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Hearings Unit, OIC
Patricia D. Petersen
Chief Hearing Officer

May 10, 2010

VIA FACSIMILE & MAIL
(360) 664-2782

Ms. Patricia Petersen, Chief Hearing Officer
Office of Insurance Commissioner, Hearings Unit
P.O. Box 40255
Olympia, WA 98504-0255

Re: The Matter of Consumer Direct Warranty Services et al: Cease and Desist Order(s) in Case No. D10-0018

Dear Judge Petersen:

Counsel for the parties hereby submit this joint letter to update Your Honor on this matter.

As you know, this matter is presently set for a hearing on July 13-14, 2010. In an effort to avoid potentially unnecessary time, expense and disruption attendant to the hearing and the discovery, investigation and preparation preceding the hearing, the parties have tentatively reached an agreement on a Consent Order. There are several details which remain to be worked out. But, in the meantime, the parties have agreed to put all discovery on hold pending the outcome of the ongoing Consent Order-related discussions.

In the hopefully unlikely event the parties' pending discussions do not fully and finally resolve this matter, the parties further agree to reschedule the current hearing date(s) for the next mutually-convenient date which Your Honor has available and which would allow the parties sufficient time to complete their desired pre-hearing discovery, investigation and preparation.

Please let us know if you wish to have further information about the pending settlement discussions or otherwise would like to schedule a pre-hearing conference to discuss these matters. Otherwise, we will plan to proceed as outlined and promptly update you concerning the collective settlement discussions.

Thank you.

Very Truly Yours,

SCHERER SMITH & KENNY LLP

Denis S. Kenny

OFFICE OF THE INSURANCE COMMISSIONER,
LEGAL AFFAIRS DIVISION

Marcia G. Stickler, Staff Attorney

Cc: Marcia Stickler, Esq.
Cc Client (via email only)
Scott Stickney, Esq. (via email only)

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