has not provided written consent for Pinansky to participate in the business of insurance.

### III. VIOLATIONS OF INSURANCE LAW

#### Count 1

##### (Unfair Trade Practice – Deceptive Advertising)

81. Paragraphs 1 – 80 are incorporated by reference.
82. Respondents caused, directly and indirectly, to be made, published, disseminated and placed before the public over radio and television, certain advertisements, announcements and statements that were untrue, deceptive and misleading.
83. Respondents violated Iowa Code §§ 507B.3 and 507B.4, and rules adopted pursuant to Iowa Code Chapter 507B.
84. Respondents are subject to all relief authorized by Iowa Code § 507B.7.

#### Count 2

##### (Unfair Trade Practice – Misrepresenting Insurance Policies)

85. Paragraphs 1 – 84 are incorporated by reference.
86. Respondents made, and caused to be made, statements, sales presentations and omissions, which misrepresented the benefits, advantages, conditions and terms of several insurance policies.
87. Respondents violated Iowa Code §§ 507B.3 and 507B.4, and rules adopted pursuant to Iowa Code Chapter 507B.
88. Respondents are subject to all relief authorized by Iowa Code § 507B.7.

#### Count 3

##### (Unauthorized Insurance Producer)

89. Paragraphs 1 – 88 are incorporated by reference.
90. Iowa Code § 522B.2 requires an insurance producer license for any person selling, soliciting or negotiating insurance, or offering to the public for fee or commission any advice, counsel, or service with respect to the benefits, advantages, or disadvantages promised under any insurance policy, in the State of Iowa.
91. Iowa Code § 507A.5 prohibits any acts of doing an insurance business except as provided by and in accordance with the specific authorization of statute.



92. Respondents Starr and Amerco acted as insurance producers in the State of Iowa without authorization and are subject to relief under Iowa Code §§ 507A.10 and 522B.17.

Count 4

(Insurance Producer License Discipline – Marc Sporn’s Conviction)

93. Paragraphs 1 – 92 are incorporated by reference.

94. Iowa Code § 522B.11 provides:

1. The commissioner may place on probation, suspend revoke, or refuse to issue or renew an insurance producer’s license or may levy a civil penalty as provided in section 522B.17 for any one or more of the following causes:

...

b. Violating any insurance laws ...

...

h. Using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.

95. 18 U.S.C. § 1033 (e)(1)(A) provides:

Any individual who has been convicted of any criminal felony involving dishonesty or a breach of trust, or who has been convicted of an offense under this section, and who willfully engages in the business of insurance who activities affect interstate commerce or participates in such business, shall be fined as provided in this title or imprisoned not more than 5 years, or both.

96. 18 U.S.C. § 2(a) provides “[w]hoever commits an offense against the United States or aids, abets, commands, induces or procures its commission, is punishable as a principal.”

97. Respondents Dylan Sporn, Bryana Sporn and Consolidated violated an insurance law when they violated 18 U.S.C. § 1033 (e)(1)(A) by aiding and procuring Marc Sporn’s participation in the business of insurance.

98. Respondents Dylan Sporn, Bryana Sporn and Consolidated demonstrated incompetence and untrustworthiness by aiding and procuring Marc Sporn's participation in the business of insurance.

99. Respondents Dylan Sporn, Bryana Sporn and Consolidated are subject to all relief authorized under Iowa Code §§ 522B.17 and 507B.7.

**Count 5**

(Insurance Producer License Discipline – Pinansky's Conviction)

100. Paragraphs 1 – 99 are incorporated by reference.

101. Iowa Code § 522B.11 provides:

1. The commissioner may place on probation, suspend revoke, or refuse to issue or renew an insurance producer's license or may levy a civil penalty as provided in section 522B.17 for any one or more of the following causes:

...

*b.* Violating any insurance laws ...

...

*h.* Using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.

102. 18 U.S.C. § 1033 (e)(1)(A) provides:

Any individual who has been convicted of any criminal felony involving dishonesty or a breach of trust, or who has been convicted of an offense under this section, and who willfully engages in the business of insurance who activities affect interstate commerce or participates in such business, shall be fined as provided in this title or imprisoned not more than 5 years, or both.

103. 18 U.S.C. § 2(a) provides “[w]hoever commits an offense against the United States or aids, abets, commands, induces or procures its commission, is punishable as a principal.”

104. Respondents Dylan Sporn, Bryana Sporn and Consolidated violated an insurance law when they violated 18 U.S.C. § 1033 (e)(1)(A) by aiding and procuring Pinansky's participation in the business of insurance.

105. Respondents Dylan Sporn, Bryana Sporn and Consolidated demonstrated incompetence and untrustworthiness by aiding and procuring Pinansky's participation in the business of insurance.

106. Respondents Dylan Sporn, Bryana Sporn and Consolidated are subject to all relief authorized under Iowa Code §§ 522B.17 and 507B.7.

### Count 6

(Insurance Producer License Discipline – Deceptive Advertising)

107. Paragraphs 1 – 106 are incorporated by reference.

108. Iowa Code § 522B.11 provides:

1. The commissioner may place on probation, suspend revoke, or refuse to issue or renew an insurance producer's license or may levy a civil penalty as provided in section 522B.17 for any one or more of the following causes:

...

b. Violating any insurance laws, or violating any regulation ... of the commissioner ...

109. Respondents caused, directly and indirectly, to be made, published, disseminated and placed before the public over radio and television, certain advertisements, announcements and statements that were untrue, deceptive and misleading.

110. Respondents violated Iowa Code §§ 507B.3 and 507B.4, and rules adopted pursuant to Iowa Code Chapter 507B.

111. Respondents Dylan Sporn, Bryana Sporn and Consolidated violated an insurance law and regulation when they violated Iowa Code §§ 507B.3 and 507B.4, and rules adopted pursuant to Iowa Code Chapter 507B.

112. Respondents Dylan Sporn, Bryana Sporn and Consolidated are subject to all relief authorized under Iowa Code §§ 522B.17 and 507B.7.

Count 7

(Insurance Producer License Discipline – Misrepresented Policies)

113. Paragraphs 1 – 112 are incorporated by reference.

114. Iowa Code § 522B.11 provides:

1. The commissioner may place on probation, suspend revoke, or refuse to issue or renew an insurance producer's license or may levy a civil penalty as provided in section 522B.17 for any one or more of the following causes:

...

*b.* Violating any insurance laws, or violating any regulation ... of the commissioner ...

115. Respondents made, and caused to be made, statements, sales presentations and omissions, which misrepresented the benefits, advantages, conditions and terms of several insurance policies.

116. Respondents violated Iowa Code §§ 507B.3 and 507B.4, and rules adopted pursuant to Iowa Code Chapter 507B.

117. Respondents Dylan Sporn, Bryana Sporn and Consolidated violated an insurance law and regulation when they violated Iowa Code §§ 507B.3 and 507B.4, and rules adopted pursuant to Iowa Code Chapter 507B.

118. Respondents Dylan Sporn, Bryana Sporn and Consolidated are subject to all relief authorized under Iowa Code §§ 522B.17 and 507B.7.

Count 8

(Insurance Producer License Discipline – Incorrect and Misleading Application)

119. Paragraphs 1 – 118 are incorporated by reference.

120. Iowa Code § 522B.11 provides:

1. The commissioner may place on probation, suspend revoke, or refuse to issue or renew an insurance producer's license or may levy a civil penalty as provided in section 522B.17 for any one or more of the following causes:

...

*a.* Providing incorrect, misleading, incomplete, or materially untrue information in the license application.

121. Respondents Dylan Sporn and Consolidated provided incorrect, misleading, incomplete, or materially untrue information in Consolidated's Application when they provided 7260 Azure as its business address.

122. Respondents Dylan Sporn and Consolidated are subject to all relief authorized under Iowa Code §§ 522B.17 and 507B.7.

### **Count 9**

(Insurance Producer License Discipline – Incorrect and Misleading Application)

123. Paragraphs 1 – 122 are incorporated by reference.

124. Iowa Code § 522B.11 provides:

1. The commissioner may place on probation, suspend revoke, or refuse to issue or renew an insurance producer's license or may levy a civil penalty as provided in section 522B.17 for any one or more of the following causes:

...

*a.* Providing incorrect, misleading, incomplete, or materially untrue information in the license application.

125. Respondents Dylan Sporn and Consolidated provided incorrect, misleading, incomplete, or materially untrue information in both Dylan Sporn's Application and Consolidated's Application when the answer to Question 2 remained "No", despite the entry of a Consent Order and Stipulation on January 18, 2013.

126. Respondents Dylan Sporn and Consolidated are subject to all relief authorized under Iowa Code §§ 522B.17 and 507B.7.

### **Count 10**

(Failure to Report Administrative Action)

127. Paragraphs 1 – 126 are incorporated by reference.

128. Iowa Code § 522B.16 provides:

An insurance producer shall report to the commissioner any administrative action taken against the insurance producer in another jurisdiction or by another governmental agency in this state within thirty days of the final disposition of the matter. This report shall include a copy of the order, consent to the order, and other relevant legal documents.

129. Respondent Dylan Sporn failed to notify the Commissioner of the Consent Order and Stipulation entered by the State of Florida on January 18, 2013 in violation of Iowa Code § 522B.16 and Iowa Administrative Code Rule 191—10.13.

130. Respondent Dylan Sporn is subject to all relief authorized under Iowa Code §§ 522B.17 and 507B.7.

### Count 11

(Unauthorized Third Party Administrators)

131. Paragraphs 1 – 130 are incorporated by reference.

132. Iowa Code § 510.21 requires a certificate of registration for any person acting as a third-party administrator in the State of Iowa.

133. Iowa Code § 507A.5 prohibits any acts of doing an insurance business except as provided by and in accordance with the specific authorization of statute.

134. Respondents Xchange Benefits and Selected Market acted as a third-party administrator in the State of Iowa and are subject to relief under Iowa Code § 507A.10.

### **PRAYER**

Wherefore, the Iowa Insurance Division respectfully requests that following a hearing an order be entered for the following relief:

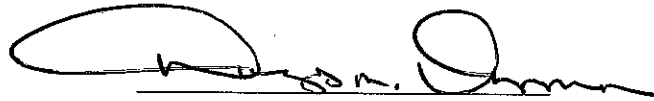
- A. Revocation or suspension of insurance producer licenses in the State of Iowa held by Respondents Dylan Sporn, Bryana Sporn and Consolidated;
- B. Cease and desist orders permanently prohibiting Respondents Pinansky, Dylan Sporn, Marc Sporn, Bryana Sporn, Starr, Consolidated and Amerco from doing any insurance business in the

State of Iowa, or from engaging in any of the acts, methods or practices as set forth in this statement of charges;

- C. Cease and desist orders prohibiting Respondents Xchange Benefits and Selected Market from acting as a third-party administrators in the State of Iowa, unless a certificate of registration is obtained from the commissioner;
- D. Requiring each Respondent to pay to the State of Iowa the maximum civil penalties as authorized by law for each and every act or use of practice alleged herein; and
- E. Such other relief, sanctions and costs as just and appropriate.

Dated this 8<sup>th</sup> day of September, 2014

Iowa Insurance Division



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