

LAWRENCE G. WASDEN  
Attorney General

JUDY L. GEIER, ISB #6559  
Deputy Attorney General  
Idaho Department of Insurance  
700 W. State Street  
P.O. Box 83720  
Boise, Idaho 83720-0043  
Telephone No. (208) 334-4204  
Facsimile No. (208) 334-4298  
[judy.geier@doi.idaho.gov](mailto:judy.geier@doi.idaho.gov)

*Attorneys for the Department of Insurance*

**FILED**  
**FEB 19 2016** *vg*  
Department of Insurance  
State of Idaho

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE**

**STATE OF IDAHO**

In the Matter of:

HOMELAND HEALTHCARE, INC. ,  
Third Party Administrator Designated Home  
State License No. 449058,  
Nonresident Producer License No. 348662,

Respondent.

Docket No. 18-3094-15

**STIPULATION AND FINAL ORDER  
RESOLVING VIOLATIONS OF  
IDAHO INSURANCE CODE**

The parties herein, namely the Idaho Department of Insurance ("**Department**") and its counsel of record, Judy L. Geier, Deputy Attorney General, and HOMELAND HEALTHCARE, INC., Third Party Administrator Designated Home State License No. 449058 and Nonresident Producer Licenses No. 348662, do hereby agree and stipulate to the following facts and conclusions of law:

1. That the Director of the Idaho Department of Insurance has jurisdiction over this matter pursuant to title 41, Idaho Code.
2. That HOMELAND HEALTHCARE, INC. ("**RESPONDENT**"), was granted Third Party Administrator ("TPA") License No. 449058 effective February 5, 2013, as a home

state license, pursuant to chapter 9, title 41, Idaho Code, which license is scheduled to expire as of January 1, 2017.

3. That RESPONDENT, was also granted Nonresident Producer License No. 348662 effective July 6, 2010, pursuant to chapter 10, title 41, Idaho Code, which is scheduled to expire as of August 1, 2016.

4. That, pursuant to Idaho Code § 41-914 (1) (a), all licensed TPAs are required to file a complete annual report with the Department “on or before July 1 of each year, or within such extension of time as the director for good cause may grant.” Pursuant to Idaho Code § 41-914(2), the “annual report shall be in the form and contain such matters as the director prescribes...” Such annual reports to be audited and attested to by an independent certified public accountant.

5. That pursuant to Idaho Code § 41-914(3), the annual report shall include the “complete names and addresses of all insurers and for self-funded plans, all employers and trusts, with which the administrator had agreements during the preceding fiscal year. The report must also include the number of Idaho residents covered by each of the plans.”

6. That pursuant to Idaho Code §§ 41-914(2) and 41-911(4), the director may reasonably request other information as determined necessary for evaluating renewal of the TPA license, including the number of Idaho residents serviced by each of the insurers and self-funded plans administered by the TPA.

7. That on or before July 1, 2015, RESPONDENT filed an incomplete financial report that failed to include a list of insurers and self-funded plans with which RESPONDENT had service contracts and failed to include the number of Idaho residents that are serviced by each of those insurers and/or self-funded plans.

8. That RESPONDENT’s financial documents filed with the Department on or

before July 1, 2015, also showed that as of December 31, 2014, RESPONDENT had a negative net worth.

9. That RESPONDENT was notified on July 23, 2015, that it must submit a plan within ten (10) days that detailed how RESPONDENT would cure its negative net worth by no later than August 31, 2015.

10. That on July 30, 2015, RESPONDENT submitted a plan to cure its negative net worth. The plan stated that RESPONDENT intended to cure its “financial impairment by bringing in equity partners who will contribute \$7,000,000.00 in capital investment to the company... [to] raise the assets and equity of the company to a solvent position.” The plan also gave assurances that RESPONDENT was “confident” that it would “cure its financial impairment by the August 31, 2015, date” as required.

11. That on September 4, 2015, RESPONDENT requested an extension until September 15, 2015, to cure its negative net worth.

12. That on September 15, 2015, the Department submitted a notice to RESPONDENT that it had failed to submit a plan to cure and had failed to cure its negative net worth. The Department also demanded that RESPONDENT submit a list of its insurers and self-funded plans as well as the number of Idaho residents covered by each of the insurers or self-funded plans.

13. That on September 16, 2015, RESPONDENT provided assurances that the missing list of insurers and self-funded plans and the number of Idaho residents serviced by each of those insurers and/or self-funded plans would be forthcoming by September 18, 2015, as well as an update regarding RESPONDENT’s efforts to cure its negative net worth.

14. That on September 18, 2015, RESPONDENT submitted via email a list of its insurers and self-funded plans, including addresses and phone numbers, and provided an

aggregate number of the Idaho residents covered. However, RESPONDENT failed to break down the number of Idaho residents covered by each of the insurers and self-funded plans as required pursuant to Idaho Code § 41-914(3).

15. That on September 18, 2015, RESPONDENT also submitted a revised cure plan that left undetermined the date upon which RESPONDENT would cure its negative net worth.

16. That on September 29, 2015, the Department filed against and served to RESPONDENT a Verified Complaint and Notice of Right to Hearing (the “Complaint”). The Complaint sought to suspend RESPONDENT’s TPA License No. 449058 and Nonresident Producer License No. 348662 on the grounds that RESPONDENT is financially unsound; failed to timely submit audited financial reports; failed to identify the Idaho residents that are serviced by each insurer and self-funded plan administered by RESPONDENT; and failed to report administrative actions taken against it by another state.

17. That the Director has the authority to suspend or revoke RESPONDENT’s TPA license for violations of title 41, Idaho Code and to impose a general penalty in the amount of \$5,000.00 for each violation. Further, the “suspension, revocation, or refusal of any one (1) license held by the licensee under title 41, Idaho Code, shall automatically suspend, revoke or refuse continuation of all other licenses held by the licensee under title 41, Idaho Code.” Idaho Code § 41-1026(2).

18. That on December 31, 2015, RESPONDENT entered a debt restructuring agreement (“Restructure Agreement”) between itself, its subsidiary, and Credit Suisse Park View BDC, Inc. (“CSPV”) whereby CSPV exchanged a portion of approximately \$15 million in loans that CSPV made to RESPONDENT for a seventy-five percent (75%) membership interest in RESPONDENT.

19. That by restructuring its debt, RESPONDENT contends that it has resolved its

unsound financial condition; that the documentation regarding the structuring agreement along with the reporting provided to-date substantially complies with statutory requirements; and that the reporting of administrative actions within Regulatory Information Retrieval System ("RIRS") is constructive notice of said action.

20. That, in lieu of proceeding with a contested enforcement action, the parties agree that this matter can be brought to a close by a negotiated and stipulated settlement.

21. RESPONDENT therefore agrees as follows:

- a. Within ten (10) days from execution of this Stipulation, RESPONDENT shall provide the Department with a copy of the preferred stock transfer agreement between RESPONDENT and CSPV outlining the details upon which CSPV is assigned the preferred shares described in the Restructure Agreement. Further, if the preferred stock transfer agreement does not describe whether CSPV is guaranteed dividends, how dividends are calculated, when and how dividends are paid, etc., then RESPONDENT shall provide the Department, within ten (10) days from execution of this Stipulation, with adequate documentation, as determined by the Department, that sets forth such terms.
- b. RESPONDENT shall provide the Department with *pro forma* financial statements, such as a balance sheet and income statement, commencing on March 5, 2016, and continuing thereon for each month during the year 2016.
- c. RESPONDENT shall provide the Department with quarterly financial statements for RESPONDENT, prepared on an accrual basis in accordance with GAAP standards, complete with accounting notes prepared in the form prescribed by the Director for unaudited financial statement in compliance with Idaho Code § 41-914. The quarterly financial statements must not be consolidated with any entity and must be delivered to the Department within no later than thirty (30) days at the end of each quarter commencing with the first quarter of 2016.
- d. Within ten (10) days from execution of this Stipulation, RESPONDENT shall provide the Department with a separate schedule of undeclared preferred stock.
- e. By no later than April 30, 2016, RESPONDENT shall provide the Department with a copy of RESPONDENT's audited financial statements for the calendar year 2015.
- f. RESPONDENT shall promptly notify the Department of any change that results in RESPONDENT's net worth falling below zero (0) and, upon such

event, shall immediately surrender to the Department its TPA License No. 449058 and its Nonresident Producer License No. 348662.

- g. In the event that RESPONDENT's net worth falls below zero (0), RESPONDENT shall initiate the transfer of all of its Idaho business to a third party administrator duly licensed in Idaho. RESPONDENT shall complete such transfer within no later than sixty (60) days from the date that its equity reaches zero (0). RESPONDENT shall provide notice to the Department at the commencement and at the completion of its transfer of all of its Idaho business. Said notice will identify the party who will receive RESPONDENT's Idaho business; identify the insurers and/or self-funded plans being transferred; and identify the date the transfers will be completed.
- h. Within no later than ten (10) days from the date of this Stipulation, RESPONDENT shall provide the Department with a list identifying the number of Idaho residents covered by each of the insurers and/or self-funded plans that it administers, current as of the date of the Stipulation and including the names and addresses of all insurers and/or self-funded plans.
- i. RESPONDENT shall pay a penalty of five thousand dollars (\$5,000) as follows: (A) two thousand five hundred dollars (\$2,500) to be paid within no later than ten (10) days from the date of the Order approving this Stipulation; and (B) two thousand five hundred (\$2,500) shall be suspended, but due upon RESPONDENT's failure to comply with any of the requirements listed in subsections (a) through (i) herein; PROVIDED, however, that upon RESPONDENT's completion of all such requirements said suspended amount shall be waived by the Department.

22. In the event that RESPONDENT fails to comply with any of the provisions of this Stipulation or its equity falls below zero (0), RESPONDENT's TPA License No. 449058 and its Nonresident Producer License No. 348662 shall be immediately revoked without further hearing, and RESPONDENT waives any right to appeal such revocation.

23. RESPONDENT acknowledges that it has had the opportunity to consult with counsel concerning this Stipulation. RESPONDENT waives its right to notice and hearing at which it may be represented by counsel, present evidence and examine witnesses. RESPONDENT waives its right to submit this matter for review by a court of competent jurisdiction.

24. The parties agree that the terms of this Stipulation are appropriate and proper

under the circumstances referenced herein, and that they have entered into this Stipulation knowingly, voluntarily and with full knowledge of any rights they may be waiving thereby.

25. The parties hereby waive the right to seek reconsideration and judicial review of this Stipulation or the violations of the Idaho Code referenced herein.

AGREED THIS \_\_\_\_ day of \_\_\_\_\_, 2016.

HOMELAND HEALTHCARE, INC.

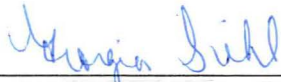


By: REBA J. LEONARD

Its: Vice-President, Secretary & Treasurer

AGREED THIS 18th day of February, 2016.

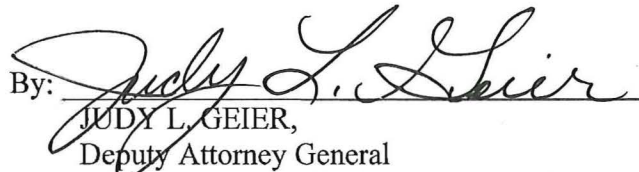
IDAHO DEPARTMENT OF INSURANCE



By: GEORGIA SIEHL, CPA, CFE

Its: Bureau Chief, Chief Examiner

OFFICE OF THE ATTORNEY GENERAL  
STATE OF IDAHO



By:

JUDY L. GEIER,

Deputy Attorney General

Attorney for the Idaho Department of Insurance

**FINAL ORDER**

**IT IS HEREBY ORDERED,**

- a. That the preceding Stipulation is approved and adopted in full as if set forth herein.
- b. That RESPONDENT shall pay a penalty of five thousand dollars (\$5,000) as follows: an amount of two thousand five hundred dollars (\$2,500.00) shall be paid to the Department within ten (10) business days following the entry of this Order; and an amount two thousand five hundred dollars (\$2,500) shall be suspended but due to the Department upon RESPONDENT's failure to comply with any of the requirements listed in Paragraph 21, subsections (a) through (i) of the Stipulation; PROVIDED, however, that upon RESPONDENT's completion of all such requirements said suspended amount shall be waived by the Department.

DATED this 18 day of February, 2016.

STATE OF IDAHO  
DEPARTMENT OF INSURANCE

  
DEAN CAMERON  
Director



### CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 19<sup>th</sup> day of FEBRUARY, 2016, I caused a true and correct fully-executed copy of the foregoing STIPULATION AND FINAL ORDER RESOLVING VIOLATIONS OF IDAHO INSURANCE CODE to be served on the following by the designated means:

Reba J. Leonard  
Vice-President, Secretary & Treasurer  
Homeland Healthcare, Inc.  
825 Market Street, Suite 300  
Allen, TX 75013-3778

- ☒ first class mail
- ☐ certified mail
- ☐ hand delivery
- ☐ via facsimile

Judy L. Geier  
Deputy Attorney General  
Idaho Department of Insurance  
700 W. State Street, 3<sup>rd</sup> Floor  
P.O. Box 83720  
Boise, ID 83720-0043

- ☐ first class mail
- ☐ certified mail
- ☒ hand delivery
- ☐ via facsimile

  
\_\_\_\_\_  
Kelly Grady