

Subject:	Chandler case-Congratulations and THIS needs your attention *****
From:	structures
Date:	Saturday, August 30, 2008 5:27 PM
To:	askmike@oic.wa.gov

Dear Commissioner Kreidler,

I read the OPIC Press release of August 28, 2008 concerning the Chandler case and applaud you on your efforts to enforce the "trustworthiness" standard.

The following quote attributed to you sticks in my mind "Mr. Chandler **preyed on some of our most vulnerable citizens** and I cannot allow that to happen".

In my area of the insurance business there is a segment that is worthy of your investigation. This segment deals with a similarly vulnerable segment of citizens, those who have suffered physical injuries or lost loved ones as the result of someone else's negligence. A large number of structured settlement annuities are written on Washington state citizens as part of the resolution of claims or lawsuits brought in the State of Washington, and elsewhere. A number of these citizens are profoundly injured people or others with needs calling for conservative money management and spendthrift protection. These annuities are placed by **licensed** insurance agents.

A significant national problem exists due to the advertising practices of the companies who seek to purchase the structured settlement payment rights from these annuitants. There is considerable documentation of misleading advertising on the Internet and elsewhere, that preys on the gullibility of this segment of the population. One company, Peachtree Settlement Funding, even falsely advertises these citizens can "get all of their money now". They appear to be able to get away with this because of inadequate enforcement of truth in advertising laws. While this may not be in your purview here is something that certainly is.

A number of these so called "cash now pushers" offer and pay kickbacks to insurance agents to refer business to them.

The companies paying the fees may not be registered to do business in your state.

Some agents receive a "percentage of the deal" which serves to reduce the amount of money that the annuitants receive if the transaction goes through. It is believed that much of this activity is under the radar and notably, the effect of these fees to the bottom line is not being adequately disclosed to the annuitant. It **is well established that such fees can have a significant effect on the bottom line**. So you have licensed insurance agents discussing and advising citizen insureds about the disposition of an insurance asset, perhaps even one that they wrote and THEN possibly receiving undisclosed kick backs. Some may even be receiving the kick backs without doing more than making a referral.

How potentially big is this problem? As an example one vendor, Rhonda Bentzen of Bentzen Funding Solutions, states in this recent video <http://www.summitsettlementschannel.com/kickapps/Bentzen-Funding-on-factoring-video/270941/39517.html> that she relies solely on referrals from the structured settlement industry (a number of whose members are **licensed agents in your state**), the majority of which she states **simply pass the name on**. The same vendor has stated publicly, in writing, that an astonishing **90%** of her clientele are receiving such fees. It is believed that the source of fee paying is not limited to vendor cited above.

To add insult to injury there are some insurance agents around the country who place structured annuities that appear to aggressively market the factorability of the annuity payment rights ostensibly, to get a share of the "back end vig"

I created a Structured Settlement Clean Vendor List http://structuredsettlements.typepad.com/structured_settlements_4r/structured-settlement-nofactormoney.html to highlight those who attest under penalty of perjury that they do not participate in these practices. So far only 24 people have signed the declaration. Furthermore, there are only 2 **firms** in the industry that have a published policy on this practice. This begs a simple question. **WHY?**

I encourage you to follow up your good work with seniors and to not forget the other vulnerable segment of the population and to share this email with other insurance commissioners. Your statement "I cannot allow that to happen" gives us hope.

If I can be of assistance or provide further information please do not hesitate to contact me.



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