

BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA

FILED

AUG 14 2018

INSURANCE COMMISSIONER
OKLAHOMA

STATE OF OKLAHOMA, ex rel. JOHN D. DOAK, Insurance Commissioner,)
)
)
Petitioner,)
)
vs.)
)
CAPITAL PROCESSING SYSTEMS, INC.,)
A licensed Service Warranty Association in)
the State of Oklahoma)
)
Respondent.)

CASE NO. 18-0482-DIS

CONDITIONAL ADMINISTRATIVE ORDER
AND NOTICE OF RIGHT TO BE HEARD

COMES NOW the State of Oklahoma, ex rel. John D. Doak, Insurance Commissioner, by and through counsel, Sandra G. LaVenue, and alleges and states as follows:

JURISDICTION

1. John D. Doak is the Insurance Commissioner of the State of Oklahoma and, as such, is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101-7401, and the Oklahoma Service Warranty Act, 15 O. S. §§ 141.1 -141.35.

2. Respondent is a licensed service warranty association in the State of Oklahoma SBS company number 44201599. Respondent is domiciled in the state of North Carolina and has a mailing address of record of 5605 77 Center Drive, Suite 270, Charlotte, North Carolina 28217.

3. The Insurance Commissioner has jurisdiction over the subject matter raised in this dispute and may levy a fine of up to One Hundred Dollars (\$100.00) a day for each day an association neglects to file the annual statement in the form and within the time provided by the Service Warranty Act, as set forth in *15 O.S. § 141.14(B)*.

4. The Insurance Commissioner may also issue penalties for other violations of the Service Warrant Act pursuant to *15 O.S. § 141.12*.

5. If the Respondent requests a hearing in this matter, the Insurance Commissioner will appoint an independent hearing examiner who shall sit as a quasi-judicial officer and preside over the hearing requested by the Respondent. *36 O.S. § 319*.

ALLEGATIONS OF FACT

1. Respondent is a licensed service warranty association in the State of Oklahoma SBS company number 44201599. Respondent is domiciled in the state of North Carolina and has a mailing address of record of 5605 77 Center Drive, Suite 270, Charlotte, North Carolina 28217.

2. Respondent failed to file its 2017 annual statement on or before May 1, 2018, pursuant to the provisions of *15 O.S. § 141.14*. Respondent's Annual Statement was received on August 1, 2018, which was 91 days past the due date.

3. Respondent has failed to submit its quarterly report for the fourth (4th) quarter of 2017, which has not been submitted as of the date of this filing. *15 O.S. § 141.14(C) and Regulated Industry Services Due Dates attached as Exhibit A*.

4. Respondent submitted its 2018 first (1st) quarterly report on July 19, 2018, which was 80 days past the due date.

5. The Insurance Commissioner hereby finds that there is clear and convincing evidence that Respondent failed to file its 2017 annual statement on or before May 1, 2018; has failed to file its quarterly report for the fourth (4th) quarter of 2017; and filed its quarterly report for the first (1st) quarter of 2018 90 days past the date it was due.

CONCLUSIONS OF LAW

1. Respondent filed its 2017 annual statement 91 days past the May 1, 2018, deadline in violation of 15 O.S. § 141.14(A).

2. Respondent has violated 15 O.S. § 141.14(C) on two (2) occasions by failing to file its fourth (4th) quarter 2017 quarterly statement and by filing its first (1st) quarter 2018 quarterly statement 90 days past the due date.

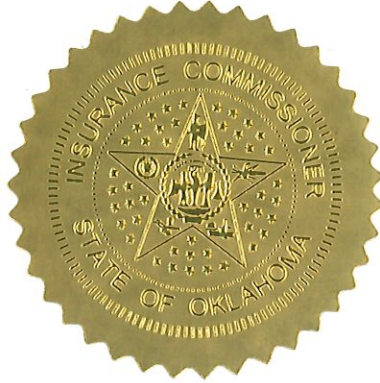
ORDER

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED by the Insurance Commissioner, subject to the following paragraphs, that the Respondent has violated provisions of the Service Warranty Act and as a result, Capital Processing Systems, Inc., is FINED ONE THOUSAND DOLLARS (\$1,000.00) for violation of the Service Warranty Act and is ORDERED TO SUBMIT its fourth (4th) quarter 2017 quarterly report within thirty (30) days of receipt of this order.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED by the Insurance Commissioner that the fine is to be paid within thirty (30) days of this Conditional Administrative Order and made payable to the Oklahoma Insurance Department. Failure to comply with a proper order of the Commissioner may result in further administrative action.

IT IS FURTHER ORDERED by the Insurance Commissioner that this Order is a Conditional Order. Unless Respondent requests a hearing with respect to the Allegations of Fact set forth above within thirty (30) days of the date of this Order, this Order and the penalties set forth above shall become a Final Order on the thirty-first (31st) day following the date of mailing of this Order. A request for hearing must state the grounds for the request to set aside or modify the Order and shall be made in writing, addressed to Sandra LaVenue, Senior Counsel, Oklahoma Insurance Department, Legal Division, 3625 NW 56th Street, Suite 100, Oklahoma City, Oklahoma 73112 and must be served on the Oklahoma Insurance Department within the thirty (30) days allotted. The proceedings on any such requested hearing will be conducted in accordance with the Oklahoma Insurance Code, 36 O.S. §§ 101 *et seq.* and the Oklahoma Administrative Procedures Act 75 O.S. §§ 250 *et seq.* If Respondent serves a timely request for hearing on the Oklahoma Insurance Department, this Conditional Order shall act as a notice of the matters to be reviewed at the hearing and the Allegations of Fact, Alleged Violations of Law , and penalties imposed in this Conditional Order shall be considered withdrawn, pending final resolution of the hearing.

WITNESS My Hand and Official Seal this 14th day of August 2018.



JOHN D. DOAK
INSURANCE COMMISSIONER
STATE OF OKLAHOMA

A handwritten signature in black ink, appearing to read "Sandra LaVene", written over a horizontal line.

Sandra LaVene OBA# 13372
Oklahoma Insurance Department
3625 NW 56th Street, Suite 100
Oklahoma City, Oklahoma 73112
(405) 521-2746


CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the above and foregoing Conditional Administrative Order and Notice of Right to be Heard was mailed by certified mail, with postage prepaid and return receipt requested on this 14th day of August 2018 to:

Capital Processing Systems, Inc.
5605 77 Center Drive, Suite 270
Charlotte, North Carolina 28217.

CERTIFIED MAIL NO.

7017 1450 0002 2806 4737



Sandra G. LaVenu
Senior Counsel

REGULATED INDUSTRY SERVICES DUE DATES

| CERTIFICATE AND COPY ORDERS - ALL | |
|--------------------------------------|-------------------|
| \$5 Each Seal or Invoice Total | Random As Ordered |
| .40 Per Page or Invoice Total | Random As Ordered |

| ACCREDITED REINSURERS – to melanie.paxton@oid.ok.gov or 405-521-6649 | |
|---|---------|
| Annual Statement Filing (\$650) | March 1 |

| BAIL BOND COMPANY – to lauren.lynch@oid.ok.gov or 405-522-4611 | |
|---|---------------------------------------|
| Monthly Report | By the 30 th of Each Month |

| CEMETERY MERCHANDISE TRUST, PERPETUAL CARE TRUST – to lauren.lynch@oid.ok.gov or 405-522-4611 | |
|--|--------------------------|
| Initial Cemetery Merchandise Permit (\$200) | With Initial Application |
| Cemetery Merchandise Trust Permit Renewal (\$200) | March 15 |
| Cemetery Merchandise Trust Annual Report (\$200) | March 15 |
| Cemetery Merchandise Bond Holders | |
| 1 st Quarter Report | April 30 |
| 2 nd Quarter Report | July 30 |
| 3 rd Quarter Report | October 31 |
| 4 th Quarter Report | January 31 |
| Perpetual Care Trust Annual Report (\$200) | March 15 |

| CHARITABLE GIFT ANNUITIES – lauren.lynch@oid.ok.gov or 405-522-4611 | |
|--|---------------------------------------|
| Audited Financial Statement (No Fee) | Yearly, 90 Days After Fiscal Year End |

| DISCOUNT MEDICAL PLAN ORGANIZATION (DMPO) – to jeanette.pearce@oid.ok.gov or 405-521-6651 | |
|---|--|
| Full DMPO Initial Registration (\$250) | With Initial Application |
| Full DMPO Registration Renewal (\$250) | Yearly at Initial Filing Approval Date |
| Exempt DMPO Initial Registration (\$100) | With Initial Application |
| Exempt DMPO Registration Renewal (\$100) | Yearly at Initial Filing Approval Date |

| HOME SERVICE CONTRACT PROVIDERS – to stephanie.stewart@oid.ok.gov or 405-521-3968 | |
|---|---|
| Initial Registration (\$1,200) | With Initial Application |
| Renewal Registration (\$1,200) | Every 3 rd Year at Initial Application Approval Date |
| Reduced Yearly Administrative Filing (\$3,000) | April 30 |
| Administrative Filing & Fees | |
| 1 st Quarter | April 30 |
| 2 nd Quarter | July 31 |
| 3 rd Quarter | October 31 |
| 4 th Quarter | January 31 |
| Anti-Fraud Assessment Invoice (\$2,250) | With Initial Application & Every Third Year Thereafter |

| MULTIPLE EMPLOYER WELFARE ARRANGEMENT (MEWA) – to Jeanette.pearce@oid.ok.gov or 405-521-6651 | |
|--|---------------------------------------|
| Initial Application (\$1,000) | |
| Annual Renewal (\$250) | Yearly, 90 Days After Fiscal Year End |

| MOTOR SERVICE CLUB – to stephanie.stewart@oid.ok.gov or 405-521-3968 | |
|--|--------|
| Initial Application (\$250) | |
| Annual Filing (\$100) | July 1 |

| PHARMACY BENEFIT MANAGERS (PBM) – to lauren.lynch@oid.ok.gov or 405-522-4611 | |
|---|--|
| Initial Application (\$1,000) | |
| Annual Renewal (\$500) | Yearly at Initial Filing Approval Date |
| Reinstatement (\$1,000) | If renewal is late within a one year time limit. |

| PREPAID FUNERAL BENEFITS – to lauren.lynch@oid.ok.gov or 405-521-4611 | |
|--|--------------------------|
| Initial Prepaid Funder Permit Application (\$50) | With Initial Application |
| Prepaid Funeral Benefits Permit Renewal (\$50) | December 31 |
| Prepaid Funeral Benefits Permit Late Renewal (\$100) | January 31 |
| Prepaid Funeral Benefits Annual Report (\$50) | March 15 |



PROFESSIONAL EMPLOYER ORGANIZATION (PEO) – to melanie.paxton@oid.ok.gov or 405-521-6649

| | |
|---|--|
| Initial Full Registration (\$500) | With Initial Application |
| Renewal Full Registration (\$250)..... | Yearly at Initial Filing Approval Date |
| Initial Exempt Registration (\$250) | |
| Renewal Exempt Registration (\$250)..... | Yearly at Initial Filing Approval Date |
| Initial Group Registration (\$250 per member) | |
| Renewal Group Registration (\$250 per member) | Yearly at Initial Filing Approval Date |
| CPA Quarterly Report | |
| 1 st Quarter..... | Within 90 Days After March 31 |
| 2 nd Quarter | Within 90 Days After June 30 |
| 3 rd Quarter..... | Within 90 Days After September 30 |
| 4 th Quarter..... | Within 90 Days After December 31 |

PURCHASING GROUP – to Jeanette.pearce@oid.ok.gov or 405-521-6651

| | |
|------------------------------------|--|
| Initial Registration (\$400) | With Initial Application |
| Renewal Registration (\$400) | Yearly at Initial Filing Approval Date |

SERVICE WARRANTY – to Stephanie.stewart@oid.ok.gov or 405-521-3968

| | |
|--|--------------------------|
| Initial Application (\$400) | With Initial Application |
| License Renewal (\$400)..... | November 1 |
| Annual Financial Statement | May 1 |
| Exemption Request | May 1 |
| Reduced Yearly Administrative Filing (\$3,000) | April 30 |
| Administrative Filing (Fee Formula Based) | |
| 1 st Quarter..... | April 30 |
| 2 nd Quarter | July 31 |
| 3 rd Quarter..... | October 31 |
| 4 th Quarter..... | January 31 |

THIRD PARTY ADMINISTRATOR (TPA) – to Jeanette.pearce@oid.ok.gov or 405-521-6651

| | |
|--|--|
| Initial Application (\$100) | |
| License Renewal (\$100)..... | Yearly at Initial Filing Approval Date |
| Late Renewal (\$200)..... | Within 12 Months Less One Day |
| Annual Report (No Payment Due With Report) | June 1 |

VEHICLE PROTECTION PRODUCT WARRANTORS – to melanie.paxton@oid.ok.gov or 405-521-6649

| | |
|------------------------------|---------|
| Initial Application (\$200) | |
| License Renewal (\$200)..... | July 15 |

VIATICAL SETTLEMENT PROVIDERS – to jeanette.pearce@oid.ok.gov or 405-521-6651

| | |
|------------------------------|--|
| Initial Application (\$500) | |
| License Renewal (\$500)..... | Yearly at Initial Filing Approval Date |

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
 Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE



Certified Mail Fee \$ _____

Extra Services & Fees (check box, add fee as appropriate)

Return Receipt (hardcopy) \$ _____

Return Receipt (electronic) \$ _____

Certified Mail Restricted Delivery \$ _____

Adult Signature Required \$ _____

Adult Signature Restricted Delivery \$ _____

Postage \$ _____

Total Postage and Fees \$ _____

Sent To

Street and Apt. No., or PO Box
 Capital Processing Systems, Inc.
 5605 77 Center Drive, Suite 270
 Charlotte, North Carolina 28217

City, State, ZIP+4®
 SMS/18-0482-DIS(SGL)/Cond Ord

PS Form 3800, April 2015 PSN

7017 1450 0002 2806 4737

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Capital Processing Systems, Inc.
 5605 77 Center Drive, Suite 270
 Charlotte, North Carolina 28217
 SMS/18-0482-DIS(SGL)/Cond Ord

9590 9402 3455 7275 7876 93

2. Article Number (Transfer from service label)

7017 1450 0002 2806 4737

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee

B. Received by (Printed Name) C. Date of Delivery

Austin Flowers 8/17/18

D. Is delivery address different from item 1? Yes
 No

If YES, enter delivery address below:

OKLAHOMA INSURANCE DEPARTMENT
 RECEIVED
 AUG 21 2018
 Legal Division

3. Service Type

Adult Signature Priority Mail Express®

Adult Signature Restricted Delivery Registered Mail™

Certified Mail® Registered Mail Restricted Delivery

Certified Mail Restricted Delivery Return Receipt for Merchandise

Collect on Delivery Signature Confirmation™

Collect on Delivery Restricted Delivery Signature Confirmation Restricted Delivery

Insured Mail Signature Confirmation Restricted Delivery (over \$500)

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt