

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 98416 / September 18, 2023

ADMINISTRATIVE PROCEEDING
File No. 3-20932

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In the Matter of	:	
	:	
Health Insurance Innovations, Inc.,	:	ORDER APPOINTING FUND
now named Benefytt Technologies,	:	ADMINISTRATOR, SETTING
Inc., and Gavin D. Southwell,	:	ADMINISTRATOR’S BOND
	:	AMOUNT, AND AUTHORIZING
	:	PAYMENT OF FEES AND
Respondents.	:	EXPENSES
_____	:	

On July 20, 2022, the Commission issued an Order Instituting Cease-and-Desist Proceedings, Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (the “Order”)¹ against Health Insurance Innovations, Inc., now named Benefytt Technologies, Inc. (“HII”), and Gavin D. Southwell (“Southwell”) (collectively, the “Respondents”). In the Order, the Commission found that from March 2017 through March 2020, HII, a technology platform, billing administrator and distributor of short-term and limited health insurance products, and its CEO Southwell made a series of false and misleading statements to investors, which concealed extensive consumer complaints about products being sold through misrepresentations. Respondents falsely told investors that HII held its insurance distributors to high compliance standards, which prohibited insurance agents from making misrepresentations to consumers. Respondents falsely stated that HII had 99.99% consumer satisfaction and misleadingly stated

¹ Securities Act Rel. No. 11084 (July 20, 2022).

that state departments of insurance received very few consumer complaints regarding HII. Respondents understated the amount of business that had been generated by its most productive distributor, Simple Health Plans LLC, which amassed the most consumer complaints. Respondents misrepresented that HII had terminated its relationship with a different distributor in 2016 for compliance failures, when in fact, HII re-hired this distributor despite continuing compliance problems. These statements were made in reports filed with the SEC, press releases, earnings calls and other communications with investors. Southwell also disseminated misleading information about HII's compliance to research analysts and a subscription news service, which included the information in research reports and a news article that were distributed to investors. In total, the Commission ordered the Respondents to pay \$320,000.00 in disgorgement, \$41,511.00 in prejudgment interest, and \$11,750,000.00 in civil money penalties, for a collective total of \$12,111,511.00, to the Commission. The Commission also created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalties paid, along with the disgorgement and interest paid, can be distributed to harmed investors (the "Fair Fund").

The Fair Fund consists of the \$12,111,511.00 paid by the Respondents. The Fair Fund has been deposited in a Commission-designated account at the U.S. Department of the Treasury, and any accrued interest will be added to the Fair Fund.

The Division of Enforcement (the "Division") now seeks the appointment of Epiq Class Action & Claims Solutions, Inc. ("Epiq") as the fund administrator and requests that the administrator's bond be set at \$12,111,511.00. Epiq is a member of the Commission's approved pool of administrators.

The Division further requests that the Commission authorize the Office of Financial Management ("OFM"), at the direction of an Assistant Director of the Office of Distributions, to

pay the Fund Administrator's fees and expenses from the Fair Fund, so long as the total amount paid to the Fund Administrator, including the invoice to be paid, does not exceed the total amount of the approved cost proposal submitted by the Fund Administrator.

Accordingly, IT IS HEREBY ORDERED that:

- A. Epiq is appointed as the Fund Administrator, pursuant to Rule 1105(a) of the Commission's Rules on Fair Fund and Disgorgement Plans ("Commission's Rules");²
- B. Epiq shall obtain a bond in accordance with Rule 1105(c) of the Commission's Rules,³ in the amount of \$12,111,511.00;
- C. the Fund Administrator will submit invoices to the Commission staff for services rendered, in accordance with Rule 1105(d) of the Commission's Rules;⁴ and
- D. at the direction of an Assistant Director of the Office of Distributions, OFM is authorized to pay the Fund Administrator's fees and expenses from the Fair Fund, in accordance with Rule 1105(e) of the Commission's Rules,⁵ so long as the total amount paid to the Fund Administrator, including the invoice to be paid, does not exceed the total amount of the approved cost proposal submitted by the Fund Administrator.

For the Commission, by the Division of Enforcement, pursuant to delegated authority.⁶

Vanessa A. Countryman
Secretary

² 17 C.F.R. § 201.1105(a).

³ 17 C.F.R. § 201.1105(c).

⁴ 17 C.F.R. § 201.1105(d).

⁵ 17 C.F.R. § 201.1105(e).

⁶ 17 C.F.R. § 200.30-4(a)(17) and 17 C.F.R. § 200.30-4(a)(21)(vi).