

STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
THE OFFICE OF FINANCIAL AND INSURANCE REGULATION
Before the Commissioner of the Office of Financial and Insurance Regulation

In the matter of:

Adam John Koreisza
License No.

Enforcement Case No. 08-7021

Lisa Ann Rock
License No.

MANHATTAN GROUP SERVICES
License No:

THE MANHATTAN GROUP, LLC
Corporate Identification Number:

THE MANHATTAN GROUP SERVICES, LLC,
Corporate Identification Number:

MANHATTAN GROUP INSURANCE SERVICES,
Corporate Identification Number:

Respondents

_____ /

Issued and entered
this 5th day of March 2009
by Stephen R. Hilker
Chief Deputy Commissioner

ORDER TO CEASE AND DESIST

The Office of Financial and Insurance Regulation (OFIR) of the Michigan Department of Energy, Labor and Economic Growth (formerly the "Michigan Department of Labor and Economic Growth"), pursuant to the Michigan Administrative Procedures Act of 1969, MCL 24.201 *et seq.*, (APA) and the Michigan Insurance Code (the Code), as amended, MCL 500.100 *et seq.*, and the rules promulgated under the Code, states the following:

BACKGROUND AND FINDINGS OF FACT

The staff of the Office of Financial and Insurance Regulation ("OFIR") alleges that the following facts are true and correct:

1. At all pertinent times, ADAM JOHN KOREJSZA, license number [REDACTED] was a licensed resident producer in the State of Michigan with qualification and authorization to transact business, selling, soliciting and/or negotiating Life, Accident, and Health insurance and Variable Annuities. At all pertinent times, ADAM JOHN KOREJSZA'S last known business address is 850 Stephenson Hwy, Suite 400, Troy, MI 48083-1122.
2. At all pertinent times, LISA ANN ROCK, License No. [REDACTED] was a licensed resident producer in the State of Michigan with qualification and authorization to transact business, selling, soliciting and/or negotiating Life, Accident, and Health insurance and Variable Annuities. LISA ANN ROCK'S last known business address is 450 Keelson Drive, Detroit, MI 48215.
3. At all pertinent times, THE MANHATTAN GROUP, LLC, was a Domestic Limited Liability Company, organized in the State of Michigan pursuant to the provisions of Act 23, Public Acts of 1993, under the Articles of Organization, filed with the Michigan Department of Labor and Economic Growth - Bureau of Commercial Services, Corporation Division, dated February 15, 2005.
4. In the Articles of Organization, filed for THE MANHATTAN GROUP LLC, dated February 15, 2005; ADAM JOHN KOREJSZA is listed as the resident agent and the Organizer.
5. On March 24, 2005, the Michigan Department of Labor and Economic Growth - Bureau of Commercial Services, Corporation Division assigned THE MANHATTAN GROUP LLC, corporate identification number: B0473V. The last known business address for THE MANHATTAN GROUP LLC was 18530 Mack Avenue, # 297, Grosse Pointe, MI, 48230.
6. On August 14, 2007, a CERTIFICATE OF CHANGE OF REGISTERED OFFICE AND/OR CHANGE OF RESIDENT AGENT for THE MANHATTAN GROUP LLC, corporate identification number: B0473V was submitted to the Michigan Department of Labor and Economic Growth - Bureau of Commercial Services, Corporation Division, changing the name of registered agent from ADAM JOHN KOREJSZA to LISA A. ROCK; changing the business address from 18530 Mack Avenue, # 297, Grosse Pointe, MI, 48230 to 450 Keelson, Detroit, MI 48215; and changing ADAM JOHN KOREJSZ'S title with the company from "ORGANIZER" to "MEMBER."
7. At all pertinent times, THE MANHATTAN GROUP SERVICES, LLC, was a Domestic Limited Liability Company, organized in the State of Michigan pursuant to the provisions of Act 23, Public Acts of 1993, under the Articles of Organization, filed with the Michigan Department of Labor and Economic Growth - Bureau of Commercial Services, Corporation Division, dated July 12, 2007.

8. In the Articles of Organization, filed with the Michigan Department of Labor and Economic Growth - Bureau of Commercial Services, Corporation Division, for THE MANHATTAN GROUP SERVICES, LLC, dated July 12, 2007; LISA ANN ROCK is listed as the "ORGANIZER".
9. In the Articles of Organization, filed with the Michigan Department of Labor and Economic Growth - Bureau of Commercial Services, Corporation Division, for THE MANHATTAN GROUP SERVICES, LLC, dated July 12, 2007; in response to the question under Article II, which asks for the purpose or purposes for which the limited liability company is formed to engage in; it states "TO ACT AS A THIRD PARTY ADMINISTRATOR."
10. On October 11, 2007, the Michigan Department of Labor and Economic Growth - Bureau of Commercial Services, Corporation Division assigned THE MANHATTAN GROUP SERVICES, LLC, corporate identification number: D2443X. The business address for THE MANHATTAN GROUP SERVICES, LLC, was 450 Keelson Drive, Detroit, MI 48215.
11. Another company listed as MANHATTAN GROUP SERVICES, License No: was at all times pertinent, licensed as an insurance producer within the State of Michigan as of March 3, 2008, with qualifications in Life, Accident and Health insurance and Variable Annuities. The business location for the insurance producer, MANHATTAN GROUP SERVICES was 2000 Town Center, Suite 1900, Southfield, Michigan 48075.
12. At all times pertinent, LISA ANN ROCK was an Affiliated/Agent of the insurance producer; MANHATTAN GROUP SERVICES.
13. At all times pertinent, while THE MANHATTAN GROUP LLC, corporate identification number B0473V, is a licensed entity in the State of Michigan, *and is not a licensed* resident producer in the State of Michigan with qualification and authorization to transact business, selling, soliciting Life, Accident and Health insurance and/or Variable Annuities of any kind or form, within the State of Michigan, as defined by Chapter 12, Section 1201 of the Michigan Insurance Code, as amended, MCL 500.100 *et seq.*
14. At all times pertinent, while THE MANHATTAN GROUP SERVICES, LLC, corporate identification number: D2443X, is a licensed entity in the State of Michigan, "TO ACT AS A THIRD PARTY ADMINISTRATOR," *and is not a licensed* resident producer in the State of Michigan with qualification and authorization to transact business, selling, soliciting Life, Accident and Health insurance and/or Variable Annuities of any kind or form, within the State of Michigan, as defined by Chapter 12, Section 1201 of the Michigan Insurance Code, as amended, MCL 500.100 *et seq.*
15. OFIR has received and reviewed voluminous information and documents, which indicates that ADAM JOHN KOREJSZA, LISA ANN ROCK and MANHATTAN GROUP SERVICES, solicited insurance business for the City Of River Rouge for the period January 2007 through September 2008, through the *unlicensed* companies; THE MANHATTAN GROUP LLC, THE MANHATTAN GROUP SERVICES, LLC and/or MANHATTAN GROUP INSURANCE SERVICES, in violation of Chapter 12, Section 1201 of the Michigan Insurance Code, as amended, MCL 500.100 *et seq.*

16. More specifically the information received and reviewed by OFIR staff, indicates that in September, 2006, the City of River Rouge (hereafter referred to as "River Rouge") was approached by Respondent, Korejsza for the purpose of changing and/or securing prescription drug insurance coverage for it's current and retired employees and that:
- (a) Respondent, Korejsza made presentations to the city of River Rouge indicating that he would be able to secure prescription drug insurance coverage for its covered employees and retirees at a significant savings compared with what the city of River Rouge was paying at the time.
 - (b) Presentations made by Respondent, Korejsza also included representatives from PHARMACARE (also referred to as CVS CAREMARK) and PENNSYLVANIA LIFE (also referred to as PRESCRIPTION PATHWAYSS).
 - (c) On or about September 26, 2006, the city council for the city of River Rouge approved a change of River Rouge's prescription drug coverage to CVS CAREMARK, with PENNSYLVANIA LIFE providing coverage for all Medicare eligible retired employees and CVS CAREMARK providing coverage for all active employees and retirees under the age of 65.
 - (d) The new prescription coverage was to become effective as of January 1, 2007.
 - (e) Pursuant to an agreement/contract between River Rouge and Respondent, Korejsza, Respondent, Korejsza agreed to administer certain aspects of the prescription drug plans for River Rouge.
 - (f) Pursuant to an agreement/contract between River Rouge and Respondent, Korejsza, Respondent, Korejsza agreed to bill River Rouge for the monthly premium amounts from both plans and River Rouge agreed to pay the amounts invoiced.
 - (g) Pursuant to the agreement/contract between River Rouge and Respondent, Korejsza, after receiving payment from River Rouge, Respondent Korejsza would be responsible for paying CVS CAREMARK and PENNSYLVANIA LIFE the monthly amounts owed pursuant to each plan.
 - (h) For the period January 2007 through December 2007, Respondent, Korejsza presented invoices to River Rouge for services provided by PENNSYLVANIA LIFE -Prescription Pathways, on letter head bearing the name of MANHATTAN GROUP INSURANCE SERVICES and requesting checks be made payable to MAHATTAN GROUP LLC, which River Rouge paid.
 - (i) Each invoice sent by Respondents to River Rouge regarding services provided by PENNSYLVANIA LIFE -PRESCRIPTION PATHWAYSS, identified the premium amounts that were owed for each plan.

17. The information also indicates that the period January 2007 through December 2007, River Rouge paid all invoices it was presented with, from Respondents for coverage provided by PENNSYLVANIA LIFE -Prescription Pathway under its plans, as follows:

Month	Amount Billed	Amount Paid	Date Posted	Balance Due
January-07	\$ 1,745.90			\$ 1,745.90
February-07	\$ 1,745.90			\$ 3,491.80
March-07	\$ 28,723.70	\$ 1,745.90	2/22/2007	\$ 30,469.60
April-07	\$ 30,007.80	\$ 30,007.80	4/30/2007	\$ 30,469.60
May-07	\$ 19,584.50			\$ 50,054.10
June-07	\$ 19,907.90	\$ 19,584.50	6/15/2007	\$ 50,377.50
July-07	\$ 19,505.00			\$ 69,882.50
August-07	\$ 19,581.80	\$ 19,505.00	8/15/2007	\$ 69,959.30
September-07	\$ 18,537.50			\$ 88,496.80
October-07	\$ 20,149.10	\$ 18,537.50	10/12/2007	\$ 90,108.40
November-07	\$ 18,940.40			\$109,048.80
December-07	\$ 15,851.50	\$ 15,851.00	12/18/2007	\$109,049.30
2007 Balance	\$ 214,281.00	\$ 105,231.70		\$ 109,049.30

18. For the period January 2008 through September 2008, Respondents presented invoices to River Rouge for services provided by PENNSYLVANIA LIFE -Prescription Pathways, on letter head bearing the name of MANHATTAN GROUP INSURANCE SERVICES and requesting checks be made payable to MAHATTAN GROUP LLC, which River Rouge paid, as follows:

Month	Amount Billed	Amount Paid	Date Posted	Balance Due
2007 Balance				\$ 109,049.30
January-08	\$ 22,916.20			\$ 131,965.50
February-08	\$ 18,993.50	\$ 18,993.50	2/8/2008	\$ 131,965.50
March-08	\$ 16,014.10	\$ 16,014.10	3/10/2008	\$ 131,965.50
April-08	\$ 21,283.00	\$ 32,500.00	4/3/2008	\$ 120,748.50
May-08	\$ 31,731.70		6/9/2008	\$ 152,480.20
June-08	\$ 21,256.30	\$ 32,500.00	7/11/2008	\$ 141,236.50
July-08	\$ 11,958.50	\$ 32,500.00	8/12/2008	\$ 120,695.00
August-08	\$ 22,194.40	\$ 20,314.20	8/25/2008	\$ 122,575.20
September-08	\$ 20,314.20		9/2/2008	\$ 142,889.40
October-08	\$ 20,582.80			\$ 163,472.20
November-08				\$ 163,472.20
December-08				\$ 163,472.20
2008 Balance	\$ 316,294.00	\$ 152,821.80		\$ 163,472.20

19. For the period January 2007 through September 2008, River Rouge paid all invoices it was presented with, from Respondents for coverage provided by CVS – CAREMARK under its plans for its retirees, **\$613,073.49**.
20. For the period January 2007 through September 2008, River Rouge paid all invoices it was presented with, from Respondents for coverage provided by CVS – CAREMARK under its plans its active employees, **\$483, 155.99.49**.

CONCLUSIONS OF LAW

WHEREAS, an "Insurance producer" means a person required to be licensed under the laws of this state to sell, solicit, or negotiate insurance, as defined in Chapter 12, Section 1201 (e) of the Michigan Insurance Code, as amended, MCL 500.100 *et seq.*, and

WHEREAS, Section 1201a of the Act, MCL 500.1201a, states that a person shall not sell, solicit, or negotiate insurance in this state for any line of insurance unless the person is licensed for that qualification in accordance with the Act; and

WHEREAS, Section 251 of the Act, MCL 500.251, states that in the reasonable exercise of discretion, the Commissioner may issue a cease and desist order if the Commissioner finds any of the following:

- (a) A person is conducting transactions of insurance for which a certificate of authority is required by this act without having obtained a certificate of authority.
- (b) A person is acting as an insurance agent, solicitor, adjuster, or counselor without a license as required by this act.
- (c) A person is engaged in an act or practice in the business of insurance for which authority from or notification to the commissioner is required by this act and the person has not received authority or given notification; and

WHEREAS, ADAM JOHN KOREJSZA solicited and continues to allow the business of soliciting insurance, through THE MANHATTAN GROUP LLC, THE MANHATTAN GROUP SERVICES, LLC and/or MANHATTAN GROUP INSURANCE SERVICES, without either entity being licensed as insurance agencies or insurance producers; and

WHEREAS, LISA ANN ROCK solicited and continues to allow the business of soliciting insurance, through THE MANHATTAN GROUP LLC, THE MANHATTAN GROUP SERVICES, LLC and/or MANHATTAN GROUP INSURANCE SERVICES, without either entity being licensed as insurance agencies or insurance producers; and

WHEREAS, MANHATTAN GROUP SERVICES solicited and continues to allow the business of soliciting insurance, through THE MANHATTAN GROUP LLC, THE MANHATTAN GROUP SERVICES, LLC and/or MANHATTAN GROUP INSURANCE SERVICES, without either entity being licensed as insurance agencies or insurance producers; and

WHEREAS, THE MANHATTAN GROUP LLC , solicited and continues to allow the business of soliciting insurance, through THE MANHATTAN GROUP SERVICES, LLC and/or MANHATTAN GROUP INSURANCE SERVICES, without either entity being licensed as insurance agencies or insurance producers; and

WHEREAS, THE MANHATTAN GROUP SERVICES, LLC, solicited and continues to allow the business of soliciting insurance, through THE MANHATTAN GROUP LLC, and/or MANHATTAN GROUP INSURANCE SERVICES, without either entity being licensed as insurance agencies or insurance producers; and

WHEREAS, MANHATTAN GROUP INSURANCE SERVICES, solicited and continues to allow the business of soliciting insurance, through THE MANHATTAN GROUP LLC, and/or THE MANHATTAN GROUP SERVICES, LLC, without either entity being licensed as insurance agencies or insurance producers; and

WHEREAS, the Commissioner finds this action necessary and appropriate in the public interest, for the protection of the public and consistent with the purposes fairly intended by the policy and provisions of the Act;

IT IS THEREFORE ORDERED that:

1. **RESPONDENTS** shall immediately **CEASE AND DESIST** from soliciting or transacting any insurance business in the name of or on behalf THE MANHATTAN GROUP LLC, THE MANHATTAN GROUP SERVICES, LLC and/or MANHATTAN GROUP INSURANCE SERVICES, without those entities having obtained a license as required by law;
2. Failure to comply with this ORDER will individually subject **RESPONDENTS** to one or more of the following:
 - (a) A civil penalty of not more than \$1,000.00 for each violation of this Act, not to exceed a total of \$ 30,000 or;
 - (b) If the person knew or reasonably should have known that they were in violation of the Order, a civil penalty of not more than \$25,000.00 for each violation of this Act, not to exceed an aggregate civil fine of \$250,000.00;
 - (c) Complete restitution of all persons damaged by the violation or failure to comply;
 - (d) The Commissioner may also recover reasonable attorney fees if judicial action is necessary for enforcement.

A person or entity who is the subject of a cease and desist order may contest the order by requesting a hearing before the Commissioner not later than 30 days after the order is delivered or mailed to the person. Within 10 days after receiving the request, the Commissioner shall commence a hearing in accordance with the administrative procedures act of 1969, Act no. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws. Pending the hearing, the cease and desist order continues in full force and effect unless the order is stayed by the Commissioner.

Any request for a hearing should be addressed to:

Office of Financial and Insurance Regulation
Attention: Hearing Coordinator Dawn Kobus
P.O. Box 30220
Lansing, Michigan 48909

Dated: 3/5/09

By: Stephen R. Hilker
Stephen R. Hilker
Chief Deputy Commissioner