

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

*In the Matter of*

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

Unauthorized Insurer/Respondent.

Order No. 20-0457

ORDER IMPOSING A FINE

This Order Imposing a Fine (“Order”) is entered into by the Insurance Commissioner of the state of Washington (“Insurance Commissioner”), acting pursuant to the authority set forth in RCW 48.02.060 and RCW 48.15.023. This Order is a public record and will be disseminated pursuant to Title 48 RCW and the Insurance Commissioner’s policies and procedures.

**FACTUAL AND LEGAL BASIS**

1. Armed Citizens’ Legal Defense Network, Inc. (“Armed Citizens” and “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 began an investigation based on an internal review of Armed Citizens’ website.
4. On April 15, 2019, the Insurance Commissioner sent a formal notice of investigation letter to Armed Citizens.
5. Initially, Armed Citizens was uncooperative and did not provide a complete response to the Insurance Commissioner. 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 Insurance Commissioner.
7. According to Armed Citizens’ 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 that the Network was unable to provide the aggregate dues paid by members and the total amount allocated to the Legal Defense Fund. Armed Citizens stated the network has not kept records of cumulative payments made by each member and recreating such records would be purely speculative.

18. 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

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

20. 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.

21. On March 26, 2020, the Insurance Commissioner issued Proposed Consent Order No. 20-0258 with a deadline to accept of April 27, 2020. The Proposed Consent Order had the same factual and legal basis as set forth in this Order Imposing A Fine.

22. The cover letter sent with the Proposed Consent Order stated the following:

We are offering Armed Citizens an opportunity to settle this matter by signing the attached *Consent Order* and paying a fine. As part of this settlement, Armed Citizens will admit its violation, pay the imposed fine, and agree to fully comply with all applicable laws of Washington State going forward. The deadline to accept the settlement offer and pay the fine is **April 27, 2020**... If the settlement offer is not accepted by that date, it will be withdrawn. Upon withdrawal of the settlement offer, the Insurance Commissioner may request a hearing to impose the fine. Alternatively, you may request a hearing yourself...

23. Armed Citizens has neither agreed to the Proposed Consent Order nor paid the fine due by the April 27, 2020 deadline.

24. Armed Citizens was notified of its 90-day right to demand a hearing of the Proposed Consent Order. *See* RCW 48.04.010, WAC 284-02-070, and WAC 10-08-110. The deadline to demand a hearing is June 24, 2020.

25. To date, Armed Citizens has not demanded a hearing of the Proposed Consent Order.

26. RCW 48.02.060(1) provides that the Insurance Commissioner has the authority expressly conferred upon him or reasonably implied from the provisions of this code.

27. RCW 48.05.030(1) states [n]o person shall act as an insurer and no insurer shall transact insurance in this state other than as authorized by a certificate of authority issued to it by the Insurance Commissioner and then in force; except, as to such transactions as are expressly otherwise provided for in this code.

28. RCW 48.01.040 defines insurance as a contract whereby one undertakes to indemnify another or pay a specified amount upon determinable contingencies.

29. RCW 48.05.030(1) states no person shall act as an insurer and no insurer shall transact insurance in this state other than as authorized by a certificate of authority issued to it by the Insurance Commissioner and then in force; except, as to such transactions as are expressly otherwise provided for in this code.

30. RCW 48.15.020(1) provides that an insurer that is not authorized by the Insurance Commissioner may not solicit insurance business in this state or transact insurance business in this state, except as provided in this chapter.

31. RCW 48.15.023(5)(a)(ii) states that if the Insurance Commissioner has cause to believe that any person has violated the provisions of RCW 48.15.020(1), the Insurance Commissioner may assess a civil penalty of not more than twenty-five thousand dollars for each violation, after providing notice and an opportunity for a hearing in accordance with chapters 34.05 and 48.04 RCW.

32. By engaging in the business of insurance without a Certificate of Authority, the Insurance Commissioner has determined that Armed Citizens' Legal Defense Network, Inc., violated RCW 48.05.030(1) and RCW 48.15.020(1), justifying the imposition of a fine under RCW 48.15.023(5)(a)(ii).

### IMPOSITION OF FINE

In accordance with RCW 48.02.060 and RCW 48.15.023, and based upon the above Legal and Factual Basis, the Insurance Commissioner hereby imposes a fine of Two Hundred Thousand Dollars (\$200,000.00) against Armed Citizens for violating the Washington insurance laws described above. Armed Citizens has a time-sensitive right to demand a hearing, which is set forth below. If Armed Citizens does not timely demand a hearing, Armed Citizens must pay the entire fine within thirty (30) days of the expiration of the time to demand a hearing. If Armed Citizens timely demands a hearing, and after hearing, the presiding officer affirms this Order in a final order, then Armed Citizens must pay the entire fine within thirty (30) days of entry of the aforementioned final order.

### NOTICE OF OPPORTUNITY FOR HEARING

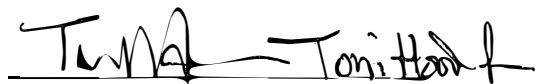
Respondent has the right to demand a hearing in accordance with RCW 48.04.010, WAC 284-02-070, and WAC 10-08-110. This Order is also subject to the provisions of Chapter 34.05 RCW. **A respondent has 90 days from the date this Order is mailed to demand a hearing.** If the Insurance Commissioner does not receive a hearing demand from the Respondent within 90 days from the date the respondent received this Order, the respondent's right to a hearing is conclusively deemed to have been waived.

ENTERED at Tumwater, Washington, this 29 day of May, 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 Imposing A Fine 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:

Armed Citizens' Legal Defense Network, Inc.  
Attn: Marty D. Hayes  
PO Box 400  
3399 Centralia Alpha Rd.  
Onalaska, WA 98570  
mhayes@armedcitizensnetwork.org

*Courtesy copy to:*  
Spencer D. Freeman  
Freeman Law Firm, Inc.  
1107 1/2 Tacoma Avenue South  
Tacoma, WA 98402  
sfreeman@freemanlawfirm.org

Dated this 29<sup>th</sup> day of May, 2020, in Tumwater, Washington.

  
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JOSH PACE  
Legal Assistant  
Legal Affairs Division



State of Washington  
Office of the Insurance Commissioner  
Hearings Unit  
PO Box 40255  
Olympia WA 98504-0255  
5000 Capitol Boulevard  
Tumwater, WA 98501  
(360) 725-7002 FAX (360) 664-2782  
HearingsU@oic.wa.gov

## Demand for Hearing

Please type or print in ink. Attach a copy of the Order or correspondence in dispute and all documents supporting your demand. This Demand for Hearing can be mailed, faxed, hand-delivered or emailed to the Hearings Unit at the address above. For OIC Demands, please provide contact information for all other interested parties and their representatives.

### 1 Requesting Party (required information)

Name/Business Name Office of the Insurance Commissioner		OIC Case/Order No. 20-0457
Street Address 5000 Capitol Blvd SE		City, State, Zip Tumwater, WA 98501
Telephone Number	Fax Number	
Contact Person Sofia Pasarow	Telephone Number 360-725-7181	Email Address 360-725-7181

### 2 Authorized Representative/Attorney for Requesting Party

Last Name Pasarow	First Sofia	M.I.
Business Name Office of the Insurance Commissioner		
Street Address 5000 Capitol Blvd SE		City, State, Zip Tumwater, WA 98501
Telephone Number 360-725-7181	Fax Number	Email Address 360-725-7181

### 3 Subject Matter of Demand for Hearing

- Revocation or Denial of License   
  Revocation or Denial Certificate of Authority or Registration   
  Cease and Desist Order  
 Imposition of Fine/Consent Order   
  Other \_\_\_\_\_

### 4 Additional Parties/Representatives (for more parties and/or representatives, please attach additional pages)

Last Name Hayes	First Marty	M.I. D.
Business Name Armed Citizens' Legal Defense Network, Inc.		
Street Address 3399 Centralia Alpha Rd. PO Box 400		City, State, Zip Onalaska, WA 98570
Telephone Number 360.978.5200	Fax Number	Email Address mhaves@armedcitizensnetwork.org

### 5 Issues and Arguments

- a. **Issues** – Briefly describe each issue or area of dispute that you wish us to consider. Attach additional pages if necessary.

On March 26, 2020, the Insurance Commissioner issued a Consent Order Levying A Fine, Order No. 20-0258, as well as an Order to Cease & Desist No. 20-0257. Armed Citizens' Legal Defense Network, Inc. ("Armed Citizens") was advised that the Consent Order is a settlement offer and, if Armed Citizens wished to accept the offer of settlement, it should sign the Order and pay the fine by April 27, 2020.

By the deadline, Armed Citizens has neither agreed to the Proposed Consent Order nor paid the fine. Based on the violations in the attached Order Imposing a Fine, Order No. 20-0457, the Insurance Commissioner, through Sofia Pasarow, Insurance Enforcement Specialist, is requesting a hearing to impose a fine.

- b. **Arguments** – Explain why each issue or area of dispute listed above should be decided in your favor. Attach additional pages if necessary. To the extent known, cite applicable rules, statutes, or cases in support of your arguments. Enclose copies of documents concerning your arguments including documents the Department previously requested from you that you have not yet provided.

Armed Citizens has engaged in the business of insurance without a Certificate of Authority and thereby violated RCW 48.05.030(1) and RCW 48.15.020(1). The Insurance Commissioner's fine for such violations is justified under RCW 48.15.023(5)(a)(ii).

For further details, please see attached Order Imposing a Fine.

Please note: ADDITIONAL REPRESENTATIVE TO ARMED CITIZENS:

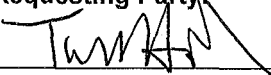
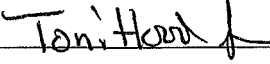
Spencer Freeman  
Attorney at Law  
Freeman Law Firm  
1107 1/2 Tacoma Avenue South  
Tacoma, Washington 98402  
sfreeman@freemanlawfirm.org

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**6 Signature**

Either the Requesting Party or the Attorney/Representative can sign this Demand for Hearing. However, if the Representative is submitting the Demand, contact information for the Requesting Party must be provided under Section 1 above and the Attorney/Representative's contact information must be provided in Section 2.

**Requesting Party:**


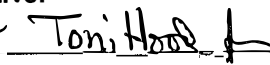
   
\_\_\_\_\_

Signature

Sofia Pasarow

Name (please print or type)

**Authorized Representative:**

   
\_\_\_\_\_

Signature

Sofia Pasarow

Name (please print or type)

\_\_\_\_\_  
Date

Insurance Enforcement Specialist

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

Insurance Enforcement Specialist

\_\_\_\_\_  
Title