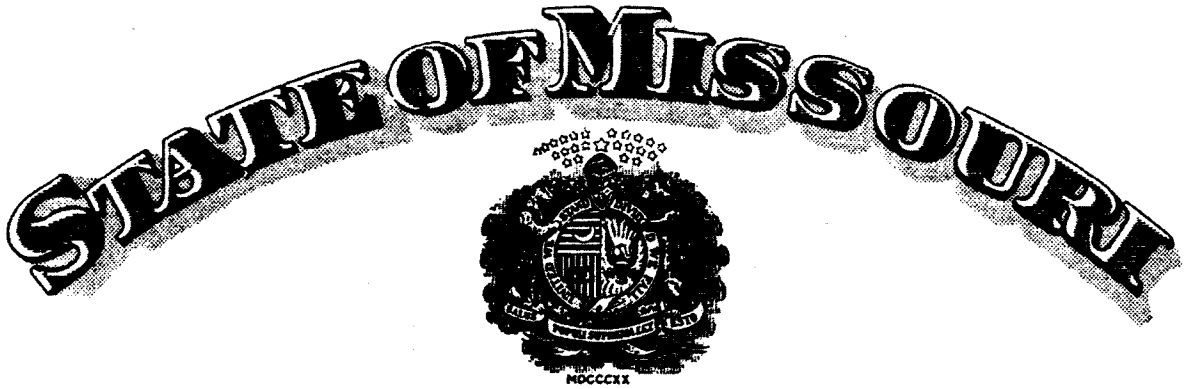

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

P.O. Box 690, Jefferson City, Mo. 65102-0690

In the Matter of:	)	
	)	
GUARANTY TITLE COMPANY, INC.	)	
	)	
AND	)	
	)	
GUARANTY TITLE COMPANY OF SOUTHWEST MISSOURI	)	
	)	**Case No. 07-0122097C**
AND	)	
	)	
RICHARD G. "RICK" BURTON	)	
	)	
AND	)	
	)	
KATHY C. STANTON (A/K/A "KATHY ALLEN")	)	
	)	
AND	)	
	)	
STEPHANIE L. GRAY,	)	
	)	
Respondents.	)	

CONSENT ORDER

DOUGLAS M. OMMEN, Director of the Department of Insurance, Financial Institutions and Professional Registration takes up the above matter for consideration and

disposition. The Division of Consumer Affairs, through legal counsel Tamara W. Kopp, Guaranty Title Company, Inc., (hereinafter "Respondent Guaranty"), Guaranty Title Company of Southwest Missouri, (hereinafter "Respondent Guaranty SWM"), Richard G. "Rick" Burton, (hereinafter "Respondent Burton"), and Kathy C. Stanton (a/k/a "Kathy Allen", hereinafter "Respondent Stanton"), and Stephanie L. Gray (hereinafter "Respondent Gray"), have reached a settlement in this matter and have consented to the issuance of this Consent Order.

1. Douglas M. Ommen is the duly appointed Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration (hereinafter, "Director") whose duties, pursuant to Chapters 374, 375 and 381, RSMo, include supervision, regulation and discipline of insurance producers, title insurance companies, title agencies, and title agents.

2. The Consumer Affairs Division has the duty of conducting investigations into the acts of insurance companies, agents and agencies, title insurance companies, title agencies and title agents under the insurance laws of this state and is authorized by the Director to investigate and to recommend enforcement action for violations of the insurance laws of this state.

3. Respondent Guaranty is a Missouri corporation registered with the Missouri Secretary of State (Charter Number 00501456) with its principal place of business or corporate headquarters in Nixa, Missouri. Respondent Guaranty may be served with process by serving its registered agent, Respondent Burton at 1881 North Highway CC, Nixa, Missouri 65714. Respondent Guaranty holds a business entity producer license issued by the Department. (License Number AG8013873).

4. Respondent Guaranty SWM is a Missouri corporation registered with the Missouri Secretary of State (Charter Number 00680437) with its principal place of business or headquarters in Ozark, Missouri. Respondent Guaranty SWM may be served with process by serving its registered agent, Respondent Gray at 535 North Jester Avenue, Republic, Missouri 65738. Respondent Guaranty SWM holds a business entity producer license issued by the Department. (License Number AG8020472). In January of 2006, the owners of Respondent Guaranty leased the assets of Respondent Guaranty to Respondent Guaranty SWM.

5. Respondent Burton is a natural person and a resident of Missouri. At all times relevant, Respondent Burton was listed as an owner and President of Respondent Guaranty. Respondent Burton currently holds an insurance producer license issued by the Department. (License Number PR223145).

6. The Consumer Affairs Division alleged that Respondent Stanton is a natural person and a resident of Missouri and that at all times relevant, Respondent Stanton was listed as an owner of Respondent Guaranty. The Department issued an insurance producer license to Respondent Stanton. (License Number PR177277). Such license was revoked for tax compliance on August 12, 2004; however, such license status does not prohibit an Administrative Hearing Commission finding of cause to discipline Respondent Stanton's license.[1]

7. Respondent Gray is a natural person and a resident of Missouri. At all times relevant, Respondent Gray was listed as President of Respondent Guaranty SWM. Respondent Gray's insurance producer license expired on September 5, 2007. (License Number PR151691).

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[1] See, Director of Insurance v. Polsky, 04-1351 DI (Mo. Admin. Hrg. Comm.).

8. In January of 2006, the Respondents Burton and Stanton, the owners of Respondent Guaranty, leased the assets of Respondent Guaranty to Respondent Guaranty SWM.

9. On or about December 15, 2006, the Department's Consumer Affairs Division referred Investigation File Number 06A000501, concerning respondents, to the Director seeking to discipline Respondents' respective insurance producer licenses and business entity producer licenses.

10. The Consumer Affairs Division alleged that Respondents collectively misappropriated funds from escrow and other business accounts for personal gain. Specifically, the Consumer Affairs Division alleged that the Director had grounds for discipline of Respondents' respective insurance or title licenses pursuant to:

a. Section 375.141.1(2), RSMo, for disbursing funds for escrow accounts without corresponding deposits to the escrow accounts, a violation of 381.412.2, RSMo (2000).

b. Section 375.141.1(2), RSMo, for not upholding its or their fiduciary responsibilities to both the insurance company and title insurance applicant for premiums collected, a violation of sections 381.131, RSMo (Supp. 2000), 375.051.1 and 375.051.2, RSMo (Supp. 2005).

c. Section 375.141.1(4), RSMo, for improperly withholding premiums paid by Missouri consumers, estimated at the time the investigation report was submitted, at approximately four hundred thousand dollars ($400,000) for approximately five thousand, three hundred twenty-three (5,323) unreported policies.

d. Section 375.141.1(8), RSMo, for demonstrating incompetence and financial irresponsibility in the above cited conduct and further, for not conducting regular reconciliations of escrow and construction disbursements accounts.

11. During the Consumer Affairs Division investigation, Respondents' underwriter, Commonwealth/LandAmerica, and Respondents established a premium trust account and executed a promissory note with Respondent Stanton and Respondent Burton to collect approximately $400,000 for unreported policies.[2]

12. On or about June 19, 2007, Respondents ceased title insurance operations in all locations. Respondents' multiple escrow accounts and multiple banks were frozen in response to Respondents' account shortages.

13. During June and July 2007, Respondents' underwriter conducted an investigation into Respondents' title insurance business activities. As of July 9, 2007, the underwriter auditors estimated that Respondent SWM's escrow accounts were deficient approximately $5.1 million. Further, the underwriter auditors estimated that Respondent SWM owed the underwriter approximately $83,803 in unremitted policy premiums and $341,739 on the promissory note executed by Respondents Burton and Stanton in November 2006.

14. The Department has received multiple complaints from consumers who lost money that was deposited in Respondents' escrow accounts, construction disbursement accounts and 1031 exchange accounts. Many of these complainants have filed civil lawsuits in an effort to collect funds entrusted to Respondents.

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[2] Respondents Burton and Stanton agreed to pay $381,230.62 to the underwriter for unremitted policy premiums. The promissory note required that Respondents Burton and Stanton pay $18,504.15 per month for a period of 24 months beginning in November 2006.

15. On December 6, 2007, the Director filed a complaint with the Administrative Hearing Commission seeking a finding that he has cause to discipline Respondents' respective insurance licenses. The Administrative Hearing Commission set a hearing on the matters raised by the Director for June 11, 2008. Upon the Director's final execution of this Consent Order, the Director will dismiss his case against the signatories of this Consent Order with prejudice.

16. Respondents neither admit nor deny the allegations raised by the Director or Consumer Affairs Division and have stipulated and agreed to waive any rights that Respondents may have to a hearing before the Administrative Hearing Commission or the Director and any rights to seek judicial review or other challenge or contest of the terms and conditions of this Consent Order and forever releases and holds harmless the Department, the Director and his agents, and the Consumer Affairs Division from any and all liability and claims arising out of, pertaining to or relating to this matter.

17. The Director is authorized to enforce this order and should Respondents fail to comply with the conditions set forth herein, the Director or his successors, without any limitation, may initiate any action authorized by law.

Conclusions of Law

18. The Director is authorized to settle this matter and the Director is authorized to issue this Consent Order in the public interest pursuant to sections 374.046 (Supp. 2007) and 374.280, RSMo (2000).

19. The terms set forth in this Consent Order are an appropriate disposition of this matter and entry of this order is in the public interest.

ORDER

IT IS ORDERED THAT Guaranty Title Company, Inc.'s business entity producer license is hereby revoked.

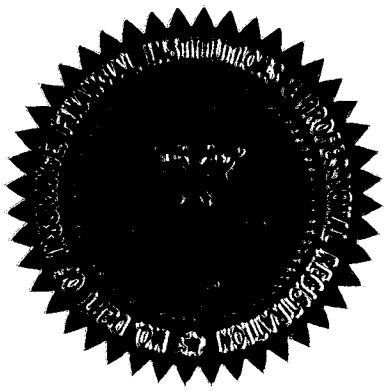
IT IS FURTHER ORDERED THAT Guaranty Title Company of Southwest Missouri's business entity producer license is hereby revoked.

IT IS FURTHER ORDERED THAT Richard G. "Rick" Burton's insurance producer license is hereby revoked.

IT IS FURTHER ORDERED THAT Stephanie L. Gray's insurance producer license is hereby revoked.

EACH signatory to this Consent Order certifies by signing that he or she is fully authorized, in his or her own capacity, or by the named party he or she represents, to accept the terms and provisions of this Consent Order in their entirety, and agrees, in his or her personal or representational capacity, to be bound by the terms of this Consent Order.

SO ORDERED, SIGNED AND OFFICIAL SEAL AFFIXED THIS 20th DAY OF May, 2008.



DOUGLAS M. OMMEN
Director, Missouri Department of Insurance, Financial Institutions & Professional Registration

CONSENT AND WAIVER OF HEARING

The undersigned persons understand and acknowledge that each Respondent has the right to a hearing, but that each Respondent has waived the hearing and consented to the issuance of this Consent Order.

5/14/08

Name: Richard G. Burton, former President
Counsel for Guaranty Title Company, Inc.
Respondent
Missouri Bar No.: _____
Address: _____
_____
Telephone: _____
Facsimile: _____

Date

_____

Name: _____
Counsel for Guaranty Title Company of Southwest Missouri
Respondent
Missouri Bar No.: _____
Address: _____
_____
Telephone: _____
Facsimile: _____

Date

Richard G. Burton, former pres.

5/14/08

Richard G. Burton
Respondent
Address: 604 Eastridge
Nixa, Mo 65714
Telephone: 417-827-2432
Facsimile: _____

Date

5/14/08

Devon F. Sherwood, Esq. 20342
Counsel for Richard G. Burton, Respondent
Missouri Bar No. 20342
Sherwood Honecker & Bender
155 Park Central Square
Springfield, Missouri 65806
Telephone: (417) 866-7272
Facsimile: (417) 866-6101

Date

CONSENT AND WAIVER OF HEARING

The undersigned persons understand and acknowledge that each Respondent has the right to a hearing, but that each Respondent has waived the hearing and consented to the issuance of this Consent Order.

Name: _____ Date
Counsel for Guaranty Title
Company, Inc.
Respondent
Missouri Bar No.: _____
Address: _____
_____
Telephone: _____
Facsimile: _____

Name: Donald R Duncan 4/10/08 Date
Counsel for Guaranty Title Company
of Southwest Missouri
Respondent
Missouri Bar No.: 18542
Address: 1355 E. Bradford Rd
Springfield, Mo 65804
Telephone: 417 883-2102
Facsimile: 417 883-5024

Richard G. Burton Date
Respondent
Address: _____
_____
Telephone: _____
Facsimile: _____

Devon F. Sherwood, Esq. Date
Counsel for Richard G. Burton, Respondent
Missouri Bar No. 20342
Sherwood Honecker & Bender
155 Park Central Square
Springfield, Missouri 65806
Telephone: (417) 866-7272
Facsimile: (417) 866-6101

Kathy C. Stanton (a/k/a Kathy Allen)
Respondent
10601 Highway F
Sarcoxie, Missouri 64862
Telephone: _____
Facsimile: _____

Date

Thomas D. Carver, Esq.
Counsel for Kathy C. Stanton, Respondent
Missouri Bar No. 23319
2103 East Sunshine
Springfield, Missouri 65806
Telephone: (417) 866-3330
Electronic mail: tcarv@crimlex.com

Date

Stephanie L. Gray
Respondent
Address: 4220 Somerset
Battlefield, MO 65619
Telephone: 849-6060
Facsimile: _____

3-28-08
Date

Donald R. Duncan
Counsel for Stephanie L. Gray, Respondent
Missouri Bar No: 18542
Turner, Reid, Duncan Loomer & Patton, P.C.
P.O. Box 4043
Springfield, Missouri 65808
Telephone: (417) 883-2102
Facsimile: (417) 883-5024

3/28/08
Date

Tamara W. Kopp
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Department of Insurance, Financial
Institutions and Professional Registration
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Jefferson City, MO 65101
Telephone: (573) 751-2619
Facsimile: (573) 526-5492

4/4/08
Date