

30231/JSB  
E-Case # 1120

**STATE OF MINNESOTA  
COMMISSIONER OF COMMERCE**

In the Matter of the Resident Agency License  
of TitleSmart, Inc., License No. 40025573  
and the Resident Producer License of Cynthia  
E. Koebele, License No. 42798.

**CONSENT  
CEASE AND DESIST  
ORDER**

TO: TitleSmart, Inc.  
2127 East County Road D., Ste. A  
Maplewood, MN 55109

Cynthia J. Koebele  
2127 East County Road D., Ste. A  
Maplewood, MN 55109

The Commissioner of Commerce Mike Rothman ("Commissioner") has advised TitleSmart, Inc. and Cynthia J. Koebele (collectively, "Respondents") that he is prepared to commence formal action pursuant to Minn. Stat. § 45.027 (2014) and other applicable law against Respondents' licenses based on allegations that:

1. TitleSmart, Inc. ("TitleSmart") has been licensed as a Resident Agency in Minnesota since 26 April 2007.
2. TitleSmart's designated responsible individual producer is Cynthia Koebele. Ms. Koebele has been licensed as a Resident Insurance Producer qualified to issue title insurance on behalf of a title insurer since 29 March 1990.
3. TitleSmart, a provider of settlement services, provided a thing of value to real estate agents and mortgage loan officers in exchange for the referral of real estate settlement services involving federally related mortgage loans.
4. Specifically, TitleSmart hosted two boat cruises on the St. Croix River. The first cruise was held on 14 September 2012. The second cruise was held on 13 September 2013. Two hundred and forty-three (243) mortgage brokers, loan officers, real estate salespersons, and real estate brokers are known to have attended along with their guests in one or both years. Those individual licensees were in a position to refer settlement services business to TitleSmart, a settlement services provider. Total known attendance, excluding TitleSmart's employees and contractors, was 142 in 2012 and 359 in 2013. In 2012, TitleSmart paid at least \$14,297.87 to

provide the licensees and their guests the cruise, food, alcohol, and door prizes. In 2013, TitleSmart paid at least \$19,854.35 to provide the licensees and their guests the cruise, food, alcohol, and door prizes.

5. Based upon incomplete data the Respondent provided to the Department:
  - a. From the date of the 2012 boat cruise to the date of the 2013 boat cruise, 67.95% of the transactions closed by TitleSmart were referred to TitleSmart by an entity that had at least one individual representative present on the 2012 boat cruise.
  - b. From the date of the 2013 boat cruise through 1 May 2014, 74.93% of the transactions closed by TitleSmart were referred to TitleSmart by an entity that had at least one individual representative present on the 2013 boat cruise.

6. Based upon the Respondent's incomplete data, every entity represented on the cruises referred business to TitleSmart.

7. TitleSmart violated the prohibition against kickbacks contained in the Real Estate Settlement Procedures Act (RESPA) at 12 USC § 2607(a). In addition to the CFPB, Congress delegated enforcement authority for RESPA to the Commissioner. See 12 USC § 2607(d)(4). Accordingly, by violating 12 USC § 2607(a), TitleSmart violated Minn. Stat. § 45.027, subd. 7(a)(2) (2014) and demonstrated untrustworthiness in violation of Minn. Stat. § 45.027, subd. 7(a)(4) (2014).

8. The boat cruises, food, drinks, and gifts constituted payment of commissions or valuable consideration for negotiating or soliciting insurance. See Minn. Stat. § 60K.31, subd. 12 and 15 (2014). With few exceptions, the real estate and mortgage licensees who received the benefit of the boat cruise, the food, the alcohol, and the gifts were not licensed as insurance producers. Accordingly, TitleSmart paid valuable consideration to persons not licensed as insurance producers for negotiating and/or soliciting insurance in repeated violation of Minn. Stat. § 60K.48, subd. 1 (2014).

9. Cynthia Koebele is the designated individual producer responsible for TitleSmart's compliance with Minnesota law pursuant to Minn. Stat. § 60K.37, subd. 3 (2014) and Minn. R. 2795.0800 (2013).

Respondents acknowledge that they have been advised of their right to a hearing in this matter, to present argument to the Commissioner and to appeal from any adverse determination after a hearing, and Respondents hereby expressly waive that right. Respondents further acknowledge that they have been represented by legal counsel throughout these proceedings or have been advised of their right to counsel, which right they hereby waive.

Respondents have agreed to informal disposition of this matter without a hearing as provided under Minn. Stat. § 14.59 (2014) and Minn. R. 1400.5900 (2013).

The following Order is in the public interest.

**NOW, THEREFORE, IT IS HEREBY ORDERED** that, Respondents, jointly and severally, shall pay to the State of Minnesota a civil penalty of \$45,000, of which \$20,000 shall be stayed upon the condition that Respondents not violate RESPA for a period of two years after the effective date of this order at which time the stay will become permanent.

**IT IS FURTHER ORDERED** that, Respondents shall cease and desist from any further violations of RESPA and/or the Minnesota Statutes.

**IT IS FURTHER ORDERED** that, pursuant to Minn. Stat. § 45.027, subd. 1(8) (2014), Respondents shall pay investigative costs of \$5,000.

This Order shall be effective upon signature on behalf of the Commissioner.

MIKE ROTHMAN  
Commissioner

Dated: 8-25-2015.

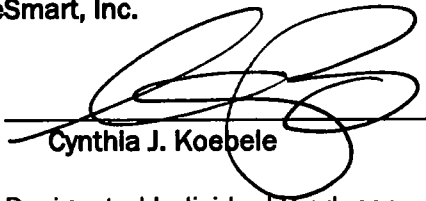
By:   
MARTIN FLEISCHHACKER  
Assistant Commissioner—  
Enforcement Division

85 7<sup>th</sup> Place East, Ste. 500  
St. Paul, MN 55101

**CONSENT TO ENTRY OF ORDER**

The undersigned, Cynthia J. Koebele (Koebele), states that she has read the attached Consent Order; that she knows and fully understands its contents and effect; that she is authorized to execute this Consent to Entry of Order on behalf of TitleSmart, Inc. (Respondent); that she acknowledges Respondent has been advised of its right to a hearing in this matter, to present argument to the Commissioner and to appeal from any adverse determination after a hearing, and Respondent hereby expressly waives those rights. Koebele further acknowledges that Respondent has been represented by legal counsel throughout these proceedings, or has been advised of its right to be represented by legal counsel, which right it hereby expressly waives; and Respondent consents to entry of this Order by the Commissioner. It is further understood that this Consent Order constitutes the entire settlement agreement between the parties, there being no other promises or agreements, either express or implied.

TitleSmart, Inc.

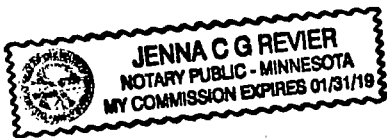
By:   
Cynthia J. Koebele


Its: Designated Individual Producer

STATE OF Minnesota  
COUNTY OF Ramsey

Signed or attested before me on 8-12-15 (date) by Cynthia J. Koebele.

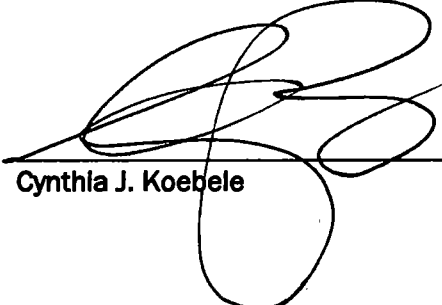
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(Signature of notary officer)  
Notary Public  
Title (and Rank)  
My Commission expires: 1-31-19

**CONSENT TO ENTRY OF ORDER**

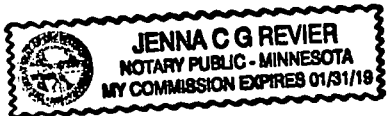
The undersigned, Cynthia J. Koebele ("Respondent"), states that she has read the attached Consent Order; that she knows and fully understands its contents and effect; that she acknowledges she has been advised of her right to a hearing in this matter, to present argument to the Commissioner and to appeal from any adverse determination after a hearing, and she hereby expressly waives those rights. Respondent further acknowledges that she has been represented by legal counsel throughout these proceedings, or has been advised of her right to be represented by legal counsel, which right she hereby expressly waives; and she consents to entry of this Order by the Commissioner. It is further understood that this Consent Order constitutes the entire settlement agreement between the parties, there being no other promises or agreements, either express or implied.

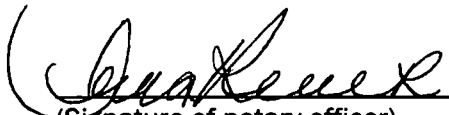
  
Cynthia J. Koebele

STATE OF Minnesota  
COUNTY OF Ramsey

Signed or attested before me on 8-12-15 (date) by Cynthia J. Koebele.

(stamp)



  
(Signature of notary officer)  
Notary Public  
Title (and Rank)  
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