

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

IN THE MATTER OF)	
PROACTIVE INDEMNITY CORPORATION;)	FINAL DECISION
PROACTIVE FINANCIAL SERVICES,)	INS 21-01
CONTINGENT CARGO CO.,)	
AHMED BADRUS SALAM, &)	
UMER M MASSOD, AKA JOSH CAPELLO,)	
AKA NATALIE JONES)	

After reviewing the record and the proposed order 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 Proposed Order, dated March 12, 2021, is adopted in full.

IT IS FURTHER ORDERED that the temporary cease and desist order issued by the South Dakota Division of Insurance against the above-named respondents shall be made permanent and remain in effect until further order from the Division.

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 23 day of March, 2021.



Marcia Hultman, 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

INS 21-01

**PROACTIVE INDEMNITY CORPORATION;
PROACTIVE FINANCIAL SERVICES,
CONTINGENT CARGO CO.,
AHMED BADRUS SALAM, &
UMER M MASSOD, AKA JOSH CAPELLO,
AKA NATALIE JONES**

PROPOSED DECISION

This matter came for hearing before the Office of Hearing Examiners on February 25, 2021 pursuant to an a Notice of Hearing issued by the South Dakota Division of Insurance ("Division") on February 5, 2021. Clayton Grueb appeared as counsel for the Division. No one appeared on behalf of the respondents. The Division moved for default judgement, and admitted Exhibits 1 through 11 into evidence. After hearing the testimony and reviewing the evidence, the Hearing Examiner now enters these Proposed Findings of Fact, Conclusions of Law, and Proposed Decision in this contested case.

ISSUE

Whether the Division's Temporary Order to Cease and Desist should be made permanent due to the Respondents directly transacting insurance in this state without proper license or authorized and by directly or indirectly, acting as an insurance producer or in any other manner in the transaction of insurance business with respect to subjects of insurance resident in this state without a proper license or authority, in violation of SDCL §§ 58-4-7, 58-6-1, and 58-8-1.

FINDINGS OF FACT

1. PROACTIVE INDEMNITY CORPORATION, PROACTIVE FINANCIAL SERVICES, CONTINGENT CARGO CO., AHMED BADRUS SALAM, UMER M MASSOD, AKA JOSH CAPELLO, AKA NATALIE JONES (here after referred to jointly as "RESPONDENTS") all have a last known mailing address of 8721 St. Monica Blvd., Los Angeles, CA 90069.
2. The RESPONDENTS sold a fictitious Insurance policy to a consumer in South Dakota. (Exhibits 1, 2, & 3).

3. Respondent PROACTIVE INDEMNITY CORPORATION, nor its alias business, PROACTIVE FINANCIAL SERVICES and CONTINGENT CARGO CO. have ever held a certificate of authority or any license to transact Insurance Business in South Dakota. (Exhibit 8).
4. Respondent AHMED BADRUS SALAM has never been licensed to transact insurance in the South Dakota." (Exhibit 11).
5. Respondent UMER M MASSOD nor his alias' JOSH CAPELLO and NATALIE JONES, have ever been licensed to transact insurance in South Dakota. attached documentation showing he plead guilty to a felony in California (Exhibits 9 & 10).
6. The RESPONDENTS have already been enjoined from transacting insurance business in states of Iowa, California, Nebraska, and Oregon, and . (Exhibit 4, 5, 6, and 7).
7. Any additional Findings of Fact included in the Reasoning section of this decision are incorporated herein by reference.
8. 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 request by the Division's to enter a permeanant Cease and Desist Order against the RESPONDENTS. As this matter deals with induvial acting without a proper professional license, the general burden of proof for administrative hearings of preponderance of the evidence, will apply. *In re Setliff*, 645 N.W.2d 601, 605 (2002 S.D.)

SDCL § 58-4-7 states that "if the director of the Division of Insurance believes, from substantial evidence, that any person is violating or about to violate any provision of (the insurance code), the director may issue a temporary cease and desist order pending a hearing ... an order or judgment may be entered awarding such temporary or permanent injunction as is proper."

SDCL § 58-6-1 states "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, except as to such transactions as are expressly otherwise provided for in this title. Any violation of this section is a Class 2 misdemeanor."

SDCL § 58-8-1 states that "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."

The evidence indicates that the RESPONDENTS did violate the Insurance Code of South Dakota by selling a purely fictitious policy and by failing to obtain proper licensure. The evidence further indicates that the Division was appropriate in issuing a Temporary Order to Cease and Desist. Applying the law to the Findings of Fact the Division has shown by the preponderance of the evidence that the RESPONDENTS have violated the Insurance Code and that a permanent order enjoining them from conducting insurance business in South Dakota is justified.

CONCLUSIONS OF LAW


1. The Division has jurisdiction over the RESPONDENTS and the subject matter of this contested case. The Office of Hearing Examiners is authorized to conduct the hearing and issue a proposed decision pursuant to SDCL 1-26D-4.
2. The Division bears the burden of establishing by the preponderance of the evidence that the REPOSENTS have violated the South Dakota Insurance Code.
3. The Division established by the preponderance of the evidence that the RESPONDENTS violated SDCL § 58-6-1.
4. The Division established by the preponderance of the evidence that the RESPONDENTS violated SDCL § 58-8-1.
5. Any additional Conclusions of Law included in the Reasoning section of this decision are incorporated herein by reference.
6. 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 South Dakota Division of Insurance's Temporary Order to Cease and Desist should be made permanent and the RESPONDENTS should be permanently enjoined from transacting insurance business in South Dakota.

Dated this 12 day of March, 2021.



Ryan Darling, Hearing Examiner
Office of Hearing Examiners
523 East Capitol
Pierre, SD 57501

CERTIFICATE OF SERVICE

I certify on March 12, 2021, at Pierre, South Dakota, a true and correct copy of this Proposed Decision was mailed to each of the parties below.



Julie McClelland
Office of Hearing Examiners

PROACTIVE INDEMNITY
CORPORATION
8721 ST MONICA BLVD
LOS ANGELES, CA 90069

AHMED BADRUS SALAM
8721 ST MONICA BLVD
LOS ANGELES, CA 90069

PROACTIVE FINANCIAL SERVICES
8721 ST MONICA BLVD
LOS ANGELES, CA 90069

UMER M MASSOD,
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CONTINGENT CARGO CO.
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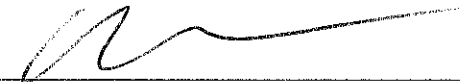
CLAYTON GRUEB
DIVISION OF INSURANCE
2330 N. MAPLE AVE, SUITE 1
RAPID CITY, SD 57701

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

IN THE MATTER OF)	
PROACTIVE INDEMNITY CORPORATION;)	INS. 21-01
PROACTIVE FINANCIAL SERVICES,)	
CONTINGENT CARGO CO.,)	NOTICE OF ENTRY OF PROPOSED
AHMED BADRUS SALAM, &)	FINDINGS OF FACT, CONCLUSION OF
UMER M MASSOD, AKA JOSH CAPELLO,)	LAW, DECISION AND FINAL DECISION
AKA NATALIE JONES)	

NOTICE IS HEREBY GIVEN, that attached hereto, is a true and correct copy of the Proposed Findings of Fact, Conclusions of Law, and Decision, and Final Decision entered by Marcia Hultman, Secretary of the South Dakota Department of Labor and Regulation, on March 23, 2021.

Dated this 5th day of May, 2021.



Clayton Grueb
Legal Counsel
South Dakota Division of Insurance
2330 N. Maple Ave. Suite 1
Rapid City, SD 57701
(605) 394-3396

CERTIFICATE OF SERVICE

I, Clayton Grueb, the undersigned, do hereby certify that on the date shown below, a true and correct copy of the notice of entry with respect to the above-entitled action was sent U.S. Certified Mail thereon, to the following:

PROACTIVE INDEMNITY CORPORATION
8721 ST MONICA BLVD
LOS ANGELES , CA 90069

PROACTIVE FINANCIAL SERVICES
8721 ST MONICA BLVD
LOS ANGELES , CA 90069

CONTINGENT CARGO CO.
8721 ST MONICA BLVD
LOS ANGELES , CA 90069

AHMED BADRUS SALAM
8721 ST MONICA BLVD
LOS ANGELES , CA 90069

UMER M MASSOD,
8721 ST MONICA BLVD
LOS ANGELES , CA 90069

Dated at Rapid City, South Dakota this 5th day of May, 2021.



Clayton Grueb
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South Dakota Dept. of Labor and Regulation
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