



U.S. Department of Justice

*United States Attorney
Northern District of Illinois
Western Division*

Joseph C. Pedersen
Assistant U.S. Attorney
www.usdoj.gov/usao/iln

308 West State Street - Room 300
Rockford, Illinois 61101

PH: (815) 987-4444
FAX: (815) 987-4236

February 23, 2010

FORMER FREEPORT TITLE COMPANY MANAGER INDICTED ON FEDERAL INSURANCE EMBEZZLEMENT CHARGES

ROCKFORD -- PATRICK J. FITZGERALD, United States Attorney for the Northern District of Illinois, and ROBERT D. GRANT, Special Agent-In-Charge of the Chicago Office of the Federal Bureau of Investigation, today made the following announcement:

A federal grand jury in Rockford today returned a seven-count indictment charging KIRBY SEAN MCKEE ("McKee"), age 50, of Davis, Illinois, with having embezzled more than \$500,000 in funds that had been placed in escrow accounts and insurance premiums. McKee is charged in the indictment with embezzling money, funds and premiums of A Title Escrow Company, Inc. ("ATEC") and Stewart Title Guaranty Company, ("Stewart").

According to the indictment, ATEC was a title and escrow company located in Freeport, and was a registered agent of Stewart, a Texas-based title insurance company. The indictment states that ATEC had, in the Freeport area, sold title insurance policies issued by Stewart. A title insurance policy insures a purchaser's interest in real property from loss due to title defects or pre-existing liens. Lenders whose loans are secured by real property usually require a buyer/borrower to purchase title insurance so that the lender does not have to bear any title risk.

As charged in the indictment, ATEC also acted as an escrow agent for real estate transactions. An escrow agent typically receives funds and holds them until the parties to the escrow direct the agent to disburse the funds. Ordinarily, funds could be disbursed from an escrow account only if there were supporting deposits, meaning that funds had previously been deposited into the escrow account in an amount equal to or greater than the disbursement, and the customer had directed the disbursement. ATEC was required to maintain escrow funds in a separate account and to disburse them only in accordance with written instructions relating to the real estate transactions. Due to the volume of ATEC's business, there was a substantial float in ATEC's escrow accounts, meaning that on any particular day, the total amount of title insurance customer funds that had been deposited into ATEC's escrow accounts substantially exceeded the total amount of funds paid out that day in escrow transactions.

The indictment alleges that McKee embezzled more than \$500,000 that had been provided by title insurance customers to ATEC and placed in escrow accounts. Specifically, the indictment charges McKee with having transferred funds from escrow accounts to ATEC's operating accounts on seven separate occasions between October 13, 2004 and March 15, 2005. According to the indictment, McKee used some of the embezzled funds for his own personal use, including using more than \$15,000 to purchase jewelry. McKee used other embezzled funds to pay operational expenses of ATEC. The embezzled funds enabled the otherwise insolvent ATEC to continue in business, which allowed McKee to obtain thousands of dollars in salary and to hire family members and personal friends as ATEC employees.

The indictment returned today also charges McKee with having embezzled title insurance premiums ATEC had collected from its customers on behalf of Stewart. Instead of remitting those premiums to Stewart, the indictment charges that McKee embezzled and misappropriated those premiums to his own use and for the use of ATEC.

Each of the charges carries a maximum sentence of up to 10 years in prison without parole, and a fine of up to \$250,000, as well as any restitution ordered by the court. If McKee is convicted, his actual sentence will be determined by a United States District Court Judge, guided by the United States Sentencing Guidelines.

The case is being investigated by the Rockford Office of the Federal Bureau of Investigation. The case is being prosecuted in federal court by Assistant United States Attorney Joseph C. Pedersen.

Members of the public are reminded that a criminal indictment is only a charge and is not evidence of guilt. The defendant is entitled to a fair trial at which time the government has the burden of proving his guilt beyond a reasonable doubt.

#