

STEWART INFORMATION SERVICES CORP
Form S-3
January 04, 2011

As filed with the Securities and Exchange Commission on January 4, 2011

Registration No. 333-

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

STEWART INFORMATION SERVICES CORPORATION
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

74-1677330
(I.R.S. Employer Identification Number)

**1980 Post Oak Blvd.
Houston, Texas 77056
(713) 625-8100**

(Address, including zip code, and telephone number, including area code,
of Registrant's principal executive offices)

**J. Allen Berryman
Executive Vice President and Chief Financial Officer**

**1980 Post Oak Blvd.
Houston, Texas 77056
(713) 625-8100**

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

**Copy to:
David F. Taylor, Esq.
Locke Lord Bissell & Liddell LLP
600 Travis Street, Suite 2800
Houston, Texas 77002
(713) 226-1200**

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of the Registration Statement.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer
 (Do not check if a smaller reporting company) Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit (1)	Proposed maximum aggregate offering price (1)	Amount of registration fee (1)
Common Stock, par value \$1.00 per share	660,000 Shares	\$ 11.52	\$ 7,603,200	\$ 883

(1) Estimated solely for the purpose of computing the amount of the registration fee in accordance with Rule 457(c) under the Securities Act based on the average of the high and the low prices of the registrant's Common Stock on the New York Stock Exchange on December 31, 2010.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities, in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JANUARY 4, 2011

PROSPECTUS

STEWART INFORMATION SERVICES CORPORATION

660,000 Shares

Common Stock

From time to time, Gilardi & Co. LLC, which we refer to as the Claims Administrator, may offer and sell up to 660,000 shares of our common stock, which we refer to as the Settlement Shares, issued to the Claims Administrator in connection with the settlement of four wage and hour class action lawsuits filed in California state and federal courts against our subsidiary, Stewart Title of California, Inc. We intend to distribute the Settlement Shares to the Claims Administrator on the day of the effectiveness of the Registration Statement of which this prospectus is a part.

Our common stock is listed on the New York Stock Exchange under the symbol **STC**. On December 31, 2010, the last reported sale price of our common stock on the New York Stock Exchange was \$11.53 per share.

The Claims Administrator may offer and sell any of the Settlement Shares from time to time at fixed prices, at market prices or at negotiated prices, and may engage a broker, dealer or underwriter to sell the Settlement Shares. For additional information on the possible methods of sale that may be used by the Claims Administrator, you should refer to the section entitled **Plan of Distribution** beginning on page 4 of this prospectus. We will not receive any proceeds from the sale of the Settlement Shares by the Claims Administrator. We will pay all expenses incurred in effecting the registration statement of which this prospectus constitutes a part.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

INVESTING IN OUR SECURITIES INVOLVES A HIGH DEGREE OF RISK. YOU SHOULD CAREFULLY CONSIDER THE RISK FACTORS CONTAINED IN OUR ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009, UPDATES IN PART II ITEM 1A OF OUR FORM 10-Q FILINGS AND IN OUR FUTURE FILINGS MADE WITH THE SECURITIES AND EXCHANGE COMMISSION, WHICH ARE INCORPORATED BY REFERENCE IN THIS PROSPECTUS. SEE THE SECTION ENTITLED RISK FACTORS ON PAGE 1 OF THIS PROSPECTUS.

The date of this prospectus is _____, 2011.

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ABOUT THIS PROSPECTUS

You should rely only on the information contained in or incorporated by reference into this prospectus. We have not authorized anyone to provide you with different information. The information contained in this prospectus and the documents incorporated by reference herein are accurate only as of their respective dates, regardless of the time of delivery of this prospectus or any sale of our common stock. Our business, financial condition, results of operations, and prospects may have changed since those dates. We are not making an offer to sell or seeking an offer to buy shares of our common stock under this prospectus in any jurisdiction where the offer or sale is not permitted.

In this prospectus, the terms Stewart, we, our, and us refer to Stewart Information Services Corporation and its subsidiaries, unless otherwise specified.

OUR COMPANY

We are a customer-driven, technology-enabled, strategically competitive, real estate information, title insurance and transaction management company. We provide title insurance and related information services required for settlement by the real estate and mortgage industries throughout the United States and in international markets. We also provide post-closing lender services, automated county clerk land records, property ownership mapping, geographic information systems, property information reports, flood certificates, document preparation, background checks and expertise in tax-deferred exchanges.

Our international division delivers products and services protecting and promoting private land ownership worldwide. Currently, our primary international operations are in Canada, the United Kingdom, Central Europe, Mexico, Central America and Australia.

Our two main operating segments of business are title insurance-related services and real estate information. The segments significantly influence business to each other due to the nature of their operations and common customers.

We are a Delaware corporation formed in 1970. We and our predecessors have been engaged in the title business since 1893. Our principal executive offices are located at 1980 Post Oak Blvd., Houston, Texas 77056. Our telephone number at that address is (713) 625-8100. Our website is www.stewart.com. Other than as described in *Where You Can Find More Information* below, the information on, or that can be accessed through, our web site is not incorporated by reference in this prospectus or any prospectus supplement, and you should not consider it to be a part of this prospectus or any prospectus supplement. Our web site address is included as an inactive textual reference only.

RISK FACTORS

Investing in our common stock involves a high degree of risk. Before making an investment decision, you should carefully read and consider the risk factors described under the caption *Risk Factors* in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, as updated by our subsequently filed Quarterly Reports on Form 10-Q, as the same may be updated from time to time by our future filings with the SEC, as well as the other information in this prospectus and the documents incorporated by reference herein or therein. The risks and uncertainties we have described are not the only ones facing our company. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business operations.

FORWARD-LOOKING STATEMENTS

This prospectus and each prospectus supplement includes and incorporates forward-looking statements within the meaning of Section 27A of the Securities Act of 1993, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements, other than statements of historical facts, included or incorporated in this prospectus or any prospectus supplement are forward-looking statements. The words anticipates, believes, estimates, expects, intends, may, plans, projects, will, would, and similar words are intended to identify forward-looking statements.

Actual results or events could differ materially from the forward-looking statements we make. Among the factors that could cause actual results to differ materially are the severity and duration of current financial and economic conditions; continued weakness or further adverse changes in the level of real estate activity; changes in mortgage interest rates, existing and new home sales, and availability of mortgage financing; our ability to respond to and implement technology changes, including the completion of the implementation of our enterprise systems; the impact of unanticipated title losses on the need to further strengthen our policy loss reserves; any effect of title losses on our cash flows and financial condition; the impact of our increased diligence and inspections in our agency operations; changes to the participants in the secondary mortgage market and the rate of refinancings that affect the demand for title insurance products; regulatory non-compliance, fraud or defalcations by our title insurance agents or employees; our ability to timely and cost-effectively respond to significant industry changes and introduce new products and services; the impact of changes in governmental and insurance regulations, including any future reductions in the pricing of title insurance products and services; our dependence on our operating subsidiaries as a source of cash flow; the continued realization of expected expense savings resulting from our expense reduction steps taken since 2008; our ability to access the equity and debt financing markets when and if needed; our ability to grow our international operations; and our ability to respond to the actions of our competitors. Other factors are discussed under the heading *Risk Factors* in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009 and our Quarterly Reports on Form 10-Q filed with the SEC. We also will include or incorporate by reference in each prospectus supplement important factors that we believe could cause actual results or events to differ materially from the forward-looking statements that we make. Should one or more known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could differ materially from past results and those anticipated, estimated, projected, or implied by these forward-looking statements. You should consider these factors and the other cautionary statements made in this prospectus, any prospectus supplement, or the documents we incorporate by reference in this prospectus or any prospectus supplement as being applicable to all related forward-looking statements wherever they appear in this prospectus, any prospectus supplement or the documents incorporated by reference. While we may elect to update forward-looking statements wherever they appear in this prospectus, any prospectus supplement, or the documents incorporated by reference, we do not assume, and specifically disclaim, any obligation to do so, whether as a result of new information, future events, or otherwise.

USE OF PROCEEDS

The Settlement Shares are being issued as part of the settlement of four wage and hour class action lawsuits filed in California state and federal courts against our subsidiary, Stewart Title of California, Inc. Accordingly, we will not receive any cash proceeds from the issuance of these Settlement Shares but will eliminate an actual or potential liability.

SELLING STOCKHOLDER

On October 27, 2010, the courts approved a settlement agreement, or the Settlement Agreement, with the plaintiffs in four wage and hour class action lawsuits filed in California state and federal courts against our subsidiary, Stewart Title of California, Inc. Pursuant to the Settlement Agreement, we agreed to issue up to an aggregate of 660,000 shares of our common stock to the Claims Administrator.

In order to fulfill our obligations under the terms of the Settlement Agreement relating to issuance of the Settlement Shares, we filed a Registration Statement on Form S-3, of which this prospectus constitutes a part, in order to permit the Claims Administrator, as the selling stockholder, to resell to the public any or all of the Settlement Shares. When we refer to the Claims Administrator in this prospectus, we mean Gilardi & Co. LLC, as well as its transferees, pledgees or donees or its respective successors.

The following table, to our knowledge, sets forth the information regarding the beneficial ownership of our common stock by the Claims Administrator as of December 31, 2010 and the number of shares being offered hereby by the Claims Administrator. The information is based in part on information provided by or on behalf of the Claims Administrator. Beneficial ownership is determined in accordance with Rule 13d-3 promulgated by the Securities and Exchange Commission under the Exchange Act and includes voting or investment power with respect to shares, as well as any shares as to which the Claims Administrator has the right to acquire beneficial ownership within sixty (60) days after December 31, 2010 through the exercise or conversion of any stock options, warrants, convertible debt or otherwise. The shares in the table below represent all of the Settlement Shares we intend to distribute to the Claims Administrator on the day of the effectiveness of the registration statement of which this prospectus is a part as obligated under the terms of the Settlement Agreement. The inclusion of any shares in this table does not constitute an admission of beneficial ownership by the Claims Administrator. We will not receive any of the proceeds from the sale of our common stock by the Claims Administrator but will eliminate an actual or potential liability.

Name of Selling Stockholder	Shares Beneficially Owned Before Offering		Shares Offered Hereby	Shares Beneficially Owned After Offering	
	Number	Percent		Number	Percent
Gilardi & Co. LLC	660,000	3.5%	660,000	0	0%

(1) The percentage of shares beneficially owned prior to the offering is based on 18,375,058 shares of our common stock, consisting of 17,325,046 shares of common stock and 1,050,012 shares of Class B Common Stock, outstanding as of December 31, 2010.

PLAN OF DISTRIBUTION

The common stock to be offered and sold using this prospectus are being registered to permit public secondary trading of such common stock by the Claims Administrator from time to time after the date of this prospectus. The shares are being issued as part of the settlement of four wage and hour class action lawsuits filed in California state and federal courts against our subsidiary, Stewart Title of California, Inc. These lawsuits generally claimed, among other things, that (i) the plaintiffs were misclassified as exempt employees and were not paid overtime, (ii) the overtime payments made to non-exempt employees were miscalculated and (iii) the plaintiffs worked overtime hours but were not paid. The plaintiffs sought compensatory damages, statutory compensation, penalties and restitution, exemplary and punitive damages, declaratory relief, interest and attorneys fees. A settlement agreement with respect to the wage and hour class action lawsuits was approved by the courts on October 27, 2010.

As part of the Settlement Agreement, we will issue the Settlement Shares to the Claims Administrator. The Settlement Shares may be sold from time to time to purchasers directly by the Claims Administrator and its successors, which includes their transferees, pledgees or donees or their successors, or through underwriters, broker-dealers or agents who may receive compensation in the form of discounts, concessions or commissions from the Claims Administrator on the purchasers of the Settlement Shares. These discounts, concessions or commissions may be in excess of those customary in the types of transactions involved. The proceeds from the sale of th