

1 CALIFORNIA DEPARTMENT OF INSURANCE  
LEGAL DIVISION  
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5 Insurance Commissioner

6  
7 **BEFORE THE INSURANCE COMMISSIONER**  
8 **OF THE STATE OF CALIFORNIA**  
9

10 In the Matters of  
11 ROBERT LEWIS CHAPMAN, individually,  
as owner, officer and director of various  
12 corporations, and having done business as  
CONSUMER DIRECT WARRANTY  
13 SERVICES,  
14 WARRANTY ADMINISTRATION  
SERVICES, INC.,  
15 WARRANTY ADMINISTRATION  
16 SOLUTIONS, INC.,  
17 SAFEDATA MANAGEMENT SERVICES,  
INC., doing business as CONSUMER  
18 DIRECT WARRANTY SERVICES,  
19 JAMES C. SLETNER,  
20 JENNIFER ANN SHAW,  
21 BRANDY McDANIEL  
22 Respondents.

ORDER TO CEASE AND DESIST (Sections  
12921.8 (a)(1 & 2))<sup>1</sup>

ORDER TO SHOW CAUSE (Sections  
12921.8(a)(3))

ORDER TO SHOW CAUSE (Section  
790.03(b))

ORDER TO SHOW CAUSE (Section  
790.03(h))

ORDER TO SHOW CAUSE (Section  
790.06)

ACCUSATION AGAINST ROBERT LEWIS  
CHAPMAN TO REVOKE LICENSING  
RIGHTS

ACCUSATION AGAINST WARRANTY  
ADMINISTRATION SOLUTIONS, INC. TO  
REVOKE LICENSE AND LICENSING  
RIGHTS

NOTICE OF RIGHT TO HEARING

**File No: Disp 2010-00258**

23  
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25  
26 **I. ORDER TO CEASE AND DESIST (Section 12921.8(a))**

27 TO:

28 <sup>1</sup> All statutory references are to the California Insurance Code unless otherwise indicated.

1 ROBERT LEWIS CHAPMAN – individually; as owner, officer and director of  
2 SAFEDATA MANAGEMENT SERVICES, INC., WARRANTY ADMINISTRATION  
3 SERVICES, INC., and WARRANTY ADMINISTRATION SOLUTIONS, INC. ; and  
4 having done business as CONSUMER DIRECT WARRANTY SERVICES;  
5 SAFEDATA MANAGEMENT SERVICES, INC.,  
6 WARRANTY ADMINISTRATION SERVICES, INC.,  
7 WARRANTY ADMINISTRATION SOLUTIONS, INC.,  
8 JAMES C. SLETNER,  
9 JENNIFER ANN SHAW,  
10 BRANDY McDANIEL

11  
12 YOU ARE HEREBY ORDERED, PURSUANT TO CALIFORNIA INSURANCE CODE  
13 SECTION 12921.8(a), IMMEDIATELY TO CEASE AND DESIST:

14  
15 • SELLING, OFFERING FOR SALE, ISSUING, OR EMPLOYING, SOLICITING OR  
16 ENABLING OTHERS TO SELL OR ISSUE IN CALIFORNIA ANY AUTOMOBILE  
17 INSURANCE POLICY AS DEFINED IN CALIFORNIA INSURANCE CODE  
18 SECTION 116

19  
20 • SELLING, OFFERING FOR SALE, ISSUING OR EMPLOYING, SOLICITING OR  
21 ENABLING OTHERS TO SELL OR ISSUE IN CALIFORNIA ANY VEHICLE  
22 SERVICE CONTRACT AS DEFINED IN CALIFORNIA INSURANCE CODE  
23 SECTION 12800

24  
25 • ISSUING ANY EXPRESS WARRANTY WARRANTING A MOTOR VEHICLE  
26 LUBRICANT, TREATMENT, FLUID, OR ADDITIVE (HEREAFTER,  
27 COLLECTIVELY REFERRED TO AS “ADDITIVE”) THAT COVERS OR PURPORTS  
28 TO COVER DAMAGE RESULTING FROM A FAILURE OR PURPORTED FAILURE

1 OF THE LUBRICANT, TREATMENT, FLUID, OR ADDITIVE TO ANY PERSON IN  
2 CALIFORNIA UNDER ANY OF THE FOLLOWING CIRCUMSTANCES:

- 3
- 4 1. The additive was manufactured by CONSUMER DIRECT WARRANTY  
5 SERVICES, WARRANTY ADMINISTRATION SERVICES, INC.,  
6 WARRANTY ADMINISTRATION SOLUTIONS, INC., or SAFEDATA  
7 MANAGEMENT SERVICES, INC.;
- 8
- 9 2. The additive was manufactured by ROBERT LEWIS CHAPMAN, his agents,  
10 employees, or any entity in which ROBERT LEWIS CHAPMAN or an agent or  
11 employee of ROBERT LEWIS CHAPMAN is a controlling person as defined in  
12 California Insurance Code Section 1668.5(b);
- 13
- 14 3. The additive was manufactured by any other individual named as a respondent or  
15 his or her agent or employee, or any entity in which any other individual  
16 respondent or his or her agent or employee is a controlling person as defined in  
17 California Insurance Code Section 1668.5(b);
- 18
- 19 4. The warranty names CONSUMER DIRECT WARRANTY SERVICES,  
20 WARRANTY ADMINISTRATION SERVICES, INC., WARRANTY  
21 ADMINISTRATION SOLUTIONS, INC., or SAFEDATA MANAGEMENT  
22 SERVICES, INC., as the warrantor, obligor or administrator;
- 23
- 24 5. The warranty names as the warrantor, obligor or administrator ROBERT LEWIS  
25 CHAPMAN, his agent, or his employee, or an entity in which ROBERT LEWIS  
26 CHAPMAN or an agent or employee of ROBERT LEWIS CHAPMAN is a  
27 controlling person as defined in California Insurance Code Section 1668.5(b);  
28



- 1 • Violating California Public Utilities Code § 2874, and California Civil Code §  
2 1770(a)(22)(a), by improperly robocalling residences

### 3 4 **III. STATEMENT OF FACTS**

5  
6 1. Respondent ROBERT LEWIS CHAPMAN (hereafter “Robert Chapman”) is, on  
7 information and belief, the founder, principal shareholder, president and chief executive officer of  
8 respondents WARRANTY ADMINISTRATION SERVICES, INC., WARRANTY  
9 ADMINISTRATION SOLUTIONS, INC., and SAFEDATA MANAGEMENT SERVICES, INC.  
10 (“SafeData”). Robert Chapman possessed a license from the Commissioner to act in the  
11 following capacities until June 30, 2008: fire and casualty broker-agent, accident and health, and  
12 life-only with variable contract authority.

13 2. CONSUMER DIRECT WARRANTY SERVICES (“CDWS”) was a fictitious  
14 business name of Robert Chapman until March 5, 2009, at which time it became a fictitious  
15 business name of SafeData.

16 3. WARRANTY ADMINISTRATION SERVICES, INC., and WARRANTY  
17 ADMINISTRATION SOLUTIONS, INC. are Nevada corporations registered in California as  
18 foreign corporations. WARRANTY ADMINISTRATION SOLUTIONS, INC. holds a license  
19 from the Commissioner to act as a Vehicle Service Contract Provider pursuant to Section 12800  
20 et seq. SAFEDATA MANAGEMENT SERVICES, INC., is a California corporation with its  
21 principal place of business in Redding, CA (Shasta County).

22 4. JAMES C. SLETNER, JENNIFER ANN SHAW, and BRANDY McDANIEL are  
23 corporate officers of one or more of the corporate respondents and/or have active management  
24 responsibilities for the operation of the corporate respondents and CDWS.

25 5. Robert Chapman, SafeData, and all of the other individual respondents, including  
26 when they operated under the name CDWS, are hereafter referred to collectively as “CHAPMAN  
27 ET AL.,” unless otherwise indicated.

28 6. On May 24, 2005, Section 116.5 read as follows:

1 An express warranty warranting a motor vehicle lubricant,  
2 treatment, fluid, or additive that covers incidental or consequential  
3 damage resulting from a failure of the lubricant, treatment, fluid, or  
4 additive, shall constitute automobile insurance, unless each of the  
5 following requirements is met:

6 (a) the obligor is the primary manufacturer of the product. For the  
7 purpose of this section, "manufacturer" means a person who can  
8 prove clearly and convincingly that the per unit cost of owned or  
9 leased capital goods, including the factory, plus the per unit cost of  
10 nonsubcontracted labor, exceeds twice the per unit cost of raw  
11 materials. "manufacturer" also means a person who has formulated  
12 or produced, and continuously offered in this state for more than  
13 10 years, a motor vehicle lubricant, treatment, fluid, or additive.

14 (b) the commissioner has issued a written determination that the  
15 obligor is a manufacturer as defined in subdivision (a). An obligor  
16 shall provide the commissioner with all information, documents,  
17 and affidavits reasonably necessary for this determination to be  
18 made. Approval by the commissioner shall be obtained prior to  
19 January 1, 2004, or prior to the issuance of a warranty subject to  
20 this section, whichever is later. If the commissioner determines  
21 that the obligor is not a manufacturer, the obligor may obtain a  
22 hearing in accordance with Chapter 4.5 (commencing with Section  
23 11400) of Part 1 of Division 3 of Title 2 of the Government Code.

24 (c) the agreement covers only damage incurred while the product  
25 was in the vehicle.

26 (d) the agreement is provided automatically with the product at no  
27 extra charge.  
28

1 To paraphrase, Section 116.5 is an exemption from the definition of automobile insurance. It  
2 states that an “additive warranty” is not automobile insurance if the warrantor satisfies certain  
3 conditions.

4 7. On May 24, 2004, the Commissioner issued a letter to SafeData stating that the  
5 Commissioner had determined that SafeData was a “manufacturer” pursuant to Section 116.5.  
6 The Commissioner has never issued a “manufacturer determination” letter pursuant to Section  
7 116.5 to CONSUMER DIRECT WARRANTY SERVICES, WARRANTY ADMINISTRATION  
8 SERVICES, INC., WARRANTY ADMINISTRATION SOLUTIONS, INC., Robert Chapman,  
9 or any of the other individual respondents.

10 8. From at least August 3, 2007 until March 5, 2009, Robert Chapman, acting in his  
11 individual capacity, and the other individual respondents acting in their individual capacities  
12 under the direction and control of Robert Chapman, collectively using the name CDWS on  
13 supposed additive warranties, purported to conduct additive warranty business pursuant to  
14 Section 116.5. On March 5, 2009, SafeData registered CDWS with the Shasta County Clerk’s  
15 Office as a fictitious business name of SafeData. Prior to that date, business conducted under the  
16 name CDWS was not legally conducted by SafeData,<sup>2</sup> but rather by the individuals responsible  
17 for managing that business, namely Robert Chapman and the individual respondents. Since  
18 neither Robert Chapman nor any of the other individual respondents had been determined by the  
19 Commissioner to be a manufacturer pursuant to Section 116.5, any purported additive warranty  
20 business they conducted prior to March 5, 2009 constituted automobile insurance under Section  
21 116.5 and 116(a)-(d). Consequently, Robert Chapman and the others engaged in selling and  
22 offering for sale insurance policies, and otherwise transacting insurance and acting as an  
23 insurance company, without a certificate of authority as an insurer, in violation of Section 700(a).

24  
25 \_\_\_\_\_  
26 <sup>2</sup> California Business and Professions Code:

26 § 17910. Every person who regularly transacts business in this state for profit under a fictitious business name shall do all of the  
27 following:

27 (a) File a fictitious business name statement in accordance with this chapter not later than 40 days from the time the registrant  
28 commences to transact such business.

28 § 17915. A fictitious business name statement shall be filed with the clerk of the county in which the registrant has his or her  
principal place of business in this state ....

1           9.       In addition to Robert Chapman and the other individual respondents transacting  
2 insurance without a certificate of authority from at least August 3, 2007 until March 5, 2009, for  
3 the reasons stated in the prior paragraph, those individuals have also transacted insurance without  
4 a certificate of authority from at least August 3, 2007 to the present, due to a variety of other  
5 violations of Section 116.5 and other laws. In other words, the purported additive warranties they  
6 contend are not automobile insurance pursuant to the exemption expressed in Section 116.5, are  
7 in reality not additive warranties. Instead, they are actually insurance because they fail to qualify  
8 for the Section 116.5 exemption in several ways. From March 5, 2009, when SafeData began  
9 conducting business as CDWS, until the present, SafeData has joined Robert Chapman and the  
10 other individual respondents in transacting automobile insurance without a certificate of authority  
11 for the reasons recited in the following paragraph.

12           10.       The purported additive “warranties” with the CDWS name do not comply with  
13 Section 116.5, and during the relevant time period have not complied with Section 116.5, for the  
14 following reasons, any one of which is sufficient to establish a violation of Section 116.5 and  
15 cause those "warranties" to be insurance policies.

16           a.       The “warranties” do not meet the definition of “express warranty” in Civil  
17 Code section 1791.2(a).

18           At all relevant times, the first sentence of Section 116.5 has read:

19           An *express warranty* warranting a motor vehicle lubricant,  
20 treatment, fluid, or additive that covers incidental or consequential  
21 damage resulting from a failure of the lubricant, treatment, fluid, or  
22 additive, shall constitute automobile insurance, unless all of the  
23 following requirements are met: (Emphasis added.)

24  
25 Civil Code § 1791.2(a) defines an “express warranty” to mean:

26  
27           A written statement arising out of a sale to the consumer of a  
28 consumer good pursuant to which the manufacturer, distributor, or

1 retailer undertakes to preserve or maintain the utility or  
2 performance of the consumer good or provide compensation if  
3 there is a failure in utility or performance; ...  
4

5 The “warranties” do not contain language that undertakes to preserve or maintain the  
6 utility or performance of the consumer good, in this case the additive. The "warranties" do not  
7 contain language that undertakes to provide compensation if there is a failure in utility or  
8 performance of the additive. Rather, the "warranties" merely list covered components,  
9 exclusions, and conditions, the same as any mechanical breakdown insurance policy or vehicle  
10 service contract. There is no language about the efficacy of the product; no language about a  
11 nexus between the efficacy of the product and an anticipated and consequential lack of  
12 mechanical breakdowns; no promissory language to provide compensation if breakdowns occur  
13 that links the promise to the supposed efficacy and a presumed failure of the product.  
14 Consequently, the “warranties” do not meet the definition of “express warranty” in the Civil  
15 Code, or at common law, and thus do not meet a necessary condition to qualify for the exemption  
16 in Section 116.5 from being deemed insurance.  
17

18 b. The “warranties” do not cover “*damage resulting from a failure of the*  
19 *lubricant, treatment, fluid, or additive*” because the additives are only added to the vehicle once,  
20 and based upon information and belief, then leave the vehicle due to dissipation, molecular  
21 breakdown, and/or fluid replacement, leaving no material (if any) trace, long before the expiration  
22 of the “warranty.” If the additive is not in the vehicle, then the additive cannot possibly prevent a  
23 breakdown, and the "warranty" cannot possibly cover “damage resulting from a failure of the  
24 lubricant, treatment, fluid, or additive.” To claim it does is a sham.  
25

26 c. The "warranties" violate Section 116.5(c).

27 (c) *The agreement covers only damage incurred while the product*  
28 *was in the vehicle.*

1 As discussed immediately above, the additives are added once, and, based upon information and  
2 belief, do not remain in the vehicle for the duration of the "warranty" term. Therefore, the  
3 "warranty" covers damage incurred while the produce is *not* in the vehicle.

4 d. The "warranties" provide benefits not permitted by Section 116.5. As  
5 stated above, additive warranties under Section 116.5 may legally only cover "*damage resulting*  
6 *from a failure of the lubricant, treatment, fluid, or additive.*" This means that, at a minimum, any  
7 breakdown covered by the warranty must be to a mechanical part in contact with the additive, or  
8 must be to a part that can be broken due to a breakdown to such a part as a result of a failure of  
9 the additive to perform as warranted. The CDWS "warranties" illegally, in violation of Section  
10 116.5, cover numerous mechanical parts outside of these parameters, including: alternator,  
11 voltage regulator, power window motor, heater fan, starter motor, fuel delivery lines, starter  
12 solenoid, ignition switch, wiper motor and switch, washer pump and switch, headlamp switch,  
13 turn signal switch, rear defogger switch, heater A/C blower speed switch, power window motor  
14 and switch, power door lock actuator and switch. The "warranties" also promise car rental and  
15 towing, which are benefits that constitute insurance under Sections 116(a)-(d) and are not exempt  
16 under Section 116.5, since they are not "damage resulting from a failure of the lubricant,  
17 treatment, fluid, or additive." As a result, the entire "warranty" constitutes insurance.

18 e. In the sale of a CDWS "warranty," the transaction focuses on the  
19 "warranty," not the additive. In passing the legislation that enacted Section 116.5, the Legislature  
20 never intended that individuals and companies such as CHAPMAN ET AL. would make a  
21 mockery of the Legislature and its legislation by blatantly focusing on selling the warranties and  
22 only providing the additives (if at all) as an afterthought. It is alleged that consumers who obtain  
23 CDWS "warranties" do not understand that they are obtaining an additive warranty, that is, a  
24 warranty of a product. If CHAPMAN ET AL. were providing a legitimate additive and a  
25 legitimate additive warranty, then consumers would understand that they are obtaining a product  
26 and a product warranty. The sales, marketing, and agreement itself would make it clear that the  
27 consumer is purchasing a product warranty. The sales, marketing, and agreement barely mention  
28 the additive, if they mention it at all.

1 f. The price associated with the package of the additive and the warranty  
2 together relative to the retail price of a comparable additive separately demonstrate that what  
3 CHAPMAN ET AL. actually sells is the warranty. Comparable additives have a retail store price  
4 of under \$25. The CHAPMAN ET AL. additives and “warranties” together frequently sell for  
5 \$1,500 - \$2,000, comparable to the price of a vehicle service contract and more than mechanical  
6 breakdown insurance. The Legislature could not have intended that Section 116.5 be interpreted  
7 to permit such a blatant travesty of the concept of a product warranty.

8 g. CHAPMAN ET AL. expressly permit prospective purchasers of the  
9 "warranties" to select the duration of the "warranty" and the breadth of coverage. Longer periods  
10 of coverage cost more, as does coverage of more mechanical parts and added benefits such as  
11 towing and rental car coverage. The notion of negotiating warranty terms and paying, for  
12 example, \$2,000 rather than \$1,500, for the same \$25 bottle or tablet of additive, is antithetical to  
13 the theory and common law of a product warranty. Nothing in Section 116.5 suggests such a  
14 scenario is permissible with additive warranties provided pursuant to that section.

15 h. CHAPMAN ET AL. charge purchasers of its "warranties" different prices  
16 based on the type of car being covered. Charging different prices based on the use of the product  
17 is antithetical to the concept of a product warranty. It is akin to a ladder manufacturer charging  
18 (via its retailers) purchasers different prices depending on the body weight of the user on the  
19 theory that broken ladder warranty claims will be more frequent with heavier users. It is exactly  
20 the type of premium rating insurers perform with insurance policies, which these "warranties"  
21 supposedly are not.

22 i. Virtually every legitimate product warranty will clearly and repeatedly  
23 throughout the written warranty terms and conditions state the name of the company that is  
24 obligated to perform under the warranty, and will usually define itself as “warrantor” and/or state  
25 words to the effect of “XYZ Company promises to repair or replace your gizmo....” By contrast,  
26 and in contravention of all the usual rules and conventions of legitimate product warranty  
27 drafting, the CDWS "warranty" forms do not indicate who the obligor/warrantor is. Nowhere on  
28 the forms is there language that comes close to resembling: “If our additive fails to perform as

1 promised, we will repair or replace any parts damaged as a result.... To the contrary, CDWS is  
2 peculiarly referred to merely as “administrator,” (a term of art in the insurance industry that by  
3 definition usually means a third party that is *not* an obligor) despite the fact that CDWS  
4 supposedly is the manufacturer/warrantor/obligor.

5 j. Virtually every legitimate product "warranty" will repeatedly throughout  
6 the written warranty terms and conditions mention the product being warranted. By contrast, the  
7 CDWS "warranties" barely mention the additive. For example, the “Great Choice” "warranty"  
8 runs eight pages and mentions the additive briefly in passing in only two places. In neither place  
9 do CHAPMAN ET AL. make any representation about the fact that the mechanical breakdown  
10 coverages in the "warranty" are the result of the additive supposedly being highly efficacious in  
11 preventing breakdowns, or even about the quality of the additive or its benefits to the vehicle.  
12 Instead, mention of the additive is an afterthought; a transparent attempt to comply with Section  
13 116.5.

14 Vehicle Protection Kit: The Administrator will ship the Vehicle  
15 Protection Kit (VPK) to the Purchaser of this product warranty  
16 upon remittance of this agreement from the Seller. The VPK  
17 contains products for Vehicle protection with instructions and  
18 other important information pertaining to this product.

19 ...

20 Consumer Direct Warranty Services (CDWS) manufactures quality  
21 vehicle protection products that are geared specifically for pre-  
22 owned vehicles.

23 k. CHAPMAN ET AL. inadvertently admit in their “warranty” forms that  
24 they are actually selling and intend to sell the “warranties,” not the additive, and that the  
25 consideration they receive from consumers is for the “warranty,” not the additive. The forms  
26 contain a provision entitled “Purchaser Rebate Guarantee ("PRG”).” The provision reads in  
27 pertinent part: “Administrator will refund the retail purchase *price of this product warranty* or  
28 \$2,500, whichever is less....” (Emphasis added.) (The remainder of the provision provides terms

1 and conditions, the essential one being that the “warranty” expires without any claims or benefits  
2 having been paid.)

3           1. The aforementioned PRG language not only demonstrates that CHAPMAN  
4 ET AL. are in the business of selling warranties, not additives, and that its reliance on Section  
5 116.5 is a sham, the language also establishes a direct violation of Section 116.5(d). That  
6 subdivision requires that “[T]he agreement is provided automatically with the product at no extra  
7 charge.” The PRG language indicates that CHAPMAN ET AL. is not providing the warranty  
8 agreement automatically with the product at no extra charge, as is customary with product  
9 warranties in addition to being expressly required by subdivision (d). In other words, the  
10 consideration CHAPMAN ET AL. charges and collects is not for the product, with the warranty  
11 thrown-in for free, which is what subdivision (d) requires. To the contrary, all the consideration  
12 CHAPMAN ET AL. charges and collects is solely for the warranty agreement; none of it is for  
13 the product.

14           11. Because the CDWS “warranties” fail to meet the conditions contained in Section  
15 116.5 that they must meet in order not to be considered automobile insurance, they are, pursuant  
16 to Section 116.5, irrefutably deemed to be automobile insurance.

17           12. In addition to being automobile insurance, the CDWS “warranties” meet the  
18 Insurance Code definition of a vehicle service contract (“VSC”). The Insurance Code imposes  
19 specific regulatory requirements on VSC obligors, and recites special sanctions for violations of  
20 those requirements. Section 12800(c)(1) defines a VSC as follows:

21                   "Vehicle service contract" means a contract or agreement for a  
22                   separately stated consideration and for a specific duration to repair,  
23                   replace, or maintain a motor vehicle or watercraft, or to indemnify  
24                   for the repair, replacement, or maintenance of a motor vehicle or  
25                   watercraft, necessitated by an operational or structural failure due  
26                   to a defect in materials or workmanship, or due to normal wear and  
27                   tear.

1 The CDWS “warranties” are contracts or agreements for separately stated consideration and for a  
2 specific duration to repair or replace motor vehicles. The “warranties” do not specify covered  
3 causes of loss and exclude all others. The “warranties” do exclude several causes of loss, but not  
4 operational or structural failure due to a defect in materials or workmanship or normal wear and  
5 tear. Consequently, those causes of loss are covered, and the “warranties” therefore fall squarely  
6 within the definition of a vehicle service contract.

7  
8 13. CHAPMAN ET AL. have during all relevant times marketed, distributed, sold, and  
9 acted as an obligor on vehicle service contracts, in the course of which they have violated most of  
10 the California Insurance Code laws pertaining to VSC’s, including, but not limited to, the  
11 following:

12 A. CHAPMAN ET AL. sold VSC’s using the name CDWS. None of these  
13 persons have ever been licensed as a vehicle service contract provider, as required  
14 by Section 12815(a).

15 B. CHAPMAN ET AL. failed to file the VSC forms they sold to the public  
16 under the CDWS name with the Commissioner prior to providing them to  
17 purchasers, as required by Section 12820(a).

18 C. The CDWS VSC forms contain benefits not permitted to be included in a  
19 service contract.

20 D. The CDWS VSC forms violate the disclosure requirement recited in  
21 Section 12820(b)(1)(A). (Disclosure of back-up insurer and right to file a claim  
22 with that insurer)

23 E. The CDWS VSC forms violate the disclosure requirement recited in  
24 Section 12820(b)(1)(B). (Disclosure of California Department of Insurance toll-  
25 free phone number for assistance)

26 F. The CDWS VSC forms violate Section 12820(b)(3)(A). (Disclosure of  
27 vehicle service contract provider license number)  
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G. The CDWS VSC forms violate Section 12820(b)(3)(B). (Disclosure of cancellation rights pursuant to Civil Code 1794.4 and 1794.41)

H. The CDWS VSC forms lack “back-up” insurance as required by and in accordance with section 12830.

14. Illegally selling vehicle service contracts through telemarketing, direct mail, and the Internet

15. The “Purchaser Rebate Guarantee (“PRG”) benefits in the CDWS “warranties” constitute insurance pursuant to Section 12865. As described previously, in the “PRG” portion of the CDWS agreements CHAPMAN ET AL. promise to refund the retail purchase price of the agreement if the agreement expires with no claim or benefit having been paid. Section 12865 provides:

A promise to refund some or all of the purchase price of a service contract if the purchaser does not file any claims, files a limited number of claims, or files claims the dollar amount of which does not exceed a set amount or percentage, shall constitute insurance, unless subdivisions (a) and (b) are satisfied. ...

(a) The promise is offered without separate consideration, and the promisor complies with subdivisions (a)(1), (a)(2) or (a)(3).

(1) The promisor is a service contract obligor, the promise is contained within a service contract, and the obligor has complied with all provisions of this part.

(2) The promisor is a seller, the refund agreement provides no benefits other than the refund of some or all of the purchase price, and the promisor utilizes a refund agreement administrator.

1 (3) The promisor is neither a seller nor a service contract obligor.  
2 Such a person shall be deemed a refund agreement obligor, and  
3 shall comply with subdivisions (c)(1), (c)(2) and (c)(3).  
4

5 To paraphrase, in selling and acting as the obligor on the PRG coverage, CHAPMAN ET AL. are  
6 guilty of transacting insurance without a certificate of authority unless they have been in  
7 compliance with Section 12865 (a)(1), (a)(2) or (a)(3).

8 Beginning at the end, CHAPMAN ET AL. have not been in compliance with subdivision  
9 (a)(3) because that subdivision does not apply to them. It does not apply to them because it only  
10 applies if the promisor of the refund is neither a "seller" (i.e., a vehicle dealer – see Section 12800  
11 (f) nor a VSC obligor. CHAPMAN ET AL are VSC obligors (albeit an unlicensed one), defined  
12 in Section 12800 (g) to mean "the entity legally obligated under the terms of a service contract."  
13 Since subdivision (a)(3) does not apply if a refund promisor is a VSC obligor, and CHAPMAN  
14 ET AL. is a VSC obligor, subdivision (a)(3) does not apply, and CHAPMAN ET AL. has  
15 therefore not complied with it.

16 CHAPMAN ET AL. have not complied with subdivision (a)(2) since none of them is a  
17 seller, i.e., vehicle dealer. Finally, CHAPMAN ET AL. have not complied with subdivision  
18 (a)(1) since they have not complied with all the provisions of "this part" (the VSC law - Section  
19 12800 et seq.). In summary, CHAPMAN ET AL. are guilty of transacting insurance without a  
20 certificate of authority because they have not been in compliance with Section 12865 (a)(1),  
21 (a)(2) or (a)(3).

22 16. The facts recited in paragraphs 1 through 15 establish cause for the issuance of the  
23 above cease and desist order, pursuant to sections 12921.8(a)(1) and (2).  
24

#### 25 **IV. ORDER TO SHOW CAUSE (12921.8)**

26  
27 17. Paragraphs 1 through 16 are re-alleged. CHAPMAN ET AL. are ordered to show  
28 cause why the facts recited in those paragraphs do not establish cause for the Commissioner to

1 impose upon each of them a monetary penalty, pursuant to Section 12921.8(a)(3), the amount of  
2 which shall be not less than the greater of five times the amount of money received for  
3 “warranties,” sold in violation of Sections 116.5, 116, and 12140 et seq., or five thousand dollars  
4 (\$5,000) for each day they sold or aided or abetted the selling of the “warranties.” Respondents  
5 commenced the violations subjecting them to a monetary penalty on or before August 3, 2007.  
6 The violations have continued to this day. Consequently, in the event of default by any  
7 Respondent, that Respondent is liable to the State of California, and the Department prays for, a  
8 monetary penalty of \$5,000 per day from August 3, 2007 until the date the proposed decision is  
9 entered.<sup>3</sup>

10  
11 **V. ORDER TO SHOW CAUSE (790.05) (790.03(b)) 790.035)**

12  
13 18. In addition to misrepresenting its so-called warranties as “not insurance” that in  
14 fact are insurance, CHAPMAN ET AL. have engaged in untrue, deceptive and misleading sales  
15 practices as described in the following consumer complaints. CHAPMAN ET AL. have been  
16 aware that their agents have been engaging in this conduct and have nevertheless continued to  
17 employ them.

18 A. On or about January 28, 2009 Patricia B on behalf of her mother Phyllis W filed a  
19 consumer complaint form with the Office of the Attorney General. The complaint  
20 information was forwarded to the Department of Insurance. Patricia B wrote that her  
21 88 year-old mother had severe dementia. She had no short-term memory. Her mother  
22 began receiving a number of calls from General Warranty Services, Inc, an authorized  
23 seller of the CDWS "product warranty." This company, according to Patricia B,  
24 harassed her mother on the phone two to three times per week. Eventually, it got her to  
25 provide her bank name, routing number and account number and the company then  
26 withdrew money from her account. On August 1 2008 it had sold her a "product

27 <sup>3</sup> Pursuant to section 12921.8((a)(3)(B), [i]n the absence of contrary evidence, it shall be presumed that a person  
28 continuously acted in a capacity for which a license...or certificate of authority was required on each day from the  
date of the earliest such act until the date those acts were discontinued, as proven by the person at hearing.”

1 warranty" on a vehicle she had not driven for three years. Patricia B requested  
2 cancellation and a refund. CDWS cancelled the "warranty" as requested on September  
3 10, 2008, but did not refund the monies paid at that time. Phyllis W was on a fixed  
4 income. Patricia B continued in her efforts to contact CDWS. Many times no one  
5 answered the phone. At another time, CDWS agreed to make the refund and stated  
6 that it would be forthcoming in November 2008. The refund did not occur in  
7 November as promised and CDWS indicated it would call her in December 2008, but  
8 did not. At another point in time CDWS indicated that it did not give out refunds in  
9 December. In February 2009 the Department of Insurance contacted CDWS and a  
10 refund of \$1700 was made in March 2009, approximately seven months after the  
11 "warranty" was first sold and nearly six months after the cancellation of the "product  
12 warranty."

13 B. On or about December 23, 2008 the Department received from Margaret H a Request  
14 for Assistance. It reflected that Transcontinental Warranty, Inc, authorized by CDWS  
15 to sell its "product warranty," contacted Margaret H's husband and represented that it  
16 was authorized by Toyota to provide extended warranty insurance, which was untrue.  
17 Margaret. H's husband was a senior citizen who was hard of hearing. The "warranty"  
18 was sold at a cost of \$2619.00.

19 C. On or about July 22, 2008 Nora L made a Request for Assistance to the Department.  
20 Nora L. purchased a CDWS "product warranty" from Great Atlantic Warranty based  
21 on misrepresentations concerning what the "warranty" would cover. CDWS  
22 authorized Great Atlantic Warranty to sell its product. Nora L decided to cancel the  
23 agreement and returned the activation kit unused on or about December 11, 2007. She  
24 communicated with CDWS and was advised that her deposit of \$541.46 would be  
25 returned to her by Great Atlantic Warranty. As of the date of filing the Request for  
26 Assistance, Nora L had not been refunded the deposit. Subsequent to the Department  
27 contacting CDWS, the refund was made to Nora L  
28

1 D. In or about October 2007 the Department received a request for assistance from  
2 Frances M. She purchased a CDWS "product warranty" from Great Atlantic Warranty,  
3 authorized by CDWS to sell its product. Great Atlantic Warranty solicited her on the  
4 telephone and warned Frances, H, a senior citizen, 80 years of age at the time, that the  
5 warranty on her car was in danger of expiring. Great Atlantic Warranty misrepresented  
6 what the "warranty" would cover. She was vulnerable to such a statement, and agreed  
7 to pay \$1950 for the CDWS "product warranty". Upon taking her car to the Saturn  
8 dealer, where she purchased her car, to perform the required services listed in the  
9 "activation kit" along with the product that needed to be added, received from CDWS,  
10 she was advised by the service technician that this was a scam and she should cancel  
11 the contract and get her money back. Frances M then contacted CDWS and at the time  
12 she contacted the Department, had not received a response. Subsequent to the  
13 Department contacting CDWS, the full refund was made to Frances M.

14 E. In or about October 2008 the Department received a Request for Assistance from  
15 Della P, based on information and belief, Della P was approximately 92 years of age at  
16 the time of the transactions referenced herein. She purchased a CDWS "product  
17 warranty" from First National Warranty authorized by CDWS to sell its product,  
18 which solicited her. All of the transactions concerning the purchase of the "warranty"  
19 were done by phone. First National Warranty misrepresented what the "warranty"  
20 would cover. Della P had approximately \$800 worth of expenses from the Dodge  
21 repair facility and she made an effort to contact First National with no success. She  
22 was charged \$1795.00 for the "warranty". The Department contacted First National  
23 Warranty on her behalf and was advised that it was only the selling agent for CDWS.  
24 The Department then contacted CDWS and it declined to provide any information on  
25 the basis that it was protecting the privacy of its customer.

26 F. On or about May 5, 2009 the Department was forwarded a request for assistance from  
27 Charlotte S. Charlotte S., who purchased a "product warranty" from CDWS authorized  
28 seller, Nationwide Warranty Services, on October 18, 2007 for \$1595.00. The

1 coverage offered by the "warranty" was misrepresented. She attempted to make a  
2 claim under the "warranty" but was advised that the "warranty" had been cancelled  
3 effective November 21, 2007. Charlotte S. sought to obtain a refund of the monies  
4 paid. The Department contacted CDWS on Charlotte S.'s behalf. CDWS advised that  
5 it manufactures and distributes product warranties and that it would reinstate the  
6 warranty. However, it would not make a refund because its authorized seller of the  
7 "warranty", Nationwide Warranty Services, never paid CDWS for the CDWS  
8 warranty it sold to Charlotte S. Further, CDWS refused to pay for the automotive work  
9 performed on the basis that it does not pay for preventative maintenance.

10 G. Donna S submitted a Request for Assistance to the Department on or about August 28,  
11 2008. On or about January 25, 2008 pursuant to a telephone solicitation from Certified  
12 Warranty Services, a CDWS authorized seller, and she purchased a CDWS "product  
13 warranty". Certified Warranty Services misrepresented what the "warranty" would  
14 cover. In August 2008 the vehicle was brought to the Buick dealer for repairs to a  
15 stuck window. The claim was denied. Through the Request for Assistance, Donna S  
16 sought payment for the repair and reimbursement of all monies left on the contract.  
17 CDWS maintained its denial of the claim and refused the request for a refund.

18 H. Elaine V. submitted a Request for Assistance to the Department on our about  
19 December 8, 2008. She purchased a "product warranty" on August 15, 2008 based on  
20 a phone call from National Dealers Warranty, authorized by CDWS to sell its  
21 "warranty". The "warranty" coverage was misrepresented. She paid \$500 down and  
22 agreed to pay \$100 monthly. She cancelled on September 5, 2008 and received a  
23 cancellation letter from CDWS advising her to obtain the refund on the down payment  
24 from National Dealers Warranty. National Dealers Warranty advised her to contact  
25 CDWS. Based upon the information available to date, the refund has not been made to  
26 Elaine V.

27 I. On or about February 18, 2009 Matthew W submitted a Request for Assistance to the  
28

1 Department. Matthew W purchased a "product warranty" from CDWS for  
2 approximately \$2100. Coverage under the "warranty" was misrepresented to the  
3 consumer. Due to a transmission problem and needed repairs, Matthew W submitted a  
4 claim which was denied by CDWS. The repair cost \$2255.32.

5 J. On or about January 29, 2009 Richard W filed a Request for Assistance with the  
6 Department. He was solicited over the phone by North American Warranty Services  
7 and purchased a "product warranty" on August 1, 2008 North American Warranty  
8 Services is authorized by CDWS to sell its product. Coverage under the "warranty"  
9 was misrepresented to the consumer. In or about October 2008 Richard W incurred  
10 approximately \$3400 in repair bills on his vehicle and made a claim under the  
11 "product warranty". The claim was denied. Richard W then cancelled the policy but  
12 was not refunded the \$894.00 he had paid toward the "product warranty". The  
13 Department contacted CDWS on Richard W's behalf who advised that the customer  
14 should contact North American Warranty Solutions. Based upon the information  
15 available to date, the refund has not been made to Richard W.

16 K. On or about July 20, 2009, Sarah R. filed a Request for Assistance with the  
17 Department. Sarah R and her husband purchased a CDWS "product warranty" from its  
18 authorized seller, Automotive Warranty Solutions, and sought to cancel it effective on  
19 November 2, 2008. Coverage under the "warranty" was misrepresented to the  
20 consumer. The cancellation included a request for a refund of the outstanding balance  
21 on the "warranty" cost, or approximately \$2600. The Department contacted CDWS on  
22 behalf of Sarah R and her husband and CDWS indicated that the complaint should be  
23 sent to the sales center, Automotive Warranty Solutions. Automotive Warranty  
24 Solutions promised the refund in August 2009 but based upon the information  
25 available to the Department to date, the refund had never been provided, either by  
26 CDWS or Automotive Warranty Solutions.

27 //

28 //

1 L. The Department received a Request for Assistance from Lee B on or about January 22,  
2 2009. On or about October 2008 he received a solicitation call and agreed to purchase  
3 a CDWS "product warranty". He specifically requested that the "warranty" cover  
4 computer malfunction. The representative assured him that it would. When the  
5 contract arrived in the mail, it was clear that it did not cover computer malfunction.  
6 Lee B attempted to cancel the contract but instead received in the mail an "upgrade"  
7 from the "Direct Choice" to the "Great Choice" CDWS "product warranty". However,  
8 again, it appeared identical and did not cover computer malfunctions. By the time the  
9 second "warranty" had come in the mail, the thirty-day money back provision had  
10 expired. Lee B requested cancellation and a refund of what he had paid to date. CDWS  
11 refused. Only after the Department contact CDWS on Lee B's behalf did CDWS agree  
12 to refund the money to Lee B.

13 M. Suzanne B has attempted to obtain assistance regarding a CDWS "product warranty"  
14 from the Department of Corporations, the Department of Motor Vehicles and the  
15 Department of Insurance. Coverage under the "warranty" was misrepresented to the  
16 consumer. On January 13, 2009 she wrote a letter to Vehicle Services, Inc., an  
17 authorized representative of CDWS attempting to cancel the "product warranty" and to  
18 request a refund. She had learned on January 9, 2009 that CDWS had denied a claim  
19 she made for repairs on her vehicle.

20 N. Robbie B filed a Request for Assistance with the Department on or about May 27,  
21 2009. He purchased a "product warranty" on August 11, 2008 as he was solicited on  
22 his cell phone by Direct Protect Warranty, authorized by CDWS to sell its product  
23 warranties. Coverage under the "warranty" was misrepresented to the consumer. In  
24 April 2009 Robbie B had his vehicle serviced and CDWS denied the claim. Robbie B  
25 cancelled the "warranty" on May 22, 2009. On or about June 24, 2009 the Department  
26 contacted CDWS on behalf of Robbie B. On or about July 14, 2009 CDWS advised  
27 the Department that it had sent the refund to the finance company, Mepco, on June 1,  
28 2009 and took the position that it had fulfilled its obligation.

1 O. Gerald R filed a Request for Assistance with the Department on or about January 15,  
2 2009. He advised that on or about December 23, 2008, at approximately 12:18p.m.  
3 Transcontinental Warranty, Inc., authorized by CDWS to sell its "product warranties,"  
4 called him on his residential telephone line with a pre-recorded message. According to  
5 Gerald R, the call was made with an automatic dialing announcing device. The  
6 prerecorded message was about a car warranty. The caller did not identify the business  
7 or on whose behalf the call was made. The message did not provide a telephone  
8 number. Gerald R. advises that he did not have a business relationship with  
9 Transcontinental Warranty, Inc.

10 19. Paragraphs 1 through 18 are re-alleged. Pursuant to Section 790.05, CHAPMAN  
11 ET AL. are ordered to show cause why the facts recited in those paragraphs do not establish cause  
12 for the Commissioner to impose upon each of them a monetary penalty, pursuant to Section  
13 790.03 (b) and 790.035 for their unfair or deceptive acts or practices, not to exceed five thousand  
14 dollars (\$5,000) for each act, or, if the act or practice was willful, a civil penalty not to exceed ten  
15 thousand dollars (\$10,000) for each act. These acts include misrepresenting so-called warranties  
16 as "not insurance" that in fact are insurance; and engaging in untrue, deceptive and misleading  
17 sales practices, as alleged in paragraph 19.

18  
19 **VI. ORDER TO SHOW CAUSE ((790.05) (790.03(h) (790.035))**

20  
21 20. Paragraphs 1 through 18 are re-alleged. Pursuant to Section 790.05, CHAPMAN  
22 ET AL. are ordered to show cause why the facts recited in those paragraphs do not establish cause  
23 for the Commissioner to impose upon each of them a monetary penalty, pursuant to Section  
24 790.03 (h) and 790.035 for their unfair or deceptive acts or practices, not to exceed five thousand  
25 dollars (\$5,000) for each act, or, if the act or practice was willful, a civil penalty not to exceed ten  
26 thousand dollars (\$10,000) for each act. These acts and practices include a pattern and practice of  
27 unfairly denying claims, in violation of Section 790.03(h). The Department of Insurance has  
28 received complaints from California consumers who have purchased the "warranties" as

1 described herein establishing these unfair practices, which are described in paragraph 19 which is  
2 incorporated fully herein.

3  
4 **VII. ACCUSATION AGAINST ROBERT CHAPMAN**

5  
6 21. As stated in paragraph 1, Respondent ROBERT LEWIS CHAPMAN possessed a  
7 license from the Commissioner to act in the following capacities until June 30, 2008: fire and  
8 casualty broker-agent, accident and health, and life-only with variable contract authority. Section  
9 1743 reads as follows:

10 The lapse or suspension of any license by operation of law, by  
11 failure to renew or by its voluntary surrender shall not deprive the  
12 commissioner of jurisdiction or right to institute or proceed with  
13 any disciplinary proceeding against such license, to render a  
14 decision suspending or revoking such license or to establish and  
15 make a record of the facts of any violation of law for any lawful  
16 purpose. No such disciplinary proceeding shall be instituted  
17 against any license after the expiration of five years from the  
18 termination of such license.

19  
20 As ROBERT LEWIS CHAPMAN'S producer license lapsed in 2008, the Department is within its  
21 jurisdiction to revoke Respondent's licensing rights.

22 22. Paragraphs 1 through 18 are re-alleged.

23  
24 23. On or about November 17, 2006 Robert Chapman issued an unauthorized  
25 Certificate of Insurance. Not only was Robert Chapman not authorized to produce the Certificate  
26 of Insurance, but the coverages represented on the certificate were untrue. The Certificate notes  
27 that SFI Insurance Services was the producer. It reflects that the insured is SafeData Management  
28 Services, Inc. dba Warranty Administration Services. It states that the Insurer is Essex Insurance

1 Company (“Essex”) and that this insurer had an AM Best Rating of A Class XX and a Standard  
2 and Poors Rating of A+. It identified Commercial Liability coverage for DRIVERS CHOICE,  
3 SAFECHOICE, PROTECT A CAR, EASYCHOICE, LIFETIME ENGINE DEFENDER, EZ  
4 RYDER, EXTEND A CAR, MOTORHOME GUARDIAN AND EXTREME PROTECTION. It  
5 reflected a policy number of 3CR4880 and policy effective dates of November 17, 2006 to  
6 November 17, 2007.

7 24. The Certificate was unauthorized and included material misrepresentations as  
8 follows: Although Essex did write a policy for Safedata Management Services, Inc., the policy  
9 number was incorrect. The certificate is neither recognized nor was it issued by Essex. The AM  
10 Best Rating is incorrect. The Standard and Poors rating is incorrect. The named insured, “d.b.a.  
11 Warranty Administration Services” is not a named insured on the Essex policy. The commercial  
12 liability coverages referenced on the bogus certificate, namely DRIVERS CHOICE,  
13 SAFECHOICE, PROTECT A CAR, EASYCHOICE, LIFETIME ENGINE DEFENDER, EZ  
14 RYDER, EXTEND A CAR, MOTORHOME GUARDIAN AND EXTREME PROTECTION,  
15 are not shown on the Essex policy or any of its endorsements.

16 25. SFI Insurance Services, noted on the Certificate as the producer, did not have  
17 binding authority from Essex, but did have approval to issue certificates. It did not issue the  
18 certificate referenced herein. SFI Insurance Services has advised the Department of Insurance that  
19 Respondent Robert Chapman admitted issuing the certificate.

20 26. On about March 17, 2010, the State of Washington, Office of the Insurance  
21 Commissioner filed an Amended Order to Cease and Desist. It orders Robert Chapman and  
22 entities under his control to cease and desist in engaging in or transacting the unauthorized  
23 business of insurance in the State of Washington, including advertising, solicitation including but  
24 not limited to vehicle service contracts and protection product guarantees. Further it orders that  
25 Robert Chapman and his entities cease and desist from seeking or soliciting insurance business  
26 and participating in any act of an insurance producer or company including vehicle service  
27 contracts and protection product guarantees in Washington. The Cease and Desist Amended  
28 Order alleges that Respondent acted as a service contract provider, under various names.

1 Respondent was not licensed to solicit insurance in Washington and had not applied for or been  
2 granted a registration as a motor vehicle contract provider or as a protection product guarantee  
3 provider, nor did he apply for or had he been granted a Certificate of Authority to act as an  
4 insurer or an insurance producer license in Washington. Acting as a vehicle service contract  
5 provider without an approved registration is a violation of RCW (Revised Code of Washington)  
6 48.110.030; transacting insurance in Washington without a certificate of authority is in violation  
7 of RCW 48.15.020; and acting as an insurance producer without a license is in violation of RCW  
8 48.17.060.

9 CAUSE FOR DISCIPLINE

10 27. Respondent Robert Chapman's conduct, as alleged in paragraphs 1 through 19,  
11 and in paragraphs 23 through 26, as an individual, is a ground for revocation of his licensing  
12 rights under Sections 1738 and 1668 (b) [against public interest]; (c) [bad faith business  
13 practices]; (d) [not of good business reputation]; (e) [lacking in integrity]; (i) [conducting  
14 business in a dishonest manner]; (j) [untrustworthiness]; (k) [knowingly misrepresented the terms  
15 or effect of a contract]; (l) [committed an act expressly forbidden by the Insurance Code]; (n)  
16 [aided or abetted any person in an act or omission which would constitute grounds for the  
17 suspension, revocation or refusal of a license or certificate issued under this code to the person  
18 aided or abetted]; (o) [permitted any person in his employ to violate any provision of this code].

19 PETITION FOR DISCIPLINE

20  
21 The Department prays for issuance of an Order that:

22 Revokes the licensing rights of Respondent ROBERT LEWIS CHAPMAN.

23  
24 **VIII. ACCUSATION AGAINST WARRANTY ADMINISTRATION SOLUTIONS, INC.**

25  
26 28. As stated in paragraph 3, Warranty Administration Solutions, Inc. holds a license  
27 from the Commissioner to act as a Vehicle Service Contract Provider pursuant to Section 12800  
28 et seq.

1           29.     Respondent Robert Chapman is, on information and belief, the founder, principal  
2 shareholder, president and chief executive officer of respondent Warranty Administration  
3 Solutions, Inc. and he is its controlling person as defined by Section 1668.5(b).

4           30.     Paragraphs 1 through 18 and 23-26 are re-alleged.

5     CAUSE FOR DISCIPLINE

6           31.     Warranty Administration Solutions Inc. conduct, through its controlling person  
7 Robert Chapman, as alleged in paragraphs 1 through 19, and in paragraphs 23 through 26, is  
8 grounds for revocation of its license and licensing rights under Sections 1738 and 1668.5 (a) (1)  
9 [conducting business in a dishonest manner]; (2) [untrustworthiness]; (3) [knowingly  
10 misrepresented the terms or effect of a contract]; (4) [committed an act expressly forbidden by  
11 the Insurance Code]; (6) [aided or abetted any person in an act or omission which would  
12 constitute grounds for the suspension, revocation or refusal of a license or certificate issued under  
13 this code to the person aided or abetted]; (7) [permitted any person in his employ to violate any  
14 provision of this code].

15  
16     PETITION FOR DISCIPLINE

17     The Department prays for issuance of an Order that:

18     Revokes the license licensing rights of Respondent Warranty Administration Solutions, Inc.

19  
20                                   **NOTICE OF RIGHT TO HEARING**

21  
22           If you desire a hearing in this matter, your written request for a hearing must be received  
23 within 30 days after you are served with the order. The 30 days begin to run on the day after the  
24 day you are served, and if the 30th day falls on a weekend, the period in which your request must  
25 be filed is extended until Monday or the next business day if Monday is a holiday. Your written  
26 request for a hearing must be directed to Michael Tancredi, Senior Staff Counsel, California  
27 Department of Insurance, 300 South Spring St., Los Angeles, CA 90013. You may use the  
28

1 enclosed Notice of Defense form. Each respondent wishing to request a hearing must sign a  
2 separate Notice of Defense form.

3  
4 IN WITNESS WHEREOF, I have set my hand and affixed my official seal this 15th day  
5 of JUNE 2010.

6  
7 STEVE POIZNER

8 Insurance Commissioner

9 By



10 JOSE S. AGUILAR

11 Assistant Chief Counsel  
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