

FILE NO. \_\_\_\_\_

STATE OF MINNESOTA

IN SUPREME COURT

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In Re Petition for Disciplinary Action  
against TRENT CHRISTOPHER JONAS,  
a Minnesota Attorney,  
Registration No. 258738.  
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**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 October 27, 1995.

Respondent has committed the following unprofessional conduct warranting public discipline:

FIRST COUNT

1. Respondent was the Chief Executive Officer of TitleSource and Zen Title. TitleSource and Zen Title were, respectively, a corporation and a limited liability company that served as policy issuing agents for Ticor Title Insurance Company and United General Title Insurance Company in connection with title insurance and mortgage financing transactions.

2. As Chief Executive Officer of Title Source and Zen Title, respondent was responsible for the oversight and maintenance of the various fiduciary accounts maintained by those organizations and the funds received by the organizations that were intended to be applied for the benefit of third parties.

3. As the policy issuing agent TitleSource and Zen Title, at least during the years 2006 through 2007, were entrusted with millions of dollars to be applied to paying off refinanced residential mortgages, recording new mortgages, and paying recording fees. In addition, lenders and borrowers paid to TitleSource and Zen Title premiums for title insurance policies which they were obligated to issue.

4. As to transactions involving United General Title, with respect to at least 41 properties Zen Title failed to record instruments associated with the closings and failed to timely pay off mortgages with funds that had been entrusted to it for that purpose.

5. As to transactions involving Ticor, TitleSource failed to remit to Ticor premium remittances on approximately 1,000 title insurance policies that TitleSource had issued.

6. The Minnesota Department of Commerce, upon receiving complaints regarding TitleSource's and Zen Title's failures to remit title insurance premiums, failures to record mortgages, and failure to pay off mortgages with funds entrusted to them for that purpose, conducted an investigation.

7. During the course of its investigation, the Department of Commerce discovered that TitleSource and Zen Title had failed to record over 3,000 mortgages on real estate transactions they had closed.

8. The Department of Commerce investigation further disclosed that Zen Title had failed to make \$1,321,865.58 in mortgage payoffs to prior lenders on Zen Title closings.

9. The Department of Commerce investigation further revealed that TitleSource and Zen Title failed to remit \$196,092.48 in premiums to Ticor on its title insurance policies.

10. The Department of Commerce, in light of their findings, brought an action to revoke the insurance licenses of TitleSource, Ltd., doing business as TitleDirect, Zen

Title LLC, Trent Jonas, Jennifer Kalso Frantz, Charles E. Bethel, Home Sweet Home Equity Corp., 3E Properties, and Nez Title.<sup>1</sup>

11. On October 3, 2007, a notice of and order for hearing was sent to, among other persons and entities, TitleSource and Zen Title. The notice and order for hearing scheduled a hearing for October 26, 2007. TitleSource and Zen Title did not appear at the October 26, 2007, hearing and were ultimately held to be in default.

12. On March 14, 2008, a Deputy Commissioner of Commerce adopted the November 20, 2007, findings of fact and conclusions of law regarding TitleSource and Zen Title and ordered the revocation of their insurance agency licenses and ordered payment of a civil penalty of \$2,000,000 each by TitleSource and Zen Title.

13. Among the conclusions of the administrative law judge adopted by the Commissioner are the following:

6. By failing to issue and deliver title insurance policies on behalf of insurers to lenders and property owners, despite having received applications and premiums therefor, Respondents TitleSource and Zen Title are in violation of Minn. Stat. §§ 45.027, subd 7 (4), 60K.43, subd. 1 (7) & (8), and 72A.20, subd. 18.

7. By failing to record in excess of 3,000 mortgages and related documents, Respondents TitleSource and Zen Title are in violation of Minn. Stat. §§ 45.027, subd 7 (4), 60K.43, subd. 1 (7) & (8), and 72A.20, subd. 18.

8. By failing to remit at least \$196,092.48 in insurance premiums, Respondents TitleSource and Zen Title are in violation of Minn. Stat. §§ 45.027, subd 7 (4), 60K.43, subd. 1 (4) & (8), and 72A.20, subd. 18.

9. By failing to remit mortgage payoffs to prior lenders, Respondents TitleSource and Zen Title are in violation of Minn.

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<sup>1</sup> Jennifer Frantz was a shareholder in TitleSource and Zen Title. Charles Bethel was a shareholder in Zen Title. Home Sweet Home Equity, 3E Properties, and Nez Title were other corporations in which respondent owned an interest that also held insurance licenses.

Stat. §§ 45.027, subd 7 (4), 60K.43, subd. 1 (4) & (8), and 72A.20, subd. 18.

14. The Deputy Commissioner, in his memorandum accompanying the March 14, 2008, findings and order, noted that the amount of mortgage payments not made to prior lenders totaled \$1,321,865.58.

15. Because respondent and the other related entities had made an appearance in the Department of Commerce license revocation proceedings, their proceedings were severed from those of TitleSource and Zen Title and set for hearing at a later date.

16. On May 5, 2009, respondent, on behalf of himself and other related entities executed a consent to entry of order in the Department of Commerce licensure revocation proceedings. In that consent respondent waived his right to a hearing and consented to the issuance of an order by the Commissioner of Commerce revoking his real estate broker's license, his real estate closer's license, and his insurance producer's license. In addition, the consented to order also called for respondent to pay a civil penalty of \$500,000. \$490,000 of the civil penalty was stayed upon the condition that respondent comply with all of the terms set forth in the settlements of the civil suits that had been instituted by United General Title Insurance Company and Ticor Title Insurance Company.

17. In the civil suit brought by Ticor Title Insurance Company, respondent stipulated to the entry of judgment in favor of Ticor and against him personally, TitleSource, Ltd., and Zen Title in the amount of \$5,000,000 each.

18. In the civil suit instituted by United General Title Insurance Company, respondent stipulated to the entry of judgment in favor of United General and against Zen Title and TitleSource in the amount of \$1,321,000.

19. The order consented to by respondent in the Department of Commerce proceedings specifically noted that respondent had been charged with violations of Minn. Stat. §§ 45.027, subd. 7 (4), 60K.43, subd. 1 (7) & (8), and 72A.20, subd. 18.

20. Minn. Stat. §§ 45.027, subd. 7 (4) authorizes the Commissioner of Commerce to deny, suspend, or revoke the licenses of persons found by the Commissioner to have “engaged in an act or practice, whether or not the act or practice directly involves the business for which the person is licensed or authorized, which demonstrate that the applicant or licensee is untrustworthy, financially irresponsible, or otherwise incompetent or unqualified to act under the authority or license granted by the commissioner.”

21. Minn. Stat. § 60K.43, subd 1. (7) & (8), authorizes the Commissioner of Commerce to restrict, censure, suspend, revoke, or refuse to issue or renew an insurance producer’s license for causes including “having admitted or been found to have committed any insurance unfair trade practice or fraud” or “using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness, or financial irresponsibility whether or not involving the business of insurance in this state or elsewhere.”

22. Minn. Stat. § 72A.20, subd. 18, designates as an unfair method of competition and an unfair and deceptive act or practice as “(a) Improperly withholding, misappropriating, or converting any money belonging to a policyholder, beneficiary, or other person when received in the course of the insurance business; or (b) engaging in fraudulent, coercive, or dishonest practices in connection with the insurance business.”

23. Respondent’s conduct in violating Minn. Stats. §§ 45.027, subd. 7 (4), 60K.43, subd. 1 (7) & (8), and 72A.20, subd. 18 violated Rule 8.4(c), Minnesota Rules of Professional Conduct (MRPC).

DISCIPLINARY HISTORY

In considering the sanction to be imposed, if any, it is appropriate, pursuant to Rule 19(b)(4), RLPR, to consider respondent's prior discipline. Respondent's history of prior discipline, including admonitions, is as follows:

A. On November 5, 1999, respondent was issued an admonition for incompetence, neglect, and failing to promptly advise a client that he was withdrawing from representation in violation of Rules 1.1, 1.3, 1.4 and 1.16, MRPC.

B. On December 9, 2003, respondent was placed on private probation for failing to maintain required trust account books and records, leading to the creation of numerous negative client balances and an eventual overdraft in violation of Rule 1.15, MRPC.

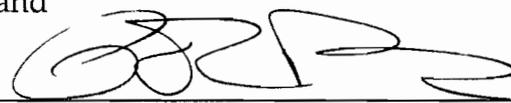
WHEREFORE, the Director respectfully prays for an order of this Court imposing appropriate discipline, awarding costs and disbursements pursuant to the Rules on Lawyers Professional Responsibility, and for such other, further or different relief as may be just and proper.

Dated: April 15, 2010.



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