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**BEFORE THE INSURANCE COMMISSIONER  
OF THE STATE OF UTAH**

**COMPLAINANT:**

UTAH INSURANCE DEPARTMENT

**RESPONDENTS:**

CORNERSTONE TITLE INSURANCE AGENCY :  
LLC :

47 West 9000 South, Suite 1 :  
Sandy, UT 84070 :  
License No. 253404 :

KARI M. HOLDING :

308 E 4500 S, Suite 280 :  
Murray, UT 84107 :  
License No. 211303 :

**STIPULATION  
&  
ORDER**

**Docket No.** 2011-204-TE

**Enf. Case Nos.** 2812 & 2813

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**STIPULATION**

1. Respondent, Cornerstone Title Insurance Agency, LLC (“Cornerstone”), is a licensed title insurance agency in the State of Utah, holding License No. 253404.

2. Respondent, Kari M. Holding (“Holding”), is a licensed title insurance agent in the State of Utah, with an Escrow line of authority, License No. 211303, and is an employee of Respondent Cornerstone, and designated on its license to act as an escrow officer for Respondent Cornerstone.

2. Respondents stipulate with the Complainant, Utah Insurance Department, as follows:

a. If a hearing were held, witnesses called by the Complainant could offer and introduce evidence that would support the Findings of Fact herein;

b. Respondents neither admit nor deny the Findings of Fact and Conclusions made therefrom;

c. Respondents stipulate to the summary entry of the Order herein which shall be in lieu of other administrative proceedings by Complainant in this matter; and

d. Respondents and Complainant have negotiated the terms of the Order entered herein and Respondents agree to its entry and further agree to be bound by all its terms.

3. Respondents are aware of their right to a hearing at which they may be represented by counsel, present evidence and cross-examine witnesses. Respondents have irrevocably waived their right to such hearing and to any appeal related thereto.


4. Respondents admit the jurisdiction of the State of Utah Insurance Commissioner as to all matters herein.


5. Respondents are acting herein free from any duress or coercion of any kind or nature, having been advised fully as to their rights set forth herein.

6. Respondents acknowledge that the issuance of this Order by the Commissioner is solely for the purpose of disposition of the matter entitled herein.

DATED this 19 day of January, 2012.

  
CORNERSTONE TITLE INSURANCE AGENCY, LLC  
Lincoln C. Scofield, Member

  
KARI M. HOLDING

  
UTAH INSURANCE DEPARTMENT  
M. Gale Lemmon, Assistant Attorney General

Based upon the foregoing Stipulation and information in the file, the Presiding Officer makes the following Findings of Fact:

**FINDINGS OF FACT**

1. On or about November 7, 2008, Respondent Holding, acting as an escrow agent for Respondent Cornerstone, conducted a closing for the sale of property located in Utah County, State of Utah (“the Property”).

2. The owner of the Property (“the Owner”) resided in the State of California.

3. On or about October 31, 2008, George Peahl (“Peahl”), a former son-in-law of the Owner, signed a REPC for sale of the Property, allegedly as the agent of the owner, using a Durable Power of Attorney.

4. Peahl submitted a copy of that Durable Power of Attorney to Respondent Holding as evidence of his authority to close the sale of the Property. The Durable Power of Attorney was dated over 13 years prior to the time it was submitted to Holding and had not been notarized.

5. Respondent Holding, properly, did not accept that Durable Power of Attorney. Holding prepared a Specific Power of Attorney, containing a legal description of the Property and, on or about November 6, 2008, faxed the Specific Power of Attorney she had prepared to Peahl, along with a cover sheet bearing the instructions “Please have [the Owner] sign & notarized (sic), we will need the original back for funding.”

6. The next day, Peahl faxed back the completed Specific Power of Attorney bearing a signature purported to be that of the Owner, and bearing the notarization of a Utah notary.

7. A close inspection of the faxed Specific Power of Attorney should have raised questions as to the genuineness of the document. Although the Owner resided in California, the document purported to be signed in Utah County, State of Utah. If the Owner was present in Utah she likely could have signed the closing documents herself without the need of a power of attorney. Further,

the document was faxed to Respondent Cornerstone's office on November 7, 2011, but the document bore a notarization dated November 11, 2011, 4 days after the document was sent to the Respondents. Finally, the notarization block was not physically in alignment with the rest of the text in the document, but was askew, unlike the notarization block on the blank copy sent by Holding to Peahl, indicating that the notarization had been cut from another document and pasted onto the power of attorney.

8. At no time did Respondent Holding attempt to contact the owner of the Property to determine the legitimacy of the pending transaction or to confirm instructions regarding disbursement of funds from the closing.

9. Despite Respondent Holding's instructions to Peahl that the original of the Specific Power of Attorney would be required to complete funding for the sale of the Property, Holding, acting as agent for Respondent Cornerstone, accepted the faxed copy of the Specific Power of Attorney and closed the transaction, obtaining release of the funds from the lender and recording a warranty deed signed by Peahl as attorney in fact for the Owner.

10. Respondent Holding electronically recorded the warranty deed along with the faxed copy of the Specific Power of Attorney as an attachment to the warranty deed, and in so doing certified that "[t]he Originating Paper Document is an Original," when such was not the case for the power of attorney.

11. Following the closing, Respondent Holding, based upon instructions received from Peahl, disbursed the funds due to the seller to Peahl's daughter, and not to the owner of the Property, in the amount of \$39,716.15. The owner of the Property received none of the proceeds from the sale of the Property.

12. Respondents failed to meet their obligations as fiduciaries to the participants in the escrow. As a result the participants were damaged in that the owner was improperly deprived of

possession of her property and received no compensation in the sale of the Property; the buyer does not have legal title to the Property and has lost his investment in the Property and the funds he spent to renovate the Property; and, the lender is at risk for loss of its funds because it has no legal lien on the Property, and the buyer having lost his investment may be unable to repay the loan.

Based upon the foregoing Stipulation and Findings of Fact, the Presiding Officer enters the following Conclusions of Law:

**CONCLUSIONS OF LAW**

1. In failing to inspect and obtain the original of the Specific Power of Attorney, or even to carefully examine the faxed Specific Power of Attorney, Respondent Holding brings into question her competency to hold a title agent's license under Utah Code Annotated § 31a-23a-107(2).

2. In electronically recording a Warranty Deed with the faxed Special Power of Attorney and certifying that the originating document was an original, Respondent violated Utah Code Annotated § 31A-23a-402(1)(a)(i).

3. In violating their fiduciary duty to the participants in an escrow, the Respondents bring into question whether they meet the character requirements to hold a license under Utah Code Annotated § 31A-23a-107(2).

4. Pursuant to Utah Code Annotated § 31A-23a-302(7), a person designated on an agency's license is considered to be a holder of that license and the commissioner may take action against the agency if it is reckless or negligent in its supervision of the individual.

5. Pursuant to Utah Code Annotated § 31A-2-308, if an individual licensee violated an insurance statute or rule, the commissioner may assess an administrative forfeiture of up to \$2,500.00 per violation, and if an agency may assess an administrative forfeiture of up to \$5,000.00 per violation.

6. In accepting and using a faxed power of attorney to close the real estate transaction, Respondent failed to follow the lender's escrow instructions, requiring all documents to be original, and disbursed funds in violation of Utah Code Annotated § 31A-23a-406(3)(c).

Based upon the foregoing Stipulation, Findings of Fact and Conclusions of Law, the Presiding Officer herewith enters the following Recommended Order:

**RECOMMENDED ORDER**

IT IS RECOMMENDED THAT THE TITLE AND ESCROW COMMISSION IMPOSE THE FOLLOWING:

1. Respondent Kari M. Holding, be assessed an administrative forfeiture in the amount of \$2,000.00, to be paid within 30 days of the date of the imposition of the penalty by the Title and Escrow Commission.

2. Respondent Kari M. Holding's insurance license be placed on probation for a period of 12 months, beginning with the date of this Order. The terms of that probation shall be:

a. Respondent Holding pay the forfeiture assessed herein in a timely manner;

b. during the period of probation, Respondent Holding shall obtain six additional hours of continuing education, in addition to the continuing education required for renewal of her license, in areas related to powers of attorney, escrow 'red flags,' 'traps,' and problems, or of similar import; and

c. shall, during the period of probation, have her activities monitored by a licensed title agent employed by Respondent Cornerstone to assure compliance with the law and escrow instructions and assure quality of her work, and for a period of the first 12 months of probation, monitor Holding's escrow files and audit at least three files each month, and report the findings of those audits to the Utah Insurance Department's title marketing examiner on a quarterly basis.

3. Respondent Cornerstone Title Insurance Agency, LLC be assessed an administrative forfeiture in the amount of \$4,000.00, with \$3,000.00 of that amount suspended pending the

completion training ordered below. The balance of the forfeiture in the amount of \$1,000.00 shall be paid within 30 days of the date of the imposition of the penalty by the Title and Escrow Commission.

4. Respondent Cornerstone shall, within 12 months of the date of this Order, provide training to each of its escrow officers and assistants on proper use of powers of attorney, title claims issues, escrow 'red flags,' 'traps,' and other problems, or of similar import.

DATED this 6<sup>th</sup> day of February, 2012.

NEAL T. GOOCH  
INSURANCE COMMISSIONER

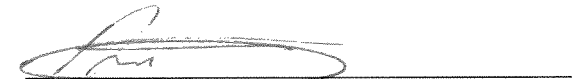


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**ADOPTION OF RECOMMENDED ORDER AND IMPOSITION OF PENALTY**

By a vote of 5 to 0, taken in open meeting on this date, the Title and Escrow Commission hereby adopts the recommended order of the presiding officer and imposes the penalties recommended herein above.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2012.



DIRK DONALD KEYES, Chairman  
Title and Escrow Commission

### **NOTIFICATION**

Respondents are hereby notified that failure to abide by the terms of this Order may subject them to further penalties, including additional forfeitures of up to \$2,500.00 per violation for an individual licensee and of up to \$5,000.00 per violation for all others, and the suspension or revocation of your licenses, and the filing of an action to enforce this Order in the District Court, which may impose penalties of up to \$10,000.00 per day for continued violation.

You are further notified that other jurisdictions in which you may be licensed may require that you report this action to them.




**CONCURRENCE WITH COMMISSION IMPOSED PENALTY**

On behalf of the Commissioner of the Utah Insurance Department I hereby concur  
with the penalty imposed by the Utah Title and Escrow Commission in the above matter.

DATED this \_\_\_\_ day of <sup>FEB 13 2012</sup> \_\_\_\_\_, 201\_\_.

NEAL T. GOOCH  
INSURANCE COMMISSIONER

  
MARK E. KLEINFELD  
Administrative Law Judge