STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of: CHW GROUP INC dba CHOICE HOME WARRANTY, a New Jersey Corporation, and AMERICAN GLOBAL OBLIGORS INC., a New Jersey Corporation, Respondent.	Case No. INS-22-0058 ORDER TO CEASE AND DESIST, ORDER ASSESSING CIVIL PENALTIES, AND CONSENT TO ENTRY OF ORDER

The Director of the Department of Consumer and Business Services for the State of Oregon ("Director"), acting in accordance with Oregon Revised Statutes ("ORS") 646A.150, et seq., and the administrative rules promulgated thereunder ("Oregon Service Contract Law"), conducted an investigation into the activities of CHW Group Inc dba Choice Home Warranty ("CHW") and American Global Obligors Inc. ("AGO") (collectively, "Respondents") and determined that Respondents engaged in activities constituting violations of the Oregon Service Contract Law.

Respondents, without admitting or denying the Director's findings of fact or conclusions of law, wish to resolve and settle this matter with the Director.

Now, therefore, as evidenced by the authorized signature subscribed on this Order, Respondents hereby CONSENT to entry of this Order upon the Director's Findings of Fact and Conclusions of Law as stated hereinafter.

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

FINDINGS OF FACT

The Director FINDS that:

1. Respondents are New Jersey corporations that share a principal place of business located at 2147 Route 27 South, 4th Floor, Edison, NJ 08817.

2. AGO is a wholly-owned subsidiary of CHW.

3. From January 1, 2018 through October 25, 2021, Respondents contracted with 6,382 Oregon consumers to repair or replace their residential appliances, subject to exceptions, terms, and conditions ("Oregon Service Contracts").

4. The Oregon Service Contracts provided for:

A. Payment of covered repairs of various home appliances;

B. Appliance replacement, at Respondents' discretion; and/or

C. Cash payments in lieu or repair or replacement in the amount of Respondents' actual cost to repair or replace any covered system, component or appliance.

5. Respondents were financially compensated for the sale of each Oregon Service Contract.

6. Respondents were contractually obligated to provide covered services under each Oregon Service Contract.

7. At no time during the period in which they entered into the Oregon Services Contracts did CHW or AGO hold a home services contractor license with the Oregon Construction Contractors Board ("CCB").[1]

8. At no time has CHW or AGO been registered in Oregon as a service contract obligor.

9. At no time has CHW or AGO filed with the Director a surety bond executed to the State of Oregon in the sum of $25,000.

Prohibited Conduct

Inadequate Cash Offers

10. As noted, the Oregon Service Contracts authorized Respondents to offer cash back in lieu of repair or replacement in the amount of their actual cost to repair or replace a covered item.

[1] On or around October 25, 2021, CCB issued a home services contractor license to AGO.

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

11. Under the Oregon Service Contracts, Respondents are "responsible for installing replacement equipment of similar features, capacity, and efficiency[.]" The cash payments Respondents offer to consumers in lieu or repair or replacement, at Respondents' sole discretion, may be insufficient for the consumers to replace the covered item. Examples include the following:

A. In or around August 2018, Oregon consumer "MS" reported that his refrigerator was not working.[2] According to MS, Respondents determined replacement was appropriate. MS had paid approximately $1,800 for the refrigerator. Respondents reportedly declined to replace the refrigerator and offered him $387. While MS was without the use of his refrigerator, Respondents gradually increased the amount of their offer. Respondents and MS eventually resolved the dispute with MS with a payment of $700.

B. In or around September 2018, Oregon consumer "KW" reported that her stainless steel double wall oven was not working.[3] The service technician determined the oven needed to be replaced. KW estimated the replacement cost to be approximately $3,000. Respondents declined to replace the oven and offered her $699. While KW was without the use of her oven, Respondents gradually increased the amount of their offer. Respondents and KW eventually resolved the dispute with a payment of $1,070. KW eventually found a replacement oven on sale for $1,799, with an installment fee of $150.

C. In or around February 2020, Oregon consumer "BM" reported that her microwave was not working.[4] BM estimated the replacement cost to be $239, plus $150 for installation. Respondents declined to replace the microwave and offered her $169. While BM was without the use of her microwave, Respondents gradually

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

[2] Respondents have labeled this claim as Reference Number FF0153-19.
[3] Respondents have labeled this claim as Reference Number FF5488-18.
[4] Respondents have labeled this claim as Reference Number FF1535-20.

increased the amount of their offer. Respondents and BM were unable to come to an agreement and she received nothing.

D. In or around November 2021, Oregon consumer "DW" reported that his oven was not working.[5] According to DW, Respondents determined the oven needed to be replaced. DW estimated the replacement cost to be approximately $3,100. Respondents declined to replace the oven and offered him $338. While DW was without the use of his oven, Respondents gradually increased the amount of their offer, offering a maximum of $595. Respondents and DW were unable to come to an agreement and he received nothing.

E. In or around January 2022, Oregon consumer "JS" reported that her furnace was not working.[6] Respondents determined the furnace needed to be replaced. The technician assigned to replace the furnace had a dispute with Respondents and left the job. Respondents offered JS $652 to replace the furnace herself. Respondents and JS were unable to come to an agreement and she received nothing.

Prior Authorization

12. The Oregon Service Contracts give Respondents the right to deny reimbursement to consumers that don't obtain approval before having covered services performed.

13. In or around July 2020, Oregon consumer "FC" reported that his air conditioner was not working in the midst of a heat wave.[7] Respondents approved a repair that required them to order a part. After two weeks, the part had not arrived and FC obtained the part for himself and had it installed. Respondents refused to reimburse the expense as FC had not obtained prior approval. At the time Respondents issued the denial the part they

[5] Respondents have labeled this claim as Reference Number FF6239-21.
[6] Respondents have labeled this claim as Reference Number FF0796-22.
[7] Respondents have labeled this claim as Reference Number FF4801-20.

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

ordered still had yet to arrive. Respondents and FC eventually resolved their dispute with a payment of $500.

Failure to Honor Contract

14. In or around November 2021, Oregon consumer "SA" reported that her water heater was not working.[8] Approximately two weeks later, Respondents dispatched a technician to diagnose the failure. The technician had a dispute with Respondents and left the job. Approximately three weeks later, Respondents sent a second technician to diagnose the failure. Based on their diagnosis, Respondents authorized repairs. However, SA elected to cancel her contract with Respondents and they refused to pay anything towards her claim, despite her having contract coverage when her water heater failed.

15. In or around December 2021, Oregon consumer "AH" reported that his garbage disposal was leaking.[9] Respondents were unable to successfully dispatch a technician to diagnose the failure. On or around April 16, 2022, after months of waiting for a technician, AH cancelled his contract with Respondents. Respondents credited AH with one free month of service under his contract. That is all Respondents provided AH regarding his claim.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

16. Each of the Oregon Service Contracts is a "service contract" under ORS 646A.154(1)(a).

17. Respondents were the "obligor" for each of the foregoing service contracts under ORS 646A.152(2)(a).

18. By serving as obligor of the Oregon Service Contracts without being registered as an Oregon service contract obligor, Respondent violated ORS 646A.154(3) in 6,382

[8] Respondents have labeled this claim as Reference Number FF6653-21.
[9] Respondents have labeled this claim as Reference Number FF2238-21.

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

instances.

19. By failing to file with the Director a surety bond executed to the State of Oregon in the sum of $25,000. Respondents violated ORS 646A.154(6)(a).

20. By selling the Oregon Service Contracts without complying with the foregoing provisions of ORS 646A.154, Respondents violated ORS 646A.154(2) in 6,382 instances.

21. By engaging in the conduct set forth in Paragraphs (11) – (15), Respondents failed to act in good faith in providing covered services under a service contract in eight instances, in violation of ORS 646A.158(3).

22. Because the Director has reason to believe that Respondents have been engaged in violations of ORS 646A.154 and ORS 646A.158, the Director may issue an order to Respondents to cease and desist, pursuant to ORS 646A.162(5).

23. Under ORS 646A.162(6), the Director may impose a civil penalty of up to $10,000 *per violation* upon any person who violates ORS 646A.154, ORS 646A.156, or ORS 646A.158.[10]

ORDERS

Now therefore, the Director issues the following Orders:

24. As authorized by ORS 646A.162(5), the Director hereby ORDERS Respondents to CEASE AND DESIST from violating ORS 646A.154(2), (3) and (6), and ORS 646A.158(3).

25. As authorized by ORS 646A.162(6), the Director hereby ORDERS that Respondents be jointly and severally subject to a CIVIL PENALTY of $109,000 as follows:

A. $40,000 for violating ORS 646A.154(3);

B. $2,000 for violating ORS 646A.154(6)(a); and

[10] ORS 646A.162(6) authorizes a maximum of $2,000 for the first violation, $5,000 for the second violation, and $10,000 for any subsequent violations.

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

C. $67,000 for violating ORS 646A.158(3).

26. The Director hereby suspends payment of $69,000 of the CIVIL PENALTY for a period of three years, provided Respondents:

A. Comply with the terms of this Order;

B. Do not violate the Oregon Service Contract Law within the three-year time period; and

C. Pay $10,470 to the Oregon consumers referenced in this Order under the terms set forth in Paragraph (27) – (29).

27. Within thirty (30) days from the effective date of this Order, Respondents shall pay $10,470 to the Oregon consumers referenced in this Order, according to the following chart:

CONSUMER	PAYMENT OWED
MS	$1,100
KW	$880
BM	$390
DW	$3,100
JS	$3,500
FC	$500
SA	$500
AH	$500

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

28. Within thirty (30) days from the effective date of this Order, Respondents shall provide the Division with documentation to confirm it has made the payments described in Paragraph (27).

29. If Respondents do not have current contact information for any of the consumers they shall use all reasonable efforts and means to locate and notify the consumer

of the impending payment and to arrange to transmit the refund to the consumer through electronic transfer or by issuance of a refund check. If, despite the use of all reasonable efforts, Respondents cannot make successful payment to any consumers, they shall deliver any remaining payments for such consumers to the Oregon State Treasury ("OST") to be managed and distributed by OST pursuant to Oregon's Unclaimed Property Program. Respondents shall provide OST with all unclaimed funds, along with each applicable consumer's contact information and a copy of this Order, within seventy-five (75) days from the effective date of this Order.

30. The non-suspended CIVIL PENALTY ($40,000) is due and payable at the time this Order is returned to the Director.

31. The suspended CIVIL PENALTY ($69,000) will be waived three years from the effective date of this Order, provided Respondents have complied with the foregoing Order terms. Respondents' failure to satisfy any terms of this Order will render the suspended penalties immediately due and payable.

32. This Order is binding upon Respondents' successors and assigns.

33. This Order is a "Final Order" under ORS 183.310(6)(b).

SO ORDERED this 28th day of November, 2023.

ANDREW R. STOLFI, Director
Department of Consumer and Business Services

Dorothy Bean Chief of Enforcement
Division of Financial Regulation

[The remainder of this page intentionally left blank.]

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

ENTITY CONSENT TO ENTRY OF ORDER

I, Brian Tretter, state that I am an officer of CHW and am authorized to act on its behalf. I have read the foregoing Order and know and fully understand the contents hereof. I have been advised of CHW's right to a hearing and right to be represented by counsel in this matter. CHW voluntarily consents to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this Order. CHW understands that the Director reserves the right to take further actions against it to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Service Contract Law with the terms and conditions stated herein.

CHW further assures the Director that neither CHW nor its officers, directors, employees, or agents will effect service contract services in Oregon unless such activities are in full compliance with the Oregon Service Contract Law. CHW understands that this Consent Order is a public document.

Signature: _____

Position Held: Secretary/General COunsel

State of New Jersey

County of Middlesex

Signed or attested before me on this 2nd 3rd day of November, 2023 by Brian Tretter.

_____

Notary Public Richard Grace NJ attorney ID 37936 2021

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

ENTITY CONSENT TO ENTRY OF ORDER

I, Brian Tretter, state that I am an officer of AGO and am authorized to act on its behalf. I have read the foregoing Order and know and fully understand the contents hereof. I have been advised of AGO's right to a hearing and right to be represented by counsel in this matter. AGO voluntarily consents to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this Order. AGO understands that the Director reserves the right to take further actions against it to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Service Contract Law with the terms and conditions stated herein.

AGO further assures the Director that neither AGO nor its officers, directors, employees, or agents will effect service contract services in Oregon unless such activities are in full compliance with the Oregon Service Contract Law. AGO understands that this Consent Order is a public document.

Signature: _____

Position Held: _Secretary/General Counsel

State of New Jersey

County of Middlesex

Signed or attested before me on this 15th day of November 2023.

by Brian Tretter.

_____

Notary Public Richard M. Grace, Esq.
Attorney ID 37936 2021

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387