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[EXEMPT FROM FILING FEES
PURSUANT TO GOVERNMENT
CODE SECTION 6103]

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11
12 SUPERIOR COURT OF THE STATE OF CALIFORNIA
13 FOR THE COUNTY OF LOS ANGELES
14

15
16 **THE PEOPLE OF THE STATE OF CALIFORNIA,**
17 **Plaintiff,**
18 **v.**
19 **THE ALIERA COMPANIES, INC., A DELAWARE**
20 **CORPORATION; ENSURIAN AGENCY, LLC, A**
21 **DELAWARE LIMITED LIABILITY COMPANY;**
22 **TACTIC EDGE SOLUTIONS, LLC, A DELAWARE**
23 **LIMITED LIABILITY COMPANY; ADVEVO, LLC,**
24 **A DELAWARE LIMITED LIABILITY COMPANY;**
25 **USA BENEFITS & ADMINISTRATOR, LLC, A**
26 **NEW MEXICO LIMITED LIABILITY COMPANY;**
27 **FIRST CALL TELEMEDICINE, INC., A GEORGIA**
28 **CORPORATION; SHARITY MINISTRIES, INC., A**
DELAWARE CORPORATION; SHELLEY STEELE
MOSES, AN INDIVIDUAL; TIMOTHY CANDACE
MOSES, AN INDIVIDUAL; CHASE MOSES, AN
INDIVIDUAL; WILLIAM H. THEAD III, AN
INDIVIDUAL; A. JOSEPH GUARINO, AN
INDIVIDUAL; AND DOES 1 THROUGH 20,
INCLUSIVE,

Case No. _____

COMPLAINT

1. Violation of California's False Advertising Law, Business & Professions Code § 17500 et seq.
2. Violation of California's Unfair Competition Law, Business & Professions Code § 17200 et seq.

[VERIFIED ANSWER REQUIRED
PURSUANT TO CALIFORNIA CODE OF
CIVIL PROCEDURE SECTION 446]

1 Defendants.

2 **COMPLAINT**

3 Plaintiff, the People of the State of California (“Plaintiff” or the “People”), by and through
4 Rob Bonta, Attorney General of the State of California, alleges the following on information and
5 belief:

6 **INTRODUCTION**

7 1. Defendant, The Alieria Companies, Inc. f/k/a Alieria Healthcare, Inc., directly and
8 through its wholly owned subsidiaries (collectively “Alieria”),¹ created, operated, and sold
9 unauthorized health plans and insurance to thousands of Californians and others nationwide.
10 Alieria collected hundreds of millions of dollars in monthly premiums. Yet, when members
11 suffered medical emergencies and incurred substantial debts, Alieria claimed it had no obligation
12 to pay for any member’s medical costs, even those costs that state and federal law require health
13 plans and insurance to cover. Instead, defendants Shelley Steele, Tim Moses, and Chase Moses
14 (collectively the “Moses family”)—owners and officers of Alieria—funneled the majority of
15 members’ monthly payments into their own pockets. This has left many Californians trapped
16 under crippling amounts of medical debt.

17 2. Alieria created and marketed its health insurance products as “health care sharing
18 ministry” (HCSM) plans. HCSMs are nonprofit corporations historically comprised of members
19 of a particular religious community, who contribute money to a shared pool with the
20 understanding that the money would pay for catastrophic or surprise healthcare costs pursuant to
21 the members’ shared religious tenets.

22 3. Although not traditional health insurance, in order to preserve the preexisting
23 practices of these small religious communities, Congress created an exception for HCSMs to
24 many of the Patient Protection and Affordable Care Act’s (ACA) requirements, such as
25 exemption for members from the “shared responsibility payment” (also known as the “individual
26

27 ¹ Defendants Tactic Edge Solutions, LLC, Ensurian Agency, LLC, USA Benefits &
28 Administrators, LLC, and Advevo, LLC.

1 mandate”). To qualify for the HCSM exception, an entity claiming to be an HCSM must meet
2 several requirements.² Alieria never met these requirements.

3 4. Alieria abused this exception through a complicated web of exploitation and sham
4 corporate relationships. Since Alieria—a for-profit company—has never fit the legal definition of
5 an HCSM, which must be an IRS 501(c)(3) nonprofit in existence since December 31, 1999,
6 among other requirements, Alieria partnered with an existing purported HCSM to create Unity
7 Healthshare, LLC—n/k/a OneShare Health (Unity or OneShare). When that relationship ended, it
8 created and partnered with Trinity Healthshare, Inc. n/k/a Sharity Ministries, Inc. (Trinity or
9 Sharity). Alieria created and ran all aspects of the HCSM plans directly at first, and then through
10 four wholly owned subsidiaries.

11 5. Not only did Alieria falsely represent that its plans satisfied the ACA exemption for
12 HCSMs, it advertised that members’ monthly payments would go towards the healthcare costs of
13 other members. To the contrary, Alieria retained as much as 84% of every member payment,
14 leaving around 16 cents of every dollar for member expenses. Alieria arbitrarily rejected member
15 requests for payment of healthcare costs in order to continue retaining these member payments
16 for itself and the individual defendants.

17 6. Fourteen states and the District of Columbia, have initiated actions against Alieria
18 for its sale and operation of its purported HCSM plans.³ This includes the California Department
19 of Insurance, which issued a cease and desist order on or about March 8, 2020. This order
20 attempted to halt Alieria’s sale of new plans in California, but Alieria continued operating plans for
21 existing California members until Trinity (operating as “Sharity” at that point) entered bankruptcy
22 in or about July of 2021.⁴

23 _____
24 ² See 26 U.S.C. § 5000A(d)(2)(B) & Gov. Code, section 100705, subd. (b)(2)
(incorporating the federal definition of an HCSM into California law).

25 ³ California is aware of the following states that have initiated actions against Alieria:
26 California, Colorado, Connecticut, D.C., Iowa, Maryland, New Jersey, New Mexico, Oregon,
Pennsylvania, Washington, Wisconsin, New Hampshire, New York, and Texas.

27 ⁴ The filing of a bankruptcy petition automatically stays different types of actions pursuant
28 to 11 U.S.C. § 362(a). This action is not subject to the automatic bankruptcy stay as it is an
extension of Plaintiff’s police and regulatory powers. (11 U.S.C. § 362(b)(4).)

1 Alieria’s products in California. Ensurian was licensed by the State of California to sell, market,
2 and transact insurance in the State of California from on or about November 6, 2019 until on or
3 about October 26, 2020. It has never been authorized to sell, market, or operate a managed care
4 health plan in the State of California.

5 12. Defendant USA BENEFITS & ADMINISTRATORS, LLC (USA Benefits) was
6 incorporated as a limited liability company in Georgia but is currently organized under the laws
7 of New Mexico with its headquarters in Atlanta, Georgia and is authorized to transact business in
8 California. USA Benefits has provided claims processing services for Alieria’s products.

9 13. Defendant TACTIC EDGE SOLUTIONS, LLC (Tactic Edge) is and, at all times
10 relevant, was a limited liability company organized under the laws of Delaware with its
11 headquarters in Atlanta, Georgia.

12 14. Defendant ADVEVO, LLC (Advevo) is and, at all times relevant, was a limited
13 liability company organized under the laws of Delaware with its headquarters in Atlanta, Georgia.

14 15. Defendant FIRST CALL TELEMEDICINE, LLC (First Call) is and, at all times
15 relevant, was a limited liability company organized under the laws of Georgia with its
16 headquarters in Atlanta, Georgia. Defendant Shelley Steele is the sole member and owner of First
17 Call Telemedicine, LLC and directed millions of dollars that originated as Trinity/Sharity
18 membership funds to First Call.

19 16. Defendant SHARITY MINISTRIES, INC. (Sharity or Trinity) is a IRS 501(c)(3),
20 non-profit corporation organized under the laws of Delaware and authorized to transact business
21 in California. Its headquarters are in Atlanta, Georgia. Defendant William H. Thead III, while an
22 employee of Alieria, incorporated Trinity Healthshare, Inc., on or about June 27, 2018. On or
23 about June 27, 2020, Trinity changed its name to Sharity Ministries, Inc. Defendant Sharity has
24 never held a certificate of authority or other license authorizing it to transact insurance or
25 authorizing it to sell, market operate, or manage a health care service plan in the state of
26 California. At all times relevant, Alieria provided all services related to Sharity’s purported health
27 care sharing ministry plans, including their design, marketing, sale and operation.

28 17. Defendant SHELLEY STEELE MOSES (Shelley Steele) is an individual and, at

1 all times relevant, a resident of Georgia. Shelley Steele is the primary shareholder, Chief
2 Executive Officer, Secretary, and member of the Board of Directors of The Alieria Companies
3 Inc. Shelley Steele is married to defendant Timothy Candace Moses, and is the mother of
4 defendant Chase Moses (collectively defendants Timothy Candace Moses, Chase Moses, and
5 Shelley Steele are referred to as the Moses family). At all relevant times, Shelley Steele was in a
6 position of responsibility allowing her to create, direct, and influence corporate policies or
7 activities with respect to Alieria’s compliance with California consumer protection laws and
8 regulations and in the conduct of its business in the State of California, and had, by way of her
9 position in the company and corporation, responsibility and authority to either prevent in the first
10 instance, or promptly correct, the violations complained of herein, but failed to do so. In addition
11 to any direct personal liability, Shelley Steele is also personally liable as a responsible corporate
12 officer for violations of law committed by Alieria as alleged herein.

13 18. Defendant TIMOTHY CANDACE MOSES (Tim Moses) is an individual and, at
14 all times relevant, a resident of Georgia. Tim Moses has served as Executive Director of The
15 Alieria Companies Inc., and has signed contracts with third parties on behalf of The Alieria
16 Companies Inc. in that capacity. Tim Moses misappropriated millions of dollars of Sharity
17 members’ funds that he took as “consulting fees.” Tim Moses used Sharity membership funds to
18 enrich himself but also to pay restitution to the victims from his prior felony convictions. At all
19 relevant times, Tim Moses was in a position of responsibility allowing him to create, direct, and
20 influence corporate policies or activities with respect to Alieria’s compliance with California
21 consumer protection laws and regulations and the conduct of Alieria’s business in the State of
22 California. By way of his position in the company and corporation, Tim Moses had the
23 responsibility and authority to either prevent in the first instance, or promptly correct, the
24 violations complained of herein, but failed to do so. In addition to any direct personal liability,
25 Tim Moses is also personally liable as a responsible corporate officer for violations of law
26 committed by Alieria as alleged herein.

27 19. Defendant CHASE MOSES is an individual and, at all times relevant, has been a
28 resident of Georgia. Up until on or about April of 2021, he served as the President and a member

1 of the Board of Directors of The Alera Companies Inc. Along with his mother Shelley Steele, he
2 is a manager of The Alera Companies, Inc.'s wholly owned subsidiaries, defendants Ensurian,
3 USA Benefits, Advevo, and Tactic Edge. At all relevant times, Chase Moses was in a position of
4 responsibility allowing him to create, direct, and influence corporate policies or activities with
5 respect to Alera's compliance with California consumer protection laws and regulations and the
6 conduct of its business in the State of California. By way of his position in the company and
7 corporation, Chase Moses had the responsibility and authority to either prevent in the first
8 instance, or promptly correct, the violations complained of herein, but failed to do so. In addition
9 to any direct personal liability, Chase Moses is also personally liable as a responsible corporate
10 officer for violations of law committed by Alera as alleged herein.

11 20. Defendant WILLIAM H. THEAD III, a/k/a "Rip" Thead, (Rip Thead) is an
12 individual and, at all times relevant, a resident of Georgia. He was the Chief Executive Office and
13 Member of the Board of Directors for Sharity Ministries, Inc. f/k/a Trinity Healthshare, Inc.
14 (Trinity or Sharity). Rip Thead was an employee of Alera and close friend of the Moses family
15 when he, with assistance from Alera's counsel, incorporated Trinity and filed an application for
16 501(c)(3) status from the IRS for Trinity. For most of Trinity's existence, Rip Thead and his
17 brother David Thead were Trinity's only directors and/or employees. Rip Thead received a six
18 figure annual salary from Trinity while Alera performed all necessary services for Trinity's
19 purported HCSM plans. He resigned from Trinity/Sharity in July 2021 shortly after it filed for
20 bankruptcy. At all relevant times, Rip Thead was in a position of responsibility allowing him to
21 create, direct, and influence corporate policies or activities with respect to Sharity's compliance
22 with California consumer protection laws and regulations and in the conduct of its business in the
23 State of California. By way of his position in the company and corporation, Rip Thead had the
24 responsibility and authority to either prevent in the first instance, or promptly correct, the
25 violations complained of herein, but failed to do so. In addition to any direct personal liability,
26 Rip Thead is also personally liable as a responsible corporate officer for violations of law
27 committed by Sharity as alleged herein.

28 21. Defendant A. JOSEPH GUARINO (Joe Guarino) is an individual and, at all times

1 relevant, a resident of Georgia. Joe Guarino was the President of Trinity and Member of the
2 Board of Directors for Trinity from about 2019 until he resigned shortly after Trinity entered
3 bankruptcy. Throughout this time period, Joe Guarino was in a position of responsibility allowing
4 him to create, direct, and influence corporate policies or activities with respect to Sharity's
5 compliance with California consumer protection laws and regulations and the conduct of its
6 business in the State of California. By way of his position in the company and corporation, Joe
7 Guarino had the responsibility and authority to either prevent in the first instance, or promptly
8 correct, the violations complained of herein, but failed to do so. In addition to any direct personal
9 liability, Joe Guarino is also personally liable as a responsible corporate officer for violations of
10 law committed by Sharity as alleged herein.

11 **A. Does 1-20**

12 22. The true names and capacities, whether individual, corporate, associate or
13 otherwise, of defendants named herein as Does 1 through 20, inclusive, are unknown to plaintiff,
14 who therefore sues said defendants by such fictitious names. Each of the defendants named herein
15 as a Doe is responsible in some manner for the events and happenings hereinafter referred to, and
16 some of the harm as herein alleged was proximately caused by such defendants. Whenever
17 reference is made in this Complaint to "defendants," such reference shall include DOES 1
18 through 20 as well as the named defendants.

19 **B. Joint Venture**

20 23. At all relevant times, each defendant acted individually and jointly with every
21 other named defendant in committing the acts alleged in this Complaint. At all relevant times,
22 each defendant acted: (a) as a principal; (b) under express or implied agency; and/or (c) with
23 actual or ostensible authority to perform the acts alleged in this Complaint on behalf of every
24 other named defendant. At all relevant times, some or all defendants acted as the agent of the
25 others, and all defendants acted within the scope of their agency if acting as an agent of another.

26 24. Specifically, defendants Alera, Advevo, Tactic Edge, Ensurian, USA Benefits,
27 First Call, Shelley Steele, Tim Moses, and Chase Moses were in joint ventures with defendants
28 Sharity, Rip Thead, and Joe Guarino, and each other, to provide the services that are the subject

1 of this lawsuit.

2 **C. Secondary Liability**

3 25. At all relevant times, each defendant knew or realized, or should have known or
4 realized, that the other defendants were engaging in or planned to engage in the violations of law
5 alleged in this Complaint. Knowing or realizing that the other defendants were engaging in such
6 unlawful conduct, each defendant nevertheless facilitated the commission of those unlawful acts.

7 26. Each defendant intended to and did encourage, facilitate, or assist in the
8 commission of the unlawful acts, and thereby aided and abetted the other defendants in the
9 unlawful conduct.

10 27. Defendants have engaged in a conspiracy, common enterprise, and common
11 course of conduct, the purpose of which is and was to engage in the violations of law alleged in
12 this Complaint. The conspiracy, common enterprise, and common course of conduct continue to
13 the present.

14 **D. Alter Ego**

15 28. There exists, and at all times mentioned existed, a unity of interest and ownership
16 between defendants Alieria, Sharity, Ensurian, Advevo, Tactic Edge, USA Benefits, and First Call
17 such that any individuality and separateness between them has ceased, and such defendants are
18 the alter ego of defendants Shelley Steele, Tim Moses, and Chase Moses, and at all times herein
19 mentioned were a mere shell, instrumentality, and conduit through which defendants Shelley
20 Steele, Tim Moses, and Chase Moses carried on their business in the State of California.

21 29. Adherence to the fiction of the separate existence of defendants Alieria, Sharity,
22 Ensurian, Advevo, Tactic Edge, USA Benefits, and First Call as entities distinct from Shelley
23 Steele, Tim Moses, and Chase Moses would permit an abuse of the corporate privilege and would
24 promote injustice by protecting defendants Shelley Steele, Tim Moses, and Chase Moses from
25 liability for the wrongful acts committed by them under the names Alieria, Sharity, Tactic Edge,
26 Advevo, Ensurian, USA Benefits, and First Call.

27 **JURISDICTION AND VENUE**

28 30. This court has original jurisdiction over this action pursuant to California,

1 Constitution article VI, section 10.

2 31. This court has jurisdiction over Defendants as they currently or historically have
3 marketed and sold their products throughout California and entered into thousands of membership
4 agreements with California residents, intentionally availing themselves of the California market
5 so as to render the exercise of jurisdiction over these defendants by the California courts
6 consistent with traditional notions of fair play and substantial justice.

7 32. The violations of law alleged in this Complaint occurred in the County of Los
8 Angeles and elsewhere throughout California.

9 33. Venue is proper in this court pursuant to Code of Civil Procedure section 395.5
10 because Defendants' marketing and sales activities included the Los Angeles region and therefore
11 Defendants' liability arises in the County of Los Angeles.

12 34. Venue is also proper in this Court pursuant to Code of Civil Procedure section
13 393. subdivision (a), because violations of law that occurred in the County of Los Angeles are a
14 "part of the cause" upon which the Plaintiff seeks the recovery of penalties imposed by statute.

15 35. The continuation of this civil law-enforcement action in this Court will not be
16 affected by a bankruptcy filing. This action brought by the Attorney General, seeking penalties,
17 restitution, and injunctive relief under the False Advertising Law and Unfair Competition Law "is
18 fundamentally a law enforcement action designed to protect the public and not to benefit private
19 parties." (*People v. Pac. Land Rsch. Co.* (1977) 20 Cal.3d 10, 17.) Accordingly, this action is
20 categorically excepted from the bankruptcy automatic stay. (See 11 U.S.C. § 362(b)(4)
21 [exempting from the automatic stay actions by a "governmental unit . . . to enforce [its] police
22 and regulatory power"]; see also, e.g., *City & County of San Francisco v. PG & E Corp.* (9th Cir.
23 2006) 433 F.3d 1115, 1124-26 [exempting UCL action by Attorney General]; *In re Universal Life*
24 *Church, Inc.* (9th Cir. 1997) 128 F.3d 1294, 1298 ["W]here a governmental unit is suing a debtor
25 to prevent or stop violation of fraud, . . . consumer protection, safety, or similar police or
26 regulatory laws . . . the action or proceeding is not stayed under the automatic stay."] [quoting
27 S.Rep. No. 95-989 at 52 (1977)]; *In re First Alliance Mortg. Co.* (B.A.P. 9th Cir. 2001) 263 B.R.
28 99, 108 ["[I]t is well-established that consumer protection is a valid exercise of the police and

1 regulatory power for purposes of § 362(b)(4).”].)

2 **BACKGROUND OF HEALTH CARE SHARING MINISTRIES**

3 36. True health care sharing ministries allow members—typically of the same
4 religious community—to pool money to help others in their community endure surprise financial
5 burdens in accordance with their religious or ethical belief system. The funds helped members
6 weather medical crises and emergencies, and were not intended for preventive or routine care.

7 37. Prior to the implementation of the ACA in 2010, health care sharing ministries
8 filled a small niche in the healthcare market. Once implemented, the ACA, among its many
9 reforms, required individuals to obtain insurance plans that provided “minimum essential
10 coverage,” or else pay a penalty (i.e., the “shared responsibility payment” also called the
11 “individual mandate”).⁵ The ACA also required health plans sold in the health insurance
12 marketplace to provide ten essential health benefits, which include coverage for preventative
13 healthcare, services for mental health and substance use disorders, and reproductive care. (See 45
14 C.F.R. § 156.110.)

15 38. The ACA added an exemption from maintaining compliant health insurance for
16 members in health care sharing ministries that met certain criteria, thus allowing those members
17 to avoid making the shared responsibility payment. To be considered exempt, health care sharing
18 ministries must (1) have been in continuous existence and have continuously shared member
19 medical expenses since December 1999, (2) have a shared ethical or religious belief system
20 common to all members, (3) allow members to retain membership after becoming sick, and (4) be
21 a 501(c)(3) non-profit that (5) undergoes a yearly audit made available to the public. (26 U.S.C. §
22 5000A(d)(2)(B)(ii).) California has adopted into law the same federal criteria. (See Gov. Code, §
23 100705.) These requirements recognize the interests of long-standing, faith-based healthcare
24 sharing ministries, exempting their members from the ACA’s shared responsibility payment,
25 while also blocking unscrupulous actors from operating illegitimate health care sharing ministries
26 that could prey upon Americans seeking low cost health insurance.

27 ⁵ California has a complimentary state law which requires residents without health
28 insurance and who do not fall within an enumerated exception to pay a shared responsibility
payment. (See Gov. Code, § 100705, subd. (e).)

1 care services, and access to a network of healthcare providers who contracted to accept a
2 renegotiated rate for certain services. Such capitated arrangements for the provision of healthcare
3 services are a hallmark of managed health care service plans, such as health maintenance
4 organization (HMO) plans.

5 42. Finding only minimal success with HealthPass' business model, the Moses family
6 converted HealthPass into Alera Healthshare, Inc. to combine its existing products with a health
7 care sharing ministry (HCSM) program, marketing the resulting plans as a "comprehensive"
8 healthcare benefit. The idea was attractive as HCSM plans are not subject to the ACA's minimum
9 essential coverage requirements but still allow members to avoid the ACA's shared responsibility
10 payment. However, changing the business model in this way required the Moses family to begin
11 searching for an HCSM to use as a conduit, to take advantage of the ACA exception.

12 **B. Alera and Anabaptist Healthshare Create Unity Healthshare as a Vehicle to Sell**
13 **Unauthorized Health Insurance Products That Also Did Not Qualify as HCSM**
14 **Products.**

15 43. Shortly after, Tim Moses, Shelley Moses, and Chase Moses reached out to
16 Anabaptist Healthshare, Inc. (Anabaptist). Anabaptist was a Mennonite HCSM in Virginia that
17 was established in 2015. Anabaptist purported to meet the necessary criteria for HCSMs under
18 federal and state law. Eldon and Tyler Hochstetler, father and son, ran Anabaptist, which only had
19 about 800 members and approximately \$48,000 in total assets at the time Alera proposed its new
20 venture. Alera and Anabaptist signed an agreement in or about February of 2017, in which
21 Anabaptist agreed to create a subsidiary, Unity Healthshare, LLC (Unity). Alera and Anabaptist
22 agreed that Unity's board of directors would include Eldon Hochstetler, Tyler Hochstetler, Tim
23 Moses, Alera's vice president of sales, and an undetermined fifth member. Alera agreed to
24 create and design, market and sell, and completely operate and manage Unity HCSM plans that
25 bundled payment for surgery and hospitalization costs with the limited benefits from Alera's
26 original HealthPass USA "direct primary care medical home" health plans.

27 44. The Moses and Hochstetler families agreed that Alera would retain each new
28 members' enrollment fee as well as the entirety of the first and second monthly payments that

1 members paid to participate in the HCSM. Alieria, Anabaptist, Eldon Hochstetler, and Tyler
2 Hochstetler, would then keep a portion of each members' subsequent monthly payments.
3 Anabaptist would also pocket a separate new member application fee. Whatever money remained
4 would be deposited in a Unity bank account available for member healthcare expenses, but only if
5 an expense was determined by Alieria, solely at its own discretion, to be an "eligible" expense.

6 45. From Unity's inception, the Moses family designed, managed, implemented, and
7 marketed Unity products to appear like licensed and ACA-compliant health plans and insurance.
8 These products were marketed and sold across the country, including in California, using
9 language designed to mimic health insurance plans. But in truth, Alieria did not have the required
10 licensing to operate a health plan or insurance products in California. Alieria also administered
11 these products without compliance with the extensive state and federal regulatory systems
12 governing health plans and insurance. Alieria and Unity were able to offer plans at substantially
13 cheaper prices than ACA-compliant health plans because of this noncompliance, and because
14 Alieria consistently refused to pay for substantial medical costs that members incurred.

15 46. Alieria's Unity plans quickly became wildly successful, turning an enterprise with
16 only about \$48,000 in total assets into a multimillion dollar operation.

17 1. **Despite Its Marketing, Alieria's Unity Plans Never Qualified As HCSM Products.**

18 47. With legitimate HCSMs, members are part of a religious community, medical cost
19 sharing is a tenet of that religion, and the costs that are shared are those that arise from
20 catastrophic injury or surprise costs, not day-to-day medical expenses. Despite Anabaptist's
21 purported original goal of providing health care sharing ministry services for a specific Christian
22 community, Alieria and Unity sold products to anyone who would attest to believing in any higher
23 power generally and in generally being a good person who wanted to contribute to a healthy
24 lifestyle for themselves and others. Its members did not need to be Christians or even believe in
25 medical cost sharing. Therefore, Alieria and Unity could sell plans to the widest population
26 possible and continue to increase revenues. However, this business model did not meet the
27 requirements for a legitimate HCSM under California and federal law, and Alieria's
28 representations to the contrary were false.

1 48. Another fundamental aspect of an ACA-compliant HCSM is that members pool
2 money to share medical costs. However, this was also not part of Unity’s model. Instead, the
3 money members provided was used mostly to enrich the Moses and Hochstetler families. Alieria’s
4 representations that Unity member funds would be used to pay the healthcare costs of other
5 members was also misleading and false. In reality, Unity was simply a non-profit vehicle for
6 Alieria to disguise its for-profit enterprise.

7 **2. Alieria Sold Its Unity Plans at Low Cost by Ignoring Federal and State Law.**

8 49. Alieria’s Unity plans met the definition of health insurance and healthcare service
9 plans under California law by purporting to indemnify its members against loss and provide
10 healthcare coverage in exchange for mandatory monthly payments. However, Alieria did not
11 follow the laws and regulations in place to assure members received value for their monthly
12 payments, allowing Alieria the ability to offer its Unity products at a low price.

13 50. For example, Alieria’s plans did not comply with the ACA’s “medical-loss” ratio
14 or minimum essential coverage (MEC) requirements. The ACA imposes a “medical-loss” ratio on
15 compliant health plans and insurance. (45 C.F.R. § 158.210.) It requires that individual and small
16 group health plans and insurers spend 80% of all premium payments on members’ healthcare
17 costs. However, only a small fraction of Unity’s member premiums were paid out by Alieria for
18 member healthcare costs.

19 51. The ACA also requires that health plans include MEC, comprised, among several
20 criteria, of ten essential health benefits. (26 C.F.R. § 1.5000A-2; 45 C.F.R. § 156(B).) Even
21 though Alieria went as far as to market certain plans as “MEC” plans, no Unity plan included
22 coverage for all essential benefits. Alieria also always held sole discretion regarding whether it
23 would make payment for members’ requests and often arbitrarily denied expensive procedures,
24 even for “eligible” costs. This claims handling procedure deprived members of coverage for
25 essential benefits but also violated California’s extensive regulatory framework for how claims
26 are reviewed, what qualifications reviewers need, or what criteria reviewers used to determine
27 coverage. Alieria’s failure to comply with law and regulations allowed its low priced Unity
28 products a competitive advantage among other health plans.

1 //

2 **C. The Relationship Between Unity and Alera Ends When Unity Learns Tim Moses**
3 **Made Unauthorized Draws of Member Funds.**

4 52. Only a short time after negotiating and entering into the agreement with Unity,
5 Tim Moses began to use his signatory authority to indiscriminately withdraw money from Unity.
6 At the advice of counsel, Tim Moses ultimately agreed to return the payments, but the
7 relationship between Alera and Unity had soured. Unity removed both Tim and Chase Moses
8 from its Board of Directions in or about the spring of 2018.

9 53. Given the disintegrating relationship between Alera and Unity, the Moses family
10 sought to create a different HSCM arrangement. To do this, the Moses family persuaded William
11 “Rip” Thead III (Rip Thead), an Alera salesperson and personal friend, to form a new non-profit,
12 with the assistance of Alera’s lawyer, Jennifer Moseley, to replace Unity. Ms. Moseley helped
13 Rip Thead and his brother David Thead create Defendant Trinity Healthshare, Inc., later known
14 as Sharity Ministries, Inc. (Trinity or Sharity).

15 **D. Alera Creates a “Health Care Sharing Ministry” — Trinity —to Fully Control**
16 **Operations and Membership Funds.**

17 54. Shortly after incorporating Trinity, Rip Thead, as its Chairman (and while still an
18 Alera employee), entered Trinity into a “management and administration” contract with Alera.
19 Under this agreement, Alera became solely responsible for the operation of any Trinity HSCM
20 product including plan development, pricing, marketing, enrollment, and administration while
21 also apportioning sole control of plan membership rosters to Alera. Alera also held the right to
22 collect and apportion all of the money that members paid on a monthly basis as “sharing
23 contributions.” Further underscoring Alera’s control over Trinity, its members, and its funds, the
24 contract authorized Alera to act as a signatory for all of Trinity’s bank accounts and specified
25 that all plan member rolls belonged to Alera. The contract further granted Alera the right to keep
26 a substantial majority of the monthly “premiums” paid by members.

27 55. The exact amount of money that the contract allowed Alera to retain from
28 member payments differed slightly depending upon the plan. When Alera collected monthly

1 member payments for “AlierCare” and “InterimCare” plans, it would retain 65% of total
2 member contributions for its services. Trinity would receive the remaining 35% but was obligated
3 to pay Alier 54.2% of that amount (approximately 19% of the total) for “reimbursement of
4 vendors.” This included payments made to companies like First Call Telemedicine, which is fully
5 owned and operated by Shelley Steele and additional payments to Alier for “management fees.”
6 In total, Alier would retain approximately 84% of all member contributions. Only about sixteen
7 cents of every dollar that a member paid as their “sharing contribution” would actually be
8 available to cover member requests for payment of medical costs.

9 56. The apportionment of member contributions was even worse for “PrimaCare”
10 plans. For such plans, Alier would retain about 90 cents of every dollar that a member paid for
11 their “sharing contribution.” The money was similarly reserved for Alier’s “management fees,”
12 commissions, and vendor reimbursements. Only 8.3% of member monthly payments was actually
13 reserved in a “Share Box” for payment of member healthcare costs. Even with its ability to
14 capture the vast majority of member payments, Alier still reserved the ability to independently
15 increase the amount of money it kept from member payments, at its sole discretion.⁸

16 57. Trinity engaged an independent certified public accounting firm to conduct an
17 audit for 2018 and the auditors concluded that Trinity’s agreement with Alier raised substantial
18 doubt about Trinity’s ability to continue as a going concern. However, the accounting firm shortly
19 thereafter “retracted” the audit with no explanation and neither Alier nor Trinity sought any
20 future audits.

21 **E. Relying Upon Numerous Misrepresentations in Trinity’s Application, the IRS**
22 **Provides Trinity with 501(c)(3) Status.**

23 58. Two months after contracting with Alier, Rip Thead applied to the IRS for non-
24 profit status for Trinity. In its application, Trinity represented that it had no predecessors.
25 However, one requirement for entities to be considered a HCSM under federal and California law
26 is that it or a predecessor has continuously shared member expenses since December 31, 1999.

27 _____
28 ⁸ On or about October 17, 2019, Alier increased the percentage of member payments it removed for its vendors’ services from 32% to 42%.

1 Trinity stated in its IRS application that it has carried on the Baptist mission of sharing health care
2 needs that dates back to the sixteenth century. The Baptist faith is a branch of Evangelical
3 Christianity and does not have a hierarchical authority. Each Baptist church is autonomous, yet
4 Trinity identified the Baptist church as its “predecessor.”

5 59. Jennifer Moseley and Rip Thead made numerous false representations in the
6 application disguising the for-profit nature of the Alera/Trinity relationship. For example, they
7 represented that Trinity would take in contributions over the three-year period of 2018-2020 in
8 the amount of one million and sixty thousand dollars and that its expenses for member services
9 would only be 33%. Yet Trinity’s contract with Alera required Trinity to pay roughly 84% of
10 member contributions to Alera. Trinity also represented that Jennifer Mosely provided legal
11 counsel but that she had not charged the entity for her services, without disclosing that Alera
12 was paying for her services.

13 60. Trinity also falsely stated in its application for status as a 501(c)(3) entity that it
14 was formed by members of the Baptist church to support the needs of missionaries, volunteers,
15 and employees of nonprofit ministries. It further represented that it coordinates sharing
16 contributions from within the Baptist community, yet Trinity has never provided services for or
17 within the Baptist community. It also misrepresented that its members shared a common set of
18 ethical and religious beliefs, which included the Baptist’s adherence to the New Testament.
19 Relying upon an application riddled with misrepresentations, the IRS provided non-profit
20 501(c)(3) status to Trinity on or about June 26, 2018.

21 **F. Alera Diverts Unity’s Members to Trinity Right Before Breaking its Relationship**
22 **with Unity.**

23 61. Once Alera had put Trinity into place, it sought to capture Unity’s business and
24 transfer it to Trinity, allowing Alera to retain a significantly larger percentage of members’
25 monthly payments. Alera sent letters to Unity members, stating that their memberships had been
26 transferred to Trinity plans, which Alera represented to be identical in all respects to Unity plans.
27 Alera also emailed the sales brokers it contracted to sell Unity plans to explain Alera’s new
28 relationship with Trinity and represented “that there will be *no changes for our members.*” Alera

1 omitted that under the Trinity plan, the vast majority of members' monthly payments would now
2 funnel solely into Alieria.

3 62. Alieria also created a new website for Trinity to which it directed all of the traffic
4 from Unity's website and diverted monthly payments that Unity's members made.

5 63. Alieria sued Unity in Georgia state court, alleging that Unity breached its
6 agreement with Alieria. Through the litigation, Alieria sought control of all of the Unity plans'
7 members and all of the money they paid for their membership. Unity filed a cross-complaint
8 against Alieria alleging that its members' payments belong to members and not Alieria, which is
9 not a healthcare sharing ministry. In or about October of 2018, Unity sent a formal notice of
10 termination to Alieria.

11 64. The Georgia court determined that all of the Unity plan members and their
12 monthly payments belonged to Unity. The court also installed a receiver to oversee the operation
13 of the Unity plans. In or about September of 2020, Unity and Alieria entered into a settlement
14 agreement. Through this agreement, the parties agreed to dismiss their suits in exchange for
15 Alieria's payment of ten million dollars to Unity and payment of all member sharing requests
16 submitted by January 15, 2020. Alieria also agreed to return Unity's website.

17 **G. With Trinity, Alieria Becomes Free to Sell Its Unregulated Insurance Products While**
18 **Keeping Even More of Its Members' Premiums Without Oversight.**

19 65. Having separated from Unity, and with its contract with Trinity in place, Alieria
20 began to create, market, and operate its Trinity plans across the nation, including California.⁹
21 Alieria had total control and discretion over these plans, with no substantive involvement by
22 Trinity. Instead, Alieria designed, operated, and sold "Trinity" plans that were similar in every
23 way to the Unity plans it had previously created. Up until Trinity filed its bankruptcy petition in
24 July of 2021, Alieria had not provided Trinity access to the membership of the plans or to the
25 plans' books and records. Instead, Alieria solely controlled this information.

26 ⁹ Even though Trinity was ostensibly soliciting and collecting funds from California
27 residents through Alieria, it never registered with California's Attorney General Registry of
28 Charitable Trusts. It also never made annual disclosures it became required make to once its
collections from California members exceeded one million dollars and more than 50 percent of its
annual income was from that collection.

1 66. Despite Trinity’s complete lack of involvement, Alieria advertised and sold its
2 Trinity plans as “health care sharing ministry plans.”

3 1. **Despite Alieria’s Misrepresentations, Trinity Was Never a Health Care Sharing**
4 **Ministry.**

5 67. Alieria required that members agree to a “statement of beliefs” before enrolling in
6 these plans. Yet these “beliefs” were the same generic “beliefs” Alieria had used to sell Unity
7 plans. These beliefs did not include the Baptist theology that Trinity claimed in its IRS
8 application and provided no way to identify a particular religious community to which Trinity’s
9 plans were sold. These purported shared beliefs were so vague that very few, if any, consumers
10 could not agree to them, regardless of religious affinity. Even the few potential customers who
11 might not agree to share the beliefs, were likely to miss the statement as Alieria’s website
12 application minimized and hid these beliefs. Alieria’s website only showed a small part of the
13 “statement of beliefs” and did so at the very end of its multipage enrollment application for
14 Trinity plans. This had the effect of minimizing the visibility of the “beliefs” to any consumer
15 who was seeking to enroll.

16 [Continued on the next page.]

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Authorization

Alera Healthcare Plan Disclosures

This is not a contract. This is a voluntary program offered by Alera Healthcare, in relationship with a HealthCare Sharing Ministry (HCSM) program offered within certain plans. Your membership is with Alera and cannot be transferred to anyone else. Only you and your enrolled dependents are eligible under the membership.

All Alera members utilizing any Health Care Sharing Ministry services are required to declare their acknowledgment of the Statement of Beliefs and make an attestation that they are of like mind with the ministry beliefs.

Statement of Beliefs

- 1. We believe that our personal rights and liberties originate from God and are bestowed on us by God.
- 2. We believe every individual has a fundamental religious right to worship God in his or her own way.

I authorize the sales organization to charge me for the above total. I further affirm that the name and personal information provided on this form are true and correct. I further declare that I understand and accept the sales organization's terms and conditions.

Note: A Post Date selection is required and payment will be processed within 24 hours of the Post Date selected.

By checking the box, I acknowledge that I understand and agree to the authorization.

Signature

Cell Phone

Email Address

68. The result of Alera’s broad, vague, and minimized statement of beliefs is that the membership of Alera’s Trinity plans at large did not share any ethical or religious beliefs.

2. **Design and Advertising for Trinity Plans Falsely Represents that Member Monthly Payments Would Be Used for Member Healthcare Costs.**

69. Like the Unity plans, the Trinity plans still purported to include “health care sharing ministry benefits.” Alera would repeatedly represent to consumers that it collected member money to pay the healthcare costs of other members explaining that members’ monthly contributions are used to voluntarily share medical bills within the ministry. It similarly represented that members send a monthly gift (contribution) as a blessing to another member to assist in that member’s medical expenses and that Trinity would hold these “gifts” as an escrow

1 agent to disburse according to the membership escrow instructions. Its online enrollment forms
2 even included the false representation that up to 40% of a member's contribution goes towards
3 the administration of the plan and other general overhead costs to successfully carry out the duties
4 of administering these services. In truth, the vast majority of members' mandatory monthly
5 contributions, up to 84%, was collected and kept by Alieria to enrich the Moses family.

6 3. *Alieria's Trinity Plan Designs Mirror The Design of ACA-Compliant Health*
7 *Insurance and Plans.*

8 70. Alieria incorporated design elements for the plans that closely mimicked legitimate
9 comprehensive health insurance and plans. However, the plans did not have proper regulatory
10 licenses and these plans did not comply with the extensive regulatory framework followed by
11 legitimate insurers and plan providers.

12 71. Alieria's plans required members to pay a "monthly contribution" (premium). A
13 mandatory premium requirement conflicts with the traditional understanding of an HCSM so
14 Alieria represented to members that these payments were voluntary. However, Alieria imposed
15 administrative fees if a member was late with their monthly payments and if a member did not
16 make payment within a month of the due date, Alieria would suspend their membership. Alieria's
17 member guides also included explicit statements that members' monthly payments were
18 mandatory and that, in exchange, Alieria would assume the member's risk of certain healthcare
19 costs. For example, the 2018 "AlieriaCare" member guide for Bronze, Silver and Gold individual
20 and family plans states:

21 This membership is issued in consideration of the Member's application and **the**
22 **Member's payment of a monthly fee as provided under these Plans.** Omissions
23 and misstatements, or incorrect, incomplete, fraudulent, or intentional
misrepresentation **to the assumed risk in your application** may void your
membership, and services may be denied.

24 Alieria's premium requirement allowed Alieria to collect a steady flow of money from its
25 members, but had the further advantage of giving the appearance of ordinary and legally
26 compliant health insurance. Alieria's documents even included a warning about insurance fraud
27 and instructed members to contact a state insurance regulator if they suspected fraudulent billing.

28 72. When a member would need medical care, their plan materials directed them to

1 select a doctor or facility from the plan’s “PPO Network.” Like in a traditional HMO and
2 exclusive provider organization (EPO) health plans, Trinity members could access specialty care
3 only by seeking a referral from a primary care physician. The plans’ documents represented that
4 specialty care offerings at the cost of just a consult fee were available but that a member would
5 need to receive a PCP referral to see a specialist for treatment or consultation outside of their
6 scope of knowledge.

7 73. Alieria provided members with a membership card to give to medical care
8 providers, along with a photo ID, in order to verify eligibility. The plans directed members to
9 make a co-payment at their provider visits, and in some cases seek preauthorization before
10 receiving care. After members finished their office visits, the plans required that providers bill
11 Alieria directly.

12 74. Upon receiving the bill, Alieria was then solely responsible for determining how
13 much of the bill it would pay, if anything at all. Alieria’s Trinity plans included a “medical
14 necessity” limitation on what costs the plans might pay, like all modern health insurance and
15 managed care plans. Specifically, the plans limited coverage solely to services, procedures, or
16 medication that were “medically necessary.” The definition that Alieria used for “medical
17 necessity”—a service, procedure, or medication necessary to restore or maintain physical function
18 and is provided in the most cost-effective setting consistent with the member’s condition—
19 similarly mirrored language that most health insurance and plans use.

20 75. Even where Alieria determined that a cost was eligible for payment, the plans
21 required members to pay a deductible, which Alieria called a “member shared responsibility
22 amount,” before payment of any healthcare costs. Following its determination of eligibility and
23 the amount of a bill that it would pay, Alieria would then send its members an “Explanation of
24 Sharing,” mirroring the Explanation of Benefits documents health plans use to explain coverage
25 for particular services. Every aspect of the Trinity plans conveyed the impression that they were
26 ACA-compliant health insurance or a functionally equivalent alternative.

27 **4. *Alieria Markets its Trinity Plans as Legitimate Health Insurance.***

28 76. As it did with its Unity plans, Alieria used licensed insurance agents and brokers, to

1 whom it paid exorbitant commissions, to sell its Trinity plans. It also sold its Trinity plans with
2 different metal tiers (Bronze, Silver and Gold) to mirror the tiered health plans sold on the
3 Covered California exchange. Alera also used language similar to plans on the exchange in its
4 advertising. For example, Alera described one plan as its “everyday health care programs for
5 individuals and families,” invoking the category of “individual and family health plans” sold on
6 the ACA exchanges.

7 77. One of Alera’s primary advertising tools for its Trinity plans were member guides
8 it sent to and made available on its website for potential customers. These guides mirrored those
9 for ACA-compliant health plans. For example, the Trinity health plan member guides described
10 “eligible” benefits, cost-sharing, limitations, and exclusions.¹⁰ They listed purported plan features
11 such as preventative care, primary care, chronic maintenance care, specialist care, hospitalization,
12 surgery, emergency room, diagnostic, telemedicine, urgent care access, labs, and prescription
13 drug discounts. Like its other marketing materials, these guides touted member access to Alera’s
14 “PPO network” of “in-network” healthcare providers and facilities. Alera’s member guides also
15 implied that its Trinity plans were ACA-compliant by stating that the ACA was subject to change
16 at any time and that Alera reserves the right to adhere to those changes without notice to the
17 Member.

18 78. Alera also marketed using “sell sheets” that included the same common visual
19 characteristics as advertising for licensed health plans and insurance. For example, the “sell
20 sheet” for Alera’s CarePlus Advantage Trinity plan included a chart with “program details” that
21 mimicked legitimate health plan advertising. The chart used Alera’s terminology for member
22 deductibles, out of pocket maximums, co-insurance percentages, and costs and coverage for
23 specific types of services:

24
25 ¹⁰ Through 2021, the last year that Alera and Trinity operated plans in California, Alera
26 continued to use member guidelines that, though slightly different in form from its first guides in
27 2018, continue to include similar misleading representations. For example, in a 2021-member
28 guide for “Spectrum” plans Alera advertised the plan as its “complete program,” in contrast to its
“basic” or “catastrophic” plans. Alera’s Trinity member guides in 2021 still also kept many of
the same misleading provisions found in its earlier member guides.

| CAREPLUS ADVANTAGE PROGRAM DETAILS | | | |
|----------------------------------------------------------|------------------------------------------------------------|-----------|-------------|
| PROGRAM SERVICES PER MEMBER | MultiPlan PHCS (in-network) | | |
| Member Shared Responsibility Amount (MSRA) | \$5,000 \$10,000 | | |
| Out-of-pocket Maximum (per member within sharing limits) | \$5,000 \$10,000 | | |
| Program Year Maximum Limit ¹ | \$150,000 | \$250,000 | \$500,000 |
| Lifetime Maximum Limit ² | \$300,000 | \$500,000 | \$1,000,000 |
| Co-expense ² | Sharing Eligibility: Program 100% Member 0% | | |
| Section 1 | Services Eligible for Sharing Prior to Meeting MSRA | | |
| Telemedicine | Included With Contribution No Consult Fee | | |
| Emergency Room ^{3,4} | Unlimited Visits \$300 Consult Fee | | |
| Prescription Discount Program | Rx Valet | | |
| Section 2 | Services Eligible for Sharing After Meeting MSRA | | |
| Anesthesiologist | Sharing Eligibility: Program 100% Member 0% | | |
| Ambulance ⁵ | Sharing Eligibility: Program 100% Member 0% | | |
| Inpatient Services⁴ | | | |
| Specialty Care ⁶ | Sharing Eligibility: Program 100% Member 0% | | |
| Hospitalization | Sharing Eligibility: Program 100% Member 0% | | |
| Surgical | Sharing Eligibility: Program 100% Member 0% | | |
| Lab Work | Sharing Eligibility: Program 100% Member 0% | | |
| X-rays & Diagnostic Imaging | Sharing Eligibility: Program 100% Member 0% | | |
| Pharmacy | Sharing Eligibility: Program 100% Member 0% | | |
| Outpatient Services⁴ | | | |
| Specialty Care | Not Eligible | | |
| Hospitalization | Not Eligible | | |
| Surgical | Sharing Eligibility: Program 100% Member 0% | | |
| Lab Work | Not Eligible | | |
| X-rays & Diagnostic Imaging | Not Eligible | | |
| Pharmacy | Not Eligible | | |

Alera would advertise its other Trinity plans using similar “sell sheets.”

79. Using such advertising, Alera was able to sell its Trinity products to thousands of Californians and collect millions of dollars, the majority of which went directly to the Moses family’s personal gain.

H. Alera Keeps Monthly Member Payments Low for Its Unauthorized Trinity Health Plan by Ignoring State and Federal Laws and Regulations.

80. Alera marketed its Trinity products as a comprehensive equivalent that would satisfy the ACA’s shared responsibility requirements to individuals shopping for cheap health insurance. However, Alera was only able to undercut ACA-compliant competition by disregarding all legal requirements in place to assure health and insurance plans provide members with value for their monthly premium payments.

1 81. Unlike legitimate health plans, Alieria did not spend 80% of the premium payments
2 it collected on member healthcare costs and instead only used a small fraction towards healthcare.
3 Alieria’s Trinity plans also did not include the minimum essential coverage (MEC) that the ACA
4 requires even though Alieria went as far as to market some plans as Alieria “MEC” plans.

5 82. Alieria’s Trinity plans also did not comply with any of California’s extensive
6 regulatory framework for health insurance and health service plans, including how coverage
7 requests are reviewed, what qualifications reviewers need, and what criteria they use to determine
8 coverage.¹¹ Instead, Alieria used non-clinical reviewers whose review of member requests
9 changed depending upon the costs of the amount of payment sought. Using member
10 contributions, Alieria would often automatically pay the requests for payment of relatively low
11 medical bills; those under \$500. However, it would find pre-textual reasons to refuse payment of
12 high cost bills using language familiar in regular insurance utilization review (such as by citing
13 “pre-existing conditions” or “out of network” service). It also purported to have the ability to
14 arbitrarily deny any member request at any time, which it did even for member medical costs that
15 were “eligible for sharing” under Trinity member contracts.

16 83. As a result of these tactics, Alieria was able to offer its Trinity plan memberships at
17 a fraction of the price of its ACA-compliant competitors and to anyone willing to make monthly
18 payments, even high risk individuals, without needing to raise premiums for the rest of its
19 membership.

20 **I. Trinity Contracts with Four Wholly Owned Alieria Subsidiaries, Which Still Allowed**
21 **Alieria to Maintain Complete Control Over Trinity.**

22 84. On January 1, 2020, Rip Thead entered Trinity into four new contracts with four
23 subsidiaries of Alieria: Tactics Edge Solutions, LLC, Advevo, LLC, USA Benefits &
24 Administration, LLC and Ensurian Agency, LLC. These contracts superseded the original
25 management agreement with Alieria, but Alieria wholly owned—and the Moses family kept
26 complete and sole control over—these four subsidiaries. The total effect was that Alieria, through
27 these four subsidiaries, still controlled virtually all aspects of the Trinity plans in the exact same

28 ¹¹ Ins. Code, § 10123.135; Health & Saf. Code, § 1367.01.

1 way and used the same operations and employees as it had before. Importantly, Alieria still
2 collected and retained the lion's share of monthly member payments. Advevo retained 2% of
3 member contributions ostensibly for marketing, Ensurian retained approximately 35% of member
4 contributions for sales services, and Tactic Edge and USA Benefits together retained about 23%
5 of member contributions for technology services and claims processing services respectively.

6 85. In total, Alieria was still contracting to retain 60-65% of member contributions for
7 these vendor services. This does not even account for the money that Alieria was still retaining
8 from the member contributions, ostensibly for the non-HCSM primary care, telemedicine, and
9 pharmaceutical discount portion of the plans. The result is that these four new contracts did little
10 to change the relationship between Alieria and Trinity or the distribution of members'
11 contributions between what Alieria kept and the paltry sum it left to pay for members' requests.

12 **J. Numerous States Initiate Legal and Administrative Actions Against Alieria and**
13 **Trinity for Their Unlawful and Fraudulent Operations.**

14 86. Alieria and Trinity's violations of law, described above, have not gone unnoticed.
15 As many as fourteen states, including California, and the District of Columbia, have initiated
16 actions against Alieria for its sale and operation of purported HCSM plans, many of which have
17 resulted in administrative cease and desist orders, consent orders, or settlement agreements.

18 87. On or about March 8, 2020, the California Department of Insurance issued a cease
19 and desist order to both Alieria and Trinity. The order included findings that Alieria and Trinity do
20 not meet the legal definition of HCSMs, sell a health insurance product that is not compliant with
21 the law and without a license, and misrepresent their products all in violation of the Insurance
22 Code. The order enjoined Alieria and Trinity from continuing their insurance operations in
23 California and provided notice of the possibility of monetary penalty. The order did not include
24 any individuals. In response, Alieria stopped selling new Trinity plans in California yet it did not
25 terminate its existing plans, which at the time included approximately 15,000 members. Alieria
26 contested the order and requested a hearing; to date, the Department of Insurance has not held the
27 hearing.

28 //

1 **K. Trinity Changes its Name, Hires a New President, and Decides to Enter Bankruptcy**
2 **in an Attempt to Wrest Control (and Profits) from Alieria, but Ultimately Fails and**
3 **Goes Into Liquidation Instead.**

4 88. In addition to entering into new contracts with Alieria's subsidiaries in 2020,
5 Trinity also changed its name to Sharity Ministries, Inc.¹² Sharity hired Joseph A. Guarino (Joe
6 Guarino) to be its new president in or about July of 2019. David Thead had previously resigned,
7 leaving Rip Thead as Sharity's only employee until Joe Guarino joined the company. Joe Guarino
8 had no connection to Alieria, but joined from a lobby and advocacy organization for the HCSM
9 industry.

10 89. In or about the Spring of 2021, Sharity hired consultants to explore separating
11 from Alieria and hiring other vendors to manage the Trinity plans at market rate, which would be
12 drastically cheaper. After conducting this analysis, Sharity decided to file a petition for Chapter
13 11, Subchapter V bankruptcy, which it did in or about July 2021. Sharity's stated intention was to
14 use the bankruptcy to quickly access the member lists from Alieria, get court orders rejecting the
15 contracts with Alieria, and only continue operation in states in which it had not received
16 regulatory attention.

17 90. Sharity quickly lost control of the bankruptcy and soon had little chance of
18 continuing on as a "legitimate" concern. After filing the bankruptcy petition, the United States
19 Trustee filed a motion to seek removal of the leadership from possession of Sharity due to its
20 history of gross mismanagement and self-dealing. (*In re Sharity Ministries*, No. 21-11001 (Bankr.
21 Del. Jul. 8, 2021), ECF No. 68.) This motion was joined by California, New Hampshire, New
22 York, Texas, Washington, and Wisconsin. This motion threatened Sharity's plan for a quick
23 bankruptcy. (*Id.* at ECF No. 93.)

24 91. Sharity also met a number of other hurdles. It was not able to quickly get
25 information from Alieria about the membership of the Trinity/Sharity plans. It also learned from
26 Alieria that there was more than \$50 million (likely over \$100 million) in unpaid member requests
27 for care that Alieria already determined to be eligible and repriced according to its own schedule,

28 ¹² Trinity/Sharity claims that it changed its name to avoid an intellectual property dispute.

1 but which Alieria never paid. Given this backdrop, Sharity's board quickly decided to abandon its
2 original plan to reorganize and to instead seek liquidation.

3 92. On or around July 20, 2021, Sharity terminated all of its memberships, including
4 its remaining plans in California. It sent members an email to inform them of the termination, but
5 it did not return or pro-rate member payments for July 2021 and, in fact, continued to withdraw
6 payments from members even after sending them notice of the termination of their plans.

7 93. In ruling on the United States Trustee's motion, the Bankruptcy Court left Sharity
8 with possession of its business but gave complete control to an independent Chief Restructuring
9 Officer who has been working with counsel to finalize a liquidation plan in which a Liquidation
10 Trustee would be appointed to oversee the distribution of what little funds Sharity has remaining.
11 On December 2, 2021, the Bankruptcy Court approved Sharity's liquidation plan.

12 **L. The Moses Family Depletes Alieria and Attempts to Wind-up Alieria's Business**
13 **Without Oversight.**

14 94. On October 4, 2021, Shelley Steele, on behalf of Alieria and its four subsidiaries,
15 initiated an Assignment for the Benefit of Creditors (ABC) under Georgia law by deeding all of
16 Alieria's remaining assets and liabilities to Asset Recovery Associates Alieria, LLC. An ABC is an
17 insolvency proceeding that entities seeking liquidation can invoke under state law rather than
18 federal bankruptcy law. In an ABC, a company transfers all of its assets to a custodian, an
19 Assignee, through an instrument called a Deed of Assignment. The Assignee collects owed debts
20 and distributes remaining assets to creditors pursuant to a scheme set forth in the Deed of
21 Assignment. Unlike a bankruptcy matter, Alieria's ABC does not require a public court filing, it
22 allows Alieria to select an assignee rather than having a bankruptcy trustee appointed for it, and it
23 allows Alieria to proceed through a private transaction without the approval or oversight of a
24 court.

25 95. While the Moses family substantially depleted Alieria's assets and member funds
26 since its inception and throughout its operation of Sharity's plans, these efforts increased prior to
27 entering into the ABC. Alieria transferred to Asset Recovery Associates Alieria, LLC what limited
28 funds remained and identified a list of creditors that is primarily comprised of law firms. This list

1 omitted the thousands of Sharity members with eligible requests that Alera never paid. The
2 Moses family is attempting to use the ABC process to unwind Alera, while leaving members
3 with crippling medical bills.

4 96. On December 3, 2021, a group of former Sharity members, with judgments against
5 Alera in the amount of \$26 million, filed a petition for involuntary bankruptcy in the United
6 States Bankruptcy Court, District of Delaware.

7 97. Through this action, Plaintiff seeks to enjoin Alera, the Moses family, Rip Thead
8 and Joe Guarino from conducting any future business in California and seeks penalties for the
9 wide scale fraud perpetrated on thousands of Californians.

10 **FIRST CAUSE OF ACTION AGAINST ALL DEFENDANTS**

11 VIOLATIONS OF BUSINESS AND PROFESSIONS CODE SECTION 17500 ET SEQ.

12 (False or Misleading Statements)

13 98. The People reallege and incorporate by reference each of the paragraphs above as
14 though fully set forth herein.

15 99. Defendants violated California Business and Professions Code section 17500, et
16 seq. (California's False Advertising Law or FAL) by making or disseminating, or causing to be
17 made or disseminated, before the public in this State, untrue or misleading statements in
18 connection with the sale of goods or services, that Defendants knew or should have known were
19 untrue or misleading, including but not limited to the following:

- 20 a. That Trinity/Sharity was an HCSM;
- 21 b. That the Trinity/Sharity plans were created and operated by a non-profit;
- 22 c. That the monthly payments members paid for their Trinity/Sharity plans were used
23 to pay for the healthcare costs of other members;
- 24 d. That the Trinity/Sharity plans operated to facilitate the sharing of member
25 contributions;
- 26 e. That the Trinity/Sharity plans were, or practically equivalent to, ACA health
27 insurance or service plans; and
- 28 f. That the Trinity/Sharity plans were not a type of insurance.

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rule); and

vi. Selling and offering to sell insurance policies without providing required documentation, training materials, or fees to the California Department of Insurance;

c. Defendants have violated the California Health & Safety Code by:

i. Issuing, offering, transacting and operating a health service plan without a license from the California Department of Managed Health Care;

ii. Issuing, offering, transacting and operating a health service plan without providing required documentation, training materials, or fees to the California Department of Managed Care;

iii. Issuing, offering, transacting and operating individual and small group health plans without providing minimum essential coverage, including coverage for essential health benefits and pre-existing conditions;

iv. Issuing, offering, transacting and operating insurance without satisfying capital and surplus, financial stability, competency/integrity of management, timely access, and utilization review policy requirements;

v. Issuing, offering, transacting and operating a health service plan without sending premium rebates to members when the ratio of the amount of premium revenue expended on the costs for reimbursement of medical care to the total amount of premium revenue is less than 80% (the medical loss ratio rule); and

vi. Selling and offering to sell health service plans without providing required documentation, training materials, or fees to the California Department of Managed Health Care;

d. Defendants have violated the California Government Code and Business & Professions Code by:

i. Failing to use charitable contributions for the purposes for which they were sought;

- ii. Failing to register Trinity/Sharity with the Attorney General; and
- iii. Failing to provide annual disclosures to the Attorney General’s Registry of Charitable Trusts.

e. Defendants have violated California law by:

- i. Systemically failing to conduct reasonable reviews before rejecting members’ requests for payment of healthcare costs;
- ii. Depriving these insureds of the benefits for which they contracted in violation of the covenant of good faith and fair dealing implied in every members’ Alera, Trinity and/or Sharity agreement. This includes but is not limited to, the use of price as a sole factor when denying of members’ requests. Defendants’ practices violated the covenant of good faith and fair dealing implied into every insurance policy and health plan.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment as follows:

1. Pursuant to Business and Professions Code section 17535, that Defendants, along with Defendants’ successors, agents, representatives, employees, and all persons who act in concert with Defendants, be permanently enjoined from making any false or misleading statements in violation of Business and Professions Code section 17500, as alleged in this Complaint;
2. Pursuant to Business and Professions Code section 17203, that the court enter all orders necessary to prevent Defendants, as well as Defendants' successors, agents, representatives, employees, and all persons who act in concert with Defendants from engaging in any act or practice that constitutes unfair competition in violation of Business and Professions Code section 17200;
3. Pursuant to Business and Professions Code section 17203, that the court enter all orders or judgments, including but not limited to restitution, as may be necessary to restore to any person in interest any money or other property that Defendants may have acquired by violations of Business and Professions Code section 17200, as proved at trial;

1 4. Pursuant to Business and Professions Code section 17235, that the court enter all
2 orders or judgments, including but not limited to restitution, as may be necessary to restore to any
3 person in interest any money or other property that Defendants may have acquired by violations
4 of Business and Professions Code section 17500, as proved at trial;

5 5. Pursuant to Business and Professions Code section 17536, that the court assess a
6 civil penalty of two thousand five hundred dollars (\$2,500) against Defendants for each violation
7 of Business and Professions Code section 17500, as proved at trial;

8 6. Pursuant to Business and Professions Code section 17206, that the court assess a
9 civil penalty of two thousand five hundred dollars (\$2,500) against Defendants for each violation
10 of Business and Professions Code section 17200, as proved at trial;

11 7. Pursuant to Business and Professions Code section 17206.1, subdivision (a), that
12 the court assess, in addition to any penalties assessed under Business and Professions Code
13 sections 17206 and 17536, a civil penalty of two thousand five hundred dollars (\$2,500) against
14 Defendants for each violation of Business and Professions Code section 17200, perpetrated
15 against senior citizens or disabled persons, as proved at trial;

16 8. That Plaintiff recover its costs of suit; and

17 9. For such other and further relief that the court deems just and proper.

18
19 Dated: January 12, 2022

Respectfully Submitted,

20 ROB BONTA
21 Attorney General of California
22 RENU R. GEORGE
23 Senior Assistant Attorney General
24 KATHLEEN BOERGERS
25 Supervising Deputy Attorney General



26 ARI DYBNIS
27 Deputy Attorney General
28 *Attorneys for Plaintiff, the People of the
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