



Newsroom

Attorney General Schwalb Secures \$500,000 from Title Insurance Company for Engaging in Illegal Kickback Scheme

October 24, 2024

Settlement Follows Prior OAG Enforcement Against Illegal Payouts to Real Estate Agents for Client Referrals

Attorney General Brian L. Schwalb today announced that Universal Title (Universal) will pay \$500,000 after an investigation by the Office of the Attorney General (OAG) found that the company was engaged in an illegal title insurance kickback scheme. In particular, OAG determined that Universal offered real estate agents discounted ownership interests and lucrative profit-sharing in entities created for the purpose of incentivizing the agents to make business referrals to Universal. This anticompetitive, conflict of interest-plagued conduct restricted District homebuyers' ability to shop for the best price and service when purchasing title insurance and escrow services and also harmed law-abiding competitors in the title insurance industry, all in violation of the District's Consumer Protection Procedures Act (CPPA).

"My office is committed to ending illegal kickback schemes in the title insurance industry," said Attorney General Schwalb. **"Universal's secretive conduct prevented District residents from making fully informed decisions about how to spend their hard-earned money when making one of the most significant investments they'll ever make—buying a home. Universal's business plan violated core free market principles – limiting customers' choices and putting law-abiding competitors at a disadvantage."**

This settlement builds on past enforcement actions OAG has taken to fix the problem of kickbacks for referrals in the title insurance industry. It follows an [industry sweep that secured over \\$3.2 million \(https://oag.dc.gov/release/attorney-general-schwalb-secures-over-32-million\)](https://oag.dc.gov/release/attorney-general-schwalb-secures-over-32-million) from four other title insurance companies in August 2024.

Required by most lenders for home loans, title insurance protects a lender and a homebuyer from defects in a title to property, such as a previous owner's debts. Real estate agents commonly suggest title insurance companies to their clients. However, both federal and District law prohibit kickbacks and other forms of compensation for the referral of title insurance and escrow business. These laws ensure that real estate agents act in the best interests of their clients—rather than themselves—and help prevent closing costs and fees from becoming artificially inflated by anticompetitive practices. While federal law allows for certain affiliated business arrangements that meet specific requirements, District law is more stringent and does not have such an exception.

OAG's investigation found that the financial incentives Universal provided to real estate agents by offering them discounted ownership interests in spin-off companies led the agents to aggressively steer their homebuying clients to the spin-offs for title insurance. These transactions increased Universal's profits and padded the agents' income while unfairly interfering with the homebuyers' ability to shop for the best price and service. These transactions also interfered with free and fair competition in the local title insurance market: title companies that followed the law lost business to Universal and other entities that utilized the kickback scheme.

Under the terms of the agreement:

- **Universal will pay \$500,000 to the District.** The District will devote a portion of the settlement amount to restitution for affected consumers. OAG will share more information with homeowners in the coming months.
- **Universal will end the practice of giving real estate agents consideration for the referral of title insurance business** and will either cease its title insurance operations in the District or divest real estate agents from their ownership interests in the spin-off companies.

A copy of the settlement agreement is available [here \(https://oag.dc.gov/sites/default/files/2024-10/utscanner%40universaltitle.com_20240827_155054%20%28003%29%20%28Signed%20by%20Bo%29.pdf\)](https://oag.dc.gov/sites/default/files/2024-10/utscanner%40universaltitle.com_20240827_155054%20%28003%29%20%28Signed%20by%20Bo%29.pdf).

This matter was handled by Assistant Attorney General Marcia Hollingsworth, Deputy Director of the Office of Consumer Protection Kevin Vermillion, and Director of the Office of Consumer Protection Adam Teitelbaum.

How to Report Unfair Business Practices

OAG protects DC residents from fraud, exploitation, and deceptive business practices by investigating and mediating consumer complaints, educating residents about their rights, and taking legal action against businesses and individuals that harm residents and break the law. Since January 2023, OAG has obtained nearly \$50 million through enforcement actions and settlements on behalf of DC consumers.

To report scams, fraud, or unfair business practices, contact OAG's Office of Consumer Protection:

- Submit a complaint online at: <https://oag.dc.gov/consumer-protection/submit-consumer-complaint> (<https://oag.dc.gov/consumer-protection/submit-consumer-complaint>)
- Call the consumer protection hotline at (202) 442-9828
- Send a complaint via email to consumer.protection@dc.gov (<mailto:consumer.protection@dc.gov>).



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