

1 **IN THE OFFICE OF ADMINISTRATIVE HEARINGS**

2
3 **In the Matter of:**

No. 24A-010-INS

4 **ERIK LEONARD FRIENDS**
5 **(National Producer License No. 7691249)**

CERTIFICATION OF DECISION
OF ADMINISTRATIVE
LAW JUDGE

6
7 **Respondent**

8
9 Pursuant to the licensee's timely request, the Office of Administrative Hearings hereby
10 certifies the recommended decision in this matter as the final agency decision pursuant to A.R.S.
11 § 41-1092.08(I).

12 **NOTICE**

13 Rights for Rehearing or judicial review will be lost without action taken in a timely manner. A
14 Party has the right to request a rehearing from the Department of Insurance and Financial
15 Institutions pursuant to A.R.S. § 41-1092.09(A). In addition, the matter may be reviewed by the
16 Superior Court, pursuant to A.R.S. § 41-1092.08(H), although a party may be required to seek a
17 rehearing from the Department of Insurance and Financial Institutions before petitioning the
18 Superior Court for such review. See A.R.S. § 411092.09(B). Further rights may be lost without
19 action taken in a timely manner. Parties may wish to review these statutes as quickly as possible
20 after receipt of this notice. The relevant statutes may be found at the local library or on the internet
at: <http://www.azleg.state.az.us/ArizonaRevisedStatutes.asp>. Not later than ten days after a
complaint for judicial review of an administrative decision is filed with the Superior Court, the
party who filed the complaint must file a notice of the action with the Office of Administrative
Hearing

21 Done this day, June 13, 2024.

22
23 /s/ Greg Hanchett
24 Director

25
26 **Copy mailed/e-mailed/faxed to:**

27 Barbara D. Richardson
28 Department of Insurance and Financial Institutions - Insurance
29 Arizona Department of Insurance and Financial Institutions
100 North 15th Avenue, Suite 261
30 Phoenix, AZ 85007-2630
deian.ousounov@difi.az.gov

Office of Administrative Hearings
1740 West Adams Street, Lower Level
Phoenix, Arizona 85007
(602) 542-9826

ana.starcevic@difi.az.gov

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James Rolstead
Attorney General's Office
2005 N. Central Ave.
Phoenix, AZ 85004
James.Rolstead@azag.gov

Erik Leonard Friends
2262 W. 19th Place
Yuma, AZ 85364
erik@yumarmg.com

By: OAH Staff

IN THE OFFICE OF ADMINISTRATIVE HEARINGS

In the Matter of:

No. 24A-010-INS

ERIK LEONARD FRIENDS
(National Producer License No. 7691249),
Respondent.

**ADMINISTRATIVE LAW JUDGE
DECISION**

HEARING: May 14, 2024

APPEARANCES: Erik Leonard Friends represented himself. Assistant Attorney General James Rolstead represented the Arizona Department of Insurance and Financial Institutions.

ADMINISTRATIVE LAW JUDGE: Kay A. Abramsohn

EXHIBITS ADMITTED INTO EVIDENCE: Department Exhibits 1 through 14.

FINDINGS OF FACT

1. Erik Leonard Friends (“Respondent”) was, at all material times, licensed in the State of Arizona as an Insurance Producer, National Producer License Number 7691249, with lines of authority in property, casualty, accident and health or sickness, and life insurance.¹ Respondent is owner of an independent insurance firm, the Yuma Risk Management Group, LLC (“YRM”).²

2. The Arizona Department of Insurance and Financial Institutions (“Department”) issued Respondent’s license on May 20, 2003.³ The license is scheduled to expire on October 31, 2024.⁴

3. In 2015, William Walshe (“Walshe”) had purchased, through YRM, an automobile insurance policy [Policy #9950391162031] with Traveler’s Insurance Company (“Traveler’s”). When he went to the Motor Vehicle division (“MVD”) to renew the automobile registration, in June 2023, Walshe was informed that that plate registration had been suspended due to the insurance policy having been cancelled.

4. On September 20, 2023, Walshe submitted a complaint to the Department alleging that Respondent had misappropriated the premium monies that were to be paid

¹ See Department’s Exhibit 1.

² Respondent founded YRM in 2013.

³ *Id.*

⁴ *Id.*

1 to Walsh's automobile insurance policy.⁵ Walshe indicated that, on June 20, 2023,
2 Respondent had sent a letter to MVD stating that there had been no lapses in coverage,⁶
3 however, Walsh contacted Travelers which informed Walshe that the policy had been
4 cancelled three times in 2022 and sent to collections in October 2022. Walshe provided
5 a Traveler's document showing the premium payments filed therewith.⁷

6 5. On November 3, 2023, Insurance Analyst/Investigator Jesus Acosta sent
7 an email to Respondent regarding the Walshe complaint.⁸ Mr. Acosta requested that
8 Respondent provide a response and a comprehensive billing history of the Walshe
9 account on or before November 24, 2023.⁹

10 6. Not receiving the documents, Mr. Acosta sent another email extending the
11 deadline to December 8, 2023.¹⁰

12 7. On December 13, 2023, Respondent requested an extension indicating had
13 has some unexpected business that took him out of town.¹¹

14 8. Mr. Acosta extended the deadline to December 18, 2023.¹² On December
15 18, 2023, Mr. Acosta sent Respondent a reminder email of the deadline.¹³ However,
16 Respondent failed to make a response or any filing.

17 9. On January 3, 2024, the Department issued a Subpoena Duces Tecum to
18 Respondent requiring that he appear and produce specified documents regarding the
19 Walshe policy.¹⁴

20 10. Finally, on February 7, 2024, the Department sent Respondent a certified
21 letter with its further "formal request" for Respondent's narrative response and "any and
22 all records" regarding the Walshe complaint.¹⁵

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⁵ See Department's Exhibit 2.

26 ⁶ See Department's Exhibit 4.

27 ⁷ See Department's Exhibit 5.

28 ⁸ See Department's Exhibit 7.

29 ⁹ At hearing, Respondent stated that he had talked to Mr. Acosta at some point.

30 ¹⁰ See Department's Exhibit 8.

¹¹ See Department's Exhibit 9.

¹² See Department's Exhibit 10.

¹³ See Department's Exhibit 11.

¹⁴ See Department's Exhibit 12.

¹⁵ See Department's Exhibit 13.

1 11. On April 3, 2024, the Department issued its Notice of Hearing and
2 Complaint, setting the administrative hearing regarding Respondent's license for May 14,
3 2024 at the Arizona Office of Administrative Hearings.

4 12. At hearing, Respondent acknowledged the situation that a premium
5 payment had been late and Traveler's, once a payments was late, required that payment
6 to be paid by a date certain or it would cancel the policy.¹⁶ Respondent indicate that the
7 Walshe's typical payment practice was to come into the office on the first Monday to make
8 the payment, but in December (of 2021), they came in on the second Monday.
9 Respondent stated that he tried to get the policy reinstated but was unsuccessful, after
10 which he admitted he misled Walshe as to the existence of a current policy. Respondent
11 testified that he always intended to fix the problem and, subsequently, Respondent wrote
12 a new policy with Progressive for Walshe.

13 13. Respondent indicated that he had tried to calculate the amount of money
14 with interest that really belonged to Walshe and, further, that he would want the
15 opportunity to make restitution to Walshe; Respondent indicated that he had reached out
16 to Walsh but had received no response. Respondent expressed a great deal of remorse
17 and shame for his actions in not communicating with Walshe, and the Department, as to
18 the situation and not taking care of it. Respondent requested consideration for his good
19 record of having only one other complaint in 20 years of business.

20 **CONCLUSIONS OF LAW**

21 1. This matter is a disciplinary proceeding wherein the Department must prove
22 by a preponderance of the evidence that Respondent violated the State's Insurance
23 Laws.¹⁷

24 2. A.R.S. § 20-295 provides, in pertinent part, as follows:

25 A. The director may deny, suspend for not more than twelve months,
26 revoke or refuse to renew an insurance producer's license or may
27 impose a civil penalty in accordance with subsection F of this section
28 or any combination of actions for any one or more of the following
causes: ...

29
30 ¹⁶ At hearing, Respondent stated that he could not, thereafter, have made the premium payments to
Traveler's on that policy because the policy was cancelled.

¹⁷ See A.A.C. R2-19-119.

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2. Violating any provision of this title or any rule, subpoena or order of the director. ...

4. Improperly withholding, misappropriating or converting any monies or properties received in the course of doing insurance business.

5. Intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance. ...

8. Using fraudulent, coercive or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere.

3. Respondent's conduct, as described in the Findings of Fact herein above, constitutes violating provisions of this title, within the meaning of A.R.S. § 20-295(A)(2), (A)(4), (A)(5), and (A)(8).

4. Based on the foregoing, these multiple grounds exist for the Director of the Department to suspend, revoke, or refuse to renew the License pursuant to A.R.S. § 20-295(A). Additionally, Respondent's failures to appropriately respond to the Department's requests, subpoena and final demand demonstrate that Respondent is not able to be regulated at this time.

RECOMMENDED ORDER

IT IS ORDERED Respondent's National Producer License Number 7691249 A shall be revoked on the effective date of the Order entered in this matter.

Pursuant to A.R.S. § 41-1092.08(I), the licensee may accept the Administrative Law Judge Decision by advising the Office of Administrative Hearings in writing not more than ten (10) days after receiving the Administrative Law Judge Decision. If the licensee accepts the Administrative Law Judge Decision, the Administrative Law Judge Decision shall be certified as the final decision by the Office of Administrative Hearings.

In the event of certification of the Administrative Law Judge Decision by the Director of the Office of Administrative Hearings, the effective date of the Order will be forty (40) days from the date of that certification.

Done this day, June 3, 2024.

/s/ Kay Abramsohn
Administrative Law Judge

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Transmitted electronically to:

Barbara D. Richardson,
Department of Insurance and Financial Institutions - Insurance
deian.ousounov@difi.az.gov
ana.starcevic@difi.az.gov

Erik Leonard Friends
erik@yumarmg.com

Attorney General's Office
adminlaw@azag.gov
susan.hack@azag.gov
teresa.carranza@azag.gov

By: OAH Staff