

FILE NO. _____

STATE OF MINNESOTA

IN SUPREME COURT

In Re Petition for Disciplinary Action
against DALE CHARLES DODGE, JR.,
a Minnesota Attorney,
Registration No. 298001.

**PETITION FOR
DISCIPLINARY ACTION**

TO THE SUPREME COURT OF THE STATE OF MINNESOTA:

The Director of the Office of Lawyers Professional Responsibility, hereinafter Director, files this petition upon the parties' agreement pursuant to Rules 10(a) and 12(a), Rules on Lawyers Professional Responsibility. The Director alleges:

The above-named attorney, hereinafter respondent, was admitted to practice law in Minnesota on November 16, 1999. Respondent currently practices law in Minneapolis, Minnesota.

Respondent has committed the following unprofessional conduct warranting public discipline:

FIRST COUNT

Misappropriation of Real Estate Closing Funds

1. Respondent is the president and chief executive officer of Verity Title & Abstract, Inc. (Verity Title), a Minnesota corporation operating as a title company in Minnesota. Respondent's daughter, Crystal Dodge, is employed as the general manager of Verity Title.

2. On or about April 23, 2004, Verity Title entered into a contract with First American Title Insurance Company (First American) whereby First American designated Verity Title as its agent to issue policies of title insurance and, in general, to transact title insurance business on behalf of First American.

3. Respondent maintained several bank accounts in connection with Verity Title, including a business operating account no. 2283042923 with Associated Bank and

an escrow account no. 2283042931 with Associated Bank to handle closing funds and title insurance premiums in connection with real estate closings. Respondent also maintained the following other accounts in connection with Verity Title:

- a. Associated Bank account nos. 2283047641 and 2283047658;
- b. TCF Bank account nos. 5866008695 and 7866008694; and
- c. Crown Bank account nos. 1107978, 1107981, 1107986, and 1107994.

4. Respondent and his employees repeatedly misappropriated closing funds by diverting them to uses other than as required under the terms of transactions they were closing, thereby creating a deficiency in Verity Title's Associated Bank escrow account totaling over \$740,000. The transactions that misappropriated closing funds included, but were not limited to:

- a. On March 4, 2005, respondent and his employees transferred \$39,000 from the Verity Title Associated Bank escrow account to the Associated Bank business account no. 2283042923. The transfer was notated as operating expenses.
- b. On March 14, 2005, respondent transferred \$10,000 from the Verity Title Associated Bank escrow account to the Associated Bank business account no. 2283042923.
- c. On March 17, 2005, respondent and his employees transferred \$5,000 from the Verity Title Associated Bank escrow account to the Associated Bank business account no. 2283042923. The transfer was notated as operating expenses.
- d. On March 24, 2005, respondent and his employees transferred \$45,000 from the Verity Title Associated Bank escrow account to the Associated Bank business account no. 2283042923. The transfer was notated as "payroll."
- e. On March 30, 2005, respondent and his employees transferred \$10,000 from the Verity Title Associated Bank escrow account to the Associated Bank business account no. 2283042923. The transfer was notated as operating expenses.

f. On April 7, 2005, respondent and his employees transferred \$50,000 from the Verity Title Associated Bank escrow account to the Associated Bank business account no. 2283042923. The transfer was notated as "payroll."

g. On April 29, 2005, respondent and his employees transferred \$10,000 from the Verity Title Associated Bank escrow account to Associated Bank account no. 2283047641. The transfer was notated as "recording."

h. On May 13, 2005, respondent transferred \$35,852 from the Verity Title Associated Bank escrow account to his law firm business account no. 6864329428 with TCF Bank. In June 2005, respondent repaid \$30,489.47 of these funds back to the Verity Title Associated Bank escrow account. It is unclear whether the remaining \$5,362.53 has been repaid.

5. From October 26, 2004, through May 13, 2005, respondent and his employees misappropriated \$772,370 in escrow funds from the Verity Title Associated Bank escrow account for either personal use or to fund the operating expenses of Verity Title, including Verity's payroll. Verity Title has since ceased doing business and the \$772,370 escrow account shortage had not been rectified.

6. First American and third parties who did business through Verity Title have suffered harm due to respondent's misappropriation. With respect to closings in which First American title insurance was purchased, First American is obligated to repay the misappropriated funds. In other closings, including refinancing closings in which title insurance was not purchased, the borrowers' only recourse is against respondent and Verity Title to recoup the misappropriated funds.

7. In the spring of 2005, irregularities in respondent's accounting practices and shortages in Verity Title's Associated Bank escrow account were brought to the attention of First American. After an audit of Verity's records, First American terminated its contract with Verity Title on May 20, 2005.

8. On May 24, 2005, First American sought a temporary restraining order seeking, among other things, to freeze bank accounts belonging to Verity Title, respondent and his employees, and respondent's law firm.

9. On May 25, 2005, the court issued a temporary restraining order finding that First American was suffering an ongoing injury by respondent's failure to account for escrowed closing funds in transactions in which First American title policies were issued by Verity Title. The court also concluded that respondent had wrongfully misappropriated escrow funds belonging to First American. Respondent and his employees were ordered to turn over all books, records and accountings of Verity Title to First American. All of the above-mentioned accounts relating to respondent and Verity Title were frozen, and an injunction was issued prohibiting respondent and his employees from dissipating any funds from any account over which Verity Title, respondent and his employees, and respondent's law firm was a sole or joint account holder.

10. Respondent's conduct violated Rules 8.4(c) and (d), Minnesota Rules of Professional Conduct.

WHEREFORE, the Director respectfully prays for an order of this Court disbarring respondent from the practice of law, awarding costs pursuant to the Rules on Lawyers Professional Responsibility, and for such other, further or different relief as may be just and proper.

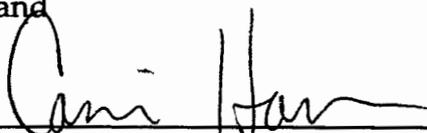
Dated: October 26, 2005.



KENNETH L. JORGENSEN
DIRECTOR OF THE OFFICE OF LAWYERS
PROFESSIONAL RESPONSIBILITY

Attorney No. 159463
1500 Landmark Towers
345 St. Peter Street
St. Paul, MN 55102-1218
(651) 296-3952

and



CASSIE HANSON
ASSISTANT DIRECTOR
Attorney No. 303422