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Director Richardson Issues Emergency Cease and Desist Order

South Carolina Director of Insurance Scott Richardson today issued an emergency cease and desist order against Isle of Palms resident William M. Worthy, II, Blythewood attorney and town councilwoman Kathleen D. Cauthen, and several other individuals. Also named in the order are thirteen corporate entities, including several owned or controlled by Worthy.

Richardson's order finds that Worthy illegally engaged in the unauthorized transaction of insurance business in South Carolina by organizing and running a nationwide, multimillion dollar health insurance fraud scheme. The scam involves the sale of so-called "limited benefit" medical insurance through associations. Worthy, operating through a network of corporations and associations and in concert with one or more Pakistani organizations, sold fake insurance and attempted to buy insurance companies. None of the entities engaging in the sale of these purported insurance products or in other aspects of the insurance business in South Carolina are licensed.

Several other states have issued similar cease and desist orders against some or all of those named in the South Carolina order. The fraudulent scheme detailed in Richardson's order is the same scam recently profiled on the CBS News program *The Early Show* and involves the same people and entities that prompted the Tennessee attorney general to seize and liquidate two unauthorized insurance businesses in that state last month. The Tennessee businesses were run by longtime associates of Worthy. They have sued Worthy, claiming that Worthy duped them.

"We will do everything in our power to protect South Carolina citizens against the unauthorized transaction of business insurance like this," said Richardson. Unfortunately, scams such as this one leave those South Carolinians who can least afford it stuck with unpaid medical bills, which they thought were covered by insurance."

Worthy has been in disciplinary trouble with the South Carolina Department of Insurance several times. In 2006, the Department revoked his individual insurance producer's license, finding that he misappropriated premium money from insurance companies and consumers.

Other respondents named in the order are: David L. Clark, Louis DeLuca, Gary L. Karns, Jr., David L. Nellson, Worldwide Family Benefits Association, Inc., Wilshire Holding, LLC, Viking Administrators LLC, Beema-Pakistan Company Limited, Serve America Assurance, Ltd., SouthEast Insurance Advisors, LLC, United States Contractors Trust, Insurance Resource Group,

Integrated Insurance Marketing Inc., CEO Clubs, Inc., Hudson Valley Consultants, LLC d/b/a CEO Clubs Benefits, Metropolitan Business Alliance, LLC d/b/a National Association of Business Leadership, and Real Benefits Association, LLC. To view the order, please visit the following link, <http://doi.sc.gov/NR/rdonlyres/39E3607C-58E4-45C0-99F9-E30A5A1AD207/0/WorthyWilliamMII.pdf> .

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