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I.S.B. No. 3873

FILED

JUN 22 2017

Department of Insurance
State of Idaho



Attorneys for the Department of Insurance

BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE

STATE OF IDAHO

In the Matter of:

PAYFLEX SYSTEMS USA, INC., a Nebraska corporation, and a Nonresident Third Party Administrator holding License No. 506588,

Respondent.

Docket No. 18-3282-17

**STIPULATION FOR ENTRY OF
FINAL ORDER and FINAL ORDER**

The parties herein, namely the Idaho Department of Insurance ("**Department**") and PAYFLEX SYSTEMS USA, INC. ("**PAYFLEX**"), a Nebraska corporation, do hereby enter into this Stipulation for Entry of Final Order ("**Stipulation**") to resolve certain matters at issue between them and do hereby stipulate and agree as follows:

1. That the Director of the Idaho Department of Insurance has jurisdiction over this matter pursuant to title 41, Idaho Code.

2. That, in lieu of commencing a contested enforcement action against PAYFLEX for failing to file the annual report as required per section 41-914, Idaho Code, the Department and PAYFLEX agree and stipulate as follows:

3. That PAYFLEX is a Nebraska corporation and holds Idaho Nonresident Third Party Administrator License No. 506588.

4. That, in accordance with section 41-914, Idaho Code, every licensed third party administrator is required to file an annual report for the preceding calendar year with the Director of the Idaho Department of Insurance on or before July 1 of each year, or within such extension of time as the director for good cause may grant.

5. That PAYFLEX has failed to file the annual report for the calendar year 2015 by July 1, 2016, and has failed to obtain an extension of time for such filing as the director for good cause may grant.

6. That PAYFLEX is in violation of section 41-914, Idaho Code.

7. For such violation and pursuant to the Department's penalty authority found in Idaho Code § 41-117, PAYFLEX shall pay an administrative penalty in the amount of Five Thousand Dollars (\$5,000.00), with Two Thousand Five Hundred Dollars (\$2,500.00) of such sum to be paid to the Department within thirty (30) days of issuance of the Final Order approving this Stipulation. The remaining Two Thousand Five Hundred Dollars (\$2,500.00) shall be suspended upon the conditions set forth in the paragraphs below.

8. PAYFLEX shall submit to the Department full and complete audited financial statements as of December 31, 2015, which shall include the 2015 financial statements, on or before July 31, 2017, showing positive equity. If KPMG as auditor is unable to fulfill the report as required by July 31, 2017, the Department requires (at a minimum of 10 days in advance of the due date) KPMG to state in writing the substantive reasons why the deadline cannot be met.

9. PAYFLEX shall submit to the Department full and complete audited financial statements as of December 31 2016, which shall include the 2015 and 2016 financial statements, on or before July 31, 2017, showing positive equity. If KPMG as auditor

is unable to fulfill the report as required by July 31, 2017, the Department requires (at a minimum of 10 days in advance of the due date) KPMG to state in writing the substantive reasons why the deadline cannot be met.

10. PAYFLEX shall submit to the Department full and complete unaudited financial statements with the required certifications as of June 30, 2016, within thirty (30) days of the date of entry of the Final Order herein, showing positive equity.

11. PAYFLEX shall submit to the Department full and complete unaudited financial statements with the required certifications as of December 31, 2016, within thirty (30) days of the date of entry of the Final Order herein, showing positive equity.

12. PAYFLEX shall submit to the Department full and complete unaudited financial statements with the required certifications as of June 31, 2017, on or before May 31, 2017, showing positive equity.

13. In the event PAYFLEX fails to pay the unsuspended portion of the administrative penalty, namely Two Thousand Five Hundred Dollars (\$2,500.00), on a timely basis as ordered; or, in the event PAYFLEX fails to submit the unaudited or audited financial statements as required in the foregoing paragraphs in accordance with the schedule as stipulated; the remaining balance of Two Thousand Five Hundred Dollars (\$2,500.00) of the total penalty of Five Thousand Dollars (\$5,000.00) shall be due and payable immediately. In addition, in the event PAYFLEX fails to pay the amounts due as ordered or fails to submit the unaudited or audited financial statements as required in the foregoing paragraphs in accordance with the schedule as stipulated, or for other cause under title 41, Idaho Code, the Department reserves the right to commence an enforcement action against PAYFLEX for revocation of its Nonresident Third Party Administrator License No. 506588.

14. As a material term to this Stipulation and in agreeing to the terms particularly

specified in Subsections (a) through (g) above, PAYFLEX knowingly and voluntarily waives all rights it would otherwise have to dispute such orders, including but not limited to the rights afforded by Idaho Code § 41-232A, which provides for: the right to a hearing; the right to be represented at a hearing by counsel chosen and retained by PAYFLEX; the right to present a defense, oral and documentary evidence and to cross-examine witnesses at such hearing; and the right to seek judicial review or appeal.

15. The parties to this Stipulation acknowledge that each has had the opportunity to consult with counsel concerning this Stipulation. Both parties waive their respective rights to notice and hearing at which it may be represented by counsel, present evidence and examine witnesses.

16. 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.

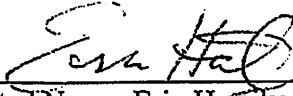
17. The parties hereby waive the right to seek reconsideration and judicial review of this Stipulation or the violations of the Idaho Code referenced herein.

18. This Stipulation is subject to approval by the Director or the Director's designee, and shall become effective and binding upon the Department and PAYFLEX upon such approval. Should the Director decline to approve this Stipulation, the Department and PAYFLEX shall retain all of their rights, claims and/or defenses, and any factual and/or legal admissions made by PAYFLEX herein shall be withdrawn.

19. This Stipulation for Entry of Final Order and Final Order embodies the entire agreement between the Department and PAYFLEX, and there are no agreements, understandings, representations or warranties that are not expressly set forth herein.

20. So AGREED THIS 12th day of June, 2017.

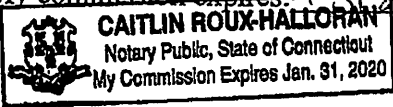
PAYFLEX SYSTEMS USA, INC., a Nebraska
corporation

By 
Printed Name: Erin Hatzikostas
Its: President

STATE OF Connecticut)
) ss.
County of Hartford)

On this 20th day of June, 2017, before me, the undersigned, a Notary Public in and for said State, personally appeared before me, Erin Hatzikostas, who first being by me first duly sworn, declared that he or she is the President of PAYFLEX SYSTEMS USA, INC., a Nebraska corporation, that he or she signed the foregoing document as President, of the corporation, and that the statements therein contained are true.

Caitlin Roux-Halloran
Notary Public in and for the
State of Connecticut
Residing at Hartford
My commission expires: 1-31-2020



AGREED THIS 20th day of June, 2017.

IDAHO DEPARTMENT OF INSURANCE

By Hermeliva B. Abejar
Hermoliva Abejar
Deputy Chief Examiner

FINAL ORDER

IT IS HEREBY ORDERED,

a. That all the provisions stated the preceding Stipulation for Entry of Final Order (the "Stipulation") are approved and adopted in full as if set forth herein notwithstanding any exception of said terms stated in this Final Order.

b. That **PAYFLEX SYSTEMS USA, INC.**, shall fully comply with the terms and conditions of the parties' Stipulation, including all performance deadlines and terms stated therein.

c. Based on the foregoing, **PAYFLEX SYSTEMS USA, INC.**, is ordered to pay an administrative penalty in the amount of Five Thousand Dollars (\$5,000.00) with Two Thousand Five Hundred (\$2,500.00) of said sum suspended. The remaining balance of Two Thousand Five Hundred Dollars (\$2,500.00) shall be paid no later than thirty (30) days from the date of issuance of this Final Order. The remaining balance of the administrative penalty in the amount of Two Thousand Five Hundred Dollars (\$2,500.00) shall be suspended, provided that **PAYFLEX SYSTEMS USA, INC.**, timely pays the unsuspended portion of the administrative penalty as ordered and submits its financial statements in accordance with the schedule set forth in the above Stipulation. In the event that **PAYFLEX SYSTEMS USA, INC.**, fails to timely pay the unsuspended portion of the administrative penalty or to timely submit its financial statements as stipulated, the total administrative penalty in the amount of Five Thousand Dollars (\$5,000.00) shall be immediately due and payable.

IT IS SO ORDERED.

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DATED this 21 day of June, 2017.

STATE OF IDAHO
DEPARTMENT OF INSURANCE

By 
DEAN L. CAMERON
Director

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 22nd day of June, 2017, I caused a true and correct fully-executed copy of the foregoing STIPULATION FOR ENTRY OF FINAL ORDER and FINAL ORDER to be served on the following by the designated means:

Payflex Systems USA Inc.
Erin Hatzikostas, President
10802 Farnam Drive, Ste. 100
Omaha, NE 68154-3200

- first class mail
- certified mail
- hand delivery
- via email

Darcey Gartner
Sr. Compliance Director, C&RA
dxgartner@aetna.com

- first class mail
- certified mail
- hand delivery
- via email

John C. Keenan
Deputy Attorney General
Idhao Department of Insurance
700 W. State Street, 3rd Floor
Boise, ID 83720-0043

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


Diona Patterson