

FILED

BEFORE THE STATE OF WASHINGTON  
OFFICE OF INSURANCE COMMISSIONER

2014 JUL 29 P 12:36

In the Matter of	)	Docket No. 14-0117
	)	
<b>GLOBAL WARRANTY GROUP, LLC</b>	)	<b>NOTICE OF HEARING</b>
d/b/a/ <a href="http://www.globalwarrantygroup.com">www.globalwarrantygroup.com</a> ,	)	
and <b>WIRELESS PROTECTION</b>	)	
<b>PROGRAM ASSOCIATION, d/b/a</b>	)	
<a href="http://www.wirelessprotectionprogram.com">www.wirelessprotectionprogram.com</a> , and	)	
<b>ARTHUR KRANTZ, CHARLES S. PIPIA,</b>	)	
and <b>ANDREW J. SCHENKER,</b>	)	
	)	
Respondents.	)	

**TO:** Global Warranty Group  
500 Middle County Road  
St. James, NY 11780

Brian Kreger, Esq.  
Kreger Beeghly, PLLC  
999 Third Ave., Suite 3000  
Seattle, WA 98104-4088

**COPY TO:** Mike Kreidler, Insurance Commissioner  
James T. Odiorne, J.D., CPA, Chief Deputy Insurance Commissioner  
John F. Hamje, Deputy Commissioner, Consumer Protection Division  
Darryl Colman, Esq., Insurance Enforcement Specialist, Legal Affairs Division  
AnnaLisa Gellermann, Esq., Deputy Commissioner, Legal Affairs Division  
Office of the Insurance Commissioner  
PO Box 40255  
Olympia, WA 98504-0255

This Notice is provided pursuant to RCW 48.04.010 and RCW 34.05.434.

On June 6, 2014, the Office of the Insurance Commissioner ("OIC") filed a Notice of Request for Hearing for the Imposition of Fines, Collection of Unpaid Premium Taxes, and Other Relief, No. 14-0117 ("Notice") against Global Warranty Group, LLC d/b/a/ [www.globalwarrantygroup.com](http://www.globalwarrantygroup.com) ("GWG"), Wireless Protection Program Association d/b/a [www.wirelessprotectionprogram.com](http://www.wirelessprotectionprogram.com) ("WPPA"), Arthur Krantz, Charles S. Pipia, and Andrew J. Schenker ("Respondents"). The OIC alleges that Respondents have sold at least 66,368 service contracts for cell phones and other electronic devices in the State of Washington without

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being registered under Chapter 48.110 RCW as a service contract provider or otherwise authorized as an insurer in Washington, in violation of Insurance Code provisions that include: RCW 48.05.030 (certificate of authority required), RCW 48.15.020 (solicitation by and representation of unauthorized insurer prohibited), RCW 48.17.060 (license required), RCW 48.110.030 (service contract provider registration required), and RCW 48.110.140 (violation of Chapter 48.110 RCW is a violation of Washington's Consumer Protection Act, Chapter 19.86 RCW). The OIC also alleges that Respondents have violated RCW 48.14.020 by failing to timely pay 2% premium taxes. The OIC requests imposition of a cease and desist order, civil penalties, payment of premium taxes, and fines.

On June 12, 2014, Respondents, through their attorney Brian F. Kreger, Esq., filed a Response and Objection to OIC's Notice of Request for Hearing, and Request for Relief ("Response"). Respondents assert that: 1) the OIC is not authorized by Title 48 RCW to commence a legal proceeding against the Respondents; 2) the OIC may not initiate a legal proceeding by the mere filing of the Notice; 3) any proceeding brought under Title 48 RCW must be initiated by the Attorney General of the State of Washington; 4) the OIC does not have personal jurisdiction over Respondents; and 5) insurance policies and service contracts are mutually exclusive products, and the OIC cannot maintain an action against the Respondents under both theories. Respondents seek: 1) rejection of the OIC's Request; 2) an instruction to the OIC that any action against the Company Respondents be brought through the Attorney General in accordance with Title 48 RCW; 3) dismissal of the individual Respondents from all further proceedings; and 4) Respondents be afforded the right to request that this case be presided over by an administrative law judge pursuant to RCW 48.04.010(5).

On July 29, 2014, the undersigned held a first prehearing conference. The OIC was represented by Darryl Colman, Esq., Insurance Enforcement Specialist in the OIC's Legal Affairs Division. The Respondents were represented by Brian F. Kreger, Esq. After considering the views of the parties as to hearing dates and procedures:

- 1) The evidentiary hearing, expected to require one full day, is set for September 30, 2014.
- 2) Counsel expect to meet and confer on July 31, 2014, in an effort to agree on discovery and other procedures. Neither party expects to seek depositions. Any issues as to the scope of written discovery shall be presented to me by written submissions served and filed not later than August 6, 2014 (emails to opposing party, Kelly Cairns of the Hearings Unit, and me acceptable). I expect to rule on such issues without oral argument.
- 3) By August 8, 2014, Respondents shall serve and file any Motion related to the legal issues raised in their Response. By August 22, 2014, the OIC shall serve and file its Response to such Motion. By August 29, 2014, Respondents shall serve and file their Reply to such Response. Emails to opposing party, Kelly Cairns of the Hearings Unit, and me acceptable are acceptable service and filing. I expect to rule on such Motion without oral argument.

**YOU ARE HEREBY NOTIFIED that a hearing will be held at the Office of the Insurance Commissioner, 5000 Capitol Blvd., Tumwater, WA, beginning on September 30, 2014, at 10:00 AM, Pacific Daylight Time.** The hearing is expected to conclude on September 30, 2014,

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but will continue until terminated. The purpose of the hearing will be to consider whether the Respondents' alleged activities set forth in the OIC's Notice constituted violations of the Insurance Code justifying imposition of a cease and desist order, civil penalties, payment of premium taxes, and/or fines.

The hearing will be governed by the Administrative Procedure Act, Chapter 34.05 RCW, and the model rules of procedure contained in Chapter 10-08 WAC. All parties may be represented and may examine witnesses, respond, and present evidence and argument on all relevant issues.

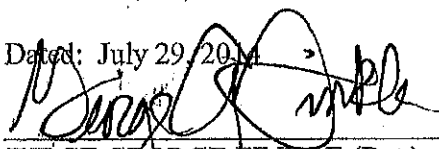
A party who fails to attend or participate in the hearing or another stage of this proceeding may be held in default in accordance with Chapter 34.05 RCW. *See*, RCW 34.05.434(2)(i).

Judge George Finkle (Ret.), Presiding Officer, has been designated by the Insurance Commissioner to hear and determine this matter. The hearing will be held under the authority granted by the Insurance Commissioner under Chapter 48.04 RCW.

Pursuant to WAC 10-08-040(2) and in accordance with Ch. 2.42 RCW, if a limited English speaking or hearing impaired or speech impaired party or witness needs an interpreter, a qualified interpreter will be appointed. There will be no cost to the party or witness therefore, except as may be provided by Ch. 2.42 RCW. A Request for Interpreter form, with instructions, is attached to the original of this Notice.

All case related documents and correspondence shall be directed to the Hearings Unit, Office of Insurance Commissioner, P.O. Box 40255, Olympia, Washington 98504-0255. All interested individuals and entities who have questions or concerns concerning this proceeding should direct them to the Hearings Unit paralegal, Kelly Cairns, at the same address. Ms. Cairns' telephone number is (360) 725-7002.


Dated: July 29, 2014

  
\_\_\_\_\_  
JUDGE GEORGE FINKLE (Ret.)  
Presiding Officer

Declaration of Mailing

I declare under penalty of perjury under the laws of the State of Washington that on the date listed below, I mailed or caused delivery through normal office mailing custom, a true copy of this document to the following people at their addresses listed above: Global Warranty Group, Brian F. Kreger, Esq., Mike Kreidler, James T. Odlorne, J.D., CPA, John F. Hamje, Esq., Darryl Colman, Esq., and AnnaLisa Gellermann, Esq.,

DATED this 29<sup>th</sup> day of July, 2014.

  
\_\_\_\_\_  
KELLY A. CAIRNS

**OFFICE OF INSURANCE COMMISSIONER**

**HEARINGS UNIT**

Fax: (360) 664-2782

To request an interpreter, complete and mail this form to:

Presiding Officer  
Hearings Unit  
Office of Insurance Commissioner  
P.O. Box 40255  
Olympia, WA 98504-0255

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**REQUEST FOR INTERPRETER**

I am a party or witness in Matter No. 14-0117 before the Insurance Commissioner. I NEED AN INTERPRETER and request that one be furnished.

Please check the statements that apply to you:

I am a non-English-speaking person. I cannot readily speak or understand the English language. My primary language is \_\_\_\_\_ (insert your primary language). I need an interpreter who can translate to and from the primary language and English.

I am unable to readily understand or communicate the spoken English language because:

I am deaf.

I have an impairment of hearing.

I have an impairment of speech.

[Please state below or on the reverse side any details which would assist the Commissioner or Presiding Officer in arranging for a suitable interpreter or in providing appropriate mechanical or electronic amplification, viewing, or communication equipment.]

Date: \_\_\_\_\_

Signed: \_\_\_\_\_

Please print or type your name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_