

COMMONWEALTH OF MASSACHUSETTS  
EXECUTIVE OFFICE OF CONSUMER AFFAIRS  
AND BUSINESS REGULATION  
DIVISION OF INSURANCE

SUFFOLK, ss

Docket No. E2009-16

_____	)	
DIVISION OF INSURANCE	)	
	)	
Petitioner,	)	
	)	
v.	)	<u>ORDER TO SHOW CAUSE</u>
	)	
HMA MGU, LLC;	)	
NEW ENGLAND CUSTOM HEALTH	)	
PLAN ADMINISTRATORS, LLC;	)	
JEDEDIAH L. BRETTSCHEIDER;	)	
AND	)	
MARK ALLAN CELENTANO	)	
	)	
Respondents.	)	
_____	)	

Pursuant to the Massachusetts General Laws (“M.G.L.”) chapters 175 and 176D and 801 C.M.R. 1.01(6)(a), the Respondent is hereby ordered to show cause why the Massachusetts Commissioner of Insurance (“Commissioner”) should not make a determination, after hearing, that the Respondent has violated the provisions of the Commonwealth’s insurance laws, as specified herein, and that the Petitioner’s prayer for relief be allowed.

**JURISDICTION AND PARTIES**

1. The Division of Insurance (“Division”) is a regulatory agency within the Executive Office of Consumer Affairs and Business Regulation of the Commonwealth of

Massachusetts with jurisdiction over the business of insurance, as provided in part by M.G.L. c. 175 and M.G.L. c. 176D.

2. Pursuant to M.G.L. c. 30A, M.G.L. c. 175, §§ 162R and 174 the Commissioner has authority to conduct adjudicatory hearings and to order the suspension, revocation or placement on probation of the insurance licenses she issues, as well as to levy fines against such licensee(s), as set forth in M.G.L. c. 175.

3. Pursuant to M.G.L. c. 30A and M.G.L. c. 176D, §§ 6 and 7, the Commissioner has authority to conduct adjudicatory hearings to determine whether any person engaged in the business of insurance has committed unfair or deceptive acts or practices in the business of insurance and, if she so determines, to order the suspension or revocation of the insurance license(s) of such person, to assess a fine against such person, to order restitution be paid by such person, and to enter an order requiring such person to cease and desist from such unfair or deceptive acts or practices.

4. According to Division licensing records, Respondent HMA MGU, LLC (“HMA MGU”) has a business and mailing address at 7 Wells Avenue, Suite 24, Newton, Massachusetts 02459.

5. According to Division licensing records, HMA MGU first was licensed by the Division as a resident business entity insurance producer on or about May 22, 2008, pursuant to M.G.L. c. 175, § 162H *et seq.* The Division cancelled HMA MGU’s resident business entity insurance producer license for failure to timely renew that license effective May 22, 2009.

6. The Commissioner retains jurisdiction over HMA MGU pursuant to M.G.L. c. 175, § 162R(e).

7. According to Division licensing records, Respondent New England Custom Health Plan Administrators, LLC (“NECHPA”) has a business and mailing address at 7 Wells Avenue, Suite 24, Newton, Massachusetts 02459.

8. According to Division licensing records, NECHPA first was licensed by the Division as a resident business entity insurance producer on or about July 2, 2004, pursuant to M.G.L. c. 175, 162H *et seq.* The Division cancelled NECHPA’s resident business entity insurance producer license for failure to timely renew that license effective July 2, 2005. Thereafter, the Division again licensed NECHPA as a resident business entity insurance producer on or about September 13, 2005, pursuant to M.G.L. c. 175, § 162H *et seq.* This license remains active and, as of the time of filing this Order, NECHPA has 14 active appointments.

9. According to Division licensing records, Respondent Jedediah L. Brettschneider (“Brettschneider”) has a business and mailing address at 7 Wells Avenue, Suite 24, Newton, Massachusetts 02459, and a residential address at 3 Talbot Avenue, Norton, Massachusetts 02766.

10. According to Division licensing records, Brettschneider first was licensed by the Division as a resident individual insurance producer on or about May 21, 2003, pursuant to M.G.L. c. 175, 162H *et seq.* and that license remains active. As of the filing date of this Order, Brettschneider does not have any active appointments.

11. According to Division licensing records, Brettschneider was listed as the sole affiliated individual (member) and sole designated producer on HMA MGU’s resident business entity insurance producer license from May 22, 2008 to May 22, 2009.

12. According to Division licensing records, Brettschneider was listed as an affiliated individual (member) on NECHPA's resident business entity insurance producer's license from November 12, 2004 until July 2, 2005 and from November 12, 2004 until October 9, 2007. Brettschneider also was listed as a designated producer on NECHPA's resident business entity insurance producer's license from November 12, 2004 to July 2, 2005 and from September 13, 2005 until September 23, 2008.

13. According to Division licensing records, Respondent Mark Allan Celentano ("Celentano") has a business and mailing address at 85 Main Street, Rowley, Massachusetts 01969, and a residential address at 18 Northridge Road, Ipswich, Massachusetts 01938.

14. According to Division licensing records, Celentano first was licensed by the Division as an insurance agent on or about March 15, 2002 pursuant to M.G.L. c. 175, § 163. That agent license was converted to a resident individual insurance producer license on or about May 16, 2003, pursuant to M.G.L. c. 175, § 162H *et seq.* Celentano's resident individual insurance producer license remains active and, as of the filing date of this Order, he has seven active appointments.

15. The Division specifically reserves the right to amend this Order to Show Cause and/or bring additional Orders to Show Cause to reflect information developed during its current and ongoing investigation.

### **STATEMENT OF FACTS**

#### **Misrepresentations on Insurance License Applications**

16. The state of Georgia brought charges against Brettschneider charging that on March 31, 1999, he violated the Official Code of Georgia Annotated (O.C.G.A.)

§ 16-5-1, felony murder, as a result of conspiring with others to traffic in marijuana, violation of which resulted in the death of an individual. On or about April 26, 1999, a warrant for Brettschnieder's arrest was issued by the state of Georgia for "a violation of OCGA 16-5-1 (Felony Murder), to wit: Subject did on the above date between 2000 and 2100 hours, on Layden Ave., Fayetteville, Fayette County, Georgia, conspire with others to traffic in marijuana, Code OCGA 16-13-31C1 which resulted in the death of ... by gunshot to the head." On or about September 20, 1999, the felony murder charge was dismissed and Brettschneider was indicted on other charges. On or about September 25, 2000, Brettschneider pled guilty in the Superior Court of Fayette County, Georgia to violating the Georgia Controlled Substance Act: Possession of Marijuana, a felony. Brettschneider was sentenced to ten (10) years, seven (7) years to serve and three (3) years probation. In return for the District Attorney agreeing to this joint sentencing recommendation, Brettschneider agreed to testify truthfully and fully against certain defendants in the felony murder case. A copy of the Final Disposition and related court documents pertaining to *Criminal Action 99R-0564: The State vs. Jed Law Brettschneider*; are attached as *Exhibit A* and incorporated herein by reference.

17. On or about April 23, 2003, Brettschneider filed a Massachusetts Application for Transitional Individual Producer License ("2003 Brettschneider Application") with the Division. A copy of the 2003 Brettschneider Application is attached as *Exhibit A (1)* and incorporated herein by reference.

18. In completing the 2003 Brettschneider Application, Brettschneider answered "no" to Question 1, which asked, "Have you ever been convicted of, or are you currently charged with, committing a crime, whether or not adjudication was withheld?" The

question defines “Crime”, in pertinent part, to include “...[a] misdemeanor, felony or a military offense,” and the term “Convicted” as including, but not limited to, “having been found guilty by verdict of a judge or jury, having entered a plea of guilty or nolo contendere, or having been given probation, a suspended sentence or a fine.”

19. On or about January 4, 2006, Brettschneider filed a Uniform Application for Individual Insurance Producer License (“2006 Brettschneider Application”) with the Division. A copy of the 2006 Brettschneider Application is attached as *Exhibit B* and incorporated herein by reference.

20. In completing the 2006 Brettschneider Application, Brettschneider answered “no” to Question 1, which asked, “Have you ever been convicted of, or are you currently charged with, committing a crime, whether or not adjudication was withheld?” The question defines “Crime”, in pertinent part, to include “...[a] misdemeanor, felony or a military offense,” and the term “Convicted” as including, but not limited to, “having been found guilty by verdict of a judge or jury, having entered a plea of guilty or nolo contendere, or having been given probation, a suspended sentence or a fine.”

21. On or about September 13, 2005, NECHPA filed a Uniform Application for Business Entity Insurance License/Registration (“2005 NECHPA Application”) with the Division. The 2005 NECHPA Application was signed by Jedediah L. Brettschneider, in his capacity as company president and chief executive officer on or about September 9, 2005. A copy of the 2005 NECHPA Application is attached as *Exhibit C* and incorporated herein by reference.

22. In completing the 2005 NECHPA Application, Brettschneider answered “no” to Question 1, which asked, in pertinent part, “Has the business entity or any owner, partner,

officer or director ever been convicted of, or is the business entity or any owner, partner, officer or director currently charged with, committing a crime, whether or not adjudication was withheld?” The question defines “Crime”, in pertinent part, to include “[a] misdemeanor, felony or a military offense,” and the term “Convicted” as including, but not limited to, “having been found guilty by verdict of a judge or jury, having entered a plea of guilty or nolo contendere, or having been given probation, a suspended sentence or a fine.”

23. On or about September 21, 2006, NECHPA filed a Uniform Application for Business Entity Insurance License/Registration (“2006 NECHPA Application”) with the Division. The 2006 NECHPA Application was signed by Jedediah L. Brettschneider, in his capacity as company president and chief executive officer, on or about September 8, 2006. A copy of the 2006 NECHPA Application is attached as *Exhibit D* and incorporated herein by reference.

24. In completing the 2006 NECHPA Application, Brettschneider answered “no” to Question 1, which asked, in pertinent part, “Has the business entity or any owner, partner, officer or director ever been convicted of, or is the business entity or any owner, partner, officer or director currently charged with, committing a crime, whether or not adjudication was withheld?” The question defines “Crime”, in pertinent part, to include “[a] misdemeanor, felony or a military offense,” and the term “Convicted” as including, but not limited to, “having been found guilty by verdict of a judge or jury, having entered a plea of guilty or nolo contendere, or having been given probation, a suspended sentence or a fine.”

25. On or about March 22, 2008, HMA MGU filed a Uniform Application for Business Entity Insurance License/Registration (“2008 HMA MGU Application”) with the Division. The HMA MGU Application was signed by Jedediah L. Brettschneider, in his capacity as managing member of HMA MGU on or about May 13, 2008. A copy of the 2008 HMA MGU Application is attached as *Exhibit E* and incorporated herein by reference.

26. In completing the 2008 HMA MGU Application, Brettschneider answered “no” to Question 1, which asked, in pertinent part, “Has the business entity or any owner, partner, officer or director of the business entity, or member or manager of a limited liability company ever been convicted of, or is the business entity or any owner, partner, officer or director, member or manager currently charged with, committing a crime, had a judgment withheld or deferred, or are you currently charged with committing a crime?” The question defines “Crime”, in pertinent part, to include “[a] misdemeanor, felony or a military offense,” and the term “Convicted” as including, but not limited to, “having been found guilty by verdict of a judge or jury, having entered a plea of guilty or nolo contendere, or having been given probation, a suspended sentence or a fine.”

**Organization and Activities of HMA Direct Affiliated Business Entities**

27. According to records of the Secretary of the Commonwealth’s Corporations Division, Health Management Advisors, LLC is a domestic limited liability company that was organized in Massachusetts on or about September 29, 2006. These records further indicate that Health Management Advisors, LLC has a principal office at 7 Wells Avenue, Newton, MA 02459 and that the Resident Agent and Manager of this entity is Brettschneider. According to the 2008 Annual Report of Health Management Advisors,

LLC, as filed with the Secretary of the Commonwealth's Corporations Division, the general character of the business of Health Management Advisors, LLC is, in part, to "engage in the marketing, sale and administration of various healthcare insurance products." Copies of certain records of the Secretary of the Commonwealth's Corporations Division regarding Health Management Advisors, LLC are attached as *Exhibit F* and incorporated herein by reference.

28. According to records of the Secretary of the Commonwealth's Corporations Division, HMA Administrators, LLC is a domestic limited liability company that was organized in Massachusetts on or about September 29, 2006. These records further indicate that HMA Administrators, LLC has a principal office at 7 Wells Avenue, Suite 24, Newton, Massachusetts 02459 and that the Resident Agent of this entity is Brettschneider. According to the 2008 Annual Report of HMA Administrators, LLC, as filed with the Secretary of the Commonwealth's Corporations Division, the general character of the business of HMA Administrators, LLC is, in part, to "engage in the administration of various healthcare insurance products." Copies of certain records of the Secretary of the Commonwealth's Corporations Division regarding HMA Administrators, LLC are attached as *Exhibit G* and incorporated herein by reference.

29. According to records of the Secretary of the Commonwealth's Corporations Division, HMA MGU, LLC is a domestic limited liability company that was organized in Massachusetts on or about September 29, 2006. These records further indicate that HMA MGU, LLC has a principal office at 7 Wells Avenue, Suite 24, Newton, Massachusetts 02459. According to the 2008 Annual Report of HMA MGU, LLC, as filed with the Secretary of the Commonwealth's Corporations Division, the general character of the

business of HMA Administrators, LLC is, in part, to “engage in the underwriting and administration of various healthcare insurance products.” The Certificate of Organization for HMA MGU, LL, as filed with the Secretary of the Commonwealth’s Corporations Division on or about September 29, 2006, lists Brettschneider as the Resident Agent and Manager of the entity. Copies of certain records of the Secretary of the Commonwealth’s Corporations Division regarding HMA MGU, LLC are attached as *Exhibit H* and incorporated herein by reference.

30. According to records of the Secretary of the Commonwealth’s Corporations Division, NECHPA is a domestic limited liability company that was organized in Massachusetts on or about June 30, 2004. These records further indicate that NECHPA has a principal office at 7 Wells Avenue, Suite 24, Newton, Massachusetts 02459. According to the 2008 Annual Report of NECHPA, as filed with the Secretary of the Commonwealth’s Corporations Division, the general character of the business of NECHPA is to “engage in the sale and marketing of various healthcare insurance products.” The 2008 Annual Report also lists Brettschneider as the Resident Agent and Manager of the NECHPA. Copies of certain records of the Secretary of the Commonwealth’s Corporations Division regarding NECHPA are attached as *Exhibit I* and incorporated herein by reference.

31. According to information on the HMA Direct Benefits Consulting Group website, <http://www.hmadirect.com>, as of the filing date of this Order, HMA Direct is the “d/b/a” name of Health Management Advisors, LLC and is “the parent company of a group of companies that trade together under the name HMA Direct.” The website further indicates that the subsidiary companies include HMA Administrators, LLC (a third party

administrator), HMA MGU, LLC (a managing general underwriter) and NECHPA (a benefits consulting firm). Copies of certain information from the HMA Direct Benefits Consulting Group website are attached as *Exhibit J* and incorporated herein by reference.

32. Upon information and belief, Health Management Advisors, LLC d/b/a HMA Direct and its affiliated companies, HMA Administrators, LLC, HMA MGU, LLC and NECHPA are operated by and/or connected with Brettschneider and engage collectively and in concert in the marketing of self-funded group health plans and marketing and sale of related health and life insurance products to employers in Massachusetts.

33. Upon information and belief, the self-funded group health plans marketed to Massachusetts employers by Health Management Advisors, LLC d/b/a HMA Direct and its affiliated companies HMA Administrators, LLC, HMA MGU, LLC and NECHPA are subject to the requirements and restrictions of the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), including the non-discrimination provisions of that law.

#### **Causing Massachusetts Employers’ Group Health Plans to Violate Federal Law**

34. KC Precision Machining, Inc. (“KC Precision”) is a company that makes tools out of metal and plastic. It is located at 23 Old Right Road, Ipswich, Massachusetts 01938.

35. In or around the spring of 2008, Celentano contacted Pam Casey, Clerk and Treasurer of KC Precision, with regard to obtaining health coverage for KC Precision employees through HMA Direct. At the time Celentano contacted Pam Casey, KC Precision had insured health coverage for its employees through Blue Cross and Blue Shield of Massachusetts, Inc. (“BCBSMA”).

36. Upon information and belief, Celentano works collectively and in concert with Health Management Advisors, LLC d/b/a HMA Direct and its affiliated companies, HMA Administrators, LLC, HMA MGU, LLC and NECHPA in the marketing of self-funded group health plans and the marketing and sale of related health and life insurance products to employers in Massachusetts.

37. Upon information and belief, Celentano receives electronic mail communications relative to his work with Health Management Advisors, LLC d/b/a HMA Direct and its affiliated companies, HMA Administrators, LLC, HMA MGU, LLC and NECHPA in the marketing of self-funded group health plans in Massachusetts at mark.celentano@hmadirect.com.

38. Celentano represented to Pam Casey that the HMA Direct group health plan would provide KC Precision employees with the same coverage as KC Precision's current BCBSMA plan at a lower cost. Celentano further represented to Casey that KC Precision would pay a premium for the HMA Direct group health plan that would go into a medical pool, pay administrative fees and that KC Precision may get money back at the end of the year, but that getting such money back was not guaranteed. Celentano also represented to Pam Casey that the HMA Direct group health plan was a "PPO" plan.

39. Relying on Celentano's representations to Pam Casey about the HMA Direct group health plan, KC Precision applied for a HMA Direct group health plan, the "HMA Administrators Doctors' Choice Health Plan" ("KC Precision's HMA Plan"), which became effective August 1, 2008.

40. William Casey, President of KC Precision, signed a HMA Direct Plan Service Agreement ("KC Precision Agreement") on or about October 21, 2008. A copy of the

KC Precision Agreement is attached as *Exhibit K* and incorporated herein by reference.

The KC Precision Agreement indicates that HMA Administrators, LLC will perform administrative services relative to the group health plan, including the processing of claims and lists NECHPA, at 7 Wells Avenue, Suite 24, Newton, Massachusetts 02459, as “agent/producer” for the group health plan. The KC Precision Agreement indicates that HMA MGU, LLC provides underwriting services in connection with the group health plan and it further indicates that HMA MGU, LLC and NECHPA also offer stop loss insurance in connection with the group health plan and may receive commissions for the same.

41. Employee A at KC Precision enrolled in KC Precision’s HMA Plan through Celentano in or around August of 2008. Employee A informed Celentano in or around the time of enrollment that Employee A had a preexisting medical condition that required surgery. Celentano represented to Employee A that KC Precision’s HMA Plan would cover his surgery on the same or similar terms as KC Precision’s previous plan with BCBSMA.

42. After enrolling in KC Precision’s HMA Plan, Employee A was required by representatives of HMA Direct to complete extensive paperwork related to his health status and his planned surgery. Thereafter, Celentano notified Pam Casey that Employee A would be moved to an individual health insurance policy with BCBSMA so that the costs of Employee A’s medical treatment would not come out of the KC Precision HMA Plan pool and, subsequently, when Employee A’s surgery was complete and he was healthy, Employee A would be returned to KC Precision’s HMA Plan.

43. After notifying Pam Casey that Employee A was to be removed from KC Precision's HMA Plan because of his health status, Celentano and other representatives of HMA Direct coordinated the purchase of an individual health insurance policy for Employee A with BCBSMA. Representatives of HMA Direct further instructed KC Precision to pay the monthly premium for this BCBSMA individual health insurance policy covering Employee A. After Pam Casey told Celentano that she did not want to pay both HMA Direct and BCBSMA at the same time for Employee A's health coverage, Celentano offered to pay the BCBSMA premium for Employee A for the first month.

44. On or about December 31, 2008, Pam Casey contacted a representative of HMA Direct and Celentano via electronic mail and terminated KC Precision's HMA Plan because, in part, she was "...not comfortable with being told that we have to remove someone from the plan and put them on something else until they are healthy." A copy of Pam Casey's December 31, 2008 electronic mail message is attached as *Exhibit L* and incorporated herein by reference.

45. The KC Precision HMA Plan is subject to the anti-discrimination provisions of HIPAA, which provide in part, as set forth in 29 U.S.C. § 1182, that group health plans may not establish rules for eligibility, including continuing eligibility, of any individual to enroll under the terms of the plan based on certain health-status related factors in relation to the individual or a dependent of the individual, including, but not limited to the health status, medical condition or medical history. A copy of 29 U.S.C. § 1182 is attached as *Exhibit M* and incorporated herein by reference.

46. By notifying KC Precision that Employee A had to be removed from KC Precision's HMA Plan because of his health status and by coordinating the purchase of an

individual health insurance policy for Employee A with BCBSMA, Celentano and representatives of HMA Direct caused KC Precision's HMA Plan to engage in activity that violates the anti-discrimination provisions of HIPAA, specifically 29 U.S.C. § 1182.

47. Upon information and belief, representatives of and companies affiliated with HMA Direct, including HMA MGU, LLC, NECHPA, Brettschneider and Celentano engage collectively and in concert in the marketing of self-funded group health plans to other employers in Massachusetts and regularly administer such plans to use employees' health status to make them ineligible for the self-funded group health plans, and coordinate the purchase of individual health insurance coverage for such employees, thereby causing the self-funded group health plans established by these Massachusetts employers using HMA Direct to violate the anti-discrimination provisions of HIPAA. The Division's investigation of these activities is ongoing.

#### **FIRST CLAIM**

48. Petitioner repeats and reincorporates paragraphs 1 through 47 as if set forth fully again herein.

49. Because he was convicted of felony possession of marijuana in Georgia in 1999, Brettschneider violated M.G.L. c. 175, § 162R(a)(6).

#### **SECOND CLAIM**

50. Petitioner repeats and reincorporates paragraphs 1 through 49 as if set forth fully again herein.

51. By failing to disclose his 1999 Georgia felony conviction for possession of marijuana on the 2003 Brettschneider Application, Brettschneider provided incorrect,

misleading, incomplete or materially untrue information in his license application in violation of M.G.L. c. 175, § 162R(a)(1).

### **THIRD CLAIM**

52. Petitioner repeats and reincorporates paragraphs 1 through 51 as if set forth fully again herein.

53. By failing to disclose his 1999 Georgia felony conviction for possession of marijuana on the 2003 Brettschneider Application, Brettschneider obtained a Massachusetts insurance license through misrepresentation or fraud in violation of M.G.L. c. 175, § 162R(a)(3).

### **FOURTH CLAIM**

54. Petitioner repeats and reincorporates paragraphs 1 through 53 as if set forth fully again herein.

55. By failing to disclose his 1999 Georgia felony conviction for possession of marijuana on the 2003 Brettschneider Application, Brettschneider engaged in and unfair or deceptive act or practice in the business of insurance in violation of M.G.L. c. 176D, § 2.

### **FIFTH CLAIM**

56. Petitioner repeats and reincorporates paragraphs 1 through 55 as if set forth fully again herein.

57. By failing to disclose his 1999 Georgia felony conviction for possession of marijuana on the 2006 Brettschneider Application, Brettschneider provided incorrect, misleading, incomplete or materially untrue information in his license application in violation of M.G.L. c. 175, §162R(a)(1).

### **SIXTH CLAIM**

58. Petitioner repeats and reincorporates paragraphs 1 through 57 as if set forth fully again herein.

59. By failing to disclose his 1999 Georgia felony conviction for possession of marijuana on the 2006 Brettschneider Application, Brettschneider obtained a Massachusetts insurance license through misrepresentation or fraud in violation of M.G.L. c. 175, § 162R(a)(3).

### **SEVENTH CLAIM**

60. Petitioner repeats and reincorporates paragraphs 1 through 59 as if set forth fully again herein.

61. By failing to disclose his 1999 Georgia felony conviction for possession of marijuana on the 2006 Brettschneider Application, Brettschneider engaged in an unfair or deceptive act or practice in the business of insurance in violation of M.G.L. c. 176D, § 2.

### **EIGHTH CLAIM**

62. Petitioner repeats and reincorporates paragraphs 1 through 61 as if set forth fully again herein.

63. By failing to disclose Brettschneider's 1999 Georgia felony conviction for possession of marijuana on the 2005 NECHPA Application, NECHPA provided incorrect, misleading, incomplete or materially untrue information in its license application in violation of M.G.L. c. 175, § 162R(a)(1).

**NINTH CLAIM**

64. Petitioner repeats and reincorporates paragraphs 1 through 63 as if set forth fully again herein.

65. As president and chief executive officer of NECHPA and as designated/responsible insurance producer on NECHPA's resident business entity insurance producer license, Brettschneider is individually liable for NECHPA's violation of M.G.L. c. 175, § 162R(a)(1), as set forth in the Eighth Claim, pursuant to M.G.L. c. 175, § 174.

**TENTH CLAIM**

66. Petitioner repeats and reincorporates paragraphs 1 through 65 as if set forth fully again herein.

67. By failing to disclose Brettschneider's 1999 Georgia felony conviction for possession of marijuana on the 2005 NECHPA Application, NECHPA obtained a Massachusetts insurance license through misrepresentation or fraud in violation of M.G.L. c. 175, § 162R(a)(3).

**ELEVENTH CLAIM**

68. Petitioner repeats and reincorporates paragraphs 1 through 67 as if set forth fully again herein.

69. As president and chief executive officer of NECHPA and as designated/responsible insurance producer on NECHPA's resident business entity insurance producer license, Brettschneider is individually liable for NECHPA's violation of M.G.L. c. 175, § 162R(a)(3), as set forth in the Tenth Claim, pursuant to M.G.L. c. 175, § 174.

### **TWELFTH CLAIM**

70. Petitioner repeats and reincorporates paragraphs 1 through 69 as if set forth fully again herein.

71. By failing to disclose Brettschneider's 1999 Georgia felony conviction for possession of marijuana on the 2005 NECHPA Application, NECHPA engaged in unfair or deceptive acts or practices in the business of insurance in violation of M.G.L. c. 176D, § 2.

### **THIRTEENTH CLAIM**

72. Petitioner repeats and reincorporates paragraphs 1 through 71 as if set forth fully again herein.

73. As president and chief executive officer of NECHPA and as designated/responsible insurance producer on NECHPA's resident business entity insurance producer license, Brettschneider is individually liable for NECHPA's violation of M.G.L. c. 176D, § 2, as set forth in the Twelfth Claim, pursuant to M.G.L. c. 175, § 174.

### **FOURTEENTH CLAIM**

74. Petitioner repeats and reincorporates paragraphs 1 through 73 as if set forth fully again herein.

75. By failing to disclose Brettschneider's 1999 Georgia felony conviction for possession of marijuana on the 2006 NECHPA Application, NECHPA provided incorrect, misleading, incomplete or materially untrue information in its license application in violation of M.G.L. c. 175, § 162R(a)(1).

**FIFTEENTH CLAIM**

76. Petitioner repeats and reincorporates paragraphs 1 through 75 as if set forth fully again herein.

77. As president and chief executive officer of NECHPA and as designated/responsible insurance producer on NECHPA's resident business entity insurance producer license, Brettschneider is individually liable for NECHPA's violation of M.G.L. c. 175, § 162R(a)(1), as set forth in the Fourteenth Claim, pursuant to M.G.L. c. 175, § 174.

**SIXTEENTH CLAIM**

78. Petitioner repeats and reincorporates paragraphs 1 through 77 as if set forth fully again herein.

79. By failing to disclose Brettschneider's 1999 Georgia felony conviction for possession of marijuana on the 2006 NECHPA Application, NECHPA obtained a Massachusetts insurance license through misrepresentation or fraud in violation of M.G.L. c. 175, § 162R(a)(3).

**SEVENTEENTH CLAIM**

80. Petitioner repeats and reincorporates paragraphs 1 through 79 as if set forth fully again herein.

81. As president and chief executive officer of NECHPA and as designated/responsible insurance producer on NECHPA's resident business entity insurance producer license, Brettschneider is individually liable for NECHPA's violation of M.G.L. c. 175, § 162R(a)(3), as set forth in the Sixteenth Claim, pursuant to M.G.L. c. 175, § 174.

### **EIGHTEENTH CLAIM**

82. Petitioner repeats and reincorporates paragraphs 1 through 81 as if set forth fully again herein.

83. By failing to disclose Brettschneider's 1999 Georgia felony conviction for possession of marijuana on the 2006 NECHPA Application, NECHPA engaged in unfair or deceptive acts or practices in the business of insurance in violation of M.G.L. c. 176D, § 2.

### **NINETEENTH CLAIM**

84. Petitioner repeats and reincorporates paragraphs 1 through 83 as if set forth fully again herein.

85. As president and chief executive officer of NECHPA and as designated/responsible insurance producer on NECHPA's resident business entity insurance producer license, Brettschneider is individually liable for NECHPA's violation of M.G.L. c. 176D, § 2, as set forth in the Eighteenth Claim, pursuant to M.G.L. c. 175, § 174.

### **TWENTIETH CLAIM**

86. Petitioner repeats and reincorporates paragraphs 1 through 85 as if set forth fully again herein.

87. By failing to disclose Brettschneider's 1999 Georgia felony conviction for possession of marijuana on the 2008 HMA MGU Application, HMA MGU provided incorrect, misleading, incomplete or materially untrue information in its license application in violation of M.G.L. c. 175, § 162R(a)(1).

### **TWENTY-FIRST CLAIM**

88. Petitioner repeats and reincorporates paragraphs 1 through 87 as if set forth fully again herein.

89. As managing member of HMA MGU and as designated/responsible insurance producer on HMA MGU's resident business entity insurance producer license, Brettschneider is individually liable for HMA MGU's violation of M.G.L. c. 175, § 162R(a)(1), as set forth in the Twentieth Claim, pursuant to M.G.L. c. 175, § 174.

### **TWENTY-SECOND CLAIM**

90. Petitioner repeats and reincorporates paragraphs 1 through 89 as if set forth fully again herein.

91. By failing to disclose Brettschneider's 1999 Georgia felony conviction for marijuana on the 2008 HMA MGU Application, HMA MGU obtained a Massachusetts insurance license through misrepresentation or fraud in violation of M.G.L. c. 175, § 162R(a)(3).

### **TWENTY-THIRD CLAIM**

92. Petitioner repeats and reincorporates paragraphs 1 through 91 as if set forth fully again herein.

93. As managing member of HMA MGU and as designated/responsible insurance producer on HMA MGU's resident business entity insurance producer license, Brettschneider is individually liable for HMA MGU's violation of M.G.L. c. 175, § 162R(a)(3), as set forth in the Twenty-Second Claim, pursuant to M.G.L. c. 175, § 174.

**TWENTY-FOURTH CLAIM**

94. Petitioner repeats and reincorporates paragraphs 1 through 93 as if set forth fully again herein.

95. By failing to disclose Brettschneider's 1999 Georgia felony conviction for marijuana on the 2008 HMA MGU Application, HMA MGU engaged in an unfair or deceptive act or practice in the business of insurance in violation of M.G.L. c. 176D, § 2.

**TWENTY-FIFTH CLAIM**

96. Petitioner repeats and reincorporates paragraphs 1 through 95 as if set forth fully again herein.

97. As managing member of HMA MGU and as designated/responsible insurance producer on HMA MGU's resident business entity insurance producer license, Brettschneider is individually liable for HMA MGU's violation of M.G.L. c. 176D, § 2, as set forth in the Twenty-Fourth Claim, pursuant to M.G.L. c. 175, § 174.

**TWENTY- SIXTH CLAIM**

98. Petitioner repeats and reincorporates paragraphs 1 through 97 as if set forth fully again herein.

99. By requiring Employee A to be removed from KC Precision's HMA Plan and coordinating the purchase of a separate individual health insurance policy for Employee A through BCBSMA because of Employee A's health status, thereby causing KC Precision's HMA Plan to violate the nondiscrimination provisions of HIPAA, NECHPA used fraudulent, coercive or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility in the conduct of business in the Commonwealth in violation of M.G.L. c. 175, § 162R(a)(8).

**TWENTY-SEVENTH CLAIM**

100. Petitioner repeats and reincorporates paragraphs 1 through 99 as if set forth fully again herein.

101. By requiring Employee A to be removed from KC Precision's HMA Plan and coordinating the purchase of a separate individual health insurance policy for Employee A through BCBSMA because of Employee A's health status, thereby causing KC Precision's HMA Plan to violate the nondiscrimination provisions of HIPAA, HMA MGU used fraudulent, coercive or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility in the conduct of business in the Commonwealth in violation of M.G.L. c. 175, § 162R(a)(8).

**TWENTY-EIGHTH CLAIM**

102. Petitioner repeats and reincorporates paragraphs 1 through 101 as if set forth fully again herein.

103. As managing member of HMA MGU and as designated/responsible insurance producer on HMA MGU's resident business entity insurance producer license, Brettschneider is individually liable for HMA MGU's violation of M.G.L. c. 175, § 162R(a)(8), as set forth in the Twenty-Seventh Claim, pursuant to M.G.L. c. 175, § 174.

**TWENTY-NINTH CLAIM**

104. Petitioner repeats and reincorporates paragraphs 1 through 103 as if set forth fully again herein.

105. By requiring Employee A to be removed from KC Precision's HMA Plan and coordinating the purchase of a separate individual health insurance policy for Employee A through BCBSMA because of Employee A's health status, thereby causing KC

Precision's HMA Plan to violate the nondiscrimination provisions of HIPAA, Celentano used fraudulent, coercive or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility in the conduct of business in the Commonwealth in violation of M.G.L. c. 175, § 162R(a)(8).

**THIRTIETH CLAIM**

106. Petitioner repeats and reincorporates paragraphs 1 through 105 as if set forth fully again herein.

107. By requiring Employee A to be removed from KC Precision's HMA Plan and coordinating the purchase of a separate individual health insurance policy for Employee A through BCBSMA because of Employee A's health status, thereby causing KC Precision's HMA Plan to violate the nondiscrimination provisions of HIPAA, NECHPA engaged in unfair or deceptive acts or practices in the business of insurance in violation of M.G.L. c. 176D, § 2.

**THIRTY-FIRST CLAIM**

108. Petitioner repeats and reincorporates paragraphs 1 through 107 as if set forth fully again herein.

109. By requiring Employee A to be removed from KC Precision's HMA Plan and coordinating the purchase of a separate individual health insurance policy for Employee A through BCBSMA because of Employee A's health status, thereby causing KC Precision's HMA Plan to violate the nondiscrimination provisions of HIPAA, HMA MGU engaged in unfair or deceptive acts or practices in the business of insurance in violation of M.G.L. c. 176D, § 2.

**THIRTY-SECOND CLAIM**

110. Petitioner repeats and reincorporates paragraphs 1 through 109 as if set forth fully again herein.

111. As managing member of HMA MGU and as designated/responsible insurance producer on HMA MGU's resident business entity insurance producer license, Brettschneider is individually liable for HMA MGU's violation of M.G.L. c. 176D, § 2, as set forth in the Thirty-First Claim, pursuant to M.G.L. c. 175, § 174.

**THIRTY-THIRD CLAIM**

112. Petitioner repeats and reincorporates paragraphs 1 through 111 as if set forth fully again herein.

113. By requiring Employee A to be removed from KC Precision's HMA Plan and coordinating the purchase of a separate individual health insurance policy for Employee A through BCBSMA because of Employee A's health status, thereby causing KC Precision's HMA Plan to violate the nondiscrimination provisions of HIPAA, Celentano engaged in unfair or deceptive acts or practices in the business of insurance in violation of M.G.L. c. 176D, § 2.

**RELIEF**

WHEREFORE, the Division respectfully requests the Commissioner, or her designee, make the following findings and enter the following orders:

1. Find as fact the allegations set out in this Order to Show Cause.
2. Order that Brettschneider cease and desist from the conduct alleged in the Order to Show Cause.

3. Order that NECHPA cease and desist from the conduct alleged in the Order to Show Cause.
4. Order that HMA MGU cease and desist from the conduct alleged in the Order to Show Cause.
5. Order that Celentano cease and desist from the conduct alleged in the Order to Show Cause.
6. Find that Brettschneider, by his conduct as set forth in paragraphs 16 through 20, has violated M.G.L. c. 175, § 162R(a)(1).
7. Find that Brettschneider, by his conduct as set forth in paragraphs 16 through 20, has violated M.G.L. c. 175, § 162R(a)(3).
8. Find that Brettschneider, by his conduct as set forth in paragraph 16, has violated M.G.L. c. 175, § 162R(a)(6).
9. Find that Brettschneider, by his conduct as set forth in paragraphs 16 through 20, has violated M.G.L. c. 176D, § 2.
10. Find that NECHPA, by its conduct as set forth in paragraphs 16 through 24, has violated M.G.L. c. 175, § 162R(a)(1).
11. Find that Brettschneider, as president and chief executive officer of NECHPA and as the designated/responsible insurance producer on NECHPA's resident business entity insurance producer license is individually liable for NECHPA's violation of M.G.L. c. 175, § 162R(a)(1), pursuant to M.G.L. c. 175, § 174.
12. Find that NECHPA, by its conduct as set forth in paragraphs 16 through 24, has violated M.G.L. c. 175, § 162R(a)(3).

13. Find that Brettschneider, as president and chief executive officer of NECHPA and as the designated/responsible insurance producer on NECHPA's resident business entity insurance producer license is individually liable for NECHPA's violation of M.G.L. c. 175, § 162R(a)(3), pursuant to M.G.L. c. 175, § 174.

14. Find that NECHPA, by its conduct as set forth in paragraphs 27 through 47, has violated M.G.L. c. 175, § 162R(a)(8).

15. Find that NECHPA, by its conduct as set forth in paragraphs 16 through 47, has violated M.G.L. c. 176D, § 2.

16. Find that Brettschneider, as president and chief executive officer of NECHPA and as the designated/responsible insurance producer on NECHPA's resident business entity insurance producer license is individually liable for NECHPA's violation of M.G.L. c. 176D, § 2, as to the Twelfth and Eighteenth Claims, pursuant to M.G.L. c. 175, § 174.

17. Find that HMA MGU, by its conduct as set forth in paragraphs 16 through 26, has violated M.G.L. c. 175, § 162R(a)(1).

18. Find that Brettschneider, as managing member of HMA MGU and as the designated/responsible insurance producer on HMA MGU's resident business entity insurance producer license is individually liable for HMA MGU's violation of M.G.L. c. 175, § 162R(a)(1), pursuant to M.G.L. c. 175, § 174.

19. Find that HMA MGU, by its conduct as set forth in paragraphs 16 through 26, has violated M.G.L. c. 175, § 162R(a)(3).

20. Find that Brettschneider, as managing member of HMA MGU and as the designated/responsible insurance producer on HMA MGU's resident business entity

insurance producer license is individually liable for HMA MGU's violation of M.G.L. c. 175, § 162R(a)(3), pursuant to M.G.L. c. 175, § 174.

21. Find that HMA MGU, by its conduct as set forth in paragraphs 27 through 47, has violated M.G.L. c. 175, § 162R(a)(8).

22. Find that Brettschneider, as managing member of HMA MGU and as the designated/responsible insurance producer on HMA MGU's resident business entity insurance producer license is individually liable for HMA MGU's violation of M.G.L. c. 175, § 162R(a)(8), pursuant to M.G.L. c. 175, § 174.

23. Find that HMA MGU, by its conduct as set forth in paragraphs 16 through 47, has violated M.G.L. c. 176D, § 2.

24. Find that Brettschneider, as managing member of HMA MGU and as the designated/responsible insurance producer on HMA MGU's resident business entity insurance producer license is individually liable for HMA MGU's violation of M.G.L. c. 176D, § 2, pursuant to M.G.L. c. 175, § 174.

25. Find that Celentano, by his conduct as set forth in paragraphs 27 through 47, has violated M.G.L. c. 175, § 162R(a)(8).

26. Find that Celentano, by his conduct as set forth in paragraphs 27 through 47, has violated M.G.L. c. 176D, § 2.

27. Order the revocation of all insurance licenses granted by the Division to Brettschneider as provided under M.G.L. c. 175, § 162R(a).

28. Upon revocation of all insurance licenses issued to Brettschneider, order that he comply with the provisions of M.G.L. c. 175, § 166B, and that he dispose of any and all

interests as proprietor, partner, stockholder, officer or employee of any licensed insurance producer in Massachusetts.

29. Order Brettschneider to submit any and all Massachusetts insurance licenses in his possession to the Division.

30. Prohibit Brettschneider from directly or indirectly transacting any insurance business or acquiring any insurance business in the Commonwealth of Massachusetts in any capacity whatsoever from the date of the Order.

31. Order the revocation of all insurance licenses granted by the Division to NECHPA as provided under M.G.L. c. 175, § 162R(a).

32. Upon revocation of all insurance licenses issued to NECHPA, order that it comply with the provisions of M.G.L. c. 175, § 166B, and that it dispose of any and all interests as proprietor, partner, stockholder, officer or employee of any licensed insurance producer in Massachusetts.

33. Order NECHPA to submit any and all Massachusetts insurance licenses in its possession to the Division.

34. Prohibit NECHPA from directly or indirectly transacting any insurance business or acquiring any insurance business in the Commonwealth of Massachusetts in any capacity whatsoever from the date of the Order.

35. Order the revocation of all insurance licenses granted by the Division to HMA MGU as provided under M.G.L. c. 175, § 162R(a).

36. Upon revocation of all insurance licenses issued to HMA MGU, order that it comply with the provisions of M.G.L. c. 175, § 166B, and that it dispose of any and all

interests as proprietor, partner, stockholder, officer or employee of any licensed insurance producer in Massachusetts.

37. Order HMA MGU to submit any and all Massachusetts insurance licenses in its possession to the Division.

38. Prohibit HMA MGU from directly or indirectly transacting any insurance business or acquiring any insurance business in the Commonwealth of Massachusetts in any capacity whatsoever from the date of the Order.

39. Order the revocation of all insurance licenses granted by the Division to Celentano as provided under M.G.L. c. 175, § 162R(a).

40. Upon revocation of all insurance licenses issued to Celentano, order that he comply with the provisions of M.G.L. c. 175, § 166B, and that he dispose of any and all interests as proprietor, partner, stockholder, officer or employee of any licensed insurance producer in Massachusetts.

41. Order Celentano to submit any and all Massachusetts insurance licenses in his possession to the Division.

42. Prohibit Celentano from directly or indirectly transacting any insurance business or acquiring any insurance business in the Commonwealth of Massachusetts in any capacity whatsoever from the date of the Order.

43. Assess the maximum fine allowed by law against Brettschneider for each and every violation of M.G.L. c. 175, § 162R(a)(1), pursuant to M.G.L. c. 176D, § 7.

44. Assess the maximum fine allowed by law against Brettschneider for each and every violation of M.G.L. c. 175, § 162R(a)(3), pursuant to M.G.L. c. 176D, § 7.

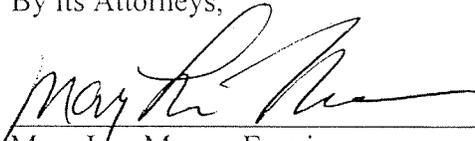
45. Assess the maximum fine allowed by law against Brettschneider for each and every violation of M.G.L. c. 175, § 162R(a)(6), pursuant to M.G.L. c. 176D, § 7.
46. Assess the maximum fine allowed by law against Brettschneider for each and every violation of M.G.L. c. 176D, § 2, pursuant to M.G.L. c. 176D, § 7.
47. Assess the maximum fine allowed by law against NECHPA for each and every violation of M.G.L. c. 175, § 162R(a)(1), pursuant to M.G.L. c. 176D, § 7.
48. Hold Brettschneider individually liable, in accordance with M.G.L. c. 175, § 174, for any fines assessed against NECHPA for its violation of M.G.L. c. 175, § 162R(a)(1), pursuant to M.G.L. c. 176D, § 7.
49. Assess the maximum fine allowed by law against NECHPA for each and every violation of M.G.L. c. 175, § 162R(a)(3), pursuant to M.G.L. c. 176D, § 7.
50. Hold Brettschneider individually liable, in accordance with M.G.L. c. 175, § 174, for any fines assessed against NECHPA for its violation of M.G.L. c. 175, § 162R(a)(3), pursuant to M.G.L. c. 176D, § 7.
51. Assess the maximum fine allowed by law against NECHPA for each and every violation of M.G.L. c. 176D, § 2, pursuant to M.G.L. c. 176D, § 7.
52. Hold Brettschneider individually liable, in accordance with M.G.L. c. 175, § 174, for any fines assessed against NECHPA for its violation of M.G.L. c. 176D, § 2, as to the Twelfth and Eighteenth Claims, pursuant to M.G.L. c. 176D, § 7.
53. Assess the maximum fine allowed by law against HMA MGU for each and every violation of M.G.L. c. 175, § 162R(a)(1), pursuant to M.G.L. c. 176D, § 7.

54. Hold Brettschneider individually liable, in accordance with M.G.L. c. 175, § 174, for any fines assessed against HMA MGU for its violation of M.G.L. c. 175, § 162R(a)(1), pursuant to M.G.L. c. 176D, § 7.
55. Assess the maximum fine allowed by law against HMA MGU for each and every violation of M.G.L. c. 175, § 162R(a)(3), pursuant to M.G.L. c. 176D, § 7.
56. Hold Brettschneider individually liable, in accordance with M.G.L. c. 175, § 174, for any fines assessed against HMA MGU for its violation of M.G.L. c. 175, § 162R(a)(3), pursuant to M.G.L. c. 176D, § 7.
57. Assess the maximum fine allowed by law against HMA MGU for each and every violation of M.G.L. c. 175, § 162R(a)(8), pursuant to M.G.L. c. 176D, § 7.
58. Hold Brettschneider individually liable, in accordance with M.G.L. c. 175, § 174, for any fines assessed against HMA MGU for its violation of M.G.L. c. 175, § 162R(a)(8), pursuant to M.G.L. c. 176D, § 7.
59. Assess the maximum fine allowed by law against HMA MGU for each and every violation of M.G.L. c. 176D, § 2, pursuant to M.G.L. c. 176D, § 7.
60. Hold Brettschneider individually liable, in accordance with M.G.L. c. 175, § 174, for any fines assessed against HMA MGU for its violation of M.G.L. c. 176D, § 2, pursuant to M.G.L. c. 176D, § 7.
61. Assess the maximum fine allowed by law against Celentano for each and every violation of M.G.L. c. 175, § 162R(a)(8), pursuant to M.G.L. c. 176D, § 7.
62. Assess the maximum fine allowed by law against Celentano for each and every violation of M.G.L. c. 176D, § 2, pursuant to M.G.L. c. 176D, § 7.

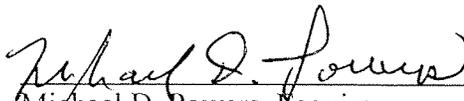
63. Order that any fines assessed against Brettschneider be paid within 30 days from the date ordered.
64. Order that any fines assessed against NECHPA be paid within 30 days from the date ordered.
65. Order that any fines assessed against HMA MGU be paid within 30 days from the date ordered.
66. Order that any fines assessed against Celentano be paid within 30 days from the date ordered.
67. Enter any further orders as are deemed just and fair.

Respectfully submitted,

Division of Insurance  
By its Attorneys,



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Dated: June 4, 2009