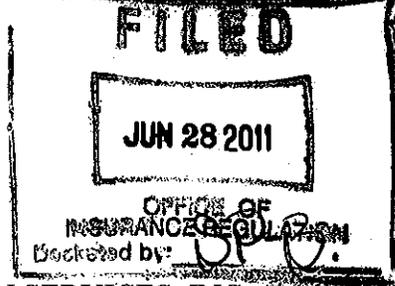


OFFICE OF INSURANCE REGULATION

KEVIN M. McCARTY  
COMMISSIONER



IN THE MATTER OF:

WARRANTY ADMINISTRATION SERVICES, INC.  
and SAFEDATA MANAGEMENT SERVICES, INC.  
d/b/a CONSUMER DIRECT WARRANTY SERVICES

CASE NO.: 99160-08

FINAL ORDER TO CEASE AND DESIST

THIS MATTER came on before the undersigned Insurance Commissioner of the State of Florida for consideration and final agency action, who having considered the record in this case and being fully advised of the premises, finds and orders as follows:

1. On January 20, 2011, an Order to Cease and Desist was issued by the Office of Insurance Regulation (hereinafter "Office") notifying WARRANTY ADMINISTRATION SERVICES, INC. and SAFEDATA MANAGEMENT SERVICES, INC. d/b/a CONSUMER DIRECT WARRANTY SERVICES that they were transacting motor vehicle service agreements in the state of Florida without a license, in violation of Section 634.031, Florida Statutes.

2. The Order to Cease and Desist was served on WARRANTY ADMINISTRATION SERVICES, INC. and SAFEDATA MANAGEMENT SERVICES, INC. d/b/a CONSUMER DIRECT WARRANTY SERVICES by U.S. Certified Mail. The parties did not request any proceeding to challenge or contest the action taken by the Office.

3. The Office has jurisdiction over WARRANTY ADMINISTRATION SERVICES, INC. and SAFEDATA MANAGEMENT SERVICES, INC. d/b/a CONSUMER DIRECT WARRANTY SERVICES for purposes of this action.

**IT IS HEREBY ORDERED:**

4. The findings of fact and conclusions of law contained in the January 20, 2011, Order to Cease and Desist, are hereby **ADOPTED** and **INCORPORATED** into this Final Order to Cease and Desist.

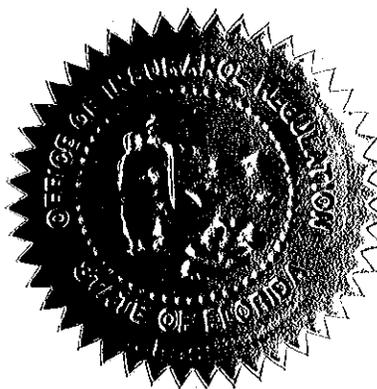
5. WARRANTY ADMINISTRATION SERVICES, INC. and SAFEDATA MANAGEMENT SERVICES, INC. d/b/a CONSUMER DIRECT WARRANTY SERVICES, whether acting in the State of Florida as a motor vehicle service agreement company, or otherwise providing or offering to provide motor vehicle service agreements, either directly or indirectly through named or unnamed persons, successor companies, entities or agents, shall forthwith **CEASE AND DESIST** from engaging in motor vehicle service agreement company activities in the State of Florida or with Florida consumers, including individuals, businesses, and state or local government agencies. However, regardless of the ongoing prohibition against providing and/or offering to provide motor vehicle service agreements in the State of Florida, WARRANTY ADMINISTRATION SERVICES, INC. and SAFEDATA MANAGEMENT SERVICES, INC. d/b/a CONSUMER DIRECT WARRANTY SERVICES shall pay any and all valid claims or otherwise fully service any and all motor vehicle service agreements executed in the State of Florida or issued to any Florida consumer.

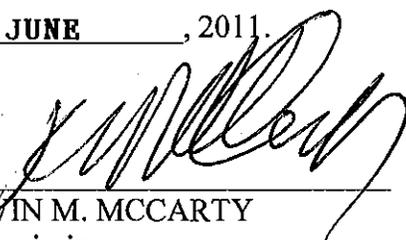
6. WARRANTY ADMINISTRATION SERVICES, INC. and SAFEDATA MANAGEMENT SERVICES, INC. d/b/a CONSUMER DIRECT WARRANTY SERVICES, within thirty (30) days of the issuance of this Order, shall provide written certification signed by

a company officer that they are no longer providing and/or offering to provide motor vehicle service agreements in the State of Florida or with Florida consumers.

7. WARRANTY ADMINISTRATION SERVICES, INC. and SAFEDATA MANAGEMENT SERVICES, INC. d/b/a CONSUMER DIRECT WARRANTY SERVICES, within thirty (30) days of the issuance of this Order, shall add language to its websites and/or marketing materials that they are not licensed in the State of Florida and that their products are not available to Florida consumers.

**DONE AND ORDERED** this 28TH day of JUNE, 2011.



  
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KEVIN M. MCCARTY  
Commissioner  
Office of Insurance Regulation

NOTICE OF RIGHTS

Any party to these proceedings adversely affected by this Order is entitled to seek review of this Order pursuant to Section 120.68, Florida Statutes, and Rule 9.110, Fla. R. App. P. Review proceedings must be instituted by filing a petition or notice of appeal with the General Counsel, for the OFFICE of Insurance Regulation, acting as the Agency Clerk, at 612 Larson Building, Tallahassee, Florida, 32399 and filing a copy of the same with the appropriate District Court of Appeal within thirty (30) days of rendition of this Order.

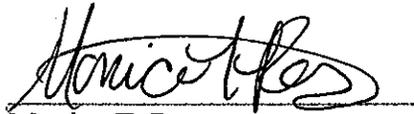
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Order to Cease and Desist has been sent by Certified Mail this 28TH day of JUNE, 2011, to the following:

Warranty Administration Services, Inc.  
2232 South Nellis Boulevard, Suite 175  
Las Vegas, Nevada 89104

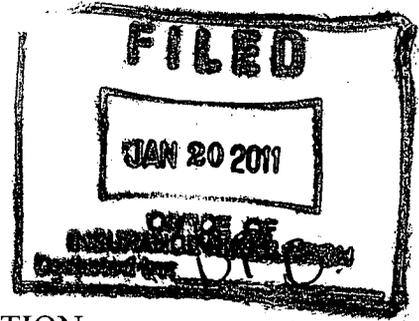
Consumer Direct Warranty Services  
2232 South Nellis Boulevard, Suite 174  
Las Vegas, Nevada 89104

Safedata Management Service, Inc.  
2664 Hartnell Avenue  
Redding, CA 96002



Monica T. Ross  
Fla. Bar No. 56988  
Assistant General Counsel  
Office of Insurance Regulation  
200 East Gaines Street, Suite 646E  
Tallahassee, Florida 32399-4206  
Phone: (850) 413-4159  
Fax: (850) 922-2543

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OFFICE OF INSURANCE REGULATION

KEVIN M. McCARTY  
COMMISSIONER

IN THE MATTER OF:

WARRANTY ADMINISTRATION SERVICES, INC.  
and SAFEDATA MANAGEMENT SERVICES, INC.  
d/b/a CONSUMER DIRECT WARRANTY SERVICES

CASE NO.: 99160-08

and

GENERAL WARRANTY SERVICES, INC.

---

**ORDER TO CEASE AND DESIST**

TO: Warranty Administration Services, Inc.  
3838 Raymert Drive #209  
Las Vegas, NV 89121

SafeData Management Services, Inc.  
P.O. Box 992050  
Redding, CA 96099-2050

Consumer Direct Warranty Services  
2232 South Nellis Boulevard, Suite 174  
Las Vegas, NV 89104

General Warranty Services, Inc.  
282 Main Street  
Salem, NH 03079

**YOU ARE HEREBY NOTIFIED** that pursuant to the Florida Insurance Code, including but not limited to Sections 634.021 and 634.283, Florida Statutes, the STATE OF FLORIDA

OFFICE OF INSURANCE REGULATION (the "OFFICE") has caused an investigation to be made of the activities of WARRANTY ADMINISTRATION SERVICES, INC. and SAFEDATA MANAGEMENT SERVICES, INC. d/b/a CONSUMER DIRECT WARRANTY SERVICES; and GENERAL WARRANTY SERVICES, INC. with respect to their motor vehicle service agreement activities in the state of Florida. Pursuant to the Florida Insurance Code, the OFFICE intends to enter an Order requiring the above-named entities to cease and desist from engaging in the unauthorized business of a motor vehicle service agreement company in the State of Florida. As grounds therefore, the OFFICE alleges that:

1. The OFFICE has jurisdiction over the subject matter hereof and parties to this proceeding.

2. WARRANTY ADMINISTRATION SERVICES, INC. is a Nevada corporation located at 3838 Raymert Drive #209, Las Vegas, Nevada, 89121.

3. Robert L. Chapman is listed as its president and director and James C. Sletner is listed as its secretary and treasurer.

4. SAFEDATA MANAGEMENT SERVICES, INC. is a California corporation with its mailing address listed as P.O. Box 992050, Redding, California 96099-2050.

5. Robert L. Chapman, on information and belief, is president and chief executive officer of SAFEDATA MANAGEMENT SERVICES, INC.

6. WARRANTY ADMINISTRATION SERVICES, INC. and/or SAFEDATA MANAGEMENT SERVICES does business under the name CONSUMER DIRECT WARRANTY SERVICES (hereinafter collectively referred to as "CDWS"). CONSUMER DIRECT WARRANTY SERVICES' mailing address is 2232 South Nellis Blvd. Suite 174, Las Vegas, Nevada 89104.

7. CDWS is not, and has never been, authorized or licensed to transact insurance in any capacity or to transact, administer, or market motor vehicle service agreements in the state of Florida.

8. GENERAL WARRANTY SERVICES (“GWS”) is a New Hampshire corporation located at 282 Main Street, Salem, New Hampshire 03079.

9. GWS is not, and has never been, authorized or licensed to transact insurance in any capacity or to transact, administer, or market motor vehicles service agreements in the state of Florida.

10. It is further alleged that CDWS engages in the activities of a motor vehicle service agreement company in the state of Florida without a license.

11. CDWS offers its “vehicle protection programs” via telemarketing, direct mailing, and/or websites operated by its contracted marketing agents.

12. CDWS’ agreements include, but are not limited to, the “Best Choice,” “Cool Choice,” “Direct Choice,” and “Great Choice” plans. Each agreement offers various pricing and term choices including: 3 Years/Unlimited Mileage, 5 Years/150,000 Miles, and 7 Years/100,000 Miles.

13. CDWS’ agreements purport to covers some or all of the following:

- a) Internal components of the engine, transmission and drive axle which require lubrication for operation;
- b) Cooling systems, air conditioning systems, and fuel systems;
- c) Electrical components, 4x4 transfer cases, seals and gaskets;
- d) Car rental, towing, labor and diagnostic charges, and replacement parts.

14. Along with some its agreements, CDWS includes a product additive it purports is “scientifically formulated” to increase the performance and longevity of vehicles.

15. The additive product is not mentioned in the marketing materials promoting the agreements and is mentioned only briefly in the agreement booklet. The agreement booklet states that a "Vehicle Protection Kit" containing the product additive will be sent to the consumer "upon remittance of this agreement from the seller."

16. Section 634.011(2), Florida Statutes, provides:

"Additive product" means any fuel supplement, oil supplement, or any other supplement product added to a motor vehicle for the purpose of increasing or enhancing the performance or improving the longevity of such motor vehicle.

17. Section 634.011(8), Florida Statutes, provides in relevant part:

"Motor vehicle service agreement" or "service agreement" means any contract or agreement indemnifying the service agreement holder for the motor vehicle listed on the service agreement and arising out of the ownership, operation, and use of the motor vehicle against loss caused by failure of any mechanical or other component part, or any mechanical or other component part that does not function as it was originally intended...The term "motor vehicle service agreement" includes any contract or agreement that provides:

(a) For the coverage or protection defined in this subsection and which is issued or provided in conjunction with an additive product applied to the motor vehicle that is the subject of such contract or agreement[.]

18. CDWS' "product warranties" are motor vehicle service agreement contracts as defined by Section 634.011(8).

19. The OFFICE has received information that CDWS has sold contracts to at least 2,961 Florida consumers amounting to at least \$6,798,596.46 in sales.

20. Section 634.011(9), Florida Statutes, provides:

"Motor vehicle service agreement company" or "service agreement company" means any corporation, sole proprietorship, or partnership (other than an authorized insurer) issuing motor vehicle service agreements.

21. Section 634.031, Florida Statutes, provides:

- (1) A person may not transact, administer, or market, or in any manner hold itself out as transacting, administering, or marketing the service agreement business, on behalf of herself or himself or itself, in this state or from this state unless it is authorized to do so under a subsisting license issued to it by the Office.
- (2) No person shall, from offices or by personnel or facilities in this state, solicit applications or otherwise transact service agreement sales in another state or country unless it holds a subsisting license issued to it by the office authorizing it to transact the same kind or kinds of service agreement business in this state.
- (3) No person shall transact, administer, or market service agreements unless it holds a subsisting license issued by the office authorizing it to transact the same kind or kinds of service agreement business in this state.

22. Accordingly, because CDWS is selling its product warranties in the state of Florida without a license, it is acting as an unauthorized motor vehicle service agreement company, in violation of Section 634.031, Florida Statutes.

23. It is further alleged that CDWS' marketing agents include(d), but are not limited to: First National Warranty, LLC; Southern Warranty Trust, Endurance Warranty Services, LLC; and GWS.

24. First National Warranty is an inactive Florida limited liability company. The OFFICE has received correspondence from First National Warranty in which it represented that it ceased selling vehicle service contracts and has been out of business since March 2008.

25. Endurance Warranty Services is an Illinois limited liability company licensed to operate as an automobile warranty salesperson in the state of Florida. The OFFICE has received correspondence from Endurance Warranty Services in which it represented that it ceased selling CDWS auto protection products as of October 2009.

26. Southern Warranty Trust is or was a Florida domiciled company, not authorized to do business in this State. All known phone numbers and mailing addresses are no longer valid and its website has been disabled.

27. GWS markets CDWS products via telemarketing and its interactive web site, [www.generalwarrantyservices.com](http://www.generalwarrantyservices.com).

28. Section 626.901, Florida Statutes, provides:

(1) No person shall, from offices or by personnel or facilities located in this state, or in any other state or country, directly or indirectly act as agent for, or otherwise represent or aid on behalf of another, any insurer not then authorized to transact such insurance in this state in:

- a) The solicitation, negotiation, procurement, or effectuation of insurance or annuity contracts, or renewals thereof;
- b) The dissemination of information as to coverage or rates;
- c) The forwarding of applications;
- d) The delivery of policies or contracts;
- e) The inspection of risks;
- f) The fixing of rates;
- g) The investigation or adjustment of claims or losses; or
- h) The collection or forwarding of premiums;

or in any other manner represent or assist such an insurer in the transaction of insurance with respect to subjects of insurance resident, located, or to be performed in this state. If the property or risk is located in any other state, then, subject to the provisions of subsection (4), insurance may only be written with or placed in an insurer authorized to do such business in such state or in an insurer with which a licensed insurance broker of such state may lawfully place such insurance.

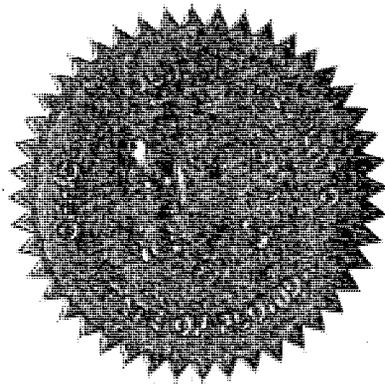
(2) If an unauthorized insurer fails to pay in full or in part any claim or loss within the provisions of any insurance contract which is entered into in violation of this section, any person who knew or reasonably should have known that such contract was entered into in violation of this section and who solicited, negotiated, took application for, or effectuated such insurance contract is liable to the insured for the full amount of the claim or loss not paid.

29. Because GWS markets and sells CDWS products to Florida consumers, it is aiding and representing an unauthorized motor vehicle service agreement company in violation of Section 626.901, Florida Statutes.

30. CDWS and GWS's activities do not fall within any exemptions or exceptions to the Florida Insurance Code provided in Section 624.125, Florida Statutes, nor are they exempted by any other provision of the Florida Statutes or by any federal law.

WHEREFORE, because CDWS and GWS have violated the Florida Insurance Code by conducting unauthorized and unlicensed motor vehicle service agreement business in and/or from the state of Florida, they are in violation of Sections 634.031 and 626.901, Florida Statutes, and the OFFICE is entitled to issue a cease and desist order pursuant to Section 634.031(4) and 626.901, Florida Statutes.

DONE and ORDERED this 20TH day of JANUARY, 2011.



  
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Kevin M. McCarty  
Commissioner  
Office of Insurance Regulation

## NOTICE OF RIGHTS

Pursuant to Sections 120.569 and 120.57, Florida Statutes and Rule Chapter 28-106, Florida Administrative Code (F.A.C.), you may have a right to request a proceeding to contest this action by the Office of Insurance Regulation (hereinafter the "Office"). You may request a proceeding by filing a Petition. Your Petition for a proceeding must be in writing and must be filed with the General Counsel acting as the Agency Clerk, Office of Insurance Regulation. If served by U.S. Mail the Petition should be addressed to the Florida Office of Insurance Regulation at 612 Larson Building, Tallahassee, Florida 32399-4206. If Express Mail or hand-delivery is utilized, the Petition should be delivered to 612 Larson Building, 200 East Gaines Street, Tallahassee, Florida 32399-0300. The written Petition must be received by, and filed in the Office no later than 5:00 p.m. on the twenty-first (21) day after your receipt of this notice. Unless your Petition challenging this action is received by the Office within twenty-one (21) days from the date of the receipt of this notice, the right to a proceeding shall be deemed waived. Mailing the response on the twenty-first day will not preserve your right to a hearing.

If a proceeding is requested and there is no dispute of material fact the provisions of Section 120.57(2), Florida Statutes may apply. In this regard you may submit oral or written evidence in opposition to the action taken by this agency or a written statement challenging the grounds upon which the agency has relied. While a hearing is normally not required in the absence of a dispute of fact, if you feel that a hearing is necessary one may be conducted in Tallahassee, Florida or by telephonic conference call upon your request.

If you dispute material facts which are the basis for this agency's action you may request a formal adversarial proceeding pursuant to Sections 120.569 and 120.57(1), Florida Statutes. If you request this type of proceeding, the request must comply with all of the requirements of Rule Chapter 28-106.2015, F.A.C., including but not limited to:

- a) A statement requesting an administrative hearing identifying those material facts that are in dispute. If there are none, the petition must so state; and
- b) A statement of when the respondent received notice of the agency's action.

These proceedings are held before a State Administrative Law Judge of the Division of Administrative Hearings. Unless the majority of witnesses are located elsewhere, the Office will request that the hearing be conducted in Tallahassee.

In some instances, you may have additional statutory rights than the ones described herein.

Failure to follow the procedure outlined with regard to your response to this notice may result in the request being denied. Any request for administrative proceeding received prior to the date of this notice shall be deemed abandoned unless timely renewed in compliance with the guidelines as set out above.

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing Order to Cease and Desist has been sent by Certified Mail this 20 day of January 2011, to the following:

Warranty Administration Services, Inc.  
3838 Raymert Drive # 209  
Salem, NH 03079

Jennifer Shaw  
Registered Agent  
SafeData Management Services, Inc.  
1615 Placer Street  
Redding, CA 96002

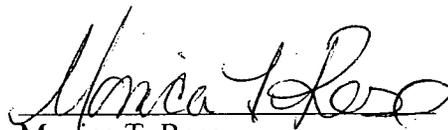
Consumer Direct Warranty Services  
2232 South Nellis Boulevard, Suite 174  
Las Vegas, Nevada 89104

General Warranty Services, Inc.  
282 Main Street  
Las Vegas, NV 89121

Copies furnished to:

SafeData Management Services, Inc.  
P.O. Box 992050  
Redding, CA 96099-2050

Consumer Direct Warranty Services  
P.O. Box 993520  
Redding, CA 96099



Monica T. Ross  
Fla. Bar No. 56988  
Assistant General Counsel  
Office of Insurance Regulation  
200 East Gaines Street, Suite 646E  
Tallahassee, Florida 32399-4206  
Phone: (850) 413-4159  
Fax: (850) 922-2543