

No. 2017-5000

**OFFICIAL ORDER
of the
TEXAS COMMISSIONER OF INSURANCE**

Date: MAR 27 2017

Subject Considered:

North American Title Company
8070 Park Lane, Suite 200
Dallas, Texas 75231

CONSENT ORDER

SOAH Docket No. 454-12-2825.c
TDI Enforcement File Nos. 1042 and 11361

General remarks and official action taken:

The commissioner of insurance considers whether disciplinary action should be taken against North American Title Company (North American).

WAIVER AND RESERVATION

North American acknowledges that the Texas Insurance Code and other applicable law provide certain rights. North American waives all of these rights, and any other applicable procedural rights, in consideration of the entry of this consent order. Pursuant to Tex. Ins. Code Section 82.055(b), North American agrees to this consent order with the express reservation that it does not admit to a violation of any provision of the Insurance Code or rule or regulation of the department, and maintains the existence of any violation is in dispute.

FINDINGS OF FACT

1. North American holds a title insurance agent license issued by TDI.
2. North American has employed Lesley Karen Williams as an escrow officer.
3. In 2006 and 2007, Ms. Williams and North American closed a series of real estate transactions concerning large tracts of land and a group of related entities.

4. In one transaction, North American disbursed funds to an entity related to the borrower based on instructions of the borrower but failed to show the specific disbursement on the settlement statement, and transferred funds from the guaranty file associated with this transaction to another guaranty file without documenting the transfer for this transaction.
5. In a second transaction, North American's receipts and disbursements ledger shows items that were not disclosed on the settlement statement. North American also transferred funds from the guaranty file associated with this transaction to another guaranty file without documenting the transfer for this transaction.
6. In a third transaction, North American revised the settlement statement based on the instructions of the second lien holder and failed to provide to the first lien lender the final settlement statement.
7. In a fourth transaction, North American transferred funds from the guaranty file associated with this transaction to another guaranty file without documenting the transfer for this transaction.
8. In a fifth transaction, North American's receipts and disbursements ledger shows items that were not disclosed on the settlement statement. North American also transferred funds to the guaranty file associated with this transaction from another guaranty file without documenting the transfer for this transaction.
9. Title agents, including North American, are required to remit premium funds to underwriters no later than the 15th day of the second month following the month in which the premium is collected.
10. During a routine audit performed in May 2015, TDI identified files for which North American was delinquent in remitting the premium to underwriters. North American collected the premium for these files during the months of January 2014 through March 2015.
11. North American owed a total of \$14,594.58 to six underwriters: Title Resources Guaranty Company; Stewart Title Guaranty Company; Fidelity National Title Insurance Company; First American Title Insurance Company; Old Republic National Title Insurance Company; and Chicago Title Insurance Company.

12. North American has demonstrated that it remitted the delinquent premium by June 15, 2015.

CONCLUSIONS OF LAW

1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 82.051 – 82.056, 84.021 – 84.022, 2651.013, 2651.301, and 2702.053; 28 TEX. ADMIN. CODE § 9.1 adopting the *Texas Title Insurance Basic Manual (Basic Manual)*; and TEX. GOV'T CODE §§ 2001.051 – 2001.178.
2. The commissioner has the authority to dispose of this case informally pursuant to TEX. GOV'T CODE § 2001.056, TEX. INS. CODE § 82.055, and 28 TEX. ADMIN. CODE § 1.47.
3. North American violated Title 11 of the Texas Insurance Code, as contemplated by TEX. INS. CODE §§ 2651.301(1), 2651.013, and 2702.053.
4. North American did not document in each file transfers between guaranty files, in violation of rule 12 of the Basic Manual Minimum Escrow Procedures and Internal Controls.
5. North American failed to provide revised, final settlement statements to lenders, in violation of rule 18 of the Basic Manual Minimum Escrow Procedures and Internal Controls.
6. North American failed to pay the premium for title insurance policies in the due and ordinary course of business in violation of TEX. INS. CODE § 2703.003.
7. North American failed to remit the portion of the premium due to the title insurance company before the 15th day of the second month following the month in which the premium is collected in violation of Rate Rule R-2 of the Basic Manual.

The commissioner orders North American Title Company to pay an administrative penalty of \$15,000. The administrative penalty must be paid in full on or before 14 days from the entry date of this Order. The administrative penalty shall be paid by cashier's check or money order made payable to the "State of Texas" and transmitted to the Texas Department of Insurance, Attn: Enforcement Section, Division 40111, MC 9999, P.O. Box 149104, Austin, Texas 78714-9104.



David C. Mattax

Commissioner of Insurance

~~By: Kevin Brady, Deputy Commissioner~~
~~Delegation Order 4506~~

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APPROVED AS TO FORM AND CONTENT:



Casey Seeboth, Staff Attorney
Texas Department of Insurance

