

STATE OF WASHINGTON

MIKE REEDER
STATE INSURANCE COMMISSIONER



OFFICE OF
INSURANCE COMMISSIONER

FILED

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Hearings Unit, DIC
Patricia D. Petersen
Chief Hearing Officer

MEMORANDUM OF AGREEMENT

On February 1, 2010, the Office of the Insurance Commissioner ("OIC") issued Order to Cease and Desist No. 10-0018 (the "Original Order") against Consumer Direct Warranty Services ("CDWS"), several affiliated entities, and four individual respondents. CDWS requested an administrative hearing.

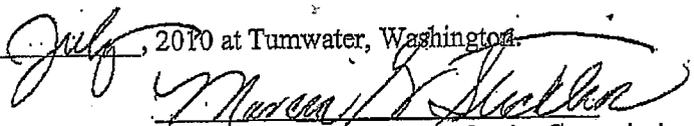
Subsequent to the issuance of the Original Order, CDWS requested that the OIC remove one of the affiliated entities listed, Warranty Administration Solutions, Inc. ("Solutions") and two named individuals, Jennifer Shaw and Tamara Berbena, from the jurisdiction and effect of the Order. On March 17, 2010, the OIC issued an amended Order to Cease and Desist that removed Ms. Shaw and Solutions from the Original Order, but kept Ms. Berbena as a named individual respondent (the "First Amended Order").

On March 22, 2010, Administrative Law Judge Patricia D. Petersen ruled that the automatic stay provisions of RCW 48.04.020 did not apply. On April 6, 2010, Judge Petersen entered an order granting a partial discretionary stay as to that portion of the First Amended Order which requires CDWS to notify its Washington customers of the First Amended Order.

In order to avoid the time, expense and disruption associated with an administrative hearing and in consideration of the terms and conditions set forth below, the parties agree to the following in concluding this matter without a hearing:

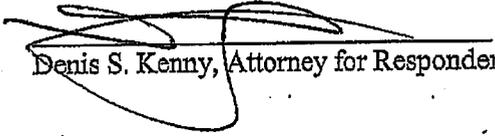
- The OIC will issue another amended Order to Cease and Desist that does not include Tamara Berbena as a named individual respondent (the "Second Amended Order").
- Respondents will not invoke, request or demand an automatic stay under RCE 48.04.020 as a result of the issuance of the Second Amended Order, affirmatively waiving any demand for or right to seek an automatic stay based on the issuance of the Second Amended Order.
- Respondents will withdraw their request for a hearing upon receipt of the Second Amended Order that does not include Tamara Berbena as a named individual respondent.
- The OIC will take no further action and specifically waives and releases any potential rights it may have to request a fine or otherwise seek other penalties or relief that were not in the Original Order. The First and Second amended Orders will be identical other than the date of issuance and the removal of Ms. Berbena as a named individual respondent.
- Judge Peterson will thereafter be asked to issue an Order Terminating proceedings.

Signed this 1st day of July, 2010 at Tumwater, Washington.



Marcia G. Stickler, Pro Se for the Commissioner

Signed this 1st day of July, 2010 at San Francisco, California.



Denis S. Kenny, Attorney for Respondents