

No. 2023-8001

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

Date: 06/01/2023

Subject Considered:

Riverway Title Group, LLC
3 Riverway, Suite 130
Houston, Texas 77056-1910

Consent Order
TDI Enforcement File No. 30043

General remarks and official action taken:

This is a consent order with Riverway Title Group, LLC (Riverway). The Texas Department of Insurance (TDI) conducted a compliance audit and discovered Riverway violated several provisions of the Texas Insurance Code and the Title Insurance Basic Manual. Riverway has agreed to pay an administrative penalty of \$35,000.

Waiver

Riverway acknowledges that the Texas Insurance Code and other applicable law provide certain rights. Riverway waives all of these rights, and any other applicable procedural rights, in consideration of the entry of this consent order.

Findings of Fact

1. Riverway, firm identification number 113451, holds a title insurance agency license with an underwriter qualification issued by TDI on November 3, 2015.
2. In September 2021, TDI conducted a compliance audit of Riverway's operations (the Audit), and found several violations.

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Delinquent Remittance of Premiums to Underwriters

3. TDI found that Riverway failed to timely remit title insurance premiums dating as far back as July 2018. At the time of the Audit, Riverway held more than \$400,000 in delinquent, unremitted underwriter's portions of premiums.

Rebating

4. TDI found that in four files, Riverway had given parties discounts or rebates, or charged no escrow fee at all.
5. TDI found at least three files where Riverway paid 40% of total premium plus half of all escrow fees to Shahin Jamea and his law firm, Jamea Law, P.L.L.C. (Jamea Law), for transactions where Shahin Jamea signed closing documents as the seller.

Use of Unappointed Escrow Officer

6. TDI also found that in those three files, Riverway permitted Shahin Jamea, an attorney, to act as its escrow officer without appointing him.

Incorrect, Unverified, and Undisclosed Payments to Unidentified or Undisclosed Persons

7. Riverway paid Jamea Law a portion of title insurance premiums in the above three files. Riverway did not have a signed Form T-00 on file from Jamea Law or Shahin Jamea or evidence that one of them was a bona fide employee or had performed all of the core title services for those transactions.
8. Riverway did not disclose the payments to Jamea Law on the settlement statements or title commitments for those three transactions.
9. TDI found that in two additional files, Riverway made payments to persons in which the payees were incorrectly identified or not disclosed at all on the associated settlement statements. In one additional file, Riverway failed to disclose both the payee and the amount paid on Schedule D of the associated title commitments.
10. TDI found that in one file, Riverway made a payment where the amount disbursed did not match the amount shown as disbursed on the settlement statement.

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Failure to Respond

11. TDI sent Riverway a copy of the Audit letter and report on November 1, 2021, and requested that Riverway provide: (a) proof that Riverway's underwriter premiums were brought current; and (b) a response to address all other Audit findings. The due date for that response was November 23, 2021.
12. TDI granted two extensions to respond, with the last until December 22, 2021.
13. Riverway failed to timely respond to the Audit letter and report.

Subsequent Events and Mitigating Circumstances

14. On December 21, 2022, Riverway represented that it was addressing TDI's concerns, had corrected the findings from TDI's Audit, and hired an outside consultant to assist in reviewing and adjusting its operations, policies, procedures, and internal controls to ensure that it was meeting its obligations under the Insurance Code and TDI regulations.
15. At that time, Riverway represented that it was current with remittance of all title insurance premiums and provided TDI with statements of good standing from four underwriters showing that Riverway had brought their premium remittances current. Riverway and additional underwriters subsequently provided TDI with additional statements of good standing on remittances.
16. However, on or about January 31, 2023, TDI found Riverway still held delinquent unremitted premium of over \$295,000. Riverway represents that it has since remitted those funds and is current on remittance of all title insurance premiums.
17. Riverway further represents that it has hired and will maintain two new full-time employees, as well as a new controller, to handle escrow accounting and regulatory compliance, and to ensure that:
 - a. future premiums are timely remitted,
 - b. persons serving as escrow officers are properly licensed and appointed,
 - c. fees are applied consistently to all transactions,
 - d. any attorneys or other persons paid a portion of title insurance premiums have performed the requisite services, and

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- e. any transaction payments disbursed by Riverway are properly disclosed and documented.

Conclusions of Law

1. The commissioner has jurisdiction over this matter under TEX. INS. CODE §§ 82.051–82.055, 84.021–84.044, 2501.005, 2502.001, 2551.001, 2551.003, 2651.301, 2652.201, 4001.002, 4005.102–4005.104; 28 TEX. ADMIN. CODE § 9.1, which adopts the Title Insurance Basic Manual by reference; and TEX. GOV'T CODE §§ 2001.051–2001.178.
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. Riverway has knowingly and voluntarily waived all procedural rights to which it 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. Riverway violated TEX. INS. CODE § 2502.051 by giving discounts and rebates of title insurance premiums.
5. Riverway violated Title Insurance Basic Manual, Section III, Rate Rule R-1 and Section IV, Procedure Rules P-21 and P-22 by making payments to a person who was not its bona fide employee without evidence showing the recipient had performed all services claimed.
6. Riverway violated TEX. INS. CODE § 2702.053 by making payments to a person and either failing to disclose or incorrectly identifying the payee or payment amount on the settlement statement.
7. Riverway violated the Title Insurance Basic Manual, Section III, Rate Rule R-1 and Section IV, Procedure Rule P-21 by making payments to a person without disclosing those payments on Schedule D of the title commitment.

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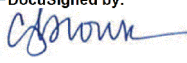
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8. Riverway violated TEX. INS. CODE §§ 2652.001, 2652.003(c), and 2652.1511 by allowing an attorney to act as an escrow officer on Riverway's behalf without appointing him.
9. Riverway violated the Title Insurance Basic Manual, Section III, Rate Rule R-2, and TEX. INS. CODE § 2651.301(4) by failing to timely remit underwriter premiums.
10. Riverway violated TEX. INS. CODE § 38.001 by failing to respond to a reasonable request for information from the department.

Order

It is ordered that Riverway Title Group, LLC must comply with the Title Insurance Basic Manual, Section III, Rate Rule R-2 and TEX. INS. CODE § 2651.301(4) and must timely remit the portion of premium due to the title insurance company no later than the 15th day of the second month following the month in which the premium was collected.

It is further ordered that Riverway Title Group, LLC pay an administrative penalty of \$35,000 within 60 days from the date of this order. The administrative penalty must be paid as instructed in the invoice, which the department will send after entry of this order.

DocuSigned by:


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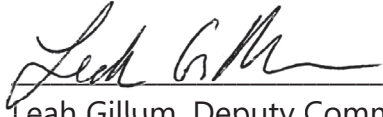
Cassie Brown

Commissioner of Insurance

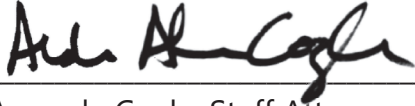
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Recommended and reviewed by:



Leah Gillum, Deputy Commissioner
Fraud and Enforcement Division



Amanda Cagle, Staff Attorney
Enforcement

