

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



In the Matter of:
Modern Settlements, LLC

**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 Modern Settlements, LLC (“Modern” or the “Company”), (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. Modern is a limited liability company formed on December 10, 2021, that provides title insurance and settlement services for Consumers in the District of Columbia. Modern is majority owned by Mr. Lindsay Reishman. Local real estate agents own, in various percentages, the minority units in Modern.

II. DEFINITIONS

3. “Agent Members” shall refer to real estate agents other than Mr. Reishman who have or have had an ownership interest in Modern.

4. “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 Modern in the District of Columbia.

III. DISTRICT’S ALLEGATIONS

5. OAG alleges that Modern was created with the explicit purpose of Agent Members referring title insurance business to it and for the Agent Members to receive a share of the profits as a result of those referrals. OAG alleges that Modern and its founding members (T. Lindsay Reishman, Seth Levine, and Sam Houston, collectively, “Founding Members”) 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 title insurance business to Modern.

6. The ownership interest of the Agent Members was based on those agents’ past sales volume, which OAG alleges correlates with potential future referrals. Modern’s Founding Members provided initial capital of \$60,000. The Agent Members were given an ownership interest in the Company in May 2022. At the time the Agent Members joined the Company, they contributed no capital to the Company. Rather, on December 19, 2022, the Agent Members’ first profit distributions from the Company collectively totaling \$40,000 were allocated as capital contributions to the Company from the Agent Members.

7. 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.

8. The OAG alleges that Modern and the Agent Members are violating District law as Modern has provided consideration to the Agent Members for the referral of title insurance business. Modern has given, and the Agent Members have accepted, consideration in exchange for these referrals—including giving the Agent Members an ownership interest in the Company at no cost as well as distributing shares of profits to each Agent Member that were allocated to those Agent Members’ capital contributions.

9. As of June 2023, Modern has conducted at least 60 title insurance transactions in the District of Columbia in which Agent Members referred a client to Modern. The OAG alleges that in those transactions, Agent Members referred title insurance business to Modern in exchange for consideration, in violation of D.C. Code § 31-5031.15.

10. These alleged 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 Modern, which provides title insurance and settlement services to homebuyers in the District, is 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.

11. Modern denies all of the District’s allegations and claims, including that it has 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 Modern or the releasees in this Assurance of any violation of law or regulation, of any other matter of fact or law, or of any liability or wrongdoing.

IV. APPLICATION

12. The Parties have agreed to the terms of this Assurance in order to fully resolve the District's allegations against Modern and the Agent Members.

13. The duties, responsibilities, burdens, and obligations undertaken in connection with this Assurance shall apply to Modern and the Agent Members, and their affiliates, subsidiaries, successors and assigns, officers, and employees.

14. The terms of this Assurance shall apply to the conduct of Modern and Agent Members in connection with their operations in the District of Columbia.

15. 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

16. Modern 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 its provision of title insurance and settlement services to Consumers in the District of Columbia.

17. Modern 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, Modern 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 and refer business to the Company.

18. Notwithstanding the foregoing paragraph, as long as Lindsay Reishman remains the Managing Member of Modern, Mr. Reishman may continue owning and operating the Company, referring title insurance and any other business to the Company, and may receive distributions of profits from the Company in proportion to his ownership interest.

19. Within sixty (60) days of the date of the execution of this Assurance, Modern shall divest the Agent Members from their ownership interest in Modern, and the Agent Members shall not receive a distribution of the \$40,000 that was previously allocated to them as their capital contributions to the Company, nor any other consideration in connection with their withdrawal.

VI. COSTS AND PAYMENT TO THE DISTRICT

20. Modern shall pay an aggregate total of sixty-five thousand dollars (\$65,000) to resolve the District's claims in this matter. Modern shall make that payment as follows:

- On or before December 31, 2023, Modern shall pay twenty thousand dollars (\$20,000).
- Thereafter, beginning thirty (30) days following the date of the initial payment, Modern shall pay five thousand dollars (\$5,000) each month for nine (9) consecutive months, totaling forty-five thousand dollars (\$45,000).

21. Payments under this Part VI 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; 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. Modern agrees 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.

22. Upon execution of this Assurance, Modern shall provide the District with its Taxpayer Identification Number (TIN).

23. In agreeing to the payment terms as set forth herein, the District has relied upon Modern's representations and sworn financial disclosures. The Parties agree that if those representations are proven untrue, or the sworn financial disclosures are proven inaccurate, it shall constitute a violation of this Assurance and all payments by Modern due under this Assurance shall be due immediately.

24. In agreeing to the payment amount as set forth herein, the District has relied upon Modern's representations at the time of this Assurance that: (i) since the initial \$40,000 in profit distributions was allocated to the Agent Members as their capital contributions, no further profit distributions have been made to Agent Members; and (ii) one former Agent Member has agreed to return to Modern the three thousand, three hundred dollar (\$3,300) balance of its capital account, which was previously disbursed to the Agent Member upon the Agent Member's withdrawal from the Company. The Parties agree that if these representations are proven untrue, it shall constitute a violation of this Assurance and the District may seek an additional monetary payment from Modern.

25. A default in Modern's payment obligations under this Assurance that is not cured within three (3) business days of when the payment is due will constitute a violation of this Assurance. If Modern fails to make any of the payments due under this Assurance within three days of the date due, all remaining payments owed under this Assurance shall immediately come due.

VII. RELEASE

26. By execution of this Assurance, and following a full and complete payment to the Attorney General of the amount required herein, the Attorney General terminates its investigation into Modern, its Founding Members, 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, Modern, its Founding Members, and 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 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

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

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

29. Modern 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.

30. The failure of the District to insist upon strict adherence to any term of this Assurance on any occasion shall not be considered a waiver thereof or deprive the District of the right thereafter to insist upon strict adherence to that term or any other term of this Assurance.

31. Nothing contained herein shall be construed as relieving Modern 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. In this regard, the Parties agree that Mr. Reishman's continued ownership interest in, referral of business to, and receipt of profit distributions from Modern does not constitute a violation of RESPA, D.C. Code § 31-5031.15, or the CPPA, under the circumstances alleged by OAG in Part III of this Assurance relating to Agent Members.

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

33. 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.

Consented and agreed to by:

Modern Settlements, LLC

By:  _____ Date: 12/21/2023
DocuSigned by:
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**DISTRICT OF COLUMBIA
OFFICE OF THE ATTORNEY GENERAL**

**BRIAN L. SCHWALB
ATTORNEY GENERAL**

By:  _____ Date: 12/22/2023

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