



STATE OF NEW YORK
INSURANCE DEPARTMENT
25 BEAVER STREET
NEW YORK, NEW YORK 10004

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In the Matter of

**DOUGLAS PAUL COX, UNIVERSAL LIFE
RESOURCES, UNIVERSAL LIFE
RESOURCES, INC., ULR INSURANCE
SERVICES, INC. and BENEFITS COMMERCE,**

CITATION
No. 2004-0125-C

Respondents.

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TO THE ABOVE NAMED RESPONDENTS:

YOU ARE HEREBY CITED to appear at a hearing to be held at the office of the New York State Insurance Department ("Department"), 25 Beaver Street, New York, New York, at 10:00 a.m. on the 14th day of December, 2004, to show cause why all licenses issued to you by this Department should not be suspended or revoked, and all pending applications for licensure or renewal thereof denied; why an order should not be made assessing civil penalties against you and directing you to cease and desist from engaging in defined violations; why a report pursuant to Section 2405 of the Insurance Law should not be made charging you with determined violations; and why such other punitive, remedial or preventive action as may be authorized by law, including restitution of all commissions and fees improperly received from insurers and/or insureds, should not be imposed, by reason of the charge(s) and specification(s) hereinafter set forth.

CHARGE I

RESPONDENTS HAVE USED FRAUDULENT, COERCIVE AND/OR DISHONEST PRACTICES, AND HAVE DEMONSTRATED UNTRUSTWORTHINESS WITHIN THE MEANING OF SECTION 2110(a)(4) OF THE INSURANCE LAW

1. During the approximate period from 1999 to the present, while acting as insurance brokers, agents and/or consultants, in connection with the placement of group life, accident, disability and other insurance for their clients, the Respondents used fraudulent, coercive and/or dishonest practices, and demonstrated untrustworthiness, by engaging in the conduct alleged in the civil complaint filed in the Supreme Court of

the State of New York, County of New York, by the Attorney General of the State of New York in the action entitled, *The People of the State of New York v. Universal Life Resources, et al.*, Index No. 403790/04 A copy of said complaint is attached hereto and fully incorporated herein by reference.

2. As alleged in said complaint, among other things, the Respondents:

(a) failed to disclose to their clients, or disclosed partially, falsely or inaccurately, the nature and extent of additional compensation arrangements Respondents had entered into with insurers, thereby preventing their clients from fully understanding the actual costs of the coverage and motivation of Respondents in placing the business with a particular insurer;

(b) acted against the best interests of their clients by placing business with insurers who paid Respondents the highest compensation rather than with insurers that offered the best available coverage and pricing to the client;

(c) pressured insurers to agree to pay Respondents additional compensation in the form of various fees and overrides as a condition for the placement of business with the insurers; and

(d) solicited false, inflated or otherwise non-competitive quotes from insurers so that Respondents' clients would agree to have their coverage placed with the particular insurer recommended by Respondents.

CHARGE II

RESPONDENTS VIOLATED SECTION 340 OF THE GENERAL BUSINESS LAW

3. The allegations of paragraphs 1 and 2 are repeated and realleged as if fully set forth herein.

CHARGE III

RESPONDENTS VIOLATED SECTION 2119 OF THE INSURANCE LAW

4. The allegations of paragraphs 1 through 3 are repeated and realleged as if fully set forth herein.

CHARGE IV

**RESPONDENTS VIOLATED SECTION 2123 OF THE
INSURANCE LAW**

5. The allegations of paragraphs 1 through 4 are repeated and realleged as if fully set forth herein.

CHARGE V

**RESPONDENTS HAVE ENGAGED IN DEFINED VIOLATIONS
WITHIN THE MEANING OF SECTION 2402(B) OF THE INSURANCE LAW**

6 The allegations of paragraphs 1 through 5 are repeated and realleged as if fully set forth herein.

CHARGE VI

**RESPONDENTS HAVE ENGAGED IN DETERMINED VIOLATIONS
WITHIN THE MEANING OF SECTION 2402(c) OF THE INSURANCE LAW**

7. The allegations of paragraphs 1 through 6 are repeated and realleged as if fully set forth herein.

8. Pursuant to Section 2402(c) of the Insurance Law, a determined violation is "any unfair method of competition or any unfair or deceptive act or practice, which is not a defined violation but is determined by the superintendent pursuant to section two thousand four hundred five of this article to be such method, act or practice."

9. The aforesaid conduct of Respondents constitutes a determined violation within the meaning of Section 2402(c).

PLEASE TAKE FURTHER NOTICE THAT:

(A) According to the records of the Insurance Department, Douglas Paul Cox is licensed as an insurance agent under Section 2103(a) of the Insurance Law. Universal Life Resources, Universal Life Resources, Inc., ULR Insurance Services, Inc. and Benefits Commerce are not licensed under any section of the Insurance Law.

(B) This citation is issued pursuant to Sections 109, 303, 304, 305, 2110, 2127 and 2405 of the Insurance law.

(C) Your attention is directed to a statement in plain language, attached hereto, entitled "Summary of Hearing Procedures," summarizing the provisions of Department Regulation No. 97 (11 NYCRR 4). This statement contains important information

concerning your rights and the Department's hearing procedures and should be read carefully. A copy of Regulation No. 97 will be furnished upon request.

(D) Should you fail to appear at the time and place fixed for the hearing, or any adjourned date thereof, the hearing will proceed as scheduled. Disciplinary action, if any, taken as a result of the hearing may result in the suspension or revocation of any and all licenses previously issued to you, the denial of any and all pending applications for licenses or renewal thereof, the imposition of civil penalties, and such other punitive, remedial or preventive action as may be authorized by law.

Dated: New York, New York
November 12, 2004

NEW YORK STATE INSURANCE DEPARTMENT

By: _____
Jon G. Rothblatt
Principal Attorney
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