

**NORTH CAROLINA DEPARTMENT OF INSURANCE
RALEIGH, NORTH CAROLINA**

STATE OF NORTH CAROLINA
COUNTY OF WAKE

BEFORE THE COMMISSIONER
OF INSURANCE

IN THE MATTER OF)
JEL COMPANY)

CEASE AND DESIST ORDER

Docket Number: D-1105

This matter was heard on March 26, 2003, by the undersigned hearing officer, as designated by the Commissioner of Insurance (hereinafter Commissioner) pursuant to N.C.G.S. § 58-2-55. JEL Company (hereinafter JEL) was present through its owner Leonard E. Jackson (hereinafter Jackson) and was not represented by counsel. The North Carolina Department of Insurance (hereinafter NCDOI) was present through representatives of NCDOI's Public Services Group and was represented by Diane G. Miller, Assistant Attorney General.

After careful consideration and based on the record as a whole, the undersigned hearing officer hereby enters the following:

Finding of Facts

1. A Notice of Administrative Hearing was properly served on JEL based upon the Affidavit of Service presented by NCDOI as Exhibit 2.
2. JEL is owned solely by Jackson. Jackson testified that JEL is incorporated in North Carolina; however, none of the exhibits submitted by JEL or NCDOI identify JEL as being incorporated.
3. Jackson is JEL's only employee. Jackson testified that he does not hold any occupational or professional licenses from North Carolina or any other state.
4. JEL's physical and mailing address is 2606 Eastport Rd., Suite 1, Charlotte, N.C., 28205.
5. JEL maintains a business checking account with a Charlotte branch of First Union Bank, account number 2000003806982. On February 28, 2003, this account had a closing balance of \$12.33.

6. JEL operates a web site, <http://www.jelcompany.com>. At this site, JEL solicits citizens of North Carolina and other states to purchase a JEL investment product.
7. The investment product that JEL markets is priced according to rates that are available at JEL's web site. The monthly rates for the investment product vary according to the purchaser's gender and age, whether the purchaser is a smoker or a nonsmoker, and the amount of investment product the purchaser selects: \$100,000; 250,000; \$500,000; or \$1,000,000.
8. The purchaser pays a monthly amount per the rates that are described in the preceding paragraph. The purchaser selects recipients to receive the investment product upon the death of the purchaser. According to JEL, it pays the investment product within 48 to 72 hours upon receipt of the recipient's claim and covered purchaser's death certificate. If the purchaser commits suicide, JEL does not pay the recipient the investment product.
9. JEL requires the purchaser to list his medical history and to notify JEL if the purchaser's health status changes.
10. JEL describes its product as an alternative to life insurance. JEL also suggests that it is a way to "plan for premature death."
11. JEL also describes its product as a "bank savings account with a high interest." JEL does not have a charter from North Carolina, any other state or the federal government to operate a bank.
12. JEL states on its web page that it "looks forward to February 1, 2003 as our first day of stock trading. If you are a customer, you are eligible to purchase our privately held stock. As with all stock, the price is subject to change due to selling or buybacks. You can sell your options back to JEL Company at any time. *If you have already purchased stock options, please allow 1-2 weeks for your stock certificate. Thank you for your interest and /or purchase of our products. We appreciate your business and look forward to serving you!" The web site also states "JEL Company's customers automatically get 25 shares of stock, every 5 years that an Investment Product is kept active".

13. Jackson testified that JEL has not sold any stock or stock options, but that it plans to do so in the future. Jackson does not know what the price of the stock will be, how the price will be determined, how the stock will be traded, or who will sell the stock.
14. Jackson testified that JEL does not have any present or past customers in any state. JEL's web site, however, states that "this year alone, we anticipate serving 6 million new households." It also states that "over the past five years we have rapidly expanded and now serve customers in many countries." The countries [sic] it lists are Australia, Europe, Canada, India, China, South America and the United States of America.

Based upon the foregoing Findings of Fact, the hearing officer makes the following:

Conclusions of Law

1. Notice in this matter was timely and properly effected.
2. This matter is properly before the Commissioner, and he has jurisdiction over the parties and the subject matter pursuant to Chapter 58 of the General Statutes of North Carolina.
3. JEL is maintaining an office in North Carolina where acts in furtherance of the insurance business are transacted. Furthermore, JEL is soliciting applications for contracts of insurance through the use of the internet. These acts constitute transacting insurance business in North Carolina under N.C.G.S. § 58-28-10.
4. The investment product that JEL is offering for sale to citizens of North Carolina and other states is a contract of insurance as that term is defined in N.C.G.S. § 58-1-10.
5. N.C.G.S. § 58-28-5 makes it unlawful for any company to enter into a contact of insurance as an insurer or to transact insurance business in North Carolina without a license from the Commissioner. JEL is in violation of this statute.
6. JEL is engaging in the business of insurance in North Carolina without having first obtained a license to operate as an insurer in North Carolina.

7. Under N.C.G.S. § 58-28-20(d), whenever the Commissioner has evidence that any person has or is violating N.C.G.S. § 58-28-5, or has or is violating any order or requirement of the Commissioner issued or promulgated by the Commissioner under Article 28, and that the interests of policyholders, creditors, or the public may be irreparably harmed by delay, the Commissioner may issue a cease and desist order.

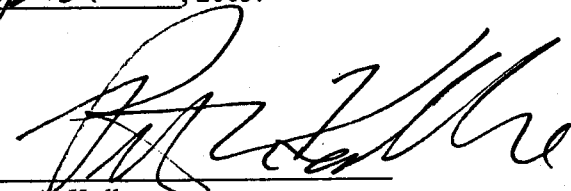
8. Under N.C.G.S. § 58-33-95, any person who solicits contracts of insurance with an insurance company not licensed to do business in North Carolina shall be guilty of a Class 1 misdemeanor.

Based upon the foregoing Conclusions of Law, the hearing officer enters the following:

Order

NOW, THEREFORE, it is hereby ordered that JEL Company shall immediately cease and desist acting as an insurer in North Carolina. JEL Company shall immediately cease and desist the solicitation and sale of the investment product that it markets on its web site. This order applies to the solicitation of citizens of North Carolina and citizens of any other state.

ORDERED this the 9th day of April, 2003.



Peter A. Kolbe
Hearing Officer
N.C. Department of Insurance

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this day I have served the foregoing CEASE AND DESIST ORDER
by mailing a copy thereof via certified U.S. mail, return receipt requested, postage prepaid, addressed as
follows:

Leonard Jackson
President/CEO
JEL Company
2606 Eastport Rd. Suite 1
Charlotte, N.C. 28205

This the 10th day of April, 2003.



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