

SHELLEY A. COUDREAUT (9663)
Assistant Attorney General
SEAN D. REYES (7969)
Attorney General
Attorneys for Utah Insurance Department
160 East 300 South, 5th Floor
P.O. Box 140874
Salt Lake City, Utah 84114-0874
Telephone: (801) 366-0375
Email: sacoudreaut@agutah.gov

BEFORE THE UTAH INSURANCE COMMISSIONER

<p style="text-align: center;">UTAH INSURANCE DEPARTMENT, Complainant, vs. FIRST INTEGRITY TITLE INSURANCE AGENCY, LLC., Respondent.</p>	<p style="text-align: center;">FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER</p> <p>Docket No. 2022-4439</p> <p>Donald H. Hansen Administrative Law Judge/Presiding Officer</p>
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Complainant, Utah Insurance Department ("Department") and Respondent, First Integrity Title Insurance Agency, LLC. have stipulated to entry of the following Findings of Fact, Conclusions of Law, and Order.

Based upon that stipulation, and good cause appearing, the Presiding Officer makes and enters the following:

FINDINGS OF FACT

1. Respondent is a Utah resident producer organization holding Utah license number 707793.

2. Respondent's mailing address is [REDACTED].

3. Pursuant to Utah Admin. Code R592-11-3, an agency title insurance producer is required to file annually with the commissioner, no later than April 30th of each year, a Title Insurance Producer Annual Report that includes the number and location of each title or escrow trust account; proof of financial protection under subsection § 31A-23a-204(2)(a); the name of the individual title insurance producer designated as the “qualifying licensee” under subsection §31A-23a-204 (1); the physical address in Utah maintained by an agency title insurance producer under subsection 31A-23a-406(1)(e)(g); and the physical address of each Utah branch office maintained by an agency title insurance producer.

4. On April 20, 2022, Respondent filed its annual report. While conducting a review of the agency for compliance, the Department discovered the following violations:

- a. The Respondent did not have an active title escrow licensee to process the title escrow;
- b. The Respondent did not have an active designated producer for title escrow;
- c. The Respondent did not have an active title escrow qualifying licensee;
- d. The Respondent was using a bank that did not have an office in Utah; and
- e. The Respondent’s business address was in an executive virtual style office location.

5. On May 5, 2022, an audit review of the agency was initiated by the Department and Respondent was requested to provide numerous documents as part of the audit.

6. Pursuant to Utah Code § 31A-23a-103(1)(c), a person may not utilize the services of another as a producer... if that person knows or should know that the other does not have a license as required by law. Closing settlement documents provided by the Respondent show that between October 17, 2019, through June 16, 2022, the Respondent used [REDACTED], an unlicensed producer, to conduct its escrow closings on properties located in Utah. The

Respondent disclosed that 615 escrow closings were conducted on Utah properties by [REDACTED], acting on behalf of the Respondent, during that time.

7. Pursuant to Utah Code § 31A -23a-302(1), an agency shall designate an individual that has an individual producer license... to act on the agency's behalf in order for the licensee to do business for the agency in this state. In reviewing the settlement documents referred to in paragraph 5, it was determined that between October 17, 2019, through June 16, 2022, the Respondent also used an unassociated producer when it failed to designate [REDACTED], an unlicensed producer, as a designee to the agency, to conduct business on the agency's behalf.

8. Pursuant to Utah Code § 31A -23a-409(2), trust money required to be deposited under subsection (1) shall be deposited: (a) in a federally insured trust account in a depository institution, as defined in Section 7-1-103, which: (i) has an office in this state, if the licensee depositing the money is a resident licensee.

9. Pursuant to Utah Code § 31A-23a-406(1)(d) an agency title insurance producer may do escrow involving real property transactions if ... money deposited with the agency title insurance producer in connection with any escrow is deposited: (i) in a federally insured depository institution, as defined in Section 7-1-103, that: (A) has an office in this state, if the agency title insurance producer depositing the money is a resident licensee.

10. On May 18, 2022, the Respondent provided the Department with a copy of its trust account bank statements showing trust account deposits with First Western Trust, a bank that does not have an office in Utah. The Respondent disclosed that 615 escrow closings on Utah properties were conducted utilizing First Western Trust.

11. Pursuant to Utah Code § 31A-23a-406(1)(i) an agency title insurance producer may

do escrow if ... the agency title insurance producer maintains a physical office in Utah, staffed by a person with an escrow subline of authority who processes the escrow.

12. On June 13, 2022, Adam Martin (Martin), an examiner with the Department's Property & Casualty Division, conducted an office visit to the Respondent at the Respondent's business address on record with the Department. Upon arrival, Martin noticed that there was no physical office staffed by a licensed producer. The receptionist, who is not a licensed producer with an Escrow subline of authority, explained that the Respondent did not have a physical office but an executive virtual style suite with no staff.

13. Pursuant to Utah Code § 31A-23a-204(1)(c), a person licensed as an agency title insurance producer shall at all times during the term of the licensure be owned or managed by at least one individual who is licensed for at least three years within the proceeding five-year period with both, (i) a title examination line of authority; and (ii) an escrow line of authority. This is known to the Department as a "qualifying licensee".

14. Between October 17, 2019, through June 16, 2022, the Respondent conducted insurance related business without an active title escrow qualifying licensee for the agency. On May 16, 2022, a review of Department SIRCON records, showed that [REDACTED], the "Qualifying Active Officer (Title Escrow)" designation with the Respondent was terminated on October 17, 2019. The Respondent had no other designated escrow licensed producers.

15. Based on the violations outlined above, the Department and Respondent have agreed to an administrative forfeiture of \$5,000.00.

CONCLUSIONS OF LAW

1. The Utah Insurance Commissioner (“Commissioner”) has jurisdiction over the parties and this adjudicative proceeding pursuant to Utah Code §§ 31A-1-105 and 31A-2-201.

2. The Commissioner has legal authority to impose penalties on the Department's licensees who violate the Utah Insurance Code pursuant to Utah Code § 31A-2-308.

3. Respondent violated Utah Code § 31A-23a-103(1)(c) when it used the services of [REDACTED] an unlicensed producer, to conduct 615 escrow closings on properties located in Utah. Respondent had no active title escrow producer from October 17, 2019, through June 16, 2022.

4. Respondent violated Utah Code § 31A-23a-302(1) when it used an unlicensed producer, [REDACTED], who was not designated to the agency by the Respondent, to conduct business on the agency’s behalf. Department records show that from October 17, 2019, through June 16, 2022, Elder performed 615 escrow closings on Utah properties on behalf of Respondent, but Respondent had failed to designate a Title Escrow producer to act on the Respondent’s behalf.

5. Respondent violated Utah Code §§ 31A-23a-409(2) and 31A-23a-406(1)(d) when it placed trust funds in First Western Trust, a bank that does not have an office in Utah. Respondent disclosed that 615 escrow closings on Utah properties were conducted utilizing First Western Trust.

6. Respondent violated Utah Code § 31A-23a-406(1)(i) when it failed to have a physical office in Utah staffed by an escrow licensee. Respondent utilized an executive virtual style suite, staffed by a receptionist who is not an escrow licensee.

7. Respondent violated Utah Code § 31A-23a-204(1)(c) by conducting insurance related business from October 17, 2019, through June 16, 2022, without an active title escrow qualifying licensee for the agency.

8. As a penalty for the violations in this case, Respondent should be ordered to pay a forfeiture of \$5,000.00.

ORDER

Based on the foregoing Findings of Fact and Conclusions of Law, it is hereby Ordered that:

1. Respondent shall pay a forfeiture of \$5,000.00 for the violations described in the Conclusions of Law.

2. Payment in full is due, by the Respondent to the Department, no later than thirty (30) days after the date this Order has been signed. The parties further agree that if the full payment amount is not paid within the specified time, the Department may, at its option, either: (a) pursue legal collection action to recover the forfeiture amount, in which case Responded shall be liable to pay, in addition to the forfeiture amount, any costs and expenses, including court costs and reasonable attorney fees, incurred by the Department in attempting to recover said forfeiture; or (b) rescind the settlement agreement reflected in this Findings of Fact, Conclusions of Law and Order, and reinstate the Notice of Agency Action issued in this case, and proceed with the agency action against Respondent proposed therein.

3. Respondent is ordered not to commit any of the violations described in the Conclusions of Law in the future.

DATED this 28th day of October, 2022.

JONATHAN T. PIKE
Utah Insurance Commissioner

/s/ Donald H. Hansen
Donald H. Hansen
Administrative Law Judge/Presiding Officer
Utah Insurance Department
4315 South 2700 West, Suite 2300
Taylorsville, UT 84129
801-957-9321
Email: uidadmincases@utah.gov

NOTICE TO RESPONDENT

Failure to obey this Order may subject you to further penalties that include a forfeiture of up to \$2,500 per violation, with each day of the violation constituting a separate violation. Other penalties for failing to obey this Order may include license suspension, probation, refusal to renew, or revocation. Failure to obey this Order may also result in an action taken against you in a court of competent jurisdiction where forfeitures of up to \$10,000 for each day the failure to comply continues until judgment is rendered. If you are licensed in other jurisdictions, you may be required to report this proceeding in those jurisdictions

CERTIFICATE OF SERVICE

The undersigned certifies that on this date a true and correct copy of the foregoing Findings of Fact, Conclusions of Law and Order was emailed to:

First Integrity Title Insurance Agency, LLC
Attention: Monica DiGeronimo, Associate General Counsel
MDiGeronimo@firstintegritytitle.com

and

Shelley A. Coudreaut
Assistant Attorney General
sacoudreaut@agutah.gov

DATED this 15th day of November, 2022.

/s/ Jeanine Couser
Jeanine Couser
Utah Insurance Department
4315 South 2700 West, Suite 2300
Taylorsville, UT 84129
801-957-9321