

DEC 19 2012

DEPT OF INSURANCE
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STATE OF ARIZONA
DEPARTMENT OF INSURANCE

In the Matter of:

ARKIDUS HOME PROTECTION INC.

Respondent.

No. 12A-172-INS

**ORDER TO CEASE
AND DESIST**

The Arizona Department of Insurance ("Department") has received evidence that Respondents have unlawfully offered or issued service contracts in the State of Arizona and engaged in unfair trade practices. Accordingly, the Director of Insurance of the State of Arizona (the "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. Arkidus Home Protection, Inc. ("Arkidus") is a Florida corporation that issues service contracts to Arizona residents. At all times material, Arkidus did not hold a permit with the Department as a service company.
2. Arkidus is not exempt from the permit requirement.
3. Arkidus's address of record with the Florida Corporation Commission is:
10300 SW 72nd St. 384, Miami, Florida 33173.
4. Reinaldo A. Berges ("Berges") is Arkidus's sole Director and Statutory Agent.
5. Starting on or about August 28, 2012, Arizona consumers began filing complaints against Arkidus with the Department.

BURTON COMPLAINT

6. On August 28, 2012, Silas Burton ("Burton") filed a Complaint with the Department stating that Arkidus failed to respond to his claim for repair to an air conditioning unit and garage door ("Burton Complaint"). The Burton Complaint states that

1 on or about July 25, 2012, Arkidus issued a home warranty service contract to Burton.
2 Burton paid \$399.00 for the contract. Thus far, Burton has paid \$385.00 to repair the air
3 conditioning unit. Burton is requesting return of the \$399.00 payment he made for the
4 contract and for the \$385.00 he paid for the repair.

5 MCCALL COMPLAINT

6 7. On August 28, 2012, Paula McCall ("McCall") filed a Complaint with the
7 Department stating that Arkidus failed to respond to a claim filed by her tenant for repair to
8 a clothes dryer and dishwasher ("McCall Complaint"). The McCall Complaint states that on
9 or about April 1, 2012, Arkidus issued home warranty service contracts to McCall on two
10 homes. McCall made payments on the contracts totaling \$980.00. Thus far, McCall has
11 paid \$1,103.46 to repair and replace a dishwasher and to repair a clothes dryer¹. McCall
12 is requesting return of the \$980.00 in payments she made on the contracts and for the
13 \$1,103.46 she paid for the replacement and repairs.

14 RICHARDSON COMPLAINT

15 8. On August 28, 2012, Dirk Richardson ("Richardson") filed a Complaint with
16 the Department stating that Arkidus failed to pay a claim for repairs to an air conditioning
17 unit ("Richardson Complaint"). The Richardson Complaint states that on or about May 25,
18 2012, Arkidus issued home warranty service contracts to Richardson on two homes.
19 Richardson made payments on the contracts totaling \$909.00. Richardson currently owes
20 Mike's Workshop Inc. \$480.00 for the repairs. Richardson is requesting return of his
21 payments on the contracts totaling \$909.00.

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25 ¹ McCall paid \$111.19 on September 22, 2012 to repair the dishwasher, \$494.76 on
26 December 7, 2012 to replace the dishwasher, \$97.11 on September 22, 2012 to repair the
clothes dryer and \$400.40 on September 28, 2012 for further repairs to the clothes dryer.

1 **STEPHAN COMPLAINT**

2 9. On August 28, 2012, Martina Stephan ("Stephan") filed a Complaint with the
3 Department stating that Arkidus failed to pay for repairs to her air conditioning unit and
4 failed to return her calls ("Stephan Complaint"). The Stephan Complaint states that on or
5 about March 1, 2012, Arkidus issued a two-year home warranty service contract to
6 Stephan. Stephan made four payments on the contract totaling \$352.00. Stephan paid
7 \$510.00 to repair her air conditioning unit. Stephan is asking for return of the payments
8 she made for the contract totaling \$352.00 and for the \$510.00 she paid for the repairs.

9 **BUTTAFUOCO COMPLAINT**

10 10. On September 5, 2012, Andy Buttafuoco ("Buttafuoco") filed a Complaint with
11 the Department stating that Arkidus failed to pay a claim for repairs to his air conditioning
12 unit ("Buttafuoco Complaint"). The Buttafuoco Complaint states that on or about June 30,
13 2012, Arkidus issued a home warranty service contract to Buttafuoco. Buttafuoco paid
14 \$598.00 for the contract but Arkidus never forwarded the warranty documentation.
15 Buttafuoco was paid \$125.00 for repairs to the air conditioning unit due to the lack of
16 response from Arkidus. Buttafuoco recouped the \$598.00 he paid on the contract by
17 disputing the charges with his bank. Buttafuoco is requesting return of the \$125.00 he paid
18 for the repairs to his air conditioning unit.

19 **FINTER COMPLAINT**

20 11. On September 5, 2012, Stacy Finter ("Finter") filed a Complaint with the
21 Department stating that Arkidus failed to pay a claim for repairs to an air conditioning unit
22 and failed to return her calls ("Finter Complaint"). The Finter Complaint stated that on or
23 about January 13, 2012, Arkidus issued a home warranty service contract to Finter. Finter
24 paid for the contract in full in the amount of \$470.00. Finter is requesting return of her
25 payment for the contract and for the \$135.00 she paid for the repair to the air conditioning
26 unit.

1 **ALEXANDER COMPLAINT**

2 12. On September 7, 2012, Alan Alexander ("Alexander") filed a Complaint with
3 the Department stating that Arkidus failed to pay claims on air conditioning units and a
4 garbage disposal ("Alexander Complaint"). The Alexander Complaint states that on or
5 about July 6, 2012, Arkidus issued a home warranty service contract to Alexander.
6 Alexander paid \$500.00 for the contract. Alexander paid \$1,682.29 for repairs to air
7 conditioning units and a garbage disposal. Alexander is requesting return of his payment of
8 \$500.00 for the contract and \$1,682.29 for the repairs.

9 **GRIFFIN COMPLAINT**

10 13. On October 3, 2012, Gerald Griffin ("Griffin") filed a Complaint with the
11 Department stating that Arkidus never provided him with a home warranty service contract
12 and has been slow to respond to his inquiries ("Griffin Complaint"). The Griffin Complaint
13 stated that on or about June 25, 2012, First American Title Insurance Company paid
14 Arkidus \$620.00 for a home warranty service contract for Griffin. Arkidus never issued the
15 home warranty service contract to Griffin. On or about September 17, 2012, Berges
16 advised Griffin he would be receiving a full refund; however, there has been no
17 communication since that time and Griffin has not received his refund. Griffin is requesting
18 return of the \$620.00 paid on the contract.

19 **HERTZFELD COMPLAINT**

20 14. On October 11, 2012, Steve Hertzfeld ("Hertzfeld") filed a Complaint with the
21 Department stating that Arkidus failed to accept a claim for repairs to an ice maker
22 ("Hertzfeld Complaint"). The Hertzfeld Complaint states that on or about April 4, 2012,
23 Arkidus issued home warranty service contracts to Hertzfeld on two homes. Hertzfeld
24 made payments on the contracts totaling \$770.00. Hertzfeld is requesting return of the
25 \$770.00 in payments he made on the contracts.
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1 **CONCLUSIONS OF LAW**

2 1. The Director has jurisdiction over this matter.

3 2. Respondent's conduct, as alleged above, constitutes offering and issuing
4 service contracts without a permit, within the meaning of A.R.S. § 20-1095.01(A).

5 3. Respondent is not exempt from the permit requirement, within the meaning of
6 A.R.S. § 20-1095.02(A).

7 4. Service company contracts issued by Respondent are enforceable and valid
8 contracts, within the meaning of A.R.S. §20-1095.05.

9 5. Respondent's conduct, as alleged above, constitutes the failure to perform
10 the services promised under the service contract within a reasonable time and in a
11 competent manner, which is an unfair trade practice within the meaning of A.R.S. § 20-
12 1095.09(A)(4).

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

15 **ORDER**

16 **IT IS THEREFORE ORDERED:**

17 1. Respondent shall immediately cease and desist from offering or soliciting
18 warranty service contract applications, taking or proposing to make any warranty service
19 contract, taking or receiving any application for warranty service contracts, taking or
20 collecting any payment, fees, commission, or any other consideration for any warranty
21 service contract, issuing or delivering warranty service contracts to residents of this state,
22 or otherwise offering or issuing service contracts to Arizona residents by any means
including through an online website.

23 2. Respondent shall pay all valid claims arising out of acts covered by any and
24 all service contract issued by it to Arizona residents for so long as such claims may legally
25 be brought against the contract holders.

1 Arkidus Home Protection, Inc.
10300 SW 72nd St., #384
2 Miami, FL 33173
Respondent

3 Mary E. Kosinski, Exec. Assistant for Reg. Affairs
4 Mary Butterfield, Consumer Affairs Assistant Director
Catherine M. O'Neil, Consumer Legal Affairs Officer
5 Jack Sneathen, Property and Casualty Division
Charles Gregory, Investigations Supervisor
6 Randy Markham, Investigator
Department of Insurance
7 2910 North 44th Street, Suite 210
8 Phoenix, Arizona 85018

9 
10 Curvey Walters Burton

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1 COPY of the foregoing mailed
this 28th day of January, 2013, to:

2 Arkidus Home Protection, Inc.
3 c/o Reinaldo A. Berges
8601 SW 94th Street
4 Miami, FL 33156-7385
Statutory Agent for Respondent Arkidus Home Protection, Inc.

5 Arkidus Home Protection, Inc.
12360 NW 18th Street
6 Pembroke Pines, FL 33026-3806
Respondent

7
8 
9 Curvey Burton

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