

IN861/KB  
MO2605454/KB

OAH Docket No. \_\_\_\_\_

STATE OF MINNESOTA  
OFFICE OF ADMINISTRATIVE HEARINGS  
FOR THE DEPARTMENT OF COMMERCE

In the Matter of Dale C. Dodge, Jr. and  
Verity Title & Abstract, Inc.

**NOTICE OF AND ORDER FOR HEARING,  
ORDER FOR PREHEARING CONFERENCE,  
ORDER TO SHOW CAUSE, AND  
STATEMENT OF CHARGES**

To: Dale Dodge  
121 Washington Avenue South  
#1518  
Minneapolis, MN 55401

Verity Title  
1101 E 78th St  
Suite 320  
Bloomington, MN 55420

**NOTICE OF HEARING**

**RESPONDENTS DALE C. DODGE, JR. AND VERITY TITLE & ABSTRACT, INC. ARE HEREBY NOTIFIED** that the Department of Commerce has initiated this action to determine whether Respondents has committed the violations alleged below, subjecting him to disciplinary action.

**ORDER FOR PREHEARING CONFERENCE**

**IT IS HEREBY ORDERED** that, pursuant to Minn. Rules 1400.5600 and 1400.6500 (2005), a prehearing conference will be held on Thursday, November 2, 2006 at 1:30 p.m. at the Office of Administrative Hearings, 100 Washington Avenue South, Suite 1700, Minneapolis, Minnesota.

**ORDER FOR HEARING**

**IT IS FURTHER ORDERED** that a contested case hearing will be held at the Office of Administrative Hearings, 100 Washington Avenue South, Suite 1700, Minneapolis, Minnesota, on a date to be scheduled at the prehearing conference. Chief Administrative Law Judge Raymond R. Krause will preside over this matter at the Office of Administrative Hearings, 100

Washington Avenue South, Suite 1700, Minneapolis, Minnesota 55401-2138, telephone (612) 341-7642.

The hearing will be conducted under the contested case procedures set out in Chapters 14 and 45 of Minnesota Statutes (2004) and the Rules of the Office of Administrative Hearings, Minnesota Rules Chapter 1400 (2005). A copy of these materials may be purchased from the Minnesota Book Store, telephone (651) 297-3000, or are available at [www.revisor.leg.state.mn.us](http://www.revisor.leg.state.mn.us). Copies of the rules are also available at [www.oah.state.mn.us](http://www.oah.state.mn.us).

The attorney handling this case for the Department is Assistant Attorney General Michael J. Tostengard, 1200 Bremer Tower, 445 Minnesota Street, St. Paul, Minnesota 55101-2130, (651) 296-9701. Mr. Tostengard may be contacted to discuss discovery or informal disposition of this matter.

## **STATEMENT OF CHARGES**

### **ALLEGATIONS**

1. Respondent Dale C. Dodge, Jr. ("Dodge") was licensed as a title insurance agent, No. 20339620, from July 25, 2002 through October 31, 2005. Dodge held appointments with First American Title Insurance Company from May 19, 2004 until June 1, 2005. Dodge held an appointment with Chicago Title Company until October 31, 2005, when his license expired. Dodge was also a registered attorney, No. 298001, until he was disbarred on November 28, 2005, based on allegations of misappropriation of client funds. Dodge is also licensed as a notary, Commission No. 20211484. Respondent Verity Title & Abstract, Inc. ("Verity") was licensed as an insurance agency, No. 20339621. The license expired October 31, 2005. Verity was also licensed as an abstractor company, license number 20465466. The license expired on June 30,

2005. Dodge is the owner of Verity. Crystal Dodge-Busch ("Dodge-Busch"), daughter of Dodge, is an officer of Verity Title and is the Respondent in a separate disciplinary action.

2. In May 2005, the Department commenced an investigation of Verity, Dodge and Dodge-Busch. The Department's investigation revealed that in the course of conducting Verity's title insurance agency business, Dodge and Dodge-Busch misappropriated funds from its escrow account by transferring funds from the escrow account to other accounts, including the Verity operating account, the Dodge law firm account, and personal accounts. The monies in the escrow fund were owed to its clients, First American Title Insurance Company and Chicago Title Company, and insurance customers. The Department's investigation further revealed that Dodge and Dodge-Busch misappropriated at least \$1,583,344.21 from the Verity escrow account. Dodge and Dodge-Busch utilized the misappropriated funds to make personal purchases and lead an extravagant lifestyle. To date, the Department has identified 53 wire transfers to other accounts by Dodge, as well as 133 checks constituting misappropriations.

3. The Department's investigation further revealed that Dodge and Dodge-Busch collected premiums for 701 title insurance policies in the amount of \$278,807.50, and withheld \$57,620.67 of premiums due to the client title insurance company. The Department's investigation additionally revealed that Verity failed in its fiduciary capacity to issue title insurance policies in 80 instances in which it collected premiums. Verity also failed in its fiduciary capacity to file and record necessary documents after hundreds of residential real estate closing transactions.

4. Due to the misappropriations of Dodge and Dodge-Busch, at least 759 Verity checks issued to Verity's customers bounced. Due to the misappropriation of client and customer funds, the Hennepin County District Court froze all Verity bank accounts by order

dated May 25, 2005, in order to avoid further misappropriations. After that date, Verity issued checks to customers which also bounced.

5. The Department's investigation further revealed a total of \$321,509.39 in defalcation claims as to client First American Title Insurance Company. To date, the Department has been able to identify a total of \$2,453,356.40 in outstanding claims against Verity. This amount far exceeds any amount left in the accounts maintained by Verity.

6. Dodge filed for bankruptcy protection in the United States Bankruptcy Court for the District of Minnesota. Outstanding claims against Dodge and Verity thus are subject to ongoing litigation in the bankruptcy proceeding.

7. This Order is in the public interest.

## **VIOLATIONS**

### **COUNT I**

Respondents demonstrated untrustworthiness, incompetence and financial irresponsibility in violation of Minn. Stat. § 45.027, subd. 7(a)(1)(4) (2004). Retroactive discipline is authorized by Minn. Stat. § 45.027, subd. 11 (2004).

### **COUNT II**

Respondent improperly converted and withheld funds in their insurance agency business in violation of Minn. Stat. § 60K.43, subd. 1(4) (2004).

### **COUNT III**

Respondent committed fraudulent and deceptive practices in violation of Minn. Stat. § 60K.43, subd. 1(8) (2004).

#### **COUNT IV**

Respondents failed to keep proper mortgage records in violation of Minn. Stat. § 60K.43, subd. 1(17) (2004).

#### **COUNT V**

Respondent failed to properly remit fees in violation of Minn. Stat. § 82.24, subd. 4 (2004).

#### **COUNT VI**

Respondent improperly commingled funds in violation of Minn. Stat. § 82.50, subd. 4 (2004).

#### **COUNT VII**

Respondents failed to observe high standards of commercial honor in violation of Minn. R. 2795.1000 (2005).

#### **ADDITIONAL NOTICE**

1. Respondents' failure to appear at the prehearing conference may result in a finding that Respondents are in default, that the Department's allegations contained in the Statement of Charges may be accepted as true, and that its proposed disciplinary action may be upheld.

2. If any party has good cause for requesting a delay of the prehearing conference, the request must be made in writing to the Administrative Law Judge at least five days before the prehearing conference. A copy of the request must be served on the other party.

3. Any party intending to appear at the prehearing conference must file a Notice of Appearance form and return it to the Administrative Law Judge within 20 days of the date of

service of the Statement of Charges. A copy must be served on the Department's attorney. A Notice of Appearance form is enclosed.

4. At the hearing, all parties have the right to be represented by legal counsel, by themselves, or by a person of their choice if not otherwise prohibited as the unauthorized practice of law. The parties are entitled to the issuance of subpoenas to compel witnesses to attend the hearing. The parties will have the opportunity to be heard orally, to present evidence and cross-examine witnesses, and to submit evidence and argument. Ordinarily, the hearing is tape-recorded. The parties may request that a court reporter record the testimony at their expense.

5. Persons attending the hearing should bring all evidence bearing on the case, including any records or other documents. Be advised that if data that is not public is admitted into the record, it may become public data unless an objection is made and relief is requested under Minn. Stat. § 14.60, subd. 2 (2004).

6. Requests for subpoenas for the attendance of witnesses or the production of documents at the hearing shall be made in writing to the Administrative Law Judge pursuant to Minn. Rule 1400.7000 (2005). A copy of the subpoena request shall be served on the other parties. A subpoena request form is available at [www.oah.state.mn.us](http://www.oah.state.mn.us) or by calling (612) 341-7600.

7. This case may be appropriate for mediation. The parties are encouraged to consider requesting the Chief Administrative Law Judge to assign a mediator so that mediation can be scheduled promptly.

8. The Office of Administrative Hearings conducts contested case proceedings in accordance with the Minnesota Rules of Professional Conduct and the Professionalism Aspirations adopted by the Minnesota Supreme Court. A publication entitled *A Guide to*

*Participating in Contested Case Proceedings at the Office of Administrative Hearings* is available at [www.oah.state.mn.us](http://www.oah.state.mn.us) or by calling (612) 341-7600.

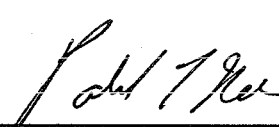
9. Any party who needs an accommodation for a disability in order to participate in this hearing process may request one. Examples of reasonable accommodations include wheelchair accessibility, an interpreter, or Braille or large-print materials. If any party requires an interpreter, including a foreign language interpreter, the Administrative Law Judge must be promptly notified. To arrange for an accommodation or an interpreter, contact the Office of Administrative Hearings at 100 Washington Avenue South, Suite 1700, Minneapolis, Minnesota 55401, or call (612) 341-7610 (voice) or (612) 341-7346 (TTY).

10. Pursuant to Minn. Stat. § 45.027, subd. 6 (2004), Respondents may be subject to a civil penalty not to exceed \$10,000 per violation upon a final determination that Respondents violated any law, rule or order related to the duties and responsibilities entrusted to the Commissioner.

GLENN WILSON  
Commissioner

Dated: \_\_\_\_\_

9/26/06

  
\_\_\_\_\_  
PATRICK L. NELSON  
Deputy Commissioner  
Market Assurance Division

Minnesota Department of Commerce  
85 Seventh Place East, Suite 500  
St. Paul, MN 55101  
Telephone: (651) 296-4051

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STATE OF MINNESOTA  
OFFICE OF ADMINISTRATIVE HEARINGS  
FOR THE DEPARTMENT OF COMMERCE

In the Matter of Dale C. Dodge, Jr., Crystal  
Lynn Dodge-Busch; Verity Title & Abstract,  
Inc.; and Precision Lending, Inc.

**NOTICE OF APPEARANCE**

Date: Thursday, November 2, 2006

Time: 1:30 p.m.

TO: Chief Administrative Law Judge Raymond R. Krause, Office of Administrative Hearings,  
1700 Washington Square, 100 Washington Avenue South, Minneapolis, Minnesota  
55401-2138

**PLEASE TAKE NOTICE** that the party named below will appear at the prehearing conference  
in this matter:

Department of Commerce  
Market Assurance Division  
85 East Seventh Place, Suite 500  
St. Paul, MN 55101  
(651) 296-2488  
Toll free: 1-800-657-3602

**PLEASE TAKE FURTHER NOTICE** that the attorney named below will appear on behalf of  
the Department of Commerce:

Michael J. Tostengard  
Assistant Attorney General  
Attorney Reg. No. 204973  
1200 Bremer Tower  
445 Minnesota Street  
St. Paul, Minnesota 55101-2130  
(651) 296-9701

Dated: \_\_\_\_\_

9/26/06

  
MICHAEL J. TOSTENGARD



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OFFICE OF ADMINISTRATIVE HEARINGS  
FOR THE DEPARTMENT OF COMMERCE

In the Matter of Dale C. Dodge, Jr., Crystal  
Lynn Dodge-Busch; Verity Title & Abstract,  
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**NOTICE OF APPEARANCE**

Date: Thursday, November, 2, 2006

Time: 1:30 p.m.

TO: Chief Administrative Law Judge Raymond R. Krause, Office of Administrative Hearings,  
1700 Washington Square, 100 Washington Avenue South, Minneapolis, Minnesota  
55401-2138

**PLEASE TAKE NOTICE** that the party named below will appear at the prehearing conference  
in this matter:

Name, Address, and Telephone Number of Party:

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Party's Attorney, Office Address and Telephone Number:

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Dated: \_\_\_\_\_.

\_\_\_\_\_  
Signature of Party/Attorney

**NOTICE:** This Notice must be served upon the attorney for the agency and any other known party. After an attorney has filed a notice of appearance, withdrawal is effective only if a notice of withdrawal is promptly served on all parties and filed with the judge. The notice of withdrawal must include the address and telephone number of the party. Withdrawal of counsel does not create any right to a continuance. Minn. R. 1400.5700.  
AG: #1661627-v1

**AFFIDAVIT OF SERVICE BY FIRST CLASS MAIL**

Re: *In the Matter of Dale C. Dodge, Jr., and Verity Title & Abstract, Inc.*  
*Commerce File Nos. IN861/KB and MO2605454/KB*

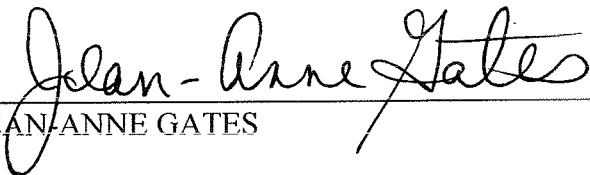
STATE OF MINNESOTA    )  
                                      ) ss.  
COUNTY OF RAMSEY    )

JEAN-ANNE GATES, being first duly sworn, deposes and says:

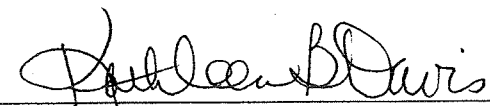
That at the City of St. Paul, County of Ramsey and State of Minnesota, on September 26, 2006, she caused to be served the **Notice of and Order for Hearing, Order for Prehearing Conference, Order to Show Cause, Statement of Charges, and Notice of Appearance**, by depositing in the first class mail at the City of St. Paul, State of Minnesota a true and correct copy thereof, properly enveloped with postage prepaid addressed to all persons at the addresses indicated below:

Dale Dodge  
121 Washington Avenue South  
#1518  
Minneapolis, MN 55401

Verity Title & Abstract, Inc.  
1101 East 78th Street  
Suite 320  
Bloomington, MN 55420

  
\_\_\_\_\_  
JEAN-ANNE GATES

Subscribed and sworn to before me  
this 26<sup>th</sup> day of September 2006.

  
\_\_\_\_\_  
NOTARY PUBLIC

