

FILED

THE STATE OF WASHINGTON
OFFICE OF THE INSURANCE COMMISSIONER

2011 JUN 12 A 9:51

In the Matter of
Global Warranty Group, LLC d/b/a and (sic),
www.globalwarrantygroup.com, and
Wireless Protection Program Association,
d/b/a www.wirelessprotectionprogram.com,
and Arthur Krantz, Charles S. Pipia, and
and (sic) Andrew J. Schenker,
Unauthorized entities and individuals.

MATTER NO. 14-0117

Entities' and Individuals' RESPONSE
AND OBJECTION TO NOTICE FOR
HEARING FOR THE IMPOSITION
OF FINES, COLLECTION OF
UNPAID PREMIUM TAXES, AND
OTHER RELIEF, and Entities' and
Individuals' REQUEST FOR RELIEF

COME NOW the above-named Entities and Individuals (hereafter,
"Respondents"), by and through their undersigned counsel, and herewith submit their
Response and Objection to the Notice For Hearing For The Imposition Of Fines,
Collection Of Unpaid Premium Taxes, And Other Relief ("Notice") filed by the
Insurance Commissioner of the State of Washington in the above-captioned matter.

1. Respondents object to the Insurance Commissioner's Notice as an
unauthorized attempt to commence a legal proceeding against the Company. The
Insurance Commissioner's authority to commence legal proceedings against any person
suspected of violating any provision of the insurance code (Title 48 Revised Code of
Washington) or insurance regulations (Title 284 Washington Administrative Code) is
limited by law to either issuing a cease and desist order and/or bringing an action in a
court of competent jurisdiction by and through the Attorney General or a prosecuting
attorney. The Insurance Commissioner acknowledges this by citing the applicable
section of Title 48 RCW in his Notice.

2. Respondents object to the Insurance Commissioner's attempt to initiate a
legal proceeding against the Company by means of the mere filing of the Notice. The

RESPONDENTS' RESPONSE,
OBJECTION, AND REQUEST FOR
RELIEF - 1

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1 authority of the Insurance Commissioner to hold or conduct a hearing is not the legal or
2 procedural equivalent of initiating a legal proceeding or bringing an action against a
3 person. The Insurance Commissioner misquotes and misapplies several sections of
4 Title 48 RCW, as authority for his attempt to initiate a legal proceeding, including, but
5 not limited to, provisions of the Title 48 RCW that apply exclusively to the regulation
6 of surplus lines carriers. The Insurance Commissioner's Notice is misleading and fails
7 to cite legal authority for the Insurance Commissioner to even present his Notice.
8 Accordingly, the Insurance Commissioner's Notice, and all relief requested in the
9 Notice, should be rejected and denied.

10 3. Respondents object to the Insurance Commissioner's attempt to bring an
11 action against the Company, by means of the Notice or otherwise, through a person
12 identified as "OIC Staff Attorney." Under the Constitution and laws of the State of
13 Washington, only the Attorney General of the State of Washington has authority to
14 represent the Insurance Commissioner and the Office of the Insurance Commissioner
15 ("OIC") in any proceeding brought under Title 48 Revised Code of Washington.
16 Furthermore, the Insurance Commissioner is precluded by law from employing or
17 retaining any attorney to act as attorney in any legal or quasi-legal capacity or perform
18 any duties that the Attorney General is authorized and required to perform for and on
19 behalf of the OIC.

20 4. Respondents assert that the Insurance Commissioner has no personal
21 jurisdiction over the individuals named in the Notice. Furthermore, all allegations set
22 forth in the Notice, which allegations are generally denied, contain statements of
23 alleged wrongdoing on the part of corporate persons or entities. Accordingly,
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1 Respondents object to the Insurance Commissioner's attempt to initiate a legal
2 proceeding, by means of the Notice or otherwise, against the individuals named in the
3 Notice.

4 5. Respondents further respond that the Insurance Commissioner's allegations
5 that the Entities and Individuals have unlawfully engaged in the business selling both
6 insurance policies and service contracts under the same document are without merit and
7 totally mischaracterize the nature of each product. Insurance policies and service
8 contracts are mutually exclusive products; a contract can be either an insurance contract
9 or a service contract, but not both. The Insurance Commissioner's allegation that
10 Respondents owe premium taxes on service contracts is totally without merit for the
11 simple reason that no premium tax is assessed on service contracts. The Insurance
12 Commissioner cannot maintain an action against Respondents (even if this attempted
13 action by Notice was authorized under Title 48 RCW, which Respondents do not
14 concede but rather deny entirely, as set forth above) on both contract theories.

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16 **WHEREFORE**, Respondents seek relief from the Insurance Commissioner's
17 Notice and further requests the following:

18 1. That the Insurance Commissioner's Notice of Request for Hearing for the
19 Imposition of Fines, Collection of Unpaid Premium Taxes, and Other Relief be
20 rejected, that the Insurance Commissioner's Request for Hearing be denied, and that
21 the Insurance Commissioner's attempt to bring an action against the Respondents by
22 the mere filing of such Notice be refused and quashed as an unauthorized action under
23 Title 48 Revised Code of Washington.

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2 2. That the Insurance Commissioner be instructed that, if he intends to bring an
3 action against the Company, such action shall be brought in accordance with and
4 pursuant to the authority set forth in Title 48 Revised Code of Washington, and by and
5 through the Attorney General of the State of Washington.

6 3. That the Individual Respondents named on the above-captioned matter, be
7 removed and dismissed from all further proceedings.

8 4. That Respondents be afforded their right to request, at such time as the
9 Respondents may deem appropriate and necessary, that this matter be presided over by
10 an administrative law judge as set forth in Title 48 Revised Code of Washington.

11 5. That Respondents be awarded such other and further relief as shall be
12 appropriate under the circumstances then presented upon adequate proof.

13 DATED this 11th day of June June, 2014

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16 KREGER BEEGHLY, PLLC

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19 Brian F. Kreger,
20 WSBA Number 10670
21 Attorney for Respondents

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CERTIFICATE OF SERVICE

I, Brian F. Kreger, under penalty of perjury under the laws of the State of Washington do hereby declare and certify that I served, and caused to be delivered by United States Postal Delivery, the foregoing Respondents' Response, Objection and Request for Relief on the following parties or persons at the last known addresses given below:

Hearings Unit
Office of the Insurance Commissioner
5000 Capitol Boulevard
Tumwater, WA 98501

Mr. Darryl E. Colman
Office of the Insurance Commissioner
5000 Capitol Boulevard
Tumwater, WA 98501

Mailed To:
Hearings Unit
Office of the Insurance Commissioner
P.O. Box 40255
Olympia, WA 98504-0255
Attention: George Finkle, Hearing Officer

Mailed To:
Mr. Darryl E. Colman
Office of the Insurance Commissioner
P.O. Box 40255
Olympia, WA 98504-0255

Executed on this 11th day of June, 2014 in Seattle, Washington.



Brian F. Kreger