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The Other Side of the Parchment

What a Manhattan Larceny Trial Reveals About the Boundary
McCarran-Ferguson Never Drew

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*Will it be sufficient to mark, with
precision, the boundaries of these
departments, in the constitution of the
government, and to trust to these
parchment barriers against the
encroaching spirit of power?*

— James Madison
The Federalist No. 48

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EXECUTIVE SUMMARY

On September 30, 2026, a Manhattan jury heard a senior manager from the National Association of Insurance Commissioners (NAIC) explain a five-digit number on a certificate of insurance, the foundation of a felony larceny case. A Long Island agency sold policies as the licensed managing general agent from a Barbados captive insurance company. The prosecution in *People v. Derham* alleges that taking premium for them was theft because the captive lacked New York authorization. That theory is for the jury; deception independent of status is a prosecutor's business. This paper asks who decides whether an insurer is authorized.

For eighty years the answer has been the states: the McCarran-Ferguson Act of 1945 drew a boundary between Washington and the states but none inside them, and does not say whether authorization is a question for the regulator or for a prosecutor with a theft statute.

New York's Insurance Law answers that question itself. It governs who may write insurance, with calibrated consequences: license discipline, a \$500 forfeiture per transaction, and misdemeanor liability. The District Attorney charged none of it, indicting instead for grand larceny, a fifteen-year felony. The element that turns premium into stolen property is a regulatory status, and the witness who supplied it was not the Superintendent but an employee of a private association that tells the Internal Revenue Service it performs a governmental function and tells everyone else it is a support organization.

The paper finds that McCarran-Ferguson and its cases leave the business of insurance to the states and their insurance codes; that New York set the penalty at forfeiture and misdemeanor while four of eight other states chose felonies; that the Supreme Court has long cautioned against reading general fraud statutes to police regulatory status; and that the NAIC's identifiers confer no authority, yet its staff defined authorization for the jury. We conclude that this prosecution, whatever its outcome, is improper as a matter of institutional design, and that only a legislature can draw the line McCarran-Ferguson never drew.

INTRODUCTION

On September 30, 2026, in Part 94 of the New York County Supreme Court, the People of the State of New York called a senior manager from the NAIC to the stand to explain what the numbers on a certificate of insurance mean.¹ The defendants are Timothy Barry Derham, his nephew Donald A. “Trip” Derham III, and Inter-Insurance Agency Services, Ltd., of Jericho, New York, the licensed managing general agent for International Underwriting Insurance Company (IUI), a Barbados captive insurance company.² The charges are grand larceny, scheme to defraud, and offering a false instrument for filing. The prosecution alleges that IUI wrote insurance in New York for eight years without the authorization New York law requires.³

The case will be decided on its facts, and this paper does not predict the verdict. It asks a question the verdict will not answer. When a prosecutor charges that selling a policy without the State’s authorization is theft, the element that turns premium into stolen property is a regulatory status. Who decides that status, by what process, and with what consequences is a question of institutional design.

Three cautions govern what follows. The defendants are presumed innocent, and every allegation here is attributed to the exhibit, witness, or lawyer who made it. The paper does not argue that the State lacks power to punish insurance written without authorization; it asks which organ of the State the legislature chose to exercise that power. And it takes no position on whether IUI’s policies required New York authorization, or of what kind, because that is the question this paper argues belongs to the Superintendent of Financial Services. If the allegations about authorization are proved, the Insurance Law says what should happen next.

THE BOUNDARY MCCARRAN-FERGUSON DREW

In 1869 the Supreme Court held that issuing an insurance policy is not a transaction of commerce, so a state may regulate out-of-state insurers as it sees fit.

⁴ Two years later the state commissioners formed the association that became the NAIC.⁵ For seventy-five years the arrangement held: states licensed insurers, taxed them, and punished those who sold without a license, and in 1895 the Court upheld a California conviction for procuring coverage from an unadmitted insurer.

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In 1944 the Court reversed course and held that insurance is interstate commerce after all.⁷ Congress answered within a year: the McCarran-Ferguson Act declares that continued state regulation and taxation of insurance “is in the public interest,” and provides that no federal statute shall “invalidate, impair, or supersede” a state insurance law unless it specifically relates to insurance.⁸ The Court sustained the Act in 1946, upholding a discriminatory state premium tax in one case and, in another, a California misdemeanor conviction for acting as agent of an unadmitted insurer.⁹ Figure 1 traces the line from *Paul* to Dodd-Frank.

The cases since have mapped the boundary: “regulated by State law” means the law of the insured’s state; the “business of insurance” is the insurer–policyholder relationship, tested by whether a practice spreads policyholder risk, is integral to the policy relationship, and is confined to the industry;¹⁰ protecting policyholders from insolvency sits at its core; and federal law that complements state regulation survives while federal law that impairs it does not. When the Court needed a test for a different statute, it set the three criteria aside: they were never a general definition of insurance.¹¹

Two features of this line matter here. The first is where it puts the authority to decide what insurance is and who may write it: in the states, and within each state in the insurance code and the officer who administers it. Congress has reaffirmed that choice at every opportunity. The Liability Risk Retention Act of 1986 gave each risk retention group a single regulating domicile; Gramm-Leach-Bliley in 1999 kept functional regulation of insurance with the states; Dodd-Frank in 2010 created a Federal Insurance Office that monitors but does not supervise and, in the Nonadmitted and Reinsurance Reform Act, made a list kept by a private association the national gateway for alien surplus lines insurers.¹² Where Congress wanted uniformity, it delegated to the NAIC rather than to a federal agency.

The second feature is what the line leaves unmarked. McCarran-Ferguson allocates power between sovereigns and says nothing about how a state divides that power among its own organs. A criminal prosecution is state regulation for purposes of the Act; so is a cease-and-desist order from an insurance commissioner. The Act is a parchment barrier facing outward. Whether an insurer’s authorization is a question for the regulator or for the prosecutor must be read from the state’s own law.

FIGURE 1 The federal–state boundary in insurance regulation, 1869 to 2010

Supreme Court		Congress and the states
<i>Paul v. Virginia</i> : issuing a policy is not interstate commerce; the states regulate	1869	
	1871	State insurance commissioners form the association that becomes the NAIC
<i>Hooper v. California</i> : a state may punish procuring coverage from an unadmitted insurer	1895	
<i>United States v. South-Eastern Underwriters</i> : insurance is interstate commerce	1944	
	1945	McCarran-Ferguson Act: regulation and taxation of insurance stay with the states
<i>Prudential v. Benjamin</i> and <i>Robertson v. California</i> : a state premium tax and a criminal licensing law upheld	1946	
<i>FTC v. Travelers Health</i> : “regulated by State law” means the law of the insured’s state	1960	
<i>SEC v. National Securities</i> : the business of insurance is the insurer–policyholder relationship	1969	
<i>Union Labor Life v. Pireno</i> : three criteria for the business of insurance	1982	
	1986	Liability Risk Retention Act: one domicile regulates a risk retention group
<i>U.S. Treasury v. Fabe</i> : protecting policyholders from insolvency is the core of the business	1993	
<i>Humana v. Forsyth</i> : federal law that complements state insurance regulation survives	1999	Gramm-Leach-Bliley: functional regulation of insurance stays with the states
<i>Kentucky Ass’n of Health Plans v. Miller</i> : Pireno’s criteria set aside for ERISA	2003	
	2010	Dodd-Frank: a Federal Insurance Office that monitors; the NIRA makes the NAIC’s alien listing the national gateway

From the U.S. Reports and the U.S. Code; full citations appear in the Notes. NAIC is the National Association of Insurance Commissioners; NIRA, the Nonadmitted and Reinsurance Reform Act of 2010; ERISA, the Employee Retirement Income Security Act.

NEW YORK’S OWN ANSWER

New York’s Insurance Law answers the question in some detail. Section 1101 defines an insurance contract and specifies what counts as “doing an insurance

business” in the state, and section 1102 forbids any person to do that business without a license from the Superintendent of Financial Services.¹³ Section 2117 forbids any person to act as agent for, or to aid, an insurer not authorized to do business here, and attaches a forfeiture of \$500 for each transaction, in addition to any other penalty the law provides; section 2122 forbids advertising an unauthorized insurer.¹⁴ A violation of the chapter is a misdemeanor unless the chapter makes it a felony, and licensees face monetary penalties and the suspension or revocation of their licenses, as the Department of Financial Services (DFS) has reminded the industry.¹⁵ Section 3103 provides that a policy issued in violation of the chapter is nonetheless binding on the insurer that issued it, so the insured keeps a contract to sue on.¹⁶ Table 1 sets this scheme beside the counts the Manhattan District Attorney chose instead.

TABLE 1 New York’s Insurance Law provisions on authorization and the Penal Law counts charged in *People v. Derham*

Provision	Conduct addressed	Consequence	Classification
<i>Panel A: Insurance Law</i>			
§ 1102(a)	Doing an insurance business without a license	License denial; misdemeanor under § 109	Regulatory; misdemeanor
§ 2117	Acting for or aiding an unauthorized insurer	\$500 forfeiture per transaction; license discipline; misdemeanor	Regulatory; misdemeanor
§ 2122	Advertising an unauthorized insurer	Misdemeanor under § 109	Misdemeanor
§ 3103(a)	Policy issued in violation of the chapter	Valid and binding on the insurer that issued it	Civil
<i>Panel B: Penal Law counts in <i>People v. Derham</i></i>			
§ 155.40	Grand larceny in the second degree (two counts)	Up to 15 years	Class C felony
§ 155.30	Grand larceny in the fourth degree (one count)	Up to 4 years	Class E felony
§ 190.65	Scheme to defraud in the first degree (one count)	Up to 4 years	Class E felony
§ 175.35	Offering a false instrument for filing in the first degree (four counts)	Up to 4 years	Class E felony

From N.Y. Ins. Law §§ 109, 1102, 2117, 2122, 3103; N.Y. Penal Law §§ 70.00, 155.30, 155.40, 175.35, 190.65; and the Manhattan District Attorney’s December 3, 2024 announcement of the indictment. Maximum terms are the statutory maxima for the felony class.

This is a complete regulatory scheme. It names the conduct, fixes the consequences, and places administration with an officer who holds the licensing records, examines the books, and can tell a court on the record whether a company

is authorized. The legislature has had eighty years to make writing insurance without authorization itself a felony and has not done so. The general fraud statutes have always stood beside the Insurance Law for deception that meets their own elements, and nothing here disputes that. The question the following sections take up is narrower: whether an insurer's authorization status can, by itself, be the false pretense that makes a felony.

The District Attorney charged none of it. Each defendant was indicted on two counts of grand larceny in the second degree, a class C felony punishable by up to fifteen years, and on six class E felony counts of grand larceny in the fourth degree, scheme to defraud, and offering a false instrument for filing.¹⁷ The indictment does not rest on the Penal Law's own insurance fraud article, which is written for false claims and applications made to insurers rather than for sellers of coverage. It rests on larceny by false pretenses, which requires proof that the defendant obtained property by an intentional false statement of a material fact on which the victim relied, and the false statement, on the prosecution's account, was that IUI was authorized to do business in New York.¹⁸ The announcement also alleges that certificates filed with the Port Authority misstated the insurer's status and limits, which the false-instrument counts address. The paper has not seen the indictment; it relies on the announcement and the testimony, and its argument is confined to the theory they put first: that premium became stolen property because, on the prosecution's account, the insurer was not authorized.

WHAT HAPPENED IN PART 94

The District Attorney announced the indictment on December 3, 2024, jointly with the Inspector General of the Port Authority of New York and New Jersey. The release alleges that between March 2014 and April 2022 the defendants sold more than forty policies purporting to provide more than \$250 million in coverage while IUI's equity was under \$600,000, that they filed false certificates of insurance with the Port Authority, and that the alleged scheme came to light when the agency could not answer a verifier's questions about IUI. A company spokesperson has said the \$250 million figure is the total the captive has written since its formation in 2001.¹⁹ None of the insured exposure was in Manhattan. The airport risks were in Queens, and the release ties the case to Manhattan through three policyholders located there and certificates filed at the Port Authority's offices at 4 World Trade Center. The release thanks DFS, the Excess Line Association of New York, and the NAIC for their assistance. Trial began September 29, 2026, before Justice Robert Rosenthal.²⁰

The second day of testimony shows how the case is being proved. The first witness, an analyst from the District Attorney's office who had assembled a 275-slide presentation from five to six thousand documents, was in the court's words "a vehicle to put these things in." The second was Andrew Daleo, who has spent thirty years at the NAIC and manages its program for non-U.S. insurers writing in the United States.²¹ His testimony supplied the definitions the prosecution's theory depends on, chief among them that for an alien insurer, one domiciled abroad, the practical gateway under federal law is the NAIC's Quarterly Listing of Alien Insurers, which during 2014 through 2022 required \$45 million in equity and a \$5.4 million U.S. trust. He testified that IUI had never applied for the listing.²² Whether a captive writing through a licensed managing general agent needed that listing, or some other authorization, is the kind of question the Insurance Law assigns to the Superintendent; at trial it was addressed by the association that keeps the list.

The certificates the prosecution alleges were false carried a number in the field labeled "NAIC #." For IUI it read 31600. Mr. Daleo testified that IUI has no NAIC company code, that 31600 is not a valid one, and that it is IUI's alien identification number, AA-3160000, "without the first two letters and without the last two zeros"; an alien identification number, he said, is an identifier only, issued with no financial review, and confers no authority to write insurance.²³ On cross-examination, the analyst agreed that in five to six thousand documents she had seen none showing that IUI failed to pay a claim, and defense counsel established that the NAIC is a private nonprofit whose members are the states, that applicants for its alien listing pay a fee, and that it does not itself vet domestic companies.²⁴ None of that indicts the NAIC. It describes who was in the witness box.

THE PROSECUTOR AS REGULATOR

Everything in the preceding section could have been established by the Superintendent of Financial Services in a proceeding under the Insurance Law. Nothing in it was. The paper's argument has six parts.

The charging choice overrides the legislature's calibration

A legislature that attaches a \$500 forfeiture and misdemeanor liability to a course of conduct has made a judgment about how serious that conduct is. Table 2 shows that New York's judgment is not unusual, and that the states that disagree have said so in their statutes.

TABLE 2 Statutory treatment of transacting or representing unauthorized insurance in nine jurisdictions

Jurisdiction	Provision	Classification and penalty
New York	Ins. Law §§ 1102, 2117	\$500 forfeiture per transaction; misdemeanor
New Mexico	NMSA §§ 59A-1-18, 59A-15-2, 59A-15-10	Petty misdemeanor, fine up to \$500; up to \$20,000 per violation for an insurer
Mississippi	Miss. Code §§ 83-6-3, 83-6-35	Fine up to \$500; up to two years for deliberate fraud; the commissioner may institute proceedings
Illinois	215 ILCS 5/121, 5/122	Class A misdemeanor
California	Ins. Code §§ 700(b), 703	Up to one year and a \$100,000 fine; misdemeanor for agents
Pennsylvania	18 Pa.C.S. § 4117	Third-degree felony; requires intent to defraud
Florida	Fla. Stat. §§ 626.901–.902	Third-degree felony
Texas	Ins. Code §§ 101.102, 101.106	Third-degree felony
Arizona	A.R.S. §§ 20-401.01, 20-401.06	Class 5 felony for knowingly representing an unauthorized insurer

From National Association of Insurance Commissioners, Model Law Chart CA-90, Statutes Making the Unauthorized Transaction of Insurance a Criminal Act (Summer 2025), as summarized there; Mississippi's commissioner provision from Miss. Code Ann. § 83-6-35. ILCS is Illinois Compiled Statutes; NMSA, New Mexico Statutes Annotated; A.R.S., Arizona Revised Statutes; Pa.C.S., Pennsylvania Consolidated Statutes.

Florida, Texas, Arizona, and Pennsylvania make representing an unauthorized insurer a felony; Pennsylvania requires intent to defraud; Illinois and New Mexico stop at misdemeanors; California allows up to a year; Mississippi caps the fine at \$500 and gives the commissioner, not the district attorney, the power to institute criminal proceedings.²⁵

New York sits at the mild end of that range by choice.

Section 2117's forfeiture applies "in addition to any other penalty provided by law," and a critic will say the clause settles the matter.²⁶ The clause does preserve them. It preserves the misdemeanor, license discipline, and any crime whose own elements are independently met, such as filing a false instrument with a public agency. What it does not do is supply an element. Larceny by false pretenses still requires a false statement of material fact that induced the victim to part with property; the clause does not make an insurer's bare authorization status that statement, and it does not say that a buyer who received the coverage he paid for was robbed. Where the People prove deception independent of status, the Penal

Law applies by its own terms and nothing here resists it. Where the felony rests on authorization alone, the clause saves the forfeiture; it does not convert a \$500 regulatory penalty into fifteen years. To that extent, a prosecutor who reaches the felony result through the general theft statute has not enforced the legislature's judgment. He has replaced it.

The element of authorization was supplied from outside the regulatory structure

Larceny by false pretenses turns on a false statement of material fact. Here the fact is a regulatory status: whether IUI was “authorized.” The institution New York created to hold that fact is DFS, which issues the licenses, keeps the registers, and can produce a certificate of non-authorization in an afternoon. Yet the witness who told the jury what authorization means and what the number on the certificate signified was an employee of a private association, and no determination by the Superintendent appears in the day's record. A question the legislature assigned to a regulator was answered, in a felony trial, by a body that disclaims regulatory authority.

The Supreme Court has warned against this use of general fraud statutes

The federal fraud statutes do not bind a New York court, but for a quarter century the Supreme Court has read them narrowly where the gravamen of the charge was a regulatory interest rather than property. In 2000 it held that a state license is not “property” in the regulator's hands, and declined to read the mail fraud statute to reach conduct traditionally regulated by the states.²⁷ In 2020 it held that a scheme to alter a government's regulatory choice is not a scheme to take its property, and in 2023 it rejected the theory that depriving a victim of information needed to make economic decisions is itself a taking of property.²⁸ The Manhattan case differs in one respect that matters: premiums are property in the ordinary sense, and the People allege they were obtained by misrepresentation, so the cases do not decide it. What they supply is a caution: when the thing misrepresented is a regulatory status and the thing received is the service the buyer paid for, a court should be slow to let a general fraud statute do a licensing statute's work.

New York has been here before

In October 2004 the New York Attorney General sued Marsh & McLennan, alleging that contingent commissions and bid-rigging defrauded its clients, a practice insurance regulators had long tolerated. Marsh settled in January 2005 for \$850 million, in an agreement with the Attorney General and the Insurance Department jointly.²⁹ *Insurance Journal's* year-end cover story predicted that the investigation “may well lead to federal regulation of the insurance industry,” and five years later, after convictions from the investigation were reversed, *Business Insurance* concluded that the Attorney General had overreached.³⁰ The pattern is the one this paper describes: a prosecutor’s judgment displaces the regulator’s, and the episode enters the record as evidence that state regulation has failed.

The harm is real, and it is regulatory in kind

The defense’s strongest point at trial was that no claim went unpaid, but the harm the Insurance Law guards against does not depend on unpaid claims. If the prosecution’s allegations are proved, a certificate holder that demanded \$25 million in per-occurrence coverage bore a risk it never agreed to bear: policies issued by insurers not authorized in New York are not protected by its guaranty funds, and the admitted and excess-line markets lose premium and premium tax to competitors that bear none of their costs.³¹ These are the harms solvency regulation exists to prevent, and the remedies the legislature attached to them are licensing sanctions, forfeitures, and misdemeanor liability. Whether a \$110,000 premium paid for coverage that was in fact provided is also stolen property is the jury’s question, and the paper leaves it there.³²

The cost falls on every carrier

The cost of this arrangement falls on the whole market, not only on the defendants. Every carrier and broker in New York relies on the same identifiers and registers that were read to the jury. If authorization can be established in a felony trial by an association’s staff rather than by the Superintendent, no carrier can know in advance whose reading of its status controls, or whether an eligibility dispute that belongs before DFS will become a larceny count before a grand jury. Hard-to-place risks are the first to lose coverage when that uncertainty prices itself in. Predictable enforcement is a condition of the market, not a favor to it.

THE ASSOCIATION IN THE WITNESS BOX

The NAIC's position is double. Its identifiers confer no authority: an NAIC company code identifies a U.S. insurer the state has licensed, and an alien identification number is assigned to a non-U.S. insurer on application with no financial review and, in the words of the NAIC's own plan of operation, "does not provide any type of authority or authorization to write business in the U.S." Yet by act of Congress the NAIC's Quarterly Listing is the national gateway for alien surplus lines insurers: a state may not prohibit a surplus lines broker from placing business with a listed insurer. The listing confers eligibility for that placement, not a license to write admitted business, but in the surplus lines market it is the difference between a lawful policy and an unlawful one.³³ An association whose identifiers confer no authority keeps the list on which federal law makes eligibility turn.

The same doubleness runs through the NAIC's description of itself. In June 2026 the Government Accountability Office reported that the NAIC has been excepted since 1955 from filing the Form 990, because the Internal Revenue Service accepted its representation that it is a "wholly-owned instrumentality of the states," a ruling renewed in 1999 on the NAIC's assurance that it performs a governmental function for the states. The GAO also found that the NAIC does not publicly report what it pays its key employees, and that the findings of its accreditation program, which binds every state regulator, are not made public. To the IRS, then, the NAIC performs a governmental function. To Congress, in its reply to Senator Elizabeth Warren's September 10, 2026 inquiry into private-credit exposure at life insurers, it is "the standard-setting association and coordinating body for state insurance regulators."³⁴ To a Manhattan jury, it was the authority on who may write insurance in New York.

We have made the case for NAIC transparency elsewhere and do not retreat from it; nor do we argue for a federal replacement. Senator Warren's letter asks the NAIC to help Congress understand "the current regulatory gaps federal policymakers must address," which is the Federal Insurance Office's assignment under Dodd-Frank and the predicate for giving that office real authority.³⁵ The state-based system faces pressure from above; it also faces pressure from beside, from a prosecutor who settles regulatory questions in a criminal courtroom with a private association supplying the answers, and who produces the same record that federalizers cite.

Michigan shows what a state can do. Its Insurance Code has since 1998 required the NAIC to file an annual report with the state's regulator and legislative

insurance committees disclosing officer compensation, every accreditation standard, and whether its meetings are open, and bars the state's insurers from being compelled to pay NAIC fees unless the commissioner authorizes payment after reviewing it.³⁶ That is a watchdog, not a replacement; no other state we know of has adopted it.

COUNTERARGUMENTS

The strongest objection is *Robertson v. California*. In 1946 the Supreme Court affirmed a township justice's court's misdemeanor conviction of a man who acted as agent for an insurer not admitted in California, holding the statute within the state's power without needing to rely on McCarran-Ferguson.³⁷ States may criminalize insurance written without authorization, and local prosecutors may bring the cases; the paper accepts both. The distinction is that *Robertson* was prosecuted under the insurance code's own offense, with the penalty the legislature attached to it; the Manhattan case is prosecuted under the general theft statute, with a penalty the legislature attached to something else.

Second, the District Attorney is not a city official. He is a constitutional officer of the State, elected by county and charged by statute with prosecuting the crimes committed in it.³⁸ The paper does not argue that the wrong sovereign is prosecuting, but that the wrong organ of the right sovereign is deciding a question the sovereign assigned elsewhere.

Third, DFS was not absent; the District Attorney thanked it for its assistance. A regulator that assists a prosecution has lent its expertise to someone else's proceeding; it has not made a determination of its own under its own statute. We have found no DFS order, finding, or penalty concerning IUI or its agent.

Fourth, not every allegation in the case is about licensing. The prosecution alleges that certificates filed with a public agency misstated the insurer's status and limits, that declarations pages showed different limits in different versions, and that an internal email doubted IUI's reserves could cover a \$25 million loss.³⁹ If proved, those would be conventional fraud facts, and the paper's objection, confined as it is to the status theory, does not reach them. And the harm the Insurance Law guards against is real even when claims are paid; that concession goes to remedy, not to jurisdiction, and the question remains why the regulatory remedy was never invoked.

CONCLUSION

Madison asked whether it would be sufficient to mark the boundaries of the departments on parchment and trust those barriers against the encroaching spirit of power. McCarran-Ferguson is such a boundary, and it has held. But it was drawn on one side of the parchment only: it separates the federal government from the states and says nothing about how a state separates its regulator from its prosecutor.

The Manhattan trial shows what happens on the other side. A question New York's legislature assigned to the Superintendent of Financial Services, with a \$500 forfeiture and a misdemeanor attached, was answered in a felony courtroom by an employee of a private association, under a theft statute carrying fifteen years. The defendants may be guilty of everything alleged; the system that produced the trial would still be wrong. A regulator bypassed from above by a federal office and from beside by a prosecutor is a regulator in name only, and that is what the advocates of federal regulation need. The question for every state that believes insurance should be regulated by the states is whether its legislature will draw the line McCarran-Ferguson never drew.

NOTES

- 1 Trial Transcript at 217, 231–32, 320–21, 335–36, *People v. Derham*, Ind. No. 74858-2024 (N.Y. Sup. Ct. N.Y. Cnty. Sept. 30, 2026) (caption and appearances; Inter-Insurance address and ownership; Daleo).
- 2 Rod Bolivar, “Uncle, Nephew Face Insurance Fraud Charges in New York,” *Insurance Business*, December 9, 2024, <https://www.insurancebusinessmag.com/us/news/risk-compliance-legal/uncle-nephew-face-insurance-fraud-charges-in-new-york-517155.aspx>.
- 3 Manhattan District Attorney’s Office, “D.A. Bragg, Port Authority IG Announce Indictment of \$250 Million Off-Shore Insurance Scheme,” press release, December 3, 2024, <https://manhattanda.org/d-a-bragg-port-authority-ig-announce-indictment-of-250-million-off-shore-insurance-scheme/> (policies sold from March 2014 through April 2022).
- 4 *Paul v. Virginia*, 75 U.S. (8 Wall.) 168, 183 (1869).
- 5 U.S. Government Accountability Office, *National Association of Insurance Commissioners: Role with State Insurance Regulators and IRS Reporting Requirements*, GAO-26-107956 (Washington, DC, June 18, 2026), <https://files.gao.gov/reports/GAO-26-107956/index.html>.
- 6 *Hooper v. California*, 155 U.S. 648 (1895).
- 7 *United States v. South-Eastern Underwriters Ass’n*, 322 U.S. 533 (1944).
- 8 *McCarran-Ferguson Act*, 15 U.S.C. §§ 1011, 1012(b).
- 9 *Prudential Ins. Co. v. Benjamin*, 328 U.S. 408 (1946); *Robertson v. California*, 328 U.S. 440 (1946).
- 10 *FTC v. Travelers Health Ass’n*, 362 U.S. 293 (1960); *SEC v. National Securities, Inc.*, 393 U.S. 453, 460 (1969); *Union Labor Life Ins. Co. v. Pireno*, 458 U.S. 119, 129 (1982); *Group Life & Health Ins. Co. v. Royal Drug Co.*, 440 U.S. 205 (1979).
- 11 *U.S. Dep’t of the Treasury v. Fabe*, 508 U.S. 491 (1993); *Humana Inc. v. Forsyth*, 525 U.S. 299 (1999); *Barnett Bank of Marion Cnty., N.A. v. Nelson*, 517 U.S. 25 (1996); *Kentucky Ass’n of Health Plans, Inc. v. Miller*, 538 U.S. 329 (2003).
- 12 *Liability Risk Retention Act of 1986*, 15 U.S.C. §§ 3901–3906; *Gramm-Leach-Bliley Act*, Pub. L. No. 106-102, § 301, 113 Stat. 1338, 1407 (1999) (codified at 15 U.S.C. § 6701); *Dodd-Frank Wall Street Reform and Consumer Protection Act*, Pub. L. No. 111-203, tit. V (2010) (*Federal Insurance Office*, codified at 31 U.S.C. § 313; *Nonadmitted and Reinsurance Reform Act*, codified at 15 U.S.C. §§ 8201–8206); 15 U.S.C. § 8204(2) (*Quarterly Listing of Alien Insurers*).
- 13 *N.Y. Ins. Law* §§ 1101, 1102(a).
- 14 *N.Y. Ins. Law* §§ 2117, 2122; New York State Department of Financial Services, Office of General Counsel, *Opinion No. 09-11-04* (November 2009), <https://www.dfs.ny.gov/insurance/ogco2009/rg091104.htm>.
- 15 *N.Y. Ins. Law* § 109; New York State Department of Financial Services, *Insurance Circular Letter No. 6* (2011), “Sale of Unapproved Insurance Policies or Contracts to Residents of New York State,” https://www.dfs.ny.gov/industry_guidance/circular_letters/cl2011_06.
- 16 *N.Y. Ins. Law* § 3103(a).
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