

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, NOVEMBER 23, 2020

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2018-00069

NEXUS SERVICES INC.,
LIBRE BY NEXUS INC.,
MICHAEL PAUL DONOVAN, and
RICHARD EDWARD MOORE,
Defendants

SETTLEMENT ORDER

The Bureau of Insurance ("Bureau") for the State Corporation Commission of Virginia ("Commission") conducted an investigation into Nexus Services Inc. ("Nexus"), Libre by Nexus Inc. ("Libre"), Michael Paul Donovan, and Richard Edward Moore (collectively "Defendants") pursuant to § 38.2-1809 of the Code of Virginia ("Code"). Based on its investigation, the Bureau alleges that since approximately 2014, Defendants and their employees, while unlicensed by the Bureau to transact the business of insurance, acted as insurance agents in soliciting, negotiating, and selling through Libre surety insurance in the form of immigration surety bonds. The Bureau alleges that even though Defendants knew they were required to be licensed as insurance agents, they solicited, negotiated, and sold through Libre more than 1,500 immigration surety bonds in the Commonwealth of Virginia ("Virginia"), totaling over \$1.5 million in premiums paid. The Bureau further alleges that the unlicensed Defendants profited from their immigration bond business by retaining a portion of the bond premiums, along with other fees in connection with the sale of the bonds.

Based on this alleged conduct, the Bureau asserts that Defendants violated § 38.2-1822 of the Code by knowingly transacting the business of insurance without a license and acting as unlicensed insurance agents in Virginia. With respect to such violations of the Code, the Commission is authorized by § 38.2-219 of the Code to enter a cease and desist order, by § 38.2-218 of the Code to impose certain monetary penalties, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

Prior to a hearing in this matter, Defendants made Motions To Dismiss and Demurrer ("Demurrer") on October 31, 2019. On December 13, 2019, the Hearing Examiner issued a ruling denying Defendants' Demurrer. On December 16, 2019, Defendants submitted an Objection to Hearing Examiner Ruling on Demurrer. Defendants also filed an Answer To Amended Rule To Show Cause on January 3, 2020 regarding the Bureau's allegations and their defenses thereto. A hearing in this matter was initially scheduled to commence on April 28, 2020, but was subsequently continued until November 9, 2020.

Defendants, while neither admitting nor denying the allegations made herein and without adjudication by the Commission at a hearing, admit to the Commission's jurisdiction and authority pursuant to § 12.1-15 of the Code to enter this Settlement Order. In order to settle all matters arising from these allegations, Defendants have made an offer of settlement to the Commission wherein Defendants will abide by and comply with the following terms and undertakings:

(1) Defendants shall pay the sum of Four Hundred Twenty-Five Thousand Dollars (\$425,000), jointly and severally, to the Treasurer of Virginia pursuant to § 12.1-15 and § 38.2-218(A)-(B) of the Code. Such payment will be made in accordance with the following payment plan:

- (a) The sum of One Hundred Thousand Dollars (\$100,000) will be paid contemporaneously with the entry of this Settlement Order;
- (b) The sum of Twenty-Five Thousand Dollars (\$25,000) will be paid by November 15, 2020; and
- (c) The sum of Twenty-Five Thousand Dollars (\$25,000) will be paid each month thereafter on or before the first business day of such month for a period of twelve (12) months after entry of this Settlement Order, commencing on December 1, 2020.

(2) Defendants shall undertake the following actions to ensure compliance with the Code and Virginia's insurance laws and regulations:

- (a) Defendants and their employees will cease collecting, receiving, forwarding, remitting, or otherwise handling, as an intermediary or otherwise, any premium monies being paid by or on behalf of customers¹ in Virginia for the placement of immigration surety bonds;
- (b) Defendants and their employees will cease collecting, receiving, or otherwise handling, as an intermediary or otherwise, any collateral payments by or on behalf of Virginia customers intended to secure their immigration surety bonds;
- (c) Defendants and their employees will cease being present for and/or involved in the negotiation of contracts with Virginia customers for the placement of immigration surety bonds;
- (d) Defendants and their employees will not otherwise engage in any actions that constitute procuring or financing premium monies on behalf of Virginia customers²;
- (e) If Defendants or their employees are contacted by either a Virginia resident or person present in Virginia seeking to contract Defendants' services, Defendants and their employees will first refer such person to a Virginia-licensed bonding agent for the negotiation and transacting of an immigration surety bond and wait until the price and terms of the immigration surety bond

¹ For purposes of this Settlement Order, the term "customers" shall be defined to include immigrant detainees who are contracting any of Defendants' services (also known as "program participants"), co-signers of program participants' immigration surety bonds, and any other persons transacting with Defendants on behalf of program participants.

² Only the restriction related to procurement contained in Paragraph 2(d) of this Settlement Order shall not extend to charitable bonding that may be undertaken by Defendants.

have been determined without the involvement of Defendants before contracting with such person for any of Defendants' services;

- (f) Defendants will not accept any monetary commissions or other fees for referrals made to Virginia-licensed bonding agents or otherwise tied to immigration surety bond transactions;
- (g) Defendants will cease advertising in Virginia in any medium, method, or channel, unless said advertising clearly and conspicuously discloses that Defendants are not licensed in Virginia by the Bureau in any capacity and that Defendants are not legally authorized to sell products or provide services to their customers that constitute the business of insurance or surety bonds;
- (h) Defendants' written contracts, materials, and advertising shall clearly disclose (1) that Defendants are either not licensed in Virginia by the Bureau in any capacity or not licensed in any jurisdiction to conduct the business of insurance or surety bonds and (2) that Defendants are not legally authorized to sell products or provide services to their customers that constitute the business of insurance or surety bonds;
- (i) Defendants' contracts with Virginia customers shall clearly and conspicuously attest that all monies paid to Defendants are solely for products and services that do not constitute the business of insurance or surety bonds and that any relationship between a customer and Defendants is separate and distinct from the contractual relationship that customer has with any licensed bonding agent or surety company;
- (j) Defendants will cease requiring Virginia program participants enrolled after the effective date of this Settlement Order to wear GPS monitoring devices; and
- (k) Defendants will notify the Bureau by letter addressed to the Deputy Commissioner of the Agent Regulation Division, State Corporation Commission of Virginia, 1300 East Main Street, Richmond, Virginia 23219, if Defendants or any business entities or individuals affiliated with Defendants apply with the Bureau for a license to transact the business of insurance.

(3) In addition to any continuing obligation to furnish records and other information requested by the Bureau pursuant to § 38.2-1809 of the Code, Nexus, Libre, and any business entities owned, controlled, or managed by Defendants that engage in the same business as Libre shall, for a period of thirty (30) months from the entry of this Settlement Order, submit to reasonable examination by the Bureau of all business records related to the Virginia business of

Nexus, Libre, and any business entities owned, controlled, or managed by Defendants that engage in the same business as Libre – including but not limited to Virginia customer files, financial records, and documentation related to the Virginia business of Nexus, Libre, and any business entities owned, controlled, or managed by Defendants that engage in the same business as Libre, such as contracts or documents relating to their relationship with bonding agents or surety companies – at a time and place and via a method and frequency to be determined by the Bureau, provided thirty (30) days advance notice to Defendants.

(4) In addition to any continuing obligation to furnish records and other information requested by the Bureau pursuant to § 38.2-1809 of the Code, Nexus, Libre, and any business entities owned, controlled, or managed by Defendants that engage in the same business as Libre shall, for a period of thirty (30) months from the entry of this Settlement Order, respond to inquiries from the Bureau related to the Virginia business of Nexus, Libre, and any business entities owned, controlled, or managed by Defendants that engage in the same business as Libre within a reasonable time frame to be determined by the Bureau, provided thirty (30) days advance notice to Defendants.

(5) If Defendants are found to have violated any term or provision of this Settlement Order, as set forth in Paragraphs (1) through (4) above, Defendants agree that such violation, if proven to the Commission after notice and an opportunity to be heard, would constitute failure to obey an order of the Commission, subjecting Defendants to a judgment on breach of this Settlement Order in the amount of any remaining payments due under this Settlement Order, in addition to any other available remedies.

The Bureau has recommended that the Commission accept the offer of settlement of Defendants pursuant to the authority granted the Commission in § 12.1-15 of the Code.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of Defendants, and the recommendation of the Bureau, is of the opinion that Defendants' offer should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The offer of Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) Defendants shall fully comply with the aforesaid terms and undertakings of this settlement.
- (3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate on account of Defendants' failure to comply with the terms and undertakings of this settlement. Upon notification by the Bureau that the terms and undertakings of this settlement have been completed, the Commission will consider a final order dismissing this case.

A COPY hereof shall be sent electronically by the Clerk of the Commission to: Sean O'Connell, Esquire and Timothy E. Biller, Esquire, Counsel for Defendants, Hunton Andrews Kurth, LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219, soconnell@huntonak.com, and tbiller@huntonak.com; and a copy hereof shall be delivered to the Commission's Office of General Counsel and the Bureau of Insurance in care of Deputy Commissioner Michael Beavers.

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STATE CORPORATION COMMISSION

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NEXUS SERVICES INC.,
LIBRE BY NEXUS INC.,
MICHAEL PAUL DONOVAN, and
RICHARD EDWARD MOORE,
Defendants

ADMISSION AND CONSENT TO SETTLEMENT

Nexus Services Inc., Libre by Nexus Inc., Michael Paul Donovan, and Richard Edward Moore (collectively, "Defendants") admit to the jurisdiction of the State Corporation Commission ("Commission") pursuant to § 12.1-15 of the Code as to the parties and subject matter hereof and, while neither admitting nor denying the allegations made herein by the Bureau of Insurance, hereby consent to the form, substance, and entry of the foregoing Settlement Order.

Defendants further state that no offer, tender, threat, or promise of any kind whatsoever has been made by the Commission or any member, subordinate, employee, agent, or representative thereof in consideration of the foregoing Settlement Order.

Date: 11/6/20

Nexus Services Inc.
By: [Signature]

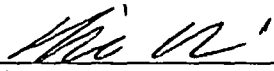
Its: Vice President

Date: 11/6/20

Libre by Nexus Inc.
By: [Signature]

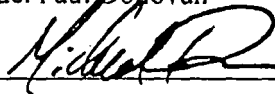
Its: Vice President

Seen and Approved By:


Sean O'Connell, Esquire / Timothy E. Biller, Esquire


Date: 11/6/20

Michael Paul Donovan

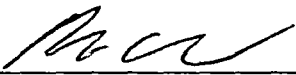


Richard Edward Moore

Date: 11/6/20



Seen and Approved By:


Sean O'Connell, Esquire / Timothy E. Biller, Esquire