IN THE EXECUTIVE ETHICS COMMISSION
OF THE STATE OF ILLINOIS

IN RE: ANNE MELISSA DOWLING) OEIG Case #17-01511

OEIG FINAL REPORT (REDACTED)

Below is a final summary report from an Executive Inspector General. The General Assembly has directed the Executive Ethics Commission (Commission) to redact information from this report that may reveal the identity of witnesses, complainants or informants and "any other information it believes should not be made public." 5 ILCS 430/20-52(b).

The Commission exercises this responsibility with great caution and with the goal of balancing the sometimes-competing interests of increasing transparency and operating with fairness to the accused. In order to balance these interests, the Commission may redact certain information contained in this report. The redactions are made with the understanding that the subject or subjects of the investigation have had no opportunity to rebut the report's factual allegations or legal conclusions before the Commission.

The Commission received this report from the Governor's Office of Executive Inspector General ("OEIG"). The Commission, pursuant to 5 ILCS 430/20-52, redacted the final report and mailed copies of the redacted version to the Attorney General, the Executive Inspector General for the Governor, and to Anne Melissa Dowling at her last known address.

The Commission reviewed all suggestions received and makes this document available pursuant to 5 ILCS 430/20-52.

FINAL REPORT

I. ALLEGATION

On July 27, 2017, the Office of Executive Inspector General (OEIG) received an anonymous complaint alleging that former Acting Director of the Department of Insurance (DOI) Anne Melissa Dowling violated the revolving door prohibition of the State Officials and Employees Ethics Act (Ethics Act) when, after leaving State employment, she received compensation for serving on the Board of Advisors for Prosperity Life Insurance Group (Prosperity).

II. BACKGROUND

Per subsection (h) of the Ethics Act's revolving door prohibition, the head of a department (such as the Director of DOI) may not receive compensation from an entity for a year after leaving State employment, if the entity, or its parent or subsidiary, was the subject of a regulatory or licensing decision involving the employee's State agency, during the year prior to leaving State

employment.[1] This restriction applies to an agency Director's post-State employment regardless of whether she participated personally and substantially in the making of the regulatory or licensing decision in question.[2] State employees subject to this provision are commonly referred to as being on the "H-list."

The mission of DOI is to protect Illinois insurance consumers by providing assistance and information, regulating the insurance industry's market behavior and financial solvency, and fostering a competitive insurance marketplace.[3] DOI carries out its mission through effective administration of the Illinois Insurance Code (215 ILCS 5/1 *et seq.*), the Illinois Pension Code (40 ILCS 5/1-101 *et seq.*), and related laws and regulations, including Title 50 of the Illinois Administrative Code.[4] Anne Melissa Dowling was the Acting DOI Director from July 2015 until January 2017.

Prosperity is a holding company that has several subsidiaries, which include Shenandoah Life Insurance Company (Shenandoah), SBLI USA Life Insurance Company, Inc. (SBLI), and S.USA Life Insurance Company, Inc. (S.USA).[5]

III. INVESTIGATION

As part of the investigation, OEIG investigators obtained various documents, including various filings made by subsidiaries of Prosperity. In addition, OEIG investigators interviewed employees of DOI, and Ms. Dowling.

A. Ms. Dowling's Post-State Employment Records Of Compensation

In response to a subpoena request for "any and all records of compensation paid to Ms. Dowling by Prosperity . . . and/or its subsidiaries," from January 1, 2017 through October 2017, Prosperity produced an SBLI "Check Requisition" form. This form stated that Ms. Dowling was issued a check for a total of $18,750 on June 27, 2017, for board member fees. The sources of funding were split between Shenandoah ($6,875), SBLI ($6,875), and S.USA ($5,000).

B. DOI Filings Of Prosperity Subsidiaries

In response to a request for "any and all [DOI] regulatory or licensing decisions, effected at any time between December 2015 through January 2017," involving Prosperity, Shenandoah, SBLI, and S.USA, DOI produced various filings that these companies made with DOI within the year prior to Ms. Dowling leaving State employment. DOI identified several of these filings as informational only, meaning that they did not require the approval of anyone at DOI, or cost the insurance company a filing fee. For example, some filings simply sought to inform policyholders of name or address changes relevant to their policies. A review of the status of these informational

---

[1] *See* 5 ILCS 430/5-45(h).
[2] *See id.*
[3] *See* http://insurance.illinois.gov/main/aboutUs.html (last visited April 4, 2018).
[4] *See id.*
[5] In an interview with OEIG investigators, Ms. Dowling confirmed that these companies were subsidiaries of Prosperity.

filings in DOI's System for Electronic Rate and Form Filing (SERFF) showed that they were listed as "filed," while the status of other filings that required someone at DOI to review them was listed as "approved."

Investigators identified the following filings by Shenandoah that DOI "approved" during the year before Ms. Dowling left DOI employment.

1. Shenandoah Annuity Rider

Shenandoah filed an "Annuity Rider" with DOI, which was assigned SERFF Tracking No. SBLU-130686561. Per the filing's description, two riders to a group term life insurance policy and certificate were submitted "for review and approval by the Department (DOI)." The description further stated that the riders were "designed to be used as riders with a Group Term Life Insurance Policy and Certificate, which have been submitted to the Interstate Insurance Product Regulation Commission for review and approval . . ." The documents reflect that the filing was reviewed by former Insurance Analyst [Employee 1] and approved by Assistant Deputy Director of Life and Annuities Compliance Arlene Mehsling on November 4, 2016.

2. Shenandoah 2015 Medicare Supplement Refund Calculation

Shenandoah filed a "2015 Medicare Supplement Refund Calculation" with DOI, which was assigned SERFF Tracking No. IASL-130559476. Per the filing's description, Shenandoah submitted a Medicare Supplement Refund Calculation Form and a Reporting Form for the Calculation of Benchmark Ratio for compliance with Illinois' Medicare Supplement Regulation. The documents reflect that the filing was reviewed by former Insurance Analyst [Employee 2] and approved by then-Deputy Director Paulette Dove on September 25, 2016.

C. Interview Of Assistant Deputy Director Of Life And Annuities Compliance Arlene Mehsling

OEIG investigators interviewed Assistant Deputy Director of Life and Annuities Compliance Arlene Mehsling on October 25, 2017. Ms. Mehsling said that she supervises employees in the Life and Annuities Compliance Unit, reviews filings, and issues final dispositions and approvals on filings that contain life and annuity forms. According to Ms. Mehsling, DOI makes regulatory decisions relating to companies selling group and individual insurance policies in Illinois.

Ms. Mehsling explained that filings are received from an insurance company through SERFF and an Insurance Analyst is then assigned to review the filing for compliance with statutes and regulations.[6] Ms. Mehsling said that once any DOI objections and correspondence with the insurance company are resolved, then she reviews the filing and issues final approval. Ms. Mehsling stated that a company may sell an insurance product in Illinois once relevant filings have been approved by DOI. Ms. Mehsling said that DOI has authority to disapprove a filing submitted

[6] Specifically, Ms. Mehsling stated that applicable statutes and regulations could be found in the Illinois Insurance Code, 215 ILCS 5/1 *et seq.*) and Title 50 of the Illinois Administrative Code.

by an insurance company, but usually agency employees will work with insurance companies to bring the filing into compliance or to have the filing withdrawn.

OEIG investigators showed Ms. Mehsling a copy of the Shenandoah Annuity Rider filing, SERFF Tracking No. SBLU-130686561. Ms. Mehsling explained that Shenandoah had a group annuity policy that was approved by DOI and issued in Illinois, and the filing sought to add a benefit or make a change to that policy through the addition of two riders. Ms. Mehsling said that Insurance Analyst [Employee 1] reviewed the filing to ensure that Shenandoah explained the purpose of the filing and how it would affect the policy, that the filing would not be harmful to the consumer, and that the language of the rider was not ambiguous, unfair, or in conflict with the terms of the policy. Ms. Mehsling stated that she considered her approval of the Shenandoah Annuity Rider filing to be a regulatory decision.

D. Interview Of General Counsel Paulette Dove

OEIG investigators interviewed Paulette Dove on May 17, 2018. Ms. Dove said she was the Deputy Director of Health Products at DOI from August 2015 until February 2017, when she became DOI's General Counsel. Ms. Dove said that when she was Deputy Director, she was responsible for the DOI unit that reviews health insurance policies that insurance companies submit to DOI, and that the companies want to sell in Illinois.

Investigators showed Ms. Dove a copy of the Shenandoah 2015 Medicare Supplement Refund Calculation, SERFF Tracking No. IASL-130559476. Ms. Dove explained that each year, companies that sell Medicare supplement insurance submit this type of filing to DOI, indicating their financial information and their basis for believing they were entitled to a refund. Ms. Dove said that DOI's financial corporate regulatory team and its actuaries review the filing and provide their opinion as to how to proceed. Ms. Dove said her role was to confirm that all the documents were submitted, and that DOI's actuarial team followed appropriate steps in making a recommendation as to whether to approve the filing. Ms. Dove said she had the authority to approve or reject the filing after the process was completed, but that she had no independent reason to reject the filing. Ms. Dove said that if the filing was not approved, the company could not proceed with the requested activity. Ms. Dove stated that she considered her approval of the Shenandoah Medicare Supplement Refund Calculation to have been a regulatory approval because DOI marked the file "approved," rather than "filed," and because her approval was required.

Investigators also showed Ms. Dove a copy of the Shenandoah Annuity Rider filing, SERFF Tracking No. SBLU-130686561. Ms. Dove noted that the unit where this document was filed did not fall under her responsibility, but stated that she thought the filing was a regulatory decision. When asked why, Ms. Dove explained that the disposition status indicated that the filing was "approved," and that it looked like approval was required before the company could modify the product it was offering to consumers.

E. Interviews Of DOI Ethics Officer Catherine Lacey

On April 3 and May 9, 2018, OEIG investigators interviewed Catherine Lacey who is the Assistant General Counsel and current DOI Ethics Officer since January 2018. Ms. Lacey said

that DOI makes regulatory decisions related to insurance companies operating in Illinois. Ms. Lacey stated that if she had to determine whether a regulatory decision had been made at DOI, she might request SERFF filings, the insurance company file, and any meeting notes; she said she would also conduct an investigation to determine who at DOI was involved in processes related to the insurance company.

According to Ms. Lacey, processing a name or address change would likely not be considered to be a regulatory decision. However, she said, if DOI's approval of an insurance filing is required for the insurance company to enter a product in the Illinois market, then DOI would be making a regulatory decision. She explained that holding an insurance company accountable to the Insurance Code is a regulatory function and when DOI acts to protect consumers from entities participating in the insurance marketplace, then it is making a regulatory decision. Ms. Lacey added that when you tell someone what types of products may be available in an industry, then you are making a regulatory decision.

Investigators showed Ms. Lacey copies of the Shenandoah Annuity Rider filing, SERFF Tracking No. SBLU-130686561, and 2015 Medicare Supplement Refund Calculation, SERFF Tracking No. IASL-130559476. Ms. Lacey said that, based on reviewing the documents, it appeared that DOI had made regulatory decisions regarding both filings. Ms. Lacey said that an H-list employee would not be able to take a job with this company, and that if she had been the Ethics Officer at the time, and Ms. Dowling had asked if she could work for Shenandoah, Ms. Lacey's answer would have been "no."

F. Interviews Of Former DOI Ethics Officer Anne Marie Skallerup

OEIG investigators spoke to former Ethics Officer Anne Marie Skallerup on April 6 and 23, 2018; Ms. Skallerup also contacted investigators with additional information on April 24, 2018. Ms. Skallerup said that she was familiar with the revolving door prohibition and had reviewed employee requests for revolving door determinations. Ms. Skallerup said that when determining whether a regulatory decision had been made, she would review the filings that an insurance company had made with DOI, but she would also discuss the matter with deputy directors and any DOI employees involved in matters related to the insurance company. Ms. Skallerup reviewed the Shenandoah Annuity Rider filing, SERFF Tracking No. SBLU-130686561, and remarked that she did not think that the filing was merely informational, but an Insurance Analyst would be able to better answer whether it amounted to a regulatory decision. Ms. Skallerup stated that if Ms. Mehsling considered her approval of a given filing to constitute a "regulatory decision," then she would rely on that.

Ms. Skallerup said that at some point, Ms. Dowling contacted her with questions about what the H-list and C-list provisions of the Ethics Act required.[7] Ms. Skallerup said she was the DOI Ethics Officer at that time, but she did not recall when Ms. Dowling contacted her, or whether

[7] Pursuant to subsection (c) of the revolving door prohibition, other State employees who, by the nature of their duties may participate in the awarding of certain contracts or in regulatory or licensing decisions, are required to notify the OEIG prior to accepting non-State employment within one year of separation from State employment, so that the OEIG can determine whether they are restricted from accepting such employment *See* 430 ILCS 5-45(c) & (f). These employees are commonly referred to as being on the "C-list."

it was before or after Ms. Dowling left State employment. According to Ms. Skallerup, Ms. Dowling told her she was contemplating working for a company that had a small book of life insurance, and that she would be doing work that related to life insurance; however, Ms. Skallerup did not recall whether Ms. Dowling told her the name of the prospective employer.

Ms. Skallerup said she told Ms. Dowling to refer to information in an H-list acknowledgement form Ms. Dowling had signed during her DOI employment, and that she also told Ms. Dowling to review revolving door information on the OEIG website. In addition, Ms. Skallerup said she suggested that Ms. Dowling go through the C-list process to get an OEIG revolving door determination, as a "CYA."[8]

Ms. Skallerup said she told Ms. Dowling that if the prospective employer did business in Illinois and had been the subject of a regulatory decision, Ms. Dowling should refrain from taking the job. Ms. Skallerup said she went through various scenarios with Ms. Dowling, and that she told Ms. Dowling that if the company was small enough that it did not file anything in Illinois and had not been examined within the year before Ms. Dowling left DOI, she might not be restricted from working for the company. However, Ms. Skallerup said she told Ms. Dowling that she (Ms. Dowling) needed to get additional facts about the company's interactions with DOI. Ms. Skallerup said she offered to look for entries in SERFF for Ms. Dowling, but Ms. Dowling declined. Ms. Skallerup said she did not do any independent examination of Ms. Dowling's revolving door issue, such as reviewing filings regarding the prospective employer or speaking with DOI employees who made decisions on filings.

Ms. Skallerup said she did not tell Ms. Dowling that it was all right to take the job, and noted that she would not have been able to do so. When asked whether she said anything that Ms. Dowling could have misconstrued to be an opinion that she could take the job, Ms. Skallerup said that she may have told Ms. Dowling that based on a prior decision, depending on the prospective employer's subsidiary or affiliate relationship, Ms. Dowling may be ok. However, Ms. Skallerup said she did not have enough facts to reach that conclusion, and that she told Ms. Dowling that she (Ms. Skallerup) was not the decision maker.

G. Interview Of Anne Melissa Dowling

OEIG investigators interviewed Anne Melissa Dowling on January 17, 2018. Ms. Dowling said that she serves on an independent board for Prosperity in an advisory capacity and is compensated for her services twice a year. Ms. Dowling said she began work for Prosperity in May 2017. Ms. Dowling confirmed that Shenandoah, SBLI, and S.USA were subsidiaries of Prosperity. Ms. Dowling said that DOI makes regulatory decisions related to the insurance industry to the extent allowed by Illinois law.

Ms. Dowling reviewed the Shenandoah Annuity Rider, SERFF Tracking No. SBLU-130686561, and remarked that she had not seen it prior to the OEIG interview. Ms. Dowling said that the filing was merely "accepted" by DOI because approval was not required. Ms. Dowling explained that the filing was subject to an interstate compact under the Interstate Insurance Product

---

[8] This suggestion was misguided. The OEIG determination process applicable to C-list employees is not available to H-list employees. *See* 5 ILCS 430/5-45(f).

Regulation Commission, which reviewed the filing for approval before it was filed in Illinois. According to Ms. Dowling, Ms. Mehsling would have reviewed the filing against a checklist to ensure that the language met the standards of the interstate compact and ensured that requisite paperwork was properly filed. Ms. Dowling said that if the filing did not meet the standards of the interstate compact, then it would have been subject to independent review.

Ms. Dowling stated that she would not characterize Ms. Mehsling's approval as a "regulatory decision," but would characterize it as the administrative acceptance of a filing, which met the requirements of an interstate compact. Ms. Dowling said that Ms. Mehsling would not have needed to exercise any discretion when approving the filing, and that regulatory decisions are accompanied by back-and-forth correspondence between the insurance company and DOI. According to Ms. Dowling, there is not a lot of authority in Illinois for DOI to regulate insurance policies.

Ms. Dowling reviewed the Shenandoah Medicare Supplemental Refund Calculation, SERFF Tracking No. IASL-130559476. Ms. Dowling stated that she could not tell what effect the filing had in Illinois because DOI does not have the authority to tell insurance companies that their rates are too high. Ms. Dowling said that Ms. Dove would have reviewed the filing to ensure that it was compliant with the relevant Illinois regulation, but she would not be exercising any discretion. According to Ms. Dowling, filings are reviewed against checklists and insurance analysts ensure that proper paperwork supports the product. Ms. Dowling said that Ms. Dove could determine that the paperwork was not proper and send the filing back to the insurance company for correction, but she did not consider Ms. Dove to have made a regulatory decision when she approved the Shenandoah Medicare Supplemental Refund Calculation.

Ms. Dowling stated that she was familiar with the revolving door prohibition, but she did not consider any DOI decisions involving Prosperity's subsidiaries to have been regulatory decisions. Ms. Dowling said that she did her own review on the DOI website to determine if any regulatory decision had been made involving any of Prosperity's subsidiaries within the year prior to her departure from DOI, and all she found were routine matters. Ms. Dowling recalled that she spoke to former Ethics Officer Anne Marie Skallerup about whether the OEIG needed to approve her employment with Prosperity and was told that no prior approval was required. According to Ms. Dowling, Ms. Skallerup told her that it sounded like a good fact pattern and that she was not violating anything.[9] Ms. Dowling said that she could not recall if she asked for anything in writing from Ms. Skallerup but noted that she did not think Ms. Skallerup had authority to provide her with such a document. Ms. Dowling said that the conversation with Ms. Skallerup about revolving door matters occurred via text message in April 2017.[10]

---

[9] In her interviews, Ms. Skallerup told investigators that she did not recall commenting on Ms. Dowling's "fact pattern." When asked whether she told Ms. Dowling that she was not violating anything by taking the job, Ms. Skallerup responded that she would not have said anything like that.

[10] In her interviews, Ms. Skallerup also recalled that Ms. Dowling had contacted her by text message. However, Ms. Skallerup said she changed phones in late June or early July 2017, and she was unable to locate any text communications with Ms. Dowling regarding the revolving door issue.

IV. ANALYSIS

As the head of DOI, Ms. Dowling was prohibited from receiving compensation or fees for services from any entity, within a year after leaving State employment, if a regulatory decision had been made by DOI involving that entity, or any of its subsidiaries, during the year prior to Ms. Dowling leaving State employment.[11] Ms. Dowling left State employment in January 2017. In June 2017, Ms. Dowling received compensation for advisory services provided to Prosperity, which was sourced from subsidiaries of Prosperity, including Shenandoah. Thus, Ms. Dowling would have violated the Ethics Act's revolving door prohibition if, during the year prior to January 2017, DOI made any regulatory decision relating to Prosperity or its subsidiaries.

The Ethics Act does not define "regulatory decision" as used in the revolving door prohibition, and there are no Executive Ethics Commission or Illinois court decisions setting forth a definition of the term. It is unclear whether a purely ministerial action such as accepting an insurance company's filing regarding an address change would amount to a regulatory decision; however, as DOI Ethics Officer Catherine Lacey stated, a DOI decision relating to an insurance company's filing is "regulatory" if DOI's approval was required in order for an insurance product to enter the Illinois marketplace. As Ms. Lacey explained, when DOI holds an insurance company accountable to applicable laws and tells the company what types of products may be available in an industry, then DOI is making a regulatory decision.

The investigation revealed that in November 2016, approximately two months before Ms. Dowling left State employment, DOI made a regulatory decision concerning Prosperity subsidiary Shenandoah, when Ms. Mehsling approved a filing involving riders that Shenandoah submitted to DOI. Ms. Mehsling stated in her interview that this was a regulatory decision, and explained that rather than merely "accepting" the filing, an insurance analyst also reviewed it to ensure that Shenandoah explained its purpose and how it would affect the insurance policy. In her interview DOI General Counsel Paulette Dove opined that, based on reviewing the documentation during the interview, she also thought the approval of this filing was a regulatory decision.

The investigation further revealed that in September 2016, approximately four months before Ms. Dowling left State employment, DOI made a regulatory decision concerning Shenandoah, when Ms. Dove approved a filing involving a Medicare Supplement Refund Calculation that Shenandoah submitted to DOI. Like the Shenandoah Annuity Rider filing, the Medicare Supplement Refund Calculation filing was not an informational filing that was only "filed" in the SERFF system. In addition, before Ms. Dove approved it, DOI's financial corporate regulatory team and its actuaries reviewed the filing and provided their recommendation regarding what action to take. Ms. Dove stated in her interview that she considered her approval of the Shenandoah Medicare Supplement Refund Calculation to have been a regulatory approval because DOI marked the file "approved," rather than "filed," and because her approval was required.

DOI's former and current Ethics Officers also agreed that DOI had made regulatory decisions regarding Shenandoah. After reviewing the Shenandoah Annuity Rider filing, Ms. Skallerup did not think that it was merely informational and stated that she would rely on Ms. Mehsling's representation in determining whether a regulatory decision had been made. Ms.

[11] *See* 5 ILCS 430/5-45(h).

Lacey also opined that DOI's decisions regarding both Shenandoah filings were regulatory, and that an H-list employee such as Ms. Dowling was not permitted to take a job with the company.

During her OEIG interview, Ms. Dowling disputed the characterization of the approval of the Shenandoah Annuity Rider filing as being a regulatory decision. Ms. Dowling said that the filing was merely "accepted" by DOI, approval was not required, and no discretion was exercised concerning the filing. Ms. Dowling argued that the filing was already reviewed by the Interstate Insurance Product Regulation Commission before it was filed in Illinois and that Ms. Mehsling would have merely reviewed the filing against a checklist and ensured that all the proper paperwork had been filed.

Ms. Dowling's characterization of the approval of the filing, however, conflicts with the characterization provided by Ms. Mehsling, who made the approval decision. Moreover, even if the filing had been reviewed by another entity prior to being filed in Illinois, the OEIG investigation revealed that a DOI review and approval process was still required in order for the product to enter the Illinois marketplace. Thus, there is sufficient evidence to show that Ms. Mehsling's approval of the Shenandoah Annuity Rider filing was not merely the administrative acceptance of a filing, but a regulatory decision that was made after reviewing the filing for compliance with Illinois rules and regulations.

Although Ms. Dowling also contended that Ms. Dove would not have exercised any discretion in approving Shenandoah's Medicare Supplement Refund Calculation, Ms. Dowling admitted that this filing was reviewed for compliance with Illinois rules and regulations. Thus, there is sufficient evidence to show that Ms. Dove's approval was a regulatory decision because it was made after the filing was reviewed for compliance with Illinois rules and regulations.

Finally, although State employees are entitled to rely in good faith on guidance from their Ethics Officer in interpreting the Ethics Act,[12] Ms. Skallerup did not advise Ms. Dowling that she could accept the job with Prosperity. Ms. Skallerup said she discussed Ms. Dowling's revolving door questions with her in a general way, but that she did not have sufficient information regarding Ms. Dowling's prospective employer's filings with DOI to have advised her that she could take the job. Instead, Ms. Skallerup said she referred Ms. Dowling to various other sources of information about the revolving door requirements, told her that she (Ms. Dowling) needed to get additional information, and that Ms. Dowling should refrain from taking the job if the prospective employer did business in Illinois and had been the subject of a regulatory decision. Although Ms. Dowling maintained that Ms. Skallerup told her that she was not violating anything, Ms. Skallerup told investigators she did not say that, and that she informed Ms. Dowling that she was not the decision maker. Given Ms. Skallerup's lack of information regarding Prosperity's interactions with DOI and Ms. Dowling's unfamiliarity with the filings in question, Ms. Skallerup's version of events is more credible.

Because Ms. Dowling received compensation for services provided to Prosperity, which was sourced in part by its subsidiary, Shenandoah, within a year after leaving State employment, when Shenandoah was the subject of at least two DOI regulatory decisions during the year prior

[12] 5 ILCS 430/20-23(3).

to her leaving State employment, the allegation that Ms. Dowling violated the Ethics Act's revolving door prohibition is **FOUNDED**.[13]

V. FINDINGS AND RECOMMENDATIONS

As a result of its investigation, the OEIG concludes that there is **REASONABLE CAUSE TO ISSUE THE FOLLOWING FINDING:**

- **FOUNDED** – Anne Melissa Dowling violated the Ethics Act's revolving door prohibition, 5 ILCS 430/5-45(h).

The OEIG is referring Ms. Dowling's violation of the Ethics Act's revolving door prohibition to the Illinois Attorney General's Office.

No further investigative action is needed, and this case is considered closed.

Date: **May 30, 2018**

Office of Executive Inspector General
for the Agencies of the Illinois Governor
69 W. Washington St., Suite 3400
Chicago, IL 60602

By: Angela Luning
Deputy Inspector General

Edward Doyle
Investigator #159

[13] The OEIG concludes that an allegation is "founded" when it has determined that there is reasonable cause to believe that a violation of law or policy has occurred or that there has been fraud, waste, mismanagement, misconduct, nonfeasance, misfeasance, or malfeasance.

OFFICE OF THE ATTORNEY GENERAL
STATE OF ILLINOIS

Kwame Raoul
ATTORNEY GENERAL

RECEIVED
JUL 10 2019
EXECUTIVE ETHICS COMMISSION

July 10, 2019

VIA United States Mail and Electronic Service
Chad Fornoff
Administrative Law Judge
Illinois Executive Ethics Commission
401 South Spring Street
513 William Stratton Building
Springfield, IL 62706
chad.fornoff@illinois.gov

Re: Haling v. Dowling

Dear ALJ Fornoff:

Enclosed please find an original and two copies of the Petitioner's Motion for Approval of the Parties' Proposed Settlement Agreement, with exhibits, that the Office of the Illinois Attorney General ("OAG") is filing with the Executive Ethics Commission. In addition, the OAG respectfully requests that the Commission return by email a scanned, file-stamped PDF copy of both the enclosed Notice of Motion and Petitioner's Motion for Approval of the Parties' Proposed Settlement Agreement to distribute between the parties.

If you have any questions, please feel free to contact me directly at the telephone number below.

Sincerely,

s/ Francis Neil MacDonald

Francis Neil MacDonald
Ethics Unit Supervisor
Special Litigation Bureau
Office of the Illinois Attorney General
100 W. Randolph | 11th Floor
Chicago, Illinois 60601
1-312-814-5194 (o)
1-312-814-4452 (f)
fmacdonald@atg.state.il.us

FNM/jmd
Encls.
cc: Russell Perdew, Whitney Rosen,
Neil Olson, Fallon Opperman

IN THE EXECUTIVE ETHICS COMMISSION
OF THE STATE OF ILLINOIS

RECEIVED
JUL 10 2019
EXECUTIVE ETHICS COMMISSION

SUSAN M. HALING, in her capacity as the ACTING EXECUTIVE INSPECTOR GENERAL for the AGENCIES of the ILLINOIS GOVERNOR,	)	
Petitioner,	)	
v.	)	**No. 19-EEC-005**
Anne Melissa DOWLING,	)	
Respondent.	)	

NOTICE OF MOTION

To: See attached service list

PLEASE TAKE NOTICE that on July 10, 2019, we caused the Illinois Attorney General's attached **Petitioner's Motion for Approval of the Parties' Proposed Settlement Agreement**, with exhibits, in the above-captioned matter, to be filed with the Executive Ethics Commission of the State of Illinois, a copy of which is hereby served upon you.

KWAME RAOUL
Illinois Attorney General

By: *s/ Francis Neil MacDonald*

Ethics Unit Supervisor
Special Litigation Bureau
Office of the Illinois Attorney General
100 West Randolph Street, 11th Floor
Chicago, IL 60601
(312) 814-5194 (o)
(312) 814-4452 (f)
fmacdonald@atg.state.il.us
No. 99000

CERTIFICATE OF SERVICE

The undersigned attorney certifies that on July 10, 2019, he served on the person identified in the attached Service List, by electronic mail and U.S. Mail, a copy of this Notice of Motion and the Petitioner's Motion for Approval of the Parties' Proposed Settlement Agreement, with exhibits, attached hereto.

s/ *Francis Neil MacDonald*
Francis Neil MacDonald

SERVICE LIST

By United States Mail and Electronic Service

Chad Fornoff
Administrative Law Judge
Illinois Ethics Commission
401 S. Spring Street
Springfield, IL 62706
chad.fornoff@illinois.gov

By United States Mail and Electronic Service

Neil Olson
General Counsel
Office of Executive Inspector General
for the Agencies of the Illinois Governor
607 E. Adams / 14th Floor
Springfield, IL 62701
Neil.Olson@Illinois.gov

By Hand Delivery and Electronic Service

Whitney Rosen
Office of the Governor
Deputy General Counsel
JRTC, 100 West Randolph
Suite 16-100
Chicago, IL 60601
Whitney.Rosen@illinois.gov

By Hand Delivery and Electronic Service

Fallon Opperman
Office of Executive Inspector General
for the Agencies of the Illinois Governor
69 W. Washington, Suite 3400
Chicago, IL 60602
Fallon.Opperman@Illinois.gov

For Respondent

By United States Mail and Electronic Service

Russell Perdew
LOCKE LORD LLP
111 South Wacker Drive
Chicago, IL 60606
rperdew@lockelord.com

IN THE EXECUTIVE ETHICS COMMISSION
OF THE STATE OF ILLINOIS

RECEIVED
JUL 10 2019
EXECUTIVE ETHICS COMMISSION

SUSAN M. HALING, in her capacity as the ACTING EXECUTIVE INSPECTOR GENERAL for the AGENCIES of the ILLINOIS GOVERNOR,	)	
Petitioner,	)	
v.	)	No. 19-EEC-005
Anne Melissa DOWLING,	)	
Respondent.	)	

PETITIONER'S MOTION FOR APPROVAL OF
THE PARTIES' PROPOSED SETTLEMENT AGREEMENT

Illinois Attorney General Kwame Raoul, on behalf of Petitioner Susan M. Haling, the Executive Inspector General for the Agencies of the Illinois Governor ("OEIG"), respectfully moves the Illinois Executive Ethics Commission ("Commission") for approval of the Parties' proposed Settlement Agreement, attached as Exhibit 1. The proposed settlement would resolve a dispute concerning Respondent's alleged violation of the revolving door provisions under the Illinois State Officials and Employees Ethics Act (the "Ethics Act").

A. Background

1. Respondent Anne Melissa Dowling served as the Acting Director of the Illinois Department of Insurance ("IDOI" or "Department") during the period from July 2015 through January 16, 2017. Consequently, she was subject to the jurisdiction of the Executive Ethics Commission and the Ethics Act. 5 ILCS 430/1-1 *et seq.* *Id.* §§ 5-45(h), 20-5(d).

2. As IDOI's Acting Director (a so-called "h-list" position), Respondent was precluded by the Ethics Act from receiving compensation or fees for services from a person or entity for a year immediately following her departure from State employment if, during the year preceding her departure, her prospective employer (or its parent or subsidiary) was "the subject of

a regulatory or licensing decision involving the officer . . . or State employee's State agency." *Id.* § 5-45(h)(3)-(4). This restriction applies to "h-list" employees regardless of whether they participated personally and substantially in making the regulatory or licensing decision in question. *Id.*

3. The mission of the Department is "to protect consumers by providing assistance and information, by efficiently regulating the insurance industry's market behavior and financial solvency, and by fostering a competitive insurance marketplace."[1] Among its duties, IDOI is responsible for regulating and monitoring the conduct and fiscal health of insurance companies that do business in the State of Illinois. 215 ILCS 5/1 *et seq*. The Illinois Insurance Code vests the Director with "the rights, powers and duties appertaining to the enforcement and execution of all the insurance laws of this State." *Id.* § 5/401(a)-(d).

4. Prosperity Life Insurance Group, LLC is a holding company with several subsidiaries, including SBLI USA Life Insurance Company, Inc. ("SBLI"), and Shenandoah Life Insurance Company ("Shenandoah"). Shenandoah is regulated by IDOI.

5. On May 5, 2016, Shenandoah submitted to IDOI a 2015 Medicare Supplement Refund Calculation Form and a Reporting Form for the calculation of Benchmark Ratio for compliance with Illinois' Supplement Plan regulations. This submission was reviewed by an IDOI insurance analyst and subsequently approved by an IDOI Deputy Director on September 25, 2016. The Deputy Director's approval was required to permit Shenandoah to proceed with the transaction contemplated in the Forms.

6. On September 9, 2016, Shenandoah submitted two proposed annuity riders to a certain Shenandoah group term life insurance policy to the Department for review and approval.

---

[1] Https://www2.illinois.gov/agencies/DOI (last visited on June 26, 2019).

Shenandoah's proposed riders sought to make a change to an existing policy. The proposed riders were reviewed by an IDOI insurance analyst and approved by the IDOI Assistant Deputy Director of Life and Annuities Compliance on November 4, 2016. Once the relevant filings have been approved by IDOI, an insurer may sell an insurance product.

7. Following her departure from IDOI in January 2017, Respondent became a member of Prosperity's Board of Directors. As a Board member, Petitioner received compensation for attending Board meetings, among other duties.

8. On June 27, 2017, SBLI processed a check requisition for $18,750.00 as a "1ST HALF RETAINER" for "JAN-JUNE BOARD FEES[,]" including fees related to "Shenandoah Life." SBLI issued check number 72148 on that same date to Respondent, as payee, at her address of record. Of that amount, $6,875.00 was for services Respondent rendered to Shenandoah. A copy of the June 2017 requisition is attached to this Motion as Exhibit 2.

9. On December 15, 2017, SBLI processed a check requisition for $37,500.00 as a "2ND HALF RETAINER" for "JULY-DECEMBER RETAINER FEE(S), including fees related to "Shenandoah Life." Check number 72738 was issued on that same date to Respondent, as payee, at her address of record. Of that amount, $13,750.00 was allocable for services Respondent rendered to Shenandoah. A copy of the December 2017 check requisition is attached to this Motion as Exhibit 3.

10. Following her investigation of the matters above, Petitioner filed an Ethics Act complaint with the Commission on December 19, 2018, requesting that judgment be entered against Respondent for breaching Section 5-45(h) of the Act's revolving door provisions, and that the Commission levy a fine "of up to 3 times the total annual compensation . . . obtained in violation of Section 5-45." 5 ILCS 430/50-5(a-1). A copy of Petitioner's Complaint is attached as Exhibit 4.

11. Respondent answered the Complaint on March 1, 2019, denying that she had violated the Ethics Act. Specifically, Respondent argued that the filings listed above in Paragraphs 5 and 6 above did not involve the exercise of IDOI's regulatory or licensing judgment, but are instead routine, high-volume documents that involve perfunctory, non-substantive, and non-discretionary review. Respondent further denied that she had any involvement with or knowledge of the filings when they were made or at any time while employed at IDOI. A copy of Respondent's Answer of March 1, 2019, is attached as Exhibit 5.

12. In an Order dated March 19, 2019, the Commission concluded that Petitioner had sufficiently pleaded facts that, if proven, may constitute a violation of Section 5-45(h) of the Ethics Act. 5 ILCS 430/5-45(h)(3)-(4); 2 Ill. Admin. Code § 1620.480(a)-(b). A copy of the Commission's Order of March 19, 2019, is attached as Exhibit 6.

B. The Parties Have Elected To Settle This Matter

13. Petitioner and Respondent have agreed to settle this matter pursuant to the terms of their proposed Settlement Agreement. Ex. 1. Settlement is authorized by the Ethics Act Rules, which provide in relevant part that "[o]nce a complaint has been filed with the Commission, any proposed settlement reached by the parties must be submitted to the Commission for review and approval." 2 Ill. Admin. Code § 1620.530(f).

14. When a tribunal is asked to review and approve a settlement, it must satisfy itself that the agreement is "'fair, adequate, and reasonable' and 'is not illegal, a product of collusion, or against the public interest.'" *United States v. State of North Carolina*, 180 F.3d 574, 581 (4th Cir. 1999) (quoting *United States v. Colorado*, 937 F.2d 505, 509 (10th Cir. 1991)). "[T]he appropriate standard is not 'whether the settlement is one which the court itself might have fashioned, or considers as ideal,' [but] 'whether the proposed decree is fair, reasonable, and faithful to the objective of the governing statute . . . .'" *Bragg v. Robertson*, 54 F. Supp. 2d 653, 661-63 (S.D.

W. Va. 1999) (quoting *United States v. Kramer*, 19 F. Supp. 2d 273, 280 (D.N.J. 1998)).

15. It should be noted specifically in this regard that a settlement is not a decision on the merits. To the contrary, in a settlement, the tribunal

> should refrain from resolving the merits of the controversy or making a precise determination of the parties' respective legal rights. The essence of settlement is compromise. Each side gains the benefit of immediate resolution of the litigation and some measure of vindication for its position while foregoing the opportunity to achieve an unmitigated victory. . . . That each side gains something is, of course, true of all settlements between rational parties . . . .

E.E.O.C. v. Hiram Walker & Sons, Inc., 768 F.2d 884, 889-90 (7th Cir. 1985); *accord Isby v. Bayh*, 75 F.3d 1191, 1196-97 (7th Cir. 1996). "A settlement reflects the parties' mutual decision that a compromise is preferable to the risk and uncertainty of trial." *Pesek v. Donahue*, 04 C 4525, 2006 WL 1049969, at *4 (N.D. Ill. Feb. 9, 2006); *accord Illinois v. City of Chicago*, No. 17-cv-6260, 2019 WL 398703, at *4 (N.D. Ill. Jan. 31, 2019).

16. Consistent with these principles, the Parties have entered into the attached Settlement Agreement to avoid the uncertainty, delay, disruption, and expense of litigating this matter. The Parties' proposed settlement is not, nor should it be, construed as either an admission of any alleged fact, liability or wrongdoing by Respondent; or a concession by Petitioner that her allegations are not well-founded. It is thus a material condition of the Parties' decision to enter into the Settlement Agreement that the Commission not enter a finding, either that Respondent violated the Ethics Act's revolving door prohibitions, as Petitioner has alleged, or that Respondent did not violate the Ethics Act's revolving door prohibitions, as Respondent has argued.

17. OEIG and the Office of the Illinois Attorney General are public entities, and thus are subject to and bound by policies of transparency and public accountability. It is therefore also a material condition of Petitioner's decision to enter into the Settlement Agreement that the Parties and their respective counsel shall consent and agree to the public disclosure of this Motion; the

attached Settlement Agreement and its exhibits; and any final order of dismissal by the Commission in this matter, without additions or amendments by either Party; as well as information about the Settlement Agreement, whether by Petitioner, Respondent, the Commission, or any third party, *provided, however*, that the OEIG Summary Report, shall be made available to the public at the discretion of the Commission, and the Parties agree to waive their rights under 5 ILCS 430/20-52 to provide the Commission further input regarding such publication. All other investigative materials, reports, and related documents in this matter are subject to the Ethics Act's confidentiality and non-disclosure provisions. 5 ILCS 430/20-90(b), 20-95(a)-(b), (d).

18. The Parties agree that the Settlement Agreement is fair, adequate, and reasonable, and that it is not illegal, a product of collusion, or against the public interest. Accordingly, Petitioner seeks approval of the Parties' Settlement Agreement, attached hereto as Exhibit 1.

CONCLUSION

For the reasons set forth above, Petitioner requests that the Commission enter an Order:

a. granting Petitioner's Motion for Approval of the Parties' Proposed Settlement Agreement;

b. approving the Parties' proposed Settlement Agreement, a signed copy of which is attached as Exhibit 1 to this Motion;

c. authorizing disclosure of this Motion and attached exhibits, the Parties' proposed Settlement Agreement, and any final order of dismissal by the Commission in connection with the approval of the Settlement Agreement.

Dated: July 2, 2019

KWAME RAOUL, Attorney General for the State of Illinois, on behalf of Petitioner SUSAN M. HALING, Acting Executive Inspector General,

By: *s/ Francis Neil MacDonald*

Francis Neil MacDonald
Ethics Unit Supervisor
Office of the Illinois Attorney General
100 W. Randolph St., 11th Floor
Chicago, IL 60601
(312) 814-5194 (o)
fmacdonald@atg.state.il.us

Exhibit 1

IN THE EXECUTIVE ETHICS COMMISSION
OF THE STATE OF ILLINOIS

SUSAN M. HALING, in her capacity as the ACTING EXECUTIVE INSPECTOR GENERAL for the AGENCIES of the ILLINOIS GOVERNOR,	)	
Petitioner,	)	
v.	)	No. 19-EEC-005
Anne Melissa DOWLING,	)	
Respondent.	)	

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into by Petitioner Susan M. Haling, the Acting Executive Inspector General for the Agencies of the Illinois Governor ("OEIG"), and Respondent Anne Melissa Dowling (the "Parties"). This Settlement Agreement, entered pursuant to 2 Ill. Admin. Code § 1620.530(f), is neither an admission of any alleged fact, liability or wrongdoing by Respondent, nor is it a concession by Petitioner that her allegations are not well-founded. The Parties have entered into this Settlement Agreement solely to avoid the uncertainty, delay, and expense of litigating this matter.

A. Background And Recitals

1. Respondent served as the Acting Director of the Illinois Department of Insurance ("IDOI") from July 2015 through January 16, 2017. In this capacity, Respondent was subject to the jurisdiction of the Executive Ethics Commission ("Commission") and the provisions of the Illinois State Officials and Employees Ethics Act, 5 ILCS 430/1-1 *et seq. Id.* §§ 5-45(h), 20-5(d).

2. As a high ranking official, Respondent was a so-called "h-list" employee under the Ethics Act, which precluded her from receiving compensation from a person or entity for one year

immediately following her departure from State employment if, during the preceding year, the person or entity (or its parent or subsidiary) was "the subject of a regulatory or licensing decision involving the officer . . . or State employee's State agency." *Id.* This restriction applies to "h-list" employees regardless of whether she or he participated personally and substantially in making the regulatory or licensing decision in question. *Id.* § 5-45(h)(3)-(4).

3. Prosperity Life Insurance Group, LLC is a holding company with several subsidiaries, including SBLI USA Life Insurance Company, Inc. ("SBLI"), and Shenandoah Life Insurance Company ("Shenandoah"). Shenandoah is regulated by IDOI.

4. On May 5, 2016, Shenandoah submitted to IDOI a 2015 Medicare Supplement Refund Calculation Form and a Reporting Form for the calculation of Benchmark Ratio for compliance with Illinois' Supplement Plan regulations. This submission was reviewed by an IDOI insurance analyst and subsequently approved by an IDOI Deputy Director on September 25, 2016. The Deputy Director's approval was required to permit Shenandoah to proceed with the transaction contemplated in the Forms.

5. On September 9, 2016, Shenandoah submitted two proposed annuity riders to a certain Shenandoah group term life insurance policy to the Department for review and approval. Shenandoah's proposed riders sought to make a change to an existing policy. The proposed riders were reviewed by an IDOI insurance analyst and approved by the IDOI Assistant Deputy Director of Life and Annuities Compliance on November 4, 2016. Once the relevant filings have been approved by IDOI, an insurer may sell an insurance product.

6. Following her departure from IDOI in January 2017, Respondent became a member of Prosperity's Board of Directors. As a Board member, Petitioner received compensation for attending Board meetings, among other duties.

7. On June 27, 2017, SBLI paid Respondent $18,750.00 as compensation for her Board services during the period between April 1 and June 30, 2017. Of that amount, $6,875.00 was attributed to services Respondent rendered to Shenandoah.

8. On December 15, 2017, SBLI processed a check requisition for Respondent in the amount of $37,500.00 as compensation for her Board services during the period between July 1 and December 31, 2017. Of that amount, $13,750.00 was attributable to services Respondent rendered to Shenandoah.

9. On December 19, 2018, Petitioner filed an Ethics Act complaint with the Commission alleging that Respondent violated Section 5-45(h) of the Act's revolving door provisions by accepting compensation from Prosperity, the parent of a subsidiary subject to IDOI regulatory or licensing authority, in the year following Respondent's departure from state employment. 5 ILCS 430/50-5(a-1).

10. On March 1, 2019, Respondent answered the complaint, denying that she had violated the Ethics Act. Specifically, Respondent contends that the filings listed above did not involve the exercise of IDOI's regulatory or licensing judgment, but are instead routine, high-volume documents that involve perfunctory, non-substantive, and non-discretionary review. Respondent further denies that she had any involvement with or knowledge of the filings when they were made or at any time while employed at IDOI, and further disputes many of the assertions and conclusions contained in the Office of the Executive Inspector General's summary report, dated May 30, 2018 ("OEIG Summary Report").

11. In an Order dated March 19, 2019, the Commission concluded that Petitioner had sufficiently pleaded facts that, if proven, may constitute a violation of Section 5-45(h) of the Ethics Act. 2 Ill. Admin. Code § 1620.480(a)-(b). Respondent disputes that conclusion.

12. In consideration of the mutual promises and obligations of this Settlement Agreement, the Parties therefore agree and covenant as follows:

B. Settlement Terms And Conditions

13. This Settlement Agreement is subject to entry of an order by the Commission that:

a) approves this Settlement Agreement;

b) makes no finding regarding the accuracy of any assertions or conclusions in the Complaint filed in this case or in the OEIG Summary Report; and

c) makes no finding that Respondent violated the Ethics Act.

If the Commission declines to enter such an order ratifying the terms of this Settlement Agreement, this Settlement Agreement shall be null and void.

14. Contingent upon the approval described above, Respondent Anne Melissa Dowling will pay the State of Illinois the sum of $20,625.00 (the "Settlement Sum"). Respondent will pay this Settlement Sum pursuant to instructions provided by the State within fourteen days of the Commission's approval of this proposed Settlement Agreement.

15. Contingent upon the Commission's approval of this Settlement Agreement, the Parties further agree that this Settlement Agreement; the accompanying motion for approval of the Settlement Agreement and attachments thereto, including two SBLI check requisitions, Respondent's answer to the Complaint, and the Commission's sufficiency determination, dated March 19, 2019; and any final order of dismissal by the Commission in this matter shall be made available to the public by the Commission. The Parties further agree that the OEIG Summary Report, shall be made available to the public at the discretion of the Commission, and the Parties agree to waive their rights under 5 ILCS 430/20-52 to provide the Commission further input regarding such publication. All other investigative materials, reports, and related documents in

this matter are subject to the Ethics Act's confidentiality and non-disclosure provisions. 5 ILCS 430/20-90(b), 20-95(a)-(b), (d).

16. This Settlement Agreement constitutes the entire agreement between the Parties and may not be amended except by written agreement of the Parties.

17. This Settlement Agreement shall be binding upon and inure to the benefit of the successors, assigns, agents, and guarantors of each of the Parties.

18. This Settlement Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

19. This Agreement may be executed in counterparts, which together shall constitute the entire Settlement Agreement.

20. The effective date of this Agreement shall be the date of entry by the Commission of an Order approving this Agreement.

Kwame Raoul, Attorney General for the State of Illinois, on behalf of Susan M. Haling, in her capacity as Executive Inspector General, Petitioner,

By: */s/ Francis Neil MacDonald*

Francis Neil MacDonald
Assistant Attorney General
Office of the Illinois Attorney General
100 W. Randolph St., 13th Floor
Chicago, IL 60601
(312) 814-5194 (o)
(312) 814-4452 (f)
fmacdonald@atg.state.il.us

Dated: June 28, 2019

Locke Lord LLP, on behalf of Anne Melissa Dowling, Respondent,

By: */s/*

Locke Lord LLP
111 S. Wacker Drive
Chicago, IL 60606
Phone: (312) 443-0700
Fax: (312) 443-0336
rperdew@lockelord.com

Dated: _____

Susan M. Haling, in her capacity as Executive Inspector General, Petitioner,

By: */s/Neil P. Olson*

Neil Olson
General Counsel
Office of Executive Inspector General
for the Agencies of the Illinois Governor
607 E. Adams / 14th Floor
Springfield, IL 62701
(217) 557-0905 (o)
Neil.Olson@Illinois.gov

Dated: June 28, 2019

20. The effective date of this Agreement shall be the date of entry by the Commission of an Order approving this Agreement.

Kwame Raoul, Attorney General for the State of Illinois, on behalf of Susan M. Haling, in her capacity as Executive Inspector General, Petitioner,

By: /s/ _____

Francis Neil MacDonald
Assistant Attorney General
Office of the Illinois Attorney General
100 W. Randolph St., 13th Floor
Chicago, IL 60601
(312) 814-5194 (o)
(312) 814-4452 (f)
fmacdonald@atg.state.il.us

Dated: _____

Susan M. Haling, in her capacity as Executive Inspector General, Petitioner,

By: /s/ _____

Neil Olson
General Counsel
Office of Executive Inspector General for the Agencies of the Illinois Governor
607 E. Adams / 14th Floor
Springfield, IL 62701
(217) 557-0905 (o)
Neil.Olson@Illinois.gov

Dated:

Locke Lord LLP, on behalf of Anne Melissa Dowling, Respondent,

By: /s/ _____

Locke Lord LLP
111 S. Wacker Drive
Chicago, IL 60606
Phone: (312) 443-0700
Fax: (312) 443-0336
rperdew@lockelord.com

Dated: 6-28-19

Exhibit 2

SBLI USA
LIFE INSURANCE SINCE 1939

SBLI USA LIFE INSURANCE COMPANY, LLC
CHECK REQUISITION - OPEN BLOCK

PAYEE: ANNE MELISSA DOWLING

PAYEE CODE: 5963

ADDRESS: [redacted]

☐ DELIVER CHECK TO REQUESTER

NAME

CHECK AMOUNT: $18,750.00 MUST EQUAL TOTAL BELOW

INVOICE# 1ST HALF RETAINER

DESCRIPTION: JAN - JUNE BOARD FEES

INV DATE 6/27/2017

DESCR FOR STUB (If applicable):

PO#

EXPENSE APPROVED BY: JEFFREY HORTON — PRINT NAME/SIGNATURE — DATE 6/9/2017

DISBURSEMENT APPROVED BY: PRINT NAME/SIGNATURE — DATE

2ND SIGNATURE (IF REQUIRED): Type name here — PRINT NAME/SIGNATURE — DATE

EXPENSE APPROVAL POLICY:
INVOICES UP TO $100,000 MUST HAVE AVP, DIRECTOR OR DESIGNEE (OF REQUESTING DEPT) OR ANY FINANCE OFFICER APPROVAL
INVOICES OVER $100,000 UP TO $250,000 MUST HAVE SVP OR VP (OF REQUESTING DEPT) OR ANY FINANCE OFFICER APPROVAL
INVOICES OVER $250,000 UP TO $500,000 MUST HAVE PRESIDENT, CEO OR CFO APPROVAL

EAS ACCOUNT NUMBER	LINE ITEM DESCRIPTION or ACCOUNT TITLE	AMOUNT	CCTR	ASL	MLOB	PREM	STATE	QUAL	GH	MS	ALLOC	PRTCD
730010	Board Member Fees	6,875.00	103002									
175008	Receivable from SLIC	6,875.00										
175009	Receivable from PLIG	5,000.00										
	TOTAL	$18,750.00										

ALLOCATION FOR SPLIT INVOICES MUST BE PROVIDED BY INDIVIDUAL REQUESTING CHECK

Complete only when splitting invoices

ALLOCATED AMOUNTS	
SHENANDOAH LIFE (175008)	6875.00
SBLI USA	6875.00
S.USA	5000.00
TOTAL	18750.00

ALLOCATION RATIONALE EXPLANATION:

FOR GENERAL ACCOUNTING USE ONLY

CHECK NUMBER 72148 DATE OF CHECK 6/27/17

PLIG 01

06-105

ANNE DOWLING

Exhibit 3

SBLI USA
LIFE INSURANCE SINCE 1939

SBLI USA LIFE INSURANCE COMPANY, LLC
CHECK REQUISITION - OPEN BLOCK

PAYEE: ANNE MELISSA DOWLING

PAYEE CODE: 5963

ADDRESS: [redacted]

☐ DELIVER CHECK TO REQUESTER

NAME

CHECK AMOUNT: $37,500.00 MUST EQUAL TOTAL BELOW

INVOICE# 2ND HALF RETAINER

DESCRIPTION: JULY - DECEMBER RETAINER FEE

INV DATE 12/15/2017

DESCR FOR STUB (if applicable):

PO#

EXPENSE APPROVED BY: JEFFREY HORTON — PRINT NAME/SIGNATURE — 12/15/2017 DATE

DISBURSEMENT APPROVED BY: PRINT NAME/SIGNATURE — DATE

2ND SIGNATURE (IF REQUIRED): Type name here — PRINT NAME/SIGNATURE — DATE

EXPENSE APPROVAL POLICY:
INVOICES UP TO $100,000 MUST HAVE AVP, DIRECTOR OR DESIGNEE (OF REQUESTING DEPT) OR ANY FINANCE OFFICER APPROVAL
INVOICES OVER $100,000 UP TO $250,000 MUST HAVE SVP OR VP (OF REQUESTING DEPT) OR ANY FINANCE OFFICER APPROVAL
INVOICES OVER $250,000 UP TO $500,000 MUST HAVE PRESIDENT, CEO OR CFO APPROVAL

EAS ACCOUNT NUMBER	LINE ITEM DESCRIPTION or ACCOUNT TITLE	AMOUNT	CCTR	ASL	MLOB	PREM	STATE	QUAL	GH	MS	ALLOC	PRTCD
730010	Board Member Fees	13,750.00	103002									
175008	Receivable from SLIC	13,750.00										
175009	Receivable from PLIG	10,000.00										
	TOTAL	$37,500.00										

ALLOCATION FOR SPLIT INVOICES MUST BE PROVIDED BY INDIVIDUAL REQUESTING CHECK

Complete only when splitting invoices

ALLOCATED AMOUNTS	
SHENANDOAH LIFE (175008)	13750.00
SBLI USA	13750.00
S.USA	10000.00
TOTAL	37500.00

ALLOCATION RATIONALE EXPLANATION:

FOR GENERAL ACCOUNTING USE ONLY

CHECK NUMBER 72238 DATE OF CHECK 12/15/17

PLIG-01

12-054

ANNE DOWLING

Exhibit 4

RECEIVED
DEC 19 2018
EXECUTIVE ETHICS COMMISSION

IN THE EXECUTIVE ETHICS COMMISSION
OF THE STATE OF ILLINOIS

SUSAN M. HALING, in her capacity as the ACTING EXECUTIVE INSPECTOR GENERAL for the AGENCIES OF THE ILLINOIS GOVERNOR,	)	
Petitioner,	)	
v.	)	**No.** 19-EEC-005
Anne Melissa DOWLING,	)	
Respondent.	)	

NOTICE OF FILING

To: See attached service list

PLEASE TAKE NOTICE that on December 19, 2018, we caused the Illinois Attorney General's attached **Complaint**, with exhibits, in the above-captioned matter, to be filed with the Executive Ethics Commission of the State of Illinois, a copy of which is hereby served upon you.

LISA MADIGAN
Illinois Attorney General

By: */s/ Francis Neil MacDonald*

Ethics Unit Supervisor
Office of the Illinois Attorney General
Special Litigation Bureau
100 West Randolph Street, 11th Floor
Chicago, IL 60601
(312) 814-5194 (o)
No. 99000

CERTIFICATE OF SERVICE

The undersigned attorney certifies that on December 19, 2018, he served on the person identified in the attached Service List, by electronic mail and U.S. Mail, a copy of this Notice of Filing and the Complaint, with exhibits, attached hereto.

/s/ Francis Neil MacDonald
Francis Neil MacDonald

SERVICE LIST

By United States Mail and Electronic Service

Chad Fornoff
Administrative Law Judge
Illinois Ethics Commission
401 S. Spring Street
Springfield, IL 62706
chad.fornoff@illinois.gov

RECEIVED
DEC 19 2018
EXECUTIVE ETHICS COMMISSION

IN THE EXECUTIVE ETHICS COMMISSION
OF THE STATE OF ILLINOIS

SUSAN M. HALING, in her capacity as the ACTING EXECUTIVE INSPECTOR GENERAL for the AGENCIES of the ILLINOIS GOVERNOR,	)	
Petitioner,	)	
v.	)	**No. 19-EEC-** 005
Anne Melissa DOWLING,	)	
Respondent.	)	

COMPLAINT

Illinois Attorney General Lisa Madigan, on behalf of Petitioner Susan M. Haling, the Acting Executive Inspector General for the Agencies of the Illinois Governor, brings this administrative action complaining that Respondent Anne Melissa Dowling violated the "revolving door" provisions of the Illinois State Officials and Employees Ethics Act, 5 ILCS 430/1-1 *et seq.* (the "Ethics Act"), by knowingly receiving compensation or fees for services from an entity (or its parent or subsidiary) that was the subject of a regulatory or licensing decision by Respondent's State agency during the year immediately preceding her departure from State employment.

In support of this Complaint, the Illinois Attorney General states as follows:

I. STATUTORY FRAMEWORK AND JURISDICTIONAL FACTS

1. Petitioner Susan M. Haling is the Acting Executive Inspector General for the Agencies of the Illinois Governor ("OEIG"), duly appointed by the Governor of the State of Illinois. 5 ILCS 430/20-10. As the Acting Executive Inspector General, Petitioner is granted broad authority "to investigate allegations of . . . abuse, mismanagement, misconduct, nonfeasance, misfeasance, malfeasance, or violations of [the Ethics Act] or violations of other related laws and rules." *Id.* § 20-10(c).

2. At all times relevant to the allegations in this Complaint, Respondent's "ultimate jurisdictional authority" was the Governor. *Id.* §§ 1-5, 20-10(c). The Acting Executive Inspector General appointed by the Governor has jurisdiction over all officers and employees of executive branch State agencies not otherwise under the jurisdiction of other State constitutional officers. *Id.* Consequently, OEIG's authority extends to the Illinois Department of Insurance ("IDOI"), as well as its officers and employees. Accordingly, Respondent is subject to the Ethics Act, as well as to the jurisdiction of the Executive Ethics Commission ("Commission") with respect to matters arising under the Act. *Id.* §§ 20-5(d), 55(c)-(d).

3. In relevant part, the Ethics Act provides that:

> [t]he following officers, members, or State employees shall not, within a period of one year immediately after termination of office or State employment, knowingly accept employment or receive compensation or fees for services from a person or entity if the person or entity or its parent or subsidiary, during the year immediately preceding termination of State employment, . . . was the subject of a regulatory or licensing decision involving the officer, member, or State employee's State agency, regardless of whether he or she participated personally and substantially in . . . the making of the regulatory or licensing decision in question:
>
> (3) persons whose appointment to office is subject to the advice and consent of the Senate; [and]
>
> (4) the head of a department or other administrative unit within the government of this State . . . .

5 ILCS 430/5-45(h)(3)-(4).

II. FACTUAL ALLEGATIONS

4. IDOI's mission is "to protect consumers by providing assistance and information, by efficiently regulating the insurance industry's market behavior and financial solvency, and by fostering a competitive insurance marketplace."[1] Among its duties, IDOI is responsible for regulating and monitoring the conduct and fiscal health of insurance companies that do business

---

1 Https://www2.illinois.gov/agencies/DOI (last visited on December 19, 2018).

in the State of Illinois. 215 ILCS 5/1 *et seq.* (the "Illinois Insurance Code"). The Illinois Insurance Code therefore vests the Director with "the rights, powers and duties appertaining to the enforcement and execution of all the insurance laws of this State," *id.* § 401, including the power

> (a) to make reasonable rules and regulations as may be necessary for making effective such laws;
>
> (b) to conduct such investigations as may be necessary to determine whether any person has violated any provision of such insurance laws;
>
> (c) to conduct such examinations, investigations and hearings in addition to those specifically provided for, as may be necessary and proper for the efficient administration of the insurance laws of this State; and
>
> (d) to institute such actions or other lawful proceedings as he may deem necessary for the enforcement of the Illinois Insurance Code or of any Order or action made or taken by him under this Code. . . .

Id. § 5/401(a)-(d). To that end, IDOI maintains an electronic database ("SERFF") of information and communications it receives from insurers. Purely informational submissions (*e.g.*, change of address or change of name) do not require approval or action by IDOI, and are listed in SERFF as having been "filed" by the insurer. Substantive submissions, however, must be reviewed and approved by IDOI to become effective.

5. Respondent served as IDOI's Acting Director during the period between July 2015 through January 16, 2017. In that capacity, she was responsible for overseeing the Department and its staff, and ensuring that all job positions were filled. She was also responsible for maintaining a competitive market in Illinois both for insurance consumers and insurance companies doing business within the State. She reported directly to the Governor.

6. Because Respondent served as IDOI's Acting Director, she was a so-called "H-list" State employee under the Ethics Act. *Id.* § 5-45(h)(3)-(4). As such, her ability to receive compensation or fees for services from a person or entity was restricted for a period of one year immediately *after* the termination of her State employment if, during the year immediately

preceding the termination of her State employment, the person or entity, or its parent or subsidiary, was "the subject of a regulatory or licensing decision involving the officer . . . or State employee's State agency, regardless of whether . . . she participated personally and substantially in the . . . making of the regulatory or licensing decision in question . . . ." *Id.*

7. Prosperity Life Insurance Group, LLC ("Prosperity") is a holding company with several subsidiaries, including Shenandoah Life Insurance Co. ("Shenandoah"), and SBLI USA Life Insurance Company, Inc. ("SBLI").

8. On September 9, 2016, Shenandoah submitted "for review and approval with the Department" two proposed deferred non-variable annuity riders to a certain group term life insurance policy and certificate. The proposed riders were reviewed by an IDOI insurance analyst and approved by the IDOI Assistant Deputy Director of Life and Annuities Compliance on November 4, 2016. Ex. 1. In a subsequent interview with OEIG investigators, the Assistant Deputy Director stated that an insurer may sell an insurance product in Illinois once the relevant filings have been approved by IDOI, and that as a matter of practice, IDOI employees will work with an insurer to bring the filing into compliance or have the filing withdrawn. She further explained that Shenandoah's proposed riders sought to add a benefit or make a change to an existing policy.

9. On May 5, 2016, Shenandoah submitted to IDOI a 2015 Medicare Supplement Refund Calculation Form and a completed Reporting Form for the calculation of Benchmark Ratio for compliance with Illinois' Supplement Plan regulations. The submission was reviewed by an IDOI insurance analyst and subsequently approved by an IDOI Deputy Director on September 25, 2016. Ex. 2. In a subsequent interview with OEIG investigators, the Deputy Director (who in the interim had become IDOI's General Counsel) stated that if the filing were not approved, the company could not proceed with the requested activity.

10. Following her departure from IDOI employment in January 2017, Respondent became a member of Prosperity's Board of Directors.[2] As a Prosperity Board Member, she receives compensation for attending four board meetings per year. The Board reviews business, investment, and distribution strategies, and advises the CEO and others on business strategies.

11. On June 27, 2017, SBLI processed a check requisition form, seeking $18,750.00 for a "1ST HALF RETAINER" for "JAN-JUNE BOARD FEES[,]" including fees for "Shenandoah Life." Check number 72148 was issued on that same date to Respondent, as payee, at her address of record. Ex. 3.

COUNT I

Respondent Violated the Ethics Act by Accepting Compensation or Fees for Services from a Restricted Source During the Year Immediately Following her Departure from State Employment

12. Petitioner hereby incorporates by reference Paragraphs 1 through 11 and their subparts as if set forth herein.

13. At all times relevant to the allegations in this Complaint, Respondent was subject to the strictures of Section 5-45(h) of the Ethics Act, which prohibits a department head or other designated employees from receiving compensation or fees for services from a restricted source during the year immediately following her departure from State employment, regardless of whether she participated personally and substantially in the regulatory or licensing decisions at issue here. 5 ILCS 430/5-45(h)(3)-(4).

14. As a result, the Commission is authorized to levy on Respondent an administrative fine of up to three times the compensation or fees for services, referenced above, that she received in violation of the Ethics Act's revolving door provisions. *Id.* § 50-5(a-1).

---

[2] Https://www.prosperitylife.com/anne-melissa-dowling (last visited on December 19, 2018.)

RELIEF REQUESTED

WHEREFORE, Petitioner respectfully requests that the Commission enter an order:

A. finding that Respondent violated Section 5-45(h) of the Ethics Act by accepting compensation or fees for services from a prohibited source within the year immediately following her departure from IDOI, regardless of whether she participated personally or substantially in making the regulatory decisions at issue here;

B. imposing an administrative fine of up to three times the compensation or fees for services, referenced above, that she received in violation of the Ethics Act's revolving door provisions. and

C. granting all other relief that is necessary, appropriate, and which the Commission deems just in securing the requests set out in this Complaint.

Dated: December 19, 2018
Chicago, Illinois

Respectfully submitted,

LISA MADIGAN
ILLINOIS ATTORNEY GENERAL,
On behalf of Susan M. Haling, in her capacity as the Acting Executive Inspector General for the Agencies of the Illinois Governor, Petitioner, by

/s/ Francis Neil MacDonald
Assistant Attorney General

Francis Neil MacDonald
Ethics Unit Supervisor
Special Litigation Unit
Office of the Illinois Attorney General
100 W. Randolph Street, 11th Floor
Chicago, Illinois 60601
(312) 814-5194 (o)
fmacdonald@atg.state.il.us

EXHIBIT 1

Table of Contents

User Usage Agreement
Attachments
Usage Agreement Usage Agreement.pdf

A.D #1

Addendum G

Filing at a Glance

Company:	Shenandoah Life Insurance Company
Product Name:	Annuity Rider
State:	Illinois
TOI:	A02G Group Annuities - Deferred Non-variable
Sub-TOI:	A02G.002 Flexible Premium
Filing Type:	Form
Date Submitted:	09/09/2016
SERFF Tr Num:	SBLU-130686561
SERFF Status:	Closed-Approved
State Tr Num:	FORM R-2062C-4/16
State Status:	Approved
Co.Tr Num:	2016-80
Implementation Date Requested:	On Approval
Author(s):	[redacted]
Reviewer(s):	Kathryn Taylor (primary)
Disposition Date:	11/04/2016
Disposition Status:	Approved
Implementation Date:	11/04/2016

State: Illinois **Filing Company:** Shenandoah Life Insurance Company
TOI/Sub-TOI: A02G Group Annuities - Deferred Non-variable/A02G.002 Flexible Premium
Product Name: Annuity Rider
Project Name/Number: Annuity Rider/2016

General Information

Project Name: Annuity Rider
Project Number: 2016
Requested Filing Mode: Review & Approval
Explanation for Combination/Other:
Submission Type: New Submission
Group Market Type: Employer
Filing Status Changed: 11/04/2016
State Status Changed: 11/04/2016
Created By: [redacted]
Corresponding Filing Tracking Number:
State TOI: A02G Group Annuities - Deferred Non-variable

Status of Filing in Domicile:
Date Approved in Domicile:
Domicile Status Comments:
Market Type: Group
Group Market Size:
Overall Rate Impact:

Deemer Date:
Submitted By: [redacted]
State Sub-TOI: A02G.002 Flexible Premium

Filing Description:

[redacted]

Company and Contact

Filing Contact Information

[redacted]

State:	*Illinois*	***Filing Company:***	*Shenandoah Life Insurance Company*
TOI/Sub-TOI:	*A02G Group Annuities - Deferred Non-variable/A02G.002 Flexible Premium*		
Product Name:	*Annuity Rider*		
Project Name/Number:	*Annuity Rider/2016*		

Filing Company Information

Shenandoah Life Insurance Company 4415 Pheasant Ridge Road Suite 300 Roanoke, VA 24014 (540) 985-4400 ext. [Phone]	CoCode: 68845 Group Code: Group Name: FEIN Number: 54-0377280	State of Domicile: Virginia Company Type: Life, Accident, and Health State ID Number:

Filing Fees

Fee Required?	Yes
Fee Amount:	$100.00
Retaliatory?	Yes
Fee Explanation:	[redacted]
Per Company:	

Company	Amount	Date Processed	Transaction #
Shenandoah Life Insurance Company	$100.00	09/09/2016	113575593

State: Illinois **Filing Company:** Shenandoah Life Insurance Company
TOI/Sub-TOI: A02G Group Annuities - Deferred Non-variable/A02G.002 Flexible Premium
Product Name: Annuity Rider
Project Name/Number: Annuity Rider/2016

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Arlene Mehsling	11/04/2016	11/04/2016

State: Illinois **Filing Company:** Shenandoah Life Insurance Company
TOI/Sub-TOI: A02G Group Annuities - Deferred Non-variable/A02G.002 Flexible Premium
Product Name: Annuity Rider
Project Name/Number: Annuity Rider/2016

Disposition

Disposition Date: 11/04/2016
Implementation Date: 11/04/2016
Status: Approved

Comment:

Rate data does NOT apply to filing.

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Review Requirement Checklist		Yes
Supporting Document	Certification of Compliance		Yes
Supporting Document	Statements of Variability		Yes
Supporting Document	Authorization Letter		Yes
Supporting Document	Readability Certification		Yes
Supporting Document	Annuity Filing Checklist		Yes
Form	Rider	Approved	Yes
Form	Rider	Approved	Yes

State: Illinois **Filing Company:** Shenandoah Life Insurance Company
TOI/Sub-TOI: A02G Group Annuities - Deferred Non-variable/A02G.002 Flexible Premium
Product Name: Annuity Rider
Project Name/Number: Annuity Rider/2016

Form Schedule

Lead Form Number:

Item No.	Schedule Item Status	Form Name	Form Number	Form Type	Form Action	Action Specific Data	Readability Score	Attachments
1	Approved 11/04/2016	Rider	Form R-2062C-4/16	CERA	Initial		72.000	F 2016-07-21 Deferred Annuity Certificate Rider.pdf
2	Approved 11/04/2016	Rider	Form R-2067C-4/16	CERA	Initial		60.000	F 2016-08-05 WOSP Rider.pdf

Form Type Legend:

ADV	Advertising	**AEF**	Application/Enrollment Form
CER	Certificate	**CERA**	Certificate Amendment, Insert Page, Endorsement or Rider
DDP	Data/Declaration Pages	**FND**	Funding Agreement (Annuity, Individual and Group)
MTX	Matrix	**NOC**	Notice of Coverage
OTH	Other	**OUT**	Outline of Coverage
PJK	Policy Jacket	**POL**	Policy/Contract/Fraternal Certificate
POLA	Policy/Contract/Fraternal Certificate: Amendment, Insert Page, Endorsement or Rider	**SCH**	Schedule Pages

Supporting Document Schedules

Satisfied - Item:	Review Requirement Checklist
Comments:	
Attachment(s):	F 2016-09-09 IL GroupAnnuity.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Certification of Compliance
Comments:	
Attachment(s):	F 2016-08-25 IL CERTIFICATE OF COMPLIANCE.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Statements of Variability
Comments:	
Attachment(s):	F 2016-07-26 MOV FOR POLICY FORM Form R-2067C-4-16 REVISED.pdf F 2016-07-26 MOV FOR POLICY FORM Form R-2062C-4-16 REVISED.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Authorization Letter
Comments:	
Attachment(s):	F 2016-08-15 Form R-2062C et al.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Readability Certification
Comments:	
Attachment(s):	F 2016-07-21 Readability Certification - FOR NON-COMPACT RIDERS.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Annuity Filing Checklist
Comments:	
Attachment(s):	FL 2016-09-09 IL Annuity Filing Checklist - signed.pdf
Item Status:	

State: Illinois **Filing Company:** Shenandoah Life Insurance Company
TOI/Sub-TOI: A02G Group Annuities - Deferred Non-variable/A02G.002 Flexible Premium
Product Name: Annuity Rider
Project Name/Number: Annuity Rider/2016

Status Date:

EXHIBIT 2

Filing at a Glance

Company:	Shenandoah Life Insurance Company
Product Name:	Shenandoah Life Insurance Company 2015 Medicare Supplement Refund Calculation Filing
State:	Illinois
TOI:	MS06 Medicare Supplement - Other
Sub-TOI:	MS06.000 Medicare Supplement - Other
Filing Type:	Other - Informational
Date Submitted:	05/05/2016
SERFF Tr Num:	IASL-130559476
SERFF Status:	Closed-Approved
State Tr Num:	
State Status:	Approved
Co Tr Num:	SH REFUND CALC
Implementation Date Requested:	On Approval
Author(s):	[redacted]
Reviewer(s):	Billy Wilder (primary), Mark Hoaglund
Disposition Date:	09/25/2016
Disposition Status:	Approved
Implementation Date:	09/25/2016

Confidential

State Filing Description:

A. D. #2

State: Illinois **Filing Company:** Shenandoah Life Insurance Company
TOI/Sub-TOI: MS06 Medicare Supplement - Other/MS06.000 Medicare Supplement - Other
Product Name: Shenandoah Life Insurance Company 2015 Medicare Supplement Refund Calculation Filing
Project Name/Number: /

General Information

Project Name:
Project Number:
Requested Filing Mode: Informational
Explanation for Combination/Other:
Submission Type: New Submission
Overall Rate Impact:

Deemer Date:
Submitted By: [redacted]

Status of Filing in Domicile: Pending
Date Approved in Domicile:
Domicile Status Comments:
Market Type: Individual
Individual Market Type:
Filing Status Changed: 09/25/2016
State Status Changed: 09/25/2016
Created By: [redacted]
Corresponding Filing Tracking Number:
State TOI: MS06 Medicare Supplement - Other

Filing Description:
SHENANDOAH LIFE INSURANCE COMPANY
NAIC NUMBER: 68845
FEIN NUMBER: 54-0377280

MEDICARE SUPPLEMENT REFUND CALCULATION FORM
REPORTING FORM FOR THE CALCULATION OF BENCHMARK RATIO

INDIVIDUAL MEDICARE SUPPLEMENT STANDARDIZED PLAN G

Confidential

Please be advised that on behalf of the Shenandoah Life Insurance Company, Insurance Administrative Solutions, L.L.C. is providing you with the above-captioned forms for compliance with your state's Medicare Supplement Regulation.

Enclosed you will find the completed Medicare Supplement Refund Calculation Form and the completed Reporting Form for the Calculation of Benchmark Ratio for the calendar year 2015 for the Medicare Supplement plans indicated above.

Company and Contact

Filing Contact Information

[redacted]

Filing Company Information

[redacted]

State: Illinois **Filing Company:** Shenandoah Life Insurance Company
TOI/Sub-TOI: MS06 Medicare Supplement - Other/MS06.000 Medicare Supplement - Other
Product Name: Shenandoah Life Insurance Company 2015 Medicare Supplement Refund Calculation Filing
Project Name/Number: /

Filing Fees

Fee Required? No

Retaliatory? No

Fee Explanation:

Confidential

State: Illinois Filing Company: Shenandoah Life Insurance Company
TOI/Sub-TOI: MS06 Medicare Supplement - Other/MS06.000 Medicare Supplement - Other
Product Name: Shenandoah Life Insurance Company 2015 Medicare Supplement Refund Calculation Filing
Project Name/Number: /

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Paulette Dove	09/25/2016	09/25/2016

Confidential

State: Illinois **Filing Company:** Shenandoah Life Insurance Company
TOI/Sub-TOI: MS06 Medicare Supplement - Other/MS06.000 Medicare Supplement - Other
Product Name: Shenandoah Life Insurance Company 2015 Medicare Supplement Refund Calculation Filing
Project Name/Number: /

Disposition

Disposition Date: 09/25/2016
Implementation Date: 09/25/2016
Status: Approved

Comment:

Rate data does NOT apply to filing.

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Review Requirement Checklist		No
Supporting Document	Certification of Compliance		No
Supporting Document	Medicare Supplement Refund Calculation Forms		No
Supporting Document	Third Party Authorization Letter		No

Confidential

EXHIBIT 3

OFFICE OF EXECUTIVE INSPECTOR GENERAL

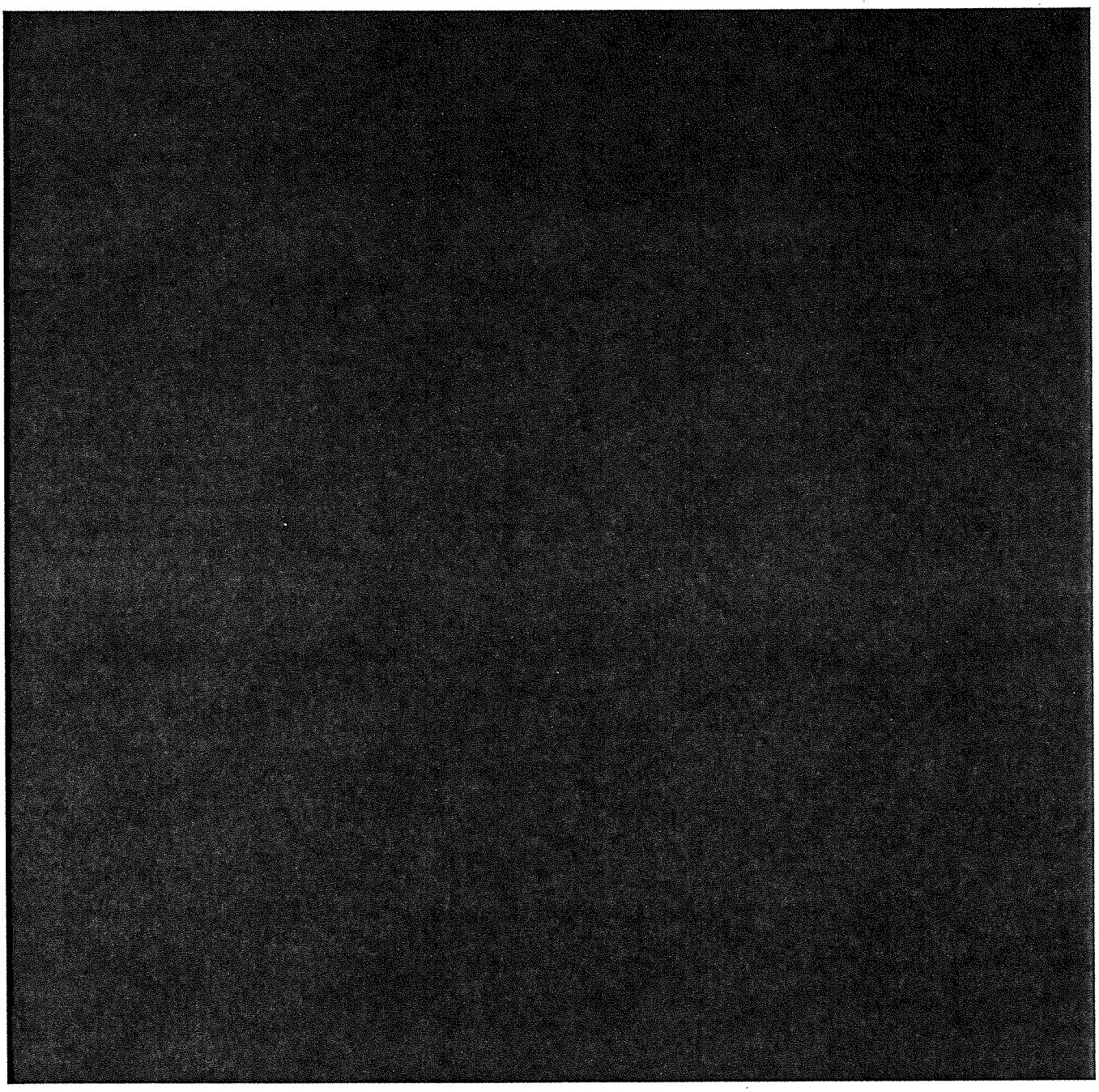
Investigative Report

OFFICE OF EXECUTIVE INSPECTOR GENERAL
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR
69 W. Washington, Suite 3400
Chicago, IL 60602

OFFICE OF EXECUTIVE INSPECTOR GENERAL
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR

69 W. WASHINGTON ST., SUITE 3400
CHICAGO, ILLINOIS 60602
(312) 814-5600

OFFICE OF EXECUTIVE INSPECTOR GENERAL



Doyle, Edward

[redacted]

PROSPERITY
LIFE INSURANCE GROUP

SBLI USA
LIFE INSURANCE SINCE 1939

SBLI USA LIFE INSURANCE COMPANY, LLC
CHECK REQUISITION - OPEN BLOCK

PAYEE: ANNE MELISSA DOWLING

PAYEE CODE: 5963

ADDRESS: [redacted]

☐ DELIVER CHECK TO REQUESTER NAME

CHECK AMOUNT: $18,750.00 MUST EQUAL TOTAL BELOW

INVOICE# 1ST HALF RETAINER

DESCRIPTION: JAN - JUNE BOARD FEES

INV DATE 6/27/2017

DESCR FOR STUB (If applicable):

PO#

EXPENSE APPROVED BY: JEFFREY SUTTON — PRINT NAME/SIGNATURE — DATE 6/9/2017

DISBURSEMENT APPROVED BY: PRINT NAME/SIGNATURE — DATE

2ND SIGNATURE (IF REQUIRED): Type name here — PRINT NAME/SIGNATURE — DATE

EXPENSE APPROVAL POLICY:
INVOICES UP TO $100,000 MUST HAVE AVP, DIRECTOR OR DESIGNEE (OF REQUESTING DEPT) OR ANY FINANCE OFFICER APPROVAL
INVOICES OVER $100,000 UP TO $250,000 MUST HAVE SVP OR VP (OF REQUESTING DEPT) OR ANY FINANCE OFFICER APPROVAL
INVOICES OVER $250,000 UP TO $500,000 MUST HAVE PRESIDENT, CEO OR CFO APPROVAL

G/L ACCOUNT NUMBER	LINE ITEM DESCRIPTION OF ACCOUNT TITLE	AMOUNT	CAT	ASI	ALOC	PREM	STATE	QUAL	GH	GB	ALOC	UTCO
730010	Board Member Fees	6,875.00	103002									
175008	Receivable from SLIC	6,875.00										
175009	Receivable from PLIG	5,000.00										
	TOTAL	$18,750.00										

ALLOCATION FOR SPLIT INVOICES MUST BE PROVIDED BY INDIVIDUAL REQUESTING CHECK

Complete only when splitting invoices

ALLOCATED AMOUNTS	
SHENANDOAH LIFE (175008)	6875.00
SBLI USA	6875.00
S.USA	5000.00
TOTAL	18750.00

ALLOCATION RATIONALE EXPLANATION:

CHECK NUMBER 72148 FOR GENERAL ACCOUNTING USE ONLY DATE OF CHECK 6/27/17

PLIG 01

06-105

ANNE DOWLING

Doyle, Edward

Bult, Sherry

Exhibit 5

IN THE EXECUTIVE ETHICS COMMISSION
OF THE STATE OF ILLINOIS

SUSAN M. HALING, in her capacity as the ACTING EXECUTIVE INSPECTOR GENERAL for the AGENCIES OF THE ILLINOIS GOVERNOR,	)	
Petitioner,	)	
v.	)	**No. 19-EEC-005**
Anne Melissa DOWLING,	)	
Respondent.	)	

RESPONDENT'S RESPONSE TO COMPLAINT

Respondent Anne Melissa Dowling, through her counsel and pursuant to 5 ILCS 430/20-50(e), responds to the Complaint filed on behalf of the Acting Executive Inspector General in this matter as follows:

I. STATUTORY FRAMEWORK AND JURISDICTIONAL FACTS

1. Petitioner Susan M. Haling is the Acting Executive Inspector General for the Agencies of the Illinois Governor ("OEIG"), duly appointed by the Governor of the State of Illinois. 5 ILCS 430/20-10. As the Acting Executive Inspector General, Petitioner is granted broad authority "to investigate allegations of . . . abuse, mismanagement, misconduct, nonfeasance, misfeasance, or violations of the [Ethics Act] or violations of other related laws and rules." *Id.* § 20-10(c).

RESPONSE: Respondent admits the statements in paragraph 1.

2. At all times relevant to the allegations in this Complaint, Respondent's "ultimate jurisdictional authority" was the Governor. *Id.* §§ 1-5, 20-10(c). The Acting Executive Inspector General appointed by the Governor has jurisdiction over all officers and employees of executive branch State agencies not otherwise under the jurisdiction of other State constitutional officers. *Id.* Consequently, OEIG's authority extends to the Illinois Department of Insurance ("IDOI"), as well as its officers and employees. Accordingly, Respondent is subject to the Ethics Act, as well as to the jurisdiction of the Executive Ethics Commission ("Commission") with respect to matters arising under the Act. *Id.* §§ 20-5(d), 55(c)-(d).

RESPONSE: Respondent admits the statements in paragraph 2.

3. In relevant part, the Ethics Act provides that:

> [t]he following officers, members, or State employees shall not, within a period of one year immediately after termination of office or State employment, knowingly accept employment or receive compensation or fees for services from a person or entity if the person or entity or its parent or subsidiary, during the year immediately preceding termination of State employment, . . . was the subject of a regulatory or licensing decision involving the officer, member, or State employee's State agency, regardless of whether he or she participated personally and substantially in . . . the making of the regulatory or licensing decision in question:
>
> (3) persons whose appointment to office is subject to the advice and consent of the Senate; [and]
>
> (4) the head of a department or other administrative unit within the government of this State . . .

5 ILCS 430/5-45(h)(3)-(4)

RESPONSE: Respondent admits the statute is accurately quoted but denies that she violated the statute.

II. FACTUAL ALLEGATIONS

4. IDOI's mission is "to protect consumers by providing assistance and information, by efficiently regulating the insurance industry's market behavior and financial solvency, and by fostering a competitive insurance marketplace." Among its duties, IDOI is responsible for regulating and monitoring the conduct and fiscal health of insurance companies that do business in the State of Illinois. 215 ILCS 5/1 *et seq.* (the "Illinois Insurance Code"). The Illinois Insurance Code therefore vests the Director with "the rights, powers and duties appertaining to the enforcement and execution of all the insurance laws of this State," *id.* §401, including the power

> (a) to make reasonable rules and regulations as may be necessary for making effective such laws;
> (b) to conduct such investigations as may be necessary to determine whether any person has violated any provision of such insurance laws;
> (c) to conduct such examinations, investigations and hearings in addition to those specifically provided for, as may be necessary and proper for the efficient administration of the insurance laws of this State; and
> (d) to institute such actions or other lawful proceedings as he may deem necessary for the enforcement of the Illinois Insurance Code or of any Order or action made or taken by him under this Code ...

Id. § 5/401(a)-(d). To that end, IDOI maintains an electronic database ("SERFF") of information and communications it receives from insurers. Purely informational submissions (*e.g.* change of address or change of name) do not require approval or action by IDOI, and are listed in SERFF as having been "filed" by the insurer. Substantive submissions, however, must be reviewed and approved by IDOI to become effective.

RESPONSE: Respondent denies that SERFF, or the System for Electronic Rates & Forms Filing, is maintained by IDOI. In fact, it is a national electronic filing system used in at least 35 states, and is maintained by the National Association of Insurance Commissioners ("NAIC"). Illinois is merely a participating state in using SERFF for some company filings. Upon information and belief, SERFF processes more than a half million insurer filings a year, and tens of thousands of filings for Illinois alone. Respondent further denies the statements in paragraph 4 characterizing filings through SERFF as "purely informational" or "substantive," as the statements oversimplify and in the case of the submissions apparently classified by Petitioner as "substantive" in the Complaint, greatly overstate the level and type of review filings receive. Respondent admits the remaining statements in Paragraph 4.

5. Respondent served as IDOI's Acting Director during the period between July 2015 through January 16, 2017. In that capacity, she was responsible for overseeing the Department and its staff, and ensuring that all job positions were filled. She was also responsible for maintaining a competitive market in Illinois both for insurance consumers and insurance companies doing business within the State. She reported directly to the Governor.

RESPONSE: Respondent denies that she was responsible for "ensuring that all job positions were filled," as positions were ultimately filled or not filled during her tenure as an agency decision in conjunction with the Governor's office and the Illinois Department of Central Management Services, based on agency needs, hiring processes, and budget considerations. Respondent admits the remaining statements in Paragraph 5.

6. Because Respondent served as IDOI's Acting Director, she was a so-called "H-list" State employee under the Ethics Act. *Id.* § 5-45(h)(3)-(4). As such, her ability to receive compensation or fees for services from a person or entity was restricted for a period of one year immediately *after* the termination of her State employment if, during the year immediately *preceding* the termination of her State employment, the person or entity, or its parent or subsidiary, was "the subject of a regulatory or licensing decision involving the officer . . . or State employee's State agency, regardless of whether . . . she participated personally and substantially in the . . . making of the regulatory or licensing decision in question . . ." *Id.*

RESPONSE: Respondent admits the statements in Paragraph 6.

7. Prosperity Life Insurance Group, LLC ("Prosperity") is a holding company with several subsidiaries, including Shenandoah Life Insurance Co. ("Shenandoah"), and SBLI USA Life Insurance Company, Inc. ("SBLI").

RESPONSE: Respondent admits the statements in Paragraph 7.

8. On September 9, 2016, Shenandoah submitted "for review and approval with the Department" two proposed deferred non-variable annuity riders to a certain group term life insurance policy and certificate. Ex. 1 [to Complaint]. The proposed riders were reviewed by an IDOI insurance analyst and approved by the IDOI Assistant Deputy Director of Life and Annuities Compliance on November 4, 2016. In a subsequent interview with OEIG investigators, the Assistant Deputy Director stated that an insurer may sell an insurance product in Illinois once the relevant filings have been approved by IDOI, and that as a matter of practice, IDOI employees will work with an insurer to bring the filing into compliance or have the filing withdrawn. She further explained that Shenandoah's proposed riders sought to add a benefit or make a change to an existing policy.

RESPONSE: Respondent states that the documents attached to the Complaint as Exhibit 1 speak for themselves. Respondent can neither admit nor deny the statements allegedly made by the IDOI employee stated in Paragraph 8, and will test the statements in discovery and at hearing. Respondent denies that she had any knowledge of the transactions alleged in Paragraph 8 during her time at IDOI. Respondent denies the remaining statements in Paragraph 8.

9. On May 5, 2016, Shenandoah submitted to IDOI a 2015 Medicare Supplement Refund Calculation Form and a completed Reporting Form for the calculation of Benchmark Ratio for compliance with Illinois' Supplement Plan regulations. The submission was reviewed by an IDOI insurance analyst and subsequently approved by an IDOI Deputy Director on September 25, 2016. Ex. 2. [to Complaint]. In a subsequent interview with OEIG investigators, the Deputy Director (who in the interim had become IDOI's General Counsel) stated that if the filing were not approved, the company could not proceed with the requested activity.

RESPONSE: Respondent states that the documents attached to the Complaint as Exhibit 2 speak for themselves. Respondent can neither admit nor deny the statements allegedly made by the IDOI employee stated in Paragraph 9, and will test the statements in discovery and at hearing. Respondent denies that she had any knowledge of the transactions alleged in Paragraph 9 during her time at IDOI. Respondent denies the remaining statements in Paragraph 9.

10. Following her departure from IDOI employment in January, 2017, Respondent became a member of Prosperity's Board of Directors. As a Prosperity Board Member, she receives compensation for attending four board meetings a year. The Board reviews business, investment, and distribution strategies, and advises the CEO and others on business strategies.

RESPONSE: Respondent states that, after performing due diligence and consulting with IDOI's then-Ethics Officer, she accepted a Board position with Prosperity in or about May of 2017. Respondent denies the remaining statements of Paragraph 10 as an incomplete oversimplification of her duties as a member of Prosperity's Board.

11. On June 27, 2017, SBLI processed a check requisition form, seeking $18,750.00 for a "1ST HALF RETAINER" for "JAN-JUNE BOARD FEES[,]" including fees for "Shenandoah Life." Check number 72148 was issued on the same date to Respondent, as payee, at her address of record. Ex. 3 [to Complaint].

RESPONSE: Respondent states that the documents attached as Exhibit 3 to the Complaint speak for themselves. Respondent states, however, that the payment stated in Paragraph 11 was a partial payment for her service on the Prosperity Board, and that she was not compensated for Board work during the first quarter of 2017 because she was not on the Board during that time.

COUNT I

12. Petitioner hereby incorporates by reference Paragraphs 1 through 11 and their subparts as if set forth herein.

RESPONSE: Respondent hereby incorporates by reference her responses to Paragraphs 1 through 11 and their subparts as if set forth herein.

13. At all times relevant to the allegations in this Complaint, Respondent was subject to the strictures of Section 5-45(h) of the Ethics Act, which prohibits a department head or other designated employees from receiving compensation or fees for services from a restricted source during the year immediately following her departure from State employment, regardless of whether she participated personally and substantially in the regulatory or licensing decisions at issue here. 5 ILCS 430/5-45(h)(3)-(4).

RESPONSE: Respondent denies that the statements in Paragraph 13 are a complete or accurate description of the requirements imposed by the relevant statute. Respondent further denies any allegation that the filings attached to and described in the Complaint represent "regulatory or licensing decisions" as described in the statute, or that Respondent violated the statute through her service on Prosperity's Board.

14. As a result, the Commission is authorized to levy on Respondent an administrative fine of up to three times the compensation or fees for services, referenced above, that she received in violation of the Ethics Act's revolving door provisions. Id. § 50-5(a-1).

RESPONSE: Respondent denies that she violated the statute, that the Commission is entitled to any relief, or that the requested relief would be appropriate. Respondent had no knowledge of or involvement with the alleged filings,

and the filings are routine, high-volume documents that involve perfunctory, non-substantive, and non-discretionary review rather than any exercise of "regulatory or licensing" judgment.

RELIEF REQUESTED

WHEREFORE, Respondent Anne Melissa Dowling requests that the Commission enter an order:

A. Dismissing the Complaint in this matter in its entirety; and

B. Granting such other relief to her that it deems necessary and proper.

Dated: March 1, 2019

Respectfully submitted,

/s/ P. Russell Perdew

LOCKE LORD LLP
111 S. Wacker Drive
Chicago, IL 60606
Phone: (312) 443-0700
Fax: (312) 443-0336
rperdew@lockelord.com

Counsel for Respondent
Anne Melissa Dowling

CERTIFICATE OF SERVICE

The undersigned attorney certifies that on March 1, 2019, he served on the below named person, by electronic mail, a copy of this Respondent's Response to Complaint.

Francis Neil MacDonald, Esq.
Ethics Unit Supervisor
Office of the Illinois Attorney General
Special Litigation Bureau
100 West Randolph Street, 11th Floor
Chicago, IL 60601
FMacDonald@atg.state.il.us

/s/ P. Russell Perdew

Exhibit 6

IN THE EXECUTIVE ETHICS COMMISSION
OF THE STATE OF ILLINOIS

SUSAN HALING, in her capacity as Acting EXECUTIVE INSPECTOR GENERAL for AGENCIES OF THE GOVERNOR, State Of Illinois, Petitioner,	)	
v.	)	No. 19-EEC-005
ANNE MELISSA DOWLING, Respondent.	)	

ORDER

This cause is before the Executive Ethics Commission pursuant to 5 ILCS 430/20-50(f) for purposes of determining the sufficiency of the complaint.

Petitioner filed the complaint with the Commission on December 19, 2018. Respondent consented to service by e-mail on January 9, 2019. Respondent filed a response to the complaint on March 1, 2019.

FACTS

The allegations of fact contained in the complaint, which the Commission accepts as true only for purposes of determining the sufficiency of the complaint, state that Respondent was at all times relevant to the complaint an employee or former employee of the Illinois Department of Insurance (IDoI), and serving in the capacity of Acting Director.

As Acting Director, Respondent is considered to be an "H-List" employee, referring to subsection (h) of the revolving door prohibition contained within the State Officials and Employees Ethics Act, 5 ILCS 430/5-45(h).

According to the complaint, Respondent, as an "H-List" officer or employee, was restricted from receiving compensation or fees for services from a person or entity for one year immediately after termination of State service if, during the year immediately preceding the termination of State service, the entity, parent or subsidiary, was the subject of a regulatory or licensing decision involving the officer's or employee's agency. 5 ILCS 430/5-45(f).

Respondent's agency, IDoI, reviewed and approved two proposed deferred non-variable annuity riders for Shenandoah Life Insurance Co. (Shenandoah) on November 4, 2016. IDoI also approved Shenandoah's Medicare Supplement Refund Calculation Form on

September 25, 2016. Shenandoah is a subsidiary of Prosperity Life Insurance Group (Prosperity).

In January 2017, Respondent separated service with IDoI and later became a member of Prosperity's Board of Directors. On June 27, 2017, a check in the amount of $18,750.00 was issued payable to Respondent, apparently for her service on the Prosperity Board.

Respondent's response to the complaint admits and denies various allegations contained in the complaint.

Petitioner requests that the Commission find that Respondent accepted compensation or fees for services from prohibited sources within the year immediately following her separation from IDoI, and further requests that the Commission levy an administrative fine. Respondent seeks dismissal of the complaint.

ANALYSIS

Petitioner's complaint alleges that Respondent violated Section 5-45(h) of the State Officials and Employees Ethics Act (5 ILCS 430/5-45(h)).

Section 50-5(a-1) of the Act permits the Commission to "levy an administrative fine of up to 3 times the total annual compensation that would have been obtained in violation of Section 5-45." 5 ILCS 430/50-5(a-1).

"Charges in an administrative proceeding need not be as exact and detailed as judicial pleadings, but they must contain a clear statement of the theory on which the agency intends to rely, so that the employee can prepare a defense." *Burns v. Police Bd.*, 104 Ill.App.3d 612, 615 (1st Dist. 1982). "The charge in an administrative proceeding need only reasonably advise the respondent as to the charges so that the respondent will be able to intelligently prepare a defense." *Magnus v. Dept. of Prof'l Regulation,* 359 Ill.App.3d 773, 793 (1st Dist. 2005).

The Commission's rules require a complaint to contain "facts that fully describe the alleged violation of the Act, including, but not limited to, dates, times, locations and relationships between the respondent and other relevant parties." 2 Ill. Admin. Code 1620.450(b).

In the case presently before the Commission, Petitioner has pleaded facts which, if proven, may constitute a violation of 5-45(h) of the Act. The complaint contains sufficient specificity to allow Respondent to prepare an intelligent defense.

WHEREFORE, for the foregoing reasons, the Commission declares, pursuant to Section 20-50(f) of the Ethics Act (5 ILCS 430/20-50(f)), this complaint sufficient to proceed with respect to allegations concerning Section 5-45(h). (5 ILCS 430/5-45(h)).

IT IS FURTHER ORDERED that an evidentiary hearing shall be held at **10:30 a.m.** on **April 12, 2019** in the Commission's offices, Room 513, William Stratton Building, Springfield, Illinois 62706. Mr. Chad D. Fornoff shall preside at the hearing as Administrative Law Judge.

IT IS FURTHER ORDERED that the parties shall appear for a telephonic pre-hearing conference at **1:30 p.m.** on **April 8, 2019**. Commission staff shall provide the necessary contact information.

Respondent's failure to attend either the telephonic pre-hearing conference or the evidentiary hearing may result in an adverse finding including, but not limited to, a determination *in absentia* of a violation of the State Officials and Employees Ethics Act, a recommendation of discipline or the levying of an administrative fine up to $5,000.

IT IS FURTHER ORDERED that the parties shall review and comply with the attached Commission rules concerning discovery.

SO ORDERED.

Date: March 19, 2019

Commissioner

Commissioner

Commissioner

Commissioner

Commissioner

Commissioner

Commissioner

Commissioner

Commissioner