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CLERK US DISTRICT COURT
ALEXANDRIA, VIRGINIA

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**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA**

----- X

SEGIN SYSTEMS, INC. and SEGIN
SOFTWARE, LLC (d/b/a RYNOHLIVE), :

Plaintiffs, :

vs. :

STEWART TITLE GUARANTY
COMPANY; PROPERTYINFO
CORPORATION; and FIRST BANKING
SERVICES, INC., :

Defendants. :

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RAJ/TEM

**COMPLAINT FOR PRELIMINARY
INJUNCTION AND OTHER RELIEF
AND DEMAND FOR JURY TRIAL**

Plaintiffs Segin Systems, Inc. (“Segin Systems”) and Segin Software, LLC (d/b/a *RynohLive*) (“Segin Software”) (collectively, “Segin” or “Plaintiffs”), by and through their attorneys, Mayer Brown LLP, for their complaint against defendants Stewart Title Guaranty Company (“STGC”); PropertyInfo Corporation (“PIC”) (collectively, “Stewart”); and First Banking Services, Inc. (“FBS”) (collectively with Stewart, “Defendants”), allege as follows:

NATURE OF THE ACTION

1. Failing in its attempt to acquire the rights to Segin’s *RynohLive* real estate settlement software, Stewart misappropriated highly confidential material that was only disclosed to Stewart pursuant to nondisclosure agreements governed by Virginia law. The material that was misappropriated consists of *RynohLive* algorithms, interfaces, connection points, and other information developed by Segin’s founders. Stewart and FBS used this material to launch, in just a few short months, a copycat real estate settlement technology that, according to FBS, works just like *Rynoh*. This action for breach of contract and patent infringement seeks: (i) preliminary and permanent injunctive relief to prevent Defendants’ continued use of Segin’s intellectual property; (ii) damages arising from the Defendants’ patent infringement and breach of contract; (iii) an order directing Defendants to account for any confidential material disclosed to third parties or otherwise used in violation of the nondisclosure agreements; and (iv) an order directing Defendants to return all information furnished under the nondisclosure agreements and reproductions of such information.

PARTIES

2. Plaintiff Segin Systems is a startup corporation organized under the laws of Virginia and having its principal place of business at 397 Little Neck Road, 3300 South Building, Suite 306, Virginia Beach, Virginia 23452. It was founded in January 2005 for the

purpose of developing software for the title and real estate settlement industry, including *RynohLive*.

3. Plaintiff Segin Software is a limited liability company, 94% owned by Segin Systems, organized in 2008 under the laws of Virginia, and having its principal place of business at 397 Little Neck Road, 3300 South Building, Suite 306, Virginia Beach, Virginia 23452. Segin Software is the owner of the patent in suit.

4. Defendant STGC is a corporation organized under the laws of Texas and having its principal place of business at 1980 Post Oak Boulevard, Suite 800, Houston, Texas 77056. STGC is one of the nation's largest title insurers.

5. Defendant PIC is a corporation organized under the laws of Texas and having its principal place of business at 1980 Post Oak Boulevard, Suite 500, Houston, Texas 77056. PIC is Stewart's real estate technology company, and the successor of former Stewart technology divisions, Landata Systems, Inc. ("Landata") and First Data Systems, Inc. ("FDS").

6. Defendant FBS is a corporation organized under the laws of Tennessee and having its principal place of business at 315 Hickerson Drive, Murfreesboro, Tennessee 37129. FBS develops banking, sub accounting, escrow accounting, and reconciliation products and services that it offers to financial institutions and real estate title insurance companies.

JURISDICTION AND VENUE

7. This Court has federal subject matter jurisdiction over this action under 28 U.S.C. §§ 1331 (federal question); 1338(a) (patent); and 1367 (supplemental jurisdiction).

8. This Court has personal jurisdiction over Defendants because they have engaged in substantial business activities in the State of Virginia. Defendants transacted, solicited, and conducted business in Virginia through their employees, agents, and/or sales representatives, and

derived substantial revenue from such business causing injuries to Segin in Virginia. In addition, this Court has personal jurisdiction over Stewart because this is a patent infringement and breach of contract action “arising out of” and “relating to” nondisclosure agreements that Landata and FDS (PIC’s predecessors and STGC’s affiliates) entered into with Segin Systems, by which PIC and STGC are bound. The consent provisions provide that “[t]he Virginia state courts of the City of Norfolk (or, if there is exclusive federal jurisdiction, the United States District Court for the Eastern District of Virginia, Norfolk Division) shall have exclusive jurisdiction and venue over any dispute arising out of or relating to this Agreement, and the Recipient hereby consents to the jurisdiction and venue of such courts.”

9. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1391(a), 1391(b), and 1391(c), including, without limitation, because a substantial part of the events giving rise to the claims occurred in this judicial district, Defendants are advertising, marketing, using, selling and/or offering to sell products in this judicial district, and Defendants are subject to this Court’s personal jurisdiction with respect to the present action.

FACTUAL ALLEGATIONS

I. Segin’s Market-Leading Real Estate Settlement Software

10. In late 2004, Richard M. Reass (“Reass”) and Kenneth A. Taylor (“Taylor”) began experimenting with the concept of a real estate settlement software that would combat the pervasive escrow theft and mishandling of settlement funds resulting from the inability of the title insurance industry to self police, which had been costing the industry hundreds of millions of dollars in losses per year.

11. In January 2005, Reass founded Segin Systems for the purpose of developing software that would provide the internal controls that the title insurance/settlement industry lacked, by ensuring the integrity of financial transactions. Among other things, Segin Systems

invested substantial amounts of time, money, and intellectual capital researching this novel concept and developing the technology to actualize it.

12. Segin Systems's significant expenditures of effort, years of trial-and-error, and substantial financial commitment culminated in the successful launch of *RynohLive* nationally in February 2009.

13. *RynohLive*, originally known as Transaction Assurance Program & eReconcile/Positive Pay (the "TAP Project"), automates the various transactions required to complete a real estate settlement and provides real-time (or near real-time) performance of several of these transactions, thereby simplifying the settlement process and reducing, if not eliminating, fraudulent transactions.

14. The *RynohLive* system is comprised of five interrelated modules working in concert, described on the *RynohLive* website as follows:

RynohPay - a fully automated near real-time positive pay system that ensures that only validated checks are honored by the bank. *RynohPay* either provides automatic inputs to the clients' bank positive pay system, or is a standalone solution for those agents whose bank does not provide that service.

RynohTrax - verification and validation of user defined critical transactions, both receipts and disbursements. Typical reconciliation systems reflect only what has occurred. *RynohTrax* provides notification for those critical items that are not being posted to the account for either payment or credit.

RynohRecon - automatic daily three-way reconciliation with an embedded "Reconciliation Wizard" that identifies accounting and posting errors; timely alerts of potential issues mitigates or totally eliminates loss from fraud or error. A "Reconciliation Analysis" feature further identifies transactions whose status may represent audit or regulatory issues.

RynohReport - a comprehensive set of daily reports that enable proactive management and oversight of financial activities. One of those is the "Morning Report" - a daily analysis report of escrow account activity and integrity. Emailed to designated recipients, the report contains user defined alerts of critical transactions, reconciliation status, and available funds by file/subaccount. The "Morning Report" reflects those critical time sensitive items requiring immediate attention.

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