

**Report Date:** June 24, 2024  
**Company:** MediaAlpha, Inc.  
**Ticker:** NYSE: MAX  
**Industry:** Media and Information Services  
**Stock Price (USD):** \$16.21  
**Market Cap (USD, Millions):** \$1,067.3



## MAX: Our Investigation Reveals MAX Is Participating in Consumer Fraud

We are short the insurance lead generator, MediaAlpha, Inc. (NYSE: MAX) following our research into the company's Health Insurance (Health) segment, which accounts for 47% of the company's TTM revenue.<sup>1</sup> We believe MAX uses dishonest and sometimes outright fraudulent ads along with deceptive websites<sup>2,3</sup> to trick consumers into providing their personal information in exchange for a health insurance "quote". MAX then sells this information as raw lead data or uses it to generate clicks or calls for its lead-buying partners.<sup>4</sup> Our investigation indicates as much as 78% of MAX's Health lead-buying partners<sup>5</sup> are running boiler room health insurance scams or are flagrantly violating laws concerning telemarketing.<sup>6</sup>

Our investigation indicates that the deceptive business practices prompted the FTC's ongoing investigation into MAX's Health segment,<sup>7</sup> which has already cost MAX \$5 million in legal fees,<sup>8</sup> are systemic and ongoing. Here are two examples of common ads that MAX uses to lure consumers into providing them personal information:

**Wrong** → The POTUS is giving up to **\$16,827** in FREE stimulus to Americans for Health Insurance

**Fraud** → A new initiative recently rolled out is helping to grant FREE Health Insurance to every single American citizen earning less than \$122k/year.

**Wrong** → Experts estimate that over 230 million people now qualify for this FREE Stimulus and they're urging people to claim these \$\$ while they can!

**Tokens?** → In order to help the millions claiming these FREE Health Insurance tokens, a Health Giveback Help Centre has been launched to assist you...

It only takes **15 mins to go through the process and then** shortly after you can receive up to **\$1,438** back in Health Stimulus every month.

Simply click the link below to get started & call the friendly team at the Giveback Help Centre.

**Wrong** → Did YOU hear about the new stimulus issued by the administration that's giving Americans up to \$16,000 FREE to redeem on Health Insurance...

**Wrong** → It's estimated that more than 230 million people now qualify for this FREE Health Stimulus, and claiming these dollars are now super simple...

✓ You Must Be Earning Less Than \$122k/Year  
 ✓ You Must Be Born Between 1961-1997  
 ✓ You Must Be An American Citizen

**Deceptive** → A Health Insurance Giveback Program has been rolled out nationwide for Americans who qualify to call & claim their FREE Health Stimulus 🎉🎉

More than **523,841+** people have already called this week, and we're urging everyone to call as quickly as they can as we aren't sure when the funding for this stimulus program will expire...

**523,841+ people called during one week in May (outside open enrollment)...to us, that sounds incredibly lucrative for MAX**

**MAX is bad at math. Their "stimulus" amount is \$16,827 annually at the top of the ad v. \$17,256 annualized at the bottom of the ad (\$1,438\*12 = \$17,256)**

MAX appears to have become an object of interest to the FTC because of its role facilitating the sale of sham health insurance policies by Simple Health<sup>9</sup> and Benefytt Technologies, Inc. (formerly Health Insurance Innovations, Inc). In both actions, the FTC stated<sup>10</sup> that consumers were drawn into these scams by deceptive websites and provided examples, *obamacare-plans.com* and *obamacareplans.com*<sup>11</sup> which are both owned by MAX through its subsidiary Quotelab LLC (Quotelab). The State of Washington also went after MAX for the use of deceptive website names and identified *obamacare-plans.com* specifically as an example.<sup>12</sup>

The FTC has been ruthless with the perpetrators of health insurance scams, fining Simple Health \$195 million and Benefytt \$100 million.<sup>13</sup> Simple Health's CEO was convicted of fraud<sup>14</sup> and Benefytt declared bankruptcy.<sup>15</sup> We would not be shocked if the FTC was looking at MAX for its next scalp in its crusade against health insurance scams.

Alternatively, the FTC has set precedent with other deceptive lead generating companies. Response Tree LLC was banned from lead generation altogether after it allegedly duped consumers into providing personal information with deceptive websites.<sup>16</sup> (Sound familiar? The FTC already has characterized MAX's websites as deceptive.)

ITMedia Solutions was required to screen the recipients of its leads because it duped consumers into giving personal information for a loan quote, but then sold the info indiscriminately (our investigation reveals that MAX is selling leads to outright fraudsters).<sup>17</sup> MAX cannot afford a large fine as it has just ~\$14.5 million in cash, a tangible book value of negative \$162.5 million, and \$172 million in debt. Operating cash flows in Q1 2024 were just \$1.7 million. MAX's disclosures indicate its Health segment accounts for most of its gross profits.<sup>18</sup> Fine or no fine, when the FTC imposes a similar restriction as it did with ITMedia, our research indicates MAX is going to lose nearly all of its Health customers.

MAX's founder and CEO, Steve Yi, sits on the board of MAX's largest shareholder, White Mountains Insurance Group (which also has two other board members). While Yi has downplayed the potential impact of the FTC investigation on an earnings call, the actions of him and other insiders indicate that enforcement may be imminent:

1. Yi and his cofounder/CTO Eugene Nonko, along with White Mountains have been dumping hundreds of thousands of shares— most recently in a secondary offering on May 7<sup>th</sup> priced at a 13.2% discount to MAX's closing price on the same day.
2. On May 20<sup>th</sup>, MAX disclosed that it had amended its articles of incorporation to **eliminate the personal liability** of executives and directors stemming from breaches of fiduciary duties to the fullest extent permitted by law (why would they need that?).<sup>19</sup>
3. On May 20<sup>th</sup>, MAX revealed that Yi and Nonko no longer would be taking MAX stock for base salary compensation and would be getting paid in cash.

How worried is the CEO, Yi about this FTC enforcement action? For him and the other insiders to dump shares or opt for more cash compensation at this time is telling. But rewriting the rules of the company to try to eliminate all personal liability for breaches of fiduciary duty is absurd and we think it tells you everything you need to know about how the executives and other insiders (like White Mountains) feel about their chances with the FTC.

Our investigation into MAX's Health segment included reviewing thousands of ads, hundreds of websites, and speaking with dozens of MAX's lead-buying partners. Our research indicates that MAX leans heavily, if not entirely, on deceptive practices that have played a key role in defrauding thousands of people.

We have shared the results of our investigation with the appropriate state and federal agencies, including the FTC, through our legal counsel.

- We investigated MAX’s current lead-buying partners by setting up several aliases which cumulatively were bombarded with over 400 calls, answering over 50 of them. We were shocked that even with an ongoing FTC investigation, MAX still appears to be largely selling its leads to scammers. Out of the 40 calls we recorded with different telemarketers:
  - 20% fraudulently claimed to be working on behalf of a state government. **You can listen to clips of these [here](#).**
  - 45% either gave fake license numbers or hung up when we asked for one.
  - 0% provided us with a Summary of Benefits when asked, and most violated the Telemarketing Sales Rule (TSR) by pushing to get our billing info and create a [negative option](#) feature without providing material information for the transaction, like who they were working for, and who the billing company would be.<sup>20</sup>
  - Only 15% revealed the legal entity they worked for, and half who made that disclosure worked for Assurance IQ, which was shuttered by Prudential on May 1<sup>st</sup>, 2024, ([reportedly](#) due to heavy losses and compliance issues).
  - Only *one* telemarketer revealed the billing company for the “comprehensive” plan they were trying to sell, but we learned the insurer does not even offer ACA-compliant plans and has been hit with enforcement actions in several states.
- Making false or deceptive advertisements is a federal crime. The Federal Trade Commission Act, which establishes the authority of the FTC, clearly states that deceptive acts or practices in or affecting commerce are unlawful.<sup>21</sup>
- MAX ran a fraudulent [ad](#) claiming there was a new government initiative granting Free Health Insurance to every single American Citizen earning less than \$122k/year. If you’re reading this report and earn under \$122k/year as an American Citizen, MAX is telling you you’re eligible for **free health insurance** (but call now because funding for the program is limited!). We spoke to a healthcare.gov employee who informed us we’d have to look online to see if our tax credits would qualify us for a free health plan. For example, a single 26-year-old living in Columbus Ohio earning \$55,000 annually who doesn’t have health coverage through his employer would receive no tax credits, meaning they would not get free health insurance.<sup>22</sup> We view this as obvious consumer fraud.
- These ads often target young minorities with ads by rappers, athletes, and other celebrities promising huge “stimulus” payments as paid actors wave wads of cash and promote “free money.” Some of the abovementioned ads even reference “FREE Health Insurance Tokens,” a program or benefit does not exist per another healthcare.gov employee we spoke with.
- MAX’s website obamacareplans.com uses many of these deceptive ads to drive traffic to its website. A third-party web traffic tool shows this website was the top driver of Health traffic to insurance.mediaalpha.com in 1Q2024, the subdomain which receives inbound web leads

for MAX. This website is almost the exact same as when it was called out as deceptive in the FTC’s Complaint against Benefytt. See [Appendix A](#) of this report.

The image on the left was taken from the FTC’s complaint against Benefytt. The image on the right was captured on [obamacareplans.com](#) on 5/21/2024.

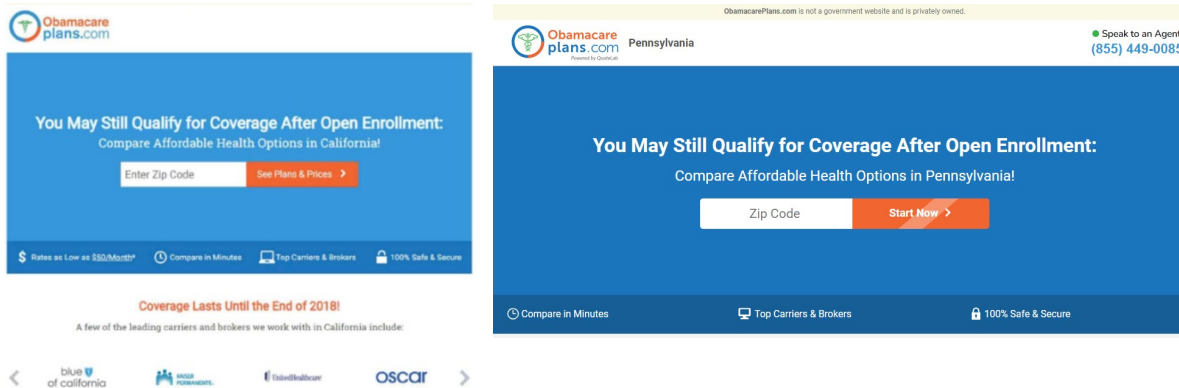


Image E (lead generation site)  
[www.obamacareplans.com](#)

- Making deceptive websites like [obamacareplans.com](#) appears to be a core part of management’s strategy. MAX’s CEO, Steve Yi, apparently used to register deceptive domains like [Medicare2018.org](#) himself, but appears to have stopped using his name in 2017. A Whois search reveals that MAX’s subsidiary QuoteLab registered a [host](#) of deceptively named websites which often made consumers think they were looking at official websites. MAX’s websites are deceptive as consumers input their information into these sites, such as [obamacareplans.com](#), to shop for Affordable Care Act (ACA) insurance. Instead, their phone is blitzed with telemarketers who lie to them to make a sale.
- With all this false and misleading advertising, MAX is filling its Health segment lead pipeline with desperate people who are calling to collect all sorts of benefits along with their free health insurance. In one FTC complaint we obtained via FOIA,<sup>23</sup> an employee of one of MAX’s lead-buying partners stated:

***“Our company is paying Media Alpha for each lead they send to us, despite all of these being false leads.”***

MAX’s low-quality leads may be a turnoff for companies that are trying to sell real insurance, but unscrupulous scammers selling sham insurance appear eager to speak with these vulnerable people as demonstrated by the practices of Simple Health and Benefytt.

- If making deceptive advertisements and selling its leads to telemarketers running scams does not kill MAX’s Health segment, then we believe the FCC’s new 1:1 consent rule will cripple it. This rule will take effect in January 2025 and requires lead generators to obtain specific written consent for each individual seller who contacts the consumer via robocall or robotext.

Our investigation indicates many lead-buying partners rely on robocalls for efficiency, or exclusively use robocalls or robotexts for less promising leads.

- MAX's largest shareholder (34.62%), White Mountains Insurance, claims to be committed to ethical conduct:

*"We are committed to the ethical conduct of our business. This commitment is reflected in our corporate governance and in our corporate values and culture."*

How do these "corporate values" square with MAX's targeting of vulnerable minorities and seniors with deceptive advertisements and sale of their information to scammers?

Considering that Christopher Delehanty and Jennifer Moyer of White Mountains Capital are sitting on the board at MAX, perhaps they could look into it. Or the CEO of White Mountains could ask MAX's CEO Steven Yi since he sits on the board of White Mountains.

- The FTC is already investigating MAX. They have already been hit with an enforcement action in Washinton State.<sup>24</sup> In our opinion, it is not a matter of if MAX will be subject to enforcement action by the FTC, it is a matter of when. But how soon? CEO Steve Yi's family office (OBF Investments, LLC)<sup>25</sup> registered to sell nearly \$13.5 million in stock in a secondary offering on May 7th. White Mountains, where Yi is on the board, registered to sell more than \$57 million in stock as part of the same offering. We think if any insider knows how the FTC investigation is going, it is the CEO. Make of that what you will.

## **Our Investigation Reveals MAX Drives Leads Through a Network of Misleading and Outright Fraudulent Ads**

Our analysis indicates MAX's Health segment relies on three distinct practices that we believe are illegal and subject to enforcement by the FTC and state regulators:

1. They are responsible for advertisements that we believe are deceptive or outright fraudulent,
2. They use websites that we believe are deceptive, and
3. They are selling their leads to scammers that do not deliver what is promised and telemarketers that systematically violate the Telemarketing Sales Rule<sup>26</sup> by trying to enter customers into negative option feature contracts without disclosing material information, like the other party to the contract.<sup>27</sup>

Our research indicates MAX's Health segment depends on all three of these practices. We believe that the FTC will impose an order that prohibits at least one of these practices, which will be catastrophic for MAX's Health segment.

### ***Making False or Deceptive Advertisements is a Federal Crime***

The [FTC says](#), "When consumers see or hear an advertisement, whether it's on the Internet, radio or television, or anywhere else, federal law says that ad must be truthful, not misleading, and, when appropriate, backed by scientific evidence."

It's a good thing for Steven Yi and the other executives and board members (like the two affiliated with White Mountain) that they just [rewrote](#) their certificate of incorporation to exculpate them for any breaches of fiduciary duty to the fullest extent permitted by law.

### ***We Believe MAX Has Committed Consumer Fraud by Inventing a Fictional "Health Giveback" Program to Juice Health Revenue***

Rapper and model, Blac Chyna, is featured in a Facebook ad published by a MAX Facebook page discussing a \$10 a month "health insurance plan hack" called the "Health Insurance Giveback Program." Chyna goes on to explain, stating that "90% of Americans qualify and it's *super legit*."<sup>28</sup> We spoke with a healthcare.gov employee who told us the "Health Insurance Giveback Program" did not exist.<sup>29</sup>

We initially thought MAX may be mistakenly referring to the Medicare Part B giveback benefit; a benefit for those enrolled in a Medicare Advantage Plan.<sup>30</sup> However, Chyna's ad below promotes the possibility of free health plans to Americans who earn less than \$50,000 and are younger than 57 years old. Whereas the qualifying age for the Medicare Part B giveback benefit is typically 65 and the benefit is a premium reimbursement, not a free health plan. We do not think is an innocent mistake, rather we believe MAX uses the word "program" to dupe consumers.

Furthermore, Black Chyna’s ad was paid for by obamacareplans.com, and links to that same MAX-owned website. After we put our contact info into this website, some of the telemarketers who called us fraudulently claimed to be working for the government. We checked, and government officials we communicated with told us neither the federal nor state governments employ insurance agents to sell health insurance. MAX’s phony “Health Insurance Giveback Program” ads prime consumers to be defrauded by telemarketers pretending to work for the government.

**ObamacarePlans.com**  
Sponsored • Paid for by Obamacareplans

**BREAKING: FREE Health Insurance Plans for low income American's thanks to the new Inflation Reduction Act that Congress Passed this week.**

Some of the biggest Healthcare Providers are now issuing Health Insurance Plans that for over 25 million American's can now be 100% FREE.

The qualification requirements are simple:...

And 90% of Americans qualify

0:20 / 0:59

WWW.OBAMACAREPLANS.COM  
ObamacarePlans.com

Learn more

*Note:* Red Rectangle is Wolfpack’s Annotation

MAX seems to have heavily invested in shilling this fake program on Facebook. For example, apparently enlisting the help of Cedric the Entertainer to promote this “zero (dollar) a month, health insurance hack.”

*“You want to hear about this zero (dollar) a month, health insurance hack, **it’s called the health insurance giveback program**...all you have to do is give them a quick call, they cover everything man, pre-existing conditions, prescriptions, catastrophic conditions, even dental for your kids.”<sup>31</sup>*

**BREAKING NEWS**

Americans earning less than \$100k/year now qualify for a:

**FREE HEALTH INSURANCE PLAN**

All thanks to a new stimulus rolled out by the current administration to help out during these uncertain times.

**CALL TODAY TO SEE IF YOU QUALIFY**

0:32 / 1:43

WWW.OBAMACAREPLANS.COM  
Claim Your FREE Health Insurance Plan Today 🗑️

Learn more

The ad’s copy even claims “The new administration have rolled out a FREE Health Insurance Giveback Helpline to get you enrolled during these uncertain times.” We think this helpline is a ploy by MAX to generate increased interest and to pass on these phone calls to its lead-buying partners. As seen below, different Facebook pages (now coincidentally unpublished or deleted) controlled<sup>32</sup> by MAX peddle this Health Insurance Giveback Helpline.

**ObamacarePlans.com**  
Sponsored • Paid for by Obamacareplans

JUST IN: Congress just passed a bill to make FREE Health Insurance Plans available to over 25 million American’s earning less than \$50k/yr.

The ‘Inflation Reduction Act’ has meant that an emergency stimulus has been approved to help everyday American’s get access to the health plans that they deserve... at \$0 Extra Cost! 🗑️

They are urging anyone who thinks they qualify to call the FREE Health Insurance Giveback Helpline immediately to lock in their FREE Plan.

Their friendly team are available NOW, simply call for FREE today & claim your FREE Health Insurance Plan while you can!

WWW.OBAMACAREPLANS.COM  
Claim Your FREE Health Insurance Plan Today 🗑️

Learn more

**Health Insurance Help Center**  
Sponsored

**BREAKING: New Affordable Care Act Bill Extends FREE Health Insurance Program for Low Income Americans 🗑️**

The qualification requirements are simple:

- ✓ Must Be An American Citizen
- ✓ Must Be Born Between 1961 and 1997
- ✓ Must Be Earning Less Than \$50k/Year

Think you qualify? Call the Health Insurance Giveback Helpline TODAY to claim the FREE Health Insurance Plan that YOU deserve 🗑️

We’ve heard that more than 447,579+ people have called & qualified, so we’re encouraging everyone to check your eligibility while you can!

The funding for this FREE Health Plan is limited, if you’re looking for a fast track route, just call the Health Giveback Program immediately!

WWW.OBAMACAREPLANS.COM  
Claim Your FREE Health Insurance Plan Today 🗑️

Learn more

Source: [Left Facebook Ad](#) & [Right Facebook Ad](#)



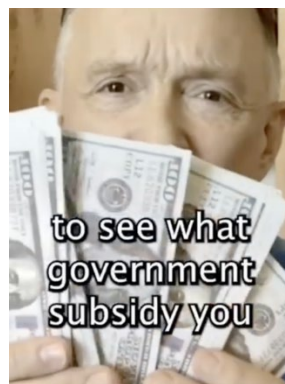
Once again, these ads direct people to obamacareplans.com. And some of the telemarketers that called us when we put our information into that website falsely claimed to be working for the government.

We think MAX's commitment to selling consumers on the legitimacy of its fake Health Insurance Giveback Program is tenacious. An [ad published by a MAX Facebook Page](#) goes as far to show what appears to be a fictitious "Health Insurance Give Back Program" card presented by a disclosed paid actor.



Our research indicates this card appears photoshopped as MAX repeatedly uses this same card, photoshopping different information onto it for different ads.<sup>33</sup> The above card in question lists WELLCARE Health Plan. We reached out to similarly named, legitimate health insurance company, WellCare Health Plans, inquiring about their involvement with the "Health Insurance Give Back Program" despite the card's logo and the company's logo not matching. The representative we spoke with confirmed what we suspected; the giveback program they were familiar with was related to Medicare Advantage Plans.

While MAX may show you a photoshopped card, they do employ a paid actor later in the same ad to flash hundreds in what appears to be real cash below.

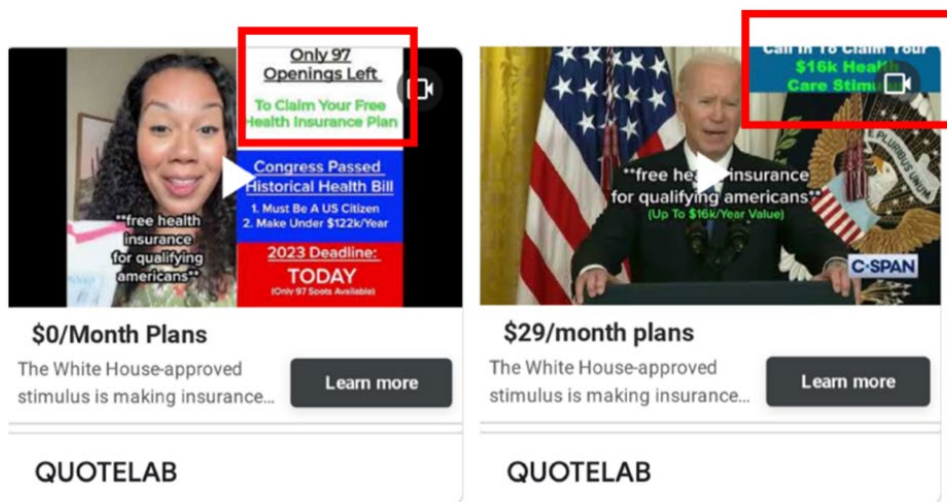


We believe MAX’s “Health Insurance Giveback Program” was designed to dupe unsuspecting Americans using false promises which enabled MAX’s Health segment to generate an increased volume of leads, hence generating additional revenue for the company. We speculate the FTC has taken a keen interest in MAX’s promotion of this fictional program. Furthermore, we expect MAX will attempt to purge these ads from their plethora of Facebook pages in the wake of our report.

### **MAX’s Subsidiary, QuoteLab, Is the Conduit for a Ubiquitous Campaign of Misleading and Deceptive Online Advertisements Promoting Fake Stimulus Money**

We reviewed thousands of ads across Facebook and Google’s platforms which direct traffic to obamacareplans.com and other MAX owned websites.

For example, [QuoteLab’s Google ad profile](#)<sup>34</sup> shows a series of video ads which appear to have been deleted, but the thumbnails of these ads are still available.<sup>35</sup> Ad taglines mention phrases such as, “Only 97 Openings Left To Claim Your Free Health Insurance Plan,” or “Call In To Claim Your \$16k Health Care Stimulus.”

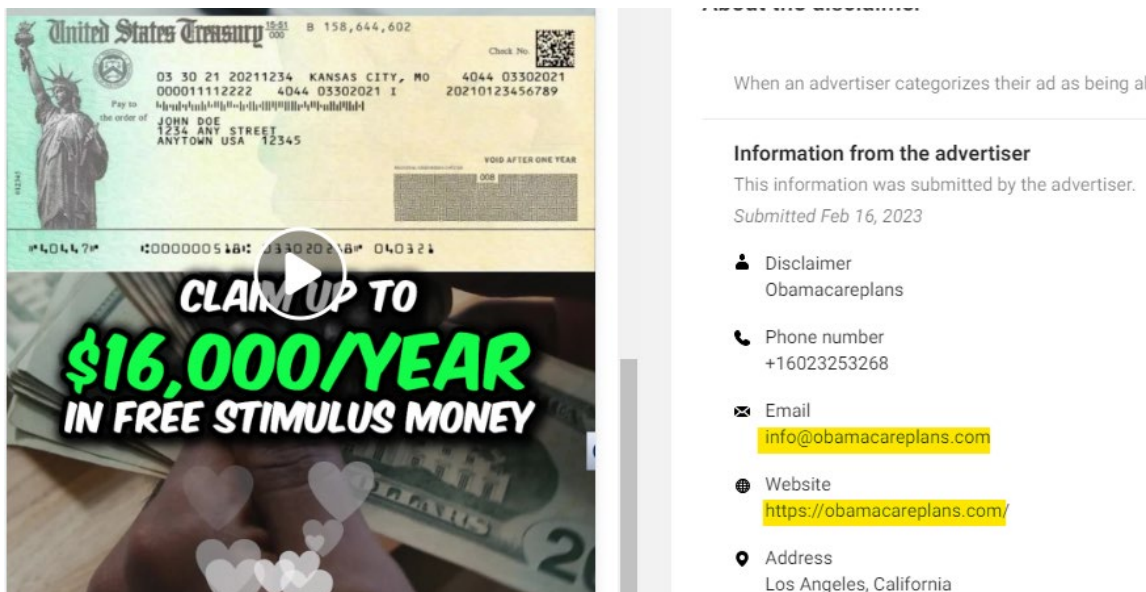


The FTC has a page dedicated to helping consumers spot health insurance scams,<sup>36</sup> and it specifically warns consumers that “*Pressure to sign up quickly or threats of missing out on a “special deal” are your opportunities to say, “no, thanks.”*” This is a tactic to get people to act with urgency and a hallmark of scammers. Government health benefits are not typically first come, first served.

The ad above on the right promotes a fictional \$16k health care “stimulus” – this appears to be a play on the American Rescue Plan, a bill signed into law in March 2021 that provided a \$1,400 stimulus direct payment to eligible Americans.<sup>37</sup> Any attempt to portray benefits or subsidies as free money is likely a scam, as the government [reminds us](#).

MAX seems to have doubled down on the promotion of this fake \$16k stimulus on Facebook, [running an ad](#)<sup>38</sup> in September 2023 stating you can claim up to \$16k in free stimulus money

because of the American Rescue Plan Act to cover health insurance. This relatively recent ad opens with a video of a government check as someone counts out cash in the background:



When an advertiser categorizes their ad as being al

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**Information from the advertiser**  
This information was submitted by the advertiser.  
Submitted Feb 16, 2023

- Disclaimer  
Obamacareplans
- Phone number  
+16023253268
- Email  
info@obamacareplans.com
- Website  
https://obamacareplans.com/
- Address  
Los Angeles, California

When you search for more details on this scummy ad, Facebook shows it's tied directly to [obamacareplans.com](https://obamacareplans.com), a QuoteLab owned website.

### ***Facebook Plays Whack-a-Mole with MAX's Deceptive Pages***

Various Facebook pages, such as [Bidencare Health Plans](#), [ObamacarePlans.com](#), and [Health Insurance Hero](#) (coincidentally, these mentioned pages have all been deleted or unpublished) either are or were driving traffic to MAX owned sites such as [obamacareplans.com](#) and [obamacare-plans.com](#). Our research indicates these two sites were two of MAX's top traffic sources for their Health vertical in Q1 2024.<sup>39</sup> There is a direct line from MAX to these ads as the various Facebook pages running these ads provide contact information linked to [obamacareplans.com](#), a website owned by QuoteLab.<sup>40</sup>

We believe MAX frequently deletes and tweaks its various website names and social media pages to prevent its ad campaigns from getting sanctioned by Facebook for not following advertising standards.<sup>41</sup>

[Biden Care Health Plans](#) which was purportedly created on October 18, 2023 by MAX, ran ~1,200 Facebook ads<sup>42</sup> between October 2023 and January 2024. One ad features a clip of a lady waving cash stating "I just saved on my health insurance by making a 15 minute phone call" as the tagline reads "Eligible Americans are able to qualify for an average of \$6,324 a year in premium health subsidies to cover the cost of their health insurance in 2023."<sup>43</sup> Another ad that was removed for violating Facebook's terms of service features Antonio Brown flaunting a health insurance premium subsidy as "free money."<sup>44</sup> MAX even makes it abundantly clear they are responsible for this ad and respective account, citing their privacy policy as highlighted in red below.



Eligible Americans are able to qualify for an average of **\$6,324** a year in premium health subsidies to cover the cost of their Health Insurance in 2023

**Biden Care Health Plans**  
Sponsored  
Library ID: 305195879059563

**OPEN ENROLLMENT IS HERE**

If you're an American Citizen earning less than \$50k/year, NOW is your chance to qualify for premium tax credit subsidies. In 2023 Americans qualified for an average of \$6,324 a year!!

Thanks to the Affordable Care Act and Inflation Reduction Act – 90%...

**HEALTH INSURANCE OPEN ENROLLMENT**  
Eligible Americans Can Claim Tax Credits Of \$6,324/Year In 2023

**CALLLED HEALTH INSURANCE PREMIUM SUBSIDY, AKA FREE MONEY TO**

FB.ME  
Find Out What Subsidies You're Entitled To In 2024 →

Additional assets from this ad

Additional content items from this ad

Links

- <https://insurance.mediaalpha.com/content/privacy-policy.html>

These ads misrepresent health insurance tax credits. Both ads heavily insinuate consumers will be given back physical cash by the government. That is not the case. Our research indicates that consumers who qualify for these tax credits based off their income can either receive these as a tax credit or reduce their monthly insurance premiums by conveying payments directly to their issuer.<sup>45</sup>

Prior to opening Biden Care Health Plans, MAX pushed ads through similarly named Facebook page, [Bidencare Health Plans](#), which ran ads through most of 2023 before deleting or unpublishing the page.<sup>46</sup>

Bidencare Health Plans appeared unafraid to peddle false claims in the ads it ran. For example, an ad ran in May 2023 with rapper, Lecrae, exclaims in the tagline that “the POTUS is giving up to \$16,827 in FREE stimulus to Americans for Health Insurance.”<sup>47</sup> As we covered above, claims of large stimulus payments are fake. The ad, as attached below, claims a new initiative is granting free health insurance to every single American earning less than \$122k/year. We think this is a bald-faced lie.

We spoke with a healthcare.gov employee who informed us no such blanket initiative exists, informing us we could check our tax credit eligibility online. For example, a single 26-year-old living in Columbus Ohio earning \$55,000 annually who doesn't have health coverage through his employer would receive no tax credit.<sup>48</sup>

**Bidencare Health Plans**  
Sponsored · Paid for by Obamacareplans

🇺🇸 The POTUS is giving up to \$16,827 in FREE stimulus to Americans for Health Insurance 🇺🇸

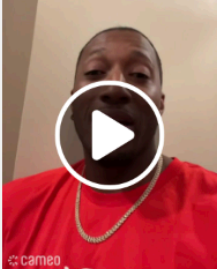
A new initiative recently rolled out is helping to grant FREE Health Insurance to every single American citizen earning less than \$122k/year.

Experts estimate that over 230 million people now qualify for this FREE Stimulus and they're urging people to claim these \$\$ while they can!

In order to help the millions claiming these FREE Health Insurance tokens, a Health Giveback Help Centre has been launched to assist you...

It only takes 15 mins to go through the process and then shortly after you can receive up to \$1,438 back in Health Stimulus every month.

Simply click the link below to get started & call the friendly team at the Giveback Help Centre.



WWW.OBAMACAREPLANS.COM  
Claim Your FREE \$16,000+ Health Stimulus Today 🇺🇸

Learn more

Finally, this ad states you can claim “these FREE Health Insurance tokens” by clicking the link below which is obamacareplans.com – a MAX owned website. Health insurance tokens are obviously a con and sound like something you might win at Chuck E. Cheese or a casino. This is not a one-off ad we discovered. This Facebook page has ran the above ad or an iteration of it **sixty times** between April and May 2023.<sup>49</sup>

## MAX’s Deceptive Websites Play a Key Role in Facilitating Scams

### *Simple Health and Benefytt Complaints Demonstrate How Lead Generation Websites Can Be Unlawfully Deceptive*

The FTC sued both Simple Health and Benefytt for selling sham health insurance. A critical part of these scams, according to the FTC, is the use of deceptive lead generation websites that lure consumers in to providing their contact information with the promise that they will connect them with top insurers, or ACA-compliant plans, commonly known as Obamacare.

According to the [FTC](#), Benefytt and its third-party partners “operated a series of deceptive websites that targeted consumers who were searching for comprehensive health insurance plans qualified under the Affordable Care Act.” MAX appears to have been one of these third-party partners since its site, obamacareplans.com was specifically identified in the FTC’s complaint.

The Simple Health complaint has a similar pattern, even down to including a MAX website, obamacare-plans.com as an example of a deceptive website. Both obamacareplans.com and Obamacare-plans.com appear to be in the top twenty sources of web traffic for insurance.mediaalpha.com, the subdomain that receives inbound web leads for MAX.<sup>50</sup>

### ***MAX's Appearance in the Simple Health Complaint***

In 2018, the FTC filed a complaint against Simple Health laying out the anatomy of a nine-figure health insurance scam. It begins with misleading advertising targeting consumers looking for coverage under the Affordable Care Act (ACA) or other similar plans.

*29. The third-party lead generation sites typically claim to provide information about obtaining comprehensive health insurance, including insurance available through the marketplaces established pursuant to the ACA. In many cases, the sites refer to the ACA and Medicare and use terms associated with the ACA, such as "Obamacare" and the "Obamacare Marketplace."*

To illustrate, the FTC included a screenshot of one of MAX's websites *obamacare-plans.com*, which is currently operated by MAX, and was also operated by them in 2018, as can be seen from their privacy policy at the time.



Image C (third-party site)  
[www.obamacare-plans.com](http://www.obamacare-plans.com)

### **Privacy Policy**

At **MediaAlpha**, protecting your personal information is a top priority. This Privacy Policy provides details on how we treat your personal information. **QuoteLab, LLC, which does business as MediaAlpha** ("we" or "us"), is the Data Controller with respect to information collected on the websites we own.

**Sources:** First image is from the FTC complaint.<sup>51</sup> The second image is from the Privacy Policy page of *obamacare-plans.com* for [June 2018](#) via the Wayback Machine.

The FTC went on to state that the consumers who give MAX their information believe that they will have the opportunity to shop for different providers offering ACA compliant plans:

*"Many consumers who submit their names and telephone numbers to the third party lead generation sites believe that they will receive information about comprehensive health insurance plans, including government-sponsored policies like those offered pursuant to the ACA"*

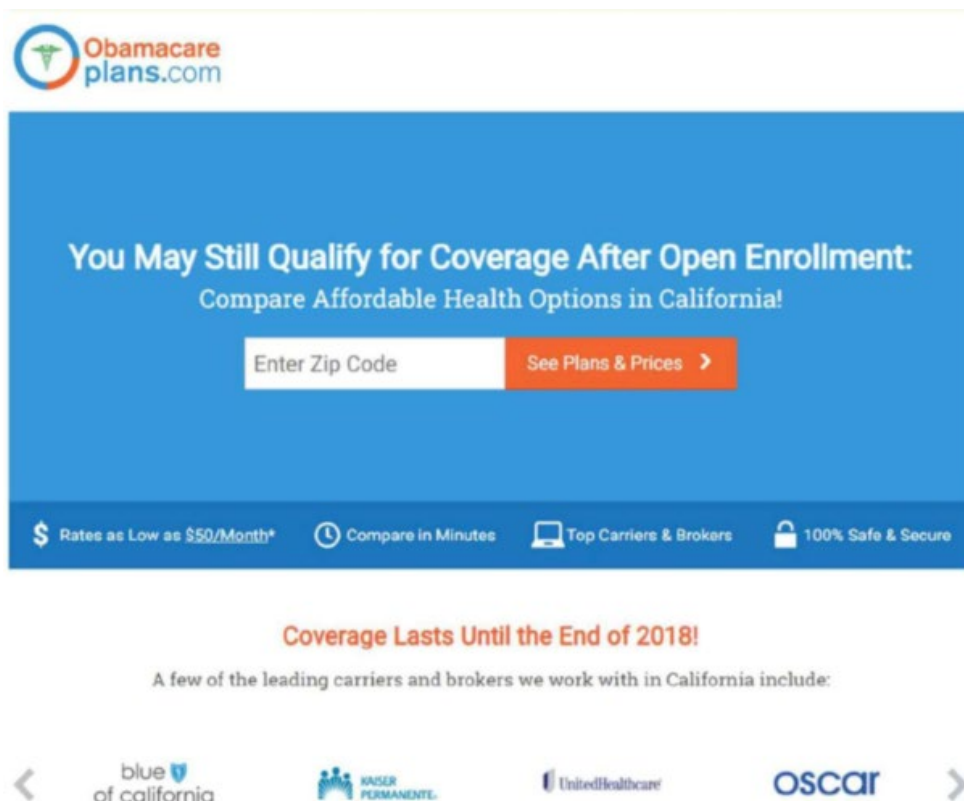
Instead, these consumers were contacted by telemarketers who sold them plans that were not ACA compliant. In fact, the Eleventh Circuit Court of Appeals [stated](#) “they are more like grocery store savers cards than health insurance.” Due to deceptive advertising and the abusive telemarketing practices of Simple Health however, many consumers falsely believed that they were insured, when they were not.<sup>52</sup>

The FTC sought and [received](#) an injunction against Simple Health in 2019 which shut down the company, froze their assets, and put them into receivership. Just this February, the FTC obtained a \$195 million [judgement](#) against Simple Health.

***Another of MAX’s Websites Makes an Appearance in the Benefytt Complaint***

In August 2022, the FTC filed a complaint against Benefytt, [alleging](#) the company was selling sham insurance products and using deceptive lead generation practices to lure them in. As part of this complaint, the FTC criticized the lead generation practices of the company and its third-party lead generators as deceptive.

The complaint specifically mentions obamacareplans.com as a deceptive third-party website. This website is owned by MAX through its subsidiary, QuoteLab. The complaint also includes a screenshot of the website [www.obamacareplans.com](http://www.obamacareplans.com) to illustrate:



**Image E (lead generation site)**  
***www.obamacareplans.com***

In this case, the FTC included internal emails uncovered as a part of its investigation. Apparently, Benefytt employee(s) were concerned about using MAX’s website [obamacareplans.com](http://obamacareplans.com) because of its implicit promise to connect consumers to companies selling Obamacare:

Care’!” In 2018, moreover, a Benefytt sales manager questioned a top-selling distributor’s use of leads from [www.obamacareplans.com](http://www.obamacareplans.com) and similar sites, explaining in an internal email: “being on a site referencing ObamaCare is concerning, when you enter in the information you are not directed to ACA plans you are directed to [Defendants’ limited benefit plans from certain well-known major medical insurance plan carriers] which is very misleading!!”

### ***MAX Still Employs the Same Strategy to Ensnare Consumers and Generate Leads***

Surprisingly, even after being called out in the FTC’s complaint for using deceptive websites to generate leads, (a claim that the FTC has since [repeated](#)) QuoteLab still generates leads with the same deceptive websites. For example, [obamacareplans.com](http://obamacareplans.com), which was specifically mentioned, is still up and running, and largely unchanged.<sup>53</sup>



QuoteLab owns many such websites<sup>54</sup> including official sounding names such as [obamacareplans.com](http://obamacareplans.com), [biden-care.com](http://biden-care.com), [medicare-2023.org](http://medicare-2023.org), and [coloradohealthinsurance.org](http://coloradohealthinsurance.org), many of them can be found with a simple Whois [search](#).



We believe, based on the reasoning provided in the complaints, that these websites are deceptive because they prominently use terms or have website names that make consumers believe they are signing up to acquire Obamacare, or State Marketplace insurance, but down at the bottom of the page they have a small disclaimer that says it does no such thing:

**Important Information:**

ColoradoHealthInsurance.org is operated by QuoteLab, LLC, which is an independent broker and is not a federal or state insurance Marketplace or other website. **It does not provide access to any federal or state marketplace or exchange.** This website is owned and operated by QuoteLab, LLC, a licensed insurance agency, NPN #19911386.

***This Strategy Also Led to Enforcement Action by the State of Washington***

We are not the only ones who think the use of official-sounding domain names is deceptive. The State of Washington filed a complaint against Quotelab in 2021. In that complaint the first thing the state does is point out that the domain names Quotelab uses are deceptive. These included HealthFinderWashington.org, Obamacare-plans.com and ObamacareUSA.org.<sup>55</sup>

1     4.4     Many of the domain names of MediaAlpha’s health-insurance-related websites  
2     included language and phrases associated with governmental entities, the Patient Protection and  
3     Affordable Care Act (ACA), 42 U.S.C. §§ 18001 *et seq.*, and the federal and state health insurance  
4     marketplaces created as a result of the ACA.

The complaint also points out that consumers who enter their information into these websites, or call the number listed often are directed to brokers who are not capable of delivering the comprehensive insurance advertised. Instead some of these brokers allegedly specialized in selling health sharing ministry memberships or other non-traditional health plans.<sup>56</sup>

23     4.19     MediaAlpha often sells leads generated by the National Websites to health  
24     insurance brokers that are not certified with the Exchange, and therefore cannot offer QHPs to  
25     consumers. Some of these brokers exclusively market healthcare sharing ministries and other  
26     non-traditional health coverage plans to consumers.

Once a decision is made on a Federal level, it will change how MAX does business across the country.

## CEO Steve Yi Apparently Personally Created Deceptive Websites

CMS has become increasingly concerned about the rise in the number of complaints concerning aggressive and deceptive marketing concerning Medicare.<sup>57</sup> A U.S. Senate report that surveyed state regulators expressed concerns that many Medicare recipients and enrollees are specifically deceived by companies and websites that include the term “Medicare” in their name.

*“States shared examples of deceptive marketing materials, such as mailers that appeared to be official government documents or documents that used the word “Medicare” in the company’s name or branding...”*

*One example provided by the Georgia Department of Human Services shows an insurance agent that uses “MedicareAdvantage.com” as its website.”*

We find this interesting because creating official-looking websites that have “Medicare” in the name appear to be MAX’s specialty. MAX’s CEO, Steve Yi, apparently used to register these deceptive names himself. A reverse Whois search [reveals](#) that up until 2017 that a Steve Yi was registering a slew of official sounding names pertaining to the health niche. For example, Yi appears to have registered the domain medicarehotline.org in 2017. Web archives show the domain redirected to another Yi owned domain, Medicare2018.org which appears to have been owned by QuoteLab and designed to look like an official web page.<sup>58</sup>



The screenshot shows the Medicare2018.org website. At the top, the domain name "Medicare2018.org" is displayed in a blue font. Below it is a dark blue banner with white text that reads "ATTENTION: YOU ONLY HAVE A LIMITED TIME TO ENROLL". Underneath the banner, there is a dark blue box containing the text "Need more health coverage in addition to Medicare Part A and Part B? Compare Private Medicare Plans Now!". A large orange arrow points from the left towards a white input field labeled "ENTER ZIP CODE" and an orange button labeled "See Plans" with a right-pointing arrow. Below the button, it says "100% Safe and secure". At the bottom of the banner, it says "Top providers in California:" followed by logos for Humana, eHealth, AARP MedicareComplete, UnitedHealthcare, and Anthem Medicare Plans.

Below are some of the websites the CEO Steve Yi appears to have registered for MAX. For example, medicare2024.org clearly states it is "powered by QuoteLab" in the top left corner of the website.<sup>59</sup>

medicare-2016.com	2016-06-03	GODADDY.COM, LLC
medicare-2021.org	2017-10-17	GODADDY.COM, LLC
medicare-2022.org	2017-10-17	GODADDY.COM, LLC
medicare-2023.org	2017-10-17	GODADDY.COM, LLC
medicare-offers.com	2016-03-24	GODADDY.COM, LLC
medicare2016.org	2015-04-15	GODADDY.COM, LLC
medicare2017.org	2015-04-15	GODADDY.COM, LLC
medicare2018.org	2015-11-06	GODADDY.COM, LLC
medicare2019.org	2015-11-06	GODADDY.COM, LLC
medicare2024.org	2017-10-17	GODADDY.COM, LLC
medicare2025.org	2017-10-17	GODADDY.COM, LLC
medicarecoverage-2017.com	2016-06-30	GODADDY.COM, LLC
medicarehotline.org	2017-02-16	GODADDY.COM, LLC
medicareplans-2020.org	2017-10-17	GODADDY.COM, LLC
medicareus.org	2016-03-08	GODADDY.COM, LLC

The .org designation is available to anyone, but it is typically used by non-profits and clubs, making the use of this designation by MAX even more deceptive in our view. These websites include disclaimers in small print that they are not government websites, but the FTC complaints and lawsuits on behalf of consumers make it clear that these websites have mislead consumers into believing that when they input their information, they would receive real health insurance.<sup>60</sup> The issue after all, is not necessarily that people are being tricked into believing these are government sites (although some certainly are) it is that they are expecting to have a chance to shop for ACA-compliant care, but many have been sold sham insurance instead.

The official looking names and the use of advertising dollars are critical for getting consumers to visit these websites and put in their information. For example, if you were to Google “Obamacare”, there’s a good chance the first result shown to you on Google would be an ad from obamacareplans.com, which we believe to be one of MAX’s largest source of health insurance leads.<sup>61</sup>

The image is a screenshot of a Google search page. The search bar at the top contains the word "obamacare" and is highlighted with a red box. Below the search bar, there are navigation tabs for "All", "News", "Images", "Videos", "Shopping", and "More". The search results show "About 11,700,000 results (0.38 seconds)". A sponsored result is highlighted with a red box, featuring the logo for "obamacareplans.com" and the URL "https://www.obamacareplans.com/". Below the logo, the text reads "Obamacare 2024 Enrollment - Affordable Care Act 2024 Plans" and "Instantly See Prices, Plans, and Eligibility. Obamacare Coverage from \$30/Month". Underneath the sponsored result, there are several links: "Types of Insurance Plans" (Learn About the Different Types of Coverage. Get the Right Plan Today!), "Open Enrollment" (See the Important Deadlines and Enrollment Dates for this Year!), "Obamacare FAQs" (Answers to Common Questions About the Affordable Care Act and You!), "Special Enrollment" (Missed Open Enrollment? You May Qualify for Obamacare Today!), and "The Premium Tax Credit" (Save 57%+ on Your Monthly Rate with Government Help - See Prices Now!).

We don't know for certain if the FTC was aware of the deceptive advertising campaign that MAX has been waging for years on social media before we sent them our report through counsel, but we know for certain that the FTC has noticed MAX's websites. MAX has had plenty of notice that the FTC believes its websites are deceptive.

## MAX is Selling Its Leads to Scammers and Fraudsters

Prior FTC enforcement actions against other lead-generation companies indicate the FTC is trying to stamp out illegal robocalls at the source.

In January 2024, the FTC went after [Response Tree LLC](#) for using deceptive websites to trick consumers into providing them information, which they then sold to telemarketers. Response Tree was fined \$7 million and was ostensibly banned from the lead generation industry. In January 2022, the FTC went after [ITMedia](#) for tricking consumers into giving them sensitive information and then selling it to companies that were not providing the services advertised.

- The FTC only fined ITMedia \$1.5 million, but as in the case of Response Tree, imposed significant restrictions on the company's operations, including a requirement *"to screen the recipients of that information."*

The FTC's action against ITMedia indicates lead generation companies have an obligation to connect consumers with sellers who can deliver what is promised by the lead generator. The only way for MAX's lead generation to be legitimate would be for it to only connect consumers with legitimate insurers and brokers that are selling ACA-compliant plans. Our investigation indicates that even this simple requirement would eliminate many of MAX's customers and potentially destroy its Health segment.

### ***Our Investigation into MAX's Lead-Buying Partners***

MAX's history of using deceptive advertising to drive traffic to Simple Health and Benefytt could land it in hot water,<sup>62</sup> but what we found disturbing is that our investigation into MAX's lead buying partners indicates that MAX has not taken any effective measures to curb abuse by unscrupulous scammers and shady operations.

We input fictitious information into five websites owned by MAX, each under a different alias across four states, to determine exactly who these health insurance leads were being sold to. We received over 400 calls, spoke with over 50 telemarketers, and recorded 40 calls with unique telemarketers.<sup>63</sup>

### ***MAX's Telemarketing Partners Lie About Their License Numbers and Who They Work For***

Remarkably, 45% of the telemarketers we recorded either provided us with an invalid state insurance license number or hung up when we asked for that information.<sup>64</sup> We consider this strong evidence that these "agents" were calling to effectively sell us fake "health insurance".

Some telemarketers even fraudulently told us they were government employees. One agent told our alias in Nevada that he "technically" worked for the Nevada government.

*"I work through healthcare.gov for the state of Nevada so I'm technically a government employee, but I'm 1099 ... when I get my paycheck it says healthcare.gov"*

The CMS clearly states that the (health insurance) marketplace (healthcare.gov) does not pay agent's commissions.<sup>65</sup>

Another agent told our alias in Texas that he was contracted by the state government, purporting to work for healthcare.gov. In a third instance, an agent told our Missouri alias that he was "employed by the State of Missouri." We contacted officials in Texas and Missouri and neither state employs insurance agents to sell health insurance on their behalf.

Just 15% of the telemarketers told us who they really worked for, and half of them claimed to work for Assurance IQ, which was [reportedly](#) shut down on May 1<sup>st</sup> 2024.<sup>66</sup> Large losses, customer complaints, and difficulties with compliance were all mentioned in a 2022 WSJ [article](#) on Assurance IQ's woes. Prudential apparently decided that playing straight in this arena was either not possible, or not worth the trouble, and canned Assurance, which it [reportedly](#) purchased in 2019 for \$2.35 billion.

78% claimed to work for a generic "Health Enrollment Center" or variation thereof. Our research indicates that most of these telemarketing agents use generic terms for their call centers instead

of the real legal name of their employer to conceal their identities (and likely prevent people from effectively making complaints or engaging in litigation).

### ***MAX's Telemarketing Partners Often Engage in Abusive Practices When Attempting to Sell Products.***

Consumers are entitled to see a Summary of Benefits for a healthcare plan before making a purchase, at least according to [healthcare.gov](https://www.healthcare.gov). This is particularly true of plans made available through the state marketplace that comply with the ACA, commonly known as Obamacare.

Yet not one telemarketer we spoke with, *not one*, was willing to provide any of our aliases, a Summary of Benefits or any explanation of the plans in writing. The telemarketers we spoke with typically tried to get us to enter negative option contracts, where the consumer must cancel the contract to prevent it from going into effect. These kinds of contracts are closely regulated by the [TSR](#) and require all material terms be disclosed.

Instead, the telemarketers insisted that they needed billing information before submitting an application for insurance. Despite their demands for billing info, only one telemarketer provided the billing company's name, and that only furthered our concerns. The telemarketer in that case claimed that the billing company was A1 Healthcare. Prior to this disclosure, the telemarketer described the policy saying:

*"It's a private plan, the PPO, within your price range. It covers your doctor's visits, your prescription, your emergency rooms, your hospitalizations. It's no deductible. A monthly premium is just \$318.95. And at the first month, it does have a one-time enrollment fee. Normally, it's \$200, but I'm so awesome I contacted the carrier and I got it down to \$125."*

When we inquired what kind of insurance we would get through this plan, the telemarketer stated: *"A1 Limited Net, which is a... Hold on one second. It's a Multiplan PPO Network, which is the largest PPO network in America, you can Google it."*

Yet, when we asked the telemarketer who we would pay the premium to, the answer was A1 Healthcare. We pushed back further on the telemarketer who proceeded to put their supervisor on the phone. We played coy, claiming to not see anything related to "A1 Healthcare" on Google, the supervisor informed us that, *"A1 Health is just a billing. That your insurance, what the doctors and hospitals will recognize is the PHCS, Multiplan PPO Network."*

The telemarketer appeared to be claiming that this policy would be an ACA-compliant comprehensive insurer, which we expected since we had entered out information into [biden-care.com](https://www.biden-care.com). In reality, A1 Healthcare appears to do business more commonly under the name, Adroit Health Group.<sup>67</sup> Adroit explicitly discloses on their website<sup>68</sup> that they sell supplemental insurance which is not ACA-compliant.

Further research into Adroit Health Group on the Better Business Bureau<sup>69</sup> and Yelp<sup>70</sup> reveal that consumers have alleged that what the company sells is not insurance but rather scam policies. A former employee review on [Glassdoor](https://www.glassdoor.com) alleges that Adroit "was very illegal and (employees) were paid to lie."<sup>71</sup>

The State of New Jersey's Insurance Division previously levied a \$680k fine against Adroit in October 2022 for selling noncompliant individual health benefit plans and charging improper fees; other state regulators have brought similar actions.<sup>72</sup>

***The Impending FCC 1:1 Consent Rule for Lead Generation Will Likely Compress Margins***

We think that if none of MAX or its lead-buying partners' deceptive business practices destroy their business model, the FCC's new 1:1 consent rule likely will. The FCC issued a new rule in December 2023 that required lead generators to obtain specific written consent from the consumer for every seller that wants to contact them via robocall or robotext:

*“Next, we close the lead generator loophole by requiring that texters and callers get written consumer consent for robocalls or robotexts from one seller at a time, and thus prohibit abuse of consumer consent by comparison shopping and other websites.”*

MAX disclosed in its most recent 10-K that this 1:1 consent rule will take effect in January 2025. This rule falls under the TCPA, and consumers who receive calls in violation of the TCPA can [apparently](#) sue for \$1,500 per call, or actual damages, whichever is larger. The lead generator will be obligated to collect consent from the consumers.

Fortunately for MAX, their Health segment does not rely solely on robocalls or robotexts. Our investigation indicates that after submitting a lead, a live person will typically call the consumer. Although these agents are almost certainly using what most people would call an “auto dialer” the Supreme Court recently [narrowed](#) the definition of what would constitute an “auto dialer” under the TCPA in a way that we think may allow many live telemarketers to carry on mostly unaffected by this rule.

### ***The Expected Impact of the New TCPA Rule on MAX***

MAX states in its 10-K that the rule “*will further restrict our and our partners’ ability to contact potential and existing consumers by phone and text, as well as subject us and our partners to increased costs, technological compliance challenges and additional legal risks, including potential liabilities or claims relating to compliance.*”

MAX will not be unaffected by this rule. Our investigation has revealed that their healthcare segment partners use robocalls in two distinct ways. Firstly, some of their partners will robocall consumers and ask them to “press 1” to speak to a telemarketer. This is a cost-saving measure that many call centers use which we think is considered a robocall and will require 1:1 consent starting in January 2025. As costs increase for telemarketers, they will likely purchase fewer leads.

Secondly, we found that as our leads grew cold (and telemarketers realizing we were not high-intent buyers), the aliases still received numerous calls and texts, but they tended to be classic robocalls. We believe that MAX continues to resell leads so long as it has buyers, but that as the leads grow colder, only buyers who rely exclusively on robocalls are willing to purchase the leads (at much lower prices). We think this entire part of the demand curve will likely cease to exist once the rule is implemented.

With the rule's implementation, we believe margins will be compressed, although it is difficult to determine the extent. The Plaintiff's bar is reportedly thrilled about this new rule, and since MAX has deeper pockets than most, they will be a juicy target.

We think MAX will also need to take a far more robust approach to compliance that will also result in increased costs. With the new rule, MAX will need to get the consent from each consumer and will potentially get caught up in lawsuits<sup>73</sup> where a lead-buying partners robocall consumers without consent. As a practical matter, this means MAX will need to vet its partners far more carefully to screen out potential robocallers.<sup>74</sup>

Our analysis is far more in line with what MAX's competitors have publicly stated about the rule in FCC comment letters. QuinStreet, stated the draft order enforcing 1:1 consent as “potentially calamitous.”<sup>75</sup> Further, QuinStreet stated this rule would have an adverse effect for small businesses as comparison shopping websites will prioritize the largest providers. A smaller lead generator, 360Connect, remarked in a separate comment letter that this rule would both decrease the number of leads they can generate and sell along with increased compliance cost.<sup>76</sup> Furthermore, based off 360Connect's estimates, they claim they would see a 50% decrease in topline revenue and a 95% reduction in profitability.



### ***Improvements in MAX's Cyclical P&C Business Do Not Make This Company a Buy***

MAX's P&C segment has improved significantly as the latest hard market in auto insurance appears to be ending as insurers increase customer acquisition spend. But if MAX's P&C business could make MAX a profitable business, MAX would not be continuing to act as a key player in the health insurance scams that we think brought the FTC to their door. Even a cursory look at their balance sheet underscores MAX's financial weakness.

MAX's tangible book value is negative \$162.5 million<sup>77</sup> thanks in part to a debt of \$172 million. In Q1, MAX has little money on hand with just \$14.5 million and in the last quarter produced a mere \$1.7 million in operating cash flows. In our view, MAX's balance sheet can ill afford a substantial fine from the FTC or an enforcement action that cripples its Health segment. We would not be surprised to see the company try to raise money in the wake of any large fines issued or restrictive injunctions.

Instead of being transparent with shareholders, management seems to be living in a fantasy land, and would like shareholders to join them there. In the latest earnings call, the CFO responded to a question by stating "*as a bootstrap company it's been profitable since of the very beginning and we take that very, very seriously.*" MAX's accumulated deficit (from the very beginning) is \$523.7 million.

Our analysis indicates MAX's health segment is the key driver of the company's gross margins. MAX employs two different revenue models, open and private marketplace transactions.<sup>78</sup> Private marketplace transactions allow a lead generator and a lead buyer to transact directly via MAX's marketplace, whereas MAX's open marketplace allows MAX itself to sell the lead to the highest bidder. Hence, open marketplace transactions are much more lucrative for MAX. In fact, MAX's CFO previously stated that contribution margins are nearly 3x higher on open marketplace than private marketplace transactions.<sup>79</sup> Further, MAX's health segment has a "*much higher open marketplace mix.*"<sup>80</sup>

### ***MAX Insiders Don't Want to Own the Stock and Are Worried About Getting Sued***

In addition to profitability, MAX has been leaning heavily on its health segment for growth. While its P&C, life and other segments have seen revenue declines of 27.4%, 19.4% and 76.8%, respectively, since 2018, MAX's health segment revenues have grown by 122.8%. Health was only 21.1% of its revenues in 2018 but represented nearly half (48%) of MAX's revenues in 2023.

We do not believe this is sustainable, and apparently MAX's insiders don't either - more than \$200 million of insider sales since March send a clear signal... SELL! Not only is the CEO Yi selling shares, (both personally and through his family office OBF Investments, LLC). Yi apparently does not want any more stock, opting for Randy Moss's style "straight cash homie" approach for his base salary.<sup>81</sup>



*Note: The above image is of Steven “Steve” Yi, MAX’s CEO photoshopped onto a Straight Cash Homie Meme that typically features Randy Moss*

Both Yi and co-founder/CTO, Eugene Nonko, will no longer receive equity compensation as part of their base salary starting June 15, 2024 – instead being paid entirely in cash.<sup>82</sup> In the same 8-K announcing this, an amendment was added to MAX’s certificate of incorporation which eliminated “certain officers’ personal liability for monetary damages stemming from breaches of fiduciary duty as an officer.” It appears that MAX’s executives and board members believe that the stock will go down and that the company is in for a major derivative lawsuit.

These actions stand in stark contrast to what MAX’s CFO told investors on their 3Q23 earnings call<sup>83</sup> that they believe they “have been and remain fully compliant with all laws and regulations.” Obviously, our view of the legality of MAX’s business practices is at odds with the company’s. And if MAX’s executives really believed this, then why are they changing the articles of incorporation to reduce their legal exposure?

We speculate the FTC is nearing the conclusion of their investigation – one which we believe will bring ruin to MAX’s business. In our view, substantial insider selling, key executives opting to be paid in straight cash, and removing themselves from personal liability amid an FTC investigation is a company destined for doom.

## Appendix A

We based our assessment of MAX's web traffic, and the traffic to other sites on the following:

- Primarily, we used a third-party web traffic tool to derive these results. We are unable to disclose the name of the tool we used, but if you wish to recreate our work, we recommend entering “check web traffic” on Google to view popular web traffic tools.
- Our traffic analysis involves estimates from 01/01/2024 – 03/31/24 (MAX's 1Q24)
- MAX derived 69% of its total Transactional Value (amount spent across its platform) from clicks in FY23<sup>84</sup>, hence we believe its revenue is largely driven by web traffic.
- MAX appears to temporarily redirect web traffic for both its P&C and health insurance segments through its subdomain, insurance.mediaalpha.com, to generate web click revenue. While information submitted to QuoteLab websites does not necessarily redirect you to this domain, it does when you click out to further request a quote. To prove this is the case, we examined four different domains which each encompass a different scenario.

## 1. obamacareplans.com (Owned by MAX, Health Vertical):

After submitting a request for quote on obamacareplans.com, MAX logs the info and you're then directed to a page to check other companies' rates. Most of these companies are not actual health insurance companies rather other lead generators operating in the health insurance vertical. When you click the "View My Quote" button below for gethealthcoverage.org, you're momentarily redirected to the subdomain insurance.mediaalpha.com as shown below.

insurance.mediaalpha.com click.html?cu=https%3A%2F%2Fcompare.gethealthcoverage.org

Want to see other companies' rates? Check out these insurers that serve your area:

**Sarah, Your Online Quote is Ready. View Rates.**  
[www.gethealthcoverage.org/quotes](http://www.gethealthcoverage.org/quotes)

- Blue Cross of Georgia
- UnitedHealth
- Humana
- Molina
- Aetna

NOTE: GA residents may be eligible for lower rates.

1. Confirm your coverage request and review rates in minutes.
2. Access affordable coverage and get the right plan.
3. That's it! Enjoy the benefits of great coverage that's also affordable.

[View My Quote](#)

**Anthem® Blue Cross and Blue Shield® Individual and Family Plans**  
[www.myhealthbenefitfinder.com/](http://www.myhealthbenefitfinder.com/)

- See If You Qualify for \$0 Plan Options\*. Speak with a Licensed Agent Today.
- Health Plans Available for Disenrolled Medicaid Members During Special Enrollment Period.
- Find Out How Easy It Is To Help Protect Your Health.
- Access Local Trusted Doctors, Hospitals, and Other Important Benefits. Apply Now!

[View My Quote](#)

**Top 2024 Georgia Health Plans.**  
[healthinsurance.com](http://healthinsurance.com)

- FREE health quotes from trusted national carriers
- Aetna®, BlueCross®, UnitedHealth®, Anthem® & More
- Affordable, high-quality plans for EVERY need & budget
- ACA Plans, Short Term Plans, & Many More
- Compare plans and save hundreds. NO OBLIGATION!
- Visit today & See how much you can save. It's Easy!

[View My Quote](#)

2. **quiz.benefitcheckers.com (Third-Party Publisher, Health Vertical):**

quiz.benefitcheckers.com is a popular source of web traffic for MAX's health vertical per our traffic analysis below. After answering the short quiz, we're directed to a shockingly similar web page to the one mentioned above. Clicking on the link MedicareAmerica.org below, you're momentarily redirected to the subdomain insurance.mediaalpha.com.

The screenshot shows a browser's address bar with the URL `insurance.mediaalpha.com/click.html?cu=https%3A%2F%2Fmedicareamerica.org`. The domain `insurance.mediaalpha.com` and the subdomain `medicareamerica.org` are highlighted with red boxes. Below the address bar is the BenefitCheckers logo. The main content area features a large heading: **Almost there! Click below to continue:**. Below this heading are two promotional cards. The first card is for Medicare plans, featuring the MedicareAmerica.org logo and a 'View My Quote' button. The second card is for Medigap coverage in Fulton, GA, featuring the Medigap.com logo and a 'View My Quote' button. Red arrows point from the URL bar to the logos in the promotional cards.

**insurance.mediaalpha.com/click.html?cu=https%3A%2F%2Fmedicareamerica.org**

BenefitCheckers

**Almost there! Click below to continue:**

**2024 Medicare Plans Tailored to Your Needs**  
[MedicareAmerica.org/Deals](https://www.MedicareAmerica.org/Deals)

- Switching or New To Medicare? Get A Quote Today
- Compare Rates With A Licensed Agent from Carriers Near You
- Secure Quality Coverage from a Carrier You Can Trust

**View My Quote**

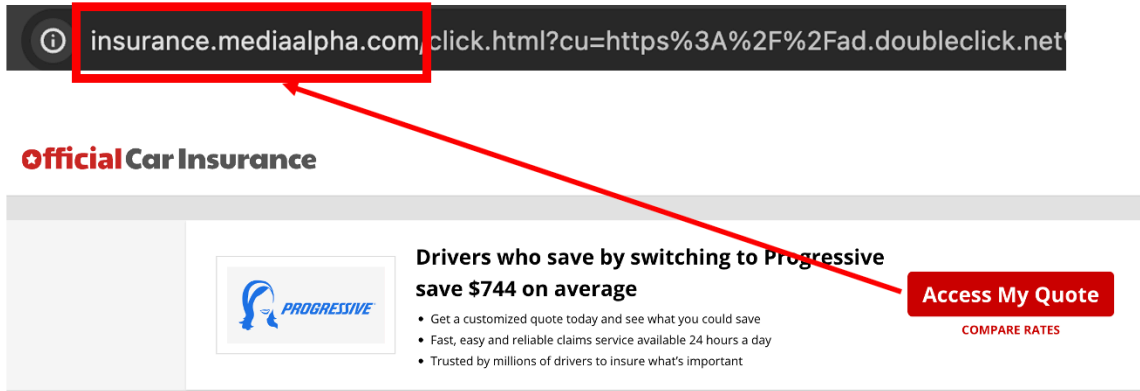
**Unbeatable Medicare Supplement Coverage in Fulton, GA**  
[www.Medigap.com/Quotes](https://www.Medigap.com/Quotes)

- Join Thousands of consumers who found a great Medicare Supplement Plan with us
- Get more coverage than Original Medicare at a low price
- "I love the huge network of doctors my new plan has." -Emily C
- Call now to speak with a licensed insurance agent immediately

**View My Quote**

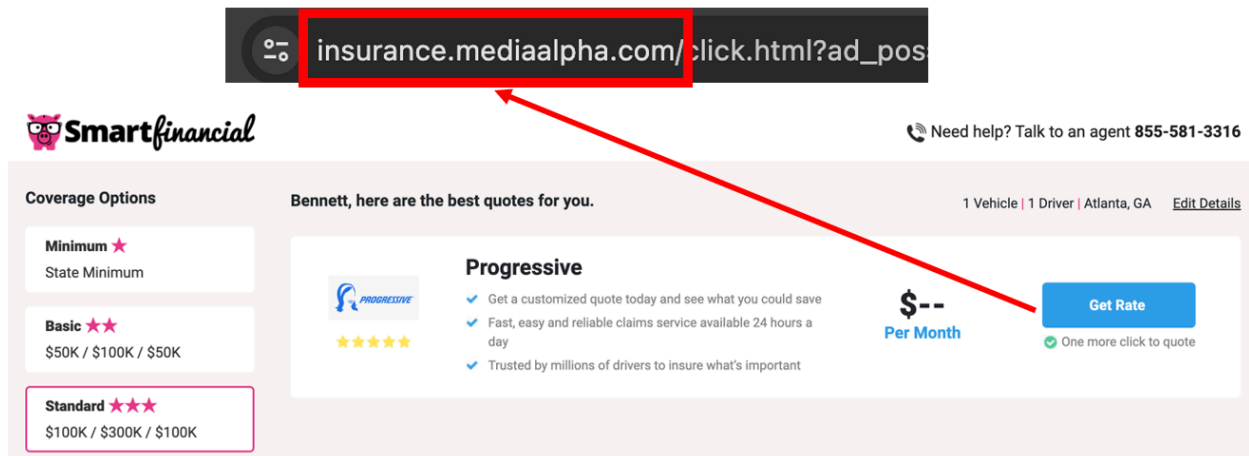
### 3. officialcarinsurance.com (owned by MAX, P&C Vertical):

Once we filled out officialcarinsurance.com's form requesting a quote, we are directed to a similar offers page, yet only one offer for car insurance was presented to us from Progressive. When we clicked "access my quote" we are temporarily redirected to the same subdomain.



### 4. smartfinancial.com (Third-Party publisher, P&C Vertical)

We checked another website in the P&C vertical and it operates just as the last one did, with the same redirection to the MAX subdomain shown below.



**Web-Traffic Referrals to insurance.mediaalpha.com**

Featured below are what we believe to be the five largest sources of health insurance related traffic to insurance.mediaalpha.com between January 1, 2024, and March 31, 2024. This was informed using a third-party traffic analysis tool we purchased. We omitted auto-focused websites such as smartfinancial.com and thegeneral.com who ranked higher than these sites below as we believe most of the leads they send to MAX are non-health. \*benefitcheckers.com total traffic share is the cumulative total of traffic its 5 subdomains send to insurance.mediaalpha.com

1Q24 MAX Health Web Traffic		
Domain	Total Traffic Share	Traffic
obamacareplans.com	1.73%	97,969.65
benefitcheckers.com	1.71%	69,350.12
affordablehealthplans.org	1.54%	87,407.56
quote.firstquotehealth.com	1.44%	81,642.85
obamacare-plans.com	1.11%	62,717.10



*Source:* Third party web traffic analyzer (01/01/2024 – 03/31/2024)


## Appendix B: Facebook Ad Library ([ObamacarePlans.com](https://www.facebook.com/ObamacarePlans))


Library ID: 1915253798815938


Inactive


Dec 14, 2022 - Dec 21, 2022

Platforms  

Categories 

Estimated audience size: 100 - 1K 

Amount spent (USD): <\$100 

Impressions: <1K 

**ObamacarePlans.com**

Sponsored · Paid for by Obamacareplans

Library ID: 1915253798815938

HEALTH INSURANCE OPEN ENROLLMENT ENDS SOON

The Administration has Approved FREE Health Insurance Plans!

Thanks to the Affordable Care Act, Americans with less than \$100k/year income may now qualify to get Free Health Insurance Plans....

**OPEN ENROLLMENT UPDATE**  
Congress Approves **FREE**  
Health Insurance Plans

### About the disclaimer

When an advertiser categorizes their ad as being about social issue

#### Information from the advertiser

This information was submitted by the advertiser.  
Submitted May 18, 2022

- Disclaimer  
Obamacareplans
- Phone number  
+16023253268
- Email  
info@obamacareplans.com
- Website  
https://obamacareplans.com/
- Address  
Los Angeles, California



Visit the Help Center to learn about what we require from advertiser


## Appendix C: Facebook Ad Library ([Obamacare-Plans](https://www.facebook.com/Obamacare-Plans))


Library ID: 218962313962459


Inactive


Mar 9, 2023 - Mar 10, 2023


Platforms  

Categories 

Estimated audience size: >1M 

Amount spent (USD): <\$100 


Impressions: 2K - 3K 

This ad has multiple versions 

**Obamacare-Plans**

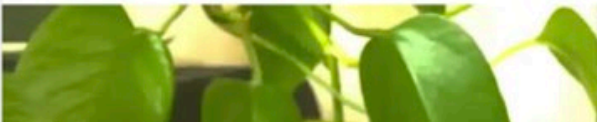
Sponsored · Paid for by Obamacareplans

Library ID: 218962313962459

The "Health Insurance Giveback Program" has been approved to help everyday American's get access to the health plans that they deserve... at \$0 Extra Cost! 

The qualification requirements are simple:

- Must Be An American Citizen
- Must Be Born Between 1967 and 1997...



### About the disclaimer

When an advertiser categorizes their ad as being about social issues,

#### Information from the advertiser

This information was submitted by the advertiser.  
Submitted Feb 16, 2023

- Disclaimer  
Obamacareplans
- Phone number  
+16023253268
- Email  
info@obamacareplans.com
- Website  
https://obamacareplans.com/
- Address  
Los Angeles, California

Visit the Help Center to learn about what we require from advertisers



## Appendix D: Facebook Ad Library ([Biden Care Health Plans](#))

Library ID: 1824789807962983

Inactive

Jan 22, 2024 - Jan 24, 2024

Platforms

Categories

Estimated audience size: >1M

Amount spent (USD): <\$100

Impressions: <1K

**Biden Care Health Plans**

Sponsored · Paid for by Obamacareplans

Library ID: 1824789807962983

HEALTH INSURANCE UPDATE!

4 Out Of 5 Americans Who Enroll In An ACA Plan On A Marketplace Can Find Plans For Under \$10 A Month!

No medicaid

No medicare

...

**4 OUT OF 5 AMERICANS WHO ENROLL  
IN AN ACA PLAN ON A MARKETPLACE  
CAN FIND PLANS FOR UNDER  
\$10 A MONTH**

### About the disclaimer

When an advertiser categorizes their ad as being about social is

#### Information from the advertiser

This information was submitted by the advertiser.  
Submitted Oct 19, 2023

- Disclaimer  
Obamacareplans
- Phone number  
+16023253268
- Email  
info@obamacareplans.com
- Website  
<https://obamacareplans.com/>
- Address  
Los Angeles, California

Visit the Help Center to learn about what we require from adver

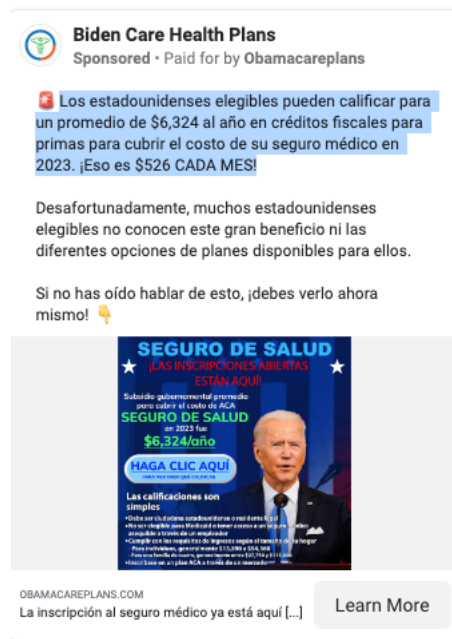
## Appendix E: “Health Giveback Program” Traces Back To MAX

When clicking DL Hughley’s ad [here](#), you’re directed to [obamacareplans.com](https://obamacareplans.com/health-insurance-giveback-plan). The URL in the address bar is much more specific, citing “health-insurance-giveback-plan” followed by a string of characters.



The URL structure employed by [obamacareplans.com](https://obamacareplans.com) above appears to resemble a tracking link. A tracking link is a URL containing unique identifiers that allows advertisers to gather data on the performance of their marketing campaign.

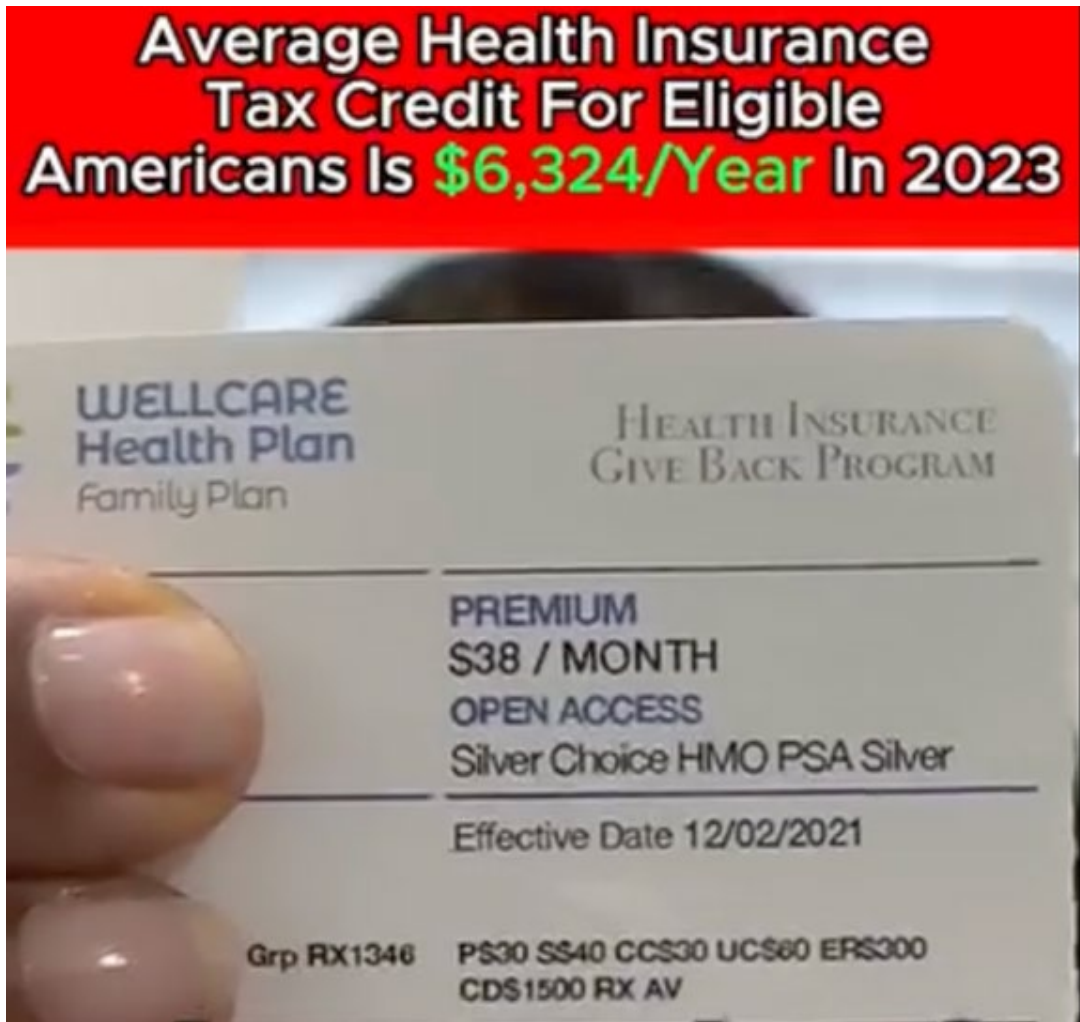
The two Facebook Ads we examined above both reference the health insurance giveback plan in their tracking links embedded in the domain [obamacareplans.com](https://obamacareplans.com). We acknowledge Facebook could play a hand in creating these tracking links, therefore we decided to further test our theory on different ads. We chose an ad in Spanish published by the Facebook page Biden Care Health Plans in 2023 and paid for by Obamacareplans – the same Facebook entity who appears to pay for a plethora of ads on different MAX controlled Facebook pages.



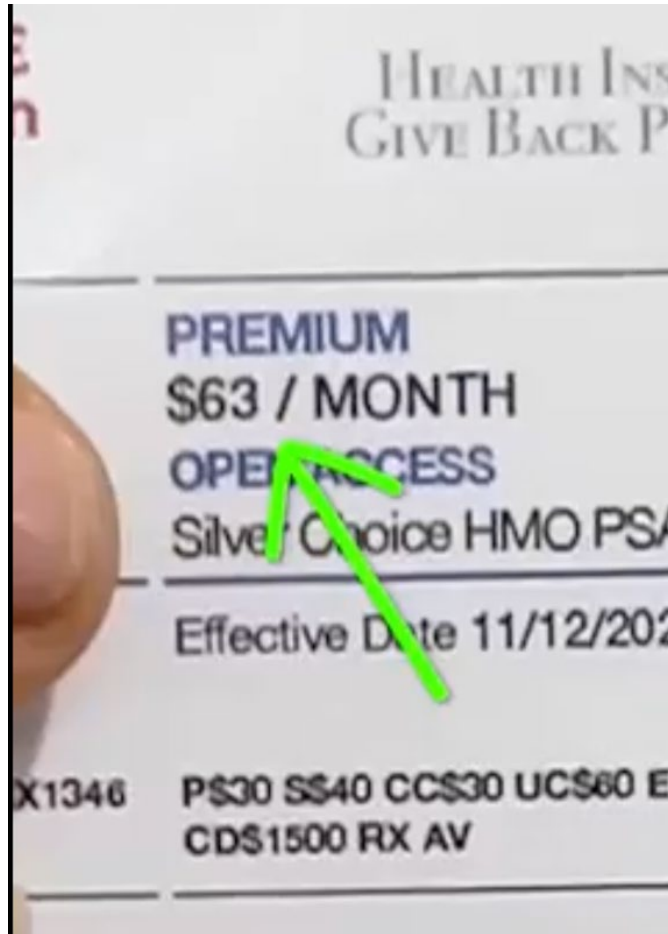
When [this ad is clicked](#), [obamacareplans.com](https://obamacareplans.com) converts its health insurance form to Spanish. Further, the tracking URL even contains a snippet reading “spanishmedicaidflow” which suggests to us that [obamacareplans.com](https://obamacareplans.com) has landing pages readily prepared in Spanish for these adverts they run on Facebook.

**Appendix F:** Health Insurance Giveback Program Cards Look Photoshopped or Created By MAX

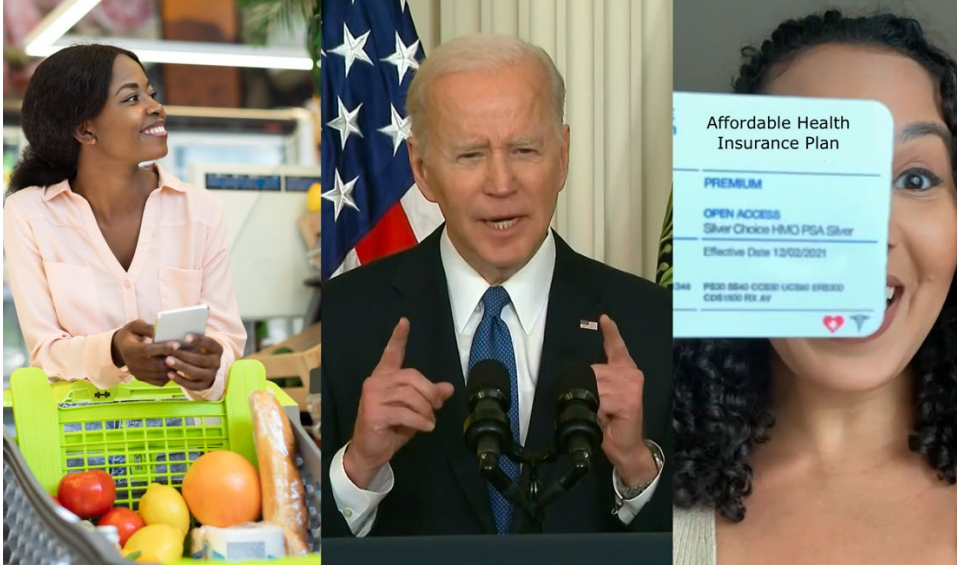
1. This [ad shows](#) a purported “Health Insurance Give Back Program” card with a premium of \$38/Month and an effective date of 12/02/2021



2. [This ad](#) below shows a different premium amount and effective data. Albeit the group numbers on the card appear to end in the same string of numbers: 1346.



3. Obamacareplans.com itself list a photo of the card on its website; we were able extract the full .png file from the source metadata on their website. This card has the same effective data as the card referenced in #1 although this time “Health Insurance Give Back Program” has been swapped for “Affordable Health Insurance Plan.”



## Citations

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<sup>1</sup> MAX 2023 10-K

<sup>2</sup> See FTC [PR](#) where it accuses Benefytt of using “deceptive lead generation websites” and in its [Complaint](#) (pages 22-23) specifically identified *obamacareplans.com*, a website owned by QuoteLab, one of the lead generation websites. See also similar treatment of *obamacare-plans.com* in the Simple Health [Complaint](#), pages 10-12, another website owned by QuoteLab. *See also*, State of Washington v. Quotelab (aka MediaAlpha). MAX settled this case via consent decree in 2022. That complaint in this case states that MAX uses deceptive websites whose domain names make them sound like official sites, and lists Washington specific sites like HealthFinderWashington.org. The suit also addresses national sites, like Obamacare-plans.com, and ObamacareUSA.org. The complaint also alleges that these websites do not provide what they appear to provide, and end up directing consumers to brokers who sell healthcare sharing ministries or other non-traditional health care coverage. (case available from King County Superior court, case number: 21-2-14259-8 SEA)

<sup>3</sup> When the FTC describes something as deceptive, that means it is *illegal*. See Federal Trade Commission Act, § 45. Unfair methods of competition unlawful; prevention by Commission (Sec. 5) (a) Declaration of unlawfulness; power to prohibit unfair practices; inapplicability to foreign trade (1) Unfair methods of competition in or affecting commerce, and **unfair or deceptive acts or practices in or affecting commerce, are hereby declared unlawful.**

<sup>4</sup> MAX itself refers to the buyers and sellers of its leads as “partners” so we are going to do the same thing. “Partner” refers to a buyer or seller on our platform, also referred to as “demand partners” and “supply partners,” respectively. See MAX 10-K, 2023, 2/22/2024, page 2

<sup>5</sup> 31/40 recorded calls we conducted (with unique agents) told us they worked on behalf of the government or used an iteration of the name “Health Enrollment Center.” Per conversations with multiple healthcare.gov employees, this entity is not related to the government despite several telemarketers claiming to be from the “Health Enrollment Center” claiming otherwise.

<sup>6</sup> As discussed *infra* and in FN 20, the TSR prohibits negative option contracts unless all material terms of the contract were disclosed. We do not believe that any of the telemarketers we spoke with disclosed all material terms before demanding billing info.

<sup>7</sup> As specifically mentioned in MAX’s 10-K, the investigation pertains specifically to health products:

*On February 21, 2023, we received a civil investigative demand from the Federal Trade Commission (FTC) regarding compliance with the FTC Act and the Telemarketing Sales Rule, as they relate to the advertising, marketing, promotion, offering for sale, or sale of healthcare-related products, the collection, sale, transfer or provision to third parties of consumer data, telemarketing practices, and/or consumer privacy or data security.*

<sup>8</sup> MAX 2023 10-K, [p. 94](#) (\$3.9 million) & MAX 1Q2024 10-Q [p. 14](#) (\$1.1 million)

<sup>9</sup> MAX previously listed “Simple Insurance Leads” (affiliated entity of Simple Health) as a client.

<sup>10</sup> See Simple Health [Complaint](#), pages 10-12, and Benefytt [Complaint](#), pages 22-23

<sup>11</sup> *Ibid*. In both cases the FTC identifies that lead generation sites facilitating the scam are deceptive, and then provides numerous examples, including MAX’s websites.

<sup>12</sup> See State of Washington v Quotelab, [Complaint](#).

<sup>13</sup> See, FTC [PR](#) on Simple Health, and [PR](#) on Benefytt

<sup>14</sup> See, Department of Justice [PR](#), 2/14/2024

<sup>15</sup> Benefytt [reportedly](#) declared bankruptcy in the wake of the \$100 million fine.

<sup>16</sup> See FTC [PR](#) on Response Tree, LLC:

The [complaint](#) alleges that the defendants’ websites—including PatriotRefi.com, AbodeDefense.com, and TheRetailRewards.com—were actually “consent farms” that used deceptive and manipulative “dark patterns” to induce consumers to provide their personal information, obscuring hard-to-find and inadequate disclosures about how the information would be used. The defendants claimed that, in providing this information, the consumers consented to receive telemarketing calls. The FTC said that the purported consent was not legitimate due to the deceptive nature of the websites. Third parties then bought the defendants’ leads and used the personal information to conduct illegal telemarketing campaigns, according to the complaint.

In our view, this is very similar to what MAX has done with deceptive websites that sport official-looking names. One point of divergence is that Response Tree sold leads to companies that tried to sell products that were merely

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unrelated to the promises made by the lead generator, whereas MAX has been selling its leads to companies that have defrauded consumers by selling them sham insurance.

<sup>17</sup> See FTC [PR](#) on ITMedia Solutions, LLC. (in this case, the information was also highly sensitive considering it was provided under the ruse that it was for a loan):

*The defendants agreed to settle the FTC charges against them and, in addition to the civil penalty, the proposed [settlement order](#) will prohibit the defendants from making misleading statements to consumers, including about how their personal information will be used. The order will also prohibit the defendants from selling consumers' personal information outside of a limited set of circumstances, and the order requires them to screen the recipients of that information.*

<sup>18</sup> MAX 4Q2022 [earnings call](#)

<sup>19</sup> MAX, 8-K, [Exhibit 3.1](#)

<sup>20</sup> The fact that not one single person was willing to let us see something in writing before taking our billing info speaks volumes. The TSR [prohibits](#) the use of negative option feature contracts (where the contract takes effect unless the consumer cancels), unless all material terms are disclosed beforehand, including the steps necessary to prevent payment. Additionally, as part of the Benefytt suit, the FTC, in circumstances that closely mirror our circumstances, established certain prohibited conduct for telemarketers selling health insurance products, including a prohibition on requesting billing info without first providing the following information:

1. the complete name of each good or service to be purchased, the name of the seller or provider of each good or service to be purchased, and, if the name of the seller or provider will not appear on billing statements, the billing descriptor that will appear on such statements;
2. a description of each good or service;
3. all costs and fees, itemized by each good or service to be purchased;
4. all applicable exclusions, limitations, or waiting periods related to the use of any good or service;
5. the terms of any refund, cancellation, exchange, or repurchase policy for any good or service, including the extent to which the consumer must take affirmative action to avoid any Charges; and
6. the simple cancellation method to stop any recurring Charges, as required by Subsection ILG;

See [Proposed Orders](#) for Southwell (CEO of Benefytt)

It was our experience that none of the telemarketers that requested billing info covered all of this information beforehand.

<sup>21</sup> Here is the direct text, taken from section 5, easily accessible on the FTC's [website](#):

*Unfair methods of competition unlawful; prevention by Commission (Sec. 5) (a) Declaration of unlawfulness; power to prohibit unfair practices; inapplicability to foreign trade (1) Unfair methods of competition in or affecting commerce, and **unfair or deceptive acts or practices in or affecting commerce, are hereby declared unlawful.***

<sup>22</sup> KFF.org Health [Insurance Marketplace Calculator](#) (2024 dollars, zip code: 43035, 1 Adult, doesn't use tobacco, no children)

<sup>23</sup> The entire text of the complaint, obtained via FOIA, is as follows:

*"I work in Medicare and our company uses a third party advertiser called Media Alpha. **They are putting up ads on Facebook and within mobile games telling senior citizens they qualify for additional stimulus checks, up to \$6500 in money for groceries, a flex card, food stamps, housing credits, and more.** These people are being redirected to our website- eHealthinsurance.com Medicare where we do not offer any of those services. **I talk to upwards of 30 people per day being directed to our website and phone lines with this false advertising.** They are preying on vulnerable people desperate for help with food, medicine, and shelter and they are very upset with me when all I can offer is to help them get a new Medicare Advantage plan. **Our company is paying Media Alpha for each lead they send to us, despite all of these being false leads.**" – June 2022, FTC Complaint Obtained Via FOIA*

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<sup>24</sup> State of Washington v QuoteLab LLC, Consent Decree (via King County Superior Court, case number: 21-2-14259-8 SEA).

<sup>25</sup> MAX 2020 10-K, [p. 129](#)

<sup>26</sup> See the [Telemarketing Sales Rule](#), via FTC website

<sup>27</sup> See supra FN 20 on the TSR rules on negative option features read in light of the FTC’s proposed orders for Southwell in the Benefytt case.

<sup>28</sup> [Facebook Ad Library](#)

<sup>29</sup> Benefits.gov: [Healthcare and Medical Assistance Programs](#)

<sup>30</sup> There is a Medicare Giveback Benefit that is available for some people that are already enrolled in a Medicare Advantage plan where they pay premiums. It’s also not really a “giveback,” it is [apparently](#) more like a discount on your Medicare Part B monthly premium.

<sup>31</sup> [Facebook Ad Library](#)

<sup>32</sup> [Appendix E](#)

<sup>33</sup> [Appendix F](#)

<sup>34</sup> QuoteLab appears to have two Google ad profiles: the one we reference in our report [can be found here](#); the other can be [found here](#). Given Google ads require [legal entity verification](#) and both these profiles drive traffic to QuoteLab owned properties, we believe they are operated by MAX.

<sup>35</sup> Google Ad Library: [QuoteLab Profile](#)

<sup>36</sup> [FTC Spot Health Insurance Scams](#)

<sup>37</sup> Treasury.gov: [American Rescue Plan Act of 2021](#)

<sup>38</sup> When you follow this link, you can click on a box that says, “see ad details,” that should redirect you to a more comprehensive look at the ad. Then on the lower-left hand side you can see that this ad has multiple versions. The image we captured is from the third version of the ad. However, we will note that all three versions of the ad open up with nearly identical images and statements.

<sup>39</sup> See [Appendix A](#)

<sup>40</sup> See [Appendix B & C](#)

<sup>41</sup> [Example #1](#), [Example #2](#), & [Example #3](#)

<sup>42</sup> [Biden Care Health Plans Facebook Ad Profile](#)

<sup>43</sup> [Facebook Ad Library](#)

<sup>44</sup> [Facebook Ad Library](#) (note: this ad was removed, to still see it: click “see ad details” and then “see ad” on 2<sup>nd</sup> page)

<sup>45</sup> NerdWallet [Health Insurance Tax Credit](#)

<sup>46</sup> Clicking through different Bidencare Health Plans Facebook ads, we repeatedly observed that they are directed to *obamacareplans.com*, a MAX owned website. The ads themselves were paid for by Obamacareplans per Facebook which appears to be directly tied to QuoteLab.

<sup>47</sup> [Facebook Ad Library](#)

<sup>48</sup> KFF.org Health [Insurance Marketplace Calculator](#) (2024 dollars, zip code: 43035, 1 Adult, doesn’t use tobacco, no children)

<sup>49</sup> [Facebook Ad Library](#)

<sup>50</sup> Web traffic analysis done via third-party web traffic tracking tool for Q1 2024.

<sup>51</sup> In the FTC’s Memorandum to Support its Motion for an Ex Parte Temporary Restraining Order, the FTC asserted that one consumer had been contacted after submitting her number to *Obamacare-plans.com*. The memo characterized the text and images on the website as deceptive because they were promoting “Obamacare” and top carriers like Blue Cross Blue Shield, when consumers were instead connected with Simple Health. The memo also specifically states when referring to the image “*Even this site’s address, obamacare-plans.com, is misleading.*” (See [Memo](#) via FTC, page 8)

<sup>52</sup> FTC Press [Release](#) November 2018

<sup>53</sup> One small change is that the website no longer displays the logos of the top insurers in the country and now just say “Top Carriers & Brokers.” It now has a small ribbon at the top of the screen that looks like a pop-up notification that states it is not a government website. In our opinion, these small cosmetic changes are not enough to inform consumers that if they put their number in the lead generator, that they will be bombarded with hundreds of calls, mostly (in our experience) from scammers or boiler room operations selling non-ACA compliant care. As the FTC



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stated in its memo in support of its Ex-Parte temporary restraining order for Simple Health, the website name *itself* is misleading.

<sup>54</sup> The list linked is an extensive, but not comprehensive list of the websites owned by QuoteLab.

<sup>55</sup> See *State of Washington v. Quotelab*. Kings County Superior Court. Filed in October 2021. CASE #: 21-2-14259-8 SEA

<sup>56</sup> *State of Washington v. QuoteLab, LLC d/b/a MediaAlpha*, Complaint for , p. 3 (via King County Superior Court, case number: 21-2-14259-8 SEA).

<sup>57</sup> U.S. Senate [report](#) from Committee on Finance states that CMS claims that from 2020 to 2021 complaints about the marketing practices of lead generators had increased from 15,497 to 39,617.

<sup>58</sup> Wayback Machine, [medicarehotline.org archive](#)

<sup>59</sup> Snippet of the results of a reverse Whois search (all available [here](#))

<sup>60</sup> FTC [Complaint](#) against Benefytt, page 22-23.

<sup>61</sup> Third-party web tracking tool, Appendix A

<sup>62</sup> The FTC specifically [warns](#) that Medical Discount Plans, like the ones sold by Simple Health and Benefytt can be sold by unscrupulous marketers who lie about what is really covered. The key is *how* these products are sold. In the case of Simple Health and Benefytt, telemarketers would allegedly use a misleading pitch, “*falsely indicating to consumers that their products are actually ACA-qualified plans, or provide coverage equivalent to comprehensive, ACA-qualified plans at a lower cost.*”<sup>62</sup> This pitch was greatly aided by MAX’s lead generation websites like *obamacareplans.com*, which appear to direct consumers to agents and plans that will provide consumers with ACA-compliant plans.

With this context, MAX stakeholders have every right to be concerned about the FTC’s ongoing investigation of MAX for its role in the sale of healthcare-related products.

*On February 21, 2023, we received a civil investigative demand from the Federal Trade Commission (FTC) regarding compliance with the FTC Act and the Telemarketing Sales Rule, as they relate to the advertising, marketing, promotion, offering for sale, or sale of healthcare-related products, the collection, sale, transfer or provision to third parties of consumer data, telemarketing practices, and/or consumer privacy or data security.*

Given the pattern of the FTC’s enforcement, we expect this investigation, which has been going on for over a year and has required MAX to spend over \$5 million in legal fees, to result in injunctions and a fine.

<sup>63</sup> Some of these calls were not recorded, but they all followed remarkably similar patterns. Some of these calls resulted in conversations with a telemarketer’s supervisor as well, we did not consider these separate conversations, so we ended up speaking to well over 50 individual persons as part of our investigation.

<sup>64</sup> Ran insurance state license number in the state database for which we were calling from. For example, the Nevada alias would run the provided insurance license number in Nevada’s State Insurance Database

<sup>65</sup> [Cms.gov](#)

<sup>66</sup> The calls we conducted occurred in April 2024.

<sup>67</sup> Open Corporates: [Adroit Health Group LLC](#)

<sup>68</sup> [Adroit Health Group Website](#)

<sup>69</sup> [Better Business Bureau](#)

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James \*\*\*\*\* set me up with a policy called Multiplan PPO but then it turned out to be this health group plus another dental plan and this \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* plan. When I learned later that day that this was just a discount plan and not an actual insurance, I attempted to call them the next morning where this rude woman, Patricia, answered. She refused to patch me through to a manager or another agent. Gave excuses, demanded my annual income and said I couldn't cancel for another 72 hours, despite the policy saying I could cancel within 30 days, no other specific time necessary. All I want is my due refund, which is the amount of the monthly premium. I know they keep my enrollment fee and I'm not asking for that. I just want my money back. There are many names now thought my policy information claiming to be the agent who set me up but now I'm skeptical. This is a scam. As a single mother of a disabled child, I cannot afford to be out this money and I don't have the time to be treated so poorly by a company. Patricia also told me she's the only employee, and refused to transfer me to anyone else and quite rudely said we could sit on the phone all day, she gets paid hourly.

<sup>70</sup> [Yelp Reviews](#)

 Oct 31, 2023

Adroit Health Group is a scam. Look at the photos of their "offices"- one is a strip mall, another is an industrial self-storage facility. These people sign you up for monthly payments, send you an official looking card, but claims are never paid and nobody at "accounts" ever answers the phone. You can't cancel because they don't answer the phone, and even if they do answer people say they still won't cancel you. If you leave a message they do not return your call. If you got scammed, call your card services and report the fraud, send them screenshots of all the fraud reports.

<sup>71</sup> [Adroit Health Group Glassdoor Review](#)

**Cons**

We had to answer phones all day long and lie to customers about the fake insurance that they bought . It was very illegal and were paid to lie . The managers were low life scum and should be in jail or prison

<sup>72</sup> [NJ Division of Insurance Enforcement Action, Insurance Commissioner of the Commonwealth](#) of PA (p. 3 lists multiple state actions)

<sup>73</sup> Even if they are not directly liable under the rule, violations by business partners would necessarily drag the company into many different aspects of litigation.

<sup>74</sup> MAX will probably require all its advertisers to indemnify it for any violations of the TCPA they commit (if they haven't already), but that will not be helpful if some fly-by-night advertiser stirs up trouble by making tens of thousands of robocalls and then goes out of business leaving MAX as the only pocket around.

<sup>75</sup> December 5, 2023, Quinstreet, Inc. FCC Letter

<sup>76</sup> January 17, 2024, 360Connect FCC Letter

<sup>77</sup> MAX, Tangible book value calculated as Current Assets-Intangible Assets-Liabilities

<sup>78</sup> MAX 10-K 2023

<sup>79</sup> See Id.

<sup>80</sup> 4Q2022 MAX [Earnings Call](#)

<sup>81</sup> MAX 8-K, Exhibit [10.1](#)

<sup>82</sup> MAX 5/20/24 [8-K](#)

<sup>83</sup> MAX 3Q23 [Earnings Call](#)

<sup>84</sup> MAX 2023 10-K, [p. 12](#)

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