

FILED

MAY 08 2020

INSURANCE COMMISSIONER
OKLAHOMA

BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA

STATE OF OKLAHOMA, ex rel. GLEN
MULREADY, Insurance Commissioner,

Petitioner,

v.

CONSUMER PRIORITY SERVICE, CORP.
an unlicensed service warranty association
doing business in the State of Oklahoma,

Respondent.

Case No. 19-0699-DIS

CONSENT ORDER

COMES NOW the State of Oklahoma, ex rel. Glen Mulready, Insurance Commissioner, and the Respondent, Consumer Priority Service, Corp. ("Respondent") and stipulate to the following facts and applicable laws. The parties consent to the entry of this Order.

JURISDICTION

1. Glen Mulready is the Insurance Commissioner of the State of Oklahoma and is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101 et seq., including the Oklahoma Service Warranty Act, 15 O.S. §§ 141.1-141.35.
2. Respondent is a foreign service warranty association doing business in the State of Oklahoma with an address of record as 3101 Emmons Ave., Brooklyn, New York 11235.
3. Respondent has been apprised of its right to a hearing pursuant to the Oklahoma Administrative Procedures Act, 75 O.S. § 309 and has knowingly and freely waived said right for a hearing and entered into this Consent Order as a voluntary settlement of the issues and

questions raised in the above captioned case.

4. Informal disposition of this matter may be made by consent order pursuant to 75 O.S. § 309(E).

STIPULATIONS OF FACT

5. The Insurance Commissioner issued an Emergency Cease and Desist Order in Case No. 10-0002-DIS against Respondent on August 27, 2010 pursuant to a finding that Respondent was engaging in the business of offering, providing, servicing, and entering into service warranty contracts in Oklahoma without an Oklahoma service warranty license.

6. On or about September 7, 2010, Respondent sent a letter to the OID confirming its receipt of the Cease and Desist Order and agreeing to comply with said Order.

7. On or about November 21, 2014, an Oklahoma resident purchased a five-year extended warranty for parts and labor from Respondent through Anthony's TV & Appliance for the following product: LG 65 LB63000, serial number 409RMLM2N496. The coverage period for the warranty was from November 21, 2015 to November 20, 2020. Respondent received \$239.99 from the resident for said warranty.

8. On or about August 1, 2019, the Oklahoma Insurance Department's Consumer Assistance Division ("OID Consumer Assistance") received a complaint from the resident. The complaint involved the extended service warranty policy purchased by the resident from Respondent.

9. On or about September 6, 2019, Respondent sent a letter to OID Consumer Assistance stating that it "resolved the issue with the customer."

10. Through its investigation of said complaint, OID Consumer Assistance was unable to identify a service warranty license for Respondent in the State of Oklahoma.

11. On November 8, 2019, the Oklahoma Insurance Department ("OID") sent a letter to Respondent informing it of its unauthorized activity and requested that Respondent either (1) provide proof of a current Oklahoma service warranty license; or (2) provide notification that Respondent has begun the application process to obtain a service warranty license with the OID within thirty (30) days.

12. On or about December 6, 2019, Respondent sent an email to the OID confirming its receipt of the November 8th letter.

13. On or about January 3, 2020, Respondent sent an email to the OID stating that it had entered into an agreement with MHHC Warranty and Services, Inc. ("MHHC"), a properly licensed service warranty association in the State of Oklahoma with license # 509141964.

14. On or about April 9, 2020, Respondent provided a copy of said agreement to the OID, which became effective in April 2019. Pursuant to the terms of the agreement, Respondent acts as a sales representative of MHHC. As such, Respondent is currently exempt from the licensure requirement pursuant to 15 O.S. § 141.4(E).

CONCLUSIONS OF LAW

15. Respondent violated 15 O.S. § 141.34(1)(a) and 15 O.S. § 141.35(E) by selling a service warranty contract to an Oklahoma resident while a final Cease and Desist Order was in full effect.

16. Pursuant to 15 O.S. § 141.12, if it is determined that a service warranty association has violated a lawful rule or order of the Insurance Commissioner or any provision of the Service Warranty Act, "the Commissioner may impose a fine upon a . . . service warranty association in an amount not to exceed One Thousand Dollars (\$1,000.00) per violation;

however, if it is found that a . . . service warranty association has knowingly and willfully violated a lawful rule or order of the Commissioner or any provision of the Service Warranty Act, the Commissioner may impose a fine upon the insurer or association in an amount not to exceed Ten Thousand Dollars (\$10,000.00) for each violation."

ORDER

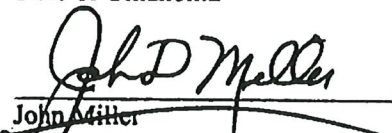
IT IS THEREFORE ORDERED by the Insurance Commissioner and **CONSENTED** to by the Respondent that it shall be and hereby is **FINED Three Hundred Dollars (\$300.00)**. Respondent shall pay the \$300.00 fine upon entry of this Order.

IT IS FURTHER ORDERED that this Order is effective immediately and shall continue in full force and effect until further Order of the Commissioner. This Order is binding on Consumer Priority Service, Corp., its agents, affiliates, employees, and/or other representatives.

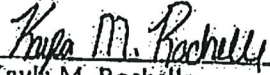
WITNESS My Hand and Official Seal this 7th day of May 2020.



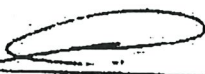
Glen Mulready
Insurance Commissioner
State of Oklahoma


John Miller
Hearing Examiner
400 NE 50th Street
Oklahoma City, Oklahoma 73105

APPROVED BY:



Kayla M. Rochelle
Assistant General Counsel
Oklahoma Insurance Department



Max Zalta
Director
Consumer Priority Service, Corp.

CERTIFICATE OF MAILING

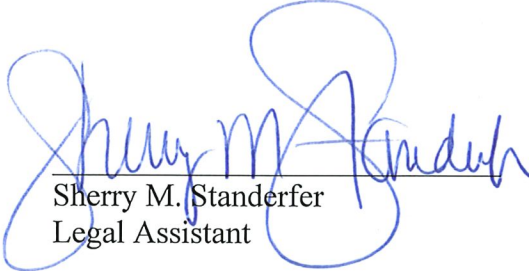
I certify that a true and correct copy of the above foregoing *Consent Order*, was mailed certified mail, return receipt requested, and by electronic mail on this 8th day of May, 2020, to:

Max Zalta, Director
Consumer Priority Service, Corp.
3101 Emmons Ave.
Brooklyn, NY 11235
mzalta@cpscentral.com

Certified Mail Number
9214 8902 0982 7500 0286 06

and a copy was delivered to:

Jason Johnston, Supervisor
Consumer Assistance Division



Sherry M. Standerfer
Legal Assistant

Sherry Standerfer

From: Sherry Standerfer
Sent: Friday, May 8, 2020 1:49 PM
To: mzalta@cpscentral.com
Cc: Kayla Rochelle
Subject: ST v. Consumer Priority Services/19-0699-DIS
Attachments: 19-0699-DIS KMR Consent Order 5-8-20.pdf

Mr. Zalta,

Attached you will find a filed stamped copy of the Consent Order issued in the above matter. A hard copy will follow in the mail. If you have any questions, please contact AGC Kayla Rochelle at kayla.rochelle@oid.ok.gov.

Sincerely,



Sherry M. Standerfer
Legal Assistant

Legal Division
400 NE 50th Street
Oklahoma City, Oklahoma 73105
405.521.2748 office
405.522-0125 fax

oid.ok.gov

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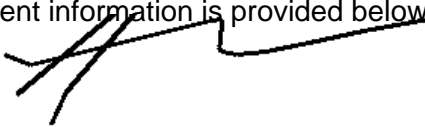
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Date Produced: 05/18/2020

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Signature of Recipient :


Max Zalta

Address of Recipient :

3101 Emmons Ave

Thank you for selecting the Postal Service for your mailing needs. If you require additional assistance, please contact your local post office or Postal Service representative.

Sincerely,
United States Postal Service

The customer reference number shown below is not validated or endorsed by the United States Postal Service. It is solely for customer use.

This USPS proof of delivery is linked to the customers mail piece information on file as shown below:

MAX ZALTA DIRECTOR
CONSUMER PRIORITY SERVICE CORP
3101 EMMONS AVE
BROOKLYN NY 11235-1709

Customer Reference Number: C2061234.11745051

Return Reference Number: SMS/19-0699-DIS (KMR)/Const Ord

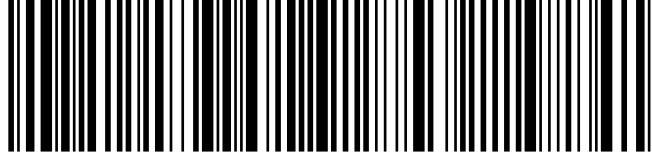
**Return address:**

OKLAHOMA INSURANCE DEPARTMENT
5 CORPORATE PLAZA
OKLAHOMA CITY, OK 73112

Recipient address:

MAX ZALTA DIRECTOR
CONSUMER PRIORITY SERVICE CORP
3101 EMMONS AVE
BROOKLYN NY 11235-1709

MAILING DATE: 05/08/2020
DELIVERY DATE: 05/11/2020

USPS CERTIFIED MAIL

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| SHIPMENT RECEIVED ACCEPTANCE PENDING | OKLAHOMA CITY,OK 73118 | 05/08/2020 15:41 |
| ORIGIN ACCEPTANCE | OKLAHOMA CITY,OK 73105 | 05/08/2020 18:38 |
| PROCESSED THROUGH USPS FACILITY | OKLAHOMA CITY,OK 73107 | 05/08/2020 19:53 |
| DEPART USPS FACILITY | OKLAHOMA CITY,OK 73107 | 05/08/2020 20:50 |
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CASE NUMBER: 19-0699-DIS
DEPARTMENT: LEGAL/KMR
SENDER: SMS
CUSTOM 4: CONSENT ORDER