

1 CALIFORNIA DEPARTMENT OF INSURANCE
LEGAL DIVISION
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5 Attorneys for John Garamendi,
6 Insurance Commissioner

7 **BEFORE THE INSURANCE COMMISSIONER**
8 **OF THE STATE OF CALIFORNIA**
9 **SACRAMENTO**

10
11 In the Matter of the Licenses and Licensing
Rights of:

File No. VA 1022-AP

OAH No. L2005010076

12
13 INVESTORS TITLE COMPANY,

STIPULATION AND WAIVER

14
15 Respondent.
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18 Respondent, INVESTORS TITLE COMPANY (“INVESTORS”) and the Department of
19 Insurance (“Department”) stipulate as set forth herein:

20 1. INVESTORS is licensed by the Insurance Commissioner to act as an underwritten
21 title company in the State of California, pursuant to Section 12389 of the California Insurance
22 Code,¹ and it is licensed to transact the business of title insurance in the counties of Los Angeles,
23 Orange, Riverside, San Bernardino, San Diego, and Ventura; and,

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25 2. In June 2001, the Department began investigating the operations of INVESTORS,
26 pursuant to California Insurance Code §12389(c), after the Department received numerous
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¹ Unless otherwise stated, all references are to the California Insurance Code.

1 complaints and telephone calls that raised the issue of whether certain activities implemented by
2 INVESTORS, from May 2000 through November 2001, constituted violations of California's
3 insurance laws; that the examination occurred in several INVESTORS' branch offices in
4 numerous counties in which INVESTORS owns and maintains title insurance offices; and that the
5 investigation included interviews with employees of INVESTORS, and the examination of
6 INVESTORS' books and records as authorized by California Insurance Code §12407; and,

8 3. On or about July 15, 2004, the Department caused to be served upon INVESTORS
9 an Accusation, Notice of Noncompliance and Hearing, Demand for Monetary Penalty and Right
10 to Issue Order to Show Cause, Statement of Charges and Notice of Hearing denominated "In the
11 Matter of the Licenses and Licensing Rights of: INVESTORS TITLE COMPANY, Respondent,
12 File No. VA 1022-AP, incorporated herein by reference, and said Accusation alleged, inter alia,
13 that INVESTORS engaged in unlawful rebate activities in violation of the requirements and
14 standards of Article 6, Chapter 1, Part 6, Division 2 (commencing with §12404) of the Insurance
15 Code; and,

17 4. INVESTORS and the Department have undertaken discussions to resolve the
18 issues in this proceeding and now wish to resolve those issues without the need for a hearing or
19 further administrative action; and therefore INVESTORS waives any and all rights to a hearing in
20 this matter, and any and all other rights related to this proceeding which may be accorded
21 pursuant to Chapter 5, Part 1, Division 3, Title 2 (commencing with §11500) of the California
22 Government Code, and by the California Insurance Code; and,

24 5. INVESTORS agrees to and shall Cease and Desist from engaging in any
25 activities which may be in violation of, or noncompliant with, Article 6, chapter 1, Part 6,
26 Division 2 (commencing with §12404) of the Insurance Code upon written Order of the
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1 Insurance Commissioner to be made and filed herein and without further notice to INVESTORS;
2 and,

3 6. INVESTORS agrees to and shall comply with the provisions of
4 California Insurance Code §12404 prohibiting illegal rebate/inducement activities upon written
5 Order of the Insurance Commissioner to be made and filed herein and without further notice to
6 INVESTORS; and,

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8 7. INVESTORS agrees to and shall suspend, for a period of ten (10) business
9 days, all business development and marketing activities for each individual who is currently
10 employed by INVESTORS and/or its affiliates, and who was alleged in the Accusation to have
11 violated California Insurance Code §12404 et seq. following written Order of the Insurance
12 Commissioner to be made and filed herein and without further notice to INVESTORS; and,

13
14 8. INVESTORS agrees to and shall pay, within ten (10) days of the date of the
15 signed Order by the Commissioner, the amount of one million dollars (\$1,000,000) to the
16 California Department of Insurance as a monetary penalty pursuant to California Insurance Code
17 §§12409 and 12976 upon written Order of the Insurance Commissioner to be made and filed
18 herein and without further notice to INVESTORS; and,

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20 9. INVESTORS agrees to and shall pay, within ten (10) days of the date of the
21 signed Order by the Commissioner, the amount of fifty two thousand nine hundred seventy four
22 dollars (\$52,974.00) to the California Department of Insurance for reimbursement of costs
23 pursuant to California Insurance Code §12389 upon written Order of the Insurance Commissioner
24 to be made and filed herein and without further notice to INVESTORS; and,

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26 10. INVESTORS agrees to and shall pay, within ten (10) days of the date of the
27 signed Order by the Commissioner, the amount of five thousand dollars (\$5,000.00) to the
28 California Department of Insurance to resolve the allegation that INVESTORS failed to comply

1 with a final Order of the Commissioner, dated May 1, 2000 in File No. SF 15326 AP, upon
2 written Order of the Insurance Commissioner to be made and filed herein and without further
3 notice to INVESTORS; and,

4 11. Neither this Stipulation and Waiver nor the Order approving this Stipulation
5 and Waiver are in any way intended to limit or waive the Commissioner's authority to bring
6 further disciplinary action against INVESTORS for violations not covered by the Accusation or
7 this Stipulation and Waiver; and,

8 12. Nothing contained in this Stipulation and Waiver or the Order approving this
9 Stipulation and Waiver shall prevent the Department from taking action at any time to enforce
10 this Stipulation and Waiver or the Order approving this Stipulation and Waiver if the Department
11 believes that INVESTORS is not in compliance with the terms and conditions of the Stipulation
12 and Waiver and/or the Order approving this Stipulation and Waiver; and,

13 13. The Insurance Commissioner retains jurisdiction to ensure that Respondent
14 complies with the provisions and terms of this Stipulation and Waiver and/or Order approving
15 this Stipulation and Waiver; and;

16 14. This compromise settlement is not an admission of liability,
17 wrongdoing or violation of law, and no factual findings or legal conclusions have been made;
18 and,

19 15. INVESTORS represents and warrants that the persons executing this
20 Stipulation and Waiver on behalf of Respondent are authorized to enter into and execute this
21 Stipulation and waiver; and,

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1 16. Pursuant to California Insurance Code §12921(b)(1), this Stipulation and
2 Waiver is not final unless and until approved by the Insurance Commissioner as evidenced by an
3 order of the Commissioner expressly adopting this Stipulation and Waiver.
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6 Dated: June 17, 2005

INVESTORS TITLE COMPANY

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8 By: _____

John Harritt
President

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11 Dated: June 17, 2005

SONNENSCHN NATH & ROSENTHAL LLP

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13 By: _____

Gary A. Hernandez
Attorneys for Respondent
INVESTORS TITLE COMPANY

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16 Dated: June 17, 2005

CALIFORNIA DEPARTMENT OF INSURANCE

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18 By: _____

Mary Ann Shulman
Senior Staff Counsel

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21 **ORDER**

22 The preceding Stipulation and Waiver is hereby adopted as the Order of the
23 Insurance Commissioner of the State of California.

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25 Dated: _____, 2005

JOHN GARAMENDI
Insurance Commissioner