

No. 2019-6123

**Official Order
of the
Texas Commissioner of Insurance**

Date: OCT 30 2019

Subjects Considered:

Thomas E. Wright
419 Old Elkhart Rd Ste 100
Palestine, Texas 75801-5922

Thomas Wright & Associates LLC
PO Box 3400
Palestine, Texas 75802-3400

Allyson Smalley dba Multi-Risk Solutions
111 Hamilton Rd
Palestine, Texas 75801-5211

Consent Order
SOAH Docket No. 454-18-0343.C
TDI Enforcement File Nos. 8400, 18081, & 19299

General remarks and official action taken:

This is a consent order with Thomas E. Wright (Wright), Thomas Wright & Associates LLC (TWA), and Allyson Smalley dba Multi-Risk Solutions (Smalley), (collectively Respondents). TDI alleges that Respondents engaged in dishonest acts and practices, converted or misappropriated funds, and operated entities out of compliance with insurance laws of this state.

Waiver

Respondents acknowledge that the Texas Insurance Code and other applicable laws provide certain rights. Respondents waive all of these rights, and any other applicable procedural rights, in consideration of the entry of this consent order.

Findings of Fact

Licensure

1. Wright, individual identification number 5850, holds a general lines agent license with a property and casualty qualification issued by the Texas Department of Insurance on May 23, 1988. Wright was issued a life, accident, and health qualification for his general lines agent license on July 29, 2004.
2. TWA, firm identification number 81637, holds a general lines agency license with a property and casualty qualification issued by the department on September 11, 2013. Wright is the sole designated responsible licensed person for TWA.
3. Wright's daughter, Smalley, individual identification number 1135247, holds a general lines agent license with a property and casualty qualification issued by the department on August 8, 2012.

Premium Conversion / Misappropriation / Dishonest Acts / Lack of Consent

Elkhart Church of Christ

4. On March 20, 2014, Elkhart Church of Christ (Elkhart Church) purchased a commercial insurance policy ending in 0619, effective from March 28, 2014, to March 28, 2015, from Wright and TWA. Elkhart Church issued a check totaling \$1,003.60 to TWA for the down payment and entered into a premium finance agreement with Premium Funding Associates, Inc. (Premium Funding) to finance the remaining premiums owed.
5. On August 8, 2014, Elkhart Church's policy canceled due to reasons unrelated to Respondents. On September 11, 2014, as a result of the cancellation, Premium Funding issued a check for \$1,087.74 made payable to Elkhart Church and mailed it to Wright and TWA's office. On September 17, 2014, Wright endorsed and deposited the check.
6. Elkhart Church never received this refund. Instead of returning this money to the insured, Wright and TWA kept the money for their own use and benefit.

Carolyn Miles and Bar S Ranch Resort

7. On July 3, 2014, Carolyn Miles purchased a commercial general liability policy ending in 5501 and an inland marine insurance policy ending in 0381, both effective from June 9, 2014, to June 9, 2015, for her company, Bar S Ranch Resort (Bar S Ranch), through Wright and TWA. Miles remitted the full, annual premiums owed for these policies, totaling \$8,249.25, and Wright deposited this check on July 8, 2014.
8. Despite Miles' payment in full for the policies, on September 12, 2014—71 days after Miles remitted payment—Wright entered Bar S Ranch into a premium finance agreement with Premium Funding to finance the premiums owed for both policies. Miles was not aware of the financing agreement and never agreed to finance the policies.
9. In early September 2014, Miles received notice from Premium Funding of its intention to cancel Bar S Ranch's finance agreement for nonpayment on September 19, 2014. The notice specified that Premium Funding had not received any payments towards the financing.
10. In response to the notification, Miles contacted Wright, and Wright agreed to pay the full, remitted premiums to the insurance companies. Wright paid the commercial general liability policy on September 25, 2014, and the inland marine policy on October 8, 2014, 84 days and 97 days respectively after Miles paid for the policies.

Champion Well Service / Mid-Continent Group

11. Champion Well Service (Champion) purchased an inland marine policy ending in 7366, effective September 12, 2014, to September 12, 2015, and a general liability policy ending in 7549, effective July 5, 2014, to July 15, 2015, from Wright and TWA. Champion also entered into a premium finance agreement with Premium Funding to finance a portion of the premiums for the general liability policy.
12. On December 2, 2014, Champion canceled both policies with Mid-Continent Group (Mid-Continent). Due to the cancellation, in January 2015, Mid-Continent issued two refund payments for Champion to Wright and TWA. One of the refund

payments was in the amount of \$21,752 for the general liability policy. Wright was supposed to remit this refund to Premium Funding to pay for the portion of the premiums funded by the premium finance agreement.

13. Wright, however, never returned these funds to Premium Funding. Instead, on May 13, 2015, Mid-Continent made a second payment of \$21,752 to Premium Funding. Mid-Continent then sought reimbursement from Wright, but it took two years for Wright to pay back Mid-Continent.
14. On May 12, 2015, Mid-Continent canceled TWA's appointment because Wright and TWA had repeatedly failed to timely remit premiums and other payments.

Conversion and Alleged Agent Fees

Jason Langford and J&R Dirt Service

15. On March 17, 2014, Jason Langford, doing business as J&R Dirt Service, purchased an inland marine policy ending in 6381, effective from March 15, 2014, to March 15, 2015, and a general liability policy ending in 6339, effective from May 16, 2014, to May 16, 2015, from Wright and TWA. Wright set up premium finance agreements on both policies with Premium Funding to finance the remaining premiums owed. Wright and TWA overcharged J&R Dirt Service for these policies by \$3,740.02 and kept the funds.

Dorothy Hendrix

16. On April 2, 2014, Frank Hendrix purchased a commercial general liability and property policy ending in 489A, effective from April 1, 2014, to April 1, 2015, for Dorothy Hendrix, his mother, from Wright and TWA. Wright set up premium finance agreements for the policies with Premium Funding to finance the remaining premiums owed. However, Wright never spoke with Dorothy Hendrix or obtained her permission to set up a premium finance agreement. Wright and TWA overcharged Hendrix by \$1,494.96 and kept the funds.

Stacy Buck Hill Welding

17. On May 5, 2014, Stacy Buck Hill Welding purchased a commercial general liability policy ending in 8442, effective from May 9, 2014, to May 9, 2015, and a commercial excess policy ending in 7517, effective from May 9, 2014, to May 9, 2015, from Wright and TWA. Wright set up premium finance agreements on both policies with Premium Funding to finance the remaining premiums owed.
18. On May 21, 2014, Premium Funding issued checks made payable to TWA for these policies, totaling \$3,375.
19. Wright did not remit payments to the insurers until August 1, 2014, for the commercial policy and August 13, 2014, for the excess policy—72 and 84 days respectively after Premium Funding issued the checks to Wright. Instead of applying the money Wright received from Premium Funding to the policies in May 2014, Wright and TWA kept it for their own use and benefit until August 2014.
20. Wright and TWA also overcharged Stacy Buck Hill Welding by \$581.00 and kept the funds.

H & A Welding LLC

21. H & A Welding purchased a general liability policy ending in 1823, effective from September 9, 2014, to September 9, 2015, and an umbrella policy ending in 7908, effective from September 9, 2014, to September 9, 2015, from Wright and TWA. Wright set up premium finance agreements with Premium Funding to finance the policies. On September 11, 2014, Premium Funding issued checks to TWA for the policies, totaling \$12,176.80.
22. Wright did not remit the funds for the policies until January 2, 2015, for the umbrella policy and February 26, 2015, for the general liability policy—113 and 126 days respectively after Premium Funding issued the checks to Wright. Instead of applying the money Wright received to the policies in September 2014, Wright and TWA kept it for their own use and benefit until January 2015.
23. Wright and TWA also overcharged H & A Welding by \$455.80 and kept the funds.

Champion Well Service

24. When Champion purchased an inland marine policy ending in 7366 and a general liability policy ending in 7549, Wright and TWA overcharged Champion by \$6,348.69 and kept the funds.

Failure to Appoint Subagent

25. When Miles purchased commercial insurance coverage through TWA, she worked exclusively with Nathan Wright, Wright's son. Although he was licensed by the department, Nathan Wright was not appointed as a subagent of TWA at that time. It was only after being contacted by a TDI Enforcement investigator that TWA appointed Nathan Wright as a subagent.

Failure to Register Office Location

26. During the department's investigation, Wright and TWA stated Nathan Wright worked on the Bar S Ranch renewal out of the agency's Tyler office location. At that time the department had no record of TWA having an office in Tyler. Only after being contacted by the department did TWA register its Tyler office.

Failure to Operate under True Name

27. Smalley registered the assumed name Multi-Risk Solutions with the department on September 6, 2018. She is currently operating the agency formerly operating as TWA under the assumed name Multi-Risk Solutions. This assumed name is registered under Smalley's individual license and is not associated with TWA. Wright is still listed as the sole designated responsible licensed person for TWA.
28. Smalley took over TWA for Wright and thought she had properly registered the name Multi-Risk Solutions. She has operated the agency formerly operating as TWA under Multi-Risk Solutions since September 2018. When this came to the department's attention, the department notified Smalley of the issue. Smalley has rectified the misapplication of the assumed name with the department.

Conclusions of Law

1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 82.051-82.055, 4005.101, 4005.102, 4051.051, and 4054.051, and TEX. GOV'T CODE §§ 2001.051-2001.178.
2. The commissioner has the authority to dispose of this case informally pursuant to the provisions of TEX. GOV'T CODE § 2001.056, 28 TEX. ADMIN. CODE § 1.47, and TEX. INS. CODE § 82.055.
3. Respondents have knowingly and voluntarily waived all procedural rights to which they may have been entitled regarding the entry of this order, including, but not limited to, issuance and services of notice of intention to institute disciplinary action, notice of hearing, a public hearing, a proposal for decision, rehearing by the commissioner, and judicial review.
4. Respondents have committed acts for which a license holder may be disciplined under TEX. INS. CODE § 4005.101, as contemplated in TEX. INS. CODE § 4005.102.
5. Respondents have willfully violated an insurance law of this state, as contemplated by TEX. INS. CODE § 4005.101(b)(1).
6. Wright and TWA misappropriated, converted to their own use, or illegally withheld money belonging to an insured, insurer, or beneficiary in violation of TEX. INS. CODE § 4005.101(b)(4).
7. Wright and TWA engaged in fraudulent or dishonest acts or practices in violation of TEX. INS. CODE § 4005.101(b)(5).
8. Wright and TWA signed a premium finance agreement on behalf of an insured without the knowledge, consent, or authorization of the insured in violation of TEX. INS. CODE § 651.151(b).
9. Wright and TWA failed to notify clients of their agent fee before it incurred the expense in violation of TEX. INS. CODE § 4005.003(c)(1).

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10. Wright and TWA failed to obtain the clients' signatures on a written disclosure form that explained each fee to be charged in violation of TEX. INS. CODE § 4005.003(c)(2) and 28 TEX. ADMIN. CODE § 19.1503.
11. Wright and TWA failed to charge a reasonable fee in violation of TEX. INS. CODE § 4005.003(b).
12. Wright and TWA failed to notify the department on a form prescribed by the department of a subagent appointment in violation of TEX. INS. CODE § 4001.205.
13. Wright, TWA, and Smalley failed to properly register an assumed name with the department in violation of 28 TEX. ADMIN. CODE § 19.902.
14. Wright, TWA, and Smalley failed to register an office location in violation of 28 TEX. ADMIN. CODE § 19.902.

Order

It is ordered that Thomas E. Wright, Thomas Wright & Associates LLC, and Allyson Smalley dba Multi-Risk Solutions must comply with the following:

1. Thomas E. Wright and Thomas Wright & Associates LLC surrendered their licenses effective March 29, 2019 and agree not to reapply for five years from the date of the surrender.
2. Thomas E. Wright and Thomas Wright & Associates LLC will have no affiliation with Multi-Risk Solutions or any other person or entity and will not engage in the business of insurance with, by, or through Multi-Risk Solutions or any other person or entity.
3. It is ordered that Thomas E. Wright and Thomas Wright & Associates LLC must pay restitution, jointly and severally, in the amounts identified to the following victims:
 - a. Elkhart Church of Christ - \$1,087.74
 - b. Champion Well Service - \$6,348.69
 - c. Jason Langford dba J&R Dirt Service - \$3,740.02
 - d. Dorothy Hendrix - \$1,494.96
 - e. Stacy Buck Hill Welding - \$581.00
 - f. H & A Welding LLC - \$455.80

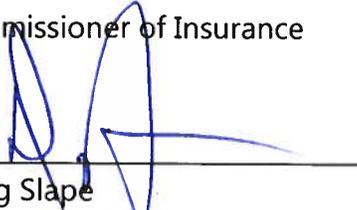
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Proof of payment of the restitution must be sent electronically to the department within 60 days of the date of this order to EnforcementReports@tdi.texas.gov.

4. Allyson Smalley agrees to:
- a. ensure Multi-Risk Solutions is in compliance with the insurance laws of this state;
 - b. create a code-compliant fee disclosure form that will be used in all transactions involving fees; and
 - c. ensure that Thomas E. Wright and Thomas Wright & Associates LLC have no affiliation with Multi-Risk Solutions and do not engage in the business of insurance with, by, or through Multi-Risk Solutions, or any other agency affiliated with Allyson Smalley.

Kent C. Sullivan
Commissioner of Insurance

By: 

Doug Slape
Chief Deputy Commissioner
Commissioner's Order No. 2018-5528

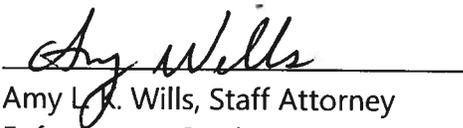
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Recommended and reviewed by:

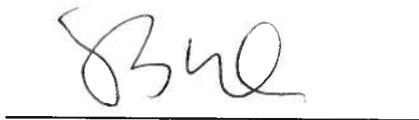


Leah Gillum, Associate Commissioner
Enforcement Section



Amy L. Wills, Staff Attorney
Enforcement Section

Approved as to form and content:



Sue Berkel
The Law Offices of Sue Berkel
Attorney for Thomas Wright



Allyson Smalley
Dba Multi-Risk Solutions

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Affidavit

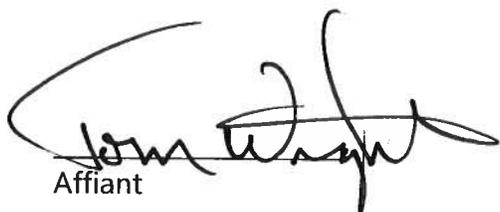
STATE OF TEXAS §
COUNTY OF Anderson §
§

Before me, the undersigned authority, personally appeared the affiant, who being by me duly sworn, deposed of the following:

"My name is Thomas E. Wright, owner of Thomas Wright & Associates LLC. I am of sound mind, capable of making this statement, and have personal knowledge of these facts which are true and correct.

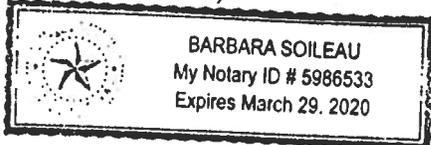
I waive rights provided by the Texas Insurance Code and other applicable law and acknowledge the jurisdiction of the commissioner.

I have knowingly and voluntarily entered into this consent order and agree with and consent to the issuance and service of the same by the commissioner of insurance of the State of Texas."


Affiant

SWORN TO AND SUBSCRIBED before me on this 29 day of July, 2019.

(NOTARY STAMP)




Signature of Notary of Public

