

STATE OF ARIZONA
DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS

In the Matter of:

No. 20A- 074 -INS

HARMONY HOME WARRANTY, LLC

ORDER TO CEASE AND DESIST

Respondent.

The State of Arizona Department of Insurance and Financial Institutions (“Department”) received evidence that **Harmony Home Warranty, LLC. (“HHW” or “Respondent”)** unlawfully offered or issued service contracts in the State of Arizona and engaged in unfair trade practices. Accordingly, the Director of Insurance and Financial Institutions of the State of Arizona (“Director”) makes the following Findings of Fact and Conclusions of Law and enters the following Order pursuant to A.R.S. § 20-1095.09(B).

FINDINGS OF FACT

1. Respondent’s known address, as set forth in their Service Agreement (“Agreement”), is 90 East Halsey Road, Suite 333-#171, Parsippany, NJ, 07054. Upon further research, Respondent’s address appears to be an executive suite/virtual office in the Halsey Corporate Center.

2. Respondent’s registered business address with the Better Business Bureau (“BBB”) is 1222 Avenue M, Brooklyn, NY, 11230-5204.

1 3. Respondent's BBB profile shows that Respondent was incorporated on July 3, 2013
2 but does not list Respondent's state of incorporation. Respondent is not registered with the
3 corporation commissions in Delaware, New Jersey, and New York.¹

4 4. Respondent's BBB profile shows Bradley A. Shaw as president and principal officer.

5 5. According to the "ReviewHomeWarranties" website, accessed on October 28, 2020,
6 Respondent is "headquartered in Brooklyn, NY, and transacts home warranties in all states."
7 A coverage map reflects that Respondent is "operating in Arizona."

8 6. On November 10, 2020, a Department Insurance Analyst confirmed that Respondent
9 has neither applied for a permit nor held one in the past. Currently, Respondent does not
10 hold a permit as a service company in Arizona, and does not appear to be exempt from the
11 service company permit requirements.

12 **CUSTOMER COMPLAINTS**

13 7. On October 16, 2020, the Department received a complaint from Arizona consumer
14 M.C., who resides in Tempe, Arizona. According to M.C., he purchased a home warranty
15 from Respondent on June 10, 2020. M.C. also purchased "add-on" coverage for his
16 pool/spa.

17 8. On or about October 2, 2020, M.C. submitted a service request, claim number
18 341759-1404, to Respondent due to a pool pump failure. Respondent sent a vendor to
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21 ¹ Per the Arizona Corporation Commission's ("ACC") website/public database, Respondent is not organized as a
22 foreign-domiciled corporation and has not submitted an "Application for Authority to Transact Business or Conduct
Affairs in Arizona." In addition, Respondent has not registered its name as a trade name with the Arizona Secretary of
State.

1 diagnose the problem on October 6, 2020. Per the vendor's invoice, an electrical failure
2 melted the pump requiring replacement at a cost of \$1,150.00.

3 9. Respondent denied M.C.'s claim.

4 10. On October 29, 2020, the Department received a complaint from J.E. who resides in
5 Phoenix, Arizona. According to J.E., she purchased a home warranty from Respondent on
6 April 26, 2020.

7 11. On or about June 29, 2020, J.E. submitted a service request, claim number 339156-
8 748, to Respondent due to an air conditioner failure. Respondent sent a vendor to diagnose
9 the problem on July 2, 2020. Based upon the vendor's diagnosis, the cost to repair the air
10 conditioner totaled \$1,079.95. HHW advised J.E. that any amount over \$150.00 required
11 secondary approval. J.E. proceeded to pay out-of-pocket to obtain the necessary repairs to
12 the air conditioner, citing the Phoenix's high temperatures at the time. J.E. offered to pay
13 HHW \$600.00 towards the repair of the air conditioner in order to settle the difference
14 between the cost of repair and the authorized repair amount.

15 12. Respondent rejected J.E.'s proposal and denied the claim.

16 13. On or about October 19, 2020, J.E. submitted a service request, claim number
17 339156-1536, to Respondent for the repair of her garbage disposal which had quit
18 operating. According to J.E., HHW Customer Service Representative "Rob" told her that
19 "[HHW] won't do any service work for you unless you take down [your] negative review
20 from the BBB website."

21 14. The Department's assigned investigator made several attempts to contact HHW. On
22 November 2, 2020, the investigator sent two (2) requests, one via HHW's website "Contact

1 Us” page², and the other to email address support@homewarranty.com. On November 4,
2 2020, the investigator sent another request via an alternative email address,
3 info@harmonyhomewarranty.com. On November 6, 2020, the investigator called HHW’s
4 “John Morgan” who had left a voicemail message for J.E. to discuss her complaint. When
5 J.E. attempted to return Mr. Morgan’s call, the call was routed to customer service. The
6 investigator called Mr. Morgan’s number, and as reported by L.E., the call was routed to
7 customer service. The investigator spoke with a HHW’s customer service representative
8 who identified herself as “Eli” and requested to speak with the company’s principal officer
9 or a person in the legal department. Eli subsequently advised no one was available to speak
10 with the investigator “due to Covid and because it was a Friday.” Eli stated that someone
11 would return the call the following week (November 9-13, 2020).

12 15. HHW has not returned any of the Department’s messages and communications.

13 **CONCLUSIONS OF LAW**

14 1. Respondent’s conduct, as alleged above, constitutes offering and issuing service
15 contracts without a permit, within the meaning of A.R.S. § 20-1095.01(A).

16 2. Service company contracts issued by the Respondent are enforceable and valid
17 contracts, within the meaning of A.R.S. § 20-1095.05

18 3. Grounds exist for the Director to order Respondent to cease and desist its violations
19 pursuant to A.R.S. § 20-1095.09(B).

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² As of November 2020, HHW’s website remains active.

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ORDER

IT IS HEREBY ORDERED THAT:

1. Respondent shall immediately cease and desist from unlawfully offering or issuing service contracts in the State of Arizona.
2. Respondent shall immediately contact the Department to provide its contact information.
3. Respondent shall, within 45 days of this Order, furnish the Department with a complete listing, to include contact information, of all Arizona consumers who have purchased contracts sold by Respondent.
4. Respondent shall report to the Department all premiums collected or charged for policies they sold covering Arizona risks.

NOTICE OF OPPORTUNITY FOR HEARING

Pursuant to Title 20 of the Arizona Revised Statutes, Respondent is hereby notified that it may request a hearing pursuant to A.R.S. § 20-161 to contest the order to cease and desist. Such a request must be in writing and received at the following address within thirty (30) days from the date hereof:

Arizona Department of Insurance and Financial Institutions
100 North 15th Avenue, Suite 261
Phoenix, Arizona 85007-2630
Deian Ousounov, Regulatory Legal Affairs Officer

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1 Upon receipt of a timely written request for hearing, the Director will issue an order
2 setting the time and place of the hearing.

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4 Effective this 1st day of December, 2020.

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Evan G. Daniels, Director
Arizona Department of Insurance and
Financial Institutions

11 **ORIGINAL** of the foregoing filed
12 this **3rd** day of **December**, 2020, in the office of:

13 Evan G. Daniels, Director
14 Arizona Department of Insurance and Financial Institutions
15 Attn: Ana Starcevic
16 100 North 15th Avenue, Suite 261
17 Phoenix, AZ 85007-2630

18 **COPY** of the foregoing delivered by E-mail, to:

19 Harmony Home Warranty
20 info@harmonyhomewarranty.com
21 claims@harmonyhomewarranty.com
22 support@harmonyhomewarranty.com

23 **COPY** of the foregoing mailed same date
24 by Certified Mail, Electronic Return Receipt requested, to:

25 Harmony Home Warranty, LLC 9489 0090 0027 6266 7888 18
26 C/O Bradley A. Shaw, President
27 90 East Halsey Road, Suite 333-#171
28 Parsippany, NJ, 07054
29 Respondent

1 Harmony Home Warranty, LLC 9489 0090 0027 6266 5084 61
2 C/O Bradley A. Shaw, President
3 1222 Avenue M
4 Brooklyn, NY, 11230-5204
5 Respondent

6 **COPY** of the foregoing delivered/emailed same date, to:

7 Deian Ousounov, Regulatory Legal Affairs Officer
8 Ana Starcevic, Paralegal Project Specialist
9 Catherine M. O'Neil, Consumer Legal Affairs Officer
10 Steven Fromholtz, Licensing Manager, Licensing Division
11 Linda Lutz, Legal Assistant, Licensing Division
12 Aqueelah Currie, Licensing Supervisor
13 Wendy Greenwood, Investigator
14 Arizona Department of Insurance and Financial Institutions
15 100 North 15th Avenue, Suite 261
16 Phoenix, Arizona 85007-2630

17 *Ana Starcevic* for
18 _____
19 Francine Juarez
20
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