



IN THE CIRCUIT COURT OF THE
SECOND JUDICIAL CIRCUIT, IN
AND FOR LEON COUNTY, FLORIDA

CASE NO.: 94-4009

In Re: the Receivership of
DEALERS INSURANCE COMPANY,
a Florida corporation authorized
to transact an insurance business
in Florida,

Respondent.

ORDER APPOINTING THE DEPARTMENT OF INSURANCE AS RECEIVER
FOR PURPOSES OF
LIQUIDATION; INJUNCTION; AND NOTICE OF AUTOMATIC STAY

THIS CAUSE was considered on the Receiver's Motion for Immediate Appointment as Receiver for Rehabilitation or Liquidation of DEALERS INSURANCE COMPANY, and the shareholders and directors having filed that they have elected to raise no defense to the entry of this order and the Court, having reviewed the pleadings of record and being fully advised in the premises, finds:

1. DEALERS INSURANCE COMPANY (herein "Respondent") is a Florida corporation and is a domestic insurer authorized to transact an insurance business in the State of Florida.

2. Section 631.021(3), Florida Statutes (1993), provides that a delinquency proceeding pursuant to Chapter 631 constitutes the sole and exclusive method of liquidating, rehabilitating, reorganizing, or conserving an insurer.

3. Sections 631.061(1) and (11), Florida Statutes (1993),

authorize the Department to apply to this Court for an Order directing it to liquidate a domestic insurer upon the grounds that the insurer is impaired or insolvent, and that the insurer has either consented to or does not oppose the entry of such an order through a majority of its directors, stockholders, members, or subscribers.

4. Respondent is insolvent within the meaning of Section 631.011(11), Florida Statutes (1993).

5. Respondent has either consented to or does not oppose the appointment of the Department as Receiver for purposes of liquidation.

6. Respondent has been found by the Department to be in such condition so as to render the further transaction of insurance presently and prospectively hazardous to its subscribers, policyholders, creditors and the public.

7. It is in the best interests of Respondent and its creditors and insureds that the relief requested in the petition be granted and that the Department be appointed as receiver for purposes of liquidation.

8. It is in the best interests of Respondent's policyholders, creditors, and the public that the Respondent's bond policies be canceled upon the entry of this order but all policies covered by the Florida Insurance Guaranty Association remain in effect for 30 days from the date of this order.

IT IS ORDERED and ADJUDGED as follows:

9. The Florida Department of Insurance is hereby appointed Receiver of Respondent for purposes of liquidation. The Receiver is authorized and directed to:

10. Take immediate possession of all the property, assets, and estate, and all other property of every kind whatsoever and wherever located belonging to Respondent pursuant to Sections 631.111 and 631.141, Florida Statutes (1993), including but not limited to, offices maintained by the Respondent, rights of action, books, papers, evidences of debt, bonds, debentures and other securities, mortgages, furniture, fixtures, office supplies and equipment, bank accounts, stocks, bonds, debentures, mortgages, furniture, fixtures, and office equipment, and all real property of said Respondent, whether in the possession of said Respondent or its officers, directors, employees, consultants, attorneys, or agents.

11. Liquidate the assets of Respondent including but not limited to funds held by Respondent's agents, subagents, producing agents, brokers, solicitors, service representatives or others under agency contracts or otherwise which are due and unpaid to Respondent, including premiums, unearned commissions, agents' balances, agents' reserve funds, and subrogation recoveries.

12. Employ and authorize the compensation of legal counsel, accountants, clerks, and such assistants as it deems necessary, and authorize the payment of the expenses of these proceedings and the necessary incidents thereof, as approved by the Court, to be paid

out of the funds or assets of the Respondent in the possession of the Receiver or coming into its possession.

13. Reimburse such employees, from the funds of this receivership, for their actual necessary and reasonable expenses incurred while traveling on the business of this receivership.

14. Not defend legal actions wherein the Respondent or the Receiver is a party defendant, commenced either prior to or subsequent to this order, without authorization of this Court; except, however, in actions where Respondent is a nominal party, as in certain foreclosure actions and the action does not affect a claim against or adversely affect the assets of Respondent, the Receiver may file appropriate pleadings in its discretion.

15. Commence and maintain all legal actions necessary, wherever necessary, for the proper administration of this receivership proceeding.

16. Collect all debts which are economically feasible to collect and which are due and owing to the Respondent.

17. Take possession of all of Respondent's securities and certificates of deposit on deposit with the Treasurer of Florida, if any, and convert to cash so much of the same as may be necessary, in its judgment, to pay the expenses of administration of this receivership.

18. Publish notice specifying the time and place fixed for the filing of claims with the Receiver once each week for three consecutive weeks in the Florida Administrative Weekly published by

the Secretary of State, and at least once in the Florida Bar News.

19. Negotiate and settle subrogation claims and Final Judgments up to and including the sum of \$15,000.00 without further Order of this Court.

20. Sell any salvage recovered having value of not more than \$15,000.00 without further Order of this Court.

21. Coordinate the operation of the receivership with the Florida Insurance Guaranty Association pursuant to Part II of Chapter 631, Florida Statutes (1993). The Receiver may, in its discretion, contract with the guaranty association to provide services as are necessary to carry out the purposes of Chapter 631.

22. Give notice of this proceeding to Respondent's agents pursuant to Section 631.341, Florida Statutes (1993), and to its insureds.

23. All officers, directors, agents and employees and all other persons representing Respondent or currently employed by Respondent in connection with the conduct of its business are discharged forthwith unless specifically retained by the Receiver.

24. Any officer, director, manager, trustee, agent or adjuster of Respondent and any other person who possesses or possessed any executive authority over, or who exercises or exercised any control over any segment of Respondent's affairs is required to fully cooperate with the Receiver, pursuant to Section 631.391, Florida Statutes (1993), notwithstanding their dismissal pursuant to this Order.

25. Title to all property real or personal, all contracts, rights of action and all books and records of Respondent, wheresoever located, are vested in the Receiver pursuant to Sections 631.111 and 631.141, Florida Statutes (1993). The Receiver shall also have the responsibility of reviewing the records of Dealers Underwriting Services, Inc., Reinecke Agency d/b/a Dealers Association Plan, Delphi International Insurance Company, M.L. Vaughan and/or Niccolette G. Vaughan a/k/a Emily Niccolette Vaughan, Vaughan Enterprises, M&N Management, Inc., Horsen Around Farms, Inc., Tri-City Turf Club, Inc., Nine Mile Gang, Riverside Downs, Mountain Meadows, and any other person or entity into which the Respondent's assets may be traced. The Receiver may retain originals of copy records as may be necessary in the Receiver's discretion.

26. All attorneys employed by Respondent as of this date shall, within 10 days' notice of this Order, report to the Receiver on the name, company claim number and status of each file they are handling on behalf of the Respondent. Said report shall also include an accounting of any funds received from or on behalf of the Respondent. All attorneys described herein are hereby discharged as of the date of this Order unless their services are retained by the Receiver. All attorneys employed by Respondent are hereby advised that pursuant to Section 631.011(17), Florida Statutes (1993), a claim based on mere possession does not create a secured claim and all attorneys employed by Respondent, pursuant

to In Re the Receivership of Syndicate Two, Inc., 538 So.2d 945 (Fla. 1st DCA 1989), who are in possession of litigation files or other material, documents or records belonging to or relating to work performed by the attorney on behalf of Respondent shall deliver such litigation files, material, documents or records intact and without purging to the Receiver notwithstanding any claim of a retaining lien which, if otherwise valid, shall not be extinguished by such turnover of documents.

27. All agents, brokers or other persons having sold policies of insurance and/or collected premiums on behalf of the Respondent shall account for and pay all premiums and commissions unearned due to cancellation of policies by this Order or in the normal course of business owed to the Respondent directly to the Receiver within 20 days of demand by the Receiver or appear before this Court to show cause, if any they may have, as to why they should not be required to account to the Receiver or be held in contempt of Court for violation of the provisions of this Order. No agent, broker or other person shall use premium monies owed to the Respondent for refund of unearned premium or for any purpose other than payment to the Receiver.

28. Any premium finance company which has entered into a contract to finance a premium for a policy which has been issued by the Respondent shall pay any premium owed to the Respondent directly to the Receiver.

29. Reinsurance premiums due to or payable by the Respondent

shall be remitted to, or disbursed by, the Receiver. Reinsurance losses recoverable or payable by the Respondent shall be handled by the Receiver. All correspondence concerning reinsurance shall be between the Receiver and the reinsuring company or intermediary.

30. Upon request by the Receiver, any company providing telephonic services to the Respondent shall provide a reference of calls from the number presently assigned to the Respondent to any such number designated by the Receiver or perform any other services or changes necessary to the conduct of the receivership.

31. Any bank, savings and loan association, financial institution or other person which has on deposit, in its possession, custody or control any funds, accounts and any other assets of the Respondent, shall immediately transfer title, custody and control of all such funds, accounts, or assets to the Receiver, and are hereby instructed that the Receiver has absolute control over such funds, accounts and other assets. The Receiver may change the name of such accounts and other assets, withdraw them from such bank, savings and loan association or other financial institution, or take any lesser action necessary for the proper conduct of this receivership. No bank, savings and loan association or other financial institution shall exercise any form of set-off, alleged set-off, lien, any form of self-help whatsoever, or refuse to transfer any funds or assets to the Receiver's control without the permission of this Court.

32. Any entity furnishing telephone, water, electric, sewage,

garbage or trash removal services to the Respondent shall maintain such service and transfer any such accounts to the Receiver as of the date of this order, unless instructed to the contrary by the Receiver.

33. Any data processing service which has custody or control of any data processing information and records including but not limited to source documents, data processing cards, input tapes, all types of storage information, master tapes or any other recorded information relating to the Respondent shall transfer custody and control of such records to the Receiver. The Receiver shall compensate any such entity for the actual use of hardware and software which the Receiver finds to be necessary to this proceeding. Compensation shall be based upon the monthly rate provided for in contracts or leases with Respondent which were in effect when this proceeding was instituted, or based upon such contract as may be negotiated by the Receiver, for the actual time such equipment and software is used by the Receiver.

34. The United States Postal Service is directed to provide any information requested by the Receiver regarding the Respondent and to handle future deliveries of Respondent's mail as directed by the Receiver.

35. All claims shall be filed with the Receiver on or before 12:01 a.m. October 1, 1995, or be forever barred, and all such claims should be filed on proof of claim forms prepared by the Receiver.

36. Pursuant to the provisions of Section 631.252, Florida Statutes (1993), all bonds issued by Respondent shall be canceled upon the entry of this order, all other policies of insurance or similar contracts of coverage are canceled effective at 11:59 p.m. on January 20, 1995. Policies or contracts of coverage with normal expiration dates prior to the dates otherwise applicable under this paragraph, or which are terminated by insureds or lawfully canceled by the Receiver or insurer before such date, shall stand canceled as of the earlier date. Should an insured have a claim under a renewal policy, payment of such claim is contingent on payment of the applicable premium.

37. Except for contracts of insurance, all executory contracts to which the Respondent was a party are hereby canceled and will stand canceled unless specifically adopted by the Receiver within 30 days of the effective date of this Order. The rights of the parties to any such contracts are fixed as of the date of this Order and any cancellation under this provision shall not be treated as an anticipatory breach of such contracts.

38. Any person, firm, corporation or other entity having notice of this order that fails to abide by its terms shall be directed to appear before this Court to show good cause, if any they may have, as to why they should not be held in contempt of Court for violation of the provisions of this Order.

39. The Florida Department of Insurance is hereby authorized to cancel and render null and void any certificate of authority

issued by the Department of Insurance and required by the Florida Insurance Code in order for Respondent to do business in the State of Florida.

40. All affiliated companies, to include but not be limited to Dealers Underwriting Services, Inc., Dealers Insurance Premium Finance Company, Reinecke Agency d/b/a Dealers Association Plan, Delphi International Insurance Company, Vaughan Enterprises, M&N Management, Inc., M&N Auto Mart, Inc., Horsen Around Farms, Inc., Tri-City Turf Club, Inc., Unique Systems, Inc., Nine Mile Gang, Riverside Downs, and Mountain Meadows, shall make their books and records available for inspection and copying by the Receiver, and shall relinquish possession of the originals of any of Respondent's records that may be in their possession to the Receiver. Any disputed records should not be withheld from the Receiver's view, but should be safeguarded by the Receiver and presented to this Court for a determination of the Receiver's entitlement to access to such records.

41. Any officer, director, manager, trustee, agent, accountant, adjuster, employee, or independent contractor of Respondent and any other person who possesses any executive authority over, or who exercises any control over, any segment of the affairs of Respondent shall fully cooperate with the Department as required by § 631.391, Florida Statutes (1993), and as set out in the preceding paragraph. AmSouth Bank, SunBank, SouthTrust Bank, Comfort State Bank, American Pioneer, Southeast Bank, Commercial

State Bank, Farmers Bank & Trust, Barnett Bank, Perkins State Bank, Orange Bank, First American Bank, and any other financial institution (including any predecessor or successor banks) shall cooperate in every way possible with the Receiver of Dealers Insurance Company and upon receipt of a certified copy of this court order shall immediately make available to the Receiver all records and information in its possession or control regarding the following entities:

Dealers Insurance Company
Dealers Underwriting Services, Inc.
Dealers Insurance Premium Finance Company
Reinecke Agency d/b/a Dealers Association Plan
Delphi International Insurance Company
M.L. Vaughan and/or Niccolette G. Vaughan a/k/a Emily
Niccolette Vaughan
Vaughan Enterprises
M&N Management, Inc.
M&N Auto Mart, Inc.
Horsen Around Farms, Inc.
Tri-City Turf Club, Inc.
Unique Systems, Inc.
Nine Mile Gang
Riverside Downs
Mountain Meadows

This shall include, but not be limited to, documentation regarding the following accounts (regardless of whether the account is currently open or closed) and/or loans (regardless of whether the loan is open or closed) and/or lines or letters of credit (regardless of whether the line/letter of credit is open or closed), and such other and further records as the Receiver in its discretion deems reasonably necessary to effectuate the purpose and intent of Chapter 631 of the Florida Statutes:

A. AmSouth Bank:

Dealers Insurance Company:

3600001662 - MMA
1505001342 - DDA
350000146 - MMA
3000011737 - MMA

Dealers Underwriting Services, Inc.:

3600000138 - MMA
1505005119

Vaughan Enterprises:

1505001296 - DDA

Delphi International Insurance Company

3000011729 - MMA
LOC #063106844292

M.L. Vaughan and/or Niccolette Vaughan:

loan # 8602021001
loan # 7602021003
loan # 7602021004
loan # 7602021005
loan # 7602021006
loan # 7602021007

Horsen Around Farms:

1605006120

others:

1307005634
1505001245
1505001261
1505001293
1505001334
1505001571
1505005275
1507000793
3300004120
3500000200
3500000286

3500000626
3500000863
3500001662
3500001702
3500001762
3500001789
3500001800
3600002421
loan # 7602021002
account number 7945272 and/or note number 00175
LOC 063106844185

B. SunBank

Dealers Insurance Company:

0234-001058033
0234-342081245
60286-00-2

Dealers Underwriting Services, Inc.:
0733 421883070

C. SouthTrust Bank

94-163-547

D. Comfort State Bank

13749

E. American Pioneer

8120415870
8120630744
8120311798
8120310380

F. Commercial State Bank

001213784

G. Southeast Bank

394775100
394778401
loan # 54055265406-00018
loan # 54055978032-00018

418705
390637445
390418705
390313807

H. Farmer's Bank and Trust

19073742

I. Barnett Bank:

2216368620

J. Perkins State Bank:

0020453

Should the Receiver request of a bank or financial institution other information regarding a customer for which any of the above entities or individuals are not borrowers, guarantors, signatories, or depositors, the financial institution shall forthwith, upon receipt of the Receiver's request, notify by the most expeditious means possible (fax, telephone or if there is no faster means available by U.S. mail) said customer, in writing, of the Receiver's request. The financial institution shall comply with the Receiver's request upon the expiration of three business days from the date of the financial institution's notification if no written objection is received from said customer. Notification shall be deemed complete upon action by the financial institution or no later than the close of the day upon which the Receiver's request was received by the financial institution. If a written objection is timely received from said customer, the documents requested by the Receiver shall not be produced by the financial institution and

the financial institution shall immediately provide the written objection to the Receiver in order that further instruction from this Court may be sought.

INJUNCTION

42. Pursuant to Sections 631.041(3) and (4), Florida Statutes (1993), all persons, firms, corporations and associations within the jurisdiction of this Court, including, but not limited to Respondent, its officers, directors, trustees, agents, employees, subsidiaries, affiliates and affiliated persons, including, but not limited to, Dealers Underwriting Services, Inc., Dealers Insurance Premium Finance Company, Reinecke Agency d/b/a Dealers Association Plan, Delphi International Insurance Company, M.L. Vaughan and/or Niccolette G. Vaughan a/k/a Emily Niccolette Vaughan, Vaughan Enterprises, M&N Management, Inc., M&N Auto Mart, Inc., Horsen Around Farms, Inc., Tri-City Turf Club, Inc., Unique Systems, Inc., Nine Mile Gang, Riverside Downs, Mountain Meadows, and all other persons or entities within the jurisdiction of this Court, are enjoined and restrained: from the further transaction of the insurance business of Respondent without the written permission of the Receiver; from doing, through acts of commission or omission, or permitting to be done any action which might waste or otherwise dispose of the books, records and assets of, or directly or indirectly relating to, the Respondent; from denying the Receiver

access to the books, records, and assets of, or directly or indirectly relating to, the Respondent; from in any manner interfering with the Receiver or the conduct of these proceedings; including, but not limited to, failure to cooperate in any investigation that may be conducted by the Receiver pursuant to § 631.391, Florida Statutes; from the removal, concealment or other disposition of the property, books, records, and accounts of, or directly or indirectly relating to, the Respondent; from the commencement or prosecution of any actions, service of process, or subpoena against the Respondent, the Receiver, or the agents or employees of the Receiver in their representative capacities, or the obtaining of preferences, judgments, writs of attachment or garnishment or other liens; and from the making of any levy or execution against Respondent or its property or assets.

43. The Receiver is authorized to continue with the investigation previously authorized by this court and all earlier orders and portions thereof issued by this court in aid thereof are hereby incorporated into and shall survive this order.

44. The corporate existence of Respondent in accordance with Section 631.111 (3), Florida Statutes (1993) is hereby dissolved.

NOTICE OF AUTOMATIC STAY

45. Notice is hereby given that, pursuant to Section 631.041(1), Florida Statutes (1993), the filing of the Department's

initial petition herein operates as an automatic stay applicable to all persons and entities, other than the Receiver, which shall be permanent and survive the entry of this order, and which prohibits:

A. The commencement or continuation of judicial, administrative or other action or proceeding against the insurer or against its assets or any part thereof;

B. The enforcement of judgment against the insurer or an affiliate obtained either before or after the commencement of the delinquency proceeding;

C. Any act to obtain possession of property of the insurer;

D. Any act to create, perfect or enforce a lien against property of the insurer, except a secured claim as defined in Section 631.011(17), Florida Statutes (1993);

E. Any action to collect, assess or recover a claim against the insurer, except claims as provided for under Chapter 631;

F. The set-off or offset of any debt owing to the insurer except offsets as provided in Section 631.281, Florida Statutes (1993).

46. All Sheriffs and all law enforcement officials of the state shall cooperate with and assist the Receiver in the implementation of this Order.

47. This Court retains jurisdiction of this cause for the purpose of granting such other and further relief as from time to

time shall be deemed appropriate.

ORDERED in Chambers at Leon County Courthouse, Tallahassee,
Leon County, Florida, this 19th Day of December, 1994.



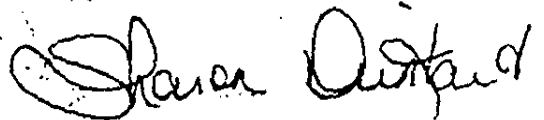
F.E. Steinmeyer, III
Circuit Judge

STATE OF FLORIDA, COUNTY OF LEON

I HEREBY CERTIFY that the above and foregoing
is a true and correct copy of an instrument recorded
in the official records of Leon County, Florida.

WITNESS my hand and seal of office this 19 day
of Dec, 1994

DAVE LANG
Clerk of Circuit Court



STATE OF FLORIDA, COUNTY OF LEON

I HEREBY CERTIFY that the above and foregoing
is a true and correct copy of an instrument recorded
in the official records of Leon County, Florida.

WITNESS my hand and seal of office this 8 day
of Feb, 1995

DAVE LANG
Clerk of Circuit Court



BY 