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IN THE CHANCERY COURT FOR SUMNER COUNTY, TENNESSEE

LAWYERS TITLE INSURANCE CORPORATION,

Plaintiff,

v.

No. 2008C-12

FORSYTHE TITLE AND ESCROW SERVICES, INC.,

Defendant.

FILED REC
SUMNER CO. CHANCERY COURT

JAN 16 2008

VERIFIED COMPLAINT

BY: ATLIS
BRENDA M. PAGE, S.M.
DEPUTY CLERK & MASTER

1. Plaintiff is a Nebraska corporation with its principal place of business located at 5600 Cox Road, Glen Allen, Virginia 23060.
2. Defendant is a Tennessee corporation having an address of 113 Shivel Drive, Hendersonville, Tennessee 37075.
3. Defendant is an agent authorized to issue Plaintiff's title insurance policies, commitments and endorsements on Plaintiff's forms with respect to real property located in certain counties in the State of Tennessee, as provided by the Agency Agreement dated November 30, 1992 and the subsequent amendments thereto (collectively, the "Agreement"). A copy of the Agreement is attached hereto as Exhibit A.
4. Defendant has defaulted under the Agreement as described below, and the Agreement has been terminated as a result of those defaults.
5. A series of investigations conducted between December 2007 to January 2008 have revealed that Defendant's escrow accounts had not been reconciled and contained numerous discrepancies. Defendant could not explain the discrepancies.

6. Research by Plaintiff has recently revealed that Defendant's escrow accounts are significantly underfunded. As of Friday, January 11, 2008, Defendant's escrow accounts contained \$1,451.00. Plaintiff believes (based upon the best information it was provided by Defendant) that Defendant has approximately \$2.5 million in unpaid obligations resulting from real estate loans recently closed.
7. Defendant's owner and principal agent, G. Christopher Forsythe, has admitted to Plaintiff's representatives that Defendant's escrow accounts are underfunded. According to Mr. Forsythe, the negative balance is approximately \$1.6 million. Mr. Forsythe explains that the difference between his \$1.6 million shortage calculation and Plaintiff's \$2.5 million calculation is attributable to certain checks in Defendant's possession that have yet to be deposited.
8. Plaintiff has also discovered that at least one check has been dishonored due to insufficient funds in Defendant's escrow account. That check, written on December 31, 2007 in the amount of \$1473.94, was to pay a real estate agent its commission for the sale of real property closed by Defendant. A copy of the dishonored check is attached hereto as Exhibit B.
9. Defendant's failure to maintain a properly funded and reconciled escrow account constitutes a breach of the Agreement, exposes Plaintiff to potential monetary damages, and creates significant risk for homeowners and lenders involved in recently closed real estate transactions.
10. Upon these grounds, Plaintiff is entitled to the appointment of a receiver pursuant to TCA § 29-1-103.
11. John C. McLemore, a Tennessee attorney who serves as a chapter 7 bankruptcy trustee in the Bankruptcy Court for the Middle District of Tennessee, has agreed to serve as receiver should he be appointed by the Court.
12. Plaintiff is also entitled to monetary damages, in an amount to be shown at trial, incurred as a

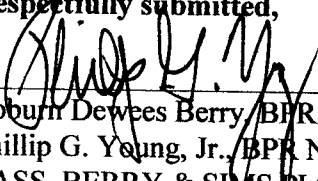
result of Defendant's breach of the Agreement.

PREMISES CONSIDERED, Plaintiff prays:

- (i) That Defendant be served with process;
- (ii) That the Court issue an order requiring Defendant to appear and show cause why a receiver should not be appointed immediately;
- (iii) That the Court appoint John C. McLemore or another qualified outside party as receiver for the Defendant's business;
- (iv) That the Court grant Plaintiff judgment against the Defendant in an amount equal to the damages suffered by Plaintiff as a result of the Defendant's breach of the Agreement; and
- (v) For general relief.

THIS IS THE FIRST APPLICATION FOR A RECEIVER IN THIS CAUSE.

Respectfully submitted,


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LAWYERS TITLE INSURANCE CORPORATION

By: Neil Faust

Title: Vice-President