

**STATE OF WASHINGTON
OFFICE OF THE INSURANCE COMMISSIONER**

In the Matter of

**ARMED CITIZENS' LEGAL
DEFENSE NETWORK, INC.,**

Unauthorized Insurer.

Order No. 20-0257

ORDER TO CEASE AND DESIST

Pursuant to RCW 48.02.080 and RCW 48.15.023, the Insurance Commissioner of the state of Washington ("Insurance Commissioner") orders the above-named Respondent, and its officers, directors, trustees, employees, agents, and affiliates to immediately cease and desist from:

- A. Engaging in or transacting the unauthorized business of insurance in the state of Washington; and
- B. Soliciting Washington residents to induce them to purchase any insurance contract or service contract.

BASIS:

- 1. Armed Citizens' Legal Defense Network, Inc. ("Armed Citizens" and the "the Network") is a registered Washington Profit Corporation, located in Onalaska, Washington and registered with the Washington Secretary of State on June 6, 2011.
- 2. Armed Citizens is not an authorized insurer in the state of Washington.
- 3. The Insurance Commissioner's Regulatory Investigations Unit ("Investigations") began an investigation based on an internal review of Armed Citizens' website.
- 4. On April 15, 2019, the Insurance Commissioner's Regulatory Investigations Unit ("Investigations") sent a formal notice of investigation letter to Armed Citizens.
- 5. Initially, Armed Citizens was uncooperative and did not provide a complete response to Investigations. As a result, the Insurance Commissioner issued a subpoena duces tecum upon Armed Citizens on June 26, 2019.
- 6. On July 26, 2019, Armed Citizens delivered the requested records to the OIC.
- 7. Investigations conducted a review of Armed Citizens' website. According to the website, the Network was established in 2008 to fulfill two (2) core missions:

- To help members in the legal fight after they justifiably use force in self-defense by paying for the services of attorneys, expert witnesses, private investigators and other professionals essential to mounting a vigorous legal defense of self-defense; and
- To educate members (and to some extent, the gun-owning public) in the law governing use of force in self-defense and how armed citizens can protect against unmeritorious prosecution.

8. Additionally, Armed Citizens provides members with access to affiliated attorneys, experts specialized in defense of the legal use of force and educational materials related to the use of self-defense.

9. Armed Citizens collects membership fees from members and 25% of those fees are allocated to Armed Citizens' Legal Defense Fund.

10. Armed Citizens advertises that the network consists of 17,000+ members.

11. Armed Citizens' website states: "Over our 11-year history, the Legal Defense Fund has grown to two million dollars."

12. Investigations obtained Armed Citizens' Brochure, Membership Application, and Explanation of Membership Benefits.

13. According to the documents, Armed Citizens pays members' attorney and legal expenses after a self-defense incident, including:

- *Fee deposit* paid to the member's attorney immediately after self-defense for representation during questioning and other vital defense services upon a showing of legitimate use of force in self-defense.
- Armed Citizens will work with the member to *arrange for bail*, after the member has used force in legitimate self-defense.
- *Further funding for legal defense expenses* after justifiable self-defense if criminally charged or sued in civil court.

14. Armed Citizens' Brochure and Membership Application states "when a member uses force in self defense, the Network immediately sends up to \$25,000 to the member's attorney and can provide up to \$25,000 in bail assistance."

15. The Brochure also states:

The Network advantage is particularly apparent when we fund a trial team when the money's needed upfront to prepare and defend at trial. Our membership benefits give the Network a free hand to tailor post-incident legal assistance to meet the varying needs each

situation dictates and paying the expenses to assure a vigorous legal defense if the case goes to trial. This assistance pays attorney fees and if needed, the expertise of an additional attorney or attorneys to contribute much needed experience to the trial team, as well as pay for expert witnesses, private investigators and other expenses to defend the member's self-defense actions.

16. Since Armed Citizens began operating in 2008, 2,559 Washington consumers have purchased memberships that include legal defense coverage.

17. Armed Citizens stated to Investigations that the Network was unable to provide the aggregate dues paid by members and the total amount allocated to the Legal Defense Fund.

18. Armed Citizens stated the network has not kept records of cumulative payments made by each member and recreating such records would be purely speculative.

19. Armed Citizens' brochure lists the following membership fees:

Single membership: \$135 – 1 year; \$295 – 3 year; \$795 – 10 year

Couple membership: \$195 – 1 year; \$474 – 3 year; \$1390 – 10 year

20. Armed Citizens provided a list of 25 incidents where members across the country sought benefits. Armed Citizens made payments regarding 22 of the incidents.

21. Of the 25 incidents, two (2) occurred in Washington. For one of the incidents, Armed Citizens paid a member \$2,000. For the other incident, Armed Citizens did not pay the member anything as the Network found the member's situation was not self-defense.

22. The Respondent's actions described herein violate Insurance Code provisions that include RCW 48.05.030 [certificate of authority required) and RCW 48.15.020 [solicitation by unauthorized insurer prohibited].

IT IS FURTHER ORDERED that nothing herein shall prevent the Respondent from fulfilling the terms of contracts formed prior to the effective date of this Order pursuant to RCW 48.15.020(2)(b).

Any violation of the terms of this Order by the Respondent and its officers, directors, trustees, employees, agents, and affiliates or the Respondent's failure to fulfill or perform its contracts subject to this Order will render the violator(s) subject to the full penalties authorized by RCW 48.02.080, 48.15.023, and other applicable sections of the Insurance Code of the state of Washington.

The Respondent has the right to demand a hearing in accordance with RCW 48.04.010, WAC 284-02-070, and WAC 10-08-110.

This Order shall remain in effect subject to the further order of the Insurance Commissioner.

THIS ORDER IS EFFECTIVE IMMEDIATELY AND IS ENTERED at Tumwater, Washington, this 26 day of March, 2020.



MIKE KREIDLER
Insurance Commissioner

By and through his designee



SOFIA PASAROW
Insurance Enforcement Specialist
Legal Affairs Division

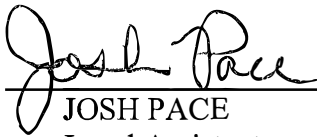
CERTIFICATE OF MAILING

The undersigned certifies under the penalty of perjury under the laws of the state of Washington that I am now and at all times herein mentioned, a citizen of the United States, a resident of the state of Washington, over the age of eighteen years, not a party to or interested in the above-entitled action, and competent to be a witness herein.

On the date given below I caused to be served the foregoing Order to Cease and Desist on the following individual(s) by email and by depositing in the U.S. mail via state Consolidated Mail Service with proper postage affixed to:

Catherine Woods
Carney Badley Spellman
701 5th Avenue, Suite 3600
Seattle, WA 98104-7010
woods@carneylaw.com

Dated this 26th day of March, 2020, in Tumwater, Washington.



JOSH PACE
Legal Assistant
Legal Affairs Division