



OFFICE OF
INSURANCE COMMISSIONER

HEARINGS UNIT
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Chief Hearing Officer
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Nicole Kelly
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BEFORE THE STATE OF WASHINGTON
OFFICE OF INSURANCE COMMISSIONER

In the Matter of:)
)
Consumer Direct Warranty Services, Inc.)
Warranty Administration Services, Inc.)
)
Safedata Management Services, Inc.)
)
Unregistered and Unauthorized Entities,)
)
and)
)
Robert L. Chapman)
James C. Sletner)
Tamara Berbena)
)
Individual Respondents.)
_____)

No. D10-0018
NOTICE OF SECOND PREHEARING
CONFERENCE

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

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

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

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

Robert L. Chapman
3790 Sunday Court
Redding, CA 96001

Tamara Berbena
22845 Sunriver Dr.
Red Bluff, CA 96080



Denis S. Kenny, Attorney at Law
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
Office of the Insurance Commissioner
PO Box 40255
Olympia, WA 98504-0255

On February 11, 2010, the Insurance Commissioner (Commissioner) received a letter from Denis S. Kenny, Attorney at Law, appearing on behalf of Respondents, Consumer Direct Warranty Services, Inc., Warranty Administration Services, Inc., Safedata Management Services, Inc. (collectively "CDWS") in this matter, which letter shall be considered a Demand for Hearing. The purpose of said Demand for Hearing is to contest the Commissioner's Order to Cease and Desist, No. D10-0018, dated February 1, 2010 (Order).

As stated in his aforereferenced Order, the Commissioner's position is that Respondents acted as vehicle service contract providers 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.

CDWS challenges the allegations on the basis that CDWS' actions do not fall under the definition of a vehicle service contract provider under RCW 48.110.020(18). CDWS further requests a stay of the Order.

On March 11, 2010, the undersigned held a first prehearing teleconference in this matter. Denis S. Kenny, appeared on behalf of CDWS. The Commissioner appeared pro se, by and through Marcia Stickler, Esq., Staff Attorney in the Commissioner's Legal Affairs Division. During said prehearing conference, the undersigned reviewed administrative procedure and addressed all questions and concerns of the parties. The parties jointly requested that there be a second prehearing conference scheduled approximately one month from February 11, 2010 in order to allow them to attempt to settle this matter. However, the Commissioner advised that he believed that there is not a temporary stay in effect and CDWS responded that it may change its position if there is not a stay of the Order in effect. The undersigned advised that she would consider the situation and advise the parties.

The parties are advised that pursuant to RCW 48.04.010(3), because the Commissioner's Order was made effective immediately and the Insurance Code does not include any prohibition on making an Order effective immediately in this specific type of disciplinary action, an automatic stay is not in place. Should CDWS wish to request the undersigned consider granting a discretionary stay pursuant to RCW 48.04.010(4), it may do so. However, at this time there is no

stay of the Commissioner's Order in place and CDWS is required to be in compliance with the Order as of its effective date specified therein.

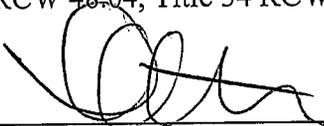
Finally, the parties were informed if they had any future questions or concerns, or requests for additional prehearing conferences, they should contact Nicole Kelly, Paralegal to the undersigned, who can be reached by telephone at (360) 725-7002, e-mail at nicolek@oic.wa.gov, or at the above address.

The hearing, when scheduled, will be held under the authority of Title 48 RCW and specifically RCW 48.04, Title 34 RCW and regulations applicable thereto. Pursuant thereto, the Commissioner has delegated to the undersigned the authority to conduct all activities preliminary to the hearing, the hearing and any activities following the hearing, and to determine and enter the final decision in this matter. Pursuant to Title 34 RCW, the undersigned shall handle these activities and make the final decision herein without input or communication with the Commissioner or any member of his staff or others who have knowledge of the facts herein. Mr. Kenny will represent CDWS. The address for Mr. Kenny is 140 Geary Street, Seventh Floor, San Francisco, California 94108 and his telephone number is (415) 433-1099. The Commissioner will appear pro se, by and through Ms. Stickler. Ms. Stickler's address is Office of the Insurance Commissioner, Post Office Box 40255, Olympia, Washington 98504-0255 and her telephone number is (360) 725-7048.

Based upon the above activity,

IT IS HEREBY ORDERED that the second prehearing conference in this matter shall commence by telephone on **April 13, 2010 at 10:00 a.m.** All parties will be contacted at that time by Nicole Kelly, Paralegal to the undersigned, and it is anticipated that unless other issue(s) have arisen by that time or the parties appear to have reached a settlement of this matter, a mutually convenient hearing date will be scheduled.

ENTERED AT TUMWATER, WASHINGTON, this 22nd day of March, 2010, pursuant to RCW 48.04, Title 34 RCW and applicable regulations.



PATRICIA D. PETERSEN
Chief Hearing Officer
Presiding 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 22nd day of March, 2010.



NICOLE KELLY