

NORTH CAROLINA DEPARTMENT OF INSURANCE
RALEIGH, NORTH CAROLINA

STATE OF NORTH CAROLINA
COUNTY OF WAKE

BEFORE THE
COMMISSIONER OF INSURANCE

IN THE MATTER OF:)

THE LICENSURE OF)
CRAIG L. WALSER)
(NPN # 17666257))

Respondent.)
)
)
)

ORDER AND FINAL
AGENCY DECISION

Docket Number: 2050

THIS MATTER came on for hearing on November 30, 2022, in Hearing Room #131 of the Albemarle Building, 325 North Salisbury Street, Raleigh, North Carolina, before the undersigned Hearing Officer, as designated by the North Carolina Commissioner of Insurance (“Commissioner”) under N.C. Gen. Stat. § 58-2-55.

Petitioner, the Agent Services Division of the North Carolina Department of Insurance (“Agent Services”), was represented by Assistant Attorney General Nathan Childs. Respondent Craig L. Walser (“Respondent”) was present and represented himself at the hearing.

At the outset of the hearing, Respondent orally renewed his motion to continue the hearing, which was denied by written order entered November 29, 2022. Respondent’s renewed motion was again denied.

Joe Wall, Assistant Deputy Commissioner with Agent Services, and Rob Casey, Senior Vice President of Medicare and Compliance for The Assurance Group, LLC (“TAG”), appeared and testified on behalf of Petitioner. Respondent appeared and testified on his own behalf.

Petitioner’s Exhibits 1 through 24 were admitted into evidence.

BASED UPON careful consideration of the testimony and evidence presented at the hearing by the parties and the entire record in this proceeding, the undersigned Hearing Officer hereby makes the following:

FINDINGS OF FACT

1. Agent Services is a division of the North Carolina Department of Insurance (“NCDOI”), which is a state agency responsible, in accordance with Chapter 58 of the North Carolina General Statutes, for enforcement of insurance laws and regulating and licensing insurance producers.

2. Respondent has a North Carolina insurance producer’s license with lines of authority for Accident & Health or Sickness, Life, and Medicare Supplement/Long Term Care (“License”). Respondent’s License was first issued on August 14, 2015. *See* Pet’s Ex. 7.

3. Service of the September 30, 2022, Order of Continuance and Scheduling Order noticing Respondent of the November 30, 2022, hearing was perfected via first class U.S. Mail on October 4, 2022, pursuant to N.C. Gen. Stat. § 58-2-69(e), as indicated by a November 29, 2022, Affidavit of Service. *See* Pet’s Ex. 6.

4. In August of 2017, Respondent was employed as an independent insurance agent by TAG. By virtue of his License, Respondent was permitted to enroll North Carolina Medicare beneficiaries into Medicare Advantage plans offered by private insurers, such as Humana Insurance Company and its affiliates (“Humana”), with whom Respondent held an appointment

5. The federal Centers for Medicare and Medicaid Services (“CMS”) mandates specific procedures for marketing Medicare Advantage plans to eligible seniors and enrolling Medicare beneficiaries into Medicare Advantage plans.

6. The 2018 Medicare Advantage enrollment period opened on October 15, 2017, and ran through December 2017. *See* 42 C.F.R. § 422.62(a)(2)(3) (2017).

7. During the 2018 enrollment period, “[p]ersons who assist[ed] beneficiaries in completing forms” were required to sign the election and “indicate their relationship” to the Medicare-eligible individual. *Id.* § 422.60(c)(1).

8. CMS’s marketing regulations at that time also prohibited soliciting for Medicare beneficiaries by going door to door or by “other unsolicited means of direct contact, including calling a beneficiary without the beneficiary initiating the contact.” *Id.* § 422.68(d). The regulations further prohibited the marketing of “any health care related product during a marketing appointment beyond the scope agreed upon by the beneficiary, and documented by the plan, prior to the appointment” *Id.* § 422.68(g).

9. To comply with these regulations, prior to an in-person appointment, Medicare beneficiaries signed a Scope of Sales Appointment Confirmation form

("SOSAC form") agreeing to a meeting with an insurance agent and identifying the types of health insurance that the Medicare beneficiary wished to discuss. Humana further required that Medicare Advantage enrollment applications be submitted to Humana within forty-eight hours of the time that the applications were signed by the subject enrollees.

10. In late October 2017, a TAG employee found eight Humana Medicare Advantage applications, seven SOSAC forms, multiple facsimile transmission confirmations, and other documents by the shredder bin at TAG's office in Archdale, North Carolina. The documents either indicated that Respondent was the "Writing Agent" or bore Respondent's signature. Where the signature line for the applicant appears, all eight Medicare Advantage applications bore a paper signature that had been cut from another document and pasted onto the Medicare Advantage application using transparent tape. *See* Pet'r's Ex. 12-19.

11. The seven SOSAC forms corresponding to the eight Humana Medicare Advantage applications likewise bore cut-and-pasted applicant signatures affixed to the signature line via transparent tape, purporting that the beneficiaries had agreed to a meeting with Respondent to discuss Medicare Advantage plans. *See* Pet'r's Ex. 12, 14-19.

12. Found along with the cut-and-pasted applications and SOSAC forms were also documents that had been signed by the purported applicants years or months prior to the date of the 2017 applications. The applicants' signatures had been physically cut out from the earlier documents. *See* Pet'r's Ex. 12-19. The facsimile transmission confirmations found with the documents indicated that the cut-and-pasted applications and SOSAC forms had been submitted to Humana via facsimile.

13. Where the cut-and-pasted applicant signatures appear on the eight Humana Medicare Advantage applications, the applications stated:

I have read and understand the important information on the preceding pages and received a copy of the Summary of Benefits.

SIGNATURE OF APPLICANT* or authorized legal representative
(including valid Power of Attorney, Legal Guardian, etc.)

SIGNATURE DATE

_____ 20____

I understand that my signature (or the signature of the person authorized to act on behalf of the individual under the laws of the State where the individual resides) on this application means that I have read

and understand the contents of this application. If signed by an authorized individual (as described above), the signature certifies that: 1) this person is authorized under State law to complete this enrollment and 2) documentation of this authority is available upon request from Medicare.

If you are the authorized legal representative, you **must** sign above and provide the following information:*

LAST NAME **FIRST NAME** **MI**

STREET ADDRESS

CITY **ST** **ZIP**

TELEPHONE **RELATIONSHIP TO APPLICANT**

See Pet'r's Ex. 12-19.

14. Respondent's contact information was handwritten onto the "Agent Use Only" sections of the eight Humana Medicare Advantage Applications as the "Writing Agent" due commissions. The required information sections for authorized legal representatives were left blank. *See Pet'r's Ex. 12-19.*

15. In addition to the Medicare Advantage documents found near the shred bin were also found an American-Amicable Life Insurance Company of Texas Bank Draft Authorization form dated October 23, 2017, and an Authorization for the Release of Medical Records form dated October 10, 2017, both relating to Patricia Bohannon. Like the Medicare Advantage applications and SOSAC forms, the Bank Draft Authorization form bore paper signatures of Ms. Bohannon that had been cut from the Authorization for the Release of Medical Records form and taped onto the Bank Draft Authorization signature lines using transparent tape. *See Pet'r's Ex. 20.*

16. Respondent's signature also appears on the Bank Draft Authorization form, purportedly verifying to American-Amicable Life Insurance Company of Texas

("American-Amicable") that Ms. Bohannon's bank account was valid and could be drafted for insurance premiums. *See id.*

17. Respondent also submitted an individual life insurance application to American-Amicable on behalf of purported applicant Melvin T. Davis, Jr. of Concord, North Carolina ("Davis American-Amicable Application"). *See Pet'r's Ex. 8.* The Davis American-Amicable Application purports to have been signed by Mr. Davis in Concord, North Carolina, on July 31, 2017. However, records from the North Carolina Department of Public Safety show that Mr. Davis was in the custody of the Division of Adult Corrections serving a ten-month prison sentence between February 22, 2017, and October 20, 2017. *See Pet'r's Ex. 9.*

18. The Davis American-Amicable Application also bears the signature of Respondent, certifying that Respondent "personally asked each question on this application of the proposed insured" and "witnessed their signature." *See Pet'r's Ex. 8.*

19. Mr. Rob Casey, TAG's Senior Vice President for Medicare and Compliance, was alerted to the documents found next to the shred bin and consequently began an investigation.

20. As part of that investigation, in early November 2017, Mr. Casey met with Respondent. Mr. Casey testified that Respondent admitted at the meeting that Respondent had cut out the Medicare Advantage applicants' signatures from the earlier documents found by the shredder bin, taped those paper signatures onto the eight 2018 Medicare Advantage enrollment period applications and seven SOSAC forms, and submitted the documents to Humana.

21. On November 3, 2017, as a result of the findings of Mr. Casey's investigation, TAG terminated Respondent for cause. On November 8, 2017, TAG notified all insurers with whom Respondent held an appointment, informing them that Respondent had engaged in fraudulent activity with multiple enrollment applications. *See Pet'r's Ex. 21.*

22. In or around this same time, TAG was contacted by Ms. Vickie Turner for assistance in re-enrolling in her Aetna Medicare Advantage PPO plan after an unauthorized change in her coverage. Mr. Casey investigated Ms. Turner's report of the unauthorized change in coverage and determined that, after his termination, Respondent changed Ms. Turner's Aetna Medicare Advantage PPO plan to a Medicare Advantage HMO plan without her authorization and then later, in violation of CMS's marketing regulations, discouraged Ms. Turner from discussing the details of the unauthorized change in coverage.

23. American-Amicable also terminated Respondent. Later, on January 29, 2018, once it had completed its investigation into Respondent's activities with respect

to the Davis American-Amicable Application, American-Amicable rescinded the life insurance policy that had been issued as a result of the falsified application and upgraded its termination of Respondent to “for cause.” *See* Pet’r’s Ex. 10.

24. Humana also terminated Respondent for cause on March 19, 2018, based on the information received from TAG “regarding the agent’s involvement in fraudulent activities.” *See* Pet’r’s Ex. 24.

25. With respect to the Medicare Advantage documents, Respondent submitted a notarized, sworn statement dated January 4, 2018, to Agent Services. Therein, Respondent averred that he “did not believe that it was correct to sign an individual’s name to an insurance application; therefore, I copied the original signature the client has provided on the 2017, application form and pasted it onto the 2018 application form.” *See* Pet’r’s Ex. 23.

26. During the November 30, 2022, hearing, Respondent again admitted to forging the signatures on the eight applications and seven SOSAC forms by cutting the purported applicants’ signatures from earlier documents and taping those signatures to the forms.

27. Respondent also testified that, at the time the applications and SOSAC forms were submitted in October 2017, Respondent had not been appointed power of attorney by any of the eight purported Medicare Advantage applicants, nor had Respondent been appointed their legal guardian by a court of valid jurisdiction.

28. At the November 30, 2022, hearing, Respondent admitted that, even if he had been the valid legal representative of the eight purported Medicare Advantage applicants, federal law (and the language of the application itself) required Respondent to have signed the applications himself, indicating his relationship to the applicants. Instead, Respondent forged the applications such that they appeared to have been signed by the applicants themselves.

29. Respondent testified that all eight of the Medicare beneficiaries had orally authorized him to cut and paste their prior signatures to the new applications and forms and to submit the applications and forms with cut-and-pasted signatures on the applicants’ behalf. Respondent provided no evidence of such authorization other than his testimony.

30. Even with an applicant’s express authorization, CMS regulations would not allow for the cutting and pasting of signatures.

31. With respect to the Davis American-Amicable Application, on February 1, 2018, Respondent sent an email to American-Amicable Assistant Vice President Darren Hancock, stating that he had “no idea how [he] would write a policy for Melvin

Davis Jr a policy if he was indeed incarcerated at this time” and that he did not recall the particular application at issue, adding that “[t]he only thing [he could] think of is the client or his family gave [him] false information.” See Pet’r’s Ex. 11.

32. At the November 30, 2022, hearing, however, Respondent testified that he did remember the application and that a man posing as Mr. Davis presented Respondent with photo identification, answered the application questions, and signed the application before him.

33. Based on Respondent’s admitted forgery of signatures on the Humana Medicare Advantage applications and associated SOSAC forms, the falsified American-Amicable Bank Draft Authorization and false certification of the Davis American-Amicable Application, the unauthorized changes to Ms. Turner’s Medicare Advantage plan, and Respondent’s dishonesty and untrustworthiness in conducting insurance business in this State, Agent Services recommended that the Commissioner enter an order revoking Respondent’s North Carolina insurance producer license.

BASED UPON the foregoing findings of fact, the Hearing Officer makes the following:

CONCLUSIONS OF LAW

1. This matter is properly before the Commissioner, and the Commissioner has jurisdiction over the parties and the subject matter.

2. Respondent was properly served with the September 30, 2022, Order of Continuance and Scheduling Order providing notice of the November 30, 2022, hearing and the September 12, 2022, Notice of Administrative Hearing providing notice of the allegations supporting disciplinary action against Respondent’s insurance producer license.

3. N.C. Gen. Stat. § 58-33-46(a) specifies seventeen grounds on which the Commissioner may “place on probation, suspend, revoke, or refuse to renew” an insurance producer’s license.

4. N.C. Gen. Stat. § 58-33-46(a)(8) authorizes disciplinary action if a licensee uses “fraudulent, coercive, or dishonest practices, or demonstrat[es] incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this State or elsewhere.”

5. Respondent’s admitted actions in cutting signatures from other documents and taping the paper signatures to the signature lines of the eight 2018 Humana Medicare Advantage applications and seven SOSAC forms so that it

appeared that the documents were signed by the applicants themselves, in violation of federal regulations governing the election process for Medicare Advantage plans, constitutes a fraudulent or dishonest practice and demonstrates Respondent's untrustworthiness in the conduct of insurance business in this State.

6. Respondent was not authorized under North Carolina law to complete the 2018 Humana Medicare Advantage applications on behalf of the eight Medicare beneficiaries as he was not any applicant's legal guardian, nor had he been appointed as their attorney-in-fact or Medicare Authorized Representative as required by 42 C.F.R. § 422.60(c)(1).

7. Even if Respondent had been the authorized legal representative of the eight Medicare Advantage applicants, Respondent still failed to adhere to procedures for authorized legal representative as he did not sign the application forms himself or indicate his relationship to the Medicare beneficiaries as required by 42 C.F.R. § 422.60(c)(1).

8. Respondent's actions in cutting Ms. Bohannon's signatures from the Authorization for the Release of Medical Records form and taping the paper signatures to the signature lines of the Bank Draft Authorization form so that it appeared that Ms. Bohannon executed the form herself constitute a fraudulent or dishonest practice that demonstrates untrustworthiness in Respondent's conduct of insurance business in this State.

9. Respondent's certification on the July 31, 2017, Davis American-Amicable Application that he personally asked each application question to Mr. Davis and witnessed Mr. Davis' signature in Concord, North Carolina, at a time when Mr. Davis was an inmate committed to the custody of the Division of Adult Corrections, constitutes a fraudulent or dishonest practice that demonstrates incompetence or untrustworthiness in Respondent's conduct of insurance business in this State.

10. Respondent's November 30, 2022, testimony that an imposter signed the American-Amicable Application and presented photo identification of himself as Mr. Davis is not credible, particularly in light of Respondent's February 1, 2018, email claiming that he had no recollection of the application.

11. Further, Respondent's unauthorized change to Ms. Turner's Medicare Advantage Plan and his subsequent urging of Ms. Turner not to speak with anyone regarding the circumstances of the unauthorized change, in violation of CMS marketing regulations, constitutes dishonest and coercive practices and demonstrates untrustworthiness in the conduct of insurance business in this State

12. N.C. Gen. Stat. § 58-33-46(a)(10) authorizes disciplinary action if a licensee has “forg[ed] another’s name to an application for insurance or to any document related to an insurance transaction.”

13. Respondent’s admitted actions in cutting signatures from other documents and taping the paper signatures to the signature lines of the eight Humana Medicare Advantage applications and seven SOSAC forms so that it appeared that the documents were signed by the applicants themselves, constitutes “forging another’s name to an application for insurance or to any document related to an insurance transaction.”

14. Respondent’s actions in cutting Ms. Bohannon’s signatures from the Authorization for the Release of Medical Records form and taping the paper signatures to the signature lines of the Bank Draft Authorization form so that it appeared that Ms. Bohannon executed the form herself, constitutes “forging another’s name to a . . . document related to an insurance transaction.”

15. N.C. Gen. Stat. § 58-33-105 prohibits insurance producers from “knowingly or willfully mak[ing] any false or fraudulent statement or representation in or with reference to any application for insurance”

16. Respondent violated N.C. Gen. Stat. § 58-33-105 by willfully submitting the eight 2018 Humana Medicare Advantage applications and seven SOSAC forms containing the forged cut-and-paste signatures to Humana.

17. Respondent violated N.C. Gen. Stat. § 58-33-105 by willfully submitting to American-Amicable the Bohannon Bank Draft Authorization form containing the forged cut-and-pasted signatures.

18. Respondent violated N.C. Gen. Stat. § 58-33-105 by willfully certifying that he had personally asked each question on the Davis American-Amicable Application to Mr. Davis and witnessed Mr. Davis’ signature in Concord, North Carolina, on July 31, 2017, despite Mr. Davis having been an inmate committed to the custody of the Division of Adult Corrections at that time.

19. N.C. Gen. Stat. § 58-33-46(a)(2) authorizes disciplinary action if a licensee has violated “any insurance law of this or any other state”

20. Respondent’s recurrent violations of N.C. Gen. Stat. § 58-33-105, an “insurance law” within the meaning of N.C. Gen. Stat. § 58-33-46(a)(2), are serious offenses warranting revocation of Respondent’s License.

21. Furthermore, there is substantial evidence that Respondent engaged in conduct warranting revocation of Respondent’s License under N.C. Gen. Stat. §§ 58-

33-46(a)(8) and (a)(10) in connection with Respondent's forging of North Carolina consumers' signatures to the eight 2018 Humana Medicare Advantage applications, seven SOSAC forms, and the Bohannon Bank Draft Authorization form.

22. The multiple, brazen, and serious violations described herein demonstrate that a sanction short of revocation of Respondent's license would be an inadequate remedy.


23. Considering the evidence and arguments presented at the hearing, the degree and extent of the harm to North Carolina insurance consumers caused by Respondent's violations, and the recommendation of Agent Services, the Undersigned has concluded that a revocation of Respondent's License is warranted.

Based upon the foregoing Findings of Fact and Conclusions of Law, the Hearing Officer enters the following:

ORDER

It is ORDERED that Respondent's North Carolina insurance producer license is hereby REVOKED.

This 25th day of January, 2023.


Erin E. Gibbs
Hearing Officer
N.C. Department of Insurance

APPEAL RIGHTS

This is a Final Agency Decision issued under the authority of N.C. Gen. Stat. § 150B, Article 3A.

Under the provisions of N.C. Gen. Stat. 150B-45, any party wishing to appeal a final decision of the North Carolina Department of Insurance must file a Petition for Judicial Review in the Superior Court of the County where the person aggrieved by the administrative decision resides, or in the case of a person residing outside the State, the county where the contested case which resulted in the final decision was filed. The appealing party must file the petition within 30 days after being served with a written copy of the Order and Final Agency Decision. In conformity with 11 NCAC 01 .0413 and N.C. Gen. Stat. § 1A-1, Rule 5, this Order and Final Agency Decision was served on the parties on the date it was placed in the mail as indicated by the date on the Certificate of Service attached to this Order and Final Agency Decision. N.C. Gen. Stat. § 150B-46 describes the contents of the Petition and requires service of the Petition on all parties. The mailing address to be used for service on the Department of Insurance is: A. John Hoomani, General Counsel, 1201 Mail Service Center, Raleigh, NC 27699-1201.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this day I have served a copy of the foregoing **ORDER AND FINAL AGENCY DECISION** on Respondent via certified U.S. Mail, return receipt requested and via first class U.S. Mail directed to the residence address provided to the Commissioner by Respondent pursuant to N.C. Gen. Stat. § 58-2-69(d), addressed as follows:

Craig L. Walser
4028 Saint Johns Street
High Point, N.C. 27265
(Respondent)

Certified Mail Tracking Number: 70200640000031856633

In addition, on this day I have served a copy of the same via State Courier to Attorney for the Petitioner, addressed as follows:

Nathan D. Childs
Assistant Attorney General
N.C. Department of Justice
Insurance Section
9001 Mail Service Center
Raleigh, NC 27699-9001
(Attorney for Petitioner)

This 25th day of January, 2023.



Mary Faulkner
Paralegal III
N.C. Department of Insurance