



OFFICE OF
INSURANCE COMMISSIONER

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Chief Hearing Officer

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BEFORE THE STATE OF WASHINGTON
OFFICE OF INSURANCE COMMISSIONER

In the Matter of:)	
)	No. 10-0018
Consumer Direct Warranty Services, Inc.)	
Warranty Administration Services, Inc.)	ORDER TERMINATING
and Safedata Management Services, Inc.,)	PROCEEDINGS
)	
Unregistered and Unauthorized Entities,)	
)	
and)	
)	
Robert L. Chapman)	
James C. Sletner)	
Tamara Berbena)	
)	
Individual Respondents.)	
)	

TO: Consumer Direct Warranty Services, Inc.
P.O. Box 993520
Redding, CA 94108

James C. Sletner
15676 Old Stage Coach Rd.
Redding, CA 96001

Robert L. Chapman
3790 Sunday Court
Redding, CA 96001



SafeData Management Services, Inc.
P.O. Box 992050
Redding, CA 96099

Warranty Administration Services, Inc.
P.O. Box 992050
Redding, CA 96099

Tamara Berbena
22845 Sunriver Dr.
Red Bluff, CA 96080

Denis S. Kenny, Esq.
Scherer, Smith & Kenny, LLP
140 Geary Street, Seventh Floor
San Francisco, California 94108

COPY TO: Mike Kreidler, Insurance Commissioner
Mike Watson, Chief Deputy Insurance Commissioner
Carol Sureau, Deputy Commissioner, Legal Affairs Division
Marcia Stickler, Staff Attorney, Legal Affairs Division
James T. Odiorne, Deputy Commissioner, Company Supervision Division
Office of the Insurance Commissioner
PO Box 40255
Olympia, WA 98504-0255

On February 11, 2010, the Insurance Commissioner (OIC) received a Demand for Hearing from Denis S. Kenny, Esq., of Scherer, Smith & Kenny, LLP, in San Francisco. Said Demand for Hearing, filed on behalf of Respondents Consumer Direct Warranty Services, Inc., Warranty Administration Services, Inc., and Safedata Management Services, Inc., Robert L. Chapman, James C. Sletner, and Tamara Berbena (collectively "CDWS"), was to contest the OIC's Order to Cease and Desist, No. 10-0018, dated February 1, 2010, and amended on March 17, 2010. This Order to Cease and Desist orders Respondents to cease their activities which, the OIC alleges, constitute the conduct of the business of insurance in Washington.

On March 11, 2010, the undersigned held a first prehearing teleconference in this matter, which included all parties, to review administrative procedure and address all questions and concerns of the parties. On April 6, at the request of CDWS and with the agreement of the OIC, the undersigned granted a partial discretionary stay of the OIC's Order to Cease and Desist; specifically, the parties agreed that CDWS would not be required to notify any of its Washington customers of the OIC's action. Second and third prehearing teleconferences were held on April 13 and June 22. Of significance, the OIC moved for an additional continuance of the hearing date, with agreement of CDWS, which the undersigned denied for the reasons stated therein; specifically, because she had allowed CDWS, at its request, five months between filing its Demand for Hearing and the hearing date, which is significantly more than customary, and

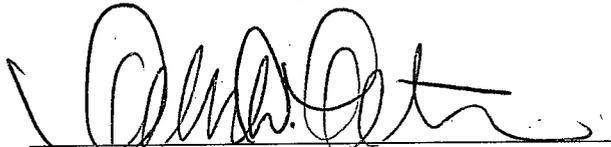
because CDWS was not willing to waive the stay of the Order to Cease and Desist during the additional time requested.

On July 2, 2010, the parties filed a Memorandum of Agreement executed by the parties on July 1. Among the terms agreed upon, Tamara Berbena was to be removed as a named individual Respondent and therefore in the OIC's Second Amended Order to Cease and Desist, issued July 7, her name is deleted. On July 12, the parties executed a first form of Settlement Agreement re: Second Amended Cease and Desist Order. On July 13, the parties executed a second form of executed Settlement Agreement, which superseded the July 12 Settlement Agreement, amending the language to include a commitment by Respondents to comply with the Second Amended Cease and Desist Order. The above-referenced July 13 Settlement Agreement re: Second Amended Cease and Desist Order and Second Amended Cease and Desist Order issued by the OIC on July 7 are attached hereto and are by this reference incorporated herein.

Based upon the above activity,

IT IS HEREBY ORDERED that this proceeding, Docket No. 10-0018, is terminated and the aforementioned July 7, 2010 Second Amended Order to Cease and Desist and July 13, 2010 Settlement Agreement re: Second Amended Cease and Desist Order shall remain in full force and effect. The parties may, however, raise any issues regarding enforcement of said Settlement Agreement with the undersigned if necessary and appropriate.

Entered this 5th day of August, 2010, at Tumwater, Washington, pursuant to Title 48 RCW, Title 34 RCW and regulations pursuant thereto.

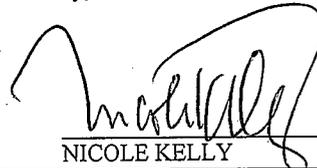


PATRICIA D. PETERSEN
Chief Hearing Officer

Declaration of Mailing

I declare under penalty of perjury under the laws of the State of Washington that on the date listed below, I mailed or caused delivery through normal office mailing custom, a true copy of this document to the following people at their addresses listed above: Consumer Direct Warranty, Inc., Warranty Administration Services, Inc., SafeData Management Services, Inc., Robert L. Chapman, James C. Sletner, Tamara Berbena, Denis S. Kenny, Mike Kreidler, Mike Watson, Carol Sureau, and Marcia Stickler.

DATED this 5th day of August, 2010.



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1 Denis S. Kenny, Bar No. 178542
2 Gabriel S. Levine, Bar No. 227271
3 SCHERER SMITH & KENNY LLP
4 140 Geary Street, Seventh Floor
5 San Francisco, CA 94108
6 Telephone: (415) 433-1099
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Hearing Unit, DIC
Patricia D. Petersen
Chief Hearing Officer

8 Attorneys for Respondents

9 BEFORE THE STATE OF WASHINGTON
10 OFFICE OF INSURANCE COMMISSIONER

11 In the Matter of:

Case No. D10-0018

12 Consumer Direct Warranty Services, Inc.,
13 Warranty Administration Services, Inc.,
14 Safedata Management Services, Inc.
15 Robert L. Chapman
16 James C. Sletner

SETTLEMENT AGREEMENT RE:
SECOND AMENDED CEASE AND DESIST
ORDER

17 Respondents.

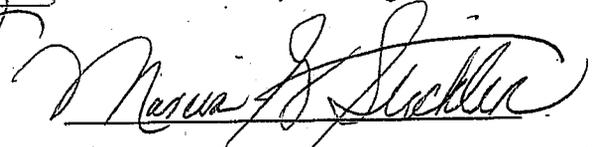
18
19 The parties to this action, by and through their undersigned counsel of record, have
20 agreed to settle this dispute pursuant to the terms and conditions set forth in the Memorandum
21 of Agreement, executed as of July 1, 2010, a true and correct copy of which is attached hereto
22 as Exhibit A.

23
24 As a result of this settlement, Respondents hereby confirm their withdrawal of their
25 request for a hearing (currently scheduled to convene on July 13, 2010) and further confirm
26 their agreement (1) not to request a hearing concerning the above-referenced Second Amended
27 Cease and Desist Order (issued as of July 7, 2010, a true and correct copy of which is attached

1 hereto as Exhibit B); and (2) to comply with the terms and conditions of the Second Amended
2 Cease and Desist Order within the timelines set forth therein based on the Office of the
3 Insurance Commissioner's agreement that it will take no action to levy or otherwise request a
4 fine or monetary penalty against Respondents and its specific waiver and release of any
5 potential rights it may have to request a fine, penalties or other monetary relief against
6 Respondents concerning the Second Amended Cease and Desist Order.

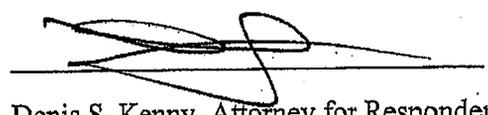
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8 Based on the foregoing, the parties to this action respectfully request the issuance of an
9 order terminating the above-referenced proceeding.

10
11 Signed this 13th day of July, 2010 at Tumwater, Washington.

12
13 

14 Marcia G. Stickler, Pro Se for the Commissioner

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16 Signed this 3rd day of July, 2010 at San Francisco, California.

17
18 

19 Denis S. Kenny, Attorney for Respondents

STATE OF WASHINGTON

MIKE KRECHLER
STATE INSURANCE COMMISSIONER



P.O. BOX 48255
OLYMPIA, WA 98504-0255
Phone: (360) 725-7000

OFFICE OF
INSURANCE COMMISSIONER

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").

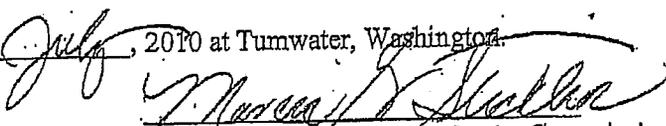
On March 22, 2010, Administrative Law Judge Patricia D. Petersen ruled that the automatic stay provisions of RCW 48.04.020 did not apply. On April 6, 2010, Judge Petersen entered an order granting a partial discretionary stay as to that portion of the First Amended Order which requires CDWS to notify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

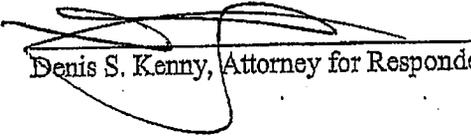
- The OIC will issue another amended Order to Cease and Desist that does not include Tamara Berbena as a named individual respondent (the "Second Amended Order").
- Respondents will not invoke, request or demand an automatic stay under RCE 48.04.020 as a result of the issuance of the Second Amended Order, 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.

Page 1 of 2
Exhibit A

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

STATE OF WASHINGTON

Phone: (360) 725-7000
www.insurance.wa.gov

MIKE KREIDLER
STATE INSURANCE COMMISSIONER



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)

No. 10-0018

Consumer Direct Warranty Services, Inc.)
Warranty Administration Services, Inc.)
SafeData Management Services, Inc.)

SECOND AMENDED ORDER TO
CEASE AND DESIST

Unregistered and Unauthorized Entities,)

and)

Robert L. Chapman)
James C. Sletner)

Individual Respondents.)

Pursuant to RCW 48.02.080, RCW 48.15.020 and RCW 48.110.030, the Insurance Commissioner orders the entities and the individuals named above and their officers, directors, trustees, agents, employees, subsidiaries, and affiliates ("Respondents") to immediately cease and desist from:

- A. Engaging in or transacting the unauthorized business of insurance in the State of Washington, including the advertising and/or solicitation of insurance and insurance-related products, including, but not limited to, vehicle service contracts and protection product guarantees; and from
- B. Seeking or soliciting insurance business in the State of Washington and participating, directly or indirectly, in any act of an insurance producer or insurance company in seeking or soliciting insurance business, including vehicle service contracts and protection product guarantees, in the State of Washington.

THIS ORDER IS BASED ON THE FOLLOWING:

1. Respondents, collectively referred to herein as "CDWS," have acted as service contract providers, under various names, in Washington. Individual Respondents are principals or managers of CDWS. Motor vehicle service contract providers who register under RCW 48.110 are not required to have a Certificate of Authority from the Commissioner. Without such registration, issuers of motor vehicle service contracts are subject to all of the general provisions

Exhibit B

of the Insurance Code, Chapter 48 RCW. A contract sold to a Washington resident by an unregistered entity therefore constitutes the act of undertaking to indemnify the consumer or pay a specified amount upon determinable contingencies and thus constitutes "insurance" as defined in RCW 48.01.040.

2. None of the Respondents are licensed to solicit insurance in Washington. Respondents have not applied for or been granted a registration as a motor vehicle service contract provider or protection product guarantee provider, a Certificate of Authority to act as an insurer or an insurance producer license in Washington. Respondents have not submitted to OIC any appropriate certificate, license, or other document issued by another agency of this state, any subdivision thereof, or the federal government, permitting or qualifying Respondents to provide such coverage in this state. Respondents have not transacted this insurance through a licensed surplus lines broker in this state.

3. Respondents acted as vehicle service contract providers in Washington in violation of RCW 48.110.030, have transacted insurance in Washington in violation of RCW 48.15.020, and acted as an insurance producer by soliciting Washington residents for insurance without being licensed as an insurance producer in violation of RCW 48.17.060.

Respondents are further ordered to furnish the Office of the Insurance Commissioner, within thirty (30) days of receipt of this Order, with a complete listing, to include full contact information and amounts of premium collected from such consumers, of all Washington residents and Washington risks who have purchased any motor vehicle service contract, protection product guarantee, or other insurance-related product, directly or through the Internet, sales center, or dealer, from Respondents.

Respondents are also further ordered to notify all Washington residents who have purchased any motor vehicle service contract, protection product guarantee, or other insurance-related product from Respondents of the complete content of this Order within ten (10) days of receipt of the Order.

Pursuant to RCW 48.15.020 (2) (b), each unauthorized insurer and each individual who made a contract of insurance in this state, directly or indirectly, including motor vehicle service contracts, shall remain individually liable for the performance of the contract and for the full amount of any loss sustained by an insured under such contract.

Any violation of the terms of this Order by Respondents, their officers, directors, employees, agents, or affiliates, will render the violator(s) subject to the full penalties authorized by RCW 48.02.080, 48.17.530, 48.15.020 and other applicable Code sections.

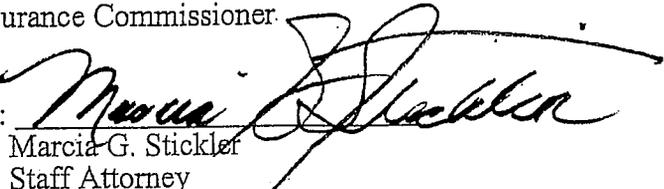
ORDER TO CEASE AND DESIST

Respondents have the right to demand a hearing pursuant to chapters 48.04 and 34.05 RCW. This Order shall remain in effect subject to the further order of the Commissioner.

THIS ORDER IS EFFECTIVE IMMEDIATELY AND IS ENTERED at Tumwater, Washington, this 7th day of July, 2010.

MIKE KREIDLER
Insurance Commissioner

By:


Marcia G. Stickler
Staff Attorney
Legal Affairs Division

ORDER TO CEASE AND DESIST

CERTIFICATE OF SERVICE

The undersigned certifies under the penalty of perjury under the laws of the State of Washington that I am now and at all times herein mentioned, a citizen of the United States, a resident of the State of Washington, over the age of eighteen years, not a party to or interested in the above-entitled action, and competent to be a witness herein.

On the date given below I caused to be served the foregoing ORDER TO CEASE AND DESIST on the following individual via U.S. mail:

Denis S. Kenny, Esq.
Scherer Smith & Kenney, LLP
140 Geary Street, Seventh Floor
San Francisco, California 94108

Consumer Direct Warranty Services, Inc.
P. O. Box 993520
Redding, California 96099

Robert L. Chapman
3790 Sunday Court
Redding, California 96001

James C. Sletner,
15676 Old Stage Coach Road
Redding, California 96001

SafeData Management Services, Inc.
P. O. Box 992050
Redding, California 96099

Warranty Administration Services, Inc.
P. O. Box 992050
Redding, California 96099

SIGNED this 7th day of July, 2010; at Tumwater, Washington.

Jodie Thompson
Jodie Thompson

ORDER TO CEASE AND DESIST