

BEFORE THE IOWA INSURANCE COMMISSIONER

)	
)	Division Case No. 107696
DIRECT MAIL PROCESSING, LLC;)	
REHG DATA ASSETS, INC D/B/A)	
RGI DATA ASSETS INC.;)	
KATHERINE REHG.)	SUMMARY CEASE AND DESIST
)	ORDER
)	
Respondents.)	
)	

On December 7, 2020, Compliance Attorney Adam Kenworthy on behalf on the Iowa Insurance Division (“Division”) submitted a petition requesting the issuance of a summary cease and desist order.

NOW THEREFORE, The Commissioner of Insurance, Doug M. Ommen, pursuant to Iowa Code chapters 507A—Unauthorized Insurers, 507B—Insurance Trade Practices and Iowa Administrative Code chapter 15—Unfair Trade Practices, does hereby make and issue the following findings of fact, conclusions of law and summary cease and desist order (“Order”):

I. PARTIES AND JURISDICTION

1. The Commissioner of Insurance, Douglas M. Ommen, directly and through his designees, administers and enforces Iowa Code chapters 507A—Unauthorized Insurers, 507B—Insurance Trade Practices, and Iowa Administrative Code chapter 15—Unfair Trade Practices. 2. Direct Mail Processing, LLC (“DMP”) is a Georgia limited-liability corporation with a principal place of business located at 2900 Delk Rd SE Suite 700-246, Marietta, Georgia 30067-5320.

3. Rehg Data Assets, Inc., doing business as RGI Data Assets Inc., (“RGI”) is a Georgia corporation with a principal place of business located at 1355 Terrell Mill Road, Bldg 1482, Ste 100, Marietta, Georgia, 30067.

4. Katherine Rehg (“Rehg”) is the manager of DMP and CEO of RGI, she resides at 183 Manget St., Marietta, Georgia 30060. Rehg formulated, directed, controlled, was a primary participant in, and had, or should have had, knowledge of the acts and practices of DMP and RGI constituting violations of Iowa law as alleged herein. At all times relevant hereto, Rehg was an officer, director, sole owner, and/or managing agent of DMP and RGI.

5. Pursuant to Iowa Code § 505.28, DMP, RGI and Rehg (hereinafter collectively referred to as “Respondents”) have consented to the jurisdiction of the commissioner of insurance by committing acts governed by Iowa Code chapters 507A and 507B and Iowa Administrative Code chapter 15.

6. From on or about July 1, 2017, through December 2019, Respondents engaged in acts and practices within the state of Iowa constituting cause for a cease and desist order, civil penalties and or other relief under Iowa Code chapters 507A, 507B and rules adopted pursuant to these chapters.

II. FINDINGS OF FACT

7. The Division began an investigation after the Division received a consumer complaint regarding mailers Respondents sent to Iowa consumers.

8. DMP is not, nor has it ever been, a licensed business entity producer in the state of Iowa.

9. RGI is not, nor has it ever been, a licensed business entity producer in the state of Iowa.

10. Rehg is not, nor has she ever been, a licensed insurance producer in the state of Iowa.

11. Rehg is DMP’s manager and owns 100% of its membership interests.

12. DMP entered into a service agreement with Rehg Data Assets, Inc., on January 1, 2017. The service agreement stated that DMP was to provide Rehg Data Assets, Inc., with various direct mail response processing services. The service agreement was signed by Rehg.
13. RGI filed for a bank loan application in April 2018. In the application RGI detailed that Rehg purchased the leads division of RGI in January of 2017, and owns 100% of the company. Specifically, the loan application referenced RGI's business within the senior insurance market and how RGI operates in the business of insurance through its marketing, advertising and solicitation services throughout the country.
14. RGI's website states on its main page that RGI specializes in "Insurance Products –Direct Mail Leads. Life Insurance & Final Expense. Medicare Supplement. Annuities. Dental, Vision & Hearing. Accidental Death."
15. RGI's website has a section under its "Knowledge Center" heading that provides a detailed twelve-page script on how to sell life insurance to consumers after they return the solicitation mailer sent to consumers by RGI. The script is said to be provided by "Insurance Industry Expert David Duford."
16. Respondents mailed solicitation card ("Attachment A") to Iowa consumers on or about July 1, 2017, through September 2018.
17. Respondents sent Attachment A to Iowa consumers on behalf of their insurance producer clients EF and NU in order to generate what are known as "insurance leads."
18. No specific insurance product was advertised and marketed in Attachment A.
19. Attachment A did not disclose to the consumer that the mailer was sent as a solicitation by an insurance producer in order to sell the consumer a specific insurance product. Instead, the language on Attachment A could lead a consumer to believe the mailer was sent from a

government entity entitling the consumer to a specific government “benefit.” Attachment A could give the impression to a consumer that the sender may be affiliated with a government program by stating that: “You may qualify for a state-regulated program to pay for final expenses. It is important you know how to qualify for this benefit available to you. This benefit will pay for 100% of all funeral expenses up to \$35,000.00. This payment is tax-free for Iowa residents.” Further, the header to Attachment A stated in large bold font: “2018 Benefit Information for Iowa Citizens Only.”

20. Over 1,000 Iowa consumers filled out Attachment A and returned it to Respondents who then provided the collected information to their clients, EF and NU.

21. The insurance product that was being solicited and marketed in Attachment A was life insurance, specifically products referred to as final expense insurance.

22. In 2018, Respondents sent a separate mailer, “Attachment B”, to 14, 395 Iowa consumers with 364 Iowa consumers submitting responses.

23. Attachment B came in an envelope, Attachment C. The writing on Attachment C stated: “OPEN IMMEDIATELY, “IMPORTANT INFORMATION ENCLOSED,” “DATED MATERIAL.” “SECOND NOTICE” and “TIME SENSITIVE.”

24. Attachment C did not identify the sender, but listed a P.O. Box within Kennesaw, Georgia on the top-left corner.

25. Attachment B had all of the same language and statements as Attachment A, but had “T-2” in the top-left corner and “2019” in the top right corner. The “19” within “2019” graphic were bold-filled. The “T-2” and “2019” graphics used on Attachment B are very similar to the graphics used on federal tax return forms.

26. Attachment B differs from Attachment A in that it states: “Not affiliated with or endorsed by any government agency.” However, this language appears in the small font on Attachment B.

27. The return address on Attachment B is, “Direct Mail Processing, LLC,” at a P.O. Box in Kennesaw, Georgia.

28. The Division contacted Iowa consumers who responded to Attachment A. The Division asked consumers what they thought Attachment A was for, who they thought sent it, and if they knew it was related to life insurance.

29. The majority of consumer responses indicated that they thought the mailer they received (Attachment A) was from the state of Iowa to help with final expenses and funeral costs. The vast majority of consumers indicated they did not know they would be contacted by an insurance agent after filling out the mailer and sending it back.

III. CONCLUSIONS OF LAW

COUNT I **UNFAIR TRADE PRACTICES**

30. Iowa Code chapter 507B grants to the Commissioner very broad powers to regulate trade practices in the business of insurance with administrative hearing procedures, summary cease and desist orders, and related relief. Iowa Code § 507B.1.

31. Iowa Code § 507B.3 provides:

A person shall not engage in this state in any trade practice which is defined in this chapter as, or determined pursuant to section 507B.6 to be, an unfair method of competition, or an **unfair or deceptive act or practice** in the business of insurance.

(Emphasis added.)

32. Iowa Code § 507B.6A states:

Upon a determination by the commissioner that a person or insurer has engaged, is engaging, or is about to engage in any act or practice constituting a violation of this

chapter or a rule adopted or order issued under this chapter, the commissioner may issue a summary order, including a brief statement of findings of fact, conclusions of law, and policy reasons for the decision, and directing the person or insurer to cease and desist from engaging in the act or practice or to take other affirmative action as is in the judgment of the commissioner necessary to comply with the requirements of this chapter.

33. Iowa Admin. Code rule 191-15.3 states:

Form and content of advertisements. The format and content of an advertisement shall be truthful and sufficiently complete and clear to avoid deception or the capacity or tendency to misrepresent or deceive. Whether an advertisement has a capacity or tendency to misrepresent or deceive shall be determined by the overall impression that the advertisement may be reasonably expected to create upon an individual in the segment of the public to which it is primarily directed and who has average education, intelligence and familiarity with insurance terminology for products in that market. Information regarding exceptions, limitations, reductions and other restrictions required to be disclosed by this rule shall not be minimized, rendered obscure or presented in an ambiguous fashion or intermingled with the context of the advertisements so as to be confusing or misleading.

34. Iowa Code § 507B.3 includes acts and practices that offend public policy as established by law and are likely to cause substantial injury to insurance purchasers. *In the matter of Mark Diamond*, Division Case No. 969759, October 23, 2019, 2019 WL 5677529, page 38 (Iowa Ins.Div.); *In the Matter of Newman*, No. 91936, 2017 WL 6504574 (Iowa Ins. Div., Jan. 24, 2017).

35. Federal decisions under the FTC Act and state consumer protection laws sharing similar principles of deception also make clear the legislative intent to prohibit acts or practices that have the tendency or capacity to mislead insurers or prospective insurance purchasers. *Newman*, *Id.* at 9. (citing *Montgomery Ward & Co. v. FTC*, 379 F.2d 666 (7th Cir. 1967); Iowa Code § 714.16(l)(f) (2015); *State ex rel. Miller v. Vertrue, Inc.*, 834 N.W.2d 12 (Iowa 2013)).

36. The broad regulatory authority in Iowa Code § 507B.3 is aided by the enumerated per se violations, including, but not limited to those enumerated in Iowa Code §§ 507B.4 and Chapter 522B. *Diamond*, *Id.* at 38; *Newman*, *Id.* at 10.

37. The Respondents acts and practices were deceptive on their face. The lead generating mailers that Respondents sent to Iowa consumers were for the purpose of soliciting consumer information and selling that information to insurance producers so that the producers could sell Iowa consumers life insurance products. Respondents failed to disclose to consumers that they were being solicited for life insurance purposes. The only purpose Respondents would have in withholding this information from consumers is to deceive consumers from the intended purpose of the solicitation.

38. Respondents used phrases such as “benefit information”, “for Iowa citizens only,” and “state regulated program” in order to give the impression that Respondents’ mailer was associated with or coming from a state or federal government agency. “Benefit” and “program” are words commonly used in reference to government programs such as Medicare, Medicaid, and Social Security. Further, Respondents specifically targeted older Iowa consumers who may be or were eligible for specific government programs such as Medicare and Social Security. In fact, the words and phrases used by Respondents in Attachment A did mislead and or deceive Iowa consumers.

39. The use of words and phrases of urgency such as “OPEN IMMEDIATELY,” “SECOND NOTICE,” and “TIME SENSITIVE,” further gave the impression to consumers that they were being required to respond or that they had to respond in a specific amount of time in order to avoid possible penalty. The Respondents used symbols on their mailers that were made to look similar to those symbols used on federal income tax forms, furthering demonstrating Respondents intended purpose of deception.

40. Respondents’ acts and practices were meant to deceive the average Iowa consumer. *See Nat'l Bakers Servs., Inc. v. F.T.C.*, 329 F.2d 365 (7th Cir. 1964) (Important criterion in

determining meaning of advertisement is net impression that it is likely to make on general populace.)

41. Respondents failed to properly disclose to consumers the purpose of the mailers was for the business of insurance.

42. Respondents failed to properly disclose to consumers the business entities affiliated with sending the mailers were licensed insurance producers.

43. Respondents failed to properly disclose to consumers how their personal information was going to be used once gathered by Respondents.

44. Respondents' acts and practices stated herein constitute unfair trade practices in the state of Iowa pursuant to Iowa Chapter 507B, subjecting Respondents to the imposition of a civil penalty, an order requiring Respondents to cease and desist from engaging in such acts or practices, the imposition of investigation costs, restitution, and any other corrective action the Commissioner deems necessary and appropriate pursuant to Iowa Code §§ 505.8, and 507B.6.

COUNT II
UNAUTHORIZED INSURERS

45. Iowa Code § 507A.5(1) provides that “[a] person or insurer shall not directly or indirectly perform any act of doing an insurance business as defined in this chapter [507A] except as provided by and in accordance with the specific authorization by statute.”

46. Iowa Code § 507A.3(1) defines “insurer” to include:

[A]ll corporations, associations, partnerships and individuals engaged in the business of insurance. Any of the following acts in this state, effected by mail or otherwise, by an unauthorized insurer is defined to be doing an insurance business in this state:

e. 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.

f. 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 insurance laws of this state.

g. Any other transactions of business relating directly to insurance in this state by an insurer.

47. Respondents are not nor have they ever been licensed to conduct the business of insurance within the state of Iowa.

48. Respondents hold themselves out to potential clients as being in the business of insurance and therefore are able to help clients increase their insurance sales.

49. Respondents directed mailers to Iowa consumers in order to assist its client's in the marketing, advertising, solicitation and sale of insurance products within the state of Iowa.

50. Respondents acts and practices were done knowingly and in order to evade the provisions of the insurance laws of this state.

51. Respondents' acts and practices stated herein are in violation of Iowa Code chapter 507A, subjecting Respondents to the imposition of a civil penalty, an order requiring Respondents to cease and desist from engaging in such acts or practices, the imposition of investigation costs, restitution, and any other corrective action the Commissioner deems necessary and appropriate pursuant to Iowa Code §§ 505.8, and 507A.10.

IV. POLICY REASONS

52. Sending mailers with deceptive and misleading statements has the tendency to deceive Iowa consumers.

53. In addition to consumer deception and confusion, the utilization of unfair methods of competition and the utilization of unfair and deceptive acts and practices in the business of insurance places legitimate insurers who do not use such methods, acts, and practices at a competitive disadvantage vis a vis the Respondents. Respondents used urgent phrasing and

references to government regulated programs in their mailers to allow them to gain consumer information that they may not otherwise have been able to obtain. If consumers had known that they were being solicited for the purposes of being sold life insurance products, they may not have filled-out the mailers sent by Respondents.

54. It is contrary to the public interest to permit the Respondents to engage in the business of insurance without being properly licensed. The purpose of the Iowa Unauthorized Insurers Act, as stated in Iowa Code § 507A.2, is, in part, to protect residents of this state:

[A]gainst acts by persons and insurers not authorized to do an insurance business in this state, by the maintenance of fair and honest insurance markets, by protecting the premium tax revenues of this state, by protecting authorized persons and insurers which are subject to regulation from unfair competition by unauthorized persons and insurers, and by protecting against the evasion of the insurance regulatory laws of this state.

IV. ORDER

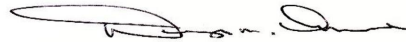
WHEREFORE, IT IS ORDERED pursuant to the powers granted to the Commissioner of Insurance by Iowa Code chapters 505; 507A and 507B:

- A. Respondents, pursuant to Iowa Code § 507B.6A, shall immediately cease and desist from sending any further mailers, postcards, fliers or any other form of solicitation marketing materials or advertisements to Iowa consumers that in any way relate to, directly or indirectly, the business of insurance;
- B. Respondents, pursuant to Iowa Code § 507B.7, shall immediately cease and desist from any and all unfair methods of competition, or any unfair or deceptive acts or practices in the state of Iowa;
- C. Respondents shall immediately cease and desist from engaging in the business of insurance in the state of Iowa and are prohibited from selling, soliciting or negotiating any insurance in this state, and from advertising, marketing or advising on behalf of

any person or business entity in this state engaged in the business of insurance pursuant to Iowa Code §§ 507A.10; 522B.7 and 505.8;

D. This Order is intended to include and bind any and all future business entities or business associations affiliated with Respondents.

SO ORDERED on the 21st day of December, 2020.



DOUGLAS M. OMMEN
Iowa Insurance Commissioner

Copies to:

Iowa Secretary of State
First Floor, Lucas Building
321 E. 12th St.
Des Moines, IA 50319

Direct Mail Processing
2900 Delk Rd SE Suite 700-246
Marietta, GA, 30067-5320

Rehg Data Assets, Inc
1355 Terrell Mill Road,
Bldg 1482, Ste 100,
Marietta, GA, 30067.

Katherine Rehg
183 Manget St.,
Marietta, GA 30060.

CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing instrument was served upon all parties to the above cause, or their attorney, at their respective addresses disclosed on the pleadings on December 22, 2020.

- By: First Class Mail Personal Service
- Restricted certified mail, return receipt Email, by consent
- Certified mail, return receipt Email to Iowa SOS for service

Signature: /s/ Hilary Foster

Hilary Foster

NOTICE OF RIGHT TO REQUEST HEARING

YOU ARE NOTIFIED that you may request a contested case proceeding and a hearing on this matter within thirty (30) days from the date that the order is issued according to Iowa Code § 507B.6A. This request must be filed to the attention of the Enforcement Bureau: **enforcement.filings@iid.iowa.gov**.

If requested, a notice of the hearing shall be prepared by the Division and shall be issued no later than thirty (30) days from the date of receipt of a timely request for a contested case proceeding and hearing. The resulting hearing will be held in accordance with Iowa Administrative Code Chapter 191—3.

NOTICE OF FINAL ORDER AND FAILURE TO REQUEST A HEARING

If you fail to request a hearing within thirty (30) days of the date of this Cease and Desist Order, the Order shall become final by operation of law and shall be enforceable by the Commissioner of Insurance in an administrative or court proceeding.

NOTICE OF EXHAUSTION OF ADMINISTRATIVE REMEDIES AND RIGHT TO SEEK JUDICIAL REVIEW

The failure to request a hearing may constitute a failure to exhaust your administrative remedies and limit the issues subject to judicial review. You may seek judicial review of this Order pursuant to Iowa Code Chapter 17A after the Order becomes final.

NOTICE OF PENALTIES FOR VIOLATION OF THIS ORDER

YOU ARE NOTIFIED that a person or insurer who violates this Order shall be deemed in contempt of this Order. The Commissioner may petition the district court to hold a hearing to

enforce the order as certified by the Commissioner. The district court may assess a civil penalty against you and may issue further orders as it deems appropriate.

ATTACHMENT A

C89330294 | Assigned To [REDACTED] | [REDACTED] IA

**2018 BENEFIT INFORMATION
FOR IOWA CITIZENS ONLY**

Please Respond By: **Mar. 16, 2018**

NAME	AGE	SPOUSE NAME	AGE
STREET ADDRESS (No PO box)			
CITY	STATE	ZIP	PHONE (w/ Area Code)

You may qualify for a state-regulated program to pay for your final expenses.
It is important you know how to qualify for this benefit available to you. This benefit will pay for 100% of all funeral expenses up to \$35,000.
This payment is tax-free for Iowa residents.

You are entitled to receive no-cost information as a resident of Iowa. **IMPORTANT-** Return this postage-paid card within 5 days.

026475****AUTO**ALL FOR AADC 612 T82 P1



NU06250121687

To opt out of future mailings please visit www.optout-dds.com and enter this 6 digit code: W7L3GC.

Not affiliated with or endorsed by any government agency. Information provided by National Underwriting Services.

F11SLF

ATTACHMENT B

T-2

2019 BENEFIT INFORMATION
FOR IOWA CITIZENS ONLY

2019


As a resident of Iowa, you are entitled to more benefits not provided by government funds.
You now have access to a 2019 regulated program which may pay 100% of all final expenses up to \$35,000.
Return this postage paid card within 5 days to request this new benefit information.

RCVD DEC 21 2018

Please Respond By Dec. 21, 2018



Complete and return the information below:

NAME		AGE
SPOUSE'S NAME		AGE
STREET ADDRESS (No PO boxes)		
PHONE (With Area Code) () -		
Not affiliated with or endorsed by any government agency.		
 NU089780156395		G33A3W

To opt out of future mailings please visit dmpoptout.com and enter this 9 digit code: 806-384-491.



ATTACHMENT C

P.O. Box 2910
Kennesaw, GA 30156-9843

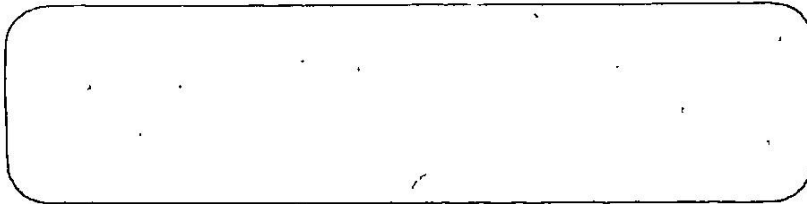
DATED MATERIAL



PRESORTED
STANDARD
U.S. POSTAGE
PAID
PERMIT NO.457

OPEN IMMEDIATELY
IMPORTANT INFORMATION ENCLOSED

SECOND NOTICE
TIME SENSITIVE



EXCAGE-5

