STATE OF NORTH DAKOTA

BEFORE THE INSURANCE COMMISSIONER

In the Matter of	)	**CEASE AND DESIST ORDER**
	)	**AND NOTICE OF**
Transactional Finance, LLC,	)	**OPPORTUNITY FOR HEARING**
	)	
Respondent.	)	**CASE NO. AG-16-624**

TO: Transactional Finance, LLC, by and through their legal counsel, Scott Carlson, 2700 West 59th Street, Minneapolis, MN 55410

Insurance Commissioner Adam Hamm ("Commissioner") has determined as follows:

1. N.D.C.C. § 26.1-01-03.1 authorizes the Commissioner to issue an Order to cease and desist when it appears that any person or business entity is or has engaged in an act or practice which violates or may lead to a violation of Title 26 of the North Dakota Century Code.

2. N.D.C.C. § 26.1-02-01(4) defines an insurance company as "any corporation, association, benefit society, exchange, partnership, or individual engaged as principal in the business of insurance."

3. N.D.C.C. § 26.1-02-05 states, in pertinent part:

> An insurance company may not transact insurance business in this state, as set forth in section 26.1-02-06, without a certificate of authority from the commissioner.

4. N.D.C.C. § 26.1-02-06 states, in pertinent part:

> Any of the following acts in this state effected by mail or otherwise by or on behalf of an unauthorized insurance company constitutes the transaction of an insurance business in this state:
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> . . .
>
> 2. Making 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.
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> . . .
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> 4. Receiving or collecting any premium, commission, membership fees, assessments, dues, or other consideration for any insurance or any part thereof.
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> . . .
>
> 7. Transacting any kind of insurance business specifically recognized as transacting an insurance business within the meaning of the statutes relating to insurance.

5. A surety bond is a casualty insurance product. N.D. Admin. Code § 45-13-01-02.

6. Transactional Finance, LLC ("Respondent"), is a Minnesota limited liability company. Respondent does not, and has never held, a Certificate of Authority to transact insurance business in North Dakota issued by the North Dakota Insurance Commissioner.

7. The Commissioner has a reasonable basis to believe that the Respondent has engaged in, is engaging in, or is about to engage in an act or practice as more fully described below which violates or may lead to a violation of N.D.C.C. title 26.1. It is

necessary and appropriate, in the public interest and for the protection of insurance consumers to restrain these acts or practices of Respondent.

8. The Commissioner has come into information which alleges that Respondent has acted in the capacity of an insurance company without holding a Certificate of Authority from the North Dakota Insurance Commissioner. Specifically, it is alleged that Respondent issued surety bonds and collected premiums on those bonds for a company doing business in the State of North Dakota, namely, Berg Specialty Fluids – Holding LLC ("Berg").

9. On or about November 20, 2015, Respondent issued a surety bond on behalf of Berg in the amount of $50,000. This surety bond was submitted to the North Dakota Industrial Commission. While the bond indicates that Respondent was authorized to do business in the State of North Dakota, it did not hold a Certificate of Authority from the Insurance Commissioner and was not, at that time, registered with the North Dakota Secretary of State. According to records found on the North Dakota Secretary of State web page, Respondent filed with the North Dakota Secretary of State on December 2, 2015.

10. On or about March 1, 2016, Respondent issued a surety bond on behalf of Berg in the amount of $250,000 and submitted the surety bond to the North Dakota Attorney General. The premium for this surety bond was $5,000 and was paid to Respondent by Berg. Respondent did not hold a Certificate of Authority from the North Dakota Insurance Commissioner at the time it accepted the premium for the sale of the surety bond.

11. Respondent's conduct as set out above violates N.D.C.C. ch. 26.1-02.

NOW, THEREFORE, IT IS HEREBY ORDERED pursuant to N.D.C.C. § 26.1-01-03.1 that Respondent, whether acting in the State of North Dakota as an insurance company or otherwise engaging in the business of insurance, either directly or indirectly through named and unnamed persons, entities, agents, or otherwise, shall immediately **CEASE AND DESIST** from soliciting, transacting, or otherwise engaging in the business of insurance in the State of North Dakota.

IT IS FURTHER ORDERED pursuant to N.D.C.C. § 26.1-01-03.1 that Respondent may make a written request for a hearing on this matter within 30 days of the date of this Order.

If the Respondent fails to request a hearing in writing within 30 days after being served with a copy of this Cease and Desist Order, the Commissioner shall make the Cease and Desist Order permanent, as the facts require.

DATED this 12th day of April, 2016.

Adam Hamm
Commissioner
North Dakota Insurance Department
600 East Boulevard Avenue, Dept. 401
Bismarck, ND 58505
(701) 328-2440