



**DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

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

In re:)
)
RONALD P. DUGGAN) Case No. 140107008C
)
Respondent.)

CONSENT ORDER

John M. Huff, Director of the Department of Insurance, Financial Institutions and Professional Registration takes up the above-referenced matter for consideration and disposition. The Consumer Affairs Division, through counsel, Tammy S. Kearns, and Respondent Ronald P. Duggan have reached a settlement in this matter and have consented to the issuance of this Consent Order.

1. John M. Huff is the duly appointed Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration (“Director” of the “Department”) whose duties, pursuant to Chapters 374 and 375 RSMo,¹ include supervision, regulation, and discipline of insurance producers.

¹ All statutory references are to the 2013 Supplement to the Revised Statutes of Missouri unless otherwise noted.

2. The Consumer Affairs Division ("Division") of the Department has the duty of conducting investigations into the unfair or unlawful acts of insurance producers and companies under the insurance laws of this state and has been authorized by the Director to initiate this action before the Director to enforce the insurance laws of this state.

3. The Department issued Ronald P. Duggan ("Duggan") a resident insurance producer license (License No. 0215499) on October 27, 1983, which he subsequently renewed, and which expired on October 27, 2013.

4. The Department received Duggan's Uniform Application for Individual Producer License Renewal/Continuation ("Renewal Application") on October 29, 2013.

5. The Department issued Sunrise Abstracting & Title Services, Inc. ("Sunrise") a business entity insurance producer license (License No. 0003727) on September 23, 1983, which it subsequently renewed, and which is set to expire on September 23, 2015.

6. Duggan has owned and operated Sunrise since 1985.

7. On or about March 7, 2013, First American Title Insurance Company ("First American") conducted an internal audit of Sunrise's operating and escrow accounts.

a. The audit identified nine (9) checks totaling \$169,292 that were disbursed from Sunrise's escrow account, made payable to either Sunrise or other businesses owned by Duggan:

i. One (1) check totaling \$30,975 made payable to "Buccaneer Bay" was disbursed from Sunrise's escrow account on or about September 14, 2012. Buccaneer Bay is a business owned by Duggan. Duggan told auditors the disbursement was made in error and that he reimbursed Sunrise's escrow

account. Auditors verified that a \$30,975 deposit was made to Sunrise's escrow account on or about January 31, 2013.

ii. Four (4) checks totaling \$64,000 made payable to "Sunrise Title," "Sunrise Title Co.," and "Sunrise Abstracting" were disbursed from Sunrise's escrow account on or about November 1, 2012. Duggan told auditors that the disbursements were related to a \$70,000 check from Duggan's father-in-law for restaurant-related expenses that Duggan had deposited into Sunrise's escrow account. Auditors verified that a \$70,000 deposit was made to Sunrise's escrow account on or about August 9, 2012.

iii. One (1) check totaling \$15,317 made payable to "Buccaneer Restaurant" was disbursed from Sunrise's escrow account on or about January 8, 2013. After auditors brought the disbursement to Duggan's attention, Duggan reimbursed the full amount to Sunrise's escrow account on or about March 8, 2013.

iv. Two (2) checks totaling \$43,000 made payable to "Sunrise Abstracting & Title Service, Inc." were disbursed from Sunrise's escrow account on or about February 1, 2013 and deposited into Sunrise's operating account. Duggan told auditors that the related escrow holdback agreements had expired and he had intended to open escrow savings accounts, but forgot to do so. After auditors brought the disbursement to Duggan's attention, Duggan reimbursed the escrow account and opened two savings accounts on or about March 8, 2013.

v. One (1) check totaling \$16,000 made payable to "Ron Duggan" was disbursed from Sunrise's escrow account on or about February 8, 2013. Duggan told auditors that the disbursement was related to a \$16,000 deposit for another of Duggan's businesses. Auditors verified that \$16,000 had been deposited in the escrow account on or about February 7, 2013.

b. Duggan informed First American auditors it was his practice to disburse dormant funds greater than one year in age from Sunrise's escrow account to Sunrise's operating account. Duggan further informed First American auditors that he kept no records of the amount of funds handled in this manner or to whom the funds belonged.

c. Duggan informed First American auditors that until he was notified of the scheduled March 2013 audit, he had not performed a three-way reconciliation of Sunrise's escrow account since August 2012.

8. On or about March 14, 2013, First American and Sunrise mutually terminated their agency agreement.

9. On March 20, 2013, the Department received a letter from First American that notified the Department of the mutual termination of the agency agreement with Sunrise and that the mutual termination was due to conduct that allegedly violated § 375.141 RSMo.

10. Duggan appeared before the Division at a subpoena conference on September 9, 2013. Duggan testified under oath to the following:

a. Duggan admitted that not all of the trust accounts were in the name of Sunrise.

b. Duggan admitted that he did not always obtain written instructions in connection with funds deposited in Sunrise's escrow account.

c. Duggan admitted to using Sunrise's escrow account to pay bills for a business endeavor. Duggan stated he deposited the corresponding funds prior to the disbursement or had thought the funds had been deposited.

d. Duggan admitted to depositing funds into Sunrise's escrow account and later disbursing them to pay the bills of family members.

e. Duggan admitted to transferring dormant funds greater than one year in age from Sunrise's escrow account to Sunrise's operating account.

f. With the assistance of his new underwriter, Agents National, Duggan and Sunrise have been preparing monthly reconciliations on a timely basis.

g. Duggan has corrected the title on all the escrow accounts to Sunrise.

11. Section 375.141 provides, in relevant part:

1. The director may suspend, revoke, refuse to issue or refuse to renew an insurance producer license for any one or more of the following causes:

* * *

(2) Violating any insurance laws, or violating any regulation, subpoena or order of the director or of another insurance commissioner in any other state[.]

12. Section 381.022 provides, in relevant part:

3. It is unlawful for any person to:

(1) Commingle personal or any other moneys with escrow funds regulated under this section;

* * *

(3) Use such escrow funds for any purpose other than to fulfill the terms of the individual written escrow instructions after the necessary conditions of the written escrow instructions have been met;

(4) Disburse any funds held in an escrow account unless the disbursement is made under a written instruction or agreement specifying under what conditions and to whom such funds may be disbursed or under an order of a court of competent jurisdiction[.]

13. Section 477.539 RSMo 2000 provides, in relevant part:

1. Every person holding funds or other property, tangible or intangible, presumed abandoned pursuant to sections 447.500 to 447.595 shall report to the treasurer with respect to the abandoned property as provided in this section.

14. Section 477.543 RSMo 2000 provides, in relevant part:

1. Every person who has filed a report pursuant to section 447.539 shall pay all moneys to the treasurer and deliver to the treasurer all other abandoned property specified in the report at the time of filing the report, provided the holder may retain from any such moneys the reasonable costs of complying with sections 447.500 to 447.595, which costs shall be approved by the treasurer.

15. Duggan acknowledges and understands that the Director may refuse to renew

Duggan's insurance producer license pursuant to:

a. Section 375.141.1(2) because Duggan violated an insurance law, namely § 381.022.3(1), when Duggan accepted funds for deposit into Sunrise's escrow account and disbursed those funds for the payment of family members' bills.

b. Section 375.141.1(2) because Duggan violated an insurance law, namely § 381.022.3(3), when Duggan accepted funds for deposit into Sunrise's escrow account without individual written escrow instructions.

c. Section 375.141.1(2) because Duggan violated an insurance law, namely § 381.022.3(4), when Duggan disbursed dormant funds greater than one year in age from Sunrise's escrow account to Sunrise's operating account without written instructions or an agreement instructing Duggan to do so.

16. Duggan acknowledges and understands that he has the right to consult an attorney at his own expense.

17. On August 8, 2014, counsel for the Division provided a written description of the specific conduct for which discipline was sought and a citation to the law and rules allegedly violated, together with copies of any documents upon which it based the allegations, and the Division's settlement offer, namely, this Consent Order, in accordance with § 621.045.4(1).

18. Duggan has been advised that he may, either at the time the Consent Order is signed by all parties, or within fifteen (15) days thereafter, submit the Consent Order to the Administrative Hearing Commission for a determination that the facts agreed to by the parties to the Consent Order constitute grounds for discipline of Duggan's insurance producer license.

19. Except as provided in the preceding paragraph above, Duggan stipulates and agrees to waive any waivable rights that he 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 Order, and forever releases and holds harmless the Department, the Director and his agents, and the Division of Consumer Affairs from all liability and claims arising out of, pertaining to, or relating to this matter.

20. Duggan acknowledges and understands that this Consent Order is an administrative action and will be reported by the Department to other states. Duggan further acknowledges and understands that this administrative action should be disclosed on future applications and renewal applications and that it is Duggan's responsibility to comply with the reporting requirements of each state in which he is licensed.

21. Each signatory to this Consent Order certifies by signing that he is fully authorized, in his 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.

Conclusions of Law

22. The allegations raised by the Division, and admitted to herein by, are grounds to discipline Duggan's insurance producer license pursuant to § 375.141.1(2) and (8).

23. The Director is authorized to settle this matter and issue this Consent Order in the public interest pursuant to §§ 374.046, 536.060, and 621.045.

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

ORDER

IT IS ORDERED THAT that the Department will renew Ronald P. Duggan's insurance producer license subject to the following conditions:

1. Ronald P. Duggan shall report to the Consumer Affairs Division any violation of or failure to comply with Missouri insurance regulations and Missouri insurance laws,

including those set forth in Chapters 374 or 375, within five (5) business days of such violation or failure to comply.

2. Ronald P. Duggan shall respond to all inquiries from the Department in accordance with 20 CSR 100-4.100(2)(A).

3. If a consumer complaint is communicated directly to Duggan, Duggan shall send the Department a copy of the complaint and a copy of Duggan's response to the consumer within five (5) business days of receipt of the consumer complaint.

4. Ronald P. Duggan shall report to the Consumer Affairs Division any and all of the following incidents involving Duggan: arrest, guilty plea, nolo contendere plea, finding of guilt, or conviction concerning a felony or misdemeanor. Duggan shall report all such incidents to the Consumer Affairs Division within five (5) business days of their occurrence.

5. Ronald P. Duggan shall report to the Consumer Affairs Division any administrative action undertaken or initiated against Duggan in another jurisdiction or by another state or federal governmental agency in this state within five (5) business days of the final disposition of such administrative action.

6. The special conditions listed in paragraphs 1 through 5 will expire upon the earlier of the expiration or renewal of Ronald P. Duggan's two (2) year resident insurance producer license or the refusal or revocation of Duggan's resident insurance producer license.

IT IS FURTHER ORDERED THAT Ronald P. Duggan shall comply with the title insurance laws that relate to proper handling of escrow funds, as found in §§ 381.022 and 381.412.

IT IS FURTHER ORDERED THAT Ronald P. Duggan shall execute and submit any necessary documents to report abandoned property to the State Treasurer pursuant to Chapter 447.

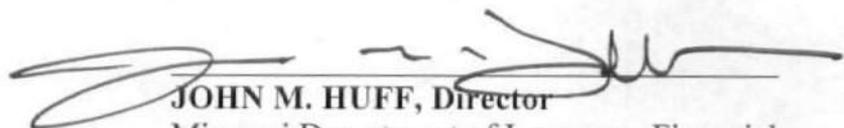
IT IS FURTHER ORDERED THAT Ronald P. Duggan shall not deposit funds into or withdraw funds from Sunrise Abstracting & Title Services, Inc.'s escrow accounts for purposes unrelated to the business of title insurance.

IT IS FURTHER ORDERED THAT Ronald P. Duggan shall perform monthly reconciliations of Sunrise Abstracting & Title Services, Inc.'s escrow accounts.

IT IS FURTHER ORDERED THAT Ronald P. Duggan shall notify the Department within five (5) days of changing underwriters and provide the name and contact information for the new underwriter.

IT IS FINALLY ORDERED THAT the Director may pursue additional legal remedies, as determined appropriate by the Director, and without limitation, as authorized by Chapters 374 and 375 including remedies for violation of, or failure to comply with, the terms of this Consent Order.

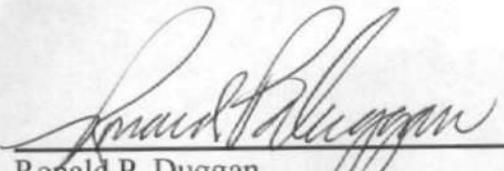
SO ORDERED, SIGNED AND OFFICIAL SEAL AFFIXED THIS 20TH DAY
OF AUGUST, 2014.



JOHN M. HUFF, Director
Missouri Department of Insurance, Financial
Institutions and Professional Registration

CONSENT AND WAIVER OF HEARING

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



Ronald P. Duggan
384 Porter Mill Bend Drive
Camdenton, Missouri 65079
Telephone: (573) 374-8475
Respondent

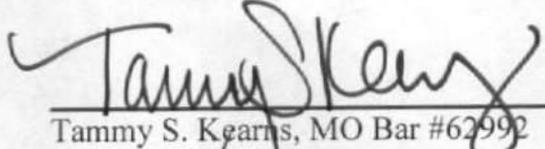
8-14-14

Date

Counsel for Respondent
Name: _____
Missouri Bar No. _____
Address: _____

Phone: _____
Fax: _____

Date



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8/19/2014

Date