

**SOUTH DAKOTA
DEPARTMENT OF LABOR AND REGULATION
DIVISION OF INSURANCE**

**IN THE MATTER OF
iWORLD FINANCIAL GROUP**

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)

**FINAL DECISION
INS 13-02**

After reviewing the record and the proposed decision of the Hearing Examiner in this matter,

IT IS HEREBY ORDERED that pursuant to SDCL 1-26D-4, the Hearing Examiner's Proposed Findings of Fact, Conclusions of Law and Decision, dated June 27, 2013, is adopted in full.

Parties are hereby advised of the right to further appeal the final decision to Circuit Court within (30) days of receiving such decision, pursuant to the authority of SDCL 1-26.

Dated this 8th day of July, 2013.



Pamela S. Roberts, Secretary
South Dakota Department of Labor and Regulation
700 Governors Drive
Pierre, SD 57501

**STATE OF SOUTH DAKOTA
OFFICE OF HEARING EXAMINERS**

**IN THE MATTER OF
iWORLD FINANCIAL GROUP**

**PROPOSED ORDER
DLR/INSURANCE 13-02**

An administrative hearing in the above matter was held on March 14, 2013. iWorld Financial Group, (hereinafter sometimes referred to as "iWorld") failed to appear. Frank Marnell appeared as counsel for the Division of Insurance (hereinafter sometimes referred to as "Division"). The matter was tape recorded. There is no written transcript of the tape; therefore, no citation to page number can be included. Exhibits 1 through 6 were admitted and will be denoted by EX followed by the appropriate number.

ISSUE

Whether there is cause to not make permanent the Temporary Order to Cease and Desist dated February 25, 2013.

FINDINGS OF FACT

I.

The Division received a call from Jamie Ehnes indicating that he had some questions regarding a company (iWorld Financial Group) offering E & O insurance. Mr. Ehnes had maintained E & O insurance coverage with iWorld for all of 2012. (EX 1)

II.

The Division ascertained that iWorld is not licensed in the State of South Dakota. It is not a surplus lines company in the State of South Dakota. (EX 1)

III.

The Division sent iWorld a Temporary Order to Cease and Desist along with the Notice of Hearing on February 25, 2012. (EX 6)

IV.

No representative on behalf of iWorld appeared at the hearing.

V.

On September 21, 2011 the State of Michigan issued an Order to Cease and Desist in Michigan against iWorld for engaging in unauthorized business of insurance in that state and for being an unincorporated business as well. (EX 2)

VI.

The State of Florida issued a Final Cease and Desist Order to iWorld dated July 17, 2012 for transacting unauthorized and unlicensed insurance business in the state of Florida. (EX 3)

VII.

iWorld's website contained information regarding E & O insurance they offered. This website also included addresses where iWorld could be reached. Those addresses were 848 N. Rainbow Blvd. #519, Las Vegas, NV 89107 and 16 Albert Hoy Drive, Suite 1059, Belama Phase 1, Belize City, Belize, CA. (EX 4)

VIII.

Linda Robinson is the Data Coordinator with the Division of Insurance. Ms. Robinson manages the databases and all the information for the Division. She has performed these duties for the last 5 years. She has worked with division's databases for 10 years.

IX.

Ms. Robinson performed n iWorld search in the Division's databases and there was no information matching the same. If the company had a certificate of authority in South Dakota the company would have appeared in the search Ms. Robinson performed. If iWorld had paid premium taxes they would have had to have been entered in that database. was licensed to do business in the state of South Dakota information would have had to have been in the database. Ms. Robinson testified there was no company matching those criteria.

X.

iWorld has not paid premium tax on the product it sold in South Dakota.

XI.

Any additional Findings of Fact included in the Reasoning section of this decision are incorporated herein by reference.

XII.

To the extent any of the foregoing are improperly designated and are, instead, Conclusions of Law, they are hereby redesignated and incorporated herein as Conclusions of Law.

REASONING

This case involves a Temporary Order to Cease and Desist issued on February 25, 2013 by the Division of Insurance against iWorld. The facts are set out in the Findings of Fact and will not be repeated here.

In South Dakota, pursuant to SDCL 58-6-1, a certificate of authority is required for the transaction of insurance business, and as such, no person may act as an insurer and no insurer or its insurance producers, attorneys, subscribers, or representatives may directly transact insurance in this state except as authorized by a subsisting certificate of authority issued to the insurer by the director. Investigation by the Division showed iWorld did not possess a Certificate of Authority.

Furthermore, it is a Class II misdemeanor in South Dakota to be an unauthorized insurer. SDCL 58-8-1 states:

No person may in this state, directly or indirectly, act as insurance producer for, or otherwise represent any insurer not then authorized to transact insurance business in this state, in the solicitation, negotiation, or effectuation of insurance or of annuity contracts, inspection of risks, fixing of rates, investigation or adjustment of losses, collection of premiums, or in any other manner in the transaction of insurance business with respect to subjects of insurance resident, located or to be performed in this state. Any violation of this section is a Class 2 misdemeanor.

SDCL 10-44-2 states that "...[A]ny company doing insurance business in this state shall pay a tax ... to the Division of Insurance at the time the company files its annual statement, or, if no annual statement is required, then before March first of each year." Investigation by the Division showed that iWorld has not been paying any premium taxes, or any taxes whatsoever, to the State of South Dakota.

The Division met their burden in showing that iWorld has violated the insurance regulatory laws of South Dakota.

It is the Proposed Order of this hearing examiner that the Temporary Cease and Desist Order in the matter of iWorld Financial Group should, in its entirety be made permanent based on the facts that iWorld is operating illegally in the State of South Dakota and it is not remitting premium taxes for the business which it is transacting here.

CONCLUSIONS OF LAW

I.

The Division of Insurance has jurisdiction over the parties and subject matter of this hearing pursuant to Title 58 of the South Dakota Codified Laws. The Office of Hearing Examiners is authorized to conduct the hearing and issue a proposed decision pursuant to the provisions of SDCL 1-26D-4.

II.

The Division of Insurance bears the burden of establishing the alleged statutory violations.

III.

The Division of Insurance met their burden in establishing that iWorld was transacting business in the State of South Dakota without first receiving licensure in violation of SDCL §§ 58-6-1 and 58-8-1.

IV.

The Division of Insurance met their burden in establishing that iWorld is unlawfully negotiating and selling insurance, and collecting premiums in South Dakota in violation of SDCL §§ 58-6-1.

V.

The Division of Insurance met their burden in establishing that iWorld has failed to pay premium tax on products sold in South Dakota in violation of § 10-44-2.

VI.

Any additional Conclusions of Law included in the Reasoning section of this decision are incorporated herein by reference.

VII.

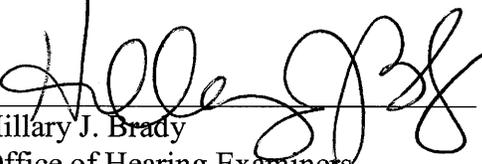
To the extent any of the foregoing are improperly designated and are instead Findings of Fact, they are hereby redesignated and incorporated herein as Findings of Fact.

Based on the above Findings of Fact, Reasoning and Conclusions of Law, the Hearing Examiner enters the following:

PROPOSED DECISION

The Temporary Cease and Desist Order regarding iWorld. Financial Group signed and dated February 25, 2013 by Merle Scheiber, Director of the South Dakota Division of Insurance should, in its entirety, be made permanent.

Dated this 27th day of June, 2013



Hillary J. Brady
Office of Hearing Examiners
523 E. Capitol
Pierre, South Dakota 57501

CERTIFICATE OF SERVICE

I certify that on July 2, 2013, at Pierre, South Dakota, a true and correct copy of this Proposed Order was mailed to each of the parties listed below.


Hillary Brady

iWorld Financial Group
16 Albert Hoy Drive, Ste. 1059
Belama Phase 1
Belize City, Belize CA

Frank Marnell
Attorney for the Department
445 E Capitol Ave
Pierre, SD 57501

iWorld Financial Group
848 N. Rainbow Blvd. #519
Las Vegas, NV 89107

BEFORE THE DIVISION OF INSURANCE
DEPARTMENT OF LABOR AND REGULATION
STATE OF SOUTH DAKOTA

IN THE MATTER OF)	TEMPORARY ORDER TO CEASE
IWORLD FINANCIAL GROUP)	AND DESIST AND NOTICE
)	OF HEARING

The Director of the South Dakota Division of Insurance (“Division”), pursuant to the authority of SDCL §§ 58-1-1 *et seq.*, 58-4-5, and 58-4-7, issues this Temporary Order to Cease and Desist and Notice of Hearing.

ASSERTION OF FACTS

- 1) The Division has received evidence in the form of an issued policy that IWORLD FINANCIAL GROUP has transacted the business of insurance in South Dakota;
- 2) IWORLD FINANCIAL GROUP has sold, solicited, or negotiated the business of insurance without receiving licensure from the Division;
- 3) IWORLD FINANCIAL GROUP’s purported address, as displayed on its website at <https://www.errorsandomissionsonline.com/contact.php> (<http://iworldfg.com> forwards to this site), retrieved February 4, 2013, is iWorld Financial Group, 16 Albert Hoy Drive, Suite 1059, Belama Phase 1, Belize City, Belize CA and its U.S. address is listed as 848 N. Rainbow Blvd. #519, Las Vegas, NV 89107;
- 4) IWORLD FINANCIAL GROUP has been the subject of at least two cease and desist orders, from the states of Michigan and Florida;
- 5) IWORLD FINANCIAL GROUP has not paid premium tax on the product it sold in South Dakota; and
- 6) The above actions are in violation of SDCL §§ 10-44-2, 58-6-1, 58-8-1, and 58-33-94.

CONCLUSIONS OF LAW

- 1) The Director and the Division have jurisdiction over IWORLD FINANCIAL GROUP and the subject matter of this proceeding pursuant to SDCL §§ 58-1-1 *et seq.*, 58-4-5 and 58-4-7;
- 2) The Director and the Division have authority pursuant to SDCL §§ 58-4-5 and 58-4-7 to initiate legal proceedings for the enforcement of any provision in SDCL Title 58;

- 3) IWORLD FINANCIAL GROUP has transacted business in South Dakota without first receiving licensure in violation of SDCL §§ 58-6-1 and 58-8-1;
- 4) IWORLD FINANCIAL GROUP is unlawfully negotiating and selling insurance, and collecting premiums in South Dakota in violation of SDCL §§ 58-8-1 and 58-33-94;
- 5) IWORLD FINANCIAL GROUP has failed to pay premium tax on products sold in South Dakota in violation of SDCL § 10-44-2.

TEMPORARY ORDER TO CEASE AND DESIST

Therefore, it is hereby ORDERED, pursuant to SDCL § 58-4-7, that IWORLD FINANCIAL GROUP temporarily cease and desist from further selling, soliciting, or marketing insurance or from advertising the availability of insurance in the State of South Dakota, or from effecting any further contracts of insurance as of the date of this Order or otherwise act in the manner of an unauthorized insurer until the hearing as noticed below, and it is further

ORDERED that IWORLD FINANCIAL GROUP shall continue to remain responsible for any and all claims made by current insureds; and it is further

ORDERED that IWORLD FINANCIAL GROUP are to refrain from 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 other laws of the State of South Dakota; and it is further

ORDERED that this Order is binding on IWORLD FINANCIAL GROUP, its agents, affiliates, employees, and/or representatives, both current and successor, whether named or unnamed herein; and it is further

ORDERED that this Order is effective immediately upon the date of the Director's signature below and shall continue in full force and effect until a hearing can be held to determine if this Temporary Order to Cease and Desist should become a Permanent Order to Cease and Desist.

NOTICE OF HEARING

It is hereby ORDERED that a contested case hearing before the Office of Hearing Examiners is set for 9:00 a.m. CST, on March 14, 2013, at 523 E. Capitol Avenue, Pierre, South Dakota, 57501, to show cause why this Temporary Order to Cease and Desist should not be made permanent; and it is further

This is an adversary proceeding and any interested party has a right to be present at the hearing, to be represented by an attorney, and that these and other due process rights will be forfeited if they are not exercised at the hearing. A default order will be issued against any party not appearing at the hearing. Any action taken at the hearing may be appealed to the Circuit Court and the Supreme Court pursuant to SDCL Ch. 1-26.

Handicapped persons who wish to attend should contact the Division so the hearing can be held

in a place readily accessible to them.

If the amount in controversy exceeds \$2,500 or if a property right may be terminated, any party to a contested case may request the use of the Office of Hearing Examiners by giving notice.

A person who is not an original party to this contested case and whose pecuniary interests would be directly affected by the Division's Order made upon the hearing may become a party to the hearing by intervention if timely application therefore is made to the Division, pursuant to SDCL § 1-26-17.1.

Dated at Pierre, South Dakota this 25th day of February, 2013.

A handwritten signature in cursive script, appearing to read "Merle Scheiber", is written over a horizontal line.

Merle Scheiber, Director
South Dakota Division of Insurance

BEFORE THE DIVISION OF INSURANCE
DEPARTMENT OF LABOR AND REGULATION
STATE OF SOUTH DAKOTA

IN THE MATTER OF
IWORLD FINANCIAL GROUP

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CERTIFICATE OF SERVICE

I, Frank Marnell, the undersigned, do hereby certify that on this 25th day of February, 2013, a true and correct copy of the Temporary Order to Cease and Desist and Notice of Hearing with respect to the above-entitled action was sent U.S. First Class Mail thereon, to the following:

iWorld Financial Group
16 Albert Hoy Drive, Suite 1059
Belama Phase 1
Belize City, Belize CA

iWorld Financial Group
848 N. Rainbow Blvd. #519
Las Vegas, NV 89107

Dated this 25th day of February, 2013 in Pierre, South Dakota.



Frank Marnell
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445 East Capitol
Pierre, SD 57501
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