

**IN THE MATTER OF THE FINANCIAL INSTITUTIONS ACT
R.S.B.C. 1996, C. 141**

- AND -

**IN THE MATTER OF SINCLAIR INSURANCE COMPANY LTD. (ANJOUAN),
NM SIM MANAGEMENT LTD.,
JOEL BLOCK, MICHAEL REEVES, SHAY J. RECHES,
AND IDAN SELA**

ORDER UNDER SECTIONS 244(2) AND 238, AND

**NOTICE OF RIGHT OF HEARING OR APPEAL
UNDER SECTIONS 238(2) AND 242**

UPON REVIEWING THE SUBMISSIONS AND EXHIBITS OF STAFF the Superintendent of Financial Institutions (the "Superintendent") makes the following findings and order:

1. Neither Sinclair nor NM are incorporated in the Province of British Columbia or registered to do business in BC.
2. Neither Sinclair nor NM have a business authorization in the Province of British Columbia.
3. Neither Sinclair nor NM are authorized by the Superintendent of Financial Institutions Canada to conduct insurance business in Canada.
4. Neither Sinclair nor NM has an authorization to conduct insurance business anywhere in the world
5. The records of the British Columbia Insurance Council (the "Council") showed that neither Sinclair nor NM hold an active insurance licence in the Province of British Columbia.

6. The corporate website for Sinclair shows that the company offers insurance for a wide range of businesses, for example inflatables and rides, teacher and educator, therapist, cosmetician/hairdresser, world travel, special event, employer health fund, vehicle insurance, child health and life insurance, dental therapist, inspector insurance, nurse insurance, medical technician insurance, as well as several other categories. In addition, their home page states:

“Sinclair is a worldwide insurance company that adds to a personal touch for its customers. We are the one stop centre for your insurance needs. We make it easy to choose your plan, just fill in the application form, submit your payment online, buy and download your Certificate of Insurance”.
7. Furthermore, under a Section entitled “Surveyors and Loss Adjusters”, it indicates:

“Whenever you would need a claim to be handled, we will appoint and use local offices of Surveyors and Loss Adjusters, to provide you with nearby, professional service.”
8. Sinclair’s website provides no contact names for employees and lists no corporate officers or directors, nor does it list the locations of any physical offices. Claims are to be made via their online reporting system.
9. Sinclair’s website claims that Sinclair’s charter in the Independent State of Anjouan, Union of Comoros, under the Anjouan International Insurance Act, enables the company to offer innovative, advanced and personally adjusted policies to customers from all over world.
10. Neither Sinclair nor NM is authorized to conduct insurance business within its incorporating jurisdiction of Anjouan. It purportedly has an offshore license only.
11. No evidence has been found to indicate that financial statements have been provided to any known insurance regulatory or authorizing body, furthermore, no reference has been found which establishes the financial viability of Sinclair or NW to pay claims.
12. State insurance regulators for Nebraska, Idaho, and Washington have taken action with regards to issuing Cease and Desist Orders to Sinclair and NM for conducting unauthorized insurance business in their jurisdictions. Kentucky’s state insurance regulator has issued a press release warning its residents that Sinclair and NM are not registered to conduct insurance business in that state.
13. Washington State investigators have provided information that Sinclair was utilizing a mail forwarding service in Florida, which was arranged by Idan Sela,

from which mail was being forwarded to #1 Moshe Dayan Street, Vulcan Junction, Haifa Bay 26118, Israel. This mail forwarding service has subsequently been closed.

14. A Financial Institutions Commission ("FICOM") investigator accessed the website www.sinclairpremium.com and after identifying himself as a British Columbia Resident was able to obtain a quote for insurance coverage and subsequently received 2 follow up emails purportedly from the "Customer Service Team" of NM who identified themselves as "Authorized Representatives for Sinclair Insurance Company Ltd."
15. A FICOM investigator met with and received a statement and documentation from an amusement park operator who resides in British Columbia who arranged, paid for, and received policy contracts and receipts for the purchase of insurance from Sinclair.
16. The insurance was purchased online on a website registered and hosted by GoDaddy.com and the transfers of funds were facilitated by PayPal, Inc.
17. This amusement park operator was in the possession of several emails from Joel Block, Shay J. Reches, Michael Reeves, PayPal, and the NM Accounting Team throughout the process of purchasing and documenting this insurance transaction as representatives of Sinclair and NM.
18. The registrant of the website www.sinclairpremium.com with GoDaddy.com was found to be Domains by Proxy Inc. When contacted by a FICOM investigator, Domains by Proxy, Inc. identified the registrant of this website as being Royi Sellek, Moshe Dayan 1, Haifa 26118, Israel.
19. Relevant sections of the Financial Institutions Act (the "Act"), are:
 - "insurance business" means the business of
 - (a) undertaking or offering to undertake to indemnify another person against loss or liability for loss in respect of a certain risk or peril to which the object of the insurance may be exposed,
 - (b) soliciting or accepting any risk,
 - (c) soliciting an application for a contract of insurance,
 - (d) issuing or delivering a
 - (i) receipt for any contract of insurance, or
 - (ii) contract of insurance,
 - (e) in consideration of any premium or payment, granting an annuity on a life or lives,

(f) collecting or receiving any premium for a contract of insurance,

(g) adjusting any loss covered by a contract of insurance, or

(h) advertising for any business described in paragraphs (a) to (g),

whether or not the person undertaking an activity or activities set out in paragraphs (a) to (h) can or does distribute any gain, profit or dividend, or otherwise disposes of the person's assets, to a member or shareholder of the person other than during winding up or on dissolution;

75 A person must not carry on insurance business in British Columbia unless the person is

(a) an insurance company or extraprovincial insurance corporation that has a business authorization to carry on insurance business,

(b) a company registered under the *Insurance (Captive Company) Act*,

(c) a member of a reciprocal exchange as defined in section 186 for which a permit under section 187 has been issued and is in effect,

(d) licensed under Division 2 of Part 6 as an insurance agent, insurance salesperson, insurance adjuster or employed insurance adjuster and is carrying on the insurance business only in that capacity,

(e) the deposit insurance corporation, the Canada Deposit Insurance Corporation or the Insurance Corporation of British Columbia,

(f) an insurer

(i) [Repealed 2004-48-48.]

(ii) that administers an insurance compensation plan designated by regulation for the purpose of section 66 (2),

(g) a society described in section 193 (1) (a) to (g) that, immediately before September 15, 1990, was carrying on the business of insurance,

(h) a credit union that is carrying on insurance business only by making or participating in contracts of insurance as permitted by section 82 of the *Credit Union Incorporation Act*, or

(i) a central credit union that is carrying on insurance business only by providing or arranging insurance as permitted by section 90 (2) of the *Credit Union Incorporation Act*.

- 244 (1) In this section, "**committing an act or pursuing a course of conduct**" includes failing or neglecting to perform an act or failing or neglecting to pursue a course of conduct.
- (2) If, in the opinion of the commission, a person is committing an act or pursuing a course of conduct that
- (a) does not comply with this Act, the regulations or the *Company Act* as it applies for the purposes of this Act,
 - ...
 - (e) might reasonably be expected to harm...
 - (ii) in the case of an insurance company, the interests of insureds,

then, the commission may

- (f) order the person to
 - (i) cease doing the act,
 - (ii) cease pursuing the course of conduct, or
 - (iii) do anything that the commission considers to be necessary to remedy the situation, or ...
- 238 (1) If the superintendent acting in accordance with a delegation by the commission, or the council, depending on which of them has the power to make the order,
- (a) intends to make an order under section 48 (2), 93 (1) or (2), 99 (2), 144 (3), 231 (1) (g), (h), (i) or (j), 244 (2), 245 (1), 275 or 277 (d) to (f), and
 - (b) considers that the length of time that would be required to hold a hearing would be detrimental to the due administration of this Act,

then, despite section 237, the superintendent or council, as applicable, may make the intended order without giving a person directly affected by it an opportunity to be heard, but the superintendent or council, as soon as practicable after making the order, must deliver to that person

- (c) a copy of the order and written reasons for it, and
- (d) written notice of the person's rights under subsection (2).

- (2) A person directly affected by an order made under subsection (1) may, within 14 days of receiving a copy of the order,
 - (a) require a hearing before the superintendent or council, as applicable, by delivering written notice to the superintendent or council, or
 - (b) appeal the order to the tribunal.

AND WHEREAS the Superintendent is of the opinion that by the above acts or conduct, pursuant to Section 244(2) of the Financial Institutions Act, (the "act") Sinclair Insurance company Inc., NM Sim Management Ltd., Joel Block, Michael Reeves, Shay J. Reches, and Idan Sela are committing an act or pursuing a course of conduct that does not comply with the Act by conducting unauthorized insurance business in BC by delivering receipts for contracts of insurance and contracts of insurance to residents of BC at their BC address; and the above persons insuring BC residents and risk located in BC are pursuing a course of conduct which ought reasonably be expected to harm the interests of BC insureds;

AND WHEREAS the Superintendent considers, pursuant to Section 238(1)(b) of the Act that the length of time that would be required to hold a hearing which is estimated to be two to three months from now would be detrimental to the due administration of the Act since the parties are currently accepting applications from BC residents and they cannot be expected to protect BC insureds if claims are made.

AND WHEREAS the Financial Institutions Commission has delegated to the Superintendent the powers and duties under section 244 of the Act in the Instrument of Delegation executed June 2, 2005.

NOW THEREFORE the Superintendent orders pursuant to Sections 244(2) and 238 that Sinclair Insurance company Inc., NM Sim Management Ltd., Joel Block, Michael Reeves, Shay.J. Reches, and Idan Sela:

1. Cease from either directly or indirectly carrying on insurance business in British Columbia and in any event cease from offering to insure or purporting to continue insuring residents of BC or risks located in BC.

TAKE NOTICE THAT Sinclair Insurance company Inc., NM Sim Management Ltd., Joel Block, Michael Reeves, Shay J. Reches and Idan Sela may request a hearing before the Superintendent under section 238(2)(a) of the Act or appeal to the Financial Services Tribunal under section 238(2)(b) of the Act.

Dated at the
City of Surrey,
Province of British Columbia
this 8th day of February, 2007.



W. Alan Clark
Superintendent of Financial Institutions
Province of British Columbia