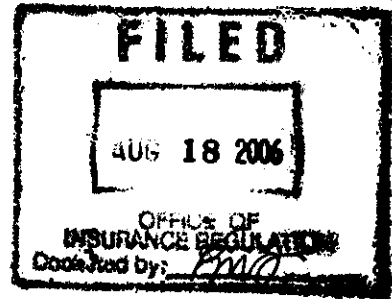




OFFICE OF INSURANCE REGULATION

KEVIN M. MCCARTY
COMMISSIONER



In the matter of:

VESPERS, LLC,
(F/K/A) VIATICAL & ELDERLY
SETTLEMENT PROVIDERS, LLC,
(F/K/A) NATIONAL INSURANCE
DEPOSIT EXCHANGE, LLC,

and

Case No. 82269-05

RONALD JOHN CHANCELLOR
_____ /

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between **VESPERS, LLC** (hereinafter referred to as “**VESPERS**”), **RONALD JOHN CHANCELLOR** (hereinafter referred to as “**CHANCELLOR**”) and the **OFFICE OF INSURANCE REGULATION** (hereinafter referred to as the “**OFFICE**”). Following a complete review of the entire record, and upon consideration thereof, and being otherwise fully advised in the premises, the Commissioner of the Office of Insurance Regulation, as head of the **OFFICE**, hereby finds as follows:

1. The **OFFICE** has jurisdiction over the subject matter of and parties to this proceeding.
2. **VESPERS** is a foreign limited liability company domiciled in the District of Columbia and has never been authorized to engage in the business of insurance as a viatical settlement provider or any other kind of insurer in the State of Florida.

3. **CHANCELLOR** is a managing member of **VESPERS** and was issued a license as a Florida non-resident viatical settlement broker (license #A044956) on January 7, 1998.

CHANCELLOR was so-licensed as of November 14, 2005.

4. On November 14, 2005, the Office of Insurance Regulation issued an Order to Cease and Desist and for Fines and Penalties ("Order to Cease and Desist") against **VESPERS**, **CHANCELLOR**, and other named entities, alleging that **VESPERS** and **CHANCELLOR** had transacted the business of insurance as a viatical settlement provider without the necessary authorization.

5. **VESPERS** and **CHANCELLOR** were served with the Order to Cease and Desist, and on December 7, 2005, through counsel, preserved their rights by filing a Request for Formal Administrative Proceedings pursuant to Sections 120.569 and 120.57, Florida Statutes, and Rule 28-106.201, Florida Administrative Code. Pursuant to the request of **VESPERS** and **CHANCELLOR**, the **OFFICE** has not referred the Request for Formal Administrative Proceedings to the Division of Administrative Hearings.

6. On July 14, 2006, the **OFFICE** entered a Final Order to Cease and Desist. Upon execution, the instant Consent Order shall resolve all matters raised in the November 14, 2005 Order to Cease and Desist and the July 14, 2006 Final Order to Cease and Desist. Therefore, this Consent Order supersedes the July 14, 2006 Final Order to Cease and Desist.

7. **VESPERS**, **CHANCELLOR**, and the **OFFICE** have agreed to the entry of this Consent Order and the terms enumerated herein for the purpose of resolving all issues regarding or related to the allegations contained in the November 14, 2005 Order to Cease and Desist without further resort to the administrative process. Accordingly, **VESPERS** and

CHANCELLOR hereby withdraw their Request for Formal Administrative Proceedings, dated December 7, 2005.

8. Between December 20, 2000 and July 28, 2003, **VESPERS** entered into eight (8) viatical settlement transactions involving Florida resident viators. Each transaction constitutes a violation of Section 626.9912(1), Florida Statutes. The eight (8) violations are listed in Items 10-13 and 15-18 of the November 14, 2005 Order to Cease and Desist.

9. Each of the aforementioned eight (8) violations constitutes a non-willful violation, subject to a fine of Ten Thousand Dollars and No/100 (\$10,000.00) per violation, pursuant to Section 626.99272(3), Florida Statutes.

10. By executing this Consent Order, **VESPERS** and **CHANCELLOR** expressly waive any and all rights to a hearing, and to any and all other proceedings to which the parties may be entitled by law. **VESPERS** and **CHANCELLOR** hereby knowingly and voluntarily waive all rights to challenge or to contest this Consent Order, in any forum now available, including the right to any administrative proceeding, circuit or federal court action, or any appeal.

11. Except as otherwise provided herein, each party to this action shall bear its own attorney's fees and costs.

12. The parties agree that this Consent Order will be deemed to be executed when the Commissioner of the Office of Insurance Regulation or his designee has signed a copy of this Consent Order bearing the signatures, performed before a Notary, of **VESPERS** or its authorized representative, and **CHANCELLOR**.

13. **VESPERS** and **CHANCELLOR** agree that upon the execution of this Consent Order, they shall be subject to the following terms and conditions:

- (a) Effective immediately, **VESPERS** and/or **CHANCELLOR** shall no longer transact business as a viatical settlement provider and/or broker in Florida, from Florida, or with any resident(s) of Florida, and shall no longer solicit, negotiate, or effectuate contracts for any insurance product, unless properly authorized by the **OFFICE**;
- (b) **VESPERS** shall pay a penalty in the amount of **Eighty Thousand Dollars and No/100 (\$80,000.00)**, plus administrative costs in the amount of **Five Thousand Dollars and No/100 (\$5,000.00)**, on or before the thirtieth (30th) day after which this Consent Order is executed;
- (c) **VESPERS** shall not apply for a license in Florida as a viatical settlement provider, nor shall **VESPERS** obtain an ownership interest of any type, either directly or indirectly, in a Florida-licensed viatical settlement provider for a period of no less than five (5) years from the date on which this Consent Order is executed. At the expiration of the prohibition period, **VESPERS** may apply for any such license, but shall not automatically be granted a license to transact business in Florida, either as a viatical settlement provider or otherwise. Any future application for licensure by **VESPERS** is subject to all the terms, conditions and limitations set forth in applicable statutes and rules.

14. In connection with its most recent application for licensure (subsequently withdrawn), **VESPERS** made a deposit with the Florida Department of Financial Services in an initial amount of One Hundred Thousand Dollars and No/100 (\$100,000.00). The initial deposit and any accrued interest are still in the custody of the State. Subject to its timely payment of the

above-referenced penalties and costs, **VESPERS** has met all conditions precedent to secure release of its statutory deposit and any applicable interest accrued thereon. Further, upon **VESPERS'** timely payment of the above-referenced penalties and costs, the **OFFICE** shall notify the Department of Financial Services that the **OFFICE** does not object to release of **VESPERS'** statutory deposit, including interest accrued thereon.

15. **VESPERS** and **CHANCELLOR** agree that the failure to adhere to one or more of the foregoing terms and conditions of this Consent Order shall constitute a violation of a lawful order of the **OFFICE**, and shall subject **VESPERS** and/or **CHANCELLOR** to such action as the **OFFICE** may deem appropriate.

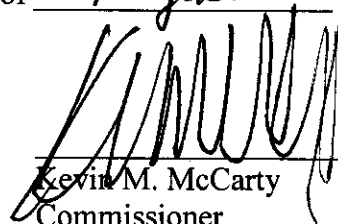
16. **VESPERS** and **CHANCELLOR** are hereby placed on notice of the requirements of the above-referenced sections of law and agree that any future violations of these sections by **VESPERS** and/or **CHANCELLOR** may be deemed willful, subjecting **VESPERS** and/or **CHANCELLOR** to appropriate penalties.

17. THEREFORE, the agreement between **VESPERS**, **CHANCELLOR**, and the **OFFICE**, the terms and conditions of which are set forth above, is approved.

WHEREFORE, all terms and conditions above are hereby **ORDERED**.

DONE and ORDERED this 18th day of August 2006.





Kevin M. McCarty
Commissioner
Office of Insurance Regulation

By execution hereof, VESPERS, LLC consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that he or she has the authority to bind VESPERS, LLC to the terms and conditions of this Consent Order

VESPERS, LLC

Ronald John Chancellor
(Signature)

Official Seal

By: Ronald John Chancellor
Title: Managing Member

Date: 8/11/06

STATE OF District of Columbia

COUNTY OF _____

The foregoing instrument was acknowledged before me this 11th day of August 2006, by Ronald John Chancellor as Managing Member for VESPERS, LLC., who is

Personally known to me or Produced Identification

Type of Identification Produced Driver's License

and who did/ did not take an oath.

Naqikah R. Williams
(Signature of Notary)

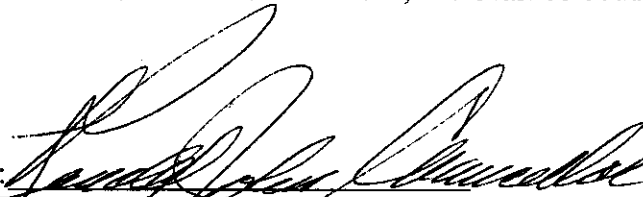
Naqikah R. Williams
(Print, Type or Stamp Commissioned Name of Notary)

Naqikah R. Williams
Notary Public, District of Columbia
My Commission Expires 10-14-2010

[NOTARIAL SEAL]

My Commission Expires

By execution hereof, **RONALD JOHN CHANCELLOR** consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein.

By: 
RONALD JOHN CHANCELLOR

Date: 8/16/06

STATE OF Washington DC

COUNTY OF _____

Sworn and attested to before me on this 8th day of August 2006,

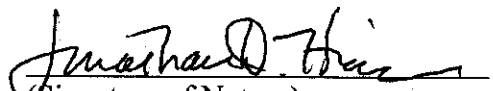
by Jonathan D. Higgins
(Name of person)

who is:

Personally known to me or Produced Identification

Type of Identification Produced Florida DL /ID Number CS24-730-41-172-0

and who did/ did not take an oath.


(Signature of Notary)
Jonathan D. Higgins
Notary Public, District of Columbia
My Commission Expires 10-14-2010

(Print, Type or Stamp Commissioned Name of Notary)

[NOTARIAL SEAL]

My Commission Expires:

COPIES FURNISHED TO:

PAUL A. ZEIGLER, ESQ.
2622 Stoneridge Drive
Tallahassee, FL 32303

VESPERS, LLC
1101 30th Street NW, Suite 111
Washington, D.C. 20007

RONALD JOHN CHANCELLOR
1101 30th Street NW, Suite 111
Washington, D.C. 20007

JOVITA ASHTON, DIRECTOR OF SPECIALTY PRODUCT ADMINISTRATION
Office of Insurance Regulation
200 East Gaines Street, Room 339-B
Tallahassee, FL 32399-0331

PAUL A. NORMAN, ASSISTANT GENERAL COUNSEL
Office of Insurance Regulation
Legal Services Office, Room 646-C
200 East Gaines Street
Tallahassee, FL 32399-4206



OFFICE OF INSURANCE REGULATION

KEVIN M. MCCARTY
COMMISSIONER

FILED

NOV 14 2005

Doctored by SP.

IN THE MATTER OF:

VESPERS, LLC,
(f/k/a) VIATICAL & ELDERLY
SETTLEMENT PROVIDERS, LLC,
(f/k/a) NATIONAL INSURANCE
DEPOSIT EXCHANGE, LLC,

And

RONALD JOHN CHANCELLOR

CASE NO. 82269-05

**ORDER TO CEASE AND DESIST
AND FOR FINES AND PENALTIES**

TO:

VESPERS, LLC
(f/k/a) Viatical & Elderly Settlement Providers, LLC
(f/k/a) National Insurance Deposit Exchange, LLC
1101 30th Street N.W., Suite 111
Washington, DC 20007

RONALD JOHN CHANCELLOR
1101 30th Street N.W., Suite 111
Washington, DC 20007

YOU ARE HEREBY NOTIFIED that pursuant to the Florida Insurance Code, including Sections 624.307, 624.317, 626.9561, and 626.909, Florida Statutes, the State of Florida Office of Insurance Regulation (the "Office") has caused an investigation to be made of

the viatical settlement activities of Vespers, LLC, (f/k/a) Viatical & Elderly Settlement Providers, LLC, (f/k/a) National Insurance Deposit Exchange, LLC, (hereinafter "VESPERS") and Ronald John Chancellor (hereinafter "CHANCELLOR") and that pursuant to Sections 626.909, 626.910, 626.9571 and 626.9581, Florida Statutes, the Office intends to enter a Final Order requiring VESPERS to cease and desist from engaging in the business of viatical settlement activities in the State of Florida and requiring the payment of fines, as set forth in Sections 626.910 and 624.4211, Florida Statutes. As grounds therefore, the Office alleges that:

1. The Office has jurisdiction over the parties and the subject pursuant to Sections 120.569, 624.307, 624.310, 626.901, 626.902, 626.906, 626.907, 626.909, 626.9541, 626.9561, 626.9571, 626.9581, 626.9912, 626.9927, 626.99272, 626.99275, and 626.99285, Florida Statutes.

2. VESPERS is a Limited Liability Company domiciled in the District of Columbia and has never been authorized to engage in the business of insurance as a viatical settlement provider or any other kind of insurer in the State of Florida.

3. CHANCELLOR was issued a license as a Florida non-resident viatical settlement broker (license #A044956) on January 7, 1998, by the former Department of Insurance and was at all times relevant to the allegations in this Order licensed as such.

4. At all time relevant to the allegations in this Order, CHANCELLOR was VESPER'S managing member and the sole individual licensed to transact business as a Florida non-resident viatical settlement broker.

5. Section 626.9912(1), Florida Statutes, provides:

(1) A person may not perform the functions of a viatical settlement provider as defined in this act or enter into or solicit a viatical settlement contract without first having obtained a license from the office.

6. Section 626.9911(5), Florida Statutes, provides:

(1) "viatical settlement provider" means a person who, in this state, from this state, or with a resident of this state, effectuates a viatical settlement contract. The term does not include:

(a) Any bank, savings bank, savings and loan association, credit union, or other license lending institution that takes an assignment of a life insurance policy as collateral for a loan;

(b) A life and health insurer that has lawfully issued a life insurance policy that provides accelerated benefits to terminally ill policyholders or certificate holders;

(c) Any natural person who enters into no more than one viatical settlement contract with a viator in 1 [one] calendar year, unless such natural person has previously been licensed under this act or is currently licensed under this act;

(d) A trust that meets the definition of a "related provider trust";

(e) A viator in this state;

(f) A viatical settlement purchaser; or

(g) A financing entity.

7. Section 626.99272, Florida Statutes, provides in part:

(1) The office or department as appropriate may issue a cease and desist order upon a person that violates any provision of this part, any rule or order adopted by the commission, office or department or any written agreement entered into with the office or department.

.

(3) The office of department may impose and collect an administrative fine not to exceed \$10,000 for each non-willful violation and \$25,000 for each willful violation of any provision of this part

8. Section 626.99285, Florida Statutes, provides:

In addition to other applicable provisions cited in the insurance code, the office or department, as appropriate, has the authority granted under ss. 624.310, 626.901, and 626.989 to regulate viatical settlement providers, viatical settlement brokers, viatical settlement contracts, and viatical settlement transactions.

9. 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.

(3) No insurance contract entered into in violation of this section shall be deemed to have been rendered invalid thereby.

(4) This section does not apply to:

(a) Matters authorized to be done by the office under the Unauthorized Insurers Process Law, ss. 626.904-626.912.

(b) Surplus lines insurance when written pursuant to the Surplus Lines Law, ss. 626.913-626.937.

(c) Transactions as to which a certificate of authority is not required of an insurer, as stated in s. 624.402.

(d) Independently procured coverage written pursuant to s. 626.938 which is not solicited, marketed, negotiated, or sold in this state.

(5) The office or department may, pursuant to s. 120.569 and in its discretion, issue an immediate final order to cease and desist to any person or entity that violates this section. The Legislature finds that a violation of this section constitutes an imminent and immediate threat to the health, safety, and welfare of the residents of this state.

(6) The office may investigate the accounts, records, documents, and transactions pertaining to the activities of any unauthorized insurer or person, as defined in s. 624.04, which is or may be aiding or representing an unauthorized insurer.

10. VESPERS entered into a viatical settlement contract with L.A. on or about December 20, 2000, to purchase Jefferson Pilot policy # 0014218550, insuring the life of the seller for \$100,000. The viator represented on the contract that he was a resident of Caguas, Puerto Rico, although he later stated in a letter to CHANCELLOR in September 2002, that he had been living in Tampa for the last five years. All documents were executed and/or notarized in Pasco County, Florida.

11. VESPERS entered into a viatical settlement contract with W.B. on or about August 31, 2001, to purchase Union Fidelity Life Insurance Co. policy # 01-1B22280437, insuring the life of the seller for \$15,000. The viator represented on the contract that he was a resident of Hollywood, Florida. All documents were executed and/or notarized in Lee County, Florida.

12. VESPERS entered into a second viatical settlement contract with W.B. on or about April 25, 2001, to purchase Colonial Penn Life Insurance Co. policy # RP17144603, insuring the life of the seller for \$11,322. The viator represented on the contract that he was a resident of Fort Lauderdale, Florida. All documents were executed and/or notarized in Lee County, Florida.

13. VESPERS entered into a third viatical settlement contract with W.B. on or about April 25, 2001, to purchase AAA Life Insurance Co. policy # AAA-7398071, insuring the life of the seller for \$19,786. The viator represented on the contract that he was a resident of Fort Lauderdale, Florida. All documents were executed and/or notarized in Lee County, Florida.

14. VESPERS entered into a viatical settlement contract with the C.B. Irrevocable Life Insurance Trust, a Wisconsin Trust, and T.B., Trustee on or about February 22, 2002, to purchase Old Line Life Insurance Co. policy # 1862243L insuring the life of C.B., a Texas resident for \$500,000. The trustee, T.B., represented on the contract that he was a resident of Lighthouse Point, Florida. The documents relating to the change of beneficiary were notarized in Palm Beach County, Florida and Hidalgo County, Texas.

15. VESPERS entered into a viatical settlement contract with N.C. on or about June 13, 2002, to purchase Jackson National Life Insurance Co. policy # 0011474320, insuring the life of the seller for \$100,000. The viator represented on the contract that he was a resident of Boynton Beach, Florida. All documents were executed and/or notarized in Palm Beach County, Florida.

16. VESPERS entered into a viatical settlement contract with J.S. on or about September 25, 2002, to purchase Jackson National Life Insurance Co. policy # 0028177180 insuring the life of the seller for \$100,000. The viator represented on the contract that he was a resident of Fort Pierce, Florida. All documents were executed and/or notarized in St. Lucie County, Florida.

17. VESPERS entered into a viatical settlement contract with L.F. on or about May 28, 2003, to purchase Baltimore Life Insurance Co. policy # 01-152002457, insuring the life of the M.F. for \$116,100. The viator represented on the contract that she was a resident of Delray

Beach, Florida. All documents were executed and/or notarized in Palm Beach County, Florida.

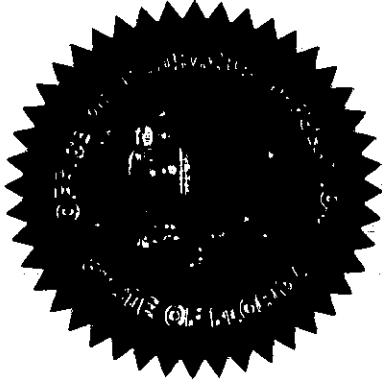
18. VESPERS entered into a viatical settlement contract with M.L. on or about July 28, 2003, to purchase William Penn Life Insurance Co. policy # NYU0087689, insuring the life of A.L. for \$250,000. The viator represented on the contract that she was a resident of Weston, Florida. All documents were executed and/or notarized in Broward County, Florida.

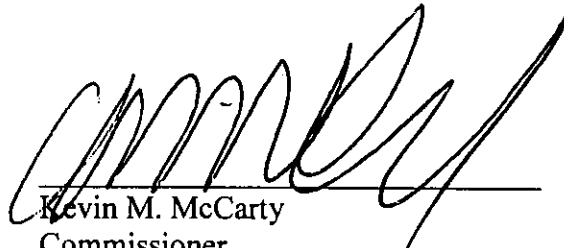
19. During the week of February 14, 2005, while on-site at VESPERS, Jan Davis an examiner with the Office was investigating VESPERS in the course of a pre-licensing examination. During this on-site visit, Examiner Davis saw a Federal Express package addressed to a Florida address. When Examiner Davis inquired as to what was in the package, Adam Aloj, a VESPERS employee, showed her that it was an agent and viator contact mailing. The mailing was a VESPERS brochure with a current solicitation for medical records and insurance policy information. This package was placed back into the outgoing mail pile and mailed to 65 Street W., Bradenton, FL 34211. Solicitation of Florida residents without a license in Florida is a violation of Florida Statute 626.9912.

WHEREFORE, because VESPERS performed the functions of a viatical settlement provider with Florida residents without being properly licensed in violation of Section 626.9912, Florida Statutes, the Office intend to issue a Final Cease and Desist Order against VESPERS pursuant to Sections 626.9581, 626.9927, and 626.99272, Florida Statutes; and

WHEREFORE, because VESPERS violated the above referenced Florida Statutes, VESPERS is liable for a fine not to exceed \$10,000 for each such non-willful violation and \$25,000 for each willful violation.

DONE and ORDERED this 14TH day of NOVEMBER 2005.





Kevin M. McCarty
Commissioner
Office of Insurance Regulation

NOTICE OF RIGHTS

Pursuant to Sections 120.569 and 120.57, Florida Statutes and Rule Chapters 28-106 and 28-107, Florida Administrative Code (F.A.C.), you 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 would 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 will 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 28-106.201, F.A.C., must demonstrate that your substantial interests have been affected by this agency's action, and contain:

- a) A statement of all disputed issues of material fact. If there are none, the petition must so indicate;
- b) A concise statement of the ultimate facts alleged, including the specific facts the petitioner contends warrant reversal or modification of the agency's proposed action;
- c) A statement of the specific rules or statutes the petitioner contends require reversal or modification of the agency's proposed action; and
- d) A statement of the relief sought by the petitioner, stating precisely the action petitioner wishes the agency to take with respect to the agency's proposed action.

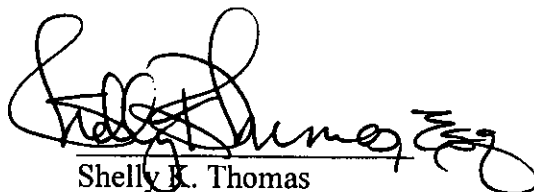
These proceedings are held before a State hearing officer of the Division of Administrative Hearings. Unless the majority of witnesses are located elsewhere the Office will request that the hearing be conducted in Tallahassee.

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 and for Fines and Penalties has been served on the Chief Financial Officer of the State of Florida on the day and date indicated on the return of service, pursuant to Section 626.907, Florida Statutes and to Ronald John Chancellor, 1101 30th Street N.W. Suite 111 Washington, DC 20007 via certified mail.



Shelly K. Thomas
Fla. Bar #12186
Office of Insurance Regulation
Legal Services Office
200 East Gaines Street
Tallahassee, Florida 32399-4206
850-413-4220
Facsimile: 850-922-2543