SUPREME COURT OF COLORADO

Trujillo v. Colorado Division of Insurance

320 P.3d 1208 (Colo. 2014) · Decided March 17, 2014

SUMMARY

The Colorado Supreme Court reviewed the revocation of Milton Trujillo's insurance producer and bail-bonding-agent license and the denial of his renewal application. The court held that the fiduciary-duty provision in section 10-2-704(1)(a) did not apply because the person who paid the bail premium was not an "insured" under the statute. It reversed the court of appeals and remanded for reconsideration of the sanction based on other, unappealed violations.

CASE DETAILS

COURT	Supreme Court of Colorado
WRITING FOR THE COURT	Justice Hobbs
JURISDICTION	Colorado
DECIDED	March 17, 2014
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Petition for certiorari review of the Colorado Court of Appeals' judgment affirming the Interim Insurance Commissioner's revocation of Trujillo's insurance producer license with bail bond authority and denial of his renewal application.
STANDARD OF REVIEW	Questions of statutory construction are reviewed de novo. Under the Administrative Procedure Act, agency action may be challenged as contrary to law or unsupported by the evidence.
PRECEDENTIAL VALUE	Published, precedential opinion of the Supreme Court of Colorado
PARTIES	Milton Trujillo v. Colorado Division of Insurance

TOPICS

judicial review of agency action · administrative law · statutory interpretation · plain meaning rule · appellate procedure

PRACTICE AREAS

Administrative law · Insurance law · Professional licensing · Statutory interpretation · Bail bonds

QUESTIONS PRESENTED

1. Whether section 10-2-704(1)(a), Colorado Revised Statutes, imposed a fiduciary duty on Trujillo to Espinoza in connection with the bail-bond transaction.
2. Whether the agency's revocation of Trujillo's license and denial of his renewal application could be upheld based on the unappealed statutory and regulatory violations apart from the fiduciary-duty theory.

HOLDINGS

1. Section 10-2-704(1)(a) did not impose a fiduciary duty to Espinoza because she was not an "insured" within the meaning of the statute. The statute could not be expanded to create a fiduciary duty to a person who merely transmitted money to a bail bonding agent but did not qualify as an insured.
2. The agency's sanction could not be affirmed without reconsideration because it was unclear whether the Commissioner would have imposed the same sanction absent reliance on the invalid fiduciary-duty theory. The unappealed findings concerning recordkeeping and reporting violations remained final and could support a sanction.

KEY QUOTATIONS

> *"We conclude that Trujillo did not violate a fiduciary duty to Espinoza because she was not an "insured" under section 10-2-704(1)(a)."* (320 P.3d at 1215)

> *"The bottom line here is that Espinoza is not an "insured" within the statute's meaning and the theories to make it so attempt to drive a square peg into a round hole."* (320 P.3d at 1216)

> *"Thus, we remand this case for the Commissioner to determine whether to reaffirm revocation of Trujillo's license and denial of his license renewal application on other grounds, impose some other sanction, or grant his license renewal application."* (320 P.3d at 1217)

FACTUAL BACKGROUND

In December 2004, Connie Espinoza gave Trujillo, a licensed insurance producer and bail bonding agent, $3,500 to post a bond for her son. The money was insufficient to cover the bond, no bond or indemnification agreement was executed, and Trujillo did not return the money to Espinoza; instead, he used part of it to offset another obligation and gave the remainder to another person. The Division charged Trujillo with multiple statutory and regulatory violations, and the ALJ found unappealed recordkeeping and reporting violations in addition to the disputed fiduciary-duty violation.

PROCEDURAL HISTORY

The Colorado Division of Insurance charged Trujillo with twelve violations arising from his handling of $3,500 received for a bail bond. After a hearing, an administrative law judge found a basis for sanctions on nine counts, revoked Trujillo's license, and denied his renewal application. The Interim Insurance Commissioner adopted the ALJ's decision, and the Colorado Court of Appeals affirmed. The Colorado Supreme Court reversed because the lower tribunals improperly applied the statutory fiduciary-duty provision to the transaction and remanded for reconsideration of the sanction on other grounds.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The court of appeals was ordered to return the case to the Commissioner. The Commissioner was instructed to determine whether to reaffirm revocation of Trujillo's license and denial of renewal on valid independent grounds, impose another sanction, or grant the renewal application.

CASES CITED

- Colorado Department of Revenue v. Hibbs, 122 P.3d 999, 1002 (Colo. 2005)
- Lobato v. Industrial Claim Appeals Office, 105 P.3d 220, 223, 228-224 (Colo. 2005)
- A.S. v. People, 312 P.3d 168, 171 (Colo. 2013)
- Boulder County Board of Commissioners v. HealthSouth Corp., 246 P.3d 948, 951 (Colo. 2011)
- Kourlis v. District Court, 930 P.2d 1329, 1333 (Colo. 1997)
- People v. Tyler, 797 P.2d 22, 25 (Colo. 1990)
- Transamerica Premier Insurance Co. v. Brighton School District 27J, 940 P.2d 348, 352 (Colo. 1997)
- Vikman v. International Brotherhood of Electrical Workers, Local Union No. 1269, 889 P.2d 646, 658 (Colo. 1995)
- In re Jones v. Samora, 2014 CO 4, 318 P.3d 462
- Charnes v. Robinson, 772 P.2d 62, 68 (Colo. 1989)
- Salt River Project v. United States, 762 F.2d 1053, 1061 n.8 (D.C. Cir. 1985)