

STATE OF ARIZONA
Department of Insurance and Financial Institutions
FILED January 5, 2024 by AS

STATE OF ARIZONA

DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS

In the Matter of Unlicensed Activity of:

**CRAST INC. D/B/A AMERICA’S FIRST
CHOICE HOME CLUB (“AFC”)**

Respondent.

No. 23A-094-INS

CONSENT ORDER

The Arizona Department of Insurance and Financial Institutions (the “Department”) has received evidence that Crast Inc. d/b/a America’s First Choice Home Club (“Respondent”) has violated provisions of Arizona Revised Statutes (“A.R.S.”) Title 20. Respondent wishes to resolve this matter without the commencement of formal proceedings, and admits the following Findings of Fact are true, and consents to the entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. Respondent is a Georgia entity originally established in 2009 as a domestic profit corporation. America’s First Choice Agency Inc. was also registered as a domestic profit corporation in 2021.

2. On or about November 2, 2023, A.M. filed a complaint with the Department alleging that Respondent failed to repair complainants HVAC system for a property located in Arizona, in accordance with the terms of the home warranty.

3. The Department commenced an investigation into this matter. The Department’s investigation concluded the following:

- 1 a) Respondent does not currently hold, nor did it ever hold, a license or permit
- 2 issued by the Department.
- 3 b) Respondent is not registered with the Arizona Corporation Commission in order
- 4 to transact business or conduct affairs in Arizona.
- 5 c) Respondent sold service contracts in Arizona without being authorized to do so.
- 6 According to Respondent, approximately 712 service contracts were sold in
- 7 Arizona and in-force as of November 28, 2023.

8 **CONCLUSIONS OF LAW**

- 9 4. The Director has jurisdiction over this matter.
- 10 5. Respondent's conduct, as described above, constitutes a violation of Title 20 or any
- 11 rule, subpoena or order of the Director. A.R.S. § 20-295(A)(2).
- 12 6. Respondent's conduct, as described above, constitutes offering and issuing service
- 13 contracts without a permit. A.R.S. § 20-1095.01(A).
- 14 Respondent is not exempt from the permit requirement. A.R.S. § 20- 1095.02(A).
- 15 Service company contracts issued by Respondent are enforceable and valid contracts.
- 16 A.R.S. § 20-1095.05.
- 17 7. Respondent's conduct, as described above, constitutes the offering and renewing of
- 18 service contracts without an active permit. A.A.C. R20-6-407(D)(3)(b).
- 19 8. Grounds exist for the Director to order Respondent to cease and desist from offering
- 20 and issuing service contracts without a permit. A.R.S. § 20-1095.09(B).
- 21 9. Grounds exist, in addition to or instead of any suspension or revocation for the
- 22 Director to impose a civil penalty of not more than \$250.00 for each unintentional failure or
- 23 violation up to an aggregate civil penalty of \$2,500.00, or impose a civil penalty of not more
- 24 than \$2,500.00 for each intentional failure or violation, up to an aggregate civil penalty of
- 25 \$15,000.00. A.R.S. § 20-295(F).
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ORDER

IT IS ORDERED

1. Respondent shall immediately pay to the Department a civil money penalty in the amount of ten thousand dollars (\$10,000.00).

2. Respondent shall continue to investigate and pay all claims arising out of acts covered by Respondent’s service contracts issued to Arizona residents for so long as such claims may legally be brought against the contract holders.

3. Respondent shall not sell and issue any service contracts in Arizona without an active service company permit.

Effective this 5th day of January, 2024.

Barbara D. Richardson

Barbara D. Richardson,
Cabinet Executive Officer
Executive Deputy Director
Arizona Department of Insurance and Financial Institutions

CONSENT TO ORDER

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1. Respondent has reviewed the foregoing Findings of Fact, Conclusions of Law and Order.

2. Respondent consents to the personal and subject matter jurisdiction of the Department in this matter, and voluntarily consents to the entry of this Order.

3. Respondent is aware of its right to an administrative hearing in this matter and hereby knowingly and voluntarily waives that right.

4. Respondent states that no promise of any kind or nature whatsoever, except as expressly contained in this Consent Order, was made to it to induce it to enter into this Consent Order and that it has entered into this Consent Order knowingly and voluntarily.

5. Respondent acknowledges that the acceptance of this Consent Order by the Director is solely to settle this matter and does not preclude the Department from instituting other proceedings as may be appropriate now or in the future. Furthermore, and notwithstanding any language in this Consent Order, this Consent Order does not preclude in any way any other state agency or officer or political subdivision of this state from instituting proceedings, investigating claims, or taking legal action as may be appropriate now or in the future relating to this matter or other matters concerning Respondent, including but not limited to violations of Arizona’s Consumer Fraud Act.

6. Respondent acknowledges that, other than with respect to the Department, this Consent Order makes no representations, implied or otherwise, about the views or intended actions of any other state agency or officer or political subdivision of the state relating to this matter or other matters concerning Respondent.

7. Respondent waives all rights to seek an administrative or judicial review or otherwise to challenge or contest the validity of this Consent Order and its accompanying parts before any court of competent jurisdiction.

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8. John Craddock represents that he is the Chief Executive Officer of Respondent and, as such, is authorized to sign the Consent to Order on behalf of Respondent.

DATED this 27 day of December, 2023.

By: John Craddock
John Craddock, CEO

1 **COPY** of the foregoing delivered/mailed
this 8th day of January 2024, to:

2 Crast Inc.
3 d/b/a America's First Choice Home Club
4 i/c/o Michael Day, Esq.
5 mday@rosenthalmayer.com
6 Respondent

7 **COPY** of the foregoing delivered/mailed same date, to:

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

17 *Ana Starcevic*
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