

OFFICE OF INSURANCE REGULATION

KEVIN M. McCARTY
COMMISSIONER

IN THE MATTER OF:

NATIONAL AUTOMOTIVE SERVICES, INC.;
WARRANTY FINANCIAL, INC. a/k/a
WARRANTY FINANCIAL O.R.G., INC.;
WARRANTY USA, INC.;
WARRANTY SERVICES

CASE NO.: 103800-09

ORDER TO CEASE AND DESIST

TO: Tony Gonzalez, President
National Automotive Services, Inc.
12450 Vista Isles Drive, Unit 1122
Sunrise, FL 33325

National Automotive Services, Inc.
P.O. Box 550662
Davie, FL 33355

Daniel Kole, President
Warranty Financial Org, Inc.
12540 Vista Isle, Unit 1122
Sunrise, FL 33325

Warranty Financial O.R.G., Inc.
a/k/a Warranty Financial, Inc.
4861 N. Dixie Highway, Ste. 202
Fort Lauderdale, FL 33334

Moshe Kesem, President
Warranty USA, Inc.
3090 Palm Trace Landing Dr., Unit 402
Davie, Fl 33314

Warranty USA, Inc.
P.O. Box 22962
Fort Lauderdale, Fl 33335

Warranty Services
P.O. Box 22962
Fort Lauderdale, Fl 33335

YOU ARE HEREBY NOTIFIED that pursuant to the Florida Insurance Code, including but not limited to Sections 624.307, 624.317 and 634.283, Florida Statutes, the STATE OF FLORIDA OFFICE OF INSURANCE REGULATION (“OFFICE”) has caused an investigation to be made of the activities of NATIONAL AUTOMOTIVE SERVICES, INC. (“NAS”); WARRANTY FINANCIAL, INC. a/k/a WARRANTY FINANCIAL O.R.G., INC. (“WFO”); WARRANTY USA (“WUSA”); and WARRANTY SERVICES with respect to its motor vehicle service agreement activities in the state of Florida. Pursuant to the Florida Insurance Code, the OFFICE intends to enter an Order requiring NAS, WFO, WUSA and WARRANTY SERVICES 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. NAS is a registered corporation in the state of Florida. Its principal place of business is located at 12450 Vista Isles Drive, Unit 1122, Sunrise, Fl 33325.
3. Tony A. Gonzalez is listed as president of NAS.

4. NAS does not hold a certificate of authority to transact insurance nor is it a licensed motor vehicle service agreement company in the state of Florida.

5. WFO is a registered corporation in the state of Florida. Its principal place of business is located at 12450 Vista Isles Drive, Unit 1122, Sunrise, Fl 33325. WFO has an additional mailing address at 4861 N. Dixie Highway, Ste 202, Fort Lauderdale, Fl 33334.

6. Daniel Kole is listed as president of WFO.

7. WFO does not hold a certificate of authority to transact insurance nor is it a licensed motor vehicle service agreement company in the state of Florida.

8. WUSA is a registered corporation in the state of Florida. Its principal place of business is located at 3090 Palm Trace Landing Drive, Unit 402, Davie, Fl 33314. WUSA has an additional mailing address of P.O. Box 22962, Fort Lauderdale, Fl 33335.

9. Moshe Kesem is listed as president of WUSA.

10. Tony Gonzalez and Daniel Kole are former sales agent for WUSA.

11. WUSA does not hold a certificate of authority to transact insurance nor is it a licensed motor vehicle service agreement company in the state of Florida.

12. WUSA has obtained a service warranty agent license from the Florida Department of Financial Services. WUSA's license number is P170931. WUSA has no active appointments.

13. WARRANTY SERVICES is not a registered corporation in the state of Florida. Its mailing address is P.O. Box 22962, Fort Lauderdale, Fl 33335.

14. WFO has agency agreements to provide premium financing services to NAS and WUSA.

15. NAS and WUSA have a verbal and/or written agreement to conduct motor vehicle service agreement business.

16. The OFFICE has received information that during or about July 2008 a New Mexico consumer purchased a motor vehicle service agreement from WUSA. Subsequently, the consumer received a contract confirmation notice from Warranty Finance LLC, an Illinois company, showing Interstate National Dealers Services Inc. as the warranty service company, Warranty Finance LLC as the payment processing center, and WUSA as the seller.

17. In November 2008, the consumer received an extended warranty contract billing statement dated November 7, 2008, from WFO. The statement resembled statements used by Warranty Finance LLC. The statement directed the consumer to send the payment to "Warranty Financial Inc, WF, 4861 N Dixie Highway, STE 202, Ft. Lauderdale, Fl 33334."

18. On or about the same date the consumer received the billing statement from WFO, the consumer also received a "Vehicle Product Warranty Agreement Booklet" from NAS. The booklet identified WARRANTY SERVICES as the warranty seller.

19. On or about November 10, 2008, the consumer received a billing statement from Warranty Finance LLC. The consumer contacted Warranty Finance LLC to advise them of the contract and statement received from NAS and WFO's Florida address.

20. The OFFICE has received information that, at a minimum, fifty (50) Warranty Finance LLC customers have received fraudulent bills from WFO.

21. On April 9, 2009, the Insurance Commissioner of the State of Oklahoma issued an Emergency Cease and Desist Order against NAS, WFO, WUSA, and WARRANTY SERVICES for engaging in the unauthorized business of service warranty and/or indemnity agreements.

22. The Order was based on evidence including, but not limited to, the following:
- a. On or about October 30, 2008 an Oklahoma resident received a telephone call from a WUSA sales representative offering a service warranty agreement for the resident's automobile.
 - b. The resident told the representative that he was not sure that he wanted to purchase the warranty, at which time the representative informed him that they could complete the paperwork and that the resident could cancel at any time. The resident then gave the representative his debit card information. The representative did not inform the resident that there would be any fee or penalty for cancellation.
 - c. The resident called WUSA to cancel the warranty within 12 hours of purchase. He was assured that the cancellation was complete and was not informed of any penalty or fee.
 - d. After cancellation, the resident received from WARRANTY SERVICES a welcome letter and declaration page with an enclosed brochure from NAS, all purportedly mailed from P.O. Box 550662, Davie, FL 33355.
 - e. The resident later received a debit card statement indicating a \$233.00 withdrawal by WFO. The resident immediately cancelled the debit card.
 - f. The resident contacted WARRANTY SERVICES in November 2008 and was informed that he needed to reactivate his debit card in order to receive a refund.
 - i. An Oklahoma Insurance Department Anti-Fraud Unit investigator called WUSA and was told by an individual identifying himself as Mike that WUSA

was not licensed in Oklahoma and did not sell service warranty contract in Oklahoma. The investigator informed Mike that WUSA contracts had been sold in Oklahoma and that the warranty was postmarked from 33335, a Davie Florida zip code. The investigator asked Mike for his full name at which time Mike disconnected the call.

- j. The investigator conducted a computer search and discovered that Kesem Mike Moshe was the registered agent for WUSA.

23. 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.

24. NAS holds and/or has held itself out as a motor vehicle service agreement company by mailing brochures and/or contracts from Florida to consumers who receive and/or have received fraudulent billing statements from WFO.

25. NAS conducts unauthorized motor vehicle service agreements business from Florida by offering for sale and/or selling motor vehicle service agreement contracts to consumers via telemarketing conducted by WUSA and/or WARRANTY SERVICES.

26. NAS 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.

27. WFO conducts unauthorized motor vehicle service agreement business from Florida by billing for and/or collecting payments for motor vehicle service agreements sold by NAS, WUSA and WARRANTY SERVICES.

28. WFO 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.

29. WUSA conducts unauthorized motor vehicles service agreement business from Florida by offering for sale and/or selling motor vehicle service agreements to consumers via its telemarketing for NAS and Interstate National Dealer Services Inc.

30. WUSA 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.

31. WUSA's activities are not authorized by the Service Warranty agent license issued to WUSA by the Florida Department of Financial Services.

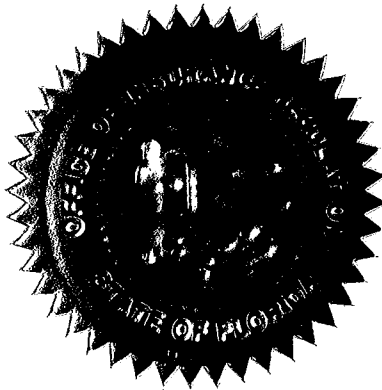
32. WARRANTY SERVICES conducts unauthorized motor vehicle service agreement business from Florida by offering for sale and/or selling NAS contracts.

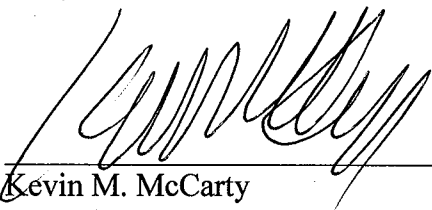
33. WARRANTY SERVICES is not, and has never been, authorized or licensed to transact insurance in any capacity or to transact, administer, or market motor vehicle service agreements in the state of Florida.

34. NAS, WFO, WUSA, and WARRANTY SERVICE's activities in and/or from Florida 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 NAS, WFO, WUSA, and WARRANTY SERVICES 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 Section 634.031, Florida Statutes, the OFFICE is entitled to issue a cease and desist order pursuant to Section 634.285, Florida Statutes.

DONE and ORDERED this 21ST day of DECEMBER, 2009





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 21 day of December 2007, to the following:

Tony Gonzalez, President
National Automotive Services, Inc.
12450 Vista Isles Drive, Unit 1122
Sunrise, FL 33325

Warranty Services
P.O. Box 22962
Fort Lauderdale, FL 33335

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