

STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE
550 WEST SEVENTH AVENUE, SUITE 1560
ANCHORAGE, ALASKA 99501-3567
PHONE: (907) 269-7900
FAX: (907) 269-7910
TDD: (907) 465-5437

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

STATE OF ALASKA

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

In the Matter of:)
ALYESKA TITLE GUARANTY AGENCY, INC.)
Licensee.)
_____)

Case No. D 08-07

STIPULATED AGREEMENT AND ORDER

The Division of Insurance (division) and Alyeska Title Guaranty, Inc. (ATG) stipulate and agree to the following.

BACKGROUND:

- A. ATG obtained Alaska insurance limited line license number 25109 on August 16, 2001.
- B. In response to ATG's self-report of possible misconduct by an employee or employees made on or about February 5, 2007, the division opened investigation #I07-1085 IDF.
- C. This investigation is ongoing and confidential; however, in the course of the investigation the division discovered violations of the insurance code concerning ATG's title insurance business and related escrow transactions.
- D. The parties now agree and stipulate these insurance code violations will be resolved by the following terms of agreement. The division will take no criminal action against ATG for the violations discovered in this investigation.

1 **TERMS OF AGREEMENT:**

2 1. ATG agrees it violated AS 21.27.350(a), AS 21.27.350(b),
3 AS 21.27.350(c), AS 21.27.350(d), and AS 21.66.280(a). These insurance code violations and
4 other conduct concerning the management of ATG and supervision of employees authorize the
5 division, under AS 21.27.410(a)(1)(2)(8) and (b) and under AS 21.27.420(b), to take action on
6 and condition ATG's license for four years under the following terms:

7 a. No later than 30 days after the director approves this agreement,
8 ATG will retain and pay for the services of an independent auditor. The auditor will be agreed
9 upon by the parties. If the parties are unable to agree upon an independent auditor, the division
10 will appoint an auditor. The auditor will assess ATG's compliance with applicable insurance
11 laws and statutes immediately upon appointment.

12 b. The audit report will be provided to the division. ATG will
13 immediately implement all recommendations.

14 c. ATG will develop a compliance plan to ensure compliance with
15 all applicable insurance laws and regulations.

16 d. The auditor will confirm ATG's implementation of all
17 recommendations by completing a compliance audit within six months of the date of the initial
18 audit report. This compliance audit report will be provided to the division. ATG will take any
19 required corrective action. The division will require ATG to undergo further audits as the
20 division deems necessary to ensure compliance.

21 e. No later than 30 days after the date the director approves this
22 agreement ATG, will develop a training program for all employees on fraud detection and
23 prevention. The training will be ongoing. New employees will complete training at
24 commencement of employment. Existing employees will receive annual training on current
25
26

1 antifraud issues. ATG will also develop an antifraud training manual that will be updated on a
2 regular basis and issued to all employees.

3 f. No later than 30 days after the date the director approves this
4 agreement, ATG will require 16 hours of continuing education for licensees every two years.
5 Two hours each year will be on ethical business practices.

6 g. No later than 30 days after the date the director approves this
7 agreement, ATG's Board of Directors will form a compliance committee that reports directly to
8 the board of directors. The committee will monitor ATG's compliance with all applicable laws
9 and regulations. This committee will be composed of ATG's President and Compliance
10 Officer, the majority owner, and at least one other board member.

11 2. ATG agrees to pay a civil penalty under AS 21.27.440(a) of \$400,000
12 with \$250,000 suspended. The unsuspended penalty of \$150,000 will be paid as follows:
13 \$50,000 to be paid no later than 10 days after the date the director approves this written
14 agreement; the remaining \$100,000 to be paid within one year of the date the director approves
15 of this agreement.

16 3. ATG agrees to pay Dr. Feriani \$160,000 in restitution. This payment is
17 to be made within 10 days after the date the director approves this written agreement and will
18 be made without conditions.

19 4. ATG agrees to cooperate in the prosecution of other persons in
20 connection with the questioned LeBaron – Feriani transactions.

21 5. ATG and the division agree to cooperate in drafting a joint press release
22 regarding this agreement. The parties' intent is to acknowledge ATG's February 2007 self-
23 report, efforts to assist this investigation, preagreement implementation of remedial measure,
24 and acceptance of responsibility.
25
26

1 6. This Stipulated Agreement contains the entire agreement between the
2 State of Alaska, Division of Insurance and Alyeska Title Guaranty, Inc. with regard to the
3 matters covered by it and shall be binding on and inure to the benefit of the executors,
4 administrators, personal representatives, heirs, successors, and assigns of each.
5

6 DATED: 12/15/08

DIVISION OF INSURANCE

8 By: 

Daniel Wilkerson
Assistant Attorney General

11 ALYESKA TITLE GUARANTY, INC.

13 DATED: 12/15/08

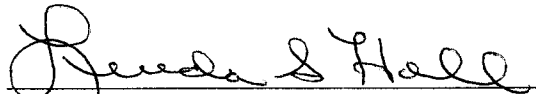
14 By: 

Ryan Strong
President and Compliance Officer

16 **ORDER**

17 IT IS ORDERED that this Stipulated Agreement and Order is adopted in full
18 resolution of the issues in the case and shall constitute the final order in this matter.

19 DATED this 17th day of December, 2008.

21 

Linda S. Hall
Director of Insurance

I hereby certify that a copy of the document(s) listed below was distributed to the below-listed parties and files by mail or by personal delivery. The original document has been forwarded to the Juneau office of the Division of Insurance for official filing.

The first page of the Stipulated Agreement and Order, signed by the Director of Insurance on December 17, 2008, in Case No. **D 08-07**, In the Matter of Alyeska Title Guaranty Agency, Inc., Licensee. This is being sent to you to correct the case number in this matter, which was first listed as D 08-05. The correct number is **D 08-07**. Nothing else has changed in this document. Please attach this page to the document sent to you on December 18, 2008 and correct your records accordingly.

Daniel Wilkerson
Assistant Attorney General
Department of Law


Linda Brunette
Program Coordinator
Division of Insurance

Ryan Strong
President and Compliance Officer
Alyeska Title Guaranty Agency, Inc.
3801 Centerpoint Drive, Ste. 101
Anchorage, AK 99503
(certified mail)

Howard Trickey
Jermain Dunnagan & Owens
3000 A Street, Ste. 300
Anchorage, AK 99503

Division investigative file in Anchorage

Dated: January 6, 2009, in Anchorage, Alaska.



Barbara Karl