United States District Court		SOUTHERN DISTRICT OF INTERPRETATION DISTRICT COURT Southern District of Texas
	-	ENTERED
North American Specialty Insurance	8	June 10, 2020
	ے د	David J. Bradley, Clerk
Company,	3	
Plaintiff,	§	
	9	
	§	
versus	Ş	Civil Action H-19-3116
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Donnés I. Woodham at al	2	
Ronnie L. Vaughan, et al.,	9	
	§	
Defendants.	§	

Opinion on Summary Judgment

North American Specialty Insurance Company issued surety bonds on behalf of Ronnie Vaughan – an underground utility contractor. In return, Ronnie and his wife, Tiffanie Vaughan, promised to indemnify Specialty Insurance for claims it paid under the bonds. Ronnie became financially unable to complete the bonded project. Because of his default, Specialty Insurance had to pay \$2,273,961.82 on claims. It has recovered \$1,329,326.45; \$1,090,144.80 remains.

Under the indemnity, the Vaughans promised to be personally responsible for up to \$500,000.00 of the claims. The agreement is enforceable – signed by Ronnie and Tiffanie Vaughan. After Ronnie defaulted, Specialty Insurance asked to be indemnified. Ronnie and Tiffanie refused.

Tiffanie Vaughan says that her initials were forged in the contract and that she was unaware that she would be held personally liable. Ronnie L. Vaughan did not assert any defenses.

A party who signs a contract is presumed to know its contents. Since Tiffanie Vaughan signed the indemnity, she consented to the financial responsibilities embedded in it. They were after all, the essence of the document. Her unsupported claim that her initials were forged does not undermine her valid signature.

The Court holds that North American Specialty Insurance recovers on its claims for indemnity against Ronnie and Tiffanie Vaughan. The Vaughans owe Specialty Insurance \$500,000.00 with post-judgment interest of 0.17%.

Signed on June 9, 2020, at Houston, Texas.

Lynn N. Hughes

United States District Judge

¹ Cantella & Co., Inc. v. Goodwin, 924 S.W.2d 943, 944 (Tex. 1996).