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Hearings Unit, DIC
Patricia D. Petersen
Chief Hearing Officer

Attorneys for Respondents

BEFORE THE STATE OF WASHINGTON
OFFICE OF INSURANCE COMMISSIONER

In the Matter of:

Case No. D10-0018

Consumer Direct Warranty Services, Inc.,
Warranty Administration Services, Inc.,
Safedata Management Services, Inc.
Robert L. Chapman
James C. Sletner

SETTLEMENT AGREEMENT RE:
SECOND AMENDED CEASE AND DESIST
ORDER

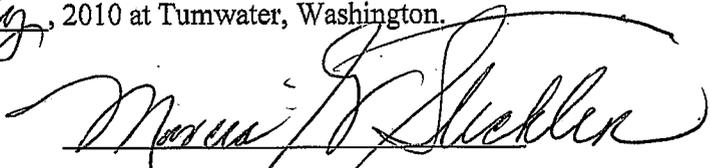
Respondents.

The parties to this action, by and through their undersigned counsel of record, have agreed to settle this dispute pursuant to the terms and conditions set forth in the Memorandum of Agreement, executed as of July 1, 2010, a true and correct copy of which is attached hereto as Exhibit A. As a result of this settlement, Respondents hereby confirm their withdrawal of their request for a hearing (currently scheduled to convene on July 13, 2010) and further confirm their agreement not to request a hearing concerning the above-referenced Second Amended Cease and Desist Order (issued as of July 7, 2010) based on the Office of the Insurance Commissioner's agreement that it will take no action to levy or otherwise request a

1 fine or monetary penalty against Respondents and its specific waiver and release of any
2 potential rights it may have to request a fine, penalties or other monetary relief against
3 Respondents concerning the Second Amended Cease and Desist Order.

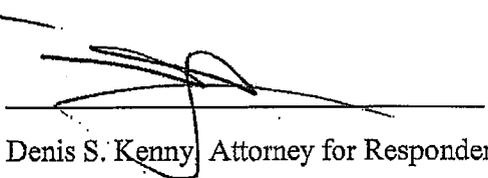
4 Based on the foregoing, the parties to this action respectfully request the issuance of an
5 order terminating the above-referenced proceeding.
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8 Signed this 12th day of July, 2010 at Tumwater, Washington.



11 Marcia G. Stickler, Pro Se for the Commissioner

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13 Signed this 12th day of July, 2010 at San Francisco, California.



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16 Denis S. Kenny, Attorney for Respondents

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STATE OF WASHINGTON

MIKE KREIDER
STATE INSURANCE COMMISSIONER



P.O. BOX 40255
OLYMPIA, WA 98504-0255
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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").

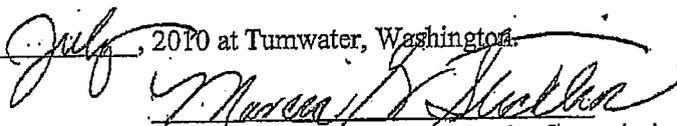
On March 22, 2010, Administrative Law Judge Patricia D. Petersen ruled that the automatic stay provisions of RCW 48.04.020 did not apply. On April 6, 2010, Judge Petersen entered an order granting a partial discretionary stay as to that portion of the First Amended Order which requires CDWS to notify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

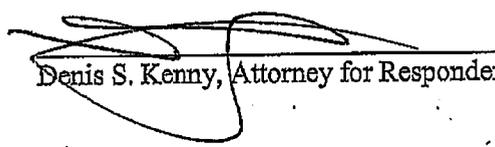
- The OIC will issue another amended Order to Cease and Desist that does not include Tamara Berbena as a named individual respondent (the "Second Amended Order").
- Respondents will not invoke, request or demand an automatic stay under RCE 48.04.020 as a result of the issuance of the Second Amended Order,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

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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