

No. 2020 - 6280

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

**Date:** MAR 05 2020

**Subject Considered:**

Texas Department of Insurance

v.

Christie Doyle Thomas

SOAH Docket No. 454-19-6624.C

**General remarks and official action taken:**

The subject of this order is an action seeking disciplinary sanctions against Christie Doyle Thomas, who held an escrow officer license until its cancellation in 2018 and during the events that gave rise to the action.

**Background**

After proper notice was given, the above styled case was heard by an administrative law judge for the State Office of Administrative Hearings. The administrative law judge made and filed a proposal for decision containing a recommendation that the escrow officer license formerly held by Ms. Thomas should be revoked. A copy of the proposal for decision is attached as Exhibit A.

TDI adopts the administrative law judge's proposed findings of fact and conclusions of law, and TDI adopts the administrative law judge's recommendation that the escrow officer license formerly held by Ms. Thomas be revoked.

**Findings of Fact**

The findings of fact contained in Exhibit A are adopted by the Texas Department of Insurance and incorporated by reference into this order.

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**Conclusions of Law**

The conclusions of law contained in Exhibit A are adopted by the Texas Department of Insurance and incorporated by reference into this order.

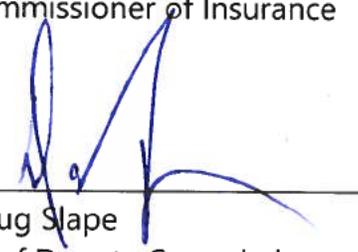
**Order**

It is ordered that the escrow officer license formerly held by Christie Doyle Thomas is revoked.

A copy of this order will be provided to law enforcement and other appropriate administrative agencies for further investigation as may be warranted.

Kent C. Sullivan  
Commissioner of Insurance

By: \_\_\_\_\_

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

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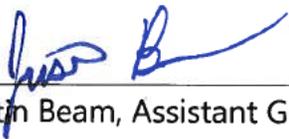
COMMISSIONER'S ORDER  
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Recommended and reviewed by:



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James Person, General Counsel



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Justin Beam, Assistant General Counsel

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## State Office of Administrative Hearings

Kristofer Monson  
Chief Administrative Law Judge

January 6, 2020

Kent Sullivan  
Commissioner of Insurance  
Texas Department of Insurance  
333 Guadalupe, Tower 1, 13<sup>th</sup> Floor, Mail Code 113-2A  
Austin, Texas 78714

INTERAGENCY

RE: *Docket No. 454-19-6624.C; Texas Department of Insurance v. Christie Doyle Thomas*

Dear Commissioner Sullivan:

Please find enclosed a Proposal for Decision in this case. It contains my recommendation and underlying rationale.

Exceptions and replies may be filed by any party in accordance with 1 Tex. Admin. Code § 155.507, a SOAH rule that may be accessed through [www.soah.texas.gov](http://www.soah.texas.gov).

A handwritten signature in black ink, appearing to read "Daniel Wiseman".

DANIEL WISEMAN  
ADMINISTRATIVE LAW JUDGE  
STATE OFFICE OF ADMINISTRATIVE HEARINGS

DW/lc  
Enclosure includes 1 CD

cc: Casey Seeboth, Staff Attorney, Texas Department of Insurance, 333 Guadalupe, Tower 1, 13<sup>th</sup> Floor, Austin, Texas 78701 - VIA INTER-AGENCY  
Bogdan Rentea, Rentea & Associates, [REDACTED] Austin, TX 78746 - VIA REGULAR MAIL

P.O. Box 13025 Austin, Texas 78711-3025 | 300 W. 15<sup>th</sup> Street Austin, Texas 78701  
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over the same conduct. As set forth in the findings of fact and conclusions of law, the Department has jurisdiction over this matter pursuant to Code §§ 82.051-.056, 2651.301, and 2652.201.

On August 8, 2019, Staff filed a Notice of Hearing (NOH) seeking disciplinary sanctions against Ms. Thomas. Staff alleges that, in August 2017, Ms. Thomas was responsible for closing a transaction involving a loan secured by property owned by DDTP Equities, LLC (DDTP Equities), a company owned by Dan Dibble and Pete Pruneda, an attorney with whom Ms. Thomas worked in the same office. Ms. Thomas received the loan proceeds on August 22, 2017. Although the settlement statement approved by the lender stated that these \$294,200.64 proceeds should be disbursed to DDTP Equities,<sup>2</sup> Ms. Thomas instead issued a check in that amount payable only to Mr. Pruneda, who deposited the check into an account he solely controlled. With that money, Staff alleges, Mr. Pruneda paid Ms. Thomas \$10,000 on the same day.

Based on these allegations, Staff contends that Ms. Thomas: (1) failed to close the transaction in violation of Code § 2501.006; (2) willfully violated Title 11 of the Code, as contemplated by Code §§ 2652.201(a)(1) and 2501.006; (3) misappropriated or converted to her own use or illegally withheld money belonging to a title insurance company, an insured, or another person, as contemplated by Code § 2652.201(a)(4); and (4) is guilty of fraudulent or dishonest practices as contemplated by Code § 2652.201(a)(5).

In response, Ms. Thomas filed a plea to the jurisdiction and general denial, in which she asserted the jurisdictional argument described above and, in the alternative, asked that Staff prove each of the allegations set out in the notice of hearing.

After her plea to the jurisdiction was denied, this matter was heard before SOAH on November 6, 2019. Administrative Law Judge (ALJ) Daniel Wiseman conducted the hearing. Staff attorney Casey Seeboth represented TDI; Bogdan Rentea represented Ms. Thomas. At the hearing on the merits, Staff offered three witnesses for direct and cross-examination. The ALJ admitted into evidence TDI Exhibits 1 through 5 and Respondent's Exhibit 1. The hearing concluded and the record closed on that

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<sup>2</sup> TDI Ex. 1 at 85 (listing DDTP Equities as "Borrower"); p 118 (check made out to Mr. Pruneda); and Tr. at 58 *et seq.* (Ms. Thomas acknowledging that she disbursed proceeds to Mr. Pruneda rather than Borrower).

day.

## II. DISCUSSION

### A. Background and Evidence

Many of the underlying facts regarding this case are not in dispute. Staff laid out its allegations against Ms. Thomas in its August 8, 2019 NOH. Ms. Thomas's testimony at the hearing is consistent with those allegations. The parties, however, disagree over the legal significance of these undisputed facts. Specifically, and as set out further below, Staff and Ms. Thomas differ over the significance of any implied or actual authority Mr. Pruneda, as 50%-owner of DDTP Equities, had to control the disbursement of funds that the settlement statement provided were to go to the company itself. The parties further contest the nature of the \$10,000 that Mr. Pruneda undisputedly gave to Ms. Thomas that day, with Staff characterizing it as a misappropriation of others' funds for her own use, and Ms. Thomas stating that she believed it was merely an overdue bonus, unrelated to the closing at issue. Before reaching those issues, however, an understanding of the general background is helpful.

Ms. Thomas held an escrow officer license issued by TDI, which was canceled at her request in July 2018.<sup>3</sup> Between January 2011 and July 2018, Thomas was employed by an attorney office and was appointed by San Jacinto Title Services of Texas, LLC.<sup>4</sup> In August 2017, Thomas was responsible for closing the transaction concerning the loan secured by property owned by DDTP Equities, a limited liability company owned in equal parts by Dan Dibble and Mr. Pruneda.<sup>5</sup> The transaction related to an agreement between Mr. Dibble<sup>6</sup> and Mr. Pruneda under which Mr. Pruneda obtained a loan on behalf of DDTP Equities using the company's property as collateral. The loan proceeds would then be placed in the company's bank account at closing and ultimately transferred to Mr. Dibble as payment for his share of the company.

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<sup>3</sup> Tr. 55-56.

<sup>4</sup> NOH allegations 1 and 2; admitted by Respondent.

<sup>5</sup> Tr. 9, 56.

<sup>6</sup> Staff called Mr. Dibble as a witness, and he provided detailed background on the events leading up to and subsequent to the transaction at issue, including the resultant losses and litigation.

Thomas received the loan proceeds on August 22, 2017. The settlement statement called for the loan proceeds to be distributed to DDTP Equities, and although Thomas initially issued such a check, she subsequently voided it and instead disbursed the proceeds directly to Mr. Pruneda at his request.<sup>7</sup> Thomas did not disclose to the lender nor to DDTP Equities' other owner, Mr. Dibble, that Mr. Pruneda had made this request, nor that she had complied with it.<sup>8</sup>

Via a check dated the same day as the disbursement, Mr. Pruneda gave Thomas \$10,000, which she believed, according to her testimony, to be an overdue bonus for her hard work, unrelated to the closing at issue.<sup>9</sup> However, this sum was larger by far than the largest bonus, of \$1500, she had previously received.<sup>10</sup> Thomas testified that, with the \$10,000, she purchased an air conditioner, paid her mortgage, and "splurged on the grandkids a little."<sup>11</sup> She further testified that, despite having thought about it, she has not paid any of the \$10,000 to DDTP Equities, or otherwise returned the money.<sup>12</sup>

After Mr. Dibble did not receive the expected payment, he retained his ownership in DDTP Equities, and Mr. Pruneda failed to make the payments on the loan, the proceeds of which were sent by Ms. Thomas to his personal account. As a result, Mr. Dibble testified that he had to fight off

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<sup>7</sup> Tr. 88. Ms. Thomas testified that Mr. Pruneda claimed that he was the controlling stakeholder in DDTP Equities, that the materials to the contrary available and seen by Ms. Thomas were out of date, and that he had 30 days to pay off Mr. Dibble to become the sole owner of the company. Ms. Thomas claims that, because Mr. Pruneda was her superior, she "didn't know any better" and followed his instructions. Tr. 90. This claim is dubious given Ms. Thomas's long and previously untarnished record as an escrow officer.

<sup>8</sup> Tr. 90.

<sup>9</sup> Tr. 81-83.

<sup>10</sup> TDI Ex. 4, at 17; Tr. 89-90.

<sup>11</sup> Tr. 88.

<sup>12</sup> Tr. 88-89.

foreclosure on the company property that securitized the loan, and that litigation arising from this matter is ongoing.<sup>13</sup>

It is undisputed that Ms. Thomas did not disburse the loan proceeds as plainly stated in the settlement statement. She acknowledged as much at the hearing::

Q. [from Mr. Seeboth]: --can you testify --- are you testifying that you did not correctly disburse the loan proceeds?

A. [from Ms. Thomas]: Yes.<sup>14</sup>

## B. Applicable Law

An escrow agent acts as a neutral party to the transaction and owes a fiduciary duty to both parties. The escrow agent must act with utmost good faith and avoid self-dealing that places the agent's interest in conflict with the agent's obligations to the beneficiaries. The escrow agent's fiduciary duty consists of: (1) a duty of loyalty; (2) the duty to make full disclosure; and (3) the duty to exercise a high degree of care to conserve money and pay it only to those persons entitled to receive it. *Capcor at KirbyMain, L.L.C. v. Moody Nat'l Kirby Houston S, L.L.C.*, 509 S.W.3d 379, 384–85 (Tex. App.—Houston [1st Dist.] 2014, no pet.). The scope of an escrow agent's fiduciary duty of disclosure to facts involving known fraud is unlimited. *Home Loan Corp. v. Tex. Am. Title Co.*, 191 S.W.3d 728, 733 (Tex.App.—Houston [14th Dist.] 2006, pet. denied).

There are a number of sanctions that can be applied against license holders authorized under the Code in the event that the license holder is found to have violated Title 11 of the Code or found to be guilty of fraudulent or dishonest practices. The Commissioner can cancel or revoke an authorization if the holder of the authorization is found to be in violation of, or to have failed to comply with, the Code or a rule of the Commissioner.<sup>15</sup> The Commissioner may, among other things, suspend the authorization

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<sup>13</sup> Staff called Russell Gaines, proprietor of Southwest Guaranty Mortgage Corporation, the lender involved in the transaction, who provided further details regarding the closing and its background and subsequent events. He testified that he would not have issued the loan had he known the proceeds were going to Mr. Pruneda rather than the company. Tr. 43.

<sup>14</sup> Tr. 96.

<sup>15</sup> Tex. Ins. Code § 82.051.

for a specified period of time not to exceed one year.<sup>16</sup> The Commissioner may also impose an administrative penalty on a person licensed under the Code if that person violates the Code, another Texas insurance law, or a rule or order adopted under the Code or another Texas insurance law.<sup>17</sup> The Commissioner may also order the payment of restitution if a violation is found.<sup>18</sup>

Here, the Department has alleged four violations of Title 11 of the Code: (1) failure to close the transaction in violation of Code § 2502.006; (2) willfully violating Title 11 in failing to close the transaction; (3) misappropriating or converting to her own use or illegally withholding money belonging to another, in violation of Code § 2652.201(a)(4); and (4) committing fraudulent or dishonest practices in violation of Code § 2652.201(a)(5). The Department may discipline an escrow officer if the Department determines that the license holder has willfully violated Title 11 of the Code, or been guilty of fraudulent or dishonest practices.<sup>19</sup> Each allegation is addressed below.

Staff did not recommend any particular sanction, though at the hearing Staff counsel clarified that the Department believed that revocation was an appropriate sanction for the alleged misconduct. Ms. Thomas, while not disputing the underlying allegations, argues that a lesser sanction is appropriate given her previously unblemished record, the fact that she was pressured by her boss—a party to the transaction—to disburse the funds inappropriately, and because Mr. Pruneda arguably had actual or apparent authority to act on behalf of the company, DDTP equities, designated to receive the disbursement

The ALJ finds it unnecessary to examine the laws of business organizations or agency law to determine whether Mr. Pruneda had real or apparent authority to authorize the disbursement of funds in a manner different from that set out in the settlement statement. To require escrow agents to undergo that level of analysis would be both unfair and would undermine the certainty the parties require when specific entities are designated on the closing documents.

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<sup>16</sup> Tex. Ins. Code § 82.052(1).

<sup>17</sup> Tex. Ins. Code § 84.021. With certain exceptions, a penalty assessed under Section 84.021 may not exceed \$25,000. Tex. Ins. Code § 84.022.

<sup>18</sup> Tex. Ins. Code § 82.053.

<sup>19</sup> Tex. Ins. Code § 2651.301(1), (5).

**C. ALJ's Analysis****1. Failure to close the transaction under Code § 2501.006.**

Code § 2501.006 provides, in relevant part, as follows:

**Sec. 2501.006. CLOSING THE TRANSACTION.**

(a) For purposes of this title, "closing the transaction" describes the investigation that is made:

- (1) on behalf of a title insurance company, title insurance agent, or direct operation before the title insurance policy is issued; and
- (2) to determine proper execution, acknowledgment, and delivery of all conveyances, mortgage papers, and other title instruments necessary to consummate a transaction.

(b) Closing the transaction includes a determination that:

- (1) all delinquent taxes have been paid;
- (2) in the case of an owner title insurance policy, all current taxes, based on the latest available information, have been properly prorated between the purchaser and seller;
- (3) the consideration has been passed;
- (4) all proceeds have been properly disbursed;
- (5) a final search of the title has been made; and
- (6) all necessary papers have been filed for record.

Significantly, Ms. Thomas herself concedes that the proceeds to the loan at issue were not properly distributed. The closing documents provided that the proceeds were to be deposited in the account of the company, but Ms. Thomas instead deposited them in the personal account of Mr. Pruneda. The ALJ finds that, irrespective of any corporate documents that may or may not give Mr. Pruneda actual or apparent authority to act on behalf of the company to move money between

accounts, Ms. Thomas was required to follow the closing instructions or inform the parties that Mr. Pruneda was demanding a different disbursement. The ALJ finds that the preponderance of the evidence supports a finding that Ms. Thomas failed to close the transaction in violation of Code § 2501.006.

**2. Willful violation of Title 11 of the Code under Code § 2625.201(a)(1)**

Having demonstrated by a preponderance of the evidence that Ms. Thomas failed to close the transaction in violation of § 25001.006, Staff's same evidence suffices to show that this conduct was willful. Indeed, Ms. Thomas initially created a check made out to the company itself, indicating here awareness of the proper closing procedure.<sup>20</sup> Only after additional discussion with Mr. Pruneda did Ms. Thomas agree to disburse the funds into his personal account. These facts, together with the unprecedented \$10,000 "bonus" received contemporaneously demonstrates that it more likely than not that Ms. Thomas's conduct was willful.

**3. Misappropriating or converting to her own use or illegally withholding money belonging to another, in violation of Code § 2652.201(a)(4)**

Staff evidence traced the money trail from the proceeds received by Mr. Pruneda from Ms. Thomas's disbursement in violation of the closing documents. While it may be true that Ms. Thomas deserved a bonus, the nexus in time and the amount of money in question strongly suggests that Ms. Thomas knew or should have known that the \$10,000 she received from Mr. Pruneda was not rightfully his to give. Indeed, Ms. Thomas's own admirably candid testimony that she often thinks of returning that money reveals an awareness of the likelihood that the money properly belonged to the company designated to receive it at closing. The ALJ finds that the Department has proven this violation by a preponderance of the evidence.

**4. Fraudulent or dishonest practices as contemplated by Code § 2652.201(a)(5)**

For the same reasons, the ALJ finds that TDI Staff has met its burden to show that Ms. Thomas

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<sup>20</sup> TDI Ex. 1 at 52; Tr. 77.

committed, at a minimum, dishonest practices by disbursing funds in violation of the settlement sheet to a man who, the same day, cut her a check for \$10,000.

#### **D. Sanctions**

While sympathetic to Ms. Thomas's unenviable predicament at the time of closing—pressured by her boss to take an action that, though likely knowing it to be wrong, had a certain plausibility based on Mr. Pruneda's position with DDTP equities—the ALJ nevertheless finds that revocation is appropriate under the circumstances, especially given the \$10,000 “bonus” given to Ms. Thomas on the same day. By accepting this money—taken, as the Department proved, from the proceeds of the transaction that were improperly disbursed by Ms. Thomas to Mr. Pruneda—Ms. Thomas became a willing and knowing participant in the improprieties being perpetrated by Mr. Pruneda that resulted in substantial losses to Mr. Dibble and others and the undermining of the trust bestowed under Texas law upon escrow agents.

Based on the foregoing and for the reasons set forth above, the ALJ recommends a full revocation of Ms. Thomas's license as authorized under Code § 82.051. In support of this recommendation, the ALJ makes the following findings of fact and conclusions of law.

### **III. FINDINGS OF FACT**

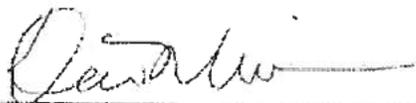
1. Christie Doyle Thomas held an escrow officer license issued by the Texas Department of Insurance (TDI), which was canceled in July 2018.
2. In August, 2017, Ms. Thomas was responsible as escrow agent for closing the transaction concerning the loan secured by property owned by DDTP Equities, LLC, an entity owned by Dan Dibble and Pete Pruneda.
3. Mr. Pruneda was an attorney who worked in the same office as Ms. Thomas.
4. Ms. Thomas received the loan proceeds on August 22, 2017. Although the settlement agreement approved by the lender provided that Ms. Thomas was to disburse this \$294,200.64 to the borrower, DDTP Equities, LLC, Ms. Thomas issued a check in that amount payable only to Mr. Pruneda. Nothing in the closing documents allowed for such a substitution, and no notice was provided the other parties to the transaction.

5. On the same day, Mr. Pruneda deposited the \$294,200.64 into his own account. With that money, he paid Ms. Thomas \$10,000, also on the same day, August 22, 2017.
6. Ms. Thomas acknowledged in her live testimony that she did not properly disburse the loan proceeds, one of the requirements for closing the transaction under Texas Insurance Code § 2501.006.
7. The \$10,000 Ms. Thomas received on the same date as the improper disbursement to Mr. Pruneda was far larger than any previous bonus received by Ms. Thomas and should have caused her to consider that the improper disbursement made that day to Mr. Pruneda had more problematic implications.
8. Ms. Thomas has not paid back any of the \$10,000, though her admission that she often thinks of doing so suggests an awareness of the impropriety of her actions in disbursing the loan proceeds to Mr. Pruneda rather than as set forth in the closing documents.
9. After a complaint was filed with TDI, possibly by Mr. Dibble, TDI requested a response from Ms. Thomas, and ultimately referred the matter to the State Office of Administrative Hearings (SOAH) for a contested case hearing.
10. A notice of hearing was issued on August 8, 2019, setting out the allegations against Ms. Thomas and notifying her of the upcoming November 6, 2019 hearing.
11. The hearing convened on November 6, 2019, at SOAH before Administrative Law Judge (ALJ) Daniel Wiseman in Austin, Texas. Staff appeared and was represented by attorney Casey Seeboth. Ms. Thomas appeared and was represented by attorney Bogdan Rentea. The hearing concluded that day, and the record closed.

## IV. CONCLUSIONS OF LAW

1. The Commissioner of Insurance (Commissioner) has jurisdiction over this matter pursuant to Texas Insurance Code §§ 82.051-.056, 2651.301, and 2652.201.
2. The State Office of Administrative Hearings (SOAH) has jurisdiction over matters related to the hearing in this proceeding, including the authority to issue a proposal for decision with proposed findings of fact and conclusions of law. Tex. Ins. Code (Code) § 4005.104 and Tex. Gov't. Code ch. 2003.
3. Ms. Thomas received proper and timely notice of the hearing pursuant to Texas Government Code §§ 2001.051-.052 and Code § 81.001(a)(2).
4. The phrase "closing the transaction" describes the investigation that is made to determine proper execution, acknowledgment, and delivery of all conveyances, mortgage papers, and other title instruments necessary to consummate a transaction. Code § 2501.006(a)(2).
5. The Commissioner has the authority to discipline an escrow officer who willfully violates Title II of the Code, or commits "fraudulent or dishonest practices." Code § 2652.201(a)(1), (5).
6. The Commissioner may revoke an authorization if the holder of the authorization is found to be in violation of, or to have failed to comply with, the Code or a rule of the Commissioner. Code § 82.051.
7. Respondent Christie Doyle Thomas willfully violated Title 11 of the Code as contemplated by Code §§ 2652.201(a)(1) and 2501.006; failed to close the subject transaction in violation of Code § 2501.006; and is guilty of fraudulent or dishonest practices, as contemplated by Code § 2652.201(a)(5).
8. The escrow officer license formerly held by Ms. Thomas should be revoked.

SIGNED January 6, 2019



DANIEL WISEMAN  
ADMINISTRATIVE LAW JUDGE  
STATE OFFICE OF ADMINISTRATIVE HEARINGS