

**BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA**

FILED

JAN -7 2009

INSURANCE COMMISSIONER
OKLAHOMA

STATE OF OKLAHOMA, ex rel. KIM)
HOLLAND, Insurance Commissioner,)
)
Petitioner)
v.)
)
MORTGAGE PROTECTION DIVISION)
)
Respondent.)

Case No. 08-1788-UNI

APPLICATION FOR EMERGENCY CEASE AND DESIST ORDER

The Oklahoma Insurance Department (“Department”), through counsel makes application for an Emergency Cease and Desist Order against an entity known only as Mortgage Protection Division, referred to as Respondent or “Division”. The following is offered in support:

RESPONDENT AND SERVICE

Respondent solicits the sale of life and disability insurance by direct mail for the purpose of indemnification in the event of death of a mortgagor or paying monthly mortgage installments in the event of disability to a mortgagor. Respondent lists an address of P.O. Box 11329, San Bernadino, CA 92423-9914.

JURISDICTION

The Insurance Commissioner has jurisdiction over this matter pursuant to the Oklahoma Insurance Code, 36 O.S. §§ 101 through 7004, specifically pursuant to Article 6 - Authorization of Insurers, 36 O.S. §§ 601, et seq.; the Oklahoma Producer Licensing Act, 36 O.S. §§ 1435.1, et seq.; the Unauthorized Insurance Business Act, 36 O.S. §§ 6103.1, et seq.; and the Unfair Practices and Frauds Act, 36 O.S. §§ 1204, et seq.

NATURE OF THIS ACTION

The Department received complaints from Pat Brooks, Chairman of the First National Bank and Trust Company of Chickasha, Oklahoma; Brian Pierson, Senior Vice President and General Counsel for BancFirst of Oklahoma City and Drew D. Webb an attorney with the firm of McAfee & Taft on behalf of the McCurtain County National Bank. Brooks informed the Department that a bank employee had received by mail from Respondent a solicitation to purchase insurance appearing to have been sent by the bank (Exhibit "A"). Pierson complained that numerous solicitations had been made to the bank's customers, among them were solicitations from Respondent (Exhibits "B", "C") suggesting the bank was the sender. Webb forwarded a letter from a customer of his client and informed the department that the bank customer was misled into believing the bank was responsible for sending the solicitation letter (Exhibit "D").

The solicitations present the appearance the banks were responsible for the proposals. Nevertheless, the banks had no connection with the solicitations or any entity responsible for the solicitations. The complainants alleged the solicitations were in violation of the Oklahoma Unfair Practices and Frauds Act.

ALLEGATIONS OF FACT

In addition to the summary above, the Department alleges as follows:

1. The Department received a complaint that an Oklahoma resident and employee of the First National Bank and Trust Company of Chickasha was solicited to purchase insurance by deceptive use of the bank's name. Included with the complaint was a letter addressed to the bank employee referencing "loan on file w/: FIRST NATIONAL BANK & TRUST" and identifying the bank as the lender. Both references were visible as part of the recipients' address

through the window envelope. A disclaimer was included in small case letters at the bottom of the letter not visible through the window of the envelope.

2. The Department received a complaint that Oklahoma residents and customers of the BancFirst of Oklahoma City were solicited to purchase insurance by deceptive use of the bank's name. Included with the complaint was a letter addressed to bank customers referencing "loan on file w/: BANCFIRST" and identifying the bank as the lender. Both references were visible as part of the recipients' address through the window envelope. A disclaimer was included in small case letters at the bottom of the letter not visible through the window of the envelope.

3. The Department received a complaint from that an Oklahoma resident and customer of McCurtain County National Bank of Idabel Oklahoma were solicited to purchase insurance by deceptive use of the bank's name. Included with the complaint was a letter addressed to bank customers referencing "loan on file w/: MCCURTAIN COUNTY NATIONAL BANK" and identifying the bank as the lender. Both references were visible as part of the recipients' address through the window envelope. A disclaimer was included in small case letters at the bottom of the letter not visible through the window of the envelope.

4. The letters were captioned "Attention: Final Notice to Homeowner" followed by the apparent command "*** Urgent Response Needed***". The letters stated the loan amounts of the recipient's mortgage and the date the mortgage was recorded. The letter advised the recipients that they may qualify to purchase, "Mortgage Protection".

5. Review of Department records determined Mortgage Protection Division is not authorized as an agency nor is it admitted as an insurer. No other agency or company soliciting

the sale of insurance was disclosed in the solicitation letters. None of the solicitations were authorized by the complainant banks.

ALLEGED VIOLATIONS OF LAW

1. Respondent's actions fall within the definition of "doing an insurance business in this State," in violation of 36 O.S. §§ 6103.2 and 6103.3.

2. Respondent's solicitations: utilize the name of an unaffiliated financial institution; solicits the purchase of insurance; fails to state the name of an agency or insurer, and creates the impression the financial institution is making the solicitation, all contrary to 36 O.S. § 1204(13).

3. Respondent has acted as an Insurance Producer without being licensed in violation of 36 O.S. §§ 1435.1, et seq.

4. Respondent has engaged in a course of conduct designed to circumvent and avoid regulatory oversight by the Commissioner, in violation of 36 O.S. § 6103.1.

5. The alleged conduct is an immediate danger to the public or is causing or can reasonably be expected to cause significant, imminent and irreparable public injury.

RELIEF REQUESTED

The Insurance Commissioner is requested to immediately without notice or hearing issue an Emergency Cease and Desist Order under authority of 36 O.S. § 6103.5, ordering Respondent and their agents, affiliates, employees, and other representatives, both current and successor, whether named or unnamed herein, to cease and desist from all activities related to doing unauthorized insurance business in this state, including:

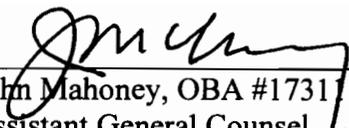
1. The making of or proposing to make an insurance contract;
2. Marketing, promoting, advertising, or otherwise distributing solicitations for insurance;

3. The making of or proposing to make, as guarantor or surety, any contract of guaranty or suretyship as a vocation and not merely incidental to any other legitimate business or activity of the guarantor or surety;
4. The taking or receiving of any application for insurance;
5. Maintaining any agency or office where any acts in furtherance of an insurance business are transacted, including but not limited to:
 - a. execution of contracts of insurance with citizens of this or any other state,
 - b. maintaining files or records of contracts of insurance,
 - c. processing of claims, or
 - d. receiving or collection of any premiums, commissions, membership fees, assessments, dues or other consideration for any insurance or any part thereof;
6. The issuance or delivery of contracts of insurance to residents of this state or to persons authorized to do business in this state;
7. Directly or indirectly acting as an agent for, or otherwise representing or aiding on behalf of another, any person or insurer in:
 - a. solicitation, negotiation, procurement or effectuation of insurance or renewals thereof,
 - b. dissemination of information as to coverage or rates, or forwarding of applications, or delivery of policies or contracts,
 - c. inspection of risks,
 - d. fixing of rates or investigation or adjustment of claims or losses,

- e. transaction of matters subsequent to effectuation of the contract and arising out of it, or
 - f. in any other manner representing or assisting a person or insurer in the transaction of insurance with respect to subjects of insurance resident, located or to be performed in this state;
8. Contracting to provide indemnification or expense reimbursement in this state to persons domiciled in this state or for risks located in this state, whether as an insurer, agent, administrator, trust, funding mechanism, or by any other method;
 9. The doing of any kind of insurance business specifically recognized as constituting the doing of an insurance business within the meaning of the statutes relating to insurance;
 10. The doing or proposing to do any insurance business in substance equivalent to any of the foregoing in a manner designed to evade the provisions of the statutes; or
 11. Any other transactions of business in this state that utilize the name of an unaffiliated financial institution and creates the impression the financial institution is making the solicitation.

In addition, the Commissioner is requested, notwithstanding the above requested orders, to order Respondents to pay all unpaid claims and to order any further relief which may be deemed appropriate and which is authorized by law, whether or not specifically requested herein.

Respectfully submitted on this 7th day of January, 200~~8~~⁹.


John Mahoney, OBA #1731
Assistant General Counsel
Oklahoma Insurance Department
P.O. Box 53408
Oklahoma City, Oklahoma 73152
Telephone: (405) 521-2746
Facsimile: (405) 522-0125

CERTIFICATE OF MAILING

I, John Mahoney, hereby certify that a true and correct copy of the above and foregoing Application for Emergency Cease and Desist Order was mailed via certified mail with postage prepaid and return receipt requested on this 8 day of January, 2009, to:

Mortgage Protection Division
P.O. Box 11329
San Bernadino, CA 92423-9914

Certified Mail No.

and that a copy was mailed to:

NAIC/RIRS
Postmaster 92423
California Insurance Commissioner

and that a copy was hand-delivered to:

OID Financial Division
OID Agents Licensing Division
OID Anti-Fraud Unit


John Mahoney

Attention: Final Notice to Homeowner

Urgent Response Needed



Archive/Retrieval Date: KDKM00K06

Reference loan on file w/:

Loan Balance (1st only): \$21110

FIRST NATIONAL BANK & TRUST

Lender of Recording: FIRST NATIONAL BANK & TRUST

|||||
 JONATHAN MOLDER
 119 Flanders Dr
 Chickasha, OK 73018-7715



19 RES

Dear Borrower:

We are writing to notify you that as of the date above our records indicate that you have not responded and are not participating in an important program to protect your recent home loan. Special program enrollment benefits are available to homeowners who qualify for only a limited time after the close of escrow. Failure to respond within your enrollment period can lead to forfeiture of certain program specifications, additional qualification criteria and increased cost. Whether or not you believe you've responded to another request, we ask that you promptly respond to this notice to receive information on a comprehensive benefit program for Mortgage Protection to which you are entitled.

Benefits under this exclusive program can include:

- **DEATH BENEFIT** – Pays off your loan in the event of your death from Natural or Accidental causes.
- **DISABILITY PAYMENTS** – Makes your mortgage payments if you become sick or injured and cannot work.
- **RETURN OF ALL PREMIUMS** – Guaranteed, tax-free return of all premiums paid at the end of the term.
- **PORTABILITY** – Coverage can be transferred to a new loan should the insured move during the coverage period.
- **LEVEL PREMIUMS** – Payments do not increase.
- **KNOWING YOUR FAMILY WILL NOT RISK LOSING THEIR HOME.**

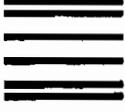
For complete details at no cost or obligation, please complete and return this form promptly in the enclosed postage paid envelope.

	<i>Borrower</i>	<i>Spouse/Co-Borrower</i>
Date of Birth	____/____/____	____/____/____
Sex	Male <input type="checkbox"/> Female <input type="checkbox"/>	Male <input type="checkbox"/> Female <input type="checkbox"/>
Height	____ ft. ____ in.	____ ft. ____ in.
Weight	____ lbs.	____ lbs.
Smoker	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
Phone No. () _____		Alternate No. () _____
Best time to call: _____ Home <input type="checkbox"/> Alt. <input type="checkbox"/>		GRADY
First name of the person completing this form: _____		AAM
		11/20/2008 :00

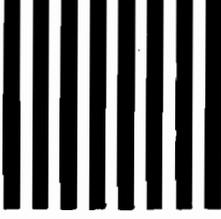
FIRST NATIONAL BANK & TRUST	S21110	JONATHAN MOLDER	119 Flanders Dr Chickasha, OK 73018-7715
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Lowest Rates Available Offered Exclusively Through This Program

*Available in most states. All information obtained through public record and provided by AAMC, P.O. Box 11369, SB, CA 92423. Not Affiliated with any lending institution. Benefits and carriers will vary for coverage and are subject to underwriting approval, product limitations and availability. As a consumer submitting this inquiry for coverage details, you are providing written permission to be contacted via telephone to provide the information you've requested.



NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES



BUSINESS REPLY MAIL

FIRST-CLASS MAIL PERMIT NO. 386 SAN BERNARDINO CA

POSTAGE WILL BE PAID BY ADDRESSEE

MORTGAGE PROTECTION DIVISION
INDEPENDENT MAILER
PO BOX 11329
SAN BERNARDINO CA 92423-9914



Attention: Final Notice to Homeowner

Urgent Response Needed

Archive/Retrieval Date: **KDJMODJ08**

Reference loan on file w/:

Loan Balance (1st only): \$252800

BANCFIRST

Lender of Recording: BANCFIRST



PHILLIP JOYCE

RR 2 Box 26B

McAlester, OK 74501-9605

27



RES



Dear Borrower:

We are writing to notify you that as of the date above our records indicate that you have not responded and are not participating in an important program to protect your recent home loan. Special program enrollment benefits are available to homeowners who qualify for only a limited time after the close of escrow. Failure to respond within your enrollment period can lead to forfeiture of certain program specifications, additional qualification criteria and increased cost. Whether or not you believe you've responded to another request, we ask that you promptly respond to this notice to receive information on a comprehensive benefit program for Mortgage Protection to which you are entitled.

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- **LEVEL PREMIUMS** – Payments do not increase.
- **KNOWING YOUR FAMILY WILL NOT RISK LOSING THEIR HOME.**

For complete details at no cost or obligation, please complete and return this form promptly in the enclosed postage paid envelope.

	<i>Borrower</i>	<i>Spouse/Co-Borrower</i>
Date of Birth	____/____/____	____/____/____
Sex	Male <input type="checkbox"/> Female <input type="checkbox"/>	Male <input type="checkbox"/> Female <input type="checkbox"/>
Height	____ ft. ____ in.	____ ft. ____ in.
Weight	____ lbs.	____ lbs.
Smoker	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
Phone No. () _____		Alternate No. () _____
Best time to call: _____ Home <input type="checkbox"/> Alt. <input type="checkbox"/>		PITTSBURG
First name of the person completing this form: _____		AAM
		10/10/2008 :00

BANCFIRST \$ 252800 PHILLIP JOYCE RR 2 Box 26B McAlester, OK 74501-9605

Lowest Rates Available Offered Exclusively Through This Program

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PO BOX 11329
SAN BERNARDINO CA 92423-9914

ARCHIVED DOCUMENT

PRESORTED
FIRST CLASS
U.S. POSTAGE PAID
SAN BERNARDINO, CA
Permit No. 2605

TO BE OPENED BY ADDRESSEE ONLY, UNDER PENALTY OF LAW

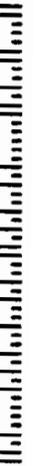
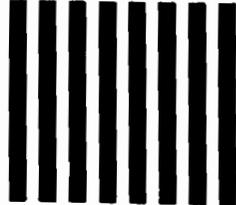


BUSINESS REPLY MAIL
FIRST-CLASS MAIL PERMIT NO. 385 SAN BERNARDINO CA

POSTAGE WILL BE PAID BY ADDRESSEE

MORTGAGE PROTECTION DIVISION
INDEPENDENT MAILER
PO BOX 11329
SAN BERNARDINO CA 92423-9914

NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES



Attention: Final Notice to Homeowner

Urgent Response Needed

Archive/Retrieval Date: **KDKMODK08**

Reference loan on file w/:

Loan Balance (1st only): \$35919

BANC FIRST

Lender of Recording: BANC FIRST



WAYNE STARNES

361130 E 995 Rd

Paden, OK 74860-7027

15

RES



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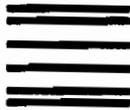
For complete details at no cost or obligation, please complete and return this form promptly in the enclosed postage paid envelope.

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Date of Birth	____/____/____	____/____/____
Sex	Male <input type="checkbox"/> Female <input type="checkbox"/>	Male <input type="checkbox"/> Female <input type="checkbox"/>
Height	____ft. ____in.	____ft. ____in.
Weight	____lbs.	____lbs.
Smoker	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
Phone No. () _____		Alternate No. () _____
Best time to call: _____ Home <input type="checkbox"/> Alt. <input type="checkbox"/>		OKFUSKEE
First name of the person completing this form: _____		AAM
		11/08/2008 :00

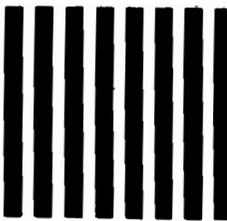
BANC FIRST \$ 35919 WAYNE STARNES 361130 E 995 Rd Paden, OK 74860-7027

Lowest Rates Available Offered Exclusively Through This Program

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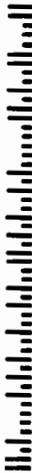


BUSINESS REPLY MAIL

FIRST-CLASS MAIL PERMIT NO. 385 SAN BERNARDINO CA

POSTAGE WILL BE PAID BY ADDRESSEE

MORTGAGE PROTECTION DIVISION
INDEPENDENT MAILER
PO BOX 11329
SAN BERNARDINO CA 92423-9914



P.O. BOX 11329
SAN BERNARDINO, CA 92423-9914

ARCHIVED DOCUMENT

PRESORTED
FIRST CLASS
U.S. POSTAGE PAID
SAN BERNARDINO, CA
Permit No. 2805

TO BE OPENED BY ADDRESSEE ONLY, UNDER PENALTY OF LAW

Attention: Final Notice to Homeowner

Urgent Response Needed



Archive/Retrieval Date: KDLMODLOS

Reference loan on file w/:

Loan Balance (1st only): \$30157

MCCURTAIN COUNTY NATIONAL BANK

Lender of Recording: MCCURTAIN COUNTY NATIONAL BANK



JOHN MANUEL

RR 3 Box 631

Idabel, OK 74745-9535

9

RES

Dear Borrower:

We are writing to notify you that as of the date above our records indicate that you have not responded and are not participating in an important program to protect your recent home loan. Special program enrollment benefits are available to homeowners who qualify for only a limited time after the close of escrow. Failure to respond within your enrollment period can lead to forfeiture of certain program specifications, additional qualification criteria and increased cost. Whether or not you believe you've responded to another request, we ask that you promptly respond to this notice to receive information on a comprehensive benefit program for Mortgage Protection to which you are entitled.

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	<i>Borrower</i>	<i>Spouse/Co-Borrower</i>
Date of Birth	____/____/____	____/____/____
Sex	Male <input checked="" type="checkbox"/> Female <input type="checkbox"/>	Male <input type="checkbox"/> Female <input type="checkbox"/>
Height	____ ft. ____ in.	____ ft. ____ in.
Weight	____ lbs.	____ lbs.
Smoker	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
Phone No. () _____		Alternate No. () _____
Best time to call: _____ Home <input type="checkbox"/> Alt. <input type="checkbox"/>		MCCURTAIN
First name of the person completing this form: _____		AAM
		12/08/2008 :00

MCCURTAIN COUNTY NATIONAL BANK S 30157 JOHN MANUEL RR 3 Box 631 Idabel, OK 74745-9535

Lowest Rates Available Offered Exclusively Through This Program

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NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES



PRESORTED
FIRST CLASS
U.S. POSTAGE PAID
SAN BERNARDINO, CA
Permit No. 9806

BUSINESS REPLY MAIL
FIRST CLASS MAIL PERMIT NO. 395
SAN BERNARDINO, CA

POSTAGE WILL BE PAID BY ADDRESSEE
**MORTGAGE PROTECTION DIVISION
INDEPENDENT MAILER
PO BOX 11529
SAN BERNARDINO, CA 92423-9914**



THE CURTAIN COMPANY NATIONAL
1000 N. GARDEN AVENUE
SANTA ANA, CA 92705
(714) 241-1234

PO BOX 11529
SAN BERNARDINO, CA 92423-9914

REGISTERED DOCUMENTS

TO BE OPENED BY ADDRESSEE ONLY UNDER PENALTY OF LAW

- DEATH BENEFIT - Payable to you or your beneficiary
- MONTHLY PAYMENTS - With your mortgage payments, it can become part of your monthly budget
- REFUND OF ALL PREMIUMS - If you should ever decide to cancel your mortgage protection, you will receive a refund of all premiums paid to date

Lowest Rate Available Offered Exclusively Through This Program

21-0000-000