





1 months of the Effective Date [January 28, 2015], Defendant<sup>3</sup> shall terminate its business  
2 operations in the State, including the Advertisement, offer for Sale and/or Sale of MVSCs  
3 ('Termination Date')."

4 11. The Parties agreed to a "Settlement Amount" of Eight Hundred Ten Thousand  
5 Five Hundred Sixty-Nine and 16/100 Dollars (\$810,569.16) designated as follows: Five  
6 Hundred Thousand and 00/100 Dollars (\$500,000.00) in civil penalties, One Hundred  
7 Ninety Nine Thousand Five Hundred Fifty-Nine and 75/100 Dollars (\$199,559.75) in  
8 restitution, and One Hundred Eleven Thousand Nine and 41/100 Dollars (\$111,009.41) in  
9 reimbursement for Plaintiffs' attorneys' fees and investigative costs.

10 **DEPARTMENT COMPLAINTS**

11 12. From January 6, 2015 through March 22, 2016, the Department received  
12 information that the Respondent sold four (4) VSCs to Arizona residents.

13 **Maloney Complaint**

14 13. On or about January 28, 2014, the Respondent sold to Lloyd Eugene  
15 Maloney ("Maloney") a four-year VSC, contract no. 85129384, on a 2011 Mercedes-Benz  
16 R350. Maloney made one payment in the amount of \$2,300.00 as evidenced by the  
17 contract's Declarations Page and confirmed by Maloney's BMO Harris Bank checking  
18 account, no. xxxxxx5291 statement for January 2014.

19 14. On or about January 6, 2015, Maloney filed a complaint with the Department  
20 when Respondent initially refused to transfer the contract to another vehicle. Respondent  
21 subsequently sent Maloney a "Cancellation Request" for his signature to cancel the  
22 contract and a refund of \$1,497.91, an unsatisfactory amount according to Maloney.

23 15. On or about January 20, 2015, Maloney notified the Department that he and  
24 the Respondent had resolved the matter to their mutual satisfaction.

25 \_\_\_\_\_  
26 <sup>3</sup> The New Jersey civil action named additional Defendants (Respondents).

1 **Ornstein Complaint**

2 16. On or about August 23, 2014, the Respondent sold Tyler Ornstein  
3 ("Ornstein") a five-year VSC, contract no. 79374908, on a 2003 Mercedes-Benz E55 AMG.

4 17. On or about November 16, 2015, Ornstein filed a complaint with the  
5 Department when Respondent denied a claim, no. 28318758, for a loss it attributed to  
6 "wear and tear as determined by a third party inspector."

7 **Scott Complaint**

8 18. On or about December 26, 2014, the Respondent sold Aaron Matthew Scott  
9 ("Scott") a four-year VSC, contract no. 85450123, on a 2001 Jaguar S-Type. Scott made  
10 one payment in the amount of \$2,000.00 as evidenced by the contract's Declarations Page.

11 19. On or about March 21, 2016, Scott filed a complaint with the Department after  
12 he was unable to contact the Respondent for pre-authorization repairs costing \$415.86.  
13 After attempting to contact Respondent for one week to no avail, Scott paid out-of-pocket  
14 for the repairs.

15 **Cisar Complaint**

16 20. On or about May 30, 2014, the Respondent sold Catherine Ann Cisar  
17 ("Cisar") a five-year VSC, contract no. 51751085, on a 2011 Buick Regal CXL. Cisar paid a  
18 \$500.00 deposit and four (4) monthly payments totaling \$250.68 (\$62.67 per month).

19 21. On or about March 22, 2016, Cisar filed a complaint with the Department  
20 because the Respondent denied a claim for air conditioning repairs performed on the  
21 vehicle in August 2015. In December 2015, when Cisar took her vehicle in for "substantial  
22 work" to be performed, the car dealership advised her she had no coverage. Cisar  
23 contacted the Respondent who advised her that she had not made payments even though  
24 said payments were to be made via automatic bank withdrawals.

1 **CONCLUSIONS OF LAW**

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

7 4. Grounds exist for the Interim Director to order Respondent to cease and  
8 desist its violations pursuant to A.R.S. § 20-1095.09(B).

9 **ORDER**

10 IT IS THEREFORE ORDERED:

11 1. Respondent shall immediately cease and desist from offering or soliciting  
12 vehicle service contract applications, taking or proposing to make any vehicle service  
13 contract, taking or receiving any application for vehicle service contracts, taking or  
14 collecting any payment, fees, commission, or any other consideration for any vehicle  
15 service contracts, issuing or delivering vehicle service contracts to residents of this state, or  
16 otherwise offering or issuing vehicle service contracts to Arizona residents by any means  
17 including through an online website.

18 2. Respondent shall immediately contact the Department and provide its current  
19 contact information.

20 3. Respondent shall, within forty-five (45) days of receipt of this Order, furnish  
21 the Department with a complete listing, to include contact information, of all Arizona  
22 residents and businesses who have purchased policies or vehicle service contracts sold by  
23 Respondent. Respondent shall also report to the Department all premiums collected or  
24 charged for policies they sold covering Arizona risks.



1 COPY of the foregoing mailed this  
2 11<sup>th</sup> day of May, 2016, to:

3 Lynette Evans  
4 Assistant Attorney General  
5 1275 West Washington Street  
6 Phoenix, Arizona 85007  
7 Attorney for the Department

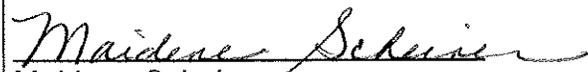
8 Direct Buy Associates Inc.  
9 120 Wood Avenue South  
10 Iselin, New Jersey 08830  
11 Respondent

12 Direct Buy Auto Warranty  
13 33 Wood Avenue South  
14 Iselin, New Jersey 08830  
15 Respondent

16 Albert Hakim  
17 120 Wood Avenue South  
18 Iselin, New Jersey 08830  
19 Respondent

20 CT Corporation System  
21 111 Eighth Avenue  
22 New York, New York  
23 Statutory Agent for Respondent

24 Mary E. Kosinski, Exec. Assistant for Regulatory Affairs  
25 Catherine M. O'Neil, Consumer Legal Affairs Officer  
26 Erica Bowsher, Property and Casualty Division  
Steven Fromholtz, Asst. Director, Consumer Protection Division  
Wendy Greenwood, Investigator  
Department of Insurance  
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27   
28 Maidene Scheiner