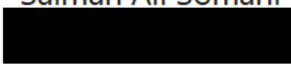


No. 2024-8548

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

Date: 2/27/2024

Subject Considered:

Broadway Title, LLC dba North National Title Company
Salman Ali Somani

San Antonio, Texas 78216

Consent Order
TDI Enforcement File Nos. 29758 & 33863

General remarks and official action taken:

This is a consent order with Broadway Title, LLC, dba North National Title Company (Broadway) and Salman Ali Somani (Somani). A compliance audit of Broadway's title insurance operations resulted in numerous violations of the Texas Insurance Code and Texas Administrative Code. Broadway and Somani consent to a voluntary surrender of their licenses.

Waiver

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

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Findings of Fact

1. Broadway, firm identification number 159567, holds a title agency license issued by the Texas Department of Insurance (TDI) on September 13, 2019. The license was suspended on October 3, 2023, due to a lack of appointment by a licensed title insurance underwriter.
2. Somani, individual identification number 2104293, holds an escrow officer license issued by TDI on December 10, 2019. Somani is the owner, manager, and a licensed escrow officer at Broadway.
3. TDI conducted a routine audit of Broadway's operation as of February 3, 2023, and cited numerous violations.

Financial Condition

4. Financial statements provided to and reviewed by TDI indicated that Broadway had cash flow problems, assets were being reported in an overstated manner, and inaccurately reflected the financial condition of the agency.

Failure to Remit Policy Guaranty Fees

5. Title agents are required to collect and remit a guaranty fee for each owner policy and loan policy issued to the Texas Title Insurance Guaranty Association.
6. Broadway's fourth quarter 2022 policy guaranty fees were not remitted by the due date of February 1, 2023, and proof of remittance was not provided after request.

Insufficient Bond Amount

7. Title agents are required to maintain the statutorily required surety bond in the amount of the greater of \$10,000 or 10% of the gross premium according to the latest statistical report with a maximum amount of \$100,000.
8. Broadway's bond was insufficient in amount to meet the required 10% of the gross premium from the latest statistical report since it was over \$10,000.

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Failure to Timely Submit Annual Escrow Audit Report and Incorrect Reporting

9. Title agents are required to provide annual escrow audit reports of trust fund accounts prepared by an independent certified public accountant not later than the 90th day after the date the end of the title insurance company's fiscal year.
10. Broadway failed to timely submit an annual escrow audit report of trust fund accounts for the fiscal year ending June 30, 2022, and due by September 30, 2022. Broadway submitted the report on February 5, 2023.
11. Information provided on the June 30, 2022, annual escrow audit report reflected the same information as Broadway reported for the fiscal year ending June 30, 2021, indicating the report had not been updated from 2021 and was therefore incomplete and inaccurate.

Unappointed Person Performing the Duties of an Escrow Officer

12. An individual may not act as an escrow officer unless the individual is licensed, covered by a surety bond or deposit as required, and appointed as an escrow officer by the title agent or direction operation.
13. Between September and November 2022, settlement statements were signed by an escrow officer that had not been appointed by Broadway until December 2022.

Unauthorized Fee Charged

14. A charge may not be imposed for issuing an insured closing or settlement letters.
15. Broadway charged an unauthorized \$50 fee for an insured closing letter.

Failure to Timely Prepare and Submit Annual Statistical Reports

16. Title agents are required to timely prepare and submit annual statistical reports.
17. Broadway failed to timely prepare and submit the annual statistical reports for the years 2020, 2021, and 2022.

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Failure to Timely Submit Unencumbered Assets Certification

18. Title agents are required to file with TDI the Title Agent's Unencumbered Assets Certification (Form T-S1). Form T-S1 must be submitted annually to TDI between September 1 and September 30.
19. Broadway failed to timely submit its 2022 Form T-S1. Broadway submitted the report on January 17, 2023.

Failure to Timely Submit Quarterly Tax Reports

20. Title agents are required to file with TDI the Title Agent Certification of Agent's Quarterly Tax Reports (Form T-S5). Form T-S5 must be submitted to TDI no later than 45 days after the end of the quarter.
21. Broadway failed to timely submit its 2022 Form T-S5 for the first, second, and third quarters of 2022. Broadway submitted the quarterly reports in February 2023.

Escrow Accounting Errors

22. A comprehensive audit was performed on escrow accounting records from September and October 2022.
23. Escrow trial balances contained "dummy" files to book various transactions relating to guaranty files, bank reconciliation items, title evidence, and other fees. As the funds did not retain the characteristics of escrow funds after closing, this procedure resulted in commingling of escrow and operating funds, in violation of TEX. INS. CODE § 2651.301(7). This also resulted in all three parts of the three-way reconciliation to be misstated.
24. Two incoming wires totaling \$2,850 cleared the bank in October but were not booked at that time. Instead, Broadway incorrectly deducted the amount from the bank reconciliation resulting in an understatement of all three parts of the escrow liability.
25. There were multiple invalid entries in the deposits-in-transit lists, including:

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- a. wires clearing and booking or depositing on different dates, resulting in cash balances being overstated; and
- b. funds booking that were never received, resulting in overstated three-way reconciliations and funds being transferred from operating accounts resulting in shortages.

Minimum Escrow Accounting Procedures and Internal Controls

26. There were multiple violations of the minimum escrow accounting procedures and internal controls:
 - a. three-way reconciliations were not reviewed by management or another employee;
 - b. escrow checks did not display the term escrow or trust;
 - c. disbursement payees were not always shown and names of payor on receipt items not shown on the disbursement sheet;
 - d. disbursement for document preparation was not supported by invoices or other evidence; and
 - e. escrow receivables were not cleared within 45 days of the date of the bank statement for the period in which each receivable occurred.

Guaranty File Errors

27. A comprehensive audit was performed on a sample of guaranty files.
28. The disbursement for real estate commission was not authorized by the settlement statement and the premium split for title services was not disclosed on the settlement statement, as required by TEX. INS. CODE § 2703.053.
29. All parties receiving a portion of the real estate commission were not disclosed on the settlement statement, as required by TDI Title Bulletin No. 160.

Conclusions of Law

1. The commissioner has jurisdiction over this matter under TEX. INS. CODE §§ 82.051–82.055, 84.021–84.044, 2602.151, 2651.101, 2651.151, 2651.301(7), 2652.001, 2702.001, 2702.053, and 2703.153; and 28 TEX. ADMIN. CODE § 9.1 adopting the *Texas Title Insurance Basic Manual* (Basic Manual).

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2. The commissioner has the authority to informally dispose of this matter as set forth in TEX. GOV'T CODE § 2001.056; TEX. INS. CODE §§ 36.104 and 82.055; and 28 TEX. ADMIN. CODE § 1.47.
3. Broadway and Somani 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 service 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. Broadway and Somani failed to timely remit policy guaranty fees, in violation of TEX. INS. CODE § 2602.151 and Administrative Rule G.1.
5. Broadway and Somani failed to maintain the minimum title agent bond amount, in violation of TEX. INS. CODE § 2651.101.
6. Broadway and Somani failed to timely submit annual escrow audit of trust funds, in violation of TEX. INS. CODE § 2651.151.
7. Broadway and Somani allowed unappointed individuals to perform the duties of an escrow officer, in violation of TEX. INS. CODE § 2652.001 and Administrative Rule L-2.
8. Broadway and Somani charged unauthorized fees for issuance of settlement and closing letters, in violation of TEX. INS. CODE § 2702.001.
9. Broadway and Somani failed to timely submit annual statistical reports, in violation of TEX. INS. CODE § 2703.153.
10. Broadway and Somani failed to timely submit the unencumbered assets certification, in violation of Administrative Rule S.1.
11. Broadway and Somani failed to timely submit quarterly tax reports, in violation of Administrative Rule S.5.


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12. Broadway and Somani failed to maintain minimum escrow accounting requirements, in violation of TEX. INS. CODE § 2651.301(7); Section V requirement nos. 3, 9, 15-17 of the Basic Manual; and Rule P-27.
13. Broadway and Somani failed make proper disclosures on guaranty files, in violation of TEX. INS. CODE § 2702.053 and Title Insurance Bulletin No. 160.

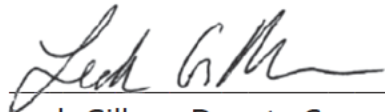
Order

It is ordered that both the title agency license issued to Broadway Title, LLC, dba North National Title Company, and the escrow officer license issued to Salman Ali Somani are surrendered as of the date of this order. Broadway Title, LLC, dba North National Title Company, and Salman Ali Somani are barred from applying for the issuance of any permit, license, or other authorization issued or existing under the authority of the commissioner of insurance of the state of Texas for five years from the date of this order.

DocuSigned by:

FC5D7EDDFFB4F8...

Cassie Brown
Commissioner of Insurance

Recommended and reviewed by:



Leah Gillum, Deputy Commissioner
Fraud and Enforcement Division



Whitney Ellis Fraser, Director
Enforcement

Affidavit

STATE OF Texas §
§
COUNTY OF Bexar §

Before me, the undersigned authority, personally appeared salman A. somani, who being by me duly sworn, deposed as follows:

"My name is SALMAN ALI SOMANI. I am of sound mind, capable of making this statement, and have personal knowledge of these facts which are true and correct.

I hold the office of MEMBER and am the authorized representative of Broadway Title, LLC, dba North National Title Company. I am duly authorized by said organization to execute this statement.

Broadway Title, LLC, dba North National Title Company and I have both knowingly and voluntarily entered into the foregoing 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."

[Handwritten Signature]

Affiant

SWORN TO AND SUBSCRIBED before me on February 8, 2023.

(NOTARY SEAL)



Kirsteen Bueno
Signature of Notary Public

Kirsteen Bueno
Printed Name of Notary Public