

STATE OF ARIZONA

JUN 26 2018

DEPARTMENT OF INSURANCE

DEPT OF INSURANCE  
BY ms

In the Matter of:

No. 18A-077-INS

**SECURE HOME WARRANTY LLC**

**ORDER TO CEASE AND DESIST**

**Respondent.**

The State of Arizona Department of Insurance ("Department") has received evidence that Secure Home Warranty LLC ("SHW" or "Respondent"), unlawfully offered or issued service contracts in the State of Arizona and engaged in unfair trade practices. Accordingly, the Interim Director of Insurance of the State of Arizona ("Interim Director") makes the following Findings of Fact and Conclusions of Law and enters the following Order pursuant to Arizona Revised Statutes ("A.R.S.") § 20-1095.09(B).

**FINDINGS OF FACT**

1. SHW is a Pennsylvania-incorporated limited liability company<sup>1</sup>, entity number 4363709. According to Pennsylvania's Department of State website, SHW incorporated on or about June 19, 2015. SHW's status is listed as "active."

2. SHW's only known address is: 1735 Market Street, Suite 3750, Philadelphia, Pennsylvania, 19103. This address is for Servcorp's suite of office spaces and virtual offices in the BNY Mellon Center in Philadelphia's Center City Business District.

<sup>1</sup> Per the Arizona Corporation Commission's ("ACC") website/public database, Respondent is not organized as a foreign-domiciled corporation and has not submitted an "Application for Authority to Transact Business or Conduct Affairs in Arizona." In addition, Respondent has not registered its name as a trade name with the Arizona Secretary of State.

1 3. SHW's website, <http://securehomewarranty.com>, was last known to be active in  
2 2016 but can no longer be found on the Internet.

3 4. SHW does not hold a permit as a service company in Arizona.

4 5. SHW is not exempt from the permit requirement.

5 **DEPARTMENT COMPLAINTS**

6 6. From August 24, 2016 through May 1, 2018, the Department received information  
7 that SHW sold nine (9) service contracts to Arizona residents.

8 **365 Home Warranty Complaint**

9 7. On August 24, 2016, Harry J. Bailey ("Bailey"), President of 365 Home Warranty  
10 Corp. ("365"), submitted a complaint to the Department. Bailey alleged that SHW was  
11 conducting unlicensed activity in Arizona. To substantiate his allegation, Bailey provided a  
12 review written by customer "Dan of Scottsdale" who posted it on a "Consumers Affair" website.  
13 Bailey also provided an email thread from a consumer who sought information about SHW's  
14 services via email and who subsequently forwarded the email to 365.

15 8. SHW and 365 market contracts for another company, 4 Warranty Corporation  
16 ("4WC"), through a contractual relationship with yet another company, New Leaf Service  
17 Contracts LLC ("New Leaf"). Craig S. Hart ("Hart"), 4WC's Vice President for Regulatory Affairs,  
18 advised, "Our relationship is with Secure Home Warranty through New Leaf. We are not privy  
19 to whether Secure Home Warranty offers programs other than 4WC."

20 **Mutagyera Complaint**

21 9. On or about November 27, 2016, Juanita B. Mutagyera ("Mutagyera") of Mesa,  
22 Arizona, submitted a complaint against SHW to the Office of the Arizona Attorney General  
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1 (“AG’s Office”). The AG’s Office forwarded the complaint to the Department on or about  
2 December 6, 2016.

3 10. Mutagyera purchased two (2) policies from SHW on or about July 18, 2016. On  
4 August 15, 2016, her air conditioner (“A/C”) failed. Mutagyera reported the A/C failure to SHW  
5 who sent a technician to diagnose and repair the A/C. The A/C failed due to a “break in  
6 components” resulting in a loss of refrigerant.

7 SHW manager “Lisa” initially advised Mutagyera that refrigerant was not covered, but  
8 subsequently agreed that SHW would pay \$251.00 for half the cost of the refrigerant.  
9 Mutagyera paid the technician in full at the time of service and subsequently submitted the  
10 invoice to SHW on August 19, 2016. SHW advised Mutagyera to wait thirty (30) days to receive  
11 her refund.

12 At or about the same time, Mutagyera decided to cancel both policies and understood  
13 that reimbursement would be prorated. According to Mutagyera, she received an automated  
14 email advising her to cancel the policies after her refund was processed. Mutagyera called  
15 SHW on September 21, 2016, to inquire about the status of her refund. SHW advised her that  
16 as the policies had been cancelled, they could not refund her for the refrigerant.

### 17 **Welch Complaint**

18 11. On May 5, 2017, Carl Welch (“Welch”) of Amado, Arizona, submitted a complaint  
19 against SHW to the Department.

20 12. On or about June 10, 2016 (the enrollment date), Welch purchased a SHW  
21 service contract for \$568.99. The term of the contract was for one (1) year, two (2) months.

22 13. In or about April-May 2017, Welch called SHW three (3) times due to plumbing  
23 problems in his home but only reached the SHW answering service. In the second call, Welch  
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1 learned that “the company had sold” but was told he would hear from the company within 24  
2 hours. Welch never received a return call nor a response to an email he sent the company.

### 3 **Genre Complaint**

4 14. On or about June 3, 2017, Brittany Genre (“Genre”) of Chandler, Arizona,  
5 submitted a complaint against SHW to the AG’s Office who forwarded the complaint to the  
6 Department on or about June 6, 2017.

7 15. According to her complaint, Genre purchased a service contract from SHW on or  
8 about April 6, 2016 for \$450.00. Genre stated in part, “I have tried to file a claim 10 times now  
9 as my AC unit is not working and I live in AZ!!! I believe this home warranty company is a  
10 scam.”

### 11 **Badreldin Complaint**

12 16. On or about October 17, 2017, Tarek Badreldin (“Badreldin”) of Gilbert, Arizona,  
13 submitted a complaint against SHW to the AG’s Office who forwarded the complaint to the  
14 Department on or about October 18, 2017.

15 17. According to his complaint, Badrelin purchased a service contract from SHW on  
16 or about May 18, 2016 for \$700.00. The contract had a term of two (2) years, six (6) months.

17 18. Badrelin contacted SHW on October 4, 2017 to file a claim on a non-working  
18 dishwasher and was given a claim number (19396); however, repeated attempts to contact  
19 them were to no avail. He subsequently discovered the company had gone out of business per  
20 a home warranty review website.

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1 **Lamb Complaint**

2 19. On or about December 6, 2017, Kari Lamb ("Lamb") of Phoenix, Arizona,  
3 submitted a complaint against SHW to the AG's Office who forwarded the complaint to the  
4 Department on or about December 14, 2017.

5 20. According to her complaint, Lamb purchased a service contract for \$379.99 on or  
6 about August 29, 2016 (the enrollment date), for a term of 15-months with an expiration date of  
7 January 28, 2018. On September 27, 2017, three (3) months prior to the expiration of the  
8 contract term, SHW charged her credit card another \$379.99 to "auto-renew" the contract  
9 without her authorization. Lamb attempted to contact SHW several times by email and/or  
10 telephone to no avail.

11 21. On October 19, 2017, Lamb sent an email to SHW regarding a refund of the auto-  
12 renew amount charged to her credit card. The following day, Lamb received an email response  
13 from [info@securehomewarranty.com](mailto:info@securehomewarranty.com) which stated in part, "We are currently upgrading our  
14 phone system and the website will soon display that information. As of right now we are  
15 communicating to/with all of our customer [sic], nation wide [sic], via email. Accounting is offsite  
16 and we very much apologize if there has been a delay of some sort."

17 **Buzzelli Complaint**

18 22. On or about January 26, 2018, Benedict Dean Buzzelli ("Buzzelli") of Maricopa,  
19 Arizona, submitted a complaint against SHW to the Department. Buzzelli purchased a service  
20 contract for \$475.00 on or about May 23, 2016 (the enrollment date). In his complaint, Buzzelli  
21 wrote that he was never able to contact SHW regarding repairs that he was seeking. He stated  
22 that he had emailed and called SHW to no avail. Buzzelli left voicemails for SHW to cancel the  
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1 service but instead received an "auto charge" on his card for another \$475.00 on August 21,  
2 2017.

### 3 **Mueller Complaint**

4 23. On or about January 25, 2018, Sarah M. Mueller ("Mueller") of Maricopa, Arizona,  
5 submitted a complaint against SHW to the AG's office who forwarded the complaint to the  
6 Department on or about January 30, 2018. In her complaint, Mueller stated that she renewed  
7 her policy in June/July 2017 but subsequently learned that the company was out of business.  
8 She has been unable to contact the company to ask for a refund. Mueller did not state the  
9 amount she paid for her contract renewal.

### 10 **Valenzuela Complaint**

11 24. On or about February 10, 2018, Adela Valenzuela ("Valenzuela") of fort Mohave,  
12 Arizona, submitted a complaint against SHW to the AG's office who forwarded the complaint to  
13 the Department on or about February 13, 2018. In her complaint, Valenzuela wrote, "I bought  
14 a home warranty for two houses. When I open a claim they don't follow through. And now they  
15 don't even answer the phone I don't know what to do."

### 16 **Munoz Complaint**

17 25. On or about May 1, 2018, Alexis Munoz ("Munoz") of Peoria, Arizona, submitted  
18 a complaint against SHW to the Department. Included with the complaint were three (3) images  
19 evidencing a transaction with SHW.

20 26. The first image represents a partial "Combined Settlement Statement - Final"  
21 prepared on April 24, 2018, by Equity Title Agency, Inc. The statement reflects a "seller debit"  
22 of \$1,500.00 for a "Home Warranty Fee to SECURE HOME WARRANTY." According to the  
23 statement, the real estate transaction closed on June 21, 2016.

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1           27.    The second image represents a screen shot from a cellular telephone. It reflects  
2 a June 8, 2016, email from a person named "Kevin Moreno" at SHW. Mr. Moreno sent an  
3 invoice to Munoz's realtor at Peak Performance Real Estate LLC in El Mirage, Arizona. The  
4 invoice, no. 4416887, reflected a cost of \$1,500.00 for SHW's "Elite Plan" with a contract term  
5 of coverage of three (3) years and six (6) months. The image further identified Munoz as one  
6 of the customers purchasing the property.

7           28.    The third image represents a screen shot from a cellular telephone. It reflected a  
8 \$300.00 debit from a Chase Bank checking account on June 23, 2016. According to Munoz's  
9 complaint, she and her co-buyer paid an additional \$300.00 to cover pool equipment for the  
10 three-year term. However, when Munoz sought to file a claim regarding her pool pump, she  
11 was unable to reach anyone at SHW.

12                   **NEVADA DIVISION OF INSURANCE – ORDER TO CEASE AND DESIST**

13           29.    On June 23, 2017, the State of Nevada, Department of Business and Industry,  
14 Division of Insurance ("NVDOI"), issued an "Order to Cease and Desist," Cause No. 17.0149.  
15 According to the Order, NVDOI received "at least six (6) complaints from Nevada consumers"  
16 whose claims were not paid. The NVDOI received and verified that SHW provided, issued,  
17 sold, or offered for sale, service contracts within Nevada without obtaining a proper certificate  
18 of registration.

19                   **CONCLUSIONS OF LAW**

- 20           1.    The Interim Director has jurisdiction over this matter.
- 21           2.    Respondent's conduct, as alleged above, constitutes offering and issuing service  
22 contracts without a permit, within the meaning of A.R.S. § 20-1095.01(A).
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1 3. Service company contracts issued by Respondent are enforceable and valid  
2 contracts, within the meaning of A.R.S. § 20-1095.05.

3 4. Grounds exist for the Director to order Respondent to cease and desist its  
4 violations pursuant to A.R.S. § 20-1095.09(B).

5 **ORDER**

6 IT IS HEREBY ORDERED THAT:

7 1. Respondent shall immediately cease and desist from unlawfully offering or issuing  
8 service contracts in the State of Arizona.

9 2. Respondent shall immediately contact the Department and provide its contact  
10 information.

11 3. Respondent shall, within forty-five (45) days of receipt of this Order, furnish the  
12 Department with a complete listing, to include contact information, of all Arizona consumers  
13 who have purchased service contracts sold by the Respondent. In addition, the Respondent  
14 shall report to the Department all premiums collected or charged for policies they sold covering  
15 Arizona risks.

16 4. Respondent shall immediately contact the Department and provide a list of all  
17 current outstanding claims.

18 5. Respondent shall be responsible for continuing to service all currently active  
19 service contracts and any claims made by its contract holders in Arizona.

20 6. Respondent shall pay all valid claims arising out of acts covered by any and all  
21 service contracts issued by them to Arizona residents for so long as such claims may legally be  
22 brought against them, including any other heretofore undiscovered victims.

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1 Mary E. Kosinski, Regulatory Legal Affairs Officer  
Catherine M. O'Neil, Consumer Legal Affairs Officer  
2 Steven Fromholtz, Assistant Director, Consumer Protection Division  
Gloria Barnes-Jackson, Admin Services Officer II, Consumer Protection Division  
3 Sharyn Kerr, Admin Assistant III, Consumer Protection Division  
Wendy Greenwood, Investigations Supervisor  
4 Arizona Department of Insurance  
100 N. 15<sup>th</sup> Avenue, Ste-102  
5 Phoenix, AZ 85007-2624

6 COPIES sent electronically this same date to:

7 SECURE HOME WARRANTY, LLC  
[info@securehomewarranty.com](mailto:info@securehomewarranty.com)  
8 Respondent

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10   
Maidene Scheiner

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