

**IN THE SUPREME COURT OF THE  
STATE OF NEVADA**

HOME WARRANTY  
ADMINISTRATOR OF NEVADA,  
INC. dba CHOICE HOME  
WARRANTY, a Nevada corporation,

Appellant,

vs.

STATE OF NEVADA, DEPARTMENT  
OF BUSINESS AND INDUSTRY-  
DIVISION OF INSURANCE, a Nevada  
administrative agency,

Respondent.

**Supreme Court No. 80218**

First Judicial District Court  
Case No. 17 OC 00218  
Electronically Filed  
May 12 2020 05:12 p.m.  
Elizabeth A. Brown  
Clerk of Supreme Court

Appeal from First Judicial District Court, State of Nevada, County of Clark  
The Honorable James. T. Russell, District Judge

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**APPELLANT'S APPENDIX  
VOLUME VI OF XIV  
(AA000940 – AA001150)**

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Certificate of Service of Stipulation and Order for Interpleading of Fines Pending Final Decision (Case No. 17 OC 00269 1B)	03/28/18	IX	AA001642 – AA001643
Civil Cover Sheet (Case No. 17 OC 00269 1B)	12/22/17	VIII	AA001459
Complaint and Application for Order to Show Cause (Cause No. 17.0050)	05/09/17	I	AA000001 – AA000010
Division’s Closing Statement (Cause No. 17.0050)	11/17/17	VII	AA001341 – AA001358
Division’s Opposition to HWAN’s Proposed Exhibits KK, LL, and MM (Cause No. 17.0050)	11/20/18	IX	AA001746 – AA001753
Division’s Opposition to Motion for Leave to File Supplemental Memorandum of Points and Authorities Pursuant to NRS 233B.133 and Amend the Record on Appeal (erroneously filed in Case No. 19 OC 00015 1B)	04/03/19	XI	AA001983 – AA002003

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Division's Opposition to Motion for Stay of Final Administrative Decision Pursuant to NRS 233B.140 (Case No. 17 OC 00269 1B)	01/30/18	VIII	AA001490 – AA001503
Division's Opposition to Petitioner's Motion for Stay (Case No. 17 OC 00269 1B)	12/19/19	XIV	AA002732 – AA002741
Division's Opposition to Respondent's Motion to Strike Portions of the Division's Post-hearing Brief (Cause No. 17.0050)	11/14/17	VII	AA001333 – AA001338
Division's Post-hearing Brief Pursuant to Order (Cause No. 17.0050)	10/30/17	VII	AA001299 – AA001307
Division's Pre-hearing Statement (Cause No. 17.0050)	09/06/17	I	AA000178 – AA000188
Findings of Fact, Conclusions of Law, Order of Hearing Officer, and Final Order of the Commissioner (Cause No. 17.0050)	12/18/17	VIII	AA001379 – AA001409
Hearing Date Memo (Case No. 17 OC 00269 1B)	06/06/18	IX	AA001707
Hearing Date Memo (Case No. 17 OC 00269 1B)	08/28/19	XII	AA002292 – AA002294
Hearing Exhibit List by HWAN (Cause No. 17.0050) ( <i>Exhibits D, F-H, J-K, M-N, W-X, and HH excluded from appendix as irrelevant to this appeal</i> )	09/06/17	III	AA000276 – AA000499
HWAN's Brief regarding Exhibits KK, LL, and MM (Cause No. 17.0050)	11/13/18	IX	AA001739 – AA001745
HWAN's Closing Argument (Cause No. 17.0050)	11/22/17	VIII	AA001359 – AA001378
HWAN's Notice of Filing Supplemental Hearing Exhibit SS (Cause No. 17.0050)	09/21/17	VII	AA001271 – AA001295
HWAN's Notice of Intent to File Supplemental Hearing Exhibits and Amended Hearing Exhibit List (Cause No. 17.0050)	09/11/17	IV	AA000522 – AA000582
HWAN's Post-hearing Brief on Hearing Officer's Inquiry (Cause No. 17.0050)	10/30/17	VII	AA001308 – AA001325
HWAN's Pre-hearing Statement (Cause No. 17.0050)	09/08/17	IV	AA000500 – AA000513

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HWAN's Reply to Division's Opposition to its Brief regarding Exhibits KK, LL and MM (Cause No. 17.0050)	11/21/18	IX	AA001754 – AA001758
Joint Application to Conduct Deposition to Preserve Hearing Testimony (Cause No. 17.0050)	08/21/17	I	AA000165 – AA000168
Joint Motion for Clarification and/or Reconsideration of the May 8, 2019 Order Denying Request for Submission (Case No. 17 OC 00269 1B)	05/30/19	XI	AA002170 – AA002173
Joint Request for Pre-hearing Conference (Cause No. 17.0050)	08/16/17	I	AA000149 – AA000152
Joint Request to Continue Hearing (Cause No. 17.0050)	06/20/17	I	AA000042 – AA000044
Legislative History Statement Regarding NRS 690C.325(1) and NRS 690C.330 (Case No. 17 OC 00269 1B)	11/06/19	XII	AA002295 – AA002358
Limited Opposition to Motion for Pre-hearing Deposition Subpoenas or, in the alternative, Application for Hearing Subpoenas and Application for Subpoena Duces Tecum (Cause No. 17.0050)	07/21/17	I	AA000074 – AA000076
List of Hearing Witnesses by HWAN (Cause No. 17.0050)	09/08/17	IV	AA000514 – AA000517
Motion for Leave of Court Pursuant to FJDCR 15(10) and DCR 13(7) for Limited Reconsideration of Findings Pertaining to HWAN's Petition for Judicial Review (Case No. 17 OC 00269 1B)	11/15/19	XIII	AA002456 – AA002494
Motion for Leave to File Supplemental Memorandum of Points and Authorities Pursuant to NRS 233B.133 and Amend the Record on Appeal (Case No. 17 OC 00269 1B)	02/22/19	X	AA001802 – AA001961
Motion for Leave to Present Additional Evidence (Case No. 17 OC 00269 1B)	04/19/18	IX	AA001663 – AA001680
Motion for Order Shortening Time for Briefing and Decision of Motion for Stay Pending Appeal Pursuant to NRCP 62(D) (Case No. 17 OC 00269 1B)	12/06/19	XIII	AA002574 – AA002582



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Motion for Pre-hearing Deposition Subpoenas or, in the alternative, Application for Hearing Subpoenas and Application for Subpoena Duces Tecum (Cause No. 17.0050)	07/14/17	I	AA000054 – AA000064
Motion for Stay of Final Administrative Decision Pursuant to NRS 233B.140 (Case No. 17 OC 00269 1B)	01/16/18	VIII	AA001471 – AA001486
Motion for Stay Pending Appeal Pursuant to NRCP 62(D) (Case No. 17 OC 00269 1B)	12/06/19	XIV	AA002583 – AA002639
Motion to Strike Portions of the Division's Post-hearing Brief (Cause No. 17.0050)	11/13/17	VII	AA001326 – AA001332
Notice of Amendment to Record on Appeal (Case No. 17 OC 00269 1B)	02/01/19	X	AA001788 – AA001801
Notice of Amendment to Record on Appeal (Case No. 17 OC 00269 1B)	05/28/19	XI	AA002139 – AA002169
Notice of Appeal (Case No. 17 OC 00269 1B)	12/06/19	XIV	AA002646 – AA002693
Notice of Entry of Order Affirming in Part, and Modifying in Part, Findings of Fact, Conclusions of Law, Order of the Hearing Officer, and Final Order of the Commissioner in Cause No 17.0050 in the Matter of Home Warranty Administrator of Nevada, Inc. dba Choice Home Warranty (Case No. 17 OC 00269 1B)	11/27/19	XIII	AA002522 – AA002530
Notice of Entry of Order Denying Motion for Stay (Case No. 17 OC 00269 1B)	02/16/18	VIII	AA001552 – AA001559
Notice of Entry of Order Denying Petitioner's Motion for Leave of Court for Limited Reconsideration of Court's Findings on HWAN's Petition for Judicial Review (Case No. 17 OC 00269 1B)	12/11/19	XIV	AA002717 – AA002723
Notice of Entry of Order Denying Petitioner's Motion for Order Shortening Time for Briefing and Decision on Motion for Stay Pending Appeal Pursuant to NRCP 62(D) (Case No. 17 OC 00269 1B)	12/18/19	XIV	AA002726 – AA002731

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Notice of Entry of Order Denying Petitioner's Motion for Stay Pending Appeal Pursuant to NRCP 62(D) (Case No. 17 OC 00269 1B)	01/07/20	XIV	AA002765 – AA002775
Notice of Entry of Order Denying Request for Submission (Case No. 17 OC 00269 1B)	05/21/19	XI	AA002014 – AA002018
Notice of Entry of Order for Stipulation regarding (1) Withdrawing Notice of Non-Opposition and Request for Submission of Motion for Leave to File Supplemental Memo of Points and Authorities Pursuant to NRS 233B.133 and Amend the Record on Appeal; and (2) Extending the Time for Opposition to and Reply in Support of Motion for Leave to File Supplemental Memo of Points and Authorities Pursuant to NRS 233B.133 and Amend the Record on Appeal (Case No. 17 OC 00269 1B)	04/01/19	X	AA001977 – AA001982
Notice of Entry of Order Granting Petitioner's Motion for Leave to File Supplemental Memorandum of Points and Authorities Pursuant to NRS 233B.133 and Amend the Record on Appeal (Case No. 17 OC 00269 1B)	05/21/19	XI	AA002019 – AA002023
Notice of Entry of Order Granting Petitioner's Motion for Leave to File Supplemental Memorandum of Points and Authorities Pursuant to NRS 233B.133 and Amend the Record on Appeal (Case No. 17 OC 00269 1B)	07/10/19	XI	AA002190 – AA002194
Notice of Entry of Order on Joint Motion for Clarification and/or Reconsideration of the May 8, 2019 Order Denying Request for Submission (Case No. 17 OC 00269 1B)	06/06/19	XI	AA002180 – AA002185
Notice of Filing Hearing Officer's Administrative Order (Case No. 17 OC 00269 1B)	01/28/19	X	AA001774 – AA001787
Notice of No Opposition to Request to Continue Hearing (Cause No. 17.0050)	07/24/17	I	AA000077 – AA000078

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Notice of Non-Opposition to Petitioner's Motion for Leave to File Supplemental Memorandum of Points and Authorities Pursuant to NRS 233B.133 and Amend the Record on Appeal and Notice of Submission of Proposed Order (Case No. 17 OC 00269 1B)	03/12/19	X	AA001962 – AA001968
Notice of Non-Opposition to Respondent's Request for Extension of Time to Comply with Subpoena Duces Tecum (Cause No. 17.0050)	06/01/17	I	AA000030 – AA000031
Notice of Non-Opposition to Respondent's Second Request for Extension of Time to Comply with Subpoena Duces Tecum (Cause No. 17.0050)	06/16/17	I	AA000040 – AA000041
Notice of Submission of Competing Proposed Order (Case No. 17 OC 00269 1B)	11/22/19	XIII	AA002495 – AA002516
Notice to Set (Case No. 17 OC 00269 1B)	08/15/19	XII	AA002289 – AA002291
Opposition to Motion for Leave to Present Additional Evidence (Case No. 17 OC 00269 1B)	05/04/18	IX	AA001681 – AA001687
Opposition to Petitioner's Motion for Order Shortening Time for Briefing and Decision on Motion for Stay Pending Appeal Pursuant to NRCP 62(D) (Case No. 17 OC 00269 1B)	12/09/19	XIV	AA002694 – AA002698
Order Affirming in Part, and Modifying in Part, Findings of Fact, Conclusions of Law, Order of the Hearing Officer, and Final Order of the Commissioner in Cause No 17.0050 in the Matter of Home Warranty Administrator of Nevada, Inc. dba Choice Home Warranty (Case No. 17 OC 00269 1B)	11/25/19	XIII	AA002517 – AA002521
Order Denying Petitioner's Motion for Leave of Court for Limited Reconsideration of Court's Findings on HWAN's Petition for Judicial Review (Case No. 17 OC 00269 1B)	12/09/19	XIV	AA002699 – AA002702
Order Denying Petitioner's Motion for Order Shortening Time for Briefing and Decision on Motion for Stay Pending Appeal Pursuant to NRCP 62(D) (Case No. 17 OC 00269 1B)	12/12/19	XIV	AA002724 – AA002725

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Order Denying Petitioner's Motion for Stay Pending Appeal (Case No. 17 OC 00269 1B)	12/31/19	XIV	AA002759 – AA002764
Order Denying Request for Submission (Case No. 17 OC 00269 1B)	05/08/19	XI	AA002012 – AA002013
Order for Briefing Schedule (Case No. 17 OC 00269 1B)	12/26/17	VIII	AA001460 – AA001462
Order Granting Petitioner's Motion for Leave to File Supplemental Memorandum of Points and Authorities Pursuant to NRS 233B.133 and Amend the Record on Appeal (Case No. 17 OC 00269 1B)	03/13/19	X	AA001972 – AA001973
Order Granting Petitioner's Motion for Leave to File Supplemental Memorandum of Points and Authorities Pursuant to NRS 233B.133 and Amend the Record on Appeal (Case No. 17 OC 00269 1B)	06/18/19	XI	AA002186 – AA002189
Order Granting Petitioner's Motion for Leave to Present Additional Evidence (Case No. 17 OC 00269 1B)	09/06/18	IX	AA001732 – AA001735
Order on Joint Application to Conduct Deposition (Cause No. 17.0050)	08/17/17	I	AA000159 – AA000164
Order on Joint Motion for Clarification and/or Reconsideration of the May 8, 2019 Order Denying Request for Submission (Case No. 17 OC 00269 1B)	06/05/19	XI	AA002177 – AA002179
Order on Motion Requesting Extension of Time and Order on Joint Request for Continuance (Cause No. 17.0050)	06/22/17	I	AA000045 – AA000047
Order on Motions (Cause No. 17.0050)	07/27/17	I	AA000084 – AA000091
Order on Petition to Enlarge Time to Respond to Subpoena Duces Tecum (Cause No. 17.0050)	06/05/17	I	AA000032 – AA000035
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Order regarding Exhibits KK, LL & MM (Cause No. 17.0050)	10/31/18	IX	AA001736 – AA001738
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Order regarding Post-hearing Briefs and Written Closing Arguments (Cause No. 17.0050)	10/13/17	VII	AA001296 – AA001298
Order Setting Pre-hearing Conference (Cause No. 17.0050)	08/17/17	I	AA000153 – AA000158
Order to Set for Hearing (Case No. 17 OC 00269 1B)	05/16/18	IX	AA001705 – AA001706
Order to Show Cause (Cause No. 17.0050)	05/11/17	I	AA000015 – AA000018
Petition for Judicial Review (Case No. 17 OC 00269 1B)	12/22/17	VIII	AA001412 – AA001458
Petition to Enlarge Time to Respond to Subpoena Duces Tecum, with cover letter (Cause No. 17.0050)	06/01/17	I	AA000023 – AA000029
Petitioner's Opening Brief in Support of Petition for Judicial Review (Case No. 17 OC 00269 1B)	02/16/18	IX	AA001560 – AA001599
Petitioner's Reply in Support of its Supplemental Memorandum of Points and Authorities Pursuant to NRS 233B.133 (Case No. 17 OC 00269 1B)	08/15/19	XII	AA002210 – AA002285
Petitioner's Supplemental Memorandum of Points and Authorities Pursuant to NRS 233B.133 (Case No. 17 OC 00269 1B)	05/28/19	XI	AA002024 – AA002138
Pre-hearing Order (Cause No. 17.0050)	06/22/17	I	AA000048 – AA000053
Proposed Hearing Exhibits and Witness List by Division (Cause No. 17.0050) ( <i>Exhibits 1, 3, 6, 8-11, 13-20, 24-29, and 38-40 excluded from appendix as irrelevant to this appeal</i> )	09/06/17	II	AA000189 – AA000275
Reply Brief in Support of Petition for Judicial Review (Case No. 17 OC 00269 1B)	04/11/18	IX	AA001644 – AA001662
Reply in Support of Motion for Leave of Court Pursuant to FJDCR 15(10) and DCR 13(7) for Limited Reconsideration of Findings Pertaining to HWAN's Petition for Judicial Review (Case No. 17 OC 00269 1B)	12/04/19	XIII	AA002542 – AA002570

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Reply in Support of Motion for Order Shortening Time for Briefing and Decision of Motion for Stay Pending Appeal Pursuant to NRCP 62(D) (Case No. 17 OC 00269 1B)	12/10/19	XIV	AA002706 – AA002716
Reply in Support of Motion for Stay of Final Administrative Decision Pursuant to NRS 233B.140 (Case No. 17 OC 00269 1B)	02/08/18	VIII	AA001538 – AA001548
Reply in Support of Motion for Stay Pending Appeal Pursuant to NRCP 62(D) (Case No. 17 OC 00269 1B)	12/26/19	XIV	AA002742 – AA002755
Reply in Support of Petitioner’s Motion for Leave to Present Additional Evidence (Case No. 17 OC 00269 1B)	05/14/18	IX	AA001688 – AA001701
Reply Memorandum of Points and Authorities in Support of Petitioner’s Motion for Leave to File Supplemental Memorandum of Points and Authorities Pursuant to NRS 233B.133 and Amend the Record on Appeal (Case No. 17 OC 00269 1B)	04/15/19	XI	AA002004 – AA002008
Request for Hearing on Petition for Judicial Review Pursuant to NRS 233B.133(4) (Case No. 17 OC 00269 1B)	08/15/19	XII	AA002286 – AA002288
Request for Submission of Joint Motion for Clarification and/or Reconsideration of the May 8, 2019 Order Denying Request for Submission (Case No. 17 OC 00269 1B)	05/31/19	XI	AA002174 – AA002176
Request for Submission of Motion for Leave to File Supplemental Memorandum of Points and Authorities Pursuant to NRS 233B.133 and Amend the Record on Appeal (Case No. 17 OC 00269 1B)	05/06/19	XI	AA002009 – AA002011
Request for Submission of Motion for Leave of Court Pursuant to FJDCR 15(10) and DCR 13(7) for Limited Reconsideration of Findings Pertaining to HWAN’s Petition for Judicial Review (Case No. 17 OC 00269 1B)	12/04/19	XIII	AA002571 – AA002573
Request for Submission of Motion for Leave to File Supplemental Memorandum of Points and Authorities Pursuant to NRS 233B.133 (Case No. 17 OC 00269 1B)	03/12/19	X	AA001969 – AA001971

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Request for Submission of Motion for Order Shortening Time for Briefing and Decision on Motion for Stay Pending Appeal Pursuant to NRCP 62(D) (Case No. 17 OC 00269 1B)	12/10/19	XIV	AA002703 – AA002705
Request for Submission of Motion for Stay of Final Administrative Decision Pursuant to NRS 233B.140 (Case No. 17 OC 00269 1B)	02/08/18	VIII	AA001549 – AA001551
Request for Submission of Motion to Stay Pending Appeal Pursuant to NRCP 62(D) (Case No. 17 OC 00269 1B)	12/26/19	XIV	AA002756 – AA002758
Request for Submission of Petitioner's Motion for Leave to Present Additional Evidence and Petitioner's Request for Hearing on its Motion for Leave to Present Additional Evidence (Case No. 17 OC 00269 1B)	05/14/18	IX	AA001702 – AA001704
Request to Continue Hearing (Cause No. 17.0050)	07/20/17	I	AA000072 – AA000073
Respondent's Answering Brief (Case No. 17 OC 00269 1B)	03/19/18	IX	AA001602 – AA001641
Respondent's Opposition to Petitioner's Motion for Leave of Court for Limited Reconsideration of Court's Findings on HWAN's Petition for Judicial Review (Case No. 17 OC 00269 1B)	11/27/19	XIII	AA002531 – AA002541
Respondent's Statement of Legislative History of NRS 690C.325 (Case No. 17 OC 00269 1B)	11/06/19	XII	AA002359 – AA002383
Respondents' Response to Petitioner's Supplemental Memorandum of Points and Authorities Pursuant to NRS 233B.133 (Case No. 17 OC 00269 1B)	08/08/19	XII	AA002195 – AA002209
Second Application for Subpoena Duces Tecum (Cause No. 17.0050)	07/19/17	I	AA000065 – AA000071
Second Request for Extension of Time to Comply with Subpoena Duces Tecum (Cause No. 17.0050)	06/14/17	I	AA000036 – AA000039
Statement of Intent to Participate (Case No. 17 OC 00269 1B)	01/19/18	VIII	AA001487 – AA001489

<b>EXHIBIT DESCRIPTION</b>	<b>DATE</b>	<b>VOL.</b>	<b>PAGE NOS.</b>
Stipulation and Order (1) Withdrawing Notice of Non-Opposition and Request for Submission of Motion for Leave to File Supplemental Memo of Points and Authorities Pursuant to NRS 233B.133 and Amend the Record on Appeal; and (2) Extending the Time for Opposition to and Reply in Support of Motion for Leave to File Supplemental Memo of Points and Authorities Pursuant to NRS 233B.133 and Amend the Record on Appeal (Case No. 17 OC 00269 1B)	03/25/19	X	AA001974 – AA001976
Stipulation and Order for Interpleading of Fines Pending Final Decision (Case No. 17 OC 00269 1B)	03/15/18	IX	AA001600 – AA001601
Subpoena Duces Tecum to HWAN (Cause No. 17.0050)	05/11/17	I	AA000019 – AA000022
Subpoena Duces Tecum to HWAN (Cause No. 17.0050)	07/26/17	I	AA000079 – AA000083
Subpoena Duces Tecum to the Commissioner of the State of Nevada Division of Insurance (the “Division”) (Cause No. 17.0050)	08/09/17	I	AA000104 – AA000108
Subpoena for Appearance at Hearing to Dolores Bennett (Cause No. 17.0050)	08/04/17	I	AA000092 – AA000095
Subpoena for Appearance at Hearing to Sanja Samardzija (Cause No. 17.0050)	08/04/17	I	AA000096 – AA000099
Subpoena for Appearance at Hearing to Vincent Capitini (Cause No. 17.0050)	08/04/17	I	AA000100 – AA000103
Subpoena for Appearance at Hearing to Chloe Stewart (Cause No. 17.0050)	08/09/17	I	AA000109 – AA000112
Subpoena for Appearance at Hearing to Derrick Dennis (Cause No. 17.0050)	08/09/17	I	AA000113 – AA000116
Subpoena for Appearance at Hearing to Linda Stratton (Cause No. 17.0050)	08/09/17	I	AA000121 – AA000124
Subpoena for Appearance at Hearing to Vicki Folster (Cause No. 17.0050)	08/09/17	I	AA000133 – AA000136
Subpoena for Appearance at Hearing to Kim Kuhlman (Cause No. 17.0050)	08/09/17	I	AA000137 – AA000140
Subpoena for Appearance at Hearing to Mary Strong (Cause No. 17.0050)	08/09/17	I	AA000145 – AA000148



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Subpoena for Appearance at Hearing to Geoffrey Hunt (Cause No. 17.0050)	08/09/17	I	AA000117 – AA000120
Subpoena for Appearance at Hearing to Martin Reis (Cause No. 17.0050)	08/09/17	I	AA000141 – AA000144
Subpoena for Appearance at Hearing to the State of Nevada, Division of Insurance Person Most Knowledgeable as to the Creation of the Division's Annual Renewal Application Forms (Cause No. 17.0050)	08/09/17	I	AA000125 – AA000128
Subpoena for Appearance at Hearing to the State of Nevada, Division of Insurance Person Most Knowledgeable as to the Date of the Division's Knowledge of the Violations Set Forth in the Division's Complaint on File in this Cause (Cause No. 17.0050)	08/09/17	I	AA000129 – AA000132
Substitution of Attorney (Case No. 17 OC 00269 1B)	01/25/19	IX	AA001771 – AA001773
Substitution of Attorney (Cause No. 17.0050)	01/24/19	IX	AA001768 – AA001770
Supplement to Division's Opposition to Motion for Stay of Final Administrative Decision Pursuant to NRS 233B.140 (Case No. 17 OC 00269 1B)	01/31/18	VIII	AA001504 – AA001537
Transcript of Hearing Proceedings on September 12, 2017 (Cause No. 17.0050)	09/12/17	IV-V	AA000583 – AA000853
Transcript of Hearing Proceedings on September 13, 2017 (Cause No. 17.0050)	09/13/17	V-VI	AA000854 – AA001150
Transcript of Hearing Proceedings on September 14, 2017 (Cause No. 17.0050)	09/14/17	VII	AA001151 – AA001270
Transcript of Hearing Proceedings on August 6, 2018 (Case No. 17 OC 00269 1B)	08/06/18	IX	AA001708 – AA001731
Transcript of Hearing Proceedings on November 7, 2019 (Case No. 17 OC 00269 1B)	11/07/19	XIII	AA002384 – AA002455
Updated Hearing Exhibits and Updated Witness List by Division (Cause No. 17.0050) <i>(Exhibits 41-42 excluded from appendix as irrelevant to this appeal)</i>	09/08/17	IV	AA000518 – AA000521

1 THE WITNESS: Okay.

2 HEARING OFFICER EMMERMANN: The court reporter  
3 will swear you in, and when she does, we can begin.  
4 Please wait until the question's been asked of you  
5 completely. If you don't understand the question, ask  
6 for clarification. Speak up, and use verbal response.  
7 And if you need a break, please ask.

8 THE WITNESS: All right.

9 HEARING OFFICER EMMERMANN: Any questions?

10 THE WITNESS: I don't believe so.

11 HEARING OFFICER EMMERMANN: Okay. Will you  
12 please swear the witness in.

13

14 D A V I D H A L L,  
15 having been first duly sworn/affirmed by the Reporter,  
16 was examined and testified as follows:

17

18 DIRECT EXAMINATION

19 BY MR. YIEN:

20 Q. Mr. Hall, can you state your name and spell it  
21 for the record?

22 A. David, D-A-V-I-D, Hall, H-A-L-L.

23 Q. And Madam Hearing Officer has mentioned that  
24 you are an attorney with the Nevada Division of  
25 Insurance. How long have you worked with the Division?

1 A. Since December 7th, 2009.

2 Q. So roughly eight years?

3 A. Yes.

4 Q. And your training that qualifies you for your  
5 position?

6 A. I have a bachelor's degree from the University  
7 of Kansas and a juris doctorate from the University of  
8 Kansas. I was in private practice in Las Vegas for  
9 approximately two years. I worked for the Clark County  
10 School District in their Office of the General Counsel  
11 for approximately eight years. I worked briefly for  
12 the Civil Division of the Douglas County District  
13 Attorney's Office. And then here at the Division of  
14 Insurance as an attorney.

15 Q. Have you had an opportunity to review the legal  
16 cases included in regulatory actions and civil cases  
17 against the respondent in this matter?

18 A. Yes, I was given several exhibits to review.

19 Q. And let me start with Exhibit 1 of the  
20 Division's exhibits. It's a California regulatory  
21 action?

22 A. Yes.

23 Q. Can you brief the court on what this case is  
24 about?

25 A. This is a California action brought under the

1 California Insurance Code by their Department of  
2 Insurance having to do -- and there's several different  
3 pleadings and documents and things. But, overall, it  
4 has to do with Choice Home Warranty, of Edison,  
5 New Jersey, acting as a service contract provider  
6 without being properly registered with the Department of  
7 Insurance.

8 MR. YIEN: The Court's indulgence. Can I? My  
9 co-counsel is...

10 HEARING OFFICER EMMERMANN: Sure.

11 MR. YIEN: Thank you.

12 BY MR. YIEN:

13 Q. And were they fined in this case?

14 A. I think so. I believe, yes. They were fined.  
15 I'm trying to find the correct.

16 Q. I think, it's on page 12 of 16?

17 A. Yes, that's correct. They were, again, on  
18 12/16, 12 of 16, the page numbers, there was an entry of  
19 default to an order to show cause. They were fined in  
20 the amount of \$5,000 per day from October 25th, 2008  
21 through October 1st, 2010, which the total for that is  
22 \$3,530,000.

23 Q. And on the next page, I believe that it's a  
24 stipulation and waiver --

25 A. Yes.

1 Q. -- to resolve that. I believe that --

2 MR. LENHARD: 13 of 16?

3 BY MR. YIEN:

4 Q. Yeah, page 13 of 16. If I could -- so 13 of 16  
5 is the first page of the stipulation and waiver?

6 A. Yes.

7 Q. I believe, on the record already, page 16 of 16  
8 has Victor Mandalawi signing on behalf of Choice Home  
9 Warranty on December 24th, 2010. Mr. Hall, can I have  
10 you turn to page 14 of 16?

11 A. Yes.

12 Q. Read item 3(b).

13 A. Choice shall include the disclaimer on all  
14 emails pertaining to the solicitation or sale of  
15 California contracts, including all emails responding to  
16 inquiries from any person regarding, or preliminary to,  
17 the purchase of the California contract.

18 Q. Okay. In the record is an email solicitation  
19 by Choice Home Warranty. It's Exhibit 27. Will you  
20 turn to that?

21 A. Sure. Okay.

22 Q. Do you see any such disclaimer with regard to  
23 California?

24 A. I do not see one, no.

25 Q. Okay. Let's move on to the Washington case,

1 which is titled State of Washington Regulatory Action,  
2 Exhibit Number 8?

3 A. Yes.

4 Q. Can you brief the court on the allegations?

5 A. Similar to the California action, the  
6 allegation, essentially, is that, I believe, they had  
7 more than -- they mention CHW Group, Inc. dba Choice  
8 Home Warranty and www.ChoiceHomeWarranty.com. They also  
9 named individually Victor Mandalawi, James Moss, David  
10 Bailey, Steven Safdeih -- I don't know if I'm  
11 pronouncing that correctly, S-A-F-D-E-I-H -- and Michael  
12 Gutholc, G-U-T-H-O-L-C, as respondents.

13 This, apparently, stems from the same or  
14 similar conduct that was mentioned in the California  
15 complaint, that they were in violation of, in this case,  
16 Washington's Insurance Code. They were issued a cease  
17 and desist order and advised that a hearing would be  
18 forthcoming regarding that. There was also some mention  
19 of a legal argument that a mandatory stay was not  
20 appropriate under their laws. And there's a request for  
21 discretionary stay, which was denied. And this was  
22 resolved, apparently, through stipulation and withdrawal  
23 of hearing.

24 Q. Okay. In both instances, was there an  
25 allegation of operating without a license?

1 A. That's correct. Well, without registration.

2 Q. Without registration.

3 A. Same difference.

4 Q. And a necessary clarification, yes. Is  
5 operating without a registration or without a license or  
6 proper authority, is that a danger to the public, just  
7 in your opinion?

8 A. Here in Nevada, I don't -- I can't speak to  
9 what Washington or California's concerns are. But here  
10 in Nevada, it is, for a variety of reasons. First and  
11 foremost, we don't know who these people are, if they  
12 haven't registered with us. We don't know if, you know,  
13 they're legitimate business people or if they are -- you  
14 know, have criminal records for fraud or what have you.  
15 Plus, there's also a deposit, a security deposit or  
16 any -- in a variety of forms, a bond, whatever, to  
17 provide for the payment of claims in the event that a  
18 service contract provider goes into receivership and  
19 claims that the consumers have to be paid. And that,  
20 sadly, has happened here in Nevada.

21 Q. Just say a service contract provider doesn't  
22 have enough money to pay its claims, it's not  
23 registered, doesn't have a deposit. And at the end of  
24 the day, the claimants end up -- what happens?

25 A. They end up having spent money and receiving no

1 benefit from it.

2 Q. Is that traditionally the case with perhaps  
3 service contract providers whose principals make a lot  
4 of money?

5 A. I don't --

6 MR. LENHARD: Hang on. I'm going to object to  
7 that opinion. I need more foundation.

8 Can you repeat the question, please,  
9 Ms. Reporter?

10 (The Reporter read back as requested.)

11 MR. LENHARD: I also say it's totally  
12 irrelevant.

13 HEARING OFFICER EMMERMANN: No, go ahead. Go  
14 ahead, ask the questions.

15 BY MR. YIEN:

16 Q. So you had mentioned -- I'll develop a  
17 foundation -- that you had worked in one case where a  
18 service contract provider had went belly-up. In that  
19 instance, do you recall if it involved a case where the  
20 principals made a lot of money?

21 A. I can't recall in that particular case. I  
22 don't think we -- maybe an investigator did, but I  
23 didn't do any research as to how much money the  
24 principals made. I know with -- there's been a couple  
25 instances of cases in which I've been involved where the



1 companies were just imaginary, I mean they were on the  
2 Internet, but they were just made up. People would send  
3 the money, and it would pretty much go directly into  
4 somebody's bank account. And in those instances -- and,  
5 again, the difference being that these people were  
6 not -- there was no legitimacy whatsoever. They did, in  
7 fact, make millions of dollars.

8 Q. Okay. In Nevada, is it unsuitable for a  
9 service contractor provider to operate without proper  
10 certification?

11 A. By unsuitable, do you mean as per the  
12 definition of unsuitable in the regs or just generally?

13 Q. Let's do both. Do generally.

14 A. Generally, I'd say it's unsuitable, because  
15 it's contrary to the requirements of 690C.

16 Q. And in terms of the regs?

17 A. It would depend. I mean unsuitable would be if  
18 they were deliberately or fraudulently trying to get  
19 around the registration, if they had committed felonies,  
20 or if there were violations of the cease and desist  
21 order or regulations, laws in other jurisdictions. I  
22 believe, that's how the definition reads in NAC 679B.

23 Q. Unsuitable also is defined as operating, and  
24 there's a danger to the public. And you had just  
25 testified that operating without proper certification or

1 license could be a danger to the public, correct?

2 A. Yes, it could be.

3 Q. And given that definition, would you consider  
4 it unsuitable?

5 A. Yes.

6 Q. Let's go to the Oklahoma case, and we're going  
7 to spend some time here.

8 A. Is that Exhibit 3?

9 Q. That is Exhibit 3.

10 Q. There's 39 pages here. So it's quite lengthy.  
11 And I'll do my best not to -- but I'd like you to  
12 describe to the court the consumer complaint in this  
13 case, which is -- and if you need to refresh your  
14 memory, it's on page 35 of 39.

15 A. Okay. If I could have just a moment.

16 Yes. This was from a consumer who, apparently,  
17 it says, in the middle of the night, essentially, their  
18 air conditioning unit broke down, went out. It was  
19 warm. There were -- it was quite hot in their house.  
20 They called, contacted your company. There's no address  
21 on the letter. Unless I'm told otherwise, I would  
22 assume this is to Choice Home Warranty. Said they  
23 talked to a representative, that they were told that the  
24 claim was denied or would be denied, that the air  
25 conditioning unit had not been properly maintained, and

1 for that reason it was ineligible for repair or  
2 replacement.

3 Q. I'd like to point out a few certain things. On  
4 the first page, or first sentence of the second  
5 paragraph, what month is it?

6 A. March 1st, 2013. When it was purchased or when  
7 the letter?

8 Q. The letter?

9 A. July 13th, 2013.

10 Q. Okay. And then, on the first line in the  
11 second paragraph, when did this occur?

12 A. July 8th.

13 Q. Okay. And how hot was it in Oklahoma?

14 A. Hot. It says the outdoor temperature  
15 was-101 plus and that the inside temperature in the  
16 house at 7:00 a.m. was 84 degrees.

17 Q. And I want you to, if you could, Mr. Hall, read  
18 the last two sentences of the third paragraph, starting  
19 with "I find it an erroneous assumption."

20 A. I find it an erroneous assumption that you may  
21 be able to determine over the phone, having never laid  
22 eyes on the unit, that it was in a state of disrepair.  
23 The company did not even offer to have a technician make  
24 an independent determination.

25 Q. Okay. Do you know, as a result of this

1 complaint filed, what the result of the regulatory  
2 action was?

3 A. I believe, they were ordered -- it was a cease  
4 and desist order. And I believe that they were ordered  
5 to pay a fine.

6 Q. Okay. And I'd like to, if you could read into  
7 the record the findings of fact section on the  
8 February 7th, 2014 order. That is --

9 MR. LENHARD: Could we have a page, please?

10 MR. YIEN: Yeah, I'm sorry.

11 THE WITNESS: What was the date of the order?

12 BY MR. YIEN:

13 Q. It's the first, it's the first, one of 39 is  
14 the first page. And I'm looking for the findings and  
15 conclusions of laws.

16 A. It looks like page nine has the facts.

17 Q. Oh, okay. I've got it. It's page four of 39.  
18 And it's at the top, starting with "Respondent  
19 violated."

20 A. Respondent violated 15 O.S. Section 141.26 by  
21 failing to investigate Johnson's claim, by failing to  
22 acknowledge and act promptly upon communication with  
23 respect to the claim, by denying Johnson's claim without  
24 conducting a reasonable investigation based upon  
25 available information, failing to promptly provide a

1 reasonable explanation to Johnson in relation to the  
2 facts or applicable law for the denial of the claim.  
3 And then they site 15 O.S. Section 141.26, sub 5.

4 Would you like the next paragraph as well?

5 Q. No, that's fine. So there's a finding of fact  
6 that they had failed to investigate the complainant's  
7 claim?

8 A. That's correct.

9 Q. And, in fact, pursuant to the letters that you  
10 read in advance, they sent nobody out there to even make  
11 a determination?

12 A. That's right. It appears that they made a  
13 conclusion over the phone but did not send anybody to  
14 the property to investigate.

15 Q. Our own statute, NRS 686A.310, is titled  
16 "Unfair practices in settling claims." 1(b) states  
17 "Engaging in any of the following activities is  
18 considered to be an unfair practice"; (b) states  
19 "Failing to acknowledge an act reasonably promptly upon  
20 communications with respect to claims arising under  
21 insurance policies."

22 In your legal opinion, do you consider this  
23 complaint with this, coupled with this finding of fact,  
24 to be violative of our NRS 686A.310?

25 A. Yes, if I was given this case, I would make

1 that allegation. And you'll note that it's pretty  
2 similar to the language of Oklahoma's. The Fair Trade  
3 Practices Act was based on the NAIC model, I believe.

4 Q. Can I turn you to page two of 39?

5 A. Yes.

6 Q. And do you recall, Mr. Hall, if there was a  
7 licensing issue in Oklahoma in the initial complaint as  
8 well?

9 A. I'll take a look here. I believe so.

10 Q. That's good enough. Let's just go two of 39  
11 and read section three.

12 A. Respondent still does not hold a license or  
13 registration in the State of Oklahoma and is not  
14 authorized by the Oklahoma Insurance Department to  
15 engage in the service warranty business in Oklahoma  
16 other than to pay all valid claims and refunds that  
17 arise pursuant to service warranty contracts it has  
18 issued in Oklahoma. Respondent continues to engage in a  
19 course of unfair and deceptive conduct while  
20 circumventing regulatory authority.

21 Q. Now, this is the third state that they've been  
22 alleged to have been operating without proper  
23 certification or a license, correct?

24 A. Yes, that we have gone over, yes.

25 Q. Would you consider that this is perhaps a

1 business practice of Choice Home Warranty?

2 MR. LENHARD: Object to the lack of foundation  
3 as to an opinion based on three states out of 50.

4 HEARING OFFICER EMMERMANN: What was your  
5 question again?

6 MR. YIEN: My question was, would you consider  
7 this would be a regular business practice of Choice Home  
8 Warranty if it's been found in three states. I didn't  
9 actually say -- I don't remember. But that's the gist  
10 of the question, is if Mr. Hall considers this to be a  
11 regular business practice to operate without a license,  
12 given the fact that he's reviewed three cases where CHW  
13 hasn't had a license.

14 HEARING OFFICER EMMERMANN: I'll allow the  
15 question.

16 THE WITNESS: Without knowing how many states  
17 in which they do business, I mean if they're doing  
18 business in only these three states, you know, and it's  
19 three for three, certainly, you know, that's a business  
20 practice. But I would say that there definitely seems  
21 to be a pattern.

22 BY MR. YIEN:

23 Q. Okay. We might come back to this. Let's go to  
24 the New Jersey allegations.

25 A. Okay.

1 Q. That would be --

2 A. Is that six?

3 Q. Yeah, so six is the settlement press release  
4 and statement. That's what they eventually settled for.  
5 There's also, 13 is the complaint and a press release  
6 for that. So if you need to refresh your memory on  
7 either, feel free to do so.

8 A. Which would you be addressing first?

9 Q. I really just want you to brief the court on  
10 the allegations first, I suppose.

11 A. Okay. So Exhibit 13?

12 Q. Yes.

13 A. The allegations were that it was not properly  
14 paying claims for consumers that had purchased service  
15 contracts or home warranties, or I'm not sure how CHW  
16 refers to them, that they engaged in false advertising  
17 regarding contracts, that they just -- the allegation,  
18 according to the press release, that they just pocketed,  
19 quote, pocketed the money paid by consumers.

20 Q. So advertising, you mentioned advertising  
21 violations and --

22 A. False advertising and failure to pay proper  
23 claims.

24 Q. Okay. And what was the outcome of this case?  
25 You can turn to Exhibit 6.



1           A.   Exhibit 6.  They were CHW Group, Inc. doing  
2 business as Choice Home Warranty.  It looks like they  
3 entered into a consent order with New Jersey to pay a  
4 fine in the amount of \$779,913.93, that they agreed to  
5 revise their business practices, and that they would,  
6 essentially, stop, cease to do the -- or perform the  
7 behavior that they had before, that they would invest in  
8 claims and pay claims that were legitimate, et cetera.

9           HEARING OFFICER EMMERMANN:  Mr. Yien, let me  
10 interrupt for a second here.  I see what you're doing.  
11 I wanted to let you know, I am going to be reading all  
12 of this.  And a lot of this information is going to be  
13 coming to me through these exhibits anyway.

14           MR. YIEN:  Okay.

15           HEARING OFFICER EMMERMANN:  So I didn't know if  
16 there is anything specific or particular.  Or would you  
17 like to continue to do this?

18           MR. YIEN:  But by saying this, because of our  
19 legal argument requires that we establish that the  
20 respondent is engaging in a regular business practice  
21 that's unsuitable.  So Mr. Hall's testimony would be to  
22 go through all of these regulatory actions to establish  
23 that.

24           But if the Hearing Officer is going to review  
25 all of these cases anyway and --

1 HEARING OFFICER EMMERMANN: Yes, so I will be  
2 reviewing it anyway. And I am the one who gets to  
3 decide maybe that legal conclusion anyway.

4 MR. YIEN: Okay.

5 HEARING OFFICER EMMERMANN: So regardless of  
6 what Mr. Hall says. But to the extent that you feel  
7 that you need to put something on the record, I don't  
8 want to preclude you from doing that. But I want you to  
9 know, and I want it to be clear that I will be reading  
10 all of these and making my determinations based on that,  
11 too.

12 MR. YIEN: Okay. That being said, if you could  
13 give me a moment to review my questions, I think, I  
14 could shorten Mr. Hall's testimony quite a bit, given  
15 that you're going to go through all of these.

16 HEARING OFFICER EMMERMANN: Okay.

17 MR. YIEN: Okay.

18 BY MR. YIEN:

19 Q. Mr. Hall, have you reviewed the South Carolina  
20 civil action as well?

21 A. What exhibit was that?

22 Q. It is Exhibit 42. It was later.

23 A. I don't believe so.

24 MR. YIEN: But the Hearing Officer will review  
25 that case as well?

1 HEARING OFFICER EMMERMANN: I will.

2 MR. YIEN: Okay.

3 MR. LENHARD: I forgot. I assume most of these  
4 consent judgments, and so forth, have been agreed to be  
5 admitted, haven't they? Do we have a list? I lost  
6 track. I'm sorry.

7 MS. GRIFA: Yes, we do. Yes, we've agreed,  
8 respondent has agreed to the admission of all of them,  
9 including 42, Exhibit 42, the --

10 HEARING OFFICER EMMERMANN: Okay. Yeah, hold  
11 on a second. So I had all exhibits that Mr. Yien  
12 proposed except for 26 and 39A. Those are the only two  
13 that are not in the record right now.

14 MR. YIEN: Right.

15 MS. GRIFA: Right.

16 MR. YIEN: So the only thing that I had for  
17 Mr. Hall that wasn't part of reviewing and telling the  
18 court what these allegations, consent orders, and how  
19 they apply to the respondent in their business  
20 practices, is I wanted to have him compare that with the  
21 complaints in Nevada to show that it's a regular  
22 business practice and it continues to Nevada. So  
23 perhaps --

24 HEARING OFFICER EMMERMANN: You go forward how  
25 you think, what you need on the record. I want you to

1 feel like you've had the opportunity to do what you need  
2 to with your witness. I just wanted to give you a  
3 heads up in case it was --

4 MR. YIEN: Okay.

5 HEARING OFFICER EMMERMANN: -- in case you  
6 thought maybe it might not be necessary to go through it  
7 all.

8 MR. YIEN: Okay. I don't think it's necessary.  
9 And, I guess, I'll phrase the following questions.

10 BY MR. YIEN:

11 Q. Given all that you know about the regulatory  
12 actions against Choice Home Warranty, can I have you go  
13 Exhibit 11? And have you seen this document before,  
14 Mr. Hall?

15 A. No, I have not.

16 Q. Can you familiarize yourself with the Consumer  
17 Detail of Complaint?

18 A. Sure. Okay.

19 Q. And is this scenario consistent with the  
20 allegations, the finding of facts, the consent orders of  
21 all the regulatory and legal cases and allegations that  
22 have been made against the respondent?

23 A. They're similar. There's no -- I mean a  
24 consumer wouldn't really have any way to know if they  
25 were registered or not registered, without some research

1 on the website. But it does involve an allegation of  
2 false advertising, like was mentioned in New Jersey, and  
3 failure to properly cover a claim that at least in the  
4 consumer's mind was valid. I'd have to look at  
5 everything to make that determination myself. But it is  
6 similar to the other ones we have gone over thus far.

7 Q. Okay. And if I could have you turn to  
8 Exhibit 24, which is Nevada complaint three. And have  
9 you seen this document before?

10 A. No.

11 Q. Can you familiarize yourself with the consumer  
12 complaint. It's the third line down starting with "I  
13 filed a service request."

14 A. Yes. Okay.

15 Q. And is this consumer complaint consistent with  
16 the other allegations, findings of facts, consent order,  
17 et cetera, from the other regulatory authorities,  
18 including other civil matters, civil allegations made  
19 against Choice Home Warranty; is that similar?

20 A. Yes, it is, and very similar to the Oklahoma  
21 complaint.

22 Q. In what respects?

23 A. Air conditioning, very hot, made a  
24 determination that the -- without -- I mean I don't know  
25 any more than what's here on the page. But an

1 allegation that the air conditioning unit was in a state  
2 of ill-repair that hadn't been properly maintained.

3 Q. Okay. Exhibit 38.

4 A. Okay.

5 Q. Again, have you seen this document before?

6 A. No, I have not.

7 Q. Can you review the Consumer Detail of  
8 Complaint, starting on June 27, 2016.

9 A. M-hm (affirmative). Yes, I can. Okay.

10 Q. And, now, is this consistent with the  
11 allegations, findings of facts and everything you know  
12 about the respondents and Choice Home Warranty, from  
13 reading the legal cases, is this consistent with the  
14 allegations made against?

15 A. Yes. It doesn't have an allegation of a  
16 failure to be registered. And they don't mention any  
17 kind of false advertising. But, yes, failure to service  
18 and, again, relying on the reason being that the air  
19 conditioning unit had not been properly maintained.

20 Q. So in terms of unfair practices in settling  
21 claims, then, it's consistent?

22 A. It is.

23 Q. Okay. And so does that help you, Mr. Hall,  
24 make a determination, if that is a determination, as to  
25 whether this might be a regular business practice of the

1 respondent?

2 A. It does. I mean it's a subjective  
3 determination. There's no formula or matrix. But there  
4 are a lot of similarities, it seems, that particularly  
5 with air conditioning units anyway, that Choice fails to  
6 pay a claim, and then the reason they provide is that  
7 it's a failure, because due to a failure of proper  
8 maintenance.

9 Q. And if this is a common business practice, do  
10 you find that a danger to the public?

11 A. Absolutely. And, apparently, little dogs, too,  
12 according to this.

13 MR. YIEN: Dogs. And given that Madam Hearing  
14 Officer has represented that she will, in fact, go  
15 through all of the legal cases against Choice Home  
16 Warranty and respondent, including the later filed South  
17 Carolina application, I see no reason to have Mr. Hall  
18 brief the court and counsel on those cases.

19 HEARING OFFICER EMMERMANN: Okay.

20 MR. YIEN: My questioning is over now.

21 HEARING OFFICER EMMERMANN: Okay. Any cross?

22 MR. LENHARD: Yes. Do you want me to do it  
23 now, or do you want me to do it after lunch? It's up to  
24 you.

25 HEARING OFFICER EMMERMANN: It depends how long

1 it will take.

2 MR. LENHARD: I think, I can get done in 20  
3 minutes.

4 HEARING OFFICER EMMERMANN: Can you handle  
5 that; will anybody pass out?

6 MR. LENHARD: They might get bored, but.

7 THE WITNESS: Too late.

8 HEARING OFFICER EMMERMANN: Yeah, let's go  
9 ahead.

10 MR. LENHARD: All right.

11

12 CROSS-EXAMINATION

13 BY MR. LENHARD:

14 Q. Well, it's good late morning, Mr. Hall.

15 A. Right on the cusp there.

16 Q. All right. There you go. I just want to be  
17 certain. You've only been shown here today three  
18 complaints; is that correct, sir?

19 A. Today, yes.

20 Q. Yes. And you hadn't seen any of those three  
21 complaints prior to today; is that correct?

22 A. No. The Nevada complaints I had not seen until  
23 today. But the Oklahoma, the Washington and the  
24 California complaints, I first, I believe, I first saw  
25 them on Monday of this week.



1 Q. When you say complaints, you're talking about  
2 the judgments, the court actions, the administrative  
3 actions?

4 A. Exactly.

5 Q. So we're on the same page?

6 A. Yes.

7 Q. And I appreciate your candor. You had not seen  
8 them before Monday?

9 A. No.

10 Q. And you reviewed them, and, of course, the  
11 Hearing Officer can review them?

12 A. Yes.

13 Q. So you and I are clear, the ones you did walk  
14 through, kind of giving a synopsis in your testimony,  
15 that was based on the actual exhibit, you didn't look at  
16 anything else; is that correct?

17 A. No, I did not.

18 Q. Okay. Now, going back to the three Nevada  
19 complaints?

20 A. Yes.

21 Q. All right. The person that would have the most  
22 knowledge of what happened with those complaints would  
23 be the investigator; isn't that correct?

24 A. The most knowledge within the Division?

25 Q. Yes, sir.

1 A. Most likely, yes.

2 Q. I mean you, as an attorney, you're not going  
3 out and doing these investigations, are you?

4 A. No.

5 Q. Okay. I would hope not. I would imagine, like  
6 most attorneys, you can't screw in a light bulb, let  
7 alone fix an air conditioner; is that fair?

8 A. That is very fair.

9 Q. All right. Okay. Just so you and I are on the  
10 same page, look at Exhibit 38 real quickly, two of four,  
11 sir.

12 A. Yes.

13 Q. If you go down, it looks like the section where  
14 Kim Kuhlman -- by the way, who is Kim Kuhlman?

15 A. Kim Kuhlman is a compliance investigator here  
16 in Carson City with the Division.

17 Q. Okay. It looks like she's making some entries;  
18 is that correct?

19 A. It would appear so.

20 Q. And it looks like about halfway down is an  
21 entry, if you're with me: The company will be issuing  
22 you a check in the amount of the \$1,500 for the air  
23 conditioning claim, the maximum amount for the  
24 authorized claim. Do you see that?

25 A. Yes.

1 Q. And as you sit here today, you don't know what  
2 Ms. Kuhlman did to get this resolved and how she  
3 negotiated with the company; is that fair?

4 A. That is fair.

5 Q. Okay. If we could go back to Exhibit 24 real  
6 quickly, which is the second Nevada complaint, I  
7 believe, you looked at, Mr. Hall. Are you with me?

8 A. Yes, I am.

9 Q. It looks like, also, if you go to the very  
10 bottom on the left-hand side, it looks like it's Kim  
11 Kuhlman again. Is that correct, sir?

12 A. As far as staff members involved?

13 Q. Yes, sir.

14 A. Yes.

15 Q. Okay. And, again, she would be the person, as  
16 the investigator, that might have the most hands-on  
17 knowledge of what happened; is that fair, or am I wrong?

18 A. I wouldn't say hands-on knowledge. She's not  
19 an investigator in the sense of she goes out in the  
20 field and --

21 Q. Okay.

22 A. -- would look at an air conditioning unit. She  
23 is within the Consumer Services Section. She receives  
24 complaints, gathers information, as we saw previously,  
25 at times, depending on the circumstances, contact the

1 company, the insurer, producer, whatever involved, see  
2 if she can solve the problem. If not, then that works  
3 its way up the chain.

4 Q. Sure. And as far as the representations and  
5 the notes contained on this document, Problem Report  
6 Information Inquiry, the entries themselves, the person  
7 most knowledgeable would probably be Ms. Kuhlman; is  
8 that fair?

9 A. As far as the entries are concerned, it appears  
10 that she was the one that made those.

11 Q. With that understanding, and realizing you're  
12 seeing this for the first time today, if you look at  
13 page two of four?

14 A. Yes.

15 Q. The entry 11-30-2016, do you see that?

16 A. Yes.

17 Q. By the way, that -- well, I'll go back in a  
18 minute. I want you to remember that date 11-30-2016.  
19 Okay?

20 A. Okay.

21 Q. This is her notation: Company responded  
22 upholding position. I requested the company provide the  
23 Division with an explanation and reach out to the  
24 vendors to determine what type of service work was  
25 completed. Company changed their position and paying

1    them up to limits of policy.  Do you see that?

2           A.  Yes, I do.

3           Q.  All right.  Ms. Kuhlman would have the most  
4    knowledge as to the negotiations and how it came about  
5    that the company paid the policy limits?

6           A.  It would appear so, yes.

7           Q.  But it does appear here that the company did  
8    pay the policy limits?

9           A.  According to this, they did, yes.

10          Q.  Okay.  And if we go back real quickly to  
11   Exhibit 11, this also appears to be a Problem Report  
12   Information Inquiry, but it looks like it's 2014.  It  
13   looks like the form's a little different.  Did they  
14   change?

15          A.  I don't know why the difference.  I'm trying to  
16   see if this is -- maybe one was generated in Las Vegas  
17   and one here in Carson City.  Obviously, it was  
18   landscape versus portrait.  But, I think, the  
19   information is essentially the same.

20          Q.  My co-counsel advised me that Ms. Brown, who  
21   was the staff member from the department, is from  
22   Las Vegas.  So you're probably right, it's a different  
23   form, different location.

24                 You were asked to compare the representations  
25   in the Consumer Detail of Complaint with what occurred

1 in New Jersey; is that correct, sir?

2 A. In part, with New Jersey.

3 Q. Right. And I will give you, you know, you had  
4 your observation, and it did have some similarities to  
5 New Jersey?

6 A. Yes.

7 Q. And this is a complaint dated 2014, which is  
8 previous to the New Jersey consent decree; is that  
9 correct? The New Jersey consent decree is Exhibit 6,  
10 page three.

11 A. Yes, approximately a year.

12 Q. Now, we're moving along, Mr. Hall. You  
13 testified earlier about the importance of renewal  
14 applications. Do you recall that?

15 A. It wasn't renewal applications. It was  
16 registration as a service contract provider.

17 Q. Right. I apologize. I had the wrong  
18 terminology. The registration process, it's to protect  
19 the public; is that correct?

20 A. That's correct.

21 Q. And you want to protect the public from, well,  
22 people stealing, or felons, as well as bad operators?

23 A. Correct.

24 Q. Excuse the poor terminology. That's the best I  
25 can do. And it's important to the department, isn't it?

1 A. Absolutely.

2 Q. All right. Now, as an attorney, you're  
3 certainly aware of the concept of notice?

4 A. Sure.

5 Q. All right. I think, we all are, as we sit  
6 here, right? Was that a yes?

7 A. Yes. I'm sorry. I should know better.

8 Q. Are you aware that the renewal submitted by my  
9 clients in mid November 2016 was deemed incomplete?

10 A. I have no knowledge of that at all.

11 Q. Okay. I'm going to ask you a hypothetical.

12 A. Okay.

13 Q. And I'm going to try to form it the best I can.  
14 If you had a situation where you were advised a service  
15 provider submitted a renewal or registration application  
16 that was incomplete, and therefore their renewal was  
17 deemed no longer, you know, they were no longer in  
18 compliance, they no longer were reviewed, wouldn't you  
19 expect the department to give that provider notice  
20 immediately?

21 A. Notice of the denial?

22 Q. The fact that they are no longer in compliance.

23 A. I don't know about immediately, just because, I  
24 mean.

25 Q. That's a poor term. But within a reasonable

1 period of time?

2 A. Yes.

3 Q. And a reasonable period of time would be a  
4 couple of weeks or a month at the most, wouldn't it?

5 A. I would consider that reasonable, yes.

6 MR. LENHARD: Thank you very much, Mr. Hall.

7 MR. YIEN: You're getting off easy, Mr. Hall.

8 THE WITNESS: He said 20 minutes, so I was  
9 thinking 40.

10 MR. LENHARD: Come on now.

11 HEARING OFFICER EMMERMANN: Hold on. One at a  
12 time. We still have a court reporter.

13 So let me look at my notes, which are very  
14 short. I do have a question for Mr. Hall.

15 THE WITNESS: Okay.

16 HEARING OFFICER EMMERMANN: Does the Division  
17 check the solvency of service contract providers; are  
18 you aware of that, or no?

19 THE WITNESS: I'm trying to think. I am not  
20 aware of that. You'd have to ask the person, the  
21 analyst who looks at that type of thing. To the best of  
22 my knowledge, it isn't -- if it is, it's not to the same  
23 extent as a regular producer, insurance producer, where  
24 they look at RVC ratios and all that kind of stuff.

25 HEARING OFFICER EMMERMANN: Okay. Thank you.



1           Mr. Yien, do you have any redirect?

2           MR. YIEN: No, I do not. I just, but I did  
3 just want to verify that, you know, the Division's  
4 burden to prove the alleged violations can be  
5 supplemented by the Hearing Officer's own assessment of  
6 the evidence. It doesn't need to be in the written or  
7 the testimony of a witness who is briefing a report on  
8 things already in, admitted into evidence.

9           HEARING OFFICER EMMERMANN: It sounds like two  
10 concepts in there. So the Division has its burden.

11          MR. YIEN: Right.

12          HEARING OFFICER EMMERMANN: Right. And then  
13 the Hearing Officer has her burden, so to speak.

14          MR. YIEN: Right. So, I guess, what I'm asking  
15 is can it be supplemented? My burden to prove these  
16 allegations are true, do I have to prove all of that in  
17 testimony, or can you supplement it with your own  
18 findings of fact after, you know?

19          HEARING OFFICER EMMERMANN: The Hearing Officer  
20 can do, I can do my own determination based on what I'm  
21 looking at. But, but I do -- you're coming forward with  
22 a complaint. You have a burden. If you don't meet your  
23 burden, then it sort of ends there, if that makes sense.  
24 I'm not going to go off and start investigating and  
25 doing the work that you need to be doing.

1           MR. YIEN: Right. But you will review these  
2 cases?

3           HEARING OFFICER EMMERMANN: I will review all  
4 of the evidence admitted, I will review all of the  
5 testimony, and I will take into consideration all of the  
6 laws in Nevada that apply and then make my own  
7 determinations about what's going on.

8           MR. YIEN: Of course, my concern is that, you  
9 know, we're coming up to lunch, everyone's perhaps  
10 hungry. I heard an utterance as to how boring this is.  
11 And I'd have to --

12          MR. LENHARD: Don't blame me now, come on.

13          MR. YIEN: So I realize the state that  
14 everyone's in. But I just wanted to make sure that I'm  
15 not skipping a required step to meet my burden.

16          HEARING OFFICER EMMERMANN: So that, that's on  
17 you to figure that out. And if you'd like, we can break  
18 for lunch. You can take some time to think through  
19 everything that you've presented. And after lunch, then  
20 you can let me know if there's anything else you want as  
21 far as testimony or anything else.

22          MR. YIEN: Okay.

23          HEARING OFFICER EMMERMANN: I do, I'm going to  
24 review everything during the lunch hour as well and make  
25 sure I don't have any other questions through what

1 you've presented so far. Because I do think that I have  
2 one. But I want to wait, we can wait until then.

3 MR. YIEN: Okay. Then, I'll reserve the right  
4 to call Mr. Hall back onto the stand if there's  
5 something that I feel is missing or needs to be said to  
6 the Hearing Officer.

7 HEARING OFFICER EMMERMANN: Okay.

8 MR. YIEN: Okay.

9 HEARING OFFICER EMMERMANN: All right. So with  
10 that, Mr. Hall, you're excused. A reminder, don't share  
11 your testimony or discuss it with anybody until after  
12 the final order is issued in this matter. With that,  
13 thank you.

14 THE WITNESS: Would you like me to come back to  
15 the hearing room after lunch just in the event that I'm  
16 needed, or will you just send somebody up, or?

17 HEARING OFFICER EMMERMANN: I'll leave that to  
18 your attorney.

19 MR. YIEN: I'd prefer, yeah, if you could just  
20 check in. If I find nothing, then.

21 THE WITNESS: Are you reconvening at 1:00?

22 HEARING OFFICER EMMERMANN: Probably reconvene  
23 at 1:15. I want to have an opportunity during lunch to  
24 go next door to check out the conference room as well.  
25 Okay?

1 MR. YIEN: Okay.

2 THE WITNESS: All right.

3 HEARING OFFICER EMMERMANN: We're good with  
4 lunch, 1:15?

5 MR. LENHARD: Yes, thank you.

6 HEARING OFFICER EMMERMANN: All right. Thank  
7 you.

8 \* \* \* \* \*

9 (A lunch break was taken, 12:12 to 1:19 p.m.)

10 \* \* \* \* \*

11 HEARING OFFICER EMMERMANN: Okay. So we'll go  
12 back on the record.

13 All right. Mr. Yien, before we broke, you had  
14 asked a question about the order, about what my findings  
15 could entail, whether it's limited to what is on your  
16 complaint. I looked it up under statute. So it would  
17 be limited to anything, so under NRS 679A.360, that  
18 entails the order on hearing. It explains in  
19 subsection 4 that the order may affirm, modify or  
20 rescind action theretofore taken or may constitute  
21 taking of a new action within the scope of the notice of  
22 the hearing.

23 So anything that was properly noticed is, I  
24 think, essentially fair game. But I wanted to clarify  
25 that.

1           And the other question I have is, I think --  
2 have you concluded your case in chief?

3           MR. YIEN: I believe so, yes.

4           HEARING OFFICER EMMERMANN: Okay. There was  
5 one thing that I didn't see discussed that I'm  
6 interested in seeing, and I don't recall seeing it in  
7 the exhibits, and that's the certificate of  
8 registration, the most recent one would be fine, that  
9 Home Warranty Administrators of Nevada had.

10          MS. GRIFA: It's an exhibit.

11          HEARING OFFICER EMMERMANN: It is an exhibit?

12          MS. GRIFA: It's an agreed-upon exhibit. It  
13 is, I believe, it is Exhibit 23.

14          MR. YIEN: Is your concern so that it's stated  
15 in the record their license number, et cetera, and the  
16 date, is that what it is?

17          HEARING OFFICER EMMERMANN: No, my concern is I  
18 just want to know what it looks like and who's on there.

19          MR. YIEN: Oh.

20          MS. GRIFA: It's Exhibit 23 of the Division's  
21 exhibits. This is the 2014 amended certificate of  
22 registration that includes the dba.

23          MR. LENHARD: That's the last one.

24          MS. GRIFA: That's the last one.

25          HEARING OFFICER EMMERMANN: All right. Thank

1 you.

2 Okay. That's what I wanted to see. Thank you.

3 MR. YIEN: Did you say Exhibit 23, right?

4 MS. GRIFA: 23.

5 MR. YIEN: And you don't need, you don't  
6 require testimony as to the contents?

7 HEARING OFFICER EMMERMANN: Well, no, I  
8 believe, this one was stipulated. It's stipulated. And  
9 it was stipulated, according to my notes.

10 All right. Anything further, Mr. Yien?

11 MR. YIEN: I did.

12 Just had you reserved the right to recall  
13 Mr. Jain, because that's the most knowledgeable person?

14 MR. LENHARD: We had. It's now beginning our  
15 case, and we're going to waive his appearance. We're  
16 not going to recall Mr. Jain.

17 MR. YIEN: Okay. That was it.

18 HEARING OFFICER EMMERMANN: All right. Are you  
19 ready to go forward?

20 MS. GRIFA: Good afternoon. We are, yes.

21 HEARING OFFICER EMMERMANN: Okay.

22 MS. GRIFA: Thank you. Madam Hearing Officer,  
23 just as a very brief matter of housekeeping, the  
24 Division marked two exhibits, 26 and 27. They are CHW  
25 advertisements. One is, 26 is an Internet

1 advertisement. And 27 is an email advertisement.

2 Mr. Yien and I have conferred, and, I believe,  
3 he admitted 27. I'm not sure if he admitted 26, but I  
4 would consent to 26 coming into evidence.

5 If you would join in that application.

6 MR. YIEN: Yes, I would. That would be fine.

7 HEARING OFFICER EMMERMANN: So Exhibit 26, I do  
8 not have it as admitted in my notes. So I will admit  
9 it.

10 (Exhibit 26 was admitted.)

11 MR. GRIFA: And that being said, the respondent  
12 would call Victor Mandalawi.

13 HEARING OFFICER EMMERMANN: Okay.  
14 Mr. Mandalawi. Good afternoon.

15 THE WITNESS: Good afternoon.

16 HEARING OFFICER EMMERMANN: The court reporter  
17 will swear you in. And once she does, then we will  
18 begin. Please wait until the question is asked  
19 completely. If you don't understand a question, ask for  
20 clarification. Please speak up, and always use a verbal  
21 response. It's very easy to forget the "uh-huh,"  
22 "m-hm," shaking head and shrugging shoulders. So if you  
23 could try to be aware of that.

24 THE WITNESS: Sure.

25 HEARING OFFICER EMMERMANN: It would be

1 helpful. Okay? And if you need a break, just let me  
2 know.

3 THE WITNESS: Sure.

4 HEARING OFFICER EMMERMANN: Please proceed.

5 MS. GRIFA: Thank you.

6  
7 V I C T O R M A N D A L A W I,  
8 having been first duly sworn/affirmed by the Reporter,  
9 was examined and testified as follows:

10  
11 MR. YIEN: Do you want me to ask him to state  
12 his name and spell it for the record, or is that --  
13 okay.

14 HEARING OFFICER EMMERMANN: Yeah, respondents  
15 started, this is theirs.

16 MS. GRIFA: But thank you for the kind offer.

17  
18 DIRECT EXAMINATION

19 BY MS. GRIFA:

20 Q. Mr. Mandalawi, could you kindly spell your  
21 first and last name for the record, please.

22 A. Sure. Victor Mandalawi, V-I-C-T-O-R,  
23 M-A-N-D-A-L-A-W-I.

24 Q. Can you hear me okay from where you're seated?

25 A. Yes.



1 Q. How old are you?

2 A. 32.

3 Q. What is your occupation?

4 A. I'm the president of Home Warranty

5 Administrator of Nevada, Inc.

6 Q. Do you know Mr. Hakim, who's sitting to my  
7 left?

8 A. Yes.

9 Q. How did you meet him?

10 A. He's married to my cousin.

11 Q. Do you have a business venture with him?

12 A. Yes.

13 Q. What is the name of the business venture you're  
14 involved with?

15 A. CHW Group, Inc.

16 Q. And where is that business located?

17 A. Edison, New Jersey.

18 Q. When did you go into business with Mr. Hakim  
19 and CHW Group, Inc.?

20 A. Around 2008.

21 Q. Do you have a position or a title in connection  
22 with that particular company?

23 A. Yes.

24 Q. What is it?

25 A. President.

1 Q. Are there any other principals at the present  
2 time?

3 A. No.

4 Q. In 2008, when you founded the business, were  
5 there other individuals who were principals in that  
6 business?

7 A. Yes.

8 Q. Who were they?

9 A. Victor Hakim and David Seruya.

10 Q. Is Mr. Seruya still involved in that business  
11 enterprise?

12 A. No, he's not.

13 Q. CHW Group, Inc. continues to operate, does it  
14 not?

15 A. Yes.

16 Q. In fact, we've heard quite a lot about it in  
17 the last two days; isn't that true?

18 A. We have.

19 Q. Are you also involved with a company called  
20 Home Warranty Administrator of Nevada, Inc.?

21 A. Yes.

22 Q. What is your position with respect to Home  
23 Warranty Administrator of Nevada, Inc.?

24 A. I'm the president.

25 Q. We are going to refer, for purposes of your

1 testimony, to that company as HWAN. Okay?

2 A. Sure.

3 Q. I'm going to -- you have five binders in front  
4 of you right now. Okay. And I'm going to try to direct  
5 your attention to various exhibits in those binders.  
6 And if it takes you a minute to find the papers that  
7 we're looking at, take your time, and you just let me  
8 know when you're ready to receive a question. Okay?

9 A. Okay.

10 Q. So I would like you to look at respondent's C  
11 as in Charles, please. Do you have the exhibit, sir?

12 A. I'm not sure if I do. Which binder?

13 Q. C, C as in Charles. It has a tab.

14 MS. YVONNE RENTA: Maybe the first one.

15 THE WITNESS: This one here?

16 MS. YVONNE RENTA: This is the division. It  
17 should be here.

18 MS. GRIFA: Thank you.

19 THE WITNESS: So that should be it. So I was  
20 on the right page.

21 MS. YVONNE RENTA: Yes, the right one.

22 BY MS. GRIFA:

23 Q. Do you think you have it now?

24 A. Yes.

25 Q. Do you see the seal of the State of Nevada on

1 page one?

2 A. Yes.

3 Q. This is a four-page exhibit, right?

4 A. Yes, it is.

5 Q. Do you see in the top right-hand corner it says  
6 one of four?

7 A. Sure do.

8 Q. Do you know what these documents are?

9 A. Yes.

10 Q. What are they?

11 A. They are the -- just to make sure. The  
12 corporate documentation.

13 Q. Of what company?

14 A. Home Warranty Administrator of Nevada, Inc.

15 Q. These are certified copies of your corporate  
16 filings in Nevada, aren't they?

17 A. Yes.

18 Q. And on page three of four, your articles of  
19 incorporation are set forth, right?

20 A. Yes.

21 Q. And on page four of four, we have your  
22 corporate charter?

23 A. Yes.

24 Q. Right? You said you're the president of this  
25 company. Are there any other officers besides you?

1 A. No.

2 Q. How many employees does Home Warranty of Nevada  
3 have?

4 A. Only one, just me.

5 Q. Where is the company, what is the company's  
6 address?

7 A. 90 Washington Valley Road, Bedminster,  
8 New Jersey.

9 Q. I'm going to direct your attention in that same  
10 book to Exhibit A. Take a minute and flip back to  
11 Exhibit A.

12 A. Got it.

13 Q. Do you recognize that document?

14 A. Yes.

15 Q. What is this document?

16 A. It's a filing certificate, State of New Jersey.

17 Q. For what company?

18 A. CHW Group, Inc.

19 Q. And this lists the office of CHW Group, Inc. as  
20 of the time of the filing in 2009; is that right?

21 A. Yes.

22 Q. On page two of five, it lists the address at  
23 510 Thornall Street in Edison, New Jersey; is that  
24 right?

25 A. Correct.

1 Q. And the company CHW Group, Inc. is no longer  
2 located at that place, is it?

3 A. No.

4 Q. What is the present address of CHW Group, Inc.?

5 A. 1090 King Georges Post Road, Edison,  
6 New Jersey.

7 Q. Same town, different address?

8 A. Correct.

9 Q. How long have you been at King Georges Post  
10 Road?

11 A. Since 2013.

12 Q. Are you an officer in that company as well, CHW  
13 Group, Inc.?

14 A. Yes.

15 Q. And what is your title at that company?

16 A. President.

17 Q. And what is Mr. Hakim's title at that company?

18 A. CEO.

19 Q. Is there a business relationship between CHW  
20 Group and HWAN?

21 A. Yes.

22 Q. What?

23 A. It's a contractual relationship.

24 Q. It's a contractual relationship. In the same  
25 book, can I direct your attention to the document that's

1 labeled E as in Edward? Do you recognize that document?

2 A. Yes.

3 Q. What is that document?

4 A. It's the agreement between CHW and Home  
5 Warranty Administrators of Nevada, Inc.

6 Q. It's titled Independent Service Provider  
7 Agreement, isn't it?

8 A. Yes.

9 Q. Is it eight pages?

10 A. Yes, it is.

11 Q. I direct your attention to page eight. Do you  
12 see that page?

13 A. Yes.

14 Q. Who's it signed by?

15 A. Myself and Victor Hakim.

16 Q. What entity did you sign on behalf of?

17 A. Home Warranty Administrator of Nevada, Inc.

18 Q. And what entity did he sign on it?

19 A. CHW Group.

20 Q. I direct your attention to page one. Same  
21 exhibit, page one.

22 A. Okay.

23 Q. What's the date of the document?

24 A. The 29th of July, 2010.

25 Q. So would it be fair to say, Mr. Mandalawi, that

1 at or about the time that you set up the Nevada  
2 corporation, you executed this agreement with CHW Group,  
3 Inc.?

4 A. Yes.

5 Q. And this agreement, at Exhibit E, I will refer  
6 to as the ISP as in Peter. Okay? Would it be fair to  
7 say that this ISP continues to govern the relationship  
8 between HWAN and CHW Group, Inc.?

9 A. Yes.

10 Q. Has it been modified in any way?

11 A. No.

12 Q. Are you the sole owner of HWAN?

13 A. Yes.

14 Q. Do you own any other companies?

15 A. Yes.

16 Q. What are they called?

17 A. Home Warranty Administrator of Oklahoma, Inc.;  
18 Home Warranty Administrator of Florida, Inc.; Home  
19 Warranty Administrator of Alabama, Inc.; Home Warranty  
20 Administrator of South Carolina, Inc. And I know  
21 there's a few others, but top of my head.

22 Q. Are you presently doing business in California?

23 A. No.

24 Q. Are you presently doing business in Texas?

25 A. Yes.



1 Q. Does that company have a slightly different  
2 name?

3 A. It does.

4 Q. And what is that?

5 A. HWAT, Inc.

6 Q. Are you the sole officer of all of those  
7 entities?

8 A. Yes, I am.

9 Q. Are you the sole owner of all of those  
10 entities?

11 A. Yes.

12 Q. There are no other shareholders?

13 A. No.

14 Q. How is it that you set up those companies?

15 A. Can you clarify the question?

16 Q. Sure. Who was the person who decided to set up  
17 the Home Warranty companies?

18 A. I did.

19 Q. And did that require that they be capitalized  
20 in any way?

21 A. Yes.

22 Q. And who put up that capital?

23 A. I did.

24 Q. Are you the sole investor of those companies?

25 A. Yes.

1 Q. Has Mr. Hakim ever been an investor in any of  
2 those companies?

3 A. No.

4 Q. Does he own an equity position in any of those  
5 companies?

6 A. No.

7 Q. Just you and you alone?

8 A. Yes.

9 Q. All this time?

10 A. Yes.

11 Q. Do those companies, Texas, Florida, South  
12 Carolina, Nevada -- we've already talked about Nevada --  
13 do they have the same sort of ISP arrangement with CHW  
14 Group that HWAN does?

15 A. Yes, they do.

16 Q. And did you, on their behalf, execute that  
17 document with Mr. Hakim at or about the time that those  
18 companies were founded as well?

19 A. Yes.

20 Q. They weren't all founded at the same time as  
21 HWAN, were they?

22 A. No.

23 Q. Can you describe, in a general sense, other  
24 than to say it is a contractual arrangement, what CHW  
25 Group does for HWAN?

1 A. CHW handles the sales and operations.

2 Q. And what does HWAN do for itself?

3 A. The regulatory compliance.

4 Q. And that is something that you handle as the  
5 company's president?

6 A. Yes.

7 Q. You have indicated for the record that you are  
8 the sole employer of HWAN and that it has a New Jersey  
9 address. Does HWAN maintain a local Nevada office?

10 A. No.

11 Q. Does CHW Group, Inc. have employees?

12 A. Yes.

13 Q. Do you know how many employees it has?

14 A. North of 275.

15 Q. Who maintains, and when I say "who," I'm  
16 speaking of the corporations, HWAN versus CHW Group, who  
17 maintains the service contracts that HWAN sells to  
18 Nevada consumers?

19 A. CHW Group.

20 Q. And those are maintained in Edison, New Jersey?

21 A. Yes.

22 Q. Are any records maintained here other than  
23 those that are required to be filed here?

24 A. No.

25 Q. When I say "here," I mean here in Nevada. Did

1 you understand that?

2 A. Yes.

3 Q. Okay. Do you recall the process you engaged  
4 in, in setting up the business in Nevada? Well, you  
5 remember when you did it, right?

6 A. Sure.

7 Q. Did you have to retain a professional,  
8 consultant or a lawyer to help you?

9 A. Yes.

10 Q. And who was that person?

11 A. Art Chartrand.

12 Q. Where was he from?

13 A. I believe, Kansas.

14 Q. You hired a Kansas lawyer to set up a Nevada  
15 corporation?

16 A. Yes.

17 Q. And why did you do that?

18 A. He was the president of the Home Warranty  
19 Association.

20 Q. And that's located in Kansas, right?

21 A. I believe so.

22 Q. And is he the attorney who ultimately assisted  
23 you in securing a certificate of registration for HWAN  
24 to do business here in Nevada?

25 A. Yes.

1 Q. And did you participate in that process?

2 A. Yes.

3 Q. And did you confer with Mr. Hakim in connection  
4 with that process?

5 A. Yes.

6 Q. Was that because of the ISP arrangement that  
7 you had preexisting?

8 A. Yes.

9 Q. At or about the time that you were trying to  
10 set up the Nevada business, did CHW have some problems  
11 in other jurisdictions?

12 A. Yeah, they did.

13 Q. We've heard something about those in the last  
14 two days, haven't we?

15 A. Sure.

16 Q. One of them was in California?

17 A. Yes.

18 Q. One was in Oklahoma? Yes?

19 A. Yes.

20 Q. You have to say yes out loud, you can't nod.

21 A. Okay.

22 Q. In Washington state?

23 A. Yes.

24 Q. Right. If you could summarize in one sentence  
25 for us, what was the nature of the allegation against --

1 what was the company against whom the allegations were  
2 made?

3 A. CHW Group.

4 Q. And at the time, did HWAN even exist?

5 A. No.

6 MS. GRIFA: Just bear with me one moment. I  
7 spilled water.

8 BY MS. GRIFA:

9 Q. In fact, back in 2010, there were a few  
10 problems in Nevada as well; isn't that right?

11 A. Yes.

12 Q. What happened?

13 A. I'm sorry. In?

14 Q. In 2010, in Nevada, right before you started  
15 the HWAN, there were a few problems, correct?

16 A. In Nevada?

17 Q. Yes.

18 A. Yes, there were.

19 Q. And can you tell us what they were?

20 A. I don't remember. I don't remember  
21 specifically.

22 Q. Well, the nature of the problems in Oklahoma,  
23 California and Washington were basically of the same  
24 nature, right?

25 A. Yes.

1 Q. And that involved selling without --

2 A. Selling without a license.

3 Q. And in Nevada?

4 A. Yes.

5 Q. Nevada, a similar problem?

6 A. Yeah.

7 Q. Is that something that Art Chartrand helped you  
8 resolve?

9 A. Yes, he did.

10 Q. How is it that if you were unlicensed in  
11 Nevada, contracts were being sold here?

12 A. Yes, so the nature of our sales is it reaches  
13 consumers nationally, and they were signing up in states  
14 that we were not licensed.

15 Q. Did Art -- and Nevada was one of those states  
16 at the time?

17 A. Yes.

18 Q. Do you have a sense of how many contracts were  
19 sold before you had technically achieved a Nevada  
20 license?

21 A. I don't remember.

22 Q. Was it a large number or a small number?

23 A. It was probably a small number.

24 Q. I'm going to ask you to look now at Exhibit P  
25 as in Peter. Take your time.

1 A. Okay.

2 Q. Do you have Exhibit P?

3 A. I've got it.

4 Q. Do you recognize that document?

5 A. Yes.

6 Q. Exhibit P is the initial application for  
7 registration with the State of Nevada, isn't it?

8 A. Yes.

9 Q. It's a 20-page document. And we know that  
10 because it says one of 20 on page one, right?

11 A. Correct.

12 Q. Did you prepare this document?

13 A. I did.

14 Q. And did Art Chartrand assist you in doing that?

15 A. Yes.

16 Q. And did you attempt to answer all of the  
17 questions set forth in that document fully?

18 A. Yes.

19 Q. Did you attempt to be truthful and accurate in  
20 every respect?

21 A. Yes.

22 Q. At that time, when you sought to register the  
23 company, you had the Washington Valley Road at  
24 Bedminster, New Jersey, set forth in your application?

25 A. Yes.



1 Q. To date, is that still the address for HWAN?

2 A. Yes.

3 Q. In section two on that document, that's page  
4 two of 20, I direct your attention to the top of the  
5 page. Do you see that section?

6 A. Yes.

7 Q. And there's one question with four subparts.  
8 Do you see it?

9 A. Yes.

10 Q. And can you read the question and the subpart  
11 and then give the answer that you provided?

12 A. Within the past 10 years, has applicant or any  
13 of the officers listed in section one ever, (a), been  
14 convicted of a felony or any misdemeanor of which an  
15 essential element was fraud?

16 Q. How did you answer that question?

17 A. No.

18 Q. Please continue.

19 A. Within the past 10 years, has applicant or any  
20 of the officers listed in section one ever been, (b),  
21 been insolvent or adjudged a bankrupt?

22 Q. How did you answer that question for the State  
23 of Nevada?

24 A. No.

25 Q. Please continue.

1           A.    Within past 10 years, has applicant or any of  
2 the officers listed in section one ever, (c), been  
3 refused a license or registration, including a license  
4 or registration as a service contract provider, or had  
5 an existing one suspended or revoked by any state or  
6 governmental agency or authority?

7           Q.    How did you answer that question for the State  
8 of Nevada?

9           A.    No.

10          Q.    Please continue.

11          A.    Within the past 10 years, has applicant or any  
12 of the officers listed in section one ever, (d), been  
13 fined by any state or governmental agency or authority  
14 in any matter regarding service contracts?

15          Q.    And how did you, what answer did you provide to  
16 the State of Nevada?

17          A.    No.

18          Q.    Were those answers truthful and accurate in  
19 every respect?

20          A.    Yes.

21          Q.    Is HWAN the first HWA company?

22          A.    I don't remember that.

23          Q.    Okay.  You testified just a few moments ago  
24 that the service contract documents are maintained by  
25 CHW Group pursuant to the ISP, right?

1 A. Yes.

2 Q. And they're maintained in New Jersey?

3 A. Yes.

4 Q. And is there a reason for that?

5 A. Convenience, and that's where CHW Group is  
6 located.

7 Q. And they're selling those contracts?

8 A. Yes.

9 Q. That's part of the ISP?

10 A. Correct.

11 Q. When you set up this company, did the State of  
12 Nevada require that you demonstrate that you had banking  
13 relationships here?

14 A. Here in Nevada?

15 Q. In Nevada, yes. I'm sorry.

16 A. No.

17 Q. Did you have to open a bank account here?

18 A. No.

19 Q. Did you have to have a reserve account here?

20 A. No.

21 Q. You did not have to establish a reserve account  
22 for the State of Nevada in connection with the service  
23 contract application?

24 A. Not in Nevada.

25 Q. But you did have to open one?

1 A. Yes.

2 Q. And did you do that?

3 A. Yes.

4 Q. In connection with your application, there was  
5 a number of attachments that you submitted, right?

6 A. Yes.

7 Q. You had to submit a list of the executive  
8 officers, right?

9 A. That's right.

10 Q. A copy of your corporate charter?

11 A. Yes.

12 Q. Articles of incorporation?

13 A. Yes.

14 Q. Proof of financial responsibility?

15 A. Yes.

16 Q. I think, you had to provide \$25,000; isn't that  
17 right?

18 A. Yes.

19 Q. And you also had to pay some small fees; isn't  
20 that also true?

21 A. Yes.

22 Q. The application fee was something like \$1,000;  
23 isn't that right?

24 A. Yes.

25 Q. And then you had to pay another small fee of

1 approximately \$1,300, also to the State Division of  
2 Insurance?

3 A. Yes.

4 Q. That \$25,000 check that I spoke of a moment ago  
5 was found at page five of 20. Do you see it?

6 A. Yes.

7 Q. And that's a check that was made out with Home  
8 Warranty Administrator of Nevada, Inc. as the payor;  
9 isn't that right?

10 A. Correct.

11 Q. It indicates security deposit on the memo line?

12 A. Yes.

13 Q. Do you remember the date that you submitted  
14 this application? If you don't remember, I'd encourage  
15 you to look at page one of 20. Do you see the stamp in  
16 the upper right-hand corner?

17 A. Yeah, in September.

18 Q. That stamp says September 2nd, 2010, right?

19 A. Right.

20 Q. And you signed it on or about August 31st? I  
21 direct your attention to page four of 20, if that helps  
22 you refresh your recollection.

23 A. Yes.

24 Q. You sent the package to Nevada?

25 A. Yes.

1 Q. Did you have any dealings with personnel in the  
2 Division of Insurance in processing this application?

3 A. Yes.

4 Q. Do you remember who those people might have  
5 been, you personally?

6 A. Yeah, I think so.

7 Q. Do you remember who you might have either spoke  
8 to or perhaps corresponded by email with?

9 A. Yeah, Derick Dennis.

10 Q. Ultimately, this application was approved;  
11 isn't that right?

12 A. Yes.

13 Q. And I'm going to direct your attention, and  
14 it's in a different book, just to make this interesting,  
15 to U, Exhibit U. Do you want to take a minute?

16 A. Yes, I got it.

17 Q. Exhibit U is a seven-page document; isn't that  
18 right?

19 A. Yes.

20 Q. And that seven-page document begins with a  
21 letter; isn't that right?

22 A. Yes, it does.

23 Q. And who is the letter from?

24 A. Dolores Bennett.

25 Q. And Dolores Bennett at the time was an employee

1 of the Division of Insurance?

2 A. Yes.

3 Q. And in that letter she told you that you were  
4 approved, correct?

5 A. Yes.

6 Q. And if you look back to page seven of seven in  
7 the same exhibit, can you tell us what you find there?

8 A. It's a certificate of registration from the  
9 Division of Insurance.

10 Q. This is the first certificate of registration  
11 that HWAN received; isn't that right?

12 A. Yes.

13 Q. And it has an effective date on that document,  
14 on the right-hand corner?

15 A. Yes, it does.

16 Q. What is the effective date?

17 A. November 18th, 2010.

18 Q. And does it have a renewal date on that  
19 document?

20 A. November 18th of each year.

21 Q. Who was, who -- or what entity, I guess, is a  
22 better question. What entity was the certificate of  
23 registration issued to?

24 A. Home Warranty Administrator of Nevada, Inc.

25 Q. So on that document where it says you have to

1 renew it on November 18th of each year, did you  
2 understand that that meant you had to renew on your  
3 anniversary date?

4 A. Yes.

5 Q. In that same exhibit, seven pages, I would ask  
6 you to look at page three.

7 A. Okay.

8 Q. Page three, I'd ask you to look down the page  
9 to about the middle, where it says "Contact  
10 Information."

11 A. Yes.

12 Q. Do you see that? Your name is there?

13 A. Yes, it is.

14 Q. The address of HWAN in New Jersey is there?

15 A. Yes.

16 Q. Does it ask for you to set forth a  
17 communication preference for any contact you might have  
18 with the department?

19 A. Yes, it does.

20 Q. And what did you enter?

21 A. Postal mail.

22 Q. Did you also provide an email?

23 A. Yes, I did.

24 Q. And is that

25 VMandalawi@HomeWarrantyAdministrators.com?



1 A. Yes.

2 Q. Does that remain your email at HWAN?

3 A. Yes, it does.

4 Q. Does HWAN have its own email inbox?

5 A. Yes.

6 Q. And what is that email address?

7 A. Info@HomeWarrantyAdministrators.com.

8 Q. And was that set up at the time that you set up  
9 the company in or about September and October 2010?

10 A. Yes.

11 Q. And it remains the address, the email address  
12 for HWAN to the present day?

13 A. Yes.

14 Q. So after you became licensed in Nevada, did CHW  
15 Group, Incorporated continue to assist the company in  
16 the manner in which the ISP provides?

17 A. Yes.

18 Q. They were the sales and marketing arm for HWAN?

19 A. Correct.

20 Q. And you continued to observe for regulatory  
21 compliance?

22 A. Yes.

23 Q. Who controlled the bank accounts of HWAN?

24 A. I did.

25 Q. And to the extent that any payments needed to

1 be made out of those accounts, who approved those  
2 payments?

3 A. That would be me.

4 Q. And to the extent that -- well, I'll withdraw  
5 that. Did there come a point in time that you update --  
6 that you were -- you updated a contract or that were you  
7 operating -- oh, let me withdraw that.

8 In connection with your application, did you  
9 have to submit a proposed form of contract?

10 A. Yes.

11 Q. In fact, that was attached to your 2010  
12 application?

13 A. Yes.

14 Q. As a necessity in order to get the certificate  
15 of registration, right?

16 A. Yes.

17 Q. In 2011, you updated that contract?

18 A. Right.

19 Q. I'm going to direct your attention to  
20 Exhibit EE, which would be in the same book as U, if  
21 that helps.

22 A. I got it.

23 Q. Okay. Exhibit EE is a document that is in 10  
24 pages, correct, or I'm sorry, nine pages?

25 A. Yes.

1 Q. Direct your attention to page two.

2 A. Okay.

3 Q. Is that the contract that was submitted and for  
4 which approval was sought from Nevada Division of  
5 Insurance?

6 A. Yes, it was.

7 Q. And was it approved?

8 A. Yes.

9 Q. And how do we know that?

10 A. The Nevada Division of Insurance issued a  
11 certificate of registration.

12 Q. Well, I'm going to ask you to look back to page  
13 one of that document. Do you see page one?

14 A. Yes, I do.

15 Q. Do you see the category Submission Date in the  
16 middle of the page?

17 A. Yes.

18 Q. What's the date there?

19 A. July 19th, 2011.

20 Q. And do you see that below it says "Filing  
21 Status"?

22 A. Yes.

23 Q. What does it say?

24 A. Closed, dash, approved.

25 Q. And then go back to page two. Do you see in

1 the margin on the left-hand side is a word handwritten?

2 A. Yes.

3 Q. What is that word?

4 A. Approved.

5 Q. So thereafter, did you proceed using this  
6 contract for Nevada business under the assumption that  
7 had been approved by the State Division of Insurance?

8 A. Yes.

9 Q. This contract lists HWAN in a specific way on  
10 page two. Can you tell us how it lists it?

11 A. It's page three.

12 Q. No, I'm sorry, I direct your attention to page  
13 two. Do you see in the title page, do you see the word  
14 "obligor"?

15 A. Yes.

16 Q. Okay. And after the word "obligor" and the  
17 colon, what does it say?

18 A. Home Warranty Administrators of Nevada, Inc.

19 Q. And what logo's on this page?

20 A. The Home Warranty Administrators logo.

21 Q. And in the left-hand corner?

22 A. The Choice Home Warranty logo.

23 Q. And I direct your attention to page three, the  
24 first paragraph. Do you see it, beginning with the  
25 words "Throughout this agreement"?

1 A. Yep.

2 Q. Can you read that first sentence?

3 A. Throughout this agreement the words we, us and  
4 our refer to Home Warranty Administrator of Nevada,  
5 Inc., HWA, 90 Washington Valley Road, Bedminster, New  
6 Jersey, 07921, the obligor of this agreement, and it is  
7 backed by the full faith and credit of HWA. This  
8 agreement is administered by Choice Home Warranty,  
9 administrator, 510 Thornall Street, Edison, New Jersey,  
10 08837.

11 Q. At the time this was submitted in 2011, was  
12 this the correct address for HWAN in New Jersey?

13 A. Yes.

14 Q. Was it the correct address for CHW Group in  
15 Edison, New Jersey?

16 A. Yes.

17 Q. And so from this point on, the Department of  
18 Insurance was on notice that HWA was using Choice Home  
19 Warranty to be its administrator?

20 A. Yes.

21 Q. After 2010 and the commencement of operations,  
22 the company renewed its contract every year, I'm sorry,  
23 renewed its registration every year; isn't that right?

24 A. That's right.

25 Q. Okay. So I'm going to ask you to look in the

1 book that's to your far left, to Exhibit 2.

2 A. I got it.

3 HEARING OFFICER EMMERMANN: Hold on. I do not.  
4 Okay.

5 BY MS. GRIFA:

6 Q. Is this the renewal form submitted by HWAN to  
7 the Nevada Division of Insurance in 2011?

8 A. Yes.

9 Q. It bears a stamp at the bottom right-hand  
10 corner. What does it say?

11 A. Received November 2nd, 2011.

12 Q. And this is a document that was prepared by you  
13 and submitted by you?

14 A. Yes.

15 Q. Did you sign it?

16 A. Yes, I did.

17 Q. Okay. And I direct your attention to page  
18 three. And can you identify your signature and tell us  
19 the date?

20 A. Yes, I signed it on October 31st, 2011.

21 Q. Okay. In 2010, at or about the time that you  
22 set up the HWAN company, you had also told us that there  
23 were a few problems related to unlicensed operations in  
24 other states. One of those was in California, you said,  
25 I think?

1 A. Yes.

2 Q. One was in Washington?

3 A. Yes.

4 Q. And one was in Oklahoma?

5 A. Yes.

6 Q. Okay. And in connection with the California  
7 matter, was Choice Home Warranty the respondent or the  
8 defendant in that matter?

9 A. Yes.

10 Q. Ultimately, was Choice Home Warranty fined for  
11 its activity in California?

12 A. Yes.

13 Q. What was the fine?

14 A. I think, it was \$10,000.

15 Q. So this morning, Mr. Hall indicated that the  
16 company was fined \$3.5 million. Is that not accurate?

17 A. No, it's not accurate.

18 Q. The State of California demanded \$3.5 million,  
19 though, didn't they?

20 A. Correct.

21 Q. It was resolved for \$10,000?

22 A. Yes.

23 Q. And, also, there was a penalty paid to  
24 Oklahoma. What was that?

25 A. I believe, it was \$15,000.

1 Q. Were you required, in an effort to resolve  
2 these out-of-state cases, to sign any court documents?

3 A. Yes.

4 Q. Did you have to sign in California?

5 A. Yes.

6 Q. And you did sign?

7 A. Yes.

8 Q. Did you have to sign in Oklahoma?

9 A. Yes.

10 Q. Did you -- in what capacity did you sign the  
11 California court documents?

12 A. I signed as a respondent of the CHW Group.

13 Q. Because you were an officer there?

14 A. Correct.

15 Q. And Oklahoma was also an action brought against  
16 either CHW Group or Choice Home Warranty, right?

17 A. Yes.

18 Q. And were you required to sign for that as well?

19 A. Yes.

20 Q. And in what capacity did you sign those  
21 corporate documents?

22 A. As an officer of that company.

23 Q. Was HWAN ever mentioned in California, the  
24 California case?

25 A. No.



1 Q. Was it ever mentioned in the Washington case?

2 A. No.

3 Q. Was it ever mentioned in the Oklahoma case?

4 A. No.

5 Q. Would it be fair to say that between 2010, when  
6 you were initially registered to do business, you  
7 registered, you renewed your registration on time in  
8 2011, '12 and '13?

9 A. Yes.

10 Q. And you received approval of your renewal  
11 applications within a reasonable time of their  
12 submission?

13 A. Yes.

14 Q. During that period between 2011, November 2011  
15 and November 2013, did you have ongoing or at least  
16 occasional communications with representatives of the  
17 department?

18 A. Yes.

19 Q. Do you remember the names of any of those  
20 people that you dealt with?

21 A. Yes.

22 Q. Can you give us some of their names?

23 A. Derick Dennis.

24 Q. Anyone else?

25 A. I don't remember at this point.

1 Q. Anyone else you can remember? Okay. Nobody  
2 else. But that doesn't mean you didn't talk to anybody  
3 else?

4 A. No, it doesn't mean that.

5 Q. Some of those communications were telephonic?

6 A. Yes.

7 Q. And some were by email?

8 A. Yes.

9 Q. Mr. Dennis testified yesterday, and he's here  
10 today as well. How would you describe your relationship  
11 with him during that period?

12 A. Very good. He was always very polite and very  
13 helpful.

14 Q. Were there points in time during these renewals  
15 that he asked you to provide additional information on  
16 behalf of the company?

17 A. Yes.

18 Q. And did you do that?

19 A. Yes.

20 Q. I'm going to direct your attention back to  
21 Exhibit 2. Do you see Exhibit 2?

22 A. I do.

23 Q. Page one?

24 A. Yes.

25 Q. Who was the provider name, what's the provider

1 name on the first page?

2 A. Home Warranty Administrator of Nevada, Inc.

3 Q. And what's the mailing address?

4 A. 90 Washington Valley Road, Bedminster,  
5 New Jersey.

6 Q. Who's the contact?

7 A. Myself, Victor Mandalawi.

8 Q. And it lists your title?

9 A. Yes, it does.

10 Q. Okay. When you filed this renewal, there had  
11 been no changes in the corporate structure of HWAN at  
12 that time, right?

13 A. Right.

14 Q. So you answered the questions to number one and  
15 two no?

16 A. That's right.

17 Q. And they were truthful and accurate answers?

18 A. Yes.

19 Q. And then, with respect to page three, did you  
20 answer that question as well?

21 A. Which question are you referring to?

22 Q. On page three, question -- I'm sorry, on page  
23 two, question three.

24 A. Yes.

25 Q. Can you read us that question and give us the

1 answers (a) through (d), letting us know how you  
2 answered each of those questions?

3 A. Sure. Since the last application, has  
4 applicant or any of the officers listed in question one  
5 ever, (a), been convicted of a felony or any misdemeanor  
6 of which an essential element was brought? I answered  
7 no.

8 Since the last application, has applicant or  
9 any of the officers listed in the question one ever,  
10 (b), been insolvent or adjudged a bankrupt? I answered  
11 no.

12 Since the last application, has applicant or  
13 any of the officers listed in questions one ever, (c),  
14 been refused a license or registration, including a  
15 license or registration as a service contract provider,  
16 or had an existing one suspended or revoked by any state  
17 or governmental agency or authority? I answered no.

18 Q. And what about (d)?

19 A. Since the last application, has applicant or  
20 any of the officers listed in question one ever, (d),  
21 been fined by any state or governmental agency or  
22 authority in any matter regarding service contracts? I  
23 answered no.

24 Q. Were those answers, (a) through (d), accurate?

25 A. Yes.

1 Q. Truthful in every way?

2 A. Absolutely.

3 Q. With respect to (d), been fined by any state or  
4 governmental agency or authority in any matter regarding  
5 service contracts, what's the basis of your answer no?

6 A. Yeah, so, I believe, this question is referring  
7 back to question one, and it's referring to the  
8 applicant. The applicant of this application is Home  
9 Warranty Administrators of Nevada, Inc., and they have  
10 never been fined by any state agency.

11 Q. And they weren't involved in the California,  
12 Oklahoma or Washington matters?

13 A. No, they weren't.

14 Q. And as an officer of that applicant, you were  
15 not involved in those matters, either?

16 A. No, I was not.

17 Q. Then, let's go forward, then, to 2012. And  
18 that is Exhibit Y, same book.

19 MS. GRIFA: And, Madam Hearing Officer, for the  
20 record, Y in respondent's exhibit is also marked as four  
21 in the Division's exhibits.

22 HEARING OFFICER EMMERMANN: I was going to ask.  
23 I didn't see a Y in this book. Thank you.

24 MS. GRIFA: There are a series of exhibits that  
25 are --

1 HEARING OFFICER EMMERMANN: Duplicate.

2 MS. GRIFA: -- duplicates.

3 BY MS. GRIFA:

4 Q. Exhibit Y, do you recognize these documents?

5 A. I do.

6 Q. What do you recognize them to be?

7 A. The renewal application for Home Warranty  
8 Administrator of Nevada.

9 Q. And the renewal application was approved?

10 A. Yes, it was.

11 Q. And page one is what?

12 A. I'm sorry?

13 Q. What is page one?

14 A. It's the first page of the application where it  
15 starts off with a couple of questions.

16 Q. No, page one of the exhibit, I'm sorry, one of  
17 four.

18 A. Am I looking at the right page?

19 Q. It has the state seal of Nevada on it,  
20 Exhibit Y. It's a letter.

21 HEARING OFFICER EMMERMANN: Yeah, I don't know  
22 what you're looking at, either.

23 MR. GRIFA: Oh, I'm sorry.

24 HEARING OFFICER EMMERMANN: So we might need to  
25 go to Exhibit Y.

1 BY MS. GRIFA:

2 Q. Okay. No, I'm on, I'm sorry, Exhibit Y.  
3 Exhibit Y?

4 A. I just have numbers here.

5 Q. All right. There's another book that you were  
6 in, which is probably one of the ones that's open. My  
7 apologies. I just wanted the record to reflect it was  
8 also marked. But I wanted to use Exhibit Y. All right.  
9 Are we doing better now?

10 A. Yes.

11 Q. All right. Exhibit Y is four pages. Page one  
12 is a letter, isn't it?

13 A. It is.

14 Q. Who's that letter from?

15 A. Dolores Bennett.

16 Q. Who's it to?

17 A. To Home Warranty Administrator of Nevada, Inc.,  
18 my attention.

19 Q. And what is the subject of the letter?

20 A. Just letting us know that we've been approved,  
21 the renewal has been approved.

22 Q. And in order to obtain these approvals, do you  
23 have to continue to submit certain fees?

24 A. Yes.

25 Q. Do they -- well, I'll try to get it out in

1 English. Does that include that \$1,000 filing fee?

2 A. Yes.

3 Q. And, also, there is that \$1,300 fee?

4 A. Yes.

5 Q. The \$1,300 fee doesn't actually have to be  
6 submitted with this application, but it follows a little  
7 bit later, at least it did in 2012, or 2011?

8 A. Correct.

9 Q. So Dolores Bennett processed your application,  
10 and you were approved?

11 A. Yes.

12 Q. Approved on time?

13 A. Yes.

14 Q. And then I would direct your attention to page  
15 one. Does it set forth a provider name?

16 A. Yes, it does.

17 Q. Who is the provider?

18 A. Home Warranty Administrator of Nevada, Inc.

19 Q. What is the mailing address?

20 A. 90 Washington Valley Road, Bedminster,  
21 New Jersey.

22 Q. Who is the contact?

23 A. Victor Mandalawi.

24 Q. What is your title?

25 A. President.



1 Q. With respect to number one, could you read us  
2 the question and give us the answer.

3 A. Have there ever been any changes in the  
4 executive officers or in the officers responsible for  
5 service contract business since your last application?

6 Q. And you answered that how?

7 A. No.

8 Q. And question two?

9 A. Have you made any changes to the administrator  
10 or designated a new administrator since your last  
11 application?

12 Q. And how did you answer that question?

13 A. No.

14 Q. Directing your attention to three, can you read  
15 us the question? And there are four subparts. Can you  
16 give us those answers?

17 A. Sure. Since the last application, has  
18 applicant or any of the officers listed in question one  
19 ever, (a), been convicted of a felony or any misdemeanor  
20 of which any, an essential element was brought? I  
21 answered no.

22 Since the last application, has applicant or  
23 any of the officers listed in the question one ever,  
24 (b), been insolvent or adjudged a bankrupt? I answered  
25 no.

1           Since the last application, has applicant or  
2 any of the officers listed in question one ever, (c),  
3 been refused a license or registration, including a  
4 license or registration as a service contract provider,  
5 or had an existing one suspended or revoked by any state  
6 or governmental agency or authority? I answered no.

7           Since the last application, has applicant or  
8 any of the officers listed in question one ever, (d),  
9 been fined by any state or governmental agency or  
10 authority in any matter regarding service contracts? I  
11 answered no.

12         Q.   Were those answers truthful and accurate to the  
13 best of your ability?

14         A.   Yes.

15         Q.   And so, with its approval, that meant that the  
16 State of Nevada would enable you to continue to do  
17 business until November 2012; isn't that right?

18         A.   Correct.

19         Q.   And in 2012, you were obliged to renew again?

20         A.   Yes.

21         Q.   So I'll ask you to look at Z as in zebra. And  
22 we'll use Exhibit Z, but it's also marked as Exhibit 5,  
23 Division 5. Do you see Exhibit Z?

24         A.   Yes, I do.

25         Q.   Six-page application?

1 A. Yes.

2 Q. Six-page exhibit. I'm sorry. And it begins  
3 with a letter, doesn't it?

4 A. It does.

5 Q. And who is that letter to?

6 A. Home Warranty Administrator of Nevada, Inc.,  
7 attention Victor Mandalawi.

8 Q. Okay. And what does that letter set forth?

9 A. Letting us know that we've been approved.

10 Q. And who signed it?

11 A. Derick Dennis.

12 Q. On page two of this application, there are some  
13 receipts, right, or invoices, I guess?

14 A. Yes.

15 Q. And what do those invoices reflect?

16 A. Fees we paid to the Division.

17 Q. Paid in time for your application to be  
18 considered?

19 A. Yes.

20 Q. And then, from page three to six, we have the  
21 application that you have previously testified to; isn't  
22 that right?

23 A. Yes.

24 Q. And the 2012 application seeking approval to  
25 continue to do business into 2013 pretty much looks the

1 same, doesn't it?

2 A. Yes, it does.

3 Q. Who's the provider in that document?

4 A. Home Warranty Administrator of Nevada, Inc.

5 Q. What is the mailing address of the company?

6 A. 90 Washington Valley Road, Bedminster,

7 New Jersey.

8 Q. And the contact?

9 A. Victor Mandalawi.

10 Q. This form's a little bit different, because  
11 they tucked that contact underneath the mailing address,  
12 right?

13 A. Yes.

14 Q. And with respect to number one, can you see  
15 that question?

16 A. Yes.

17 Q. And what is that question?

18 A. Have there been any changes in the executive  
19 officers or in the officers responsible for service  
20 contract business since your last application?

21 Q. And how did you answer that question?

22 A. No.

23 Q. I direct your attention to page two of -- it's  
24 actually marked four of six of this exhibit, but the  
25 second page of your application, and I direct your

1 attention to number three. Do you see it?

2 A. Yes, I do.

3 Q. Can you read the question and then all the  
4 subparts and advise us of the answers you provided to  
5 the State of Nevada?

6 A. Sure. Since the last application, has  
7 applicant or any of the officers listed in question one  
8 ever, (a), been convicted of a felony or any misdemeanor  
9 of which an essential element is fraud? I answered no.

10 Since the last application, has applicant or  
11 any of the officers listed in the question one ever,  
12 (b), been insolvent or adjudged a bankrupt? I answered  
13 no.

14 Since the last application, has applicant or  
15 any of the officers listed in question one ever, (c),  
16 been refused a license or registration, including a  
17 license or registration as a service contract provider,  
18 or had an existing one suspended or revoked by any state  
19 or governmental agency or authority? I answered no.

20 Q. Were those answers truthful and accurate to the  
21 best of your ability?

22 A. Yes.

23 Q. Let's switch goes a little bit. In November  
24 2013, you were required to renew again, for purposes of  
25 operating in Nevada in 2014; isn't that right?

1 A. Yes.

2 Q. In 2014, the State of Nevada asked you to do  
3 something; isn't that right?

4 A. Yes.

5 Q. What did they ask you to do?

6 A. To create a dba.

7 Q. Do you remember how that request came to you?

8 A. I believe, Derick Dennis sent me the request.

9 Q. Okay. I'm going to ask you to look at an  
10 exhibit that is marked T as in Thomas, and it's in the  
11 same book that we've been looking at. Do you  
12 recognize -- this is an exhibit, Exhibit T, that is --  
13 it's 59 pages; isn't that right?

14 A. Yes.

15 Q. And we know that because in the top right-hand  
16 corner it says one of 59?

17 A. Yes, it does.

18 Q. Okay. And if you look at the first page, and  
19 I'd ask you to look at the top of the first page, did  
20 there come a point in time that you received a  
21 communication from a woman named Elena Ahrens?

22 A. Yes.

23 Q. Do you know what that was about?

24 A. She wanted to talk about for us to set up a  
25 dba.

1 Q. But that's not how your conversations with  
2 Elena Ahrens started, were they?

3 A. No.

4 Q. There's a subject line in that email. And just  
5 for the record, would you read the date and time of the  
6 email from Ms. Ahrens to you.

7 A. Friday, April 25th, 2014, at 11:52 a.m.

8 Q. Is there anyone copied on it?

9 A. Yes.

10 Q. Who?

11 A. Derick Dennis and Ted Bader.

12 Q. Do you know what Ted Bader was at the time you  
13 got this email; did you know who he was?

14 A. I don't remember.

15 Q. Did you know who Elena Ahrens was?

16 A. I knew that she worked at the Division.

17 Q. And in her email, it lists her as the Chief of  
18 Property and Casualty?

19 A. Yes.

20 Q. And so she sent you an email and she said she  
21 wanted to talk to you about something else, right?

22 A. Yes.

23 Q. But in the subject line there is a name, right?

24 A. Right.

25 Q. And who, who or what is that name?

1 A. Ashok Mirchandani.

2 Q. Would you mind spelling that for the court  
3 reporter.

4 A. Sure. A-S-H-O-K, M-I-R-C-H-A-N-D-A-N-I.

5 Q. In the email that she sent to you, with the  
6 subject line Ashok Mirchandani, you and she had been  
7 communicating about Mr. -- I'm going to just call him  
8 Ashok; how's that? And on the bottom of page one, there  
9 is an email from you to her on the same day; isn't that  
10 right?

11 A. Yes.

12 Q. And would you read that into the record, the  
13 email communication between you and Ms. Ahrens on that  
14 day.

15 A. Sure. Ms. Ahrens, I am pleased to report the  
16 CHW team has reached a mutually acceptable resolution  
17 with Mr. Mirchandani. CHW has agreed to reimburse  
18 Mr. Mirchandani for the two claims in question. Please  
19 note CHW policy clearly stated they were noncovered  
20 items. Hence the team has advised Mr. Mirchandani that  
21 in the future we will and must adhere to the policy.  
22 Copies of our policy and T and C's have been resent to  
23 Mr. Mirchandani for his reference and reviews.  
24 Mr. Mirchandani was pleased with the courtesy CHW has  
25 extended, and we consider the matter resolved. Thank



1 you for your help in this matter. Sincerely, Victor  
2 Mandalawi.

3 Q. The first line in her email to you on the same  
4 day, would you read that to us, below your name.

5 A. Thank you for working with the Division on this  
6 matter. It is appreciated.

7 Q. Do you have any specific recollection about  
8 what Mr. Ashok, what his claim was or what his complaint  
9 might have been?

10 A. Not particularly.

11 Q. Okay. I just asked you what his claim was or  
12 what his complaint might have been. Is there a  
13 difference, in your mind, as the president of HWAN and  
14 as the president of CHW Group, Inc., between a claim and  
15 a complaint?

16 A. Yes.

17 Q. What is a claim?

18 A. A claim is a scenario where there is a problem  
19 reported for a system or appliance. A technician is  
20 dispatched, and either a repair or replacement takes  
21 place. A complaint is when a consumer is dissatisfied  
22 with the claim and possibly its outcome.

23 Q. And since the inception of HWAN and its  
24 continuing relationship with CHW Group, has that always  
25 been the way you define the difference between claim and

1 a complaint?

2 A. Yes.

3 Q. Since the inception of the Nevada company to  
4 the present day, could you give us an idea how many  
5 claims the company has entertained in those seven years?

6 A. The entire, for the entire country?

7 Q. No, just for Nevada, how many claims?

8 A. About 70,000, I believe.

9 Q. Something like that?

10 A. (Nodded head affirmatively.)

11 Q. And the claims for any of the other HWA  
12 entities would be separate from that; isn't that right?

13 A. Correct.

14 Q. Those claims that you just described, the  
15 approximately 70,000 over seven years, would be on the  
16 Nevada contract?

17 A. Correct.

18 Q. Are there any contracts sold to Nevada  
19 consumers other than the Nevada contract?

20 A. No.

21 Q. And the contract that we're speaking of is the  
22 one that was approved by the Division in 2011, isn't it?

23 A. Correct, yes.

24 Q. Does HWAN attempt to enforce the contract with  
25 respect to its policyholders?

1 A. Yes.

2 Q. Does HWAN provide exceptions pursuant to its  
3 contract?

4 A. Yes.

5 Q. Accommodations?

6 A. Yes.

7 Q. Can you describe what some of those might be?

8 A. They might be repair or replacement of systems  
9 or appliances. They might be cash payments to consumers  
10 or refund of premiums.

11 Q. Are there goodwill payments made?

12 A. Yes.

13 Q. In this particular email to Ms. Ahrens, was  
14 this a goodwill gesture for Mr. Ashok?

15 A. It was.

16 Q. Between the inception of HWAN and 2014, did you  
17 participate in the resolution of complaints in the way  
18 in which you have described them?

19 A. Yes.

20 Q. And was that part of your function?

21 A. Yes.

22 Q. Did you have people who worked with you in  
23 reviewing complaints?

24 A. Yes.

25 Q. And by whom were they employed?

1 A. CHW Group.

2 Q. Okay. And was there a process for reviewing  
3 complaints and an escalation process in place between  
4 2011 and 2014?

5 A. Yes.

6 Q. And was there somebody between you and the  
7 person who received the complaint from the consumer?

8 A. Yes.

9 Q. Complaint being from a dissatisfied customer  
10 who had either not received the replacement or didn't  
11 get enough cash back; that's the complaint, right?

12 A. Yes.

13 Q. Who was the person that was between you, person  
14 or persons between you and the customer?

15 A. Marla Ramirez.

16 Q. Okay. And before her?

17 A. Christine Baumeister.

18 Q. Was there a woman named Tamarra Swet or Sweet  
19 that worked for the company?

20 A. Yes.

21 Q. When I say company, I mean CHW Group, right?

22 A. Yes.

23 Q. Because none of those women, Marla Ramirez,  
24 Christine -- is it Baumeister?

25 A. Yes.

1 Q. Or Tamarra Swet, they never worked for HWAN?

2 A. No.

3 Q. They worked for CHW Group in New Jersey,  
4 correct?

5 A. Correct.

6 Q. And they reported to Victor Hakim?

7 A. Correct.

8 Q. At what point in time would a complaint be  
9 brought to your attention?

10 A. If it was escalated, I guess, high enough where  
11 the consumer wasn't happy, and they would ask for my  
12 opinion.

13 Q. And you'd get involved?

14 A. Yeah.

15 Q. Do you have final authority?

16 A. I did.

17 Q. And did you, as the president of HWAN, have a  
18 particular policy or objective in how you were going to  
19 deal with those complaints when they were brought to  
20 your attention?

21 A. Yes.

22 Q. And can you tell us what that was?

23 A. Yeah, I always want to make sure that CHW Group  
24 is adhering to the terms and conditions of the policy  
25 and making sure that they are in compliance. So that

1 went into my review.

2 Q. And did you play that role with the other HWA  
3 companies?

4 A. Yes, I sure did.

5 Q. So yesterday we heard about two different legal  
6 matters that are pending in other states. Do you recall  
7 that portion of the testimony?

8 A. That are currently pending?

9 Q. Currently pending.

10 A. Yes.

11 Q. One of them involves a woman named Amanda  
12 Kernahan, right?

13 A. Right.

14 Q. And that's a New Jersey matter, right?

15 A. Yes.

16 Q. And the other one involves a man named Mark  
17 Fladerspiel; is that right?

18 A. It's Federspiel.

19 Q. Federspiel. And that's a South Carolina  
20 matter?

21 A. Yes.

22 Q. Amanda Kernahan is suing what company?

23 A. CHW Group, Inc.

24 Q. And what company is Mr. -- give me the name.

25 A. Federspiel.

1 Q. -- Federspiel suing?

2 A. CHW Group, Inc.

3 Q. I'm going to ask you to look at the numbered  
4 exhibits. These are the Division exhibits. And I'm  
5 going to ask you to look at Exhibit Number 42, the last  
6 one in the back of the book.

7 A. I got it.

8 Q. Do you recognize that document?

9 A. Yes.

10 Q. What is this?

11 A. It's a lawsuit from Mark Federspiel to CHW  
12 Group, Inc.

13 Q. Db a Choice Home Warranty?

14 A. Correct.

15 Q. And are you named individually in that lawsuit?

16 A. Yes.

17 Q. Is Mr. Hakim named individually in that  
18 lawsuit?

19 A. Yes.

20 Q. This is an open case, right?

21 A. It is.

22 Q. Can you tell us what the nature of the claim is  
23 in that case?

24 A. Yes. Mark Federspiel is a consumer. He had a  
25 water heater claim rejected. And he's suing the company

1 for \$300,000.

2 Q. Let's go to 10 in the same book. Have you seen  
3 this document before?

4 A. Yes.

5 Q. This is a 21-page exhibit, Exhibit 10. This is  
6 a court record, right?

7 A. Yes.

8 Q. And if you'd flip to the back, page 21 of 21,  
9 it has a date on it. Could you tell us what the date  
10 is?

11 A. November 18th, 2016.

12 Q. This case is pending in New Jersey, isn't it?

13 A. It is.

14 Q. This document is not signed, right?

15 A. No, it's not.

16 Q. There's a blank that is left for a New Jersey  
17 judge to sign, and this particular copy is unsigned?

18 A. Correct.

19 Q. Can you, by going back to page one, tell us who  
20 Amanda Kernahan is suing, the company -- and I'll get  
21 that pronounced right eventually today -- what company  
22 Amanda Kernahan is suing?

23 A. Home Warranty Administrator of Florida, Inc.

24 Q. And was Amanda Kernahan a service contract  
25 customer for HWA in Florida?



1 A. Yes.

2 Q. HWAN is not named in this suit, is it?

3 A. No.

4 Q. HWAN is not named in the South Carolina suit,  
5 is it?

6 A. No.

7 Q. Would it be fair to say that the manner in  
8 which you have described your intervention with regard  
9 to consumer complaints began around 2010 when the  
10 company was founded and continues to the present day?

11 A. Yes.

12 Q. I'm going to go back to the renewal forms. And  
13 I'm going to ask you to look at Z as in zebra.  
14 Actually, I'm going to ask you to look at AA. Do you  
15 recognize the document?

16 A. Yes.

17 Q. What do you recognize it to be?

18 A. A renewal application. It's a letter.

19 Q. The first page is a letter, right?

20 A. Correct.

21 Q. From the State of Nevada?

22 A. Yes.

23 Q. Division of Insurance?

24 A. Yes.

25 Q. Who's it signed by?

1 A. Derick Dennis.

2 Q. That's November 25th, 2013. And what was the  
3 occasion on which Mr. Dennis wrote to you or to the  
4 company?

5 A. Letting us know that the renewal has been  
6 approved.

7 Q. So that was the renewal from 2013 to November  
8 of 2014, right?

9 A. Correct, yes.

10 Q. And, I think, you're going to have to turn the  
11 book, Mr. Mandalawi. And I'm going to ask you to look  
12 at page three of six. Do you see three of six?

13 A. Yes.

14 Q. This is the application that you submitted for  
15 renewal in 2013 that would permit the company HWAN to do  
16 business in Nevada in 2014, right?

17 A. Right.

18 Q. And who was the provider listed here?

19 A. Home Warranty Administrator of Nevada, Inc.

20 Q. And where is the mailing address of the  
21 company?

22 A. 90 Washington Valley Road, Bedminster,  
23 New Jersey.

24 Q. Who is the contact?

25 A. Victor Mandalawi.

1 Q. What is his title?

2 A. President.

3 Q. With respect to number one, could you read that  
4 question and your answer into the record for us, please.

5 A. Have there been any changes in the executive  
6 officers or in the officers responsible for service  
7 contract business since your last application? I  
8 answered --

9 Q. How did you answer that question?

10 A. No.

11 Q. And, then, was that truthful and accurate?

12 A. Yes.

13 Q. Go to page, the second page of that  
14 application, but four of six in this exhibit, question  
15 number three.

16 A. I got it.

17 Q. Can you read us question three and all of its  
18 four subparts and tell us how you answered the State of  
19 Nevada?

20 A. Since the last application, has applicant or  
21 any of the officers listed in question one ever, (a),  
22 been convicted of a felony or any misdemeanor of which  
23 an essential element is fraud? I answered no.

24 Since the last application, has applicant or  
25 any of the officers listed in question one ever, (b),

1 been insolvent or adjudged a bankrupt? I answered no.

2 Since the last application, has applicant or  
3 any of the officers listed in question one ever, (c),  
4 been refused a license or registration, including a  
5 license or registration as a service contract providers,  
6 or had an existing one suspended or revoked by any state  
7 or governmental agency or authority? I answered no.

8 HEARING OFFICER EMMERMANN: Yes, thank you for  
9 noticing. If you could read more slowly.

10 THE WITNESS: Sure. Sorry.

11 Since the last application, has applicant or  
12 any of the officers listed in question one ever, (d),  
13 been fined by any state or governmental agency or  
14 authority in any matter regarding service contracts?

15 BY MS. GRIFA:

16 Q. And how did you answer that question?

17 A. No.

18 Q. And were you truthful and accurate in all of  
19 those answers to the State of Nevada in 2013 when you  
20 made this submission?

21 A. Yes.

22 Q. And you signed it, and you sent it in; is that  
23 right?

24 A. Correct.

25 Q. And we know from the letter that Derick Dennis

1 is the man who processed this application; is that  
2 right?

3 A. Yes.

4 Q. Okay. Were there times between 2011 and  
5 November of 2013 that Mr. Dennis or perhaps Ms. Dolores  
6 Bennett may have asked you to provide something that  
7 maybe did not accompany your application?

8 A. Yes.

9 Q. And did you make your best efforts to provide  
10 it in a reasonable time after they requested it?

11 A. Yes.

12 Q. During that period, did you have communications  
13 with them with regard to the reserve amount that Nevada  
14 required HWAN to maintain in connection with their  
15 service contract provider business?

16 A. Yes.

17 Q. Can you describe for us how those  
18 communications took place?

19 A. Telephonically or via email.

20 Q. Okay. So what would happen, would you receive  
21 a communication regarding the reserve, how would that  
22 come to you? And I'm not asking you the means by which,  
23 telephonic or mail. What would happen?

24 A. I would normally get a request of the Division  
25 to make a certain payment for the reserves.

1 Q. Were you required, as best you understand, by  
2 Nevada law to keep a certain level of reserves available  
3 in order to do business here?

4 A. Yes.

5 Q. And that's a statutory requirement, isn't it?

6 A. Yes.

7 Q. And would the Division calculate that number  
8 and report it back to you?

9 A. Yes, they would.

10 Q. And after you received that number, would you  
11 write the check?

12 A. Yes.

13 Q. Would that be on the HWA account?

14 A. Yes.

15 Q. During that period, '11, '12 and '13, was there  
16 ever a time that you didn't receive that number and that  
17 request of the Division?

18 A. No.

19 Q. Every time they asked you to enhance the amount  
20 of reserve on file or on account, you complied with that  
21 request?

22 A. Yes.

23 Q. Now, there's something called -- I'm sorry. I  
24 think, I may have this confused. The reserves, the  
25 company actually calculates; isn't that right?

1 A. That's right.

2 Q. I made that mistake. It's actually the  
3 security deposit that gets calculated; isn't that right?

4 A. Right.

5 Q. And so when I was asking you, and you were  
6 agreeing with me, I was actually asking you the wrong  
7 question. So let me go back and try to correct that.  
8 Did the Division, through a member of its personnel,  
9 advise you that you needed to enhance the amount on  
10 deposit, that security deposit with respect to your  
11 continuing business in the State of Nevada?

12 A. Yes.

13 Q. And did you provide those amounts when  
14 requested?

15 A. Yes.

16 Q. If we could just go back to those matters we  
17 discussed, California, Washington and Oklahoma. Of all  
18 of those, other than the Washington case, were you  
19 individually named in any of them?

20 A. No, I was not.

21 Q. In those three cases, did the company admit any  
22 liability? That is, CHW Group is the company  
23 represented in those three state actions, right?

24 A. Right.

25 Q. Did the company admit any liability in any of

1 those actions?

2 A. No.

3 Q. Did you personally, when you signed as a  
4 representative of the company, admit any personal  
5 liability?

6 A. No.

7 Q. Or as an officer of CHW Group, admit any  
8 liability?

9 A. No.

10 Q. And so even though you were named in the  
11 Washington 2010 complaint, you never admitted any  
12 liability individually, did you?

13 A. No.

14 Q. After the California incident, did CHW Group  
15 cease doing business in California?

16 A. Yes.

17 Q. And also in Washington?

18 A. Yes.

19 Q. Ultimately, HWA undertook a license or a  
20 registration in Oklahoma; isn't that right?

21 A. Yes.

22 Q. I want to go back to your communications with  
23 Derick Dennis and Ms. Elisa Ahrens in 2014. So you're  
24 doing business under your renewed certificate, which we  
25 have just discussed from Exhibit Z, right? I'm sorry,



1 AA. You're doing business. You receive a communication  
2 from Elisa Ahrens. And they want to talk to you about a  
3 dba. Right?

4 A. Right.

5 Q. And that takes place in the spring of 2014.  
6 And you cooperate with their request; isn't that right?

7 A. Yes.

8 Q. Would it be fair to say that Mr. Dennis was  
9 your specific point of contact in processing the request  
10 for the doing business as?

11 A. Yes, it would.

12 Q. So I would direct your attention to Exhibit T  
13 as in Thomas. And in particular, would you take a look  
14 at page nine of 59. Actually, nine, 10 and 11.

15 A. Okay.

16 Q. Were these documents prepared and submitted by  
17 you with respect to their request by the Division of  
18 Insurance?

19 A. Yes.

20 Q. And you signed them?

21 A. Yes, I did.

22 Q. And they are dated May 14, 2016; is that right?

23 A. 16th.

24 Q. 16th of May. I'm sorry. I did say May 24th.  
25 May 16th, 2014. So page nine is the Certificate of

1 Business Fictitious Firm Name form, right?

2 A. Right.

3 Q. Page 10 is a certified copy, notary stamp,  
4 right?

5 A. Right.

6 Q. That's dated June 23, 2014. Am I reading that  
7 correctly?

8 A. Yes.

9 Q. And then page 11 is a certificate of business  
10 fictitious filing form also prepared and signed by you;  
11 isn't that right?

12 A. Yes.

13 Q. And that has the date of May 16, 2014 on that  
14 as well?

15 A. Yes.

16 Q. And these were all filed with the State of  
17 Nevada at their request?

18 A. Yes.

19 Q. And thereafter, they issued you a new  
20 certificate of registration, right?

21 A. Yes, they did.

22 Q. You were required to return the old one before  
23 you got the new one; isn't that right?

24 A. That's right.

25 Q. And if you could direct your attention to page

1 53 of 59. Do you have it?

2 A. Yes.

3 Q. This is a copy of what you received, isn't it?

4 A. Yes.

5 Q. And how does the name of the company appear  
6 after July, or on or after July 14, 2014?

7 A. Home Warranty Administrator of Nevada, Inc. dba  
8 Choice Home Warranty.

9 Q. So this is the name change that was requested  
10 by the State of Nevada. Did they offer you, did they  
11 offer you a rationale for why they wanted you to change  
12 the company name, at or around the time that they first  
13 communicated with you in April of 2014?

14 A. Yes.

15 Q. And what was that?

16 A. They thought it was confusing for consumers,  
17 having just the name Home Warranty Administrator of  
18 Nevada.

19 Q. And that is even though in your 2011 contract,  
20 it said us, we, et cetera, means Home Warranty  
21 Administrator, and the administrator was CHW Group,  
22 right?

23 A. Correct.

24 Q. And that's the contract that you had been  
25 selling for all those years?

1 A. Correct.

2 Q. But they asked you to do it, and you did it?

3 A. Yes.

4 Q. In 2014, something else happened, didn't it? A  
5 few things happened in 2014. But in New Jersey,  
6 something happened in 2014, didn't it?

7 A. Yes.

8 Q. What happened in 2014?

9 A. New Jersey filed a lawsuit against CHW Group,  
10 Inc.

11 Q. And you were personally named in that lawsuit?

12 A. I was.

13 Q. So was Mr. Hakim?

14 A. Yes.

15 Q. And a gentleman named David Seruya?

16 A. Correct.

17 Q. I think, you testified a little earlier this  
18 morning, or this afternoon, that Mr. Seruya had  
19 involvement in CHW Group at or around 2009, something  
20 like that?

21 A. Correct.

22 Q. And that continued on for a few years, right?

23 A. Yes.

24 Q. And then, eventually, he left the company?

25 A. Right.

1 Q. But he still got named in the lawsuit?

2 A. He did.

3 Q. And that lawsuit was filed in the 2014. Can  
4 you tell us, in perhaps just a sentence, what the nature  
5 of the allegations were?

6 A. Allegations of false advertising and consumer  
7 fraud.

8 Q. And, ultimately, CHW Group, Inc. resolved that  
9 by way of settlement?

10 A. Correct.

11 Q. Now, the exhibit that is marked by the Division  
12 is the Final Consent Judgment, which is the document  
13 that ended the lawsuit; isn't that right?

14 A. That's right.

15 Q. It's many pages long, many, many paragraphs;  
16 isn't it fair to say?

17 A. Yes.

18 Q. You participated in all of the discussions with  
19 counsel in trying to get that lawsuit resolved?

20 A. Yes.

21 Q. As did Mr. Hakim, right?

22 A. Yes.

23 Q. And I represented you for that, didn't I?

24 A. Yes.

25 Q. In that lawsuit, was HWAN ever named?

1 A. No, never.

2 Q. Was any HWA entity operating in the United  
3 States of America ever named in that lawsuit?

4 A. No.

5 Q. And you were required by the state, as a  
6 condition of resolving the lawsuit, that you would sign  
7 personally to the terms and conditions of the  
8 settlement, true?

9 A. Correct.

10 Q. And that was as an officer of CHW Group, Inc.?

11 A. Yes.

12 Q. And what about Mr. Hakim?

13 A. Yes.

14 Q. He signed also as CHW Group, Inc.?

15 A. He sure did.

16 Q. And that's because there was no HWA ever  
17 involved in that lawsuit?

18 A. That's right.

19 Q. Can you report to us briefly -- we've heard a  
20 little bit about it already -- what the settlement was?

21 A. There was just about a \$780,000 payment, along  
22 with us agreeing to employ a compliance monitor, and  
23 other terms to be bound by.

24 Q. Did you, did you retain a compliance monitor?

25 A. Yes.

1 Q. Of that cash payment, was a portion of that to  
2 be returned to consumers, best as you can recall?

3 A. I think so. I believe so.

4 Q. If I suggested to you approximately \$238,000,  
5 would that refresh your recollection?

6 A. It does.

7 Q. And the balance of the payment?

8 A. I assume, went directly to the state.

9 Q. Fines and penalties, right?

10 A. Yes.

11 Q. About \$540,000?

12 A. Yes.

13 Q. The company had to retain a compliance monitor  
14 at its own expense?

15 A. Yes.

16 Q. And can you describe briefly what her -- who  
17 that person was and what her role was?

18 A. Sure. Her name was Judge Harriet Derman, and  
19 she was responsible to make sure that we are adhering to  
20 the terms of the settlement. She reviewed consumer  
21 complaints and some of our advertising practices.

22 Q. What was the initial term of her retention as  
23 directed by the State of New Jersey?

24 A. Just one year.

25 Q. And does she have a continuing relationship

1 with CHW Group since that one-year period passed?

2 A. She does.

3 Q. So the State of New Jersey lawsuit was finished  
4 in June of 2015, right?

5 A. That's right.

6 Q. Did she stay on with the company, CHW Group, to  
7 the present day?

8 A. Yes.

9 Q. In the first year, was she required to make  
10 reports to the state?

11 A. She was.

12 Q. And how often were those reports made?

13 A. Quarterly.

14 Q. And did she find that during that first year  
15 that you were noncompliant with any term or condition of  
16 that Final Consent Judgment?

17 A. No.

18 Q. Does she continue to communicate on behalf of  
19 CHW Group, Inc., if you know, to the State of New Jersey  
20 with regard to any concern it may have?

21 A. Yes, she does.

22 Q. Does she assist CHW Group, Inc. in addressing  
23 consumer complaints as we have already described them?

24 A. Yes.

25 Q. And does CHW Group, Inc. continue to compensate



1 her for her service?

2 A. Yes.

3 Q. Would it be fair to characterize her as a  
4 consultant now?

5 A. Sure.

6 Q. I'm going to direct your attention now to BB.  
7 I'll give you a minute to find that. BB is also marked  
8 in the record as 12, Division 12. And I'll give you a  
9 minute to look at it.

10 MS. GRIFA: Excuse me. If I could just have a  
11 moment.

12 HEARING OFFICER EMMERMANN: Sure.

13 BY MS. GRIFA:

14 Q. So in 2014, in July, you go have the new dba,  
15 right?

16 A. That's right.

17 Q. A new certificate of registration reflecting  
18 that dba, right?

19 A. That's right.

20 Q. And you also have a Final Consent Judgment from  
21 the State of New Jersey in 2015, right?

22 A. Correct.

23 Q. So the contract, the certificate of the  
24 registration was needed to be renewed to go into 2015;  
25 isn't that right?

1 A. That's right.

2 Q. Actually, let's go back to 2014. I'm sorry. I  
3 don't want to get too far ahead of myself. I'm not sure  
4 that we discussed the 2014 renewal. And that is what is  
5 actually found at BB; BB, 2014, right? So I direct your  
6 attention to the first page of BB. Do you see the  
7 letterhead is marked as one of 10?

8 A. Yes.

9 Q. And who is that letter from?

10 A. Derick Dennis.

11 Q. To whom?

12 A. Home Warranty Administrator of Nevada, Inc. dba  
13 Choice Home Warranty, to Victor Mandalawi's attention.

14 Q. And that's December 2nd, 2014?

15 A. Yes.

16 Q. And what did Mr. Dennis tell you in that  
17 letter?

18 A. That our renewal has been approved.

19 Q. So that's your 2014 renewal, which would enable  
20 you to do business into 2015, right?

21 A. Correct.

22 Q. And pages two through 10 are that renewal  
23 application, aren't they?

24 A. Yes.

25 Q. And that exhibit also includes invoices and

1 receipts associated with the fees necessary to renew  
2 that registration certificate?

3 A. Yes, it does.

4 Q. Actually, on page six, you were able to  
5 incorporate a check for the security deposit; isn't that  
6 right?

7 A. That is right.

8 Q. On the bottom of it, the Division of Insurance  
9 received a \$52,000 check from Home Warranty  
10 Administrator, right?

11 A. Correct.

12 Q. Made payable to abide by your security  
13 requirement. So directing your attention to page one,  
14 who's the provider?

15 A. Home Warranty Administrator of Nevada, Inc. dba  
16 Choice Home Warranty.

17 Q. What is the mailing address?

18 A. 90 Washington Valley Road, Bedminster,  
19 New Jersey.

20 Q. Who's the contact?

21 A. Victor Mandalawi.

22 HEARING OFFICER EMMERMANN: What page are you  
23 on, Ms. Grifa?

24 MS. GRIFA: I'm on page two of 10.

25 HEARING OFFICER EMMERMANN: Thank you. Got it.

1 MS. GRIFA: I'm sorry.

2 BY MS. GRIFA:

3 Q. I would direct your attention to question one.

4 Can you read us the question and your answer?

5 A. Sure. List all aliases or names under which  
6 the company conducts business, doing business as.

7 Provide supporting documentation.

8 Q. And how did you answer that question?

9 A. Not applicable.

10 Q. Was that a truthful and accurate answer at the  
11 time that you made it?

12 A. Yes.

13 Q. But you, but the company had a dba added in  
14 2014. How is that true and accurate?

15 A. It's true, because I thought that the question  
16 was referring to any additional dba's. And I assumed  
17 that it was already mentioned about three inches above  
18 the question, where it lists Home Warranty Administrator  
19 of Nevada, Inc. Choice Home Warranty.

20 Q. So you answered it NA?

21 A. Correct.

22 Q. And then, with number two, can you tell us, can  
23 you read that question and your answer to the State of  
24 Nevada?

25 A. Have there been any changes in the executive

1 officers or in the officers responsible for service  
2 contract business since your last application?

3 Q. And how did you answer that question?

4 A. No.

5 Q. Was that truthful and accurate at the time that  
6 you gave that answer?

7 A. Yes.

8 Q. Now I'm going to direct your attention to  
9 what's marked as three of 10. It is the second page of  
10 that application. Do you see that, that question and  
11 your answers?

12 A. Yes.

13 Q. Question four, can you read us the question,  
14 with the corresponding subpart, and let us know what  
15 answer you provided to the State of Nevada?

16 A. Sure. Since the last application, has  
17 applicant or any of the officers listed in question one  
18 ever, (a), been convicted of a felony or any misdemeanor  
19 of which an essential element is fraud? I answered no.

20 Since the last application, has applicant or  
21 any of the officers listed in question one ever, (b),  
22 been insolvent or adjudged a bankrupt? I answered no.

23 Since the last application, has applicant or  
24 any of the officers listed in question one ever, (c),  
25 been refused a license or registration, including a

1 license or registration as a service contract provider,  
2 or had an existing one suspended or revoked by any state  
3 or governmental agency or authority?

4 Q. And how did you answer that question?

5 A. No.

6 Q. Mr. Mandalawi, you just told us that CHW Group,  
7 Inc. was fined \$780,000 in July of 2015. Oh, I'm sorry.  
8 I'll withdraw that question and misstate it. Were those  
9 answers true and accurate to the best of your knowledge?

10 A. Yes.

11 Q. And you signed the application and submitted  
12 it?

13 A. I did.

14 Q. And it was approved?

15 A. It was.

16 Q. Let's go to 2015, and that is BB. Oh, I'm  
17 sorry, 2015 is at CC. And that is -- I'm not sure what  
18 the corresponding Division --

19 MR. LENHARD: 12.

20 BY MS. GRIFA:

21 Q. Oh, I'm sorry, 12. Another year goes by,  
22 another renewal, right?

23 A. That's right.

24 Q. And 2015 is the year that you entered into the  
25 New Jersey consent judgment?

1 A. Yes.

2 Q. And that's the year that you paid the fine,  
3 right?

4 A. Yes.

5 Q. 2016 is an 11-page. CC is your 2016 renewal  
6 dated December, I'm sorry, dated November 2015,  
7 November 19th, 2015. Do you see it here at CC at pages  
8 one of 11?

9 A. Yes.

10 Q. What's page one?

11 A. It is a letter from Mary Strong letting us know  
12 that the renewal has been approved.

13 Q. This is the first time you ever got a  
14 communication from Mary Strong, right?

15 A. Probably.

16 Q. So she, apparently, took over the role of  
17 Mr. Dennis by virtue of her sending you this kind of  
18 letter?

19 A. Yes.

20 Q. And your application followed, right?

21 A. That's right.

22 Q. And it's bearing the received stamp from the  
23 State of Nevada?

24 A. Yes.

25 Q. And who is the provider on page two of 11,

1 which is the first page of your application?

2 A. Home Warranty Administrator of Nevada, Inc. dba  
3 Choice Home Warranty.

4 Q. What is the mailing address?

5 A. 90 Washington Valley Road, Bedminster,  
6 New Jersey.

7 Q. Who's the contact?

8 A. Victor Mandalawi.

9 Q. Directing your attention to question one, could  
10 you read the question and your answer?

11 A. List all aliases or names under which the  
12 company conducts business, doing business as. Provide  
13 supporting documentation.

14 Q. How did you answer that?

15 A. Not applicable.

16 Q. Again, I ask you the questions, Mr. Mandalawi.  
17 Doesn't Home Warranty Administrator of Nevada, Inc. have  
18 a dba?

19 A. It does.

20 Q. And how is it that you are able to answer that  
21 question NA?

22 A. Because we've already listed it three inches  
23 above the question, where it says Provider Name, Home  
24 Warranty Administrator of Nevada, Inc. dba Choice Home  
25 Warranty.



1 Q. So what did you think that question was  
2 referring to?

3 A. Additional dba's.

4 Q. So to the best of your ability, you answered  
5 that truthfully and correctly?

6 A. Yes.

7 Q. Two?

8 A. Have there been any changes in the executive  
9 officers or in the officers responsible for service  
10 contract business since your last application?

11 Q. How did you answer that question?

12 A. No.

13 Q. I'll direct your attention to the second page  
14 of your application, which is three of 11, question  
15 four. It's the same question and with subparts  
16 virtually every year, isn't it?

17 A. Yes.

18 Q. And there have been some occasions when it was  
19 known as question three; isn't that right?

20 A. Yes.

21 Q. And some future applications after 2015, it  
22 became question five; isn't that right?

23 A. Sounds right.

24 Q. Could you answer it, could you read us question  
25 four again, with all of the subparts, and the answer

1 that you provided to Nevada in connection with your  
2 November 2015 submission.

3 A. Sure. Since the last application, has  
4 applicant or any of the officers listed in question one  
5 ever, (a), been convicted of a felony or any misdemeanor  
6 of which an essential element is fraud? I answered no.

7 Since the last application, has applicant or  
8 any of the officers listed in question one ever, (b),  
9 been insolvent or adjudged a bankrupt? I answered no.

10 Since the last application, has applicant or  
11 any of the officers listed in question one ever, (c),  
12 been refused a license or registration, including a  
13 license or registration as a service contract provider,  
14 or had an existing one suspended or revoked by any state  
15 or governmental agency or authority? I answered no.

16 Q. Were those answers truthful and accurate at the  
17 time that you made them?

18 A. Yes.

19 Q. But, Mr. Mandalawi, in July of 2015, CHW Group,  
20 Inc. was fined by the State of New Jersey \$780,000;  
21 isn't that right?

22 A. That's right.

23 Q. So, then, with respect to 4(d) as in David, on  
24 page two of your application, set forth as three of 11  
25 on this exhibit, how can that answer be true?

1           A.    Because Home Warranty Administrator of Nevada,  
2 Inc. was never fined by any state or governmental  
3 agency or authority.

4           Q.    Well, who was the applicant here in this  
5 particular document?

6           A.    Home Warranty Administrator of Nevada, Inc. dba  
7 Choice Home Warranty.

8           Q.    And when it directs you back to question one,  
9 does it ask you anything about officers?

10          A.    Yes.

11          Q.    And what officers, or the officers of what  
12 entity is this document inquiring about?

13          A.    Home Warranty Administrator of Nevada, Inc.

14          Q.    And is that the basis on which you answered no  
15 to question 4(d) as in David?

16          A.    Yes.

17          Q.    Accompanying your application in November 2015,  
18 there are also in these exhibits some checks provided;  
19 isn't that right?

20          A.    That's right.

21          Q.    For that filing fee, that \$1,000 that we talked  
22 about before?

23          A.    Yes.

24          Q.    And there's also a security deposit check on  
25 page six for \$73,180; isn't that right?

1 A. That's right.

2 Q. In the past, you told us there were times that  
3 Derick Dennis would call you and tell what the security  
4 deposit amount was, right?

5 A. That's right.

6 Q. Would it be fair to say, by the fact that this  
7 check is here, that either Mary Strong called you or you  
8 called Mary Strong and were able to get this information  
9 in advance?

10 A. Yes.

11 Q. Well, actually, this check is dated December 3,  
12 2015; isn't that right?

13 A. It is.

14 Q. So would it be fair to say you obtained that  
15 information after you submitted the application?

16 A. At a later point, yes.

17 Q. And was submitted thereafter?

18 A. Yes. Yes, it was common to receive  
19 communications from the Division after the application  
20 was received.

21 Q. That had been the pattern you had with Derick  
22 Dennis?

23 A. Yes.

24 Q. Can you recall if that's the pattern you had  
25 with Dolores Bennett as well, or you can't remember back

1 that far?

2 A. I can't remember.

3 Q. All right. I'm going to direct your attention,  
4 then, to your 2016 renewal. Do you have the document?

5 A. Which?

6 Q. 2016, I'm sorry, is at DD.

7 A. Thank you. Yes, I've got it.

8 Q. This is a four-page document, right?

9 A. It is.

10 Q. And this is the document that you submitted on  
11 behalf of HWAN in order to continue the registration in  
12 good standing with the State of Nevada, right?

13 A. Yes.

14 Q. Who was the provider in Exhibit DD?

15 A. Home Warranty Administrator of Nevada, Inc. dba  
16 Choice Home Warranty.

17 Q. What is the mailing address?

18 A. 90 Washington Valley Road, Bedminster,  
19 New Jersey.

20 Q. And who is the contact?

21 A. Victor Mandalawi.

22 Q. And your title?

23 A. President.

24 Q. And with respect to number one, could you read  
25 us the question and give us your answer?

1       A.   List all aliases or names under which the  
2 company conducts business, doing business as, in Nevada.  
3 Provide supporting documentation filed with the county  
4 clerk of the county in which the company is doing  
5 business.   I answered not applicable.

6       Q.   And given that the company has a dba, how is it  
7 that you answered not applicable?

8       A.   Because there are no additional dba's from  
9 what's already listed above on the page.

10      Q.   And number two?

11      A.   Have there been any changes in the executive  
12 officers or in the officers responsible for service  
13 contract business since your last application?

14      Q.   And what did you check for that box?

15      A.   No.

16      Q.   And were those two answers truthful and  
17 accurate to the best of your ability?

18      A.   Yes.

19      Q.   And then I will direct your attention to page  
20 two of four, for the first time listed as number five.  
21 Can you again read us the question and now the five  
22 subpart answers and the answers you provided to the  
23 State of Nevada?

24      A.   Sure.   Since the last application, has the  
25 applicant or any of the officers listed in question one

1 ever, (a), been convicted of a felony or any  
2 misdemeanor? I answered no.

3 Since the last application, has the applicant  
4 or any of the officers listed in question one ever, (b),  
5 been insolvent or adjudged a bankrupt? I answered no.

6 Since the last applications, has the applicant  
7 or any of the officers listed in question one ever, (c),  
8 been refused a license or registration, including a  
9 license or registration as a service contract provider,  
10 or had an existing one suspended or revoked by any state  
11 or governmental agency or authority? I answered no.

12 Since the last application, has the applicant  
13 or any of the officers listed in question one ever, (d),  
14 been fined or had any administrative actions taken by  
15 any state or governmental agency or authority in any  
16 matter regarding service contracts? I answered no.

17 Q. And (e) is a new subpart in 2016; (e), could  
18 you read that and your answer.

19 A. Since the last application, has the applicant  
20 or any of the officers listed in question one ever, (e),  
21 other than traffic infractions, are there any past,  
22 slash, pending criminal or civil actions against any of  
23 the applicant's officers or directors? I answered no.

24 Q. Okay. So were those answers truthful and  
25 accurate to the best of your ability?

1 A. Yes.

2 Q. Does question one ask you to name any officers?

3 A. No, it does not.

4 Q. I'm going to ask you to go back to question --  
5 to CC. Can you get that? And that is your November  
6 2015 application for 2016 renewal. Does question one in  
7 that particular renewal ask you to identify any  
8 officers?

9 A. No, it does not.

10 Q. And then we'll go back to CC. I'm sorry. Back  
11 to CC. Forgive me. BB. Does question one ask you to  
12 set forth the names of any officers?

13 A. No, it does not.

14 Q. And I'd ask you to go back to AA, 2013. Does  
15 question -- do you have it, AA?

16 A. Yes.

17 Q. Does question one ask you to name any officers?

18 A. No.

19 Q. In fact, it only asks you to provide the names  
20 of any officers if there's a change in the officers,  
21 right?

22 A. Correct.

23 Q. So, and there's never been a change in the  
24 officers of HWAN?

25 A. Never.



1 Q. So is it your testimony here this afternoon  
2 that you have truthfully and accurately represented your  
3 answers to the Division of Insurance each and every time  
4 you submitted a renewal for your company's registration?

5 A. Yes.

6 Q. I want you to look at the document that was  
7 received from the Division, and it's marked as 41.

8 A. Okay.

9 Q. Have you seen this before?

10 A. Yes, I have.

11 Q. And do you know what this is?

12 A. It's a certificate of registration from the  
13 South Carolina Department of Insurance.

14 Q. Because HWAN, there's an HWAN -- it's not an  
15 HWAN. It's HWA SC, right?

16 A. That's right.

17 Q. And this is an application for registration in  
18 South Carolina that was filed in 2011; isn't that right?

19 A. That's right.

20 Q. Mr. Mandalawi, you understand the difference  
21 between truth and falsehood, don't you?

22 A. Of course.

23 Q. So I'd ask you to direct your attention to this  
24 document. And I will find the page. At 13 of 34. If  
25 you could just quickly glance back at 12 of 34, would it

1 be fair to say that this is a biographical affidavit  
2 that you submitted to the State of South Carolina in an  
3 effort to get HWA South Carolina appropriately  
4 registered in that state?

5 A. Yes. Yes, it is.

6 Q. And so you submitted this document, the  
7 biographical affidavit, with that application?

8 A. I did.

9 Q. And I direct your attention to the second page  
10 of that application, which is marked 13 of 34. Do you  
11 have the page?

12 A. I do.

13 Q. Can you read us the questions and the answers  
14 that you gave? Actually, I'm going to -- let's see if  
15 we can -- first, let me withdraws that. Can you read  
16 the instruction at the top of the page?

17 A. If you have any doubt about the accuracy of an  
18 answer, the question should be answered in the positive  
19 and an explanation provided.

20 Q. I direct your attention to the third question  
21 from the top. Could you read us the question and give  
22 us the answer that you provided to the State of South  
23 Carolina in 2011?

24 A. Are you operating, acting, or have acted as a  
25 controlling person for any other service contract

1 provider or service contract related company? I  
2 answered yes.

3 Q. What was the company that you were referring to  
4 when you gave that answer yes?

5 A. The other Home Warranty Administrator companies  
6 that I have from state to state.

7 Q. And what about CHW?

8 A. CHW Group as well.

9 Q. Okay. All right. The next question, that  
10 would be fourth from the top, can you read us the  
11 question and give us the answer.

12 A. Have you or a service contract provider or  
13 service contract related company in which you were, or a  
14 controlling -- or are a controlling person, ever been  
15 disciplined by a state regulatory body? I answered yes.

16 Q. So in 2011, what states had disciplined any  
17 company in which you were a controlling person?

18 A. California.

19 Q. Yes.

20 A. Oklahoma.

21 Q. And Washington?

22 A. Washington, yes.

23 Q. The last question of that section, sir?

24 A. Yes. Have you or a service contract provider  
25 or service contract related company for which you were,

1 or are a controlling person, ever been subject to a  
2 cease and desist letter or order, or enjoined, either  
3 temporarily or permanently, in any judicial,  
4 administrative, regulatory or disciplinary action? I  
5 answered yes.

6 Q. And what judicial, administrative or regulatory  
7 or disciplinary actions were you referencing when you  
8 answered yes in 2011 to South Carolina?

9 A. About the Oklahoma case and the Washington  
10 case.

11 Q. And California?

12 A. And California.

13 Q. Did South Carolina give you an opportunity to  
14 provide an explanation for those past administrative  
15 actions?

16 A. I believe, they did.

17 Q. And your explanation, without describing it at  
18 any length, is that set forth in the documents you  
19 submitted to South Carolina in 2011?

20 A. It is.

21 Q. And do you find those at page 15 and 16 of 34  
22 as part of that application?

23 A. Yes.

24 Q. So when you were asked those questions and gave  
25 those answers to South Carolina, were you truthful and

1 accurate in every respect?

2 A. Yes.

3 MS. GRIFA: I have about 10 more minutes with  
4 this witness. Is everybody hanging tough? Can I  
5 finish?

6 HEARING OFFICER EMMERMANN: Go ahead.

7 MS. GRIFA: Thank you.

8 BY MS. GRIFA:

9 Q. I want to ask you to stay in this book,  
10 Mr. Mandalawi, and I want to direct your attention to  
11 34. Actually, I'm going to change my mind, if you'll  
12 bear with me. We talked a little bit about the  
13 contracts that were renewed, the registrations that were  
14 renewed between 2011 and 2013. Do you remember that  
15 testimony?

16 A. Yes.

17 Q. And we talked about how in 2014 the State of  
18 Nevada asked you to change the company name to reflect  
19 the dba, right?

20 A. Yes.

21 Q. And that you renewed in 2014, correct?

22 A. Correct.

23 Q. And then you renewed again in '15 and '16,  
24 right?

25 A. That's right.

1 Q. Was there any time during that period that the  
2 State of Nevada, through any of its representatives,  
3 advised you that the rate of complaints was  
4 inappropriately high?

5 A. No.

6 Q. Was there a point in time that you were  
7 notified that your complaint rate was too high?

8 A. Yes.

9 Q. When was that?

10 A. The meeting in this building in June.

11 Q. That's the first time you've heard from Nevada  
12 that the Division of Insurance felt that the rate of  
13 complaints of this company, HWAN, was too high?

14 A. That's correct.

15 Q. So any back and forth communications you had  
16 with Derick Dennis, he never said anything about that?

17 A. No.

18 Q. And Elisa Ahrens, who sent you an email and  
19 asked you to change the company name, never said  
20 anything about that?

21 A. No.

22 Q. And Mary Strong thereafter took over the review  
23 of the renewal applications, also never said anything  
24 about that?

25 A. No.

1 Q. June 20th, 2017, in the building on the other  
2 side of the parking lot was the first time you heard  
3 about that, right?

4 A. That's correct.

5 Q. But you knew, because in May of 2017, HWAN got  
6 sued by the Division of Insurance; isn't that right?

7 A. That's right.

8 Q. And in that complaint, they said that the  
9 company had 80 complaints, right?

10 A. Right.

11 Q. If you could just bear with me for a moment.

12 J, I direct your attention to J. And that book  
13 is marked A to M. That would help you. I apologize for  
14 the delay. Far too many trees who have died in this  
15 proceeding. I'll give you a moment to find J. J?

16 A. Yes.

17 Q. Do you recall receiving a copy of this document  
18 in or about June of 2017?

19 A. Yes.

20 Q. Who did you receive the document from?

21 A. I don't recall. I don't remember.

22 Q. You did attend a meeting at the Division of  
23 Insurance in June of 2017 at which time the 80  
24 complaints that are alleged in the complaint were  
25 discussed, right?

1 A. Yes.

2 Q. And is the printout that was provided after the  
3 meeting by Mr. Yien at the request of counsel?

4 A. Yes, it was.

5 Q. And since that time, have you had a chance to  
6 review this document and compare it back to the records  
7 of the company?

8 A. Yes, I have.

9 Q. So I would direct your attention to page three  
10 of five. Do you have page three?

11 A. I got it.

12 Q. After learning that the State of Nevada thought  
13 you had 80 complaints, was there a point in time that  
14 you and perhaps you and Mr. Mandalawi reviewed the  
15 records of HWAN to determine how many complaints there  
16 might, in fact, have been since the inception of its  
17 operations, complaints to the State of Nevada?

18 A. Did you mean myself and Mr. Hakim?

19 Q. Yes, yourself, yeah, exactly, I do mean that.

20 A. Yes, we noticed that there were not 83  
21 complaints. There were some duplicates. And it really  
22 totaled up to about 62 complaints.

23 Q. And is this document, at page three of five,  
24 does that reflect the approximately 62 or 63 complaints  
25 that you were able to identify?



1           A.    Yes, I mean they separated 63 and 25 two pages  
2 before.   A combination of those are 80 something.

3           Q.    The page before is actually for Choice Home  
4 Warranty, isn't it, on page one of five?

5           A.    Yes.

6           Q.    So going back to three of five, for Home  
7 Warranty Administrator, it indicated how many problem  
8 reports?

9           A.    63.

10          Q.    And how many problem reports have been closed  
11 by the State of Nevada?

12          A.    61.

13          Q.    And at the time this search, this computer  
14 search was run, how many problem reports remained open,  
15 at least in the mind of the State of Nevada?

16          A.    Two.

17          Q.    The text on this, Mr. Mandalawi, is very tiny.  
18 And I'm hoping, because you're younger than I am, you  
19 might be able to read the date that appears in the left  
20 corner.   Can you read that date?

21          A.    Sure.   It says problem reports opened between  
22 January 1, 2000 and March 8, 2017.

23          Q.    And the company actually was not even operating  
24 in 2000, was it?

25          A.    No, it wasn't.

1 Q. And it did not even operate for most of 2010,  
2 did it?

3 A. No.

4 Q. What was the first full year of operation of  
5 HWAN?

6 A. 2011.

7 Q. So after coming to Nevada to meet with the  
8 State of Nevada regarding the 80 so-called complaints,  
9 you found out they had two open matters?

10 A. Yes.

11 Q. In the period between 2011, your first full  
12 year of operation, and the present, have you continued  
13 in the manner you've described to oversee complaint  
14 resolution?

15 A. Yes, I have.

16 Q. And in that period of time, Ms. Christine --

17 A. Baumeister.

18 Q. -- Baumeister resigned, and Ms. Marla Ramirez  
19 was hired and took over that function, right?

20 A. Correct.

21 Q. And would it be fair to say that during that  
22 period, you were actively involved in resolving  
23 complaints that, at least up until they came to your  
24 desk, had not successfully been addressed?

25 A. Yes.

1 Q. And so if you learned, sir, that -- and all  
2 that work, by the way, is not done by HWAN employees, is  
3 it?

4 A. No, it's not.

5 Q. Who is it done by?

6 A. CHW Group, Inc. employees.

7 Q. And if you -- by the way, is this complaint  
8 resolution activity done in a different place than the  
9 sales and marketing is done, different geographical  
10 location?

11 A. Yes.

12 Q. Where is the complaint resolution function  
13 housed for CHW Group?

14 A. At 2 Executive Drive, Somerset, New Jersey.

15 Q. That is a different place than the sales and  
16 marketing that's going on; isn't that right?

17 A. Correct.

18 Q. Sales and marketing is at the King Georges Post  
19 Road address in Edison, right?

20 A. That's right.

21 Q. How far apart are the two locations?

22 A. About 11 miles.

23 Q. And where do you spend most of your time?

24 A. Somerset, New Jersey.

25 Q. So if you learned, while were you working in

1 this particular regard with respect to oversight of the  
2 contracts sold to Nevada consumers, that the CHW Group  
3 employees were failing to acknowledge or reasonably act  
4 on communications made by Nevada consumers, what would  
5 you have done?

6 A. I would have fixed it.

7 Q. In what way?

8 A. By explaining to them exactly what the process  
9 is and how to resolve those type of escalations.

10 Q. You would remediate and correct it to the best  
11 of your ability?

12 A. Absolutely.

13 Q. And if you determined that CHW Group employees,  
14 who were reviewing consumer complaints from Nevada, had  
15 failed to treat people reasonably and promptly  
16 investigate their underlying claim, what would you have  
17 done?

18 A. I would explain to them where they went wrong  
19 and show them how to resolve those complaints.

20 Q. Make your best efforts to fix it?

21 A. Of course.

22 Q. And if you determined that they were denying  
23 claims in a way that was inconsistent with the Nevada  
24 contract, what would you have done?

25 A. I would reprimand them and ensure that the

1 processes and procedures and training and development  
2 was fixed so that they could properly resolve those  
3 claims.

4 Q. Since the State of Nevada sued HWAN in May of  
5 2017, have you been actively involved in the  
6 preparations for these proceedings?

7 A. Yes.

8 Q. And there were several subpoenas served on the  
9 company; isn't that right?

10 A. Yes.

11 Q. One of them was for bank records, wasn't it?

12 A. Yes.

13 Q. And so were bank statements provided at the  
14 request of the State of Nevada in response to one of  
15 their subpoenas?

16 A. Yes.

17 Q. Can you go back to the book with the numbers  
18 and look with me for a moment at Exhibit O? That's not  
19 a number. How about 34?

20 A. Okay.

21 Q. Do you have Exhibit 34, Mr. Mandalawi?

22 A. Yes, I do.

23 Q. Do you recognize these documents, one of 14?

24 A. Yes, I do.

25 Q. What do you recognize them to be?

1 A. The bank statements.

2 Q. Were these the bank statements that were  
3 requested by the State of Nevada in connection with  
4 these proceedings?

5 A. Yes.

6 Q. There are 14 pages, right?

7 A. That's right.

8 Q. And this is approximately a year worth of bank  
9 statements; is that fair to say?

10 A. Yes.

11 Q. Who is the account holder named on these  
12 statements?

13 A. Home Warranty Administrator of Nevada, Inc.

14 Q. And is the account number set forth on these  
15 documents, on any of these 14 pages?

16 A. No.

17 Q. Did you redact those?

18 A. No.

19 Q. Did you direct anyone to redact those?

20 A. No.

21 Q. How do you explain the redaction?

22 A. I assume they came like that from the bank.

23 Q. But when they came to you, did you surrender  
24 them to counsel?

25 A. I did.

1 Q. Without making any changes in the form in which  
2 they were received?

3 A. Right.

4 Q. Can you direct your attention to pages nine, 10  
5 and 11? Have you had a chance to look at nine, 10 and  
6 11?

7 A. Yes.

8 Q. These are the transactions from this account.  
9 Do you know what that account represents?

10 A. This represents the reserve account.

11 Q. The State of Nevada asked you to produce  
12 documentation with regard to the reserve account that's  
13 statutorily required to do business here; isn't that  
14 right?

15 A. That's right.

16 Q. On nine, 10 and 11, there are entries that  
17 indicate transfers from CHW Operating. Do you see  
18 those?

19 A. Yes, I do.

20 Q. Can you tell us what those transfers represent?

21 A. Funding of the reserve account in order to be  
22 in compliance.

23 Q. When CHW Group, pursuant to your ISP, sells a  
24 contract, who collects the payment from the consumer?

25 A. CHW Group.

1 Q. And pursuant to that ISP, is that money  
2 eventually paid to HWAN?

3 A. Yes.

4 Q. Who has the authority over this reserve account  
5 for HWAN?

6 A. I do.

7 Q. Does anybody else have authority?

8 A. No.

9 Q. In these, I believe it's 13 months of bank  
10 statements, is there anything to reflect that there had  
11 been a withdrawal?

12 A. No, never.

13 Q. Is there any payments to yourself in these 13  
14 months?

15 A. No, never.

16 Q. Or anyone else?

17 A. No.

18 Q. And has it been, have you been in exclusive  
19 control of the reserve account for HWAN since the  
20 inception of the company?

21 A. Yes.

22 Q. You learned, Mr. Mandalawi, that the company,  
23 HWAN, has been delisted by the Nevada Division of  
24 Insurance and has been listed to the public as inactive,  
25 didn't you?



1 A. Yes.

2 Q. And when did you learn that?

3 A. Only after they served us with the papers.

4 Q. Can you turn to Exhibit O? Do you know what  
5 Exhibit O is?

6 A. It indicates a status of Home Warranty  
7 Administrator of Nevada, Inc. dba Choice Home Warranty  
8 off of the Nevada Division of Insurance's website.

9 Q. Is this something that you found or somebody  
10 found at your direction?

11 A. I found it.

12 Q. It seems to have the state seal of Nevada on  
13 this page, doesn't it?

14 A. Yes, it does.

15 Q. And in the banner it says Nevada Division of  
16 Insurance, right?

17 A. That's right.

18 Q. It has your email address on it, doesn't it?

19 A. It does.

20 Q. And also the address of HWAN in New Jersey,  
21 that Bedminster address that we've referenced many, many  
22 times?

23 A. Correct.

24 Q. I want you to look at the skinny book. And I  
25 promise you, this is the last time I'm going to ask you

1 to look at a book. And I'd ask you to look at II, the  
2 first exhibit in the book. Do you recognize this?

3 A. Yes, I do.

4 Q. What do you recognize it to be?

5 A. It's an email from Mary Strong.

6 Q. To whom?

7 A. To myself.

8 Q. And when was it sent?

9 A. On July 21st, 2017.

10 Q. So Friday, right? Yes?

11 A. I remember it as being a Friday, yes.

12 Q. Okay. And in that email, what did she advise  
13 you?

14 A. That our certificate has expired and that we  
15 were not renewed.

16 Q. Not renewed consistent with the application  
17 that had been submitted back in November of 2016?

18 A. That's right.

19 Q. And that is the exhibit that is found at DD  
20 that we previously discussed?

21 A. Yes.

22 Q. Is this the first communication you received,  
23 in any form, from the Nevada Division of Insurance that  
24 your 2016 renewal application had not been approved?

25 A. Yes, it is.

1 Q. And is that what caused you to go look on the  
2 website and see how the Division was treating your  
3 company?

4 A. Yes.

5 Q. And that's when you found that they had  
6 delisted you and listed you as inactive?

7 A. Yes.

8 Q. What did you do with this letter when you  
9 received it?

10 A. I gave it to my counsel.

11 Q. And did you ask your counsel to notify the  
12 Division through its counsel that they were wrong about  
13 the way they were treating both the application and the  
14 status of the company?

15 A. Yes.

16 Q. Was any resolution reported to you through  
17 counsel with respect to the present status of the  
18 company?

19 A. No.

20 Q. In fact, your company is presently still listed  
21 as inactive?

22 A. Yes.

23 Q. As it goes to the allegations made against the  
24 company, was there ever an allegation, in those papers  
25 filed in May of 2017, that you had failed to renew your

1 certificate of registration with the State of Nevada?

2 A. No.

3 MS. GRIFA: Madam Hearing Officer, I believe  
4 that I am done. But I thought perhaps we could take a  
5 break, and I'll just review my notes.

6 HEARING OFFICER EMMERMANN: Yes, I think,  
7 that's probably a good idea for me as well. So let's --  
8 3:24. Let's take a 10-minute break. And then, so you  
9 want to continue, just to double-check.

10 MS. GRIFA: Just it would be a cleanup, if  
11 anything.

12 HEARING OFFICER EMMERMANN: Okay. All right.  
13 So we will be back in 10 minutes.

14 \* \* \* \* \*

15 (A break was taken, 3:25 to 3:37 p.m.)

16 \* \* \* \* \*

17 HEARING OFFICER EMMERMANN: All right. We are  
18 back on the record.

19 Ms. Grifa?

20 MS. GRIFA: Thank you.

21 BY MS. GRIFA:

22 Q. Mr. Mandalawi, it's hard to imagine that after  
23 I asked you questions for over two hours that I could  
24 have missed anything. But I would like to take you back  
25 briefly to the great State of New Jersey for a question.

1 When that case was resolved by way of settlement, you  
2 signed as an officer of CHW Group, Inc., correct?

3 A. Correct.

4 Q. But you also signed individually, didn't you?

5 A. I did.

6 Q. Did CHW admit any liability in that lawsuit in  
7 the State of New Jersey?

8 A. No.

9 Q. Did you admit any liability?

10 A. No.

11 Q. But you did agree, both as an officer and an  
12 individual, to be bound by the terms and conditions of  
13 that consent judgment; isn't that right?

14 A. That's right.

15 MS. GRIFA: I don't have any additional  
16 questions for the witness.

17 HEARING OFFICER EMMERMANN: Mr. Yien, are you  
18 ready?

19 MR. YIEN: Yes, I am.

20

21 CROSS-EXAMINATION

22 BY MR. YIEN:

23 Q. Good afternoon, Mr. Mandalawi.

24 A. Good afternoon, Mr. Yien.

25 Q. So in your direct testimony, you stated that

1 you're the sole owner of the respondent, respondent  
2 being Home Warranty Administrators of Nevada doing  
3 business as Choice Home Warranty?

4 HEARING OFFICER EMMERMANN: Would you speak up,  
5 Mr. Yien. I can barely hear you.

6 MR. YIEN: Yes. Okay. I apologize. Just give  
7 me one second here.

8 BY MR. YIEN:

9 Q. In your direct testimony, you had stated that  
10 you are the sole owner of Home Warranty Administrators  
11 of Nevada, Inc.; is that correct?

12 A. Yes.

13 Q. And also the sole owner of CHW Group doing  
14 business as Choice Home Warranty?

15 A. No.

16 Q. You did not state that?

17 A. No.

18 Q. Okay. Are you the sole owner of CHW Group?

19 A. No.

20 Q. Oh. Okay. You're the president of CHW Group?

21 A. Correct.

22 Q. And you're the president of HWAN doing business  
23 as Choice Home Warranty?

24 A. Yes.

25 Q. I must have heard incorrectly when I thought I

1 heard that you were the sole owner of CHW Group as well.  
2 That's an incorrect statement; is that what you're  
3 saying?

4 A. Yes, that's incorrect.

5 Q. Okay. Do you know what CHW, and by CHW I mean  
6 the CHW Group doing business as Choice Home Warranty's  
7 licensing status is in Nevada?

8 A. I believe, they do not -- no, they don't have a  
9 license.

10 Q. And what is CHW Group's role in Nevada, then?

11 A. They are the operating and marketing arm of --

12 HEARING OFFICER EMMERMANN: Mr. Mandalawi, I  
13 think, it's helpful if you answer the question towards  
14 this direction, even though I know Mr. Yien is there.  
15 But since the court reporter's here, it's harder to hear  
16 you because your voice is directed that way.

17 THE WITNESS: Sure.

18 HEARING OFFICER EMMERMANN: Okay. Thank you.

19 THE WITNESS: There is a contractual  
20 relationship between Home Warranty Administrators of  
21 Nevada, Inc. and CHW Group, Inc. CHW Group handles the  
22 operating, sales and marketing. And Home Warranty  
23 Administrator of Nevada handles the compliance of --  
24 the regulatory compliance from state to state.

25 ///

1 BY MR. YIEN:

2 Q. Okay. And there's one employee of Home  
3 Warranty Administrators of Nevada?

4 A. Correct.

5 Q. That is you?

6 A. Correct.

7 Q. Okay. And so that, the contractual agreement,  
8 obligates Home Warranty, I'm sorry, CHW Group, Choice  
9 Home Warranty to do, conduct all the other aspects of  
10 the HWAN business; is that correct?

11 A. Correct.

12 Q. Okay. I think, you were here when one of our  
13 administrative assistants had testified that she had  
14 received a text from Choice Home Warranty. Were you  
15 here for that?

16 A. Yes.

17 Q. I can point you to the exhibit. But you recall  
18 it, right?

19 A. Yes.

20 Q. So why is CHW doing it? You are president of  
21 CHW, and you just mentioned you don't have a license  
22 here. Yet you're soliciting in Nevada?

23 A. CHW sells service contracts as per the  
24 operating agreement with Home Warranty Administrator of  
25 Nevada, Inc.



1 Q. But if you will recall, there was no such, no  
2 such Home -- HWAN designation in the email message that  
3 Ms. Casci received on behalf of Choice Home Warranty?

4 MS. GRIFA: Objection. If he knows. He  
5 doesn't have the exhibit in front of him.

6 MR. YIEN: Thank you.

7 MS. GRIFA: 26, I think.

8 MR. YIEN: Do you want to jump on this side,  
9 then?

10 MS. GRIFA: Well, I'm tired. I'm done.

11 MR. YIEN: Thank you.

12 BY MR. YIEN:

13 Q. Well, it's Exhibit 27. So it's an email from  
14 Choice Warranty with enews@choicewarranty.com, VIP  
15 offer. Do you see that on the front page?

16 A. Page one of nine?

17 Q. That's correct, Exhibit 27, one of nine?

18 A. Yes, I see it.

19 Q. And so there's two ads. One starts on page one  
20 of nine, and the second one starts on page five of nine.  
21 And so I just want you to explain, as president of CHW  
22 Group -- well, first, let's answer the first question.  
23 Do you see Home Warranty of Nevada anywhere on those  
24 pages?

25 A. No, I do not.

1 Q. Okay. Then, can you explain, on behalf of CHW  
2 Group doing business as Choice Home Warranty, why you're  
3 soliciting business in Nevada without a license?

4 A. CHW is the administrator for Home Warranty  
5 Administrator of Nevada, Inc.

6 Q. Okay.

7 A. And had she purchased the policy, she would  
8 have got a contract that had Home Warranty  
9 Administrator of Nevada, Inc. as the obligor.

10 Q. Okay. Don't you think it's necessary to have  
11 Home Administrator Warranty, HWAN somewhere on this  
12 email solicitation?

13 A. No, I don't think so.

14 Q. You don't believe it's a violation of Nevada  
15 statutes to do so, that you can just send this to Nevada  
16 residents without a license, CHW Group, that is?

17 A. No.

18 Q. Okay. In earlier testimony -- I believe, you  
19 were here as well -- counsel had pointed out that when  
20 the Division receives a complaint against Choice Home  
21 Warranty, they're assigned to HWAN. And in the  
22 instances that we reviewed, HWAN has resolved those  
23 issues; is that correct?

24 A. Yes.

25 Q. Now, if these are two separate entities, why

1 does HWAN have to resolve the issues filed against  
2 Choice Home Warranty Group?

3 A. Well, as I mentioned before, Choice Home  
4 Warranty employees, CHW Group employees handle the  
5 complaints and the resolution of those complaints. And  
6 they are the ones that provide the resolution.

7 Q. Okay. So in that way, they're sort of one and  
8 the same, because it's CHW Group's employees that handle  
9 all the complaints and all the sales of HWAN?

10 A. Correct.

11 Q. Okay. There's an interest perhaps between both  
12 companies to get these resolved, a common interest, if  
13 you will?

14 A. Sure.

15 Q. So if CHW had never existed or was never  
16 licensed in Nevada, why was there a need to enter -- or  
17 why was there a need for the Division to request that  
18 you include a dba when that happened?

19 A. I believe that the Division requested it  
20 because there was confusion amongst the consumers.

21 Q. Okay. So the consumers were confused because  
22 they were issued perhaps contracts that said Choice Home  
23 Warranty, and they didn't realize that it was really a  
24 contract from Home Warranty of Nevada; is that a correct  
25 statement?

1           A.    That's correct, and that contract was approved  
2 by the Division.

3           Q.    Okay.  Can I have you go to Exhibit T?  It's  
4 your Exhibit T.  Are you there, Mr. Mandalawi?

5           A.    Yes, I am.

6           MS. GRIFA:  Can we have a page?

7           MR. YIEN:  Yeah, I'll start on page one.

8 BY MR. YIEN:

9           Q.    So you had testified, I believe, in your direct  
10 you had testified about these exchanges between  
11 Ms. Ahrens to resolve two issues, one a consumer dispute  
12 from Ashok Mirchandani.  And if I could point you to the  
13 bottom of page one of 59, this was a dispute against  
14 Home Warranty of Nevada, correct, in Nevada?

15          A.    Yes.

16          Q.    And who do you write back?  This is your email  
17 address, you put "Sincerely, Victor Mandalawi"?

18          A.    Yes.

19          Q.    How do you respond, or what is your title in  
20 your response?

21          A.    As the president of Choice Home Warranty.

22          Q.    Okay.  And the address?

23          A.    1080 King Georges Post Road, Edison,  
24 New Jersey.

25          Q.    And the zip code?

1 A. 08837.

2 Q. Okay. So you're responding to an HWAN  
3 complaint from your capacity as Choice Home Warranty  
4 president?

5 A. Yes.

6 Q. Okay. If you could go to page 20 of 59.

7 MS. GRIFA: 20?

8 MR. YIEN: 20 of 59 of the same, yeah.

9 MS. GRIFA: Thank you.

10 BY MR. YIEN:

11 Q. This is a conversation between you and Derick,  
12 through email, about the dba issue. And the dba issue  
13 was an issue that the Division had against HWAN doing  
14 business as Choice Home Warranty. And you guys were  
15 able to resolve it. But I just wanted to point out, on  
16 the next page, page 21 of 59, where you say "Hi Dennis.  
17 Hope all is well," "Please do not hesitate to contact me  
18 anytime." Where are you sending this from; can you just  
19 read out the name on the bottom?

20 A. Victor Mandalawi.

21 Q. As president?

22 A. Correct.

23 Q. And, again, just read it into the record, the  
24 address.

25 A. 1090 King Georges Post Road, Edison,

1 New Jersey, 08837.

2 Q. Okay. So you're resolving this HWAN issue as a  
3 representative of, president of Choice Home Warranty; is  
4 that correct?

5 A. Correct.

6 Q. Okay. And just to verify, what's the email  
7 address that you're sending that from?

8 A. VictorM@atChoiceHomeWarranty.com.

9 Q. Okay. Thank you. So you had stated numerous  
10 times in your direct that you attempted to be truthful  
11 and accurate in every respect, I believe, was the phrase  
12 that Ms. Grifa has used, in your application and renewal  
13 applications in the State of Nevada; is that correct?

14 A. Correct.

15 Q. And are you also truthful and accurate in every  
16 respect with other applications in other jurisdictions?

17 A. Yes.

18 Q. Okay. Have you ever attempted to be untruthful  
19 or deceptive in other applications?

20 A. No.

21 Q. If I could have you open up Division's  
22 Exhibit -- it's the Washington regulatory action. If  
23 you'll give me a second, I'll give you exact exhibit.

24 MS. GRIFA: It's eight.

25 MR. YIEN: It's eight.

1 MS. GRIFA: I'm here to help.

2 BY MR. YIEN:

3 Q. And on page 14 of 32. Can you read the  
4 paragraph starting "On September 1, 2010"? It's on  
5 roughly between lines four and five.

6 A. On September 1, 2010, the OIC received Victor  
7 Mandalawi's August 31, 2010 application for registration  
8 as a service contract provider in the State of  
9 Washington for the corporation entity Home Warranty  
10 Administrators. D-E-C-L Singer E-X-H, J.  
11 Mr. Mandalawi's biography submitted with this  
12 application failed to indicate he had any connection to  
13 Choice Home Warranty, though I-D, C-F, D-E-C-L Singer  
14 E-X-H, F.

15 Q. I'm just going stop you. You don't have to  
16 read that each time it appears. I know it's going to  
17 appear more times. Just go on to the next sentence.

18 A. And even though the State of California had by  
19 then issued at least two separate cease and desist  
20 orders against Choice Home Warranty and its officers,  
21 directors, employees, trustees, agents, affiliates and  
22 service representatives, Mr. Mandalawi's application  
23 failed to mention such orders existed. In fact, the  
24 application failed to mention Choice Home Warranty or  
25 CHW Group, Inc. at all in his application. On

1 September 15th, 2010, Mr. Mandalawi withdrew the  
2 application.

3 Q. Mr. Mandalawi, did you just testify that you  
4 were always truthful in all of your applications?

5 A. Yes.

6 Q. But it states here that you failed to disclose  
7 any connection with CHW and regulatory actions from  
8 California in your OIC application?

9 A. I don't have the application in front of me.

10 Q. Can you explain why they would make this  
11 accusation?

12 A. I'm sure I was applying as Home Warranty  
13 Administrators, and Choice Home Warranty or CHW Group  
14 had nothing to do with the application. That's what I  
15 have to assume.

16 Q. Why did you withdraw the application?

17 A. I don't remember.

18 Q. Okay. So you understand that the Division of  
19 Insurance and Nevada's position is that you falsified  
20 your answers in the various renewal applications and  
21 that here is another instance where somebody else is  
22 accusing you of also falsifying an application; do you  
23 understand that?

24 A. That's not the way I understand this.

25 Q. You don't understand that the accusations are



1 being made against you? I'm not asking you if you  
2 actually falsified them. I'm asking you that there's  
3 two allegations against you for falsifying documents  
4 from different jurisdictions?

5 MS. GRIFA: I'm going to object and just ask  
6 you to rephrase, perhaps separate those into different  
7 questions.

8 MR. YIEN: Sure. That was a long question.

9 BY MR. YIEN:

10 Q. Do you understand that the Division of  
11 Insurance's position in Nevada is that you falsified  
12 those renewal applications?

13 A. Yes.

14 Q. And do you understand why, perhaps through  
15 listening to the testimony of the Division's employees,  
16 why they think you, as the applicant, should have  
17 disclosed those?

18 A. Yes.

19 Q. Do you also understand that OIC also accused  
20 you of falsifying an application?

21 A. Do you mind if I read it?

22 MS. GRIFA: I'm going to object, because this  
23 paragraph does not contain the word falsification.

24 MR. YIEN: Okay.

25 MS. GRIFA: It's a failure to disclose.

1 MR. YIEN: Sure.

2 MS. GRIFA: I'll object as to form.

3 MR. YIEN: Okay. I'll rephrase it.

4 BY MR. YIEN:

5 Q. So do you understand that OIC is accusing you  
6 of failing to disclose that of the California regulatory  
7 action against Choice Home Warranty?

8 A. Yes.

9 Q. You also agree or acknowledge that OIC alleges  
10 that you failed to disclose that you were connected with  
11 CHW Group at all in your application?

12 A. Yes.

13 Q. And are you still of the -- are you still  
14 attesting that you had no intent to deceive or to  
15 falsify or to not disclose these things?

16 A. Yes. It wasn't my intent.

17 Q. Okay. Now, we had alluded to this in our  
18 direct as well. It's Exhibit 41, your South Carolina  
19 Department of Insurance application, on direct. It's  
20 the Division's Exhibit 41. Ms. Grifa had -- and you can  
21 go ahead and turn to page 15 of 34.

22 MS. GRIFA: 15?

23 MR. YIEN: 15 of 34, yeah.

24 MS. GRIFA: Thank you.

25 ///

1 BY MR. YIEN:

2 Q. In your disclosure to the South Carolina  
3 Department of Insurance -- I'm sorry. Are you there  
4 yet?

5 A. Yes, I am.

6 Q. Okay, 15 of 34?

7 A. Yes.

8 Q. In your response to -- I think, it's  
9 question 17, the biographical affidavit explanation.  
10 Can you go down to your response? It's the second to  
11 the last paragraph. And go ahead and read that out to  
12 the court.

13 A. Choice Home Warranty was the subject of a cease  
14 and desist letter in California, Oklahoma, and  
15 Washington. In California, CHW entered into a consent  
16 order. In Oklahoma, Home Warranty Administrator of  
17 Oklahoma, Inc. is now holds a service warranty license.  
18 And in Washington, CHW is complying with all the terms  
19 of the cease and desist.

20 Q. And do you believe that statement to be  
21 truthful?

22 A. Yes.

23 Q. Okay. Did you actually take care of the  
24 consent order in Oklahoma, did you agree to certain  
25 terms in Oklahoma?

1 A. Yes.

2 Q. And did you comply with those?

3 A. Yes.

4 Q. If I could have you turn to Division's  
5 Exhibit 3.

6 HEARING OFFICER EMMERMANN: Mr. Yien, I'm  
7 sorry. Exhibit 3?

8 MR. YIEN: Yes.

9 HEARING OFFICER EMMERMANN: Okay. Thank you.  
10 BY MR. YIEN:

11 Q. Division's Exhibit 3, it's at Oklahoma  
12 regulatory action. Can you go to page two of 39? So  
13 this is a Conditional Administrative Order and Notice of  
14 Right to be Heard issued two to three years after their  
15 original order. Can you read page -- or on page two,  
16 read paragraphs two and three?

17 A. Respondent continued engaging in the business  
18 of offering, providing and servicing and entering into  
19 service warranty contracts in Oklahoma and was fined on  
20 July 15th, 2011 in the amount of \$25,000 for violating  
21 the cease and desist order in the case number  
22 11-0712-DIS, Exhibit A. The Insurance Commissioner and  
23 respondent thereafter settled the matter by entering  
24 into a consent order whereby respondent paid a \$15,000  
25 fine and agreed to continue to pay all valid claims and

1 refunds that arise pursuant to service warranty  
2 contract it had issued in Oklahoma.

3 Q. Okay. And go ahead and continue on paragraph  
4 number three.

5 A. Respondent still does not hold a license or  
6 registration in the State of Oklahoma and is not  
7 authorized by the Oklahoma Insurance Department to  
8 engage in the service warranty business in Oklahoma  
9 other than to pay all valid claims and refunds that  
10 arise pursuant to service warranty contracts it has  
11 issued in Oklahoma. Respondent continues to engage in a  
12 course of unfair and deceptive conduct while  
13 circumventing regulatory authority.

14 Q. Now, you just testified that you complied with  
15 all of the regulatory action, including the consent  
16 order originally from Oklahoma. But that's not what it  
17 seems to be the case as of February 7th, 2014. Is that  
18 correct?

19 A. That's correct.

20 Q. And it also says that you still do not hold a  
21 license or registration in the State of Oklahoma?

22 MS. GRIFA: Objection to the use of the word  
23 you.

24 MR. YIEN: Oh, I apologize.

25 ///

1 BY MR. YIEN:

2 Q. It still says respondent still does not hold a  
3 license or registration in the State of Oklahoma?

4 A. I think, because it was referring to Choice  
5 Home Warranty.

6 Q. Okay. And so did you consider your answer here  
7 on your South Carolina application to be misleading?

8 A. No.

9 Q. Your response is Choice Home Warranty was  
10 subject to, was the subject of a cease and desist order  
11 in California, Oklahoma, and Washington. In California,  
12 CHW entered into a consent order. In Oklahoma, Home  
13 Warranty Administrator of Oklahoma is now holds a  
14 service warranty license.

15 MS. GRIFA: I'm going to object. The date on  
16 the letter is 2011 on the biographical affidavit. And  
17 you're examining this on the 2014 order.

18 MR. YIEN: Right. Let me explain. There's two  
19 orders from the Oklahoma action. And the initial cease  
20 and desist is from December 29th, 2011.

21 MS. GRIFA: Is that July 29th, two thousand --  
22 oh, '11.

23 MR. YIEN: Right.

24 MS. GRIFA: Can you give me the page, eight of  
25 39; eight of 39?

1 MR. YIEN: Right. It's irrelevant, because the  
2 point that I was making, or was trying to make, was that  
3 Choice Home Warranty never resolved the issue of  
4 licensure in Oklahoma as of 2014.

5 HEARING OFFICER EMMERMANN: So I'm going to  
6 interrupt here. So objections usually get directed to  
7 the Hearing Officer.

8 MS. GRIFA: Apologies.

9 HEARING OFFICER EMMERMANN: And I'll let you  
10 know whether or not you need to respond.

11 MR. YIEN: Okay.

12 MS. GRIFA: We're behaving like a deposition.  
13 But we were nice to each other.

14 HEARING OFFICER EMMERMANN: I've granted you  
15 guys leeway, because if you can resolve it, hey. But  
16 just so that we're clear.

17 MS. GRIFA: With respect, my apologies.

18 HEARING OFFICER EMMERMANN: Thank you.

19 MR. YIEN: My apologies as well.

20 HEARING OFFICER EMMERMANN: So the objection is  
21 that he's referencing two different.

22 MS. GRIFA: Documents that are from completely  
23 dates, a 2011 biographical affidavit in which certain  
24 representations were made, and he's comparing and  
25 contrasting with a 2014 order.

1           HEARING OFFICER EMMERMANN: Okay. Mr. Yien, if  
2 you could just clarify which, if you're basing it on  
3 records, which I assume you are, if you could specify  
4 which records so that we could follow along with the  
5 dates.

6           MR. YIEN: My response was, and perhaps you'll  
7 withdraw your objection after hearing my response, is  
8 that I'm not saying what happened in 2014 Mr. Mandalawi  
9 should have disclosed in 2011. I was merely pointing  
10 out that as of 2014, he failed, I'm sorry, not he,  
11 Choice Home Warranty Group, CHW, had failed to comply  
12 with Oklahoma's original.

13           MS. GRIFA: I withdraw my objection.

14           HEARING OFFICER EMMERMANN: All right. Please  
15 proceed.

16 BY MR. YIEN:

17           Q. So don't you, Mr. Mandalawi, don't you feel as  
18 if you should have disclosed here that Choice Home  
19 Warranty had still not resolved the issues from the  
20 cease and desist from Oklahoma?

21           A. Can you repeat the question?

22           Q. Sure. So in your response, you say you  
23 disclosed that --

24           HEARING OFFICER EMMERMANN: Mr. Yien, your  
25 response, where?



1 BY MR. YIEN:

2 Q. In your response to question 17 in the South  
3 Carolina application, which is Exhibit 41, page 15 of  
4 34. Are you there, Mr. Mandalawi?

5 A. Yes, I am.

6 MR. YIEN: And are you there, too, at this  
7 point?

8 HEARING OFFICER EMMERMANN: I'm there.

9 BY MR. YIEN:

10 Q. Okay. So your response, again, I believe, you  
11 read this into the record: Choice Home Warranty was the  
12 subject of a cease and desist letter in California,  
13 Oklahoma, and Washington. Fair. In California, CHW  
14 entered into a consent order. In Oklahoma, Home  
15 Warranty Administrator of Oklahoma is now holds a  
16 service warranty license. But you didn't disclose that  
17 CHW resolved their cease and desist issues; is that  
18 correct?

19 A. Yeah, I didn't think it would be necessary  
20 since we obtained a license in Oklahoma.

21 Q. By "we," do you mean --

22 A. Home Warranty Administrator of Oklahoma.

23 Q. But it's Choice Home Warranty that was subject  
24 to the cease and desist.

25 A. Okay.

1 Q. So by "we," then, do you mean perhaps both  
2 entities, or what's your explanation?

3 A. Yeah, in the way of, you know, by the way of  
4 Home Warranty Administrator of Oklahoma, Inc. obtaining  
5 a license, that, to me, was a resolution.

6 Q. That was a resolution to Choice Home Warranty's  
7 issue that arose from the cease and desist from  
8 Oklahoma?

9 A. Well, I decided to obtain a license through  
10 Home Warranty Administrator of Oklahoma after the  
11 troubles that Choice Home Warranty had in Oklahoma.

12 Q. And you believe that resolved Choice Home  
13 Warranty's issues?

14 A. Yes.

15 Q. And that's why this is a truthful answer?

16 A. Yes.

17 Q. Okay. Fair enough. Are you accused of fraud  
18 in that South Carolina civil case? That's Exhibit 42.  
19 And if you flip through, I believe, it's the fourth  
20 cause of action on page 10 of 12.

21 A. Yes.

22 MS. GRIFA: Can I object? I realize it's late.  
23 Who is the "you" in that question?

24 MR. YIEN: So who's -- do you want me to  
25 respond?

1 HEARING OFFICER EMMERMANN: If you want to  
2 clarify for the record.

3 MR. YIEN: Okay. Sure.

4 BY MR. YIEN:

5 Q. So the defendant in this South Carolina action,  
6 civil action is CHW Group, Inc. doing business as Choice  
7 Home Warranty, Victor Mandalawi and Victor Hakim. So  
8 with that said, can we testify as to whether or not you  
9 and CHW Group doing business as Choice Home Warranty  
10 are alleged to have, or is there an allegation of fraud  
11 contained in this civil action?

12 A. These seem to be the allegations, yes.

13 Q. And, you know, given that you have been accused  
14 of deceptive -- I'm sorry, Choice Home Warranty has been  
15 accused of deceptive trade practices in different  
16 jurisdictions, like you acknowledged, and you're  
17 correct, and you've also been here, and you've heard  
18 complaints filed against the Nevada Division of  
19 Insurance, seen various news reports that allege  
20 violations from a company that you're president of, CHW  
21 Group, do you see a pattern of accusations against you,  
22 sort of deceptiveness, deceptive trade?

23 A. Yes.

24 Q. Okay. And do you hold the position that Choice  
25 Home Warranty, Home Warranty Administrators of Nevada

1 has not been deceptive in light of all these  
2 allegations?

3 A. Yes.

4 Q. You have been found to have violated a  
5 deceptive trade act in -- I believe, it was Oklahoma.  
6 Do you agree with that?

7 MS. GRIFA: I object.

8 HEARING OFFICER EMMERMANN: On what grounds?

9 MS. GRIFA: I don't believe that that  
10 accurately reflects the language of the order in which  
11 Mr. Yien is referencing.

12 HEARING OFFICER EMMERMANN: I'm going to  
13 overrule. I think, we can hash it out through the  
14 testimony. And the exhibits speak for themselves, I  
15 think.

16 BY MR. YIEN:

17 Q. So you had testified, Mr. Mandalawi, that you  
18 don't notice a pattern of accusations. You also  
19 testified that you hold the position that you have not,  
20 you, meaning you, as president of CHW, HWA has not been  
21 deceptive, in light of all of these allegations, that  
22 perhaps -- is that correct? Let's just stop there  
23 first.

24 A. Yes.

25 Q. Okay. So these allegations are a false, then?

1 A. They are allegations. That's what they are.

2 Q. Do you find that they're unwarranted because  
3 you haven't been deceptive at all?

4 A. Yes.

5 Q. Okay. Let's go back to the Oklahoma.  
6 Exhibit 3. Page four of 39. And read the first  
7 paragraph, starting with two.

8 A. Respondent violated by failing to investigate  
9 Johnson's claim, by failing to acknowledge and act  
10 promptly upon communication with respect to the claim,  
11 by denying Johnson's claim without conducting reasonable  
12 investigation based upon available information, failing  
13 to promptly provide a reasonable explanation to Johnson  
14 in relation to the facts or applicable law for the  
15 denial of the claim.

16 Q. Go ahead and read three as well.

17 A. If it is found that a service warranty  
18 association has knowingly and willfully violated a  
19 lawful rule or order of the Commissioner or any  
20 provision of the Service Warranty Act, the Commissioner  
21 may impose a fine in the amount not to exceed \$10,000  
22 for each violation.

23 Q. That's a finding of fact, I believe, but I'm  
24 not -- or conclusion of law, excuse me. If you turn to  
25 the page before, three of 39, can you read the title of

1 that chapter?

2 A. Conclusions of law.

3 Q. Okay. And is it still, then, your statement  
4 that you've never, you, CHW, HWA of the various states  
5 have never engaged in deceptive trade practices?

6 MS. GRIFA: I object.

7 HEARING OFFICER EMMERMANN: What grounds?

8 MS. GRIFA: This document is a conditional  
9 administrative order and a notice of right to be heard.  
10 It invites the respondent here, Choice Home Warranty, to  
11 a hearing to contest those allegations. These are  
12 proposed findings of fact or proposed rules of law. And  
13 it's a proposed form of order. But it invites them to  
14 address it within 30 days. If they fail to do so,  
15 according to the language of the order, then it'll be  
16 entered.

17 But, I think, that's been misrepresented to the  
18 witness that is a finding of fact that there were issues  
19 of deceptive practice.

20 HEARING OFFICER EMMERMANN: I'm understanding  
21 what's going on. And the question, I think, was a  
22 little bit broader and more Mr. Mandalawi's perception  
23 or feeling or attitude about what was going on. So I'll  
24 allow the question.

25 MR. YIEN: I don't recall what the question

1 was.

2 HEARING OFFICER EMMERMANN: And, I think, he's  
3 answered it anyway.

4 MR. YIEN: Oh, he has. Okay. But I'd like to  
5 address your concern for the record. I'd like to  
6 represent to Madam Hearing Officer that the Division did  
7 their due diligence in finding these cases. And this  
8 was the last document or last ruling from the Oklahoma  
9 regulatory action, and so it is a final one as of today,  
10 that we are aware of.

11 If opposing counsel can find another action  
12 that comes after this, perhaps you can present it to  
13 her. So.

14 HEARING OFFICER EMMERMANN: Yeah, and for now,  
15 since we have the witness on the stand, if we need to go  
16 into that later on, we can.

17 MR. YIEN: Okay.

18 HEARING OFFICER EMMERMANN: But let's stay  
19 focused on Mr. Mandalawi's testimony. And then, as far  
20 as anything new coming in, however you guys want to  
21 resolve that, then you let me know.

22 MS. GRIFA: Okay. Thank you.

23 BY MR. YIEN:

24 Q. So, then, if I recall, the last question was,  
25 then, you still assert that you, you, HWA, HWA of the

1 various states and CHW Group doing business as Choice  
2 Home Warranty have never been violative of consumer  
3 fraud or protection law?

4 A. Yes.

5 MR. YIEN: Okay. One second. My co-counsel.

6 HEARING OFFICER EMMERMANN: I saw her looking  
7 down.

8 MR. YIEN: Right.

9 BY MR. YIEN:

10 Q. Have you ever -- has Choice Home Warranty  
11 Group doing business as Choice Home Warranty ever been  
12 registered with the Nevada Secretary of State?

13 A. I'm not sure.

14 Q. Okay. Have you ever applied -- you're the  
15 president of that company. Have you ever applied for a  
16 registration with the Nevada Secretary of State?

17 A. I don't remember.

18 Q. Okay. You acknowledge, though, that Choice  
19 Home Warranty, CHW Group doing business as Choice Home  
20 Warranty is not licensed by the Nevada Division of  
21 Insurance, though?

22 A. Yes.

23 Q. Are you aware that as of 2017, a Nevada bank  
24 was required for your reserve account?

25 A. I was made aware.



1 Q. So was I. What year is it now?

2 A. 2017.

3 Q. And does HWAN have a reserve account in Nevada?

4 A. No.

5 MR. YIEN: Oh. In earlier testimony, it had  
6 been revealed that -- or let me go to the exhibit, so we  
7 do this the right way.

8 Request for reserve account, Ms. Grifa, do you  
9 know which one of those exhibits?

10 MS. GRIFA: I'm not sure, Richard, which.

11 MR. YIEN: Okay.

12 MS. GRIFA: I've been great so far. You have  
13 to admit, I've been a terrific help to you.

14 MR. YIEN: The email. You know, I do have to  
15 acknowledge that. It was an email.

16 MS. GRIFA: I can't even find my list, let  
17 alone where the exhibit is. Okay. I'm sorry.

18 MR. YIEN: Oh, it's Exhibit 33.

19 BY MR. YIEN:

20 Q. And so on direct we referred to this exhibit as  
21 well. And you had testified that you did not black out  
22 the account number of any of the exhibits that were  
23 eventually given to the Nevada Division of Insurance.  
24 But did you ever provide the Nevada Division of  
25 Insurance with that account number?

1 A. No.

2 Q. Okay. And this document, Exhibit 33, also asks  
3 that you document whether the reserve account was solely  
4 dedicated to Nevada residents?

5 A. Yes.

6 Q. Do you see that?

7 A. Yes.

8 Q. Did you provide that to the Nevada Division of  
9 Insurance?

10 A. Yes, I did.

11 Q. You did?

12 A. Through the -- I believe, through the subpoena.

13 Q. You provided, I believe, the monthly account  
14 statements from your online statements perhaps?

15 A. (Nodded head affirmatively.)

16 Q. But did you, did you document whether the  
17 reserve account is solely dedicated to Nevada residents?

18 A. Oh, I'm not sure. I don't remember. I'm not  
19 sure. I referred this to my counsel, so.

20 Q. Okay. Why don't I ask you that question right  
21 now. Is that reserve account solely dedicated to Nevada  
22 residents?

23 A. Yes.

24 Q. That account is not used as a reserve account  
25 for other businesses?

1           A.    No.

2           MR. YIEN:   Can I just take a moment to -- I  
3 think, I'm almost done.  I just want to talk to my  
4 co-counsel.

5           HEARING OFFICER EMMERMANN:   Sure.

6           MR. YIEN:   Just to make sure I'm not missing  
7 anything.

8           HEARING OFFICER EMMERMANN:   Are you going to  
9 call her?

10          MR. YIEN:   Let me just check my texts.

11          And, Joanna, do you have anything that you want  
12 to talk to me about that I need to call you about?

13          Maybe she's texting me right now.

14          HEARING OFFICER EMMERMANN:   We can't hear you.

15          MS. GRIGORIEV:  I said do you want to just call  
16 me?

17          Can we take a five-minute break?

18          HEARING OFFICER EMMERMANN:   Sure.

19          MR. YIEN:   Or two-minute break.

20          HEARING OFFICER EMMERMANN:   So we'll take a  
21 quick recess until Mr. Yien gets back into the room.

22                       \* \* \* \* \*

23               (A break was taken, 4:22 to 4:29 p.m.)

24                       \* \* \* \* \*

25          HEARING OFFICER EMMERMANN:   So are we ready to

1 get back on the record?

2 MR. YIEN: Yes.

3 HEARING OFFICER EMMERMANN: Okay. And you can  
4 hear us in Vegas? Thumbs up, thumbs down. Thank you.

5 All right. Mr. Yien.

6 MR. YIEN: Just a few more questions of  
7 Mr. Mandalawi.

8 THE WITNESS: Sure.

9 BY MR. YIEN:

10 Q. So, again, you're the sole employee at HWAN.  
11 In your capacity as the sole employee and president of  
12 HWAN, can you described your day-to-day duties for HWAN?

13 A. Sure, yeah. The day-to-day duties involve just  
14 making sure that we're in regulatory compliance from  
15 state to state in the states that we do business.

16 Q. Okay. Anything else?

17 A. That's the role.

18 Q. Okay. That's the role. So everything else,  
19 it's the role of CHW, then, other than making sure  
20 you're in compliance with the regulatory, or whatever  
21 your answer was?

22 A. Correct.

23 Q. Okay. And what is your interaction, then, with  
24 CHW Group doing business as Choice Home Warranty on a  
25 day-to-day basis?

1       A.    Yeah, well, I'm the president of CHW Group.  
2   And, you know, I ensure that CHW Group is working within  
3   the operating agreement between HWA and CHW.  And from  
4   time to time, as before mentioned, consumer complaints  
5   would escalate up to me in certain scenarios.

6       Q.    So are you wearing the hat as CHW Group doing  
7   business as CHW Choice Home Warranty president when you  
8   do that, or are you wearing the hat of president of HWAN  
9   when you're overseeing that function?

10      A.    Yeah, it's really more of HWAN.

11      Q.    Okay.  So it's your role, as president of HWAN,  
12   to oversee those day-to-day activities of CHW Group?

13      A.    Yeah.

14      Q.    Okay.  And, I think, you had mentioned about  
15   275 employees?

16      A.    CHW's.

17      Q.    CHW Group.  Okay.  And can you just briefly  
18   describe what the roles are?  And, you know, I heard you  
19   mention sales and claims processing.  Is there something  
20   I'm missing, or?

21      A.    Sure.  There's various different departments.  
22   You know, there is -- we have sales, marketing.  We have  
23   a new claims group that takes in the initiation of when  
24   claims requests are made from consumers.  We have a  
25   general customer service team that fields general

1 customer service calls. We have a tier one claims  
2 group, a tier two level group, and an authorizations  
3 group that speak to the technicians when they're out  
4 completing a service function.

5 Q. Okay. And they perform all of the work that  
6 HWAN, HWAN consumers would interact with as a result of  
7 their having a contract with HWAN?

8 A. Correct, CHW is the administrator and the  
9 operator and the sales, exactly.

10 MR. YIEN: Okay. I don't have any other  
11 questions.

12 HEARING OFFICER EMMERMANN: Okay. So it is  
13 4:30. And I do have quite a few questions that I want  
14 to ask of Mr. Mandalawi. I think, I would prefer to  
15 review the answers and questions that you guys had  
16 today. But I don't want to break right after that.

17 So are you both comfortable if we stop now,  
18 start tomorrow morning at 8:30, we'll start with me  
19 asking the follow-up questions I have, and then we  
20 proceed with redirect and recross?

21 MS. GRIFA: I do not. I'm comfortable with  
22 that.

23 MR. YIEN: I just can't. I have an obligation  
24 at 8:30, so.

25 HEARING OFFICER EMMERMANN: Oh. What time can

1 you -- can you be here tomorrow?

2 MR. YIEN: I can, at 9:00. I have to drop off  
3 my daughter at school at 8:30.

4 HEARING OFFICER EMMERMANN: Okay.

5 MR. LENHARD: An obligation.

6 HEARING OFFICER EMMERMANN: All right, then.

7 So, then, I guess, we can start -- so you can be here at  
8 9:00.

9 MR. LENHARD: Do you think we're going to make  
10 it, finish tomorrow, Richard; do you have any idea?  
11 Because we're struggling to find hotel rooms.

12 MR. YIEN: Yeah, I have no further witnesses.

13 HEARING OFFICER EMMERMANN: Hold on. So we're  
14 still on the record. Do we need to get off the record  
15 and discuss it?

16 MR. LENHARD: That's fine.

17 HEARING OFFICER EMMERMANN: Yeah, let's get off  
18 the record. That way, your hands don't get tired. And  
19 then we'll get back on, and we'll clarify in the record  
20 what we're going to do.

21 (There was a discussion off the record, 4:34 to  
22 4:36 p.m.)

23 HEARING OFFICER EMMERMANN: All right. So  
24 let's get back on the record.

25 So after discussion, we've decided that we will

1 take a break from Mr. Mandalawi's testimony and continue  
2 tomorrow morning by starting with the Hearing Officer's  
3 follow-up questions, and then continue with redirect and  
4 recross.

5 Since we have 25 minutes left, approximately,  
6 today, the parties have indicated that they're  
7 comfortable with Ms. Grifa calling her next witness in  
8 this 25 minutes.

9 And did I miss anything?

10 Okay. So Mr. Mandalawi, please do not, just as  
11 a reminder, do not discuss your testimony with anybody  
12 until after the final order. And you're still going to  
13 be under oath, all that fun stuff. So keep that in mind  
14 tonight. Okay?

15 THE WITNESS: Sure.

16 HEARING OFFICER EMMERMANN: Thank you.

17 THE WITNESS: Thank you.

18 MS. GRIFA: Madam Hearing Officer, would you  
19 mind if I shuffle those books?

20 HEARING OFFICER EMMERMANN: No, go ahead.

21 MS. GRIFA: The respondent would call Marla  
22 Ramirez.

23 HEARING OFFICER EMMERMANN: Okay. So let's get  
24 back on the record.

25 MS. GRIFA: The respondent would call Marla



1 Ramirez.

2 HEARING OFFICER EMMERMANN: Ms. Ramirez, the  
3 court reporter will swear you in shortly, and then we  
4 will begin. Please wait until the question has been  
5 asked completely of you. If you don't understand the  
6 question, you can ask for clarification. Speak up, and  
7 always use a verbal response. It's difficult for her to  
8 capture a shrug or a nod. And if you need a break, just  
9 ask for one. Okay?

10 THE WITNESS: Okay.

11 HEARING OFFICER EMMERMANN: All right. Please  
12 proceed.

13  
14 M A R L A R A M I R E Z,  
15 having been first duly sworn/affirmed by the Reporter,  
16 was examined and testified as follows:

17  
18 DIRECT EXAMINATION

19 BY MS. GRIFA:

20 Q. Ms. Ramirez, would you spell your first and  
21 last name, please.

22 A. M-A-R-L-A, R-A-M-I-R-E-Z.

23 Q. Where do you work, Ms. Ramirez?

24 A. I work at CHW Group, Inc.

25 HEARING OFFICER EMMERMANN: I'm going to

1 interrupt for second. I'm going to need you to speak up  
2 because of that pounding of the rain or hail.

3 THE WITNESS: I will.

4 HEARING OFFICER EMMERMANN: Thank you.

5 Okay. Go ahead.

6 BY MS. GRIFA:

7 Q. How long -- I'll be louder, too. How long have  
8 you worked there?

9 A. Nearly four years.

10 Q. What is your title?

11 A. Chief Operations Officer.

12 Q. We have heard testimony today that CHW Group,  
13 Inc. operates out of two different locations in  
14 New Jersey. Which location do you work in?

15 A. Somerset, New Jersey.

16 Q. And how long have you worked at that location?

17 A. Nearly two years.

18 Q. Did you previously work at the Edison location  
19 of the company?

20 A. Yes, I did.

21 Q. Can you tell the Hearing Officer, can you  
22 testify at this proceeding what CHW Group, Incorporated  
23 does?

24 A. CHW Group, Incorporated processes service  
25 requests from their customers for claims when something

1 breaks in their house, an appliance or a system that we  
2 cover under our policy.

3 Q. And do they do that for Nevada consumers under  
4 the umbrella of Home Warranty Administrator of Nevada,  
5 Inc.?

6 A. That is correct.

7 Q. And do you know the relationship between CHW  
8 Group, Inc. and HWAN, as we've been referencing the  
9 respondent here today?

10 A. Yes.

11 Q. What is the nature of the relationship?

12 A. It's a contractual relationship that we provide  
13 service to their customers.

14 Q. Are there other HWAs that CHW Group, Inc.  
15 provides that service to?

16 A. Yes, there are nine, such as New York, Florida,  
17 Texas. Do you want me to name them all? Illinois.

18 Q. Or Arizona?

19 A. Arizona.

20 Q. Alabama?

21 A. Alabama, right.

22 Q. With respect to your function and your work in  
23 Edison, can you tell us specifically, what is the focus  
24 of your work on a day-to-day basis?

25 A. The focus of my work is back-office support of

1 all the claims processing. So it is all the various  
2 departments that work in conjunction with inputting a  
3 claim, processing the claim through and closing that  
4 claim out, and all the support functions that go behind  
5 that.

6 Q. Do you do the -- do you onboard vendors, who  
7 will provide service appointments to consumers to --

8 A. Yes.

9 Q. -- to the HWAs?

10 A. Yes.

11 Q. And do you train personnel as to how they would  
12 deal with the claims coming in from the policyholders?

13 A. Yes.

14 Q. You've heard us make a distinction between a  
15 claim and a complaint. Can you tell us in your own  
16 words the distinction between those two words?

17 A. Yes.

18 Q. With respect to your function?

19 A. Yes. When a customer calls in a service  
20 request, we refer to that internally, then, as a claim.  
21 They have now placed a claim for an appliance or a  
22 product or a system that needs to be repaired. A  
23 complaint is a dissatisfaction about that service.

24 Q. Who do you report to on a day-to-day basis?

25 A. Victor Hakim and Victor Mandalawi.

1 Q. Okay. But you work at CHW Group, Inc.,  
2 correct?

3 A. Yes, that is correct.

4 Q. How often do you work with Victor Mandalawi?

5 A. On a daily basis.

6 Q. And is that in the Somerset location you've  
7 described?

8 A. That is correct.

9 Q. I'm going to ask you to look at Exhibit K,  
10 which has been received in evidence. And I have taken  
11 the liberty of opening that book to the appropriate page  
12 in the interest of time. If you'd just take a moment to  
13 look at that document. And when you're ready, I can ask  
14 you some questions about it.

15 A. Yes, I'm ready.

16 Q. This is a document that has been prepared by  
17 Home Warranty Administrators of Nevada, Inc. and has  
18 been submitted into evidence in this proceeding. Can  
19 you tell us, by examining this document, how many claims  
20 come in to Nevada in a given year? And I'd just ask you  
21 to answer that question with a yes or no rather than  
22 give me a number.

23 A. Yes.

24 Q. I would just direct your attention to the last  
25 full year that HWAN was doing business in Nevada, which

1 would be 2016. Can you tell me how many customers of  
2 record HWAN had in that year?

3 A. Yes, 5,591.

4 Q. And how many claims were processed?

5 A. 19,050.

6 Q. Of those claims, how many were approved?

7 A. 17,093.

8 Q. How many were denied?

9 A. 1,957.

10 Q. What's the approval rate of claims versus the  
11 denial?

12 A. 89.73 percent approval rate.

13 Q. And by virtue of your ongoing responsibility in  
14 the claims and complaints area, how many complaints  
15 would you say that HWAN received from dissatisfied  
16 consumers in 2016?

17 A. 21 complaints.

18 Q. Those would be from Nevada contract holders,  
19 right?

20 A. That is correct.

21 Q. And what is the complaint-to-claims ratio for  
22 2016?

23 A. Point 110 percent.

24 Q. This is a document that reflects on the  
25 entirety of the operation of HWAN in Nevada; would that

1 be fair to say?

2 A. That is correct.

3 Q. 2011, which was their first full year of  
4 operation, right?

5 A. Yes.

6 Q. Until this year, which is only a partial year.  
7 Can you tell me what the average complaint ratio per --  
8 the average complaint rate was over the course of the  
9 operation of the company in Nevada, that is, HWAN in  
10 Nevada?

11 A. Yes. That is 0.102 percent.

12 Q. How many claims in total, how many customers in  
13 total has HWAN serviced since 2011?

14 A. 23,889.

15 Q. How many claims has the company processed from  
16 those 23,000 policyholders?

17 A. 69,849.

18 Q. What is the approval rate of the claims that  
19 come into CHW Group for processing?

20 A. Over the course of the entire period?

21 Q. Over the course of the lifespan of HWAN's  
22 operation in Nevada.

23 A. It's 87.83 percent.

24 Q. If there is a dissatisfied, an HWAN customer,  
25 are you the first point of interception with that

1 customer, or there are people who are subordinate to you  
2 who might screen that first?

3 A. Yes, we have various departments who would  
4 screen it first. We have a resolutions team, and that  
5 is their job, is to try to resolve that complaint.

6 Q. And if they fail to do so, what happens next?

7 A. The complaint can go to our consumer advocacy  
8 department.

9 Q. And do you have oversight of that as well?

10 A. Yes.

11 Q. And should the consumer advocacy department  
12 fall short of satisfying the customer?

13 A. Then they will come to me.

14 Q. And if you are unable to reach a satisfactory  
15 result with that customer?

16 A. I will go to Victor Mandalawi.

17 Q. Does he have the final say?

18 A. Yes, he does.

19 Q. You understand that HWAN has a Nevada contract  
20 for its Nevada customers, correct?

21 A. That is correct.

22 Q. And is it your intention, by virtue of your  
23 oversight of this claims and complaint process, that  
24 HWAN contract be enforced?

25 A. Yes, a hundred percent.



1 Q. Are there accommodations made to consumers?

2 A. Yes, across the board.

3 Q. When you say "across the board," what do you  
4 mean?

5 A. I don't mean just HWAN. We're trying to  
6 satisfy every customer. So there's accommodations made  
7 to many customers across states.

8 Q. What would you define an accommodation to be?

9 A. An accommodation could be a goodwill gesture.  
10 It could be a free service call fee for their next  
11 claim. It could be additional funds to repair or  
12 replace, or I should say replace an appliance.

13 Q. Are the contracts different from the state to  
14 state?

15 A. Yes.

16 Q. And when a claim comes in that is a request to  
17 dispatch a service technician, how does the person who  
18 receives that call know what the contract looks like in  
19 any of its provisions or any of its exclusions?

20 A. Every contract is attached to the customer's  
21 account. So anyone can access the contract specific to  
22 that customer.

23 Q. So if I had an account, and I called in and  
24 said, my refrigerator isn't running, and my name is Lori  
25 Grifa, what would happen next?

1           A.    We would see that you live in New Jersey, and  
2 we would be able to access your New Jersey account with  
3 your contract for New Jersey.

4           Q.    Would it be fair to say that a Nevada customer  
5 gets the benefit of his Nevada contract every time they  
6 call and make a claim?

7           A.    Yes.

8           Q.    Do they get the benefit of their Nevada  
9 contract every time they make a complaint?

10          A.    Yes.

11          Q.    To the extent that you have oversight over the  
12 process, is part of your duty to make sure that the  
13 people who are subordinate to you are observant of  
14 Nevada law?

15          A.    Yes.

16          Q.    And if you found that they were not, what  
17 actions would you take?

18          A.    They would be brought under disciplinary  
19 action, up to and including termination.

20          Q.    We've heard about a couple of Nevada  
21 complainants here in these proceedings. And, I think,  
22 what I would like to do is I would like to refer you to  
23 Exhibit M, which is, I think, in that book right there.

24          A.    This one, the big one?

25          Q.    It's on the front page.

1 HEARING OFFICER EMMERMANN: Exhibit M?

2 MS. GRIFA: M like Mary.

3 HEARING OFFICER EMMERMANN: I think, it's the  
4 same book that we've been looking at.

5 MS. GRIFA: Oh.

6 THE WITNESS: Yes.

7 MS. GRIFA: How convenient. And I'm sorry.  
8 It's not M.

9 THE WITNESS: Oh, it's not M?

10 MS. GRIFA: It's a false alarm. That would  
11 have been way too convenient. It's actually HH.

12 MS. YVONNE RENTA: It's these three.

13 MS. GRIFA: Okay. So I'm going to ask if you  
14 could possibly assist me, Ms. Renta, in giving her --  
15 oh, boy, they're not labeled -- giving Ms. Ramirez the  
16 book that begins with page 506 and the book that begins  
17 with page 1119. It should be on the second page of the  
18 book.

19 MS. YVONNE RENTA: 506 or 560?

20 MS. GRIFA: 506. It's the first. I'm going to  
21 do two of three first.

22 BY MS. GRIFA:

23 Q. In the course of these proceedings, we have  
24 heard about three specific individuals who had  
25 unsatisfactory experiences with HWAN. And their names

1 are Naughten, Trombetta, and Mary Jo Greenlee. So I'd  
2 ask you to look at Exhibit HH, and I would ask you to  
3 turn to page 661 to find information with regard to how  
4 Mary Jo Greenlee was treated by HAWN through its  
5 representatives at CHW Group. Have you been able to  
6 locate page 661?

7 A. Yes, I have.

8 Q. And can you tell us -- first of all, can you  
9 confirm that she was a Nevada resident?

10 A. Yes.

11 Q. And you can confirm that she made a complaint  
12 to the complaint center in New Jersey on or about  
13 June 8th, 2016?

14 A. No, I can confirm she placed a claim, a service  
15 request, on June 8th, not a complaint.

16 Q. Shame on me. Okay. Can you tell us something  
17 about how she was treated, or how that claim was  
18 processed and how she was treated by the company?

19 A. Yes. She placed her claim on June 8th for her  
20 air conditioning unit. She was assigned USA Air  
21 Conditioning to the claim. On June 10th, the  
22 contractor, USA Air, advised HWAN that there were no  
23 mechanical failures. We did follow up with the customer  
24 on June 14th, advised the customer that the technician  
25 said that there were no mechanical failures. Then the

1 technician advised her that the unit would need to be  
2 replaced. She forwarded the invoice, which indicated  
3 the unit was old. On June 17th, HWAN advised the  
4 customer that the age of the unit does not alter its  
5 determination, and there were no mechanical failures.

6           On June 25th, the claim was reopened at the  
7 customer's request. I'm sorry. On July 25th it was  
8 reopened. On July 26th, the customer called HWAN and  
9 claimed the technician informed her that the unit was  
10 not worth the repair. HWAN followed up with an addition  
11 from that day until August 5th, 2016, and it was  
12 determined that there was still no mechanical failures  
13 and that the unit was operating up to its potential. On  
14 August 5th, 2016, HWAN advised the customer it was  
15 denying the claim. On August 6th, 2016, the claim was  
16 reassigned to Comfort Zone AC. The technician indicated  
17 that there were no air flow through the ductwork in the  
18 attic and he needed to gain access to the attic. On  
19 August 8th of that same year, the claim was reassigned  
20 to Vegas Appliance Repairs, because Comfort Zone AC  
21 indicated that it does not service that equipment. On  
22 August 9th, the technician advised that the duct was  
23 longer than necessary and that was causing the airflow  
24 issue. HWAN advised the customer that access was not  
25 covered. The technician added Freon to the unit,

1 because the unit was low.

2 August 15th, the customer called to complain  
3 that the unit was still not cooling. A new claim was  
4 opened. Vegas Appliance Repairs was assigned to that  
5 claim. On August 16th, we attempted to follow up. On  
6 August 18th, the customer called for an update. We  
7 attempted to reach the service technician. On August  
8 19th, the customer was advised that the claim was being  
9 denied because the issue was the compressor, which was  
10 caused by a lack of maintenance. The customer claimed  
11 to have maintenance records for the past five years, and  
12 she would forward them for review. On August 25th, HWAN  
13 reviewed the records, and there were no invoices showing  
14 proper and routine maintenance. The customer was  
15 advised that the denial was confirmed. She stated that  
16 she would appeal.

17 On September 1st, customer called HWAN to  
18 receive a status of the claim and inquired about a  
19 timeframe. On the 2nd of September, HWAN advised the  
20 customer that upon review of her claim it was confirmed  
21 as a denial.

22 On September 15th, HWAN received a complaint  
23 from the Nevada Department of Insurance. HWAN advised  
24 the customer that it was standing by its decision to  
25 deny the claim. And on November 30th, HWAN offered the

1 customer \$1,500 to resolve the matter, which was  
2 accepted.

3 Q. So you have read into the record, Ms. Ramirez,  
4 a series of dates, some dates of several contacts during  
5 the week. Is that, is your testimony off that document  
6 a fair recitation of the numerous contacts between the  
7 claims rep and Mary Jo Greenlee in connection with the  
8 claim she made regarding her air conditioning unit?

9 A. Yes.

10 Q. So it was several times a week she was in  
11 contact with the company?

12 A. Yes.

13 Q. Ultimately, the State of Nevada contacted the  
14 company; isn't that right?

15 A. That is correct.

16 Q. And at or about the time that they contacted  
17 the company, a resolution by way of settlement was made  
18 with Ms. Greenlee, right?

19 A. That is correct.

20 Q. She was paid \$1,500?

21 A. Yes.

22 Q. That's the maximum liability under her  
23 contract?

24 A. That is correct.

25 Q. But in reviewing her particular file and in

1 anticipation of your testimony, was she properly denied  
2 under the contract?

3 A. Yes, she was.

4 Q. But nonetheless an accommodation was offered?

5 A. That is correct.

6 Q. I would ask you, then, to move to a different  
7 book. Actually, that --

8 MR. YIEN: I'm sorry. If I could just, I was  
9 lost on that last. What exhibit were we just on?

10 MS. GRIFA: Okay. That is Exhibit HH, at page  
11 661.

12 MR. YIEN: Okay. Thank you. And I apologize.

13 BY MS. GRIFA:

14 Q. And now we're going to be at HH, at page 1070.  
15 Are you able to find page 1070?

16 HEARING OFFICER EMMERMANN: 1070 was in my same  
17 book.

18 MS. GRIFA: It was? Excuse me a second. I  
19 apologize.

20 BY MS. GRIFA:

21 Q. Have you located it?

22 A. Yes.

23 MS. GRIFA: Mr. Yien, do you need a few  
24 minutes?

25 MR. YIEN: I've got it, too. Thank you,



1 Ms. Grifa.

2 BY MS. GRIFA:

3 Q. Yesterday, we heard testimony from the  
4 Division's witness, I think, it was Kim Kuhlman,  
5 regarding Mr. Larry Naughten, in HWAN customer and a  
6 Nevada resident. You were not here for the proceedings  
7 yesterday. But in Exhibit HH, have you found the claim,  
8 the file that pertains, the company file that pertains  
9 to Mr. Larry Naughten, and are you able to tell us  
10 something about how his claim was processed by the  
11 claims department that is part of CHW Group and services  
12 the HWAN Nevada consumer?

13 A. Yes.

14 Q. If you could tell us about that, please. When  
15 was his claim for service?

16 A. His claim for service was May 25th, 2014. And  
17 the customer did place a claim for a leak in the closet.  
18 Now, his contract only began on -- he purchased the  
19 contract on April 29th, 2014. And there is a 30-day  
20 wait period before you can place a claim. So the first  
21 day he could have placed a claim was May 29th. As I  
22 said, he placed the claim on May 25th, which was prior  
23 to his contract starting.

24 So he was advised at that time that he did have  
25 a 30-day wait for the policy to become effective. And

1 he cancelled his -- I'm sorry. He was advised that he  
2 would have a 30-day wait for that policy to become  
3 effective.

4           So on July 28th, HWAN sent the customer a  
5 letter confirming the denial. August 28th, the customer  
6 called HWAN and advised -- I'm sorry. The customer  
7 called HWAN, and we advised him the claim was closed.  
8 On August 31st, a refund of \$36.50 was processed and the  
9 policy was cancelled. On March 30th, 2015, after the  
10 policy was canceled, to resolve the issue, pursuant to  
11 the Department of Insurance, HWAN sent the customer a  
12 check in the amount of \$500.

13           Q. There's a specific exclusion in the contract  
14 that states that 30 days must pass between the date of  
15 purchase and the first claim; isn't that right?

16           A. That is correct.

17           Q. Mr. Naughten's claim was premature in that he  
18 hadn't met that 30-day threshold, correct?

19           A. That is correct.

20           Q. So was it appropriate for HWAN, for the company  
21 to deny his claim?

22           A. Yes.

23           Q. And nonetheless there were periodic  
24 communications between him and your office throughout  
25 the spring of 2014; isn't that true?

1 A. That is correct.

2 Q. And, ultimately, you did give him an  
3 accommodation of \$500?

4 A. Yes.

5 Q. Okay. The Division of Insurance from Nevada  
6 called with regard to his claim; isn't that right?

7 A. That is correct.

8 Q. And he was given an accommodation?

9 A. Yes.

10 Q. As you testified, was the denial of his claim  
11 appropriate under the terms and conditions of the  
12 contract?

13 A. Yes, it was. His contract hadn't begun yet.

14 Q. Now I'm going to ask you to turn your  
15 attention, and this is the last person I'm going to ask  
16 you about, to Mr. Anthony Trombetta. And his file and  
17 his can be found at 1577, also in Exhibit HH.

18 A. Okay. I got it.

19 Q. Mr. Trombetta made a claim --

20 MR. YIEN: I'm sorry. I'm not there yet.

21 MS. GRIFA: Oh, I'm sorry.

22 MR. YIEN: HH, what was it?

23 MS. GRIFA: It's 1577.

24 HEARING OFFICER EMMERMANN: And it's 4:59. So,  
25 Ms. Grifa, I just wanted to check where we are. What do

1 you think?

2 MS. GRIFA: Give me 10 minutes. I can finish  
3 my direct.

4 HEARING OFFICER EMMERMANN: Okay. If you can  
5 give me one second, then let me -- it's daycare.

6 And off the record.

7 (There was a brief period off the record.)

8 HEARING OFFICER EMMERMANN: Okay. Ready?

9 MS. GRIFA: Yes.

10 HEARING OFFICER EMMERMANN: Okay.

11 BY MS. GRIFA:

12 Q. Ms. Ramirez, I've asked you to review page 1577  
13 and also look at page 1578 of respondent's Exhibit HH.  
14 Do you have the exhibit?

15 A. Yes, I do.

16 Q. And this pertains to a policy held by an HWAN  
17 customer known as Anthony Trombetta, right?

18 A. That is correct.

19 Q. He is a Nevada resident?

20 A. That is correct.

21 Q. He had a Nevada contract with HWAN, right?

22 A. Yes.

23 Q. Ms. Kuhlman gave testimony that he advised the  
24 State of Nevada that he was treated very poorly by the  
25 company, and in particular because he had a person in

1 his household who had some sort of respiratory  
2 impairment, and he had an air conditioning failure, and  
3 he did not, he did not receive appropriate treatment by  
4 the company. In your examination of 1577 and 1578, do  
5 you find any reference to a household resident that had  
6 a serious ailment that would require special attention  
7 by the company?

8 A. No, I do not.

9 Q. Now, in the following pages of this exhibit,  
10 which go all the way through to page 1593, do you find  
11 anything in his file with HWAN to indicate that he  
12 reported an ill family member that needed a degree of  
13 sensitivity with respect to the way the company  
14 responded to his claim?

15 A. No, I do not.

16 Q. I would direct your attention to page 1577.  
17 And the first three entries, which have June dates, can  
18 you just take a look at them?

19 A. Yes.

20 Q. Mr. Trombetta made a claim with the company on  
21 June 27th of 2016; isn't that right?

22 A. That is correct.

23 Q. What was the first thing that the company did?

24 A. We dispatched a technician.

25 Q. What happened after that?

1           A.    On June 28th, the customer called HWAN to  
2   inform that the technician went to his house the day  
3   before, but the unit was still not working.

4           Q.    So from that, can we assume, then, he placed a  
5   claim on the 27th, and a technician was there on the  
6   27th of June?

7           A.    That would be correct.

8           Q.    Okay.  And on the 28th, he reported that the  
9   unit, although having been serviced, was still not  
10   working properly?

11          A.    That is correct.

12          Q.    Okay.  And then what happened after that?

13          A.    On June 30th, the technician informed HWAN that  
14   the work order was completed, and the claim was closed.

15          Q.    Now, is it your testimony that he made a claim,  
16   never advised of any sensitivity of any member of the  
17   household, but a person was dispatched to fix it, and  
18   the problem was addressed within 48 hours?

19          A.    That is correct.

20          Q.    But the dispatch was on the very same day?

21          A.    That is correct.

22          Q.    Was is the target time for the dispatch of a  
23   technician of this CHW Group customer service section  
24   for any claim that comes in under any policy, including  
25   HWAN?

1 A. Two business days.

2 Q. Was is the dispatch time?

3 A. We're averaging four hours.

4 Q. And when you say two days, is that for the  
5 completion of the repair work?

6 A. That is two days to assign a technician to the  
7 claim.

8 Q. But in this instance, he was assigned a  
9 technician on the very same day?

10 A. Yes, he was.

11 Q. Now, that was not end of the story about  
12 Mr. Trombetta's air conditioning; is that right?

13 A. That is correct.

14 Q. And would it be fair, because of certain time  
15 constraints, would it be fair to say that there was  
16 continuing communication with Mr. Trombetta in July of  
17 2016?

18 A. Yes.

19 Q. And into August 2016?

20 A. That is correct.

21 Q. And then, ultimately, in August of 2016, we  
22 learned that the Nevada Department of Insurance had a  
23 concern about the claim; is that right?

24 A. On July 21st, yes.

25 Q. July 21st of 2016. And despite the fact that a

1 technician was dispatched and the problem was addressed,  
2 ultimately, the company gave him a check for \$1,500,  
3 which is the maximum of his contractual protection;  
4 isn't that right?

5 A. That is correct.

6 Q. Was he entitled to receive that settlement?

7 A. No, this claim was not a covered repair.

8 Q. But he did receive the maximum coverage?

9 A. Yes, he did.

10 Q. If you found, Ms. Ramirez, that people who --  
11 I'm sorry. I will withdraw that. I've already asked  
12 that question.

13 We have heard some testimony here that the  
14 company receives, has received some, that is to say, CHW  
15 Group has received some quite negative press in these  
16 proceedings. And, I think, you might have been here  
17 this morning when Mr. Ghan testified; is that right?

18 A. Yes.

19 Q. And you watched some videos that have been  
20 received into evidence?

21 A. Yes.

22 Q. Does the company also receive positive  
23 communication --

24 A. Yes, we do.

25 Q. -- from your policyholders? Thank you.



1 MS. GRIFA: Madam Hearing Officer, I have  
2 prepared and submitted, and have been received as  
3 Exhibit M, 6,000 testimonials from satisfied customers.  
4 And it was my plan, through this witness, to have her  
5 identify and read into the record 10 satisfied Nevada  
6 consumers. But what I thought perhaps I would do is I  
7 would conclude my direct, and then perhaps you would  
8 allow me to read them in, as the exhibit is in evidence.  
9 Perhaps we could do that tomorrow before Mr. Yien  
10 commences his cross.

11 HEARING OFFICER EMMERMANN: Okay. Do you  
12 have --

13 MS. GRIFA: Or if she can come back and read  
14 it.

15 HEARING OFFICER EMMERMANN: Yeah, I think, I  
16 would be more comfortable having her come back to  
17 testify.

18 MS. GRIFA: Okay.

19 HEARING OFFICER EMMERMANN: So that way, you  
20 get the full time you need with your witness.

21 MS. GRIFA: Okay. Then, I'll address Exhibit M  
22 tomorrow with the witness. And that would conclude my  
23 examination for today.

24 HEARING OFFICER EMMERMANN: Okay. And that's  
25 assuming that she will be here tomorrow.

1 THE WITNESS: Yes, I will be here.

2 MS. GRIFA: She'll be here.

3 HEARING OFFICER EMMERMANN: All right. So,  
4 then, we're good for today.

5 MS. GRIFA: We're good for today.

6 HEARING OFFICER EMMERMANN: So tomorrow  
7 morning, what we'll do, then, is we'll start with --  
8 we'll finish up with Ms. Ramirez. Is that okay? And  
9 then we'll move on back to Mr. Mandalawi.

10 Mr. Yien, are you comfortable with that?

11 MR. YIEN: Yes, I am.

12 HEARING OFFICER EMMERMANN: Okay. Ms. Grifa,  
13 are you comfortable with that?

14 MS. GRIFA: My question is do you want to  
15 finish her entire testimony, or just her direct, and  
16 then go back to Mr. Mandalawi?

17 HEARING OFFICER EMMERMANN: We might as well  
18 finish the entire testimony.

19 MS. GRIFA: I agree.

20 HEARING OFFICER EMMERMANN: That way, we're not  
21 back and forth in the transcripts.

22 MS. GRIFA: That would be certainly acceptable  
23 to respondent.

24 HEARING OFFICER EMMERMANN: Mr. Yien, you're  
25 comfortable with that as well?

1 MR. YIEN: Yes. So tomorrow we'll start with  
2 finishing this cross, and then go on with Mr. Mandalawi.

3 HEARING OFFICER EMMERMANN: Tomorrow morning,  
4 we'll start with finishing the direct, and then we'll go  
5 into cross, and then whatever spirals off out of there.  
6 And then, after that, we will have Mr. Mandalawi come  
7 back.

8 MR. YIEN: I see. Okay.

9 HEARING OFFICER EMMERMANN: Okay? All right.  
10 And we will start at 9:00 a.m.

11 MS. GRIFA: In this room.

12 HEARING OFFICER EMMERMANN: All right. In this  
13 room.

14 Okay. We're good?

15 All right. So I will see you all tomorrow.

16 MS. GRIFA: Thank you.

17 MR. LENHARD: Thank you.

18 MR. YIEN: Thank you.

19 \* \* \* \* \*

20 (The Hearing adjourned at 5:10 p.m.)

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REPORTER'S CERTIFICATE

I, SHANNON L. TAYLOR, a Certified Court Reporter, Nevada CCR #322, do hereby certify:

That I was present at the Department of Business and Industry, Division of Insurance, 1818 East College Parkway, 1st Floor Hearing Room, Carson City, Nevada, at 9:00 a.m. on Wednesday, September 13, 2017, and commencing at 9:00 a.m. took verbatim stenotype notes of the second of three days of a Hearing had upon the matter captioned within, Cause Number 17.0050;

That the witnesses were duly sworn/affirmed by me to tell the truth, the whole truth, and nothing but the truth;

That I thereafter transcribed the aforementioned stenotype notes into typewriting as herein appears, and that the within transcript, consisting of pages 1 through 297, is a full, true and correct transcription of said stenotype notes said Hearing.

DATED: At Carson City, Nevada, this 28th day of September, 2017.

\_\_\_\_\_  
SHANNON L. TAYLOR  
Nevada CCR #322, RMR

## **CERTIFICATE OF SERVICE**

Pursuant to NRAP 25(1)(b) and 25(1)(d), I, the undersigned, hereby certify that I electronically filed the foregoing **APPELLANT'S APPENDIX (VOLUME VI OF XIV)** with the Clerk of Court for the Supreme Court of Nevada by using the Supreme Court of Nevada's E-filing system on May 12, 2020.

I further certify that all participants in this case are registered with the Supreme Court of Nevada's E-filing system, and that service has been accomplished to the following individuals through the Court's E-filing System as indicated below:

**Via Electronic Filing System:**

Richard P. Yien  
Joanna N. Grigoriev

/s/ Joyce Heilich  
An Employee of Holland & Hart LLP