

**ORDER NO. 2015-011b**

IN THE MATTER OF:	§	BEFORE:
	§	
RONALD R. RITTER, OWNER OF	§	
HEARTFIELD-RITTER	§	THE BANKING
FUNERAL HOME AND FORMER	§	COMMISSIONER OF TEXAS
OWNER OF	§	
BREMOND FUNERAL HOME	§	
	§	
HEARNE, TEXAS	§	AUSTIN, TRAVIS COUNTY, TEXAS

**THIRD CONSENT ORDER**

On this day, the matter of Ronald R. Ritter (Ritter or Respondent) located in Hearne, Texas, was submitted to me, Charles G. Cooper, Banking Commissioner of the State of Texas (Commissioner), for consideration and action.

1. Ritter is the owner and Funeral Director in Charge of Heartfield-Ritter Funeral Home (Heartfield-Ritter), located in Hearne, Texas, and was the former owner of Bremond Funeral Home (Bremond), located in Bremond, Texas.
2. However, Ritter does not hold and has never held a permit from the Texas Department of Banking (Department) to sell prepaid funeral benefits under Texas Finance Code (Finance Code) Chapter 154.
3. The Department has jurisdiction over Ritter and the subject matter of this proceeding pursuant to Finance Code Chapter 154 (Chapter 154). The Commissioner has the authority to issue this Third Consent Order (Third Order) and to assess administrative penalties pursuant to Finance Code § 154.406.
4. Ritter has been properly notified of his right to an administrative hearing under Chapter 154.
5. The statutory provisions at issue in this matter include, but are not limited to, Finance Code §§ 154.101, 154.406, 154.408, and 154.411.
6. Any violation of this Order could subject Ritter to additional regulatory or enforcement actions authorized by Chapter 154. Nothing in this Order diminishes the regulatory or enforcement powers of the Department, the Commissioner, or the Finance Commission of Texas under Chapter 154 or other applicable law.

7. Nothing in this Order diminishes the regulatory enforcement powers of the Texas Department of Insurance or the Texas Funeral Services Commission.
8. For purposes of this proceeding, Ritter knowingly and voluntarily waives:
  - a. Service upon Ritter of this Order;
  - b. The right to present defenses to the allegations in this proceeding;
  - c. Notice and hearing prior to imposition of this Order;
  - d. The filing of proposed findings of fact and conclusions of law;
  - e. The issuance of a proposal for decision by an administrative law judge;
  - f. The filing of exceptions and briefs with respect to such proposal for decision;
  - g. Any review of this Order by the Texas Finance Commission; and
  - h. Judicial review of this Order as provided by Texas Government Code § 2001.171 et seq., and any other challenge to the validity of this Order.
9. Ritter agrees to this Order solely for the purpose of this proceeding, and without admitting or denying any violations of law or regulations. This Order does not constitute an admission by Ritter that Chapter 154 or a rule adopted or order issued under Chapter 154 has been violated.
10. Ritter agreed to a prior Consent Order, Order No. 2015-011 (First Order), which was issued on May 12, 2015. The First Order found that Ritter had sold prepaid funeral benefits (PFBs) without holding the required permit and ordered him to cease and desist from engaging in the sale of PFBs. Additionally, Ritter was ordered to pay \$94,689.00 to the Department as restitution under Finance Code § 154.411 and pay \$14,000.00 to the Department as an administrative penalty under Finance Code § 154.406. The First Order provided a payment schedule for the restitution and contemplated the restitution being paid in full by June 5, 2017. Ritter was required to pay the administrative penalty within 30 days after the final restitution payment.
11. Ritter paid the full amount of restitution on September 9, 2016. The Department then coordinated with Ritter to obtain legal prepaid funeral benefit contracts (PFBCs) with licensed insurance companies.
12. Subsequently, Ritter agreed to a Second Consent Order, Order No. 2015-011a (Second Order), which was issued on November 2, 2016. The Second Order terminated Paragraph 7 of the First Order, which detailed the administrative penalty that Ritter was ordered to

pay the Department. In its place, Ritter was ordered to pay \$7,000.00 to the Department as an administrative penalty under Finance Code § 154.406. Ritter completed payment of the administrative penalty ordered under the Second Consent Order on February 14, 2017.

13. The Commissioner has considered this matter and finds as follows:

- a. The Commissioner incorporates by reference as if fully set forth herein the findings stated in paragraphs 10(a)-(k) of the First Order and paragraphs 11(b)-(e) of the Second Order.
- b. On March 3, 2017, the Department received a consumer complaint related to an additional illegally written PFBC issued by Ritter. Specifically, JK<sup>1</sup>, the complainant, through counsel, stated that complainant paid Ritter \$6,000 and entered into a Funeral Purchase Agreement with Bremond Funeral Home in or around December 2015 or January 2016 for \$6,000.00. Ritter was the signatory on the Funeral Purchase Agreement despite having been ordered to cease and desist from the sale of PFBCs in the First Order.
- c. On April 19, 2017, the Department contacted Ritter and demanded that he provide the Department documentation for any other illegal PFBCs, including any PFBCs sold by Ritter, Mrs. Paula Ritter, or any employee of Heartfield-Ritter Funeral Home or Bremond Funeral Home.
- d. On May 5, 2017, Ritter responded to the Department's April 19th demand letter via email. Ritter provided proof to the Department that he refunded the amount paid by JK for his or her PFBC on May 5, 2017.
- e. On May 5, 2017, Ritter also confirmed that there were instances of seven additional illegal PFBCs. He issued five prior to the First Order but did not disclose them to the Department at the time the First Order was being negotiated. He issued two after the First Order was issued. The PFBCs are as follows:
  - i. A PFBC entered into with TT on or around August 31, 2006, for \$7,395.00. TT only ultimately paid \$4,500.00 of the \$7,395.00 for the PFBC.
  - ii. A PFBC entered into with LC for the benefit of LK on or around October 13, 2008, for \$4,800.00.

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<sup>1</sup> Initials, as used here and continuing throughout the remainder of this Order, are used to preserve privacy.

- iii. A PFBC entered into with FN on or around October 5, 2011, for \$7,810.00.
  - iv. A PFBC entered into with AN on or around September 24, 2013, for \$7,845.00.
  - v. A PFBC entered into with MC on or around October 21, 2013, for an unknown amount. Evidence provided by and attested to by Ritter shows that a certificate of deposit (CD) was opened for the benefit of MC with the funds received. As of May 5, 2017, the balance of that CD is \$1,752.66.
  - vi. A PFBC entered into with EB on or around September 23, 2015, for \$2,230.00.
  - vii. A PFBC entered into with CB on or around September 23, 2015, for \$8,045.00.
- f. Between May 19, 2017 and November 2, 2017, Ritter sent the Department more information, confirming that there were two more illegal PFBCs that he issued prior to the First Order but did not disclose to the Department at the time. The PFBCs are as follows:
- i. A PFBC entered into with MA on or around June 1, 2009, for \$7,090.00.
  - ii. A PFBC entered into with SH on or around May 27, 2011, for \$4,500.00.
- g. Pursuant to Finance Code § 154.101, a person must hold a permit to sell PFBs. As Ritter sold PFBs and accepted money for PFBs without a permit, he violated Finance Code § 154.101.
- h. Pursuant to the First Order, Ritter was ordered to cease and desist from engaging in the sale of PFBs as of May 12, 2015. Because Ritter entered into PFBCs with three individuals after that date, he violated the First Order.
- i. Under Finance Code § 154.411, the Commissioner may issue an order to a person requiring restitution if the Commissioner finds that the person failed to deposit money in accordance with Finance Code §§ 154.251-154.265. Because Ritter took PFBC funds and never deposited them in accordance with Finance Code § 154.253, the Commissioner finds that restitution is warranted.
- j. Pursuant to Finance Code § 154.406(a)(1), the Commissioner may impose an administrative penalty on a person who violates Chapter 154 or a final order of the Commissioner.

- k. As required by Finance Code § 154.406(c), the Commissioner has considered the seriousness of the violations, Ritter's compliance history, and Ritter's good faith in attempting to comply with Chapter 154. The Commissioner finds that Ritter's compliance history is poor and that he has displayed bad faith in attempting to comply with Chapter 154 based on the violations described in previous orders and his violation of the First Order. Additionally, the Commissioner finds that the fact that Ritter was unlicensed at the time of the violations is evidence of serious violations.
- l. Based on these findings, the Commissioner finds that a penalty of \$30,000 is appropriate.

### **Order**

It is hereby ORDERED, ADJUDGED and DECREED that:

1. Ritter shall not engage in activities in violation of Chapter 154 and shall take all actions necessary to comply with the requirements of Chapter 154.
2. Ritter will pay restitution under Finance Code §154.411 as follows:
  - a. No later than 10 days after the effective date of this Order, for the funds paid for the PFBCs described in paragraphs 13(e)(iii) – (vii), which Ritter has used to purchase CDs for the benefit of the purchasers, Ritter will consent to South Star Bank issuing refunds to the purchasers. Specifically, South Star Bank will issue checks made out to each purchaser for the current amount of the CD on the date the check is issued, and will mail the checks to the Department for distribution to the purchasers. This amount will include the principal and any accrued interest.
  - b. No later than 90 days after the effective date of this Order, for the funds paid for the PFBCs described in paragraphs 13(e)(i) – (ii) and 13(f) (i)–(ii), Ritter will send a check payable to the Department for \$20,890. Subsequently, the Department will distribute the refunds to the purchasers.
3. If any of the PFBC beneficiaries dies before the full amount of restitution is paid, Ritter will honor his or her PFBC at no additional cost. Within 10 days of honoring a matured contract, Ritter will provide a copy of the at-need contract to the Department. The

Department will reduce the amount of Ritter's owed restitution by the amount of any honored PFBC.

4. Ritter will pay \$30,000 to the Department as an administrative penalty under Finance Code § 154.406. The penalty shall be payable to the Department as follows:
  - a. The first \$6,000.00 of the penalty shall be due within 30 days of the date that the restitution is paid in full.
  - b. The remaining \$24,000.00 of the penalty shall be due in equal payments of \$3,000.00. Each payment shall be due on the 5th day of the subsequent 8 months, with the first payment due by April 5, 2018. This payment schedule will result in the administrative penalty being paid in full by November 5, 2018.
5. Failure to pay the minimum amount due within thirty days of any due date constitutes a violation of this Order. In the event of such a violation of this Order, all remaining restitution and penalty amounts become immediately due.
6. This Order does not restrict the Department with respect to any enforcement action or other recourse regarding any past, current, or future violations by Ritter that come to the attention of the Department. However, nothing herein shall be construed to limit Ritter's right to contest any future finding or determination of non-compliance.

#### **Effective Dates**

This Order against Ritter is effective as of the date signed by the Commissioner and is final and non-appealable as of that date. The provisions of this Order will remain effective and in force except in the event that, and until such time as, appropriate portions of this Order shall have been modified, terminated, suspended, or set aside in accordance with Finance Code § 154.416 or other law.

It is so ORDERED.

Signed on this 21st day of November, 2017.

/s/ Charles G. Cooper  
Charles G. Cooper  
Banking Commissioner of Texas

AGREED AS TO FORM AND SUBSTANCE:

/s/ Ronald R. Ritter

Ronald R. Ritter

Date: November 20, 2017

APPROVED AS TO FORM:

/s/ Deborah H. Loomis

Deborah H. Loomis

Deputy General Counsel

Texas Department of Banking

Date: November 21, 2017