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OFFICE OF
INSURANCE COMMISSIONER

2010 MAR 17 P 1:22

Hearings Unit, DIC
Patricia D. Petersen
Chief Hearing Officer

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. 10-0018

AMENDED ORDER TO CEASE
AND DESIST

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 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.

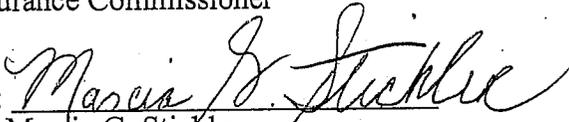
Pursuant to RCW 48.15.020 (2) (b), each unauthorized insurer and each individual who made a contract of insurance in this state, directly or indirectly, including motor vehicle service contracts, shall remain individually liable for the performance of the contract and for the full amount of any loss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

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 17th day of March, 2010.

MIKE KREIDLER
Insurance Commissioner

By: 
Marcia G. Stickler
Staff Attorney
Legal Affairs Division

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
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Robert L. Chapman
3790 Sunday Court
Redding, California 96001

James C. Sletner,
15676 Old Stage Coach Road
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Tamara Berbena
22845 Sunriver Drive
Red Bluff, California 96080

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

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

SIGNED this 17th day of February, 2010, at Tumwater, Washington.

Jodie Thompson
Jodie Thompson