

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE ATTORNEY GENERAL**



In the Matter of:
KVS Title, LLC and Agent JVs

**ASSURANCE OF VOLUNTARY
COMPLIANCE**

ASSURANCE OF VOLUNTARY COMPLIANCE

This Assurance of Voluntary Compliance (“Assurance”) is entered into by the Attorney General for the District of Columbia (“Attorney General” or “OAG”) and KVS Title, LLC (“KVS”), Alliance Title Services, LLC (“ATS”), Clear Title Solutions, LLC (“CTS”), Eversure Title, LLC (“EST”), Title Pro Group, LLC (“TPG”), and Washington Title Team, LLC (“WTT”), (collectively, “Respondents,” collectively with the Attorney General, the “Parties”). The Parties agree as follows:

I. THE PARTIES

1. OAG is authorized to bring legal actions seeking injunctive relief, consumer restitution, civil penalties, costs, and attorneys’ fees for violations of the District of Columbia’s consumer protection laws, including the Consumer Protection Procedures Act (“CPPA”), D.C. Code §§ 28-3901, *et seq.*

2. KVS is a limited liability company which is the majority owner of certain affiliate title agencies that provide title insurance for consumers in the District of Columbia, including five such agencies that are joint ventures with local real estate agents.

3. ATS is a limited liability company formed by KVS to provide title insurance services for consumers in the District of Columbia.

4. CTS is a limited liability company formed by KVS to provide title insurance services for consumers in the District of Columbia.

5. EST is a limited liability company formed by KVS to provide title insurance services for consumers in the District of Columbia.

6. TPG is a limited liability company formed by KVS to provide title insurance services for consumers in the District of Columbia.

7. WTT is a limited liability company formed by KVS to provide title insurance services for consumers in the District of Columbia.

II. DEFINITIONS

8. “Agent JVs” shall refer collectively to ATS, CTS, EST, TPG, and WTT.

9. “Consumer” shall include the definition contained in D.C. Code § 28-3901(a)(2) and, for purposes of this Assurance, shall refer to any individual who purchased title insurance and/or settlement services from KVS and/or an Agent JV in the District of Columbia.

III. DISTRICT’S ALLEGATIONS

10. The Agent JVs are five affiliate title agencies that conduct title insurance business in the District and that KVS created as joint ventures with local real estate agents. All Agent JVs are structured similarly, with KVS owning a 60% interest in each Agent JV and real estate agent members (“Agent Members”) owning the remaining interest. The ownership interest of the Agent Members was based on those agents’ past sales volume, which the OAG alleges correlates

with potential future referrals. Each Agent JV was initially capitalized with \$100,000, with each Agent Member contributing initial capital in proportion to their ownership interest.

11. The OAG alleges that the Agent JVs were created with the explicit purpose of Agent Members referring title insurance business to their respective Agent JV and for the Agent Members to receive a share of the profits of the Agent JV as a result of those referrals. Indeed, KVS and the Agent JVs provided this investment opportunity exclusively to real estate agents, recognizing that the return on that investment—*i.e.*, profit distributions—would incentivize those agents to refer business through the Agent JV.

12. District law provides that “[a] title insurer or other person shall not give or receive, directly or indirectly, any consideration for the referral of title insurance business or escrow or other service provided by a title insurer.” D.C. Code § 31-5031.15.

13. The OAG alleges that KVS, the Agent JVs, and the Agent Members are violating District law by providing consideration to the Agent Members for the referral of title insurance business. KVS and the Agent JVs have given, and the Agent Members have accepted, multiple forms of consideration in exchange for referrals—including but not limited to selling the Agent Members an undervalued ownership interest in the Agent JVs as alleged as well as distributing shares of profits from the Agent JVs to the Agents Members.

14. As of June 2023, the Agent JVs have conducted at least 487 title insurance transactions in the District of Columbia. The OAG alleges that in those transactions, Agent Members referred title insurance business to Agent JVs in exchange for consideration, in violation of D.C. Code § 31-5031.15.

15. These violations of D.C. Code § 31-5031.15 also constitute violations of the D.C. Consumer Protection Procedures Act (the “CPPA”), D.C. Code § 28-3904, which prohibits any person from engaging in an unfair or deceptive trade practice. Specifically, the OAG alleges that KVS and its Agent JVs, who provide title insurance and settlement services to homebuyers in the District, are engaging in unlawful trade practices under the CPPA by providing consideration to Agent Members in exchange for the Agent Members referring title insurance business, in violation of D.C. Code § 31-5031.15.

16. Respondents deny all of the District’s allegations and claims, including that they have violated any consumer protection laws, including the CPPA or D.C. Code § 31-5031.15. Nothing contained in this Assurance is or may be construed to be an admission by Respondents or the releasees in this Agreement of any violation of law or regulation, of any other matter of fact or law, or of any liability or wrongdoing.

IV. APPLICATION

17. The Parties have agreed to the terms of this Assurance in order to fully resolve the District’s allegations against Respondents and the Agent Members.

18. The duties, responsibilities, burdens, and obligations undertaken in connection with this Assurance shall apply to Respondents, their affiliates, subsidiaries, successors and assigns, and their officers and employees.

19. The terms of this Assurance shall apply to the conduct of Respondents and the Agent Members in connection with Respondents’ operations in the District of Columbia.

20. By entering into this Assurance, the Parties are neither extinguishing any rights otherwise available to Consumers nor creating any rights not otherwise available under the laws of the District of Columbia.

V. INJUNCTIVE PROVISIONS

21. Respondents shall not engage in any unfair, deceptive, or unlawful trade practice prohibited by the District's CPPA, D.C. Code §§ 28-3901, *et seq.*, related to their provision of title insurance and settlement services to Consumers in the District of Columbia.

22. Respondents shall not give or receive, directly or indirectly, any consideration for the referral of title insurance business or escrow or other service provided by a title insurer in the District of Columbia. In particular, Respondents shall not form or maintain ownership in any entity that offers title insurance or settlement services in the District of Columbia in which real estate agents have an ownership interest.

23. Within sixty (60) days of the date of the execution of this Assurance, the Agent JVs shall cease conducting any transactions in the District of Columbia and thereafter Respondents shall, with reasonable promptness and consistent with the respective Agent JV operating agreements, take such actions as are necessary to wind down and legally dissolve the Agent JVs.

VI. COSTS AND PAYMENT TO THE DISTRICT

24. Respondents shall pay an aggregate total of one million dollars (\$1,000,000) to resolve the District's claims in this matter. Respondents shall make that payment within sixty (60) days of the date of the execution of this Assurance by all Parties. Payment under this paragraph shall be made either by wire transfer or certified check made out to the D.C. Treasurer

and delivered to OAG consistent with instructions from OAG. The District may use any portion of the funds that it receives for any lawful purposes, including, but not limited to, restitution, attorneys' fees, and other costs of investigation and litigation; placement of this payment in the District's restitution fund or litigation support fund; or for other uses permitted by District law, at the sole discretion of the Attorney General for the District of Columbia. Respondents agree to cooperate with the District in obtaining any modification to the language of this paragraph needed to facilitate the administration of the District's payment under this paragraph.

VII. RELEASE

25. By execution of this Assurance, and following a full and complete payment to the Attorney General of the amount required under paragraph 24, the Attorney General terminates its investigation into Respondents' and the Agent Members' conduct arising out of, resulting from, and/or relating to the factual allegations set forth in Part III, *supra*, and releases and discharges, to the fullest extent permitted by law, Respondents and their members, including the Agent Members, and each of their directors, officers, partners, members, employees, agents, successors, and assigns, from any and all civil causes of action, claims, damages, costs, attorneys' fees, or penalties the Attorney General has asserted or could have asserted under the CPPA, D.C. Code § 31-5031.15, and 12 U.S.C. § 2607, including for operating the Agent JVs as affiliated business arrangements as of the date this Assurance is executed by all Parties. All individuals and entities released pursuant to this Assurance shall be entitled to assert the rights of a releasee hereunder.

VIII. ADDITIONAL TERMS

26. Any breach of the injunctive terms contained in this Assurance shall be considered an unlawful trade practice that violates the CPPA.

27. Respondents shall not cause or encourage any third-parties, or knowingly permit third-parties acting on their behalf, to engage in any practices from which Respondents are prohibited by this Assurance.

28. Respondents shall not participate, directly or indirectly, in any activity, or form any corporate entity or corporation for the purpose of circumventing any part of this Assurance or the spirit or purpose of this Assurance.

29. Nothing contained herein shall be construed as relieving Respondents of the obligation to comply with all District laws, regulations, or rules, nor shall any of the provisions herein be deemed to be permission to engage in any acts or practices prohibited by such laws, regulations, or rules.

30. The Parties understand and agree that this Assurance will not be construed as an approval or sanction by the Attorney General of Respondents' business practices, nor will Respondents represent that this Agreement constitutes an approval or sanction of its business practices.

31. This Assurance shall be considered effective and fully executed on the last date which any party executes the Assurance. This Assurance may be executed in counterparts, and copies of signature pages transmitted electronically shall have the same effect as originals of those signature pages.

32. All notices and reports under this Assurance shall be provided to the following address via first class and electronic mail, unless a different address is specified in writing by the party changing such address:

For the District:

Kevin Vermillion
Deputy Director, Office of Consumer Protection
Office of the Attorney General for the District of Columbia
400 6th Street, N.W., 10th Floor
Washington, D.C. 20001
kevin.vermillion@dc.gov

For the Respondents:

KVS Title, Inc.
7550 Wisconsin Avenue
Suite 500
Bethesda, MD 20814
Attn: Claudia Vitale
claudia@kvstitle.com

With a copy to:

Compass, Inc.
90 Fifth Avenue
New York, New York 10011
Attention: General Counsel
brad.serwin@compass.com

Consented and agreed to by:

KVS Title, LLC

By: _____

Date: 10/30/2023

Consented and agreed to by:

Alliance Title Services, LLC

By: _____

Date: 10/30/2023

Consented and agreed to by:

Clear Title Solutions, LLC

By: _____

Date: 10/30/2023

Consented and agreed to by:

Eversure Title, LLC

By: _____

Date: 10/30/2023

Consented and agreed to by:

Title Pro Group, LLC

By: _____

Date: 10/30/2023

Consented and agreed to by:

Washington Title Team, LLC

By: _____

Date: 10/30/2023

**DISTRICT OF COLUMBIA
OFFICE OF ATTORNEY GENERAL**

**BRIAN L. SCHWALB
ATTORNEY GENERAL**

By: 

Date: 10/31/23

KEVIN VERMILLION

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