

MAR 31 2010

DEPT OF INSURANCE
BY 

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

In the Matter of:)
)
 CHICAGO TITLE INSURANCE COMPANY,)
 (NAIC # 50229))
)
 Respondent.)

No. 10A-050-INS

CONSENT ORDER

The State of Arizona Department of Insurance ("Department") has received evidence that **Chicago Title Insurance Company** ("Chicago Title" or "Respondent") violated provisions of Title 20, Arizona Revised Statutes ("A.R.S."). Respondent wishes to resolve this matter without the commencement of formal proceedings, and admits the following Findings of Fact are true and consents to entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. Chicago Title holds, and at all material times held, a certificate of authority to transact insurance as a title insurer in Arizona.

SAGUARO UNIT 1 LETTER OF CREDIT

2. Saguaro Desert Development, LLC ("Saguaro Development") is an Arizona limited liability company engaged in the business of residential subdivision development in the City of Yuma, Arizona. Brian L. Hall and Hall Brothers Development, LLC are the sole members of Saguaro Development.

3. On August 13, 2009, Chicago Title (Yuma Title Division) executed an Agreement for Assurance of Completion Letters of Credit and Indemnification ("Saguaro Development Agreement") with Saguaro Development. In the Saguaro Development

1 Agreement, Chicago Title agreed to post a Letter of Credit with the City of Yuma in the
2 amount of \$1,435,618.00 on behalf of Saguaro Development in exchange for an obligation to
3 use escrow and title services provided by Chicago Title.

4 4. On August 13, 2009, the City of Yuma accepted an irrevocable letter of credit in
5 the amount of \$1,435,618.00 from Chicago Title as an assurance of completion for Saguaro
6 Subdivision Unit 1 ("Saguaro Unit 1 LOC").

7 **TRAIL ESTATES UNIT 5 LETTER OF CREDIT**

8 5. Trail Estates Development, LLC ("Trail Estates") is an Arizona limited liability
9 company engaged in the business of residential subdivision development in the City of
10 Yuma, Arizona. Brian L. Hall and Hall Brothers Development, LLC are the sole members of
11 Trail Estates.

12 6. On August 26, 2009, Chicago Title (Yuma Title Division) executed an
13 Agreement for Assurance of Completion Letters of Credit and Indemnification (Trail Estates
14 Unit 4) ("Trail Estates Agreement") with Trail Estates. In the Trail Estates Agreement,
15 Chicago Title agreed to post a Letter of Credit with the City of Yuma in an undetermined
16 amount on behalf of Trail Estates in exchange for an obligation to use escrow and title
17 services provided by Chicago Title.

18 7. On August 26, 2009, the City of Yuma accepted an irrevocable letter of credit in
19 the amount of \$213,136.87 from Chicago Title as an assurance of completion for Trail
20 Estates Unit 5 ("Trail Estates Unit 5 LOC"). The City of Yuma accepted the Trail Estates Unit
21 5 LOC as a substitute for a letter of credit previously posted by another title company.

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OCOTILLO DESERT DEVELOPMENT LETTERS OF CREDIT

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2 8. Ocotillo Desert Development, LLC ("Ocotillo Development") is an Arizona
3 limited liability company engaged in the business of residential subdivision development in
4 the City of Yuma, Arizona. Brian L. Hall and Hall Brothers Development, LLC are the sole
5 members of Ocotillo Development.

6 9. On August 26, 2009, Chicago Title (Yuma Title Division) executed an
7 Agreement for Assurance of Completion Letters of Credit and Indemnification (Ocotillo
8 Desert Unit 5) ("Ocotillo Development Unit 5 Agreement") with Ocotillo Development. In the
9 Ocotillo Development Unit 5 Agreement, Chicago Title agreed to post a Letter of Credit with
10 the City of Yuma in an amount to be determined on behalf of Ocotillo in exchange for an
11 obligation to use escrow and title services provided by Chicago Title.

12 10. On August 26, 2009, the City of Yuma accepted an irrevocable letter of credit in
13 the amount of \$71,794.59 from Chicago Title as an assurance of completion for Ocotillo
14 Desert Unit 5 ("Ocotillo Desert Unit 5 LOC"). The City of Yuma accepted the Ocotillo Desert
15 Unit 5 LOC as a substitute for a letter of credit previously posted by another title company.

16 11. On September 1, 2009, Chicago Title (Yuma Title Division) executed an
17 Agreement for Assurance of Completion Letters of Credit and Indemnification (Ocotillo
18 Desert Unit 4B) ("Ocotillo Development Unit 4B Agreement") with Ocotillo Development. In
19 the Ocotillo Development Unit 4B Agreement, Chicago Title agreed to post a Letter of Credit
20 with the City of Yuma in the amount of \$132,982.47 on behalf of Ocotillo in exchange for an
21 obligation to use escrow and title services provided by Chicago Title.

22 12. On September 3, 2009, the City of Yuma rejected an irrevocable letter of credit
23 in the amount of \$132,982.47 from Chicago Title as an assurance of completion for Ocotillo

1 Desert Unit 4B ("Ocotillo Desert Unit 4B LOC"). Chicago Title offered the Ocotillo Desert Unit
2 4B LOC as a substitute for a letter of credit previously posted by Wells Fargo Bank, N.A.

3 **LAS ESTRELLAS AGREEMENT**

4 13. Las Estrellas Development, LLC ("Las Estrellas") is an Arizona limited liability
5 company engaged in the business of residential subdivision development in the City of
6 Somerton, Arizona. Brian L. Hall and Hall Brothers Development, LLC are the sole members
7 of Las Estrellas.

8 14. On August 26, 2009, Chicago Title (Yuma Title Division) executed an
9 Agreement for Assurance of Completion Letters of Credit and Indemnification (Las Estrellas
10 Units 4 & 5) ("Las Estrellas Development Agreement") with Las Estrellas. In the Las
11 Estrellas Development Agreement, Chicago Title agreed to post a Letter of Credit with the
12 City of Somerton in an amount to be determined on behalf of Las Estrellas in exchange for
13 an obligation to use escrow and title services provided by Chicago Title.

14 15. Because the letters of credit were instigated by an employee of Chicago Title
15 (Yuma Title Division) without the company's knowledge and consent, on September 21,
16 2009, Chicago Title attempted to rescind the letters of credit it had posted with the City of
17 Yuma.

18 16. On September 23, 2009, the City of Yuma refused to rescind the Saguaro Unit
19 1 LOC, the Ocotillo Desert Unit 5 LOC and the Trail Estates Unit 5 LOC stating that they
20 were "irrevocable" and could not expire except upon the conditions specified in the letters of
21 credit.

1 **CONCLUSIONS OF LAW**

2 1. The Director has jurisdiction over this matter.

3 2. Respondent's conduct as alleged above constitutes a violation of the restriction
4 that a title insurer shall not engage in the business of guaranteeing the payment of the
5 principal or the interest of bonds or other obligations, within the meaning of A.R.S. § 20-
6 1565(B).

7 3. Respondent's conduct, as alleged above, constitutes a violation of the restriction
8 that no title insurer shall pay or give to any person who is acting as agent, representative,
9 attorney or employee of the owner, lessee, or mortgagee or of the prospective owner, lessee
10 or mortgagee of the real property or any interest therein, either directly or indirectly, any
11 consideration, or valuable thing, as an inducement for, or as compensation for, any title
12 insurance business, within the meaning of A.R.S. § 20-1585.

13 4. Respondent's conduct, as alleged above, constitutes a violation of Title 20,
14 within the meaning of A.R.S. § 20-220(A)(1), as applied to title insurers under A.R.S. § 20-
15 1561(B).

16 5. Grounds exist for the Director to impose a penalty not to exceed one thousand
17 dollars (\$1,000.00) for each violation and not to exceed an aggregate of ten thousand dollars
18 (\$10,000.00) within any six-month period with respect to unintentional violations, or a penalty
19 not to exceed five thousand dollars (\$5,000.00) for each violation and not to exceed an
20 aggregate of fifty thousand dollars (\$50,000.00) within any six-month period with respect to
21 intentional violations pursuant to A.R.S. § 20-220(B), as applied to title insurers under A.R.S.
22 § 20-1561(B).

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ORDER

IT IS ORDERED THAT:

1. Respondent shall immediately pay a civil penalty of ten thousand dollars (\$10,000.00) to the Director for deposit into the State General Fund.

DATED AND EFFECTIVE this 30th day of March, 2010.



CHRISTINA URIAS
Director of Insurance

CONSENT TO ORDER

1. Respondent has reviewed the foregoing Findings of Fact, Conclusions of Law and Order.

2. Respondent admits the jurisdiction of the Director of Insurance, State of Arizona, and admits the foregoing Findings of Fact and consents to the entry of the foregoing Conclusions of Law and Order.

3. Respondent is aware of its right to notice and a hearing at which it may be represented by counsel, present evidence and examine witnesses. Respondent irrevocably waives its right to such notice and hearing and to any court appeals relating to this Consent Order.

4. Respondent states that no promise of any kind or nature whatsoever, except as expressly contained in this Consent Order, was made to it to induce it to enter into this Consent Order and that it has entered into this Consent Order voluntarily.

1 5. Respondent acknowledges that the acceptance of this Consent Order by the
2 Director is solely to settle this matter against it and does not preclude any other agency,
3 officer, or subdivision of this state including the Department from instituting civil or criminal
4 proceedings as may be appropriate now or in the future not related to this matter.

5 6. Respondent acknowledges that this Consent Order and its content is a public
6 record and that the Department will post the status of Respondent's license on its website.

7 7. Paul Perez represents that he is the Chief Compliance Officer of Fidelity National
8 Financial the parent company of Chicago Title Insurance Company and, as such, is authorized
9 to enter this Consent Order on its behalf.

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12 CHICAGO TITLE INSURANCE COMPANY
13 subsidiary of Fidelity National Financial

13

14

15 3/30/10
Date

16 By : 
Chief Compliance Officer for Fidelity National Financial

16

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COPIES of the foregoing mailed/delivered
this 31st day of March, 2010, to:

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Chicago Title Insurance Company
601 Riverside Avenue
Jacksonville, FL 32204
Respondent

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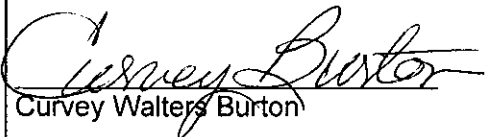
Chicago Title Insurance Company
c/o CT Corporation
2394 East Camelback Road
Phoenix, Arizona 85016
Statutory Agent for Respondent

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1 Mary E. Kosinski, Executive Assistant for Regulatory Affairs
Mary Butterfield, Assistant Director
2 Catherine M. O'Neil, Consumer Legal Affairs Officer
Steve Ferguson, Financial Affairs Division
3 Maria Chavira, Market Oversight Division
Department of Insurance
4 2910 North 44th Street, Suite 210
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6 Curvey Walters Burton

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