



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

In Re: The Receivership of  
AMERICAN ROYAL SYNDICATE,  
INC., a Florida corporation.

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CIVIL CASE NO. 91-523

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

THIS CAUSE was considered on the petition of the Florida Department of Insurance for an Order of Liquidation, Injunction and Notice of Automatic Stay. The Court having reviewed the pleadings and being fully advised in the premises, finds:

1. American Royal Syndicate, Inc. is a Florida corporation with its principal of business at 2295 Corporate Boulevard, N.W., Suite 134, Boca Raton, Florida, and is a domestic insurer authorized to transact an insurance business in this state.

2. Section 631.051, Florida Statutes (1989), authorizes the Department to apply to this Court for an order directing it to rehabilitate a domestic insurer upon the existence of any of the grounds specified therein.

3. Section 631.061, Florida Statutes (1989), authorizes the Department to apply to this Court for an order directing it to

rehabilitate or liquidate a domestic insurer upon the existence of any of the grounds specified in Section 631.051, Florida Statutes, or if such insurer is or is about to become insolvent.

4. Section 631.061, Florida Statutes (1989), and Section 631.051(11), Florida Statutes (1989), authorize the Department to apply to this Court for an order directing it to rehabilitate or liquidate a domestic insurer upon the ground that the insurer has consented to such an order through a majority of its directors, stockholders, members, or subscribers.

5. Respondent has consented to the appointment of the Department as Receiver for purposes of rehabilitation/liquidation and admits that Respondent is insolvent as defined under Chapter 631, Florida Statutes (1989).

6. The Department should be appointed Receiver without further delay to protect the remaining assets of respondent for the benefit of its policyholders, creditors and the public.

7. Section 631.041(1), Florida Statutes (1989), provides that the filing of a petition for order to show cause or a petition for a consent order of conservation, rehabilitation or liquidation operates as an automatic stay of certain actions. Notice of the automatic stay should be contained within the consent order of liquidation.

8. Sections 631.041(3) and (4), Florida Statutes (1989),

authorize this Court to enter such injunctions as it deems appropriate to protect the remaining assets of the Respondent and prevent interference with the conduct of these proceedings.

IT IS THEREFORE ADJUDGED and ORDERED as follows:

9. The Department of Insurance of the State of Florida is hereby appointed Receiver of Respondent for purposes of rehabilitation and the said Receiver is authorized and directed to:

10. Conduct the business of Respondent and take all steps as the Court may direct toward the removal of the causes and conditions which have made the order of rehabilitation necessary.

11. Take immediate possession of all Respondent's property, assets and estate, and all other property of Respondent of every kind whatsoever and wheresoever located belonging to or in the possession of Respondent or its officers, directors, employees or agents, including but not limited to all offices maintained by Respondent, rights of action, books, papers, data processing records, evidences of debt, bank accounts, savings accounts, certificates of deposit, stocks, bonds, debentures and other securities, mortgages, furniture, fixtures, office supplies and equipment, and all real property of the Respondent wherever situate, and to administer such assets as is required in order to comply with the directions contained in this Order, and to hold all other assets pending further order of this Court.

12. Proceed to collect any and all debts economically feasible to collect due and owing Respondent, including but not limited to funds or premiums held by agents of Respondent under agency contracts or otherwise.

13. Appoint one or more special agents and employ legal counsel, actuaries, accountants, clerks, consultants and assistants as it deems necessary and to fix and to pay the reasonable compensation and reasonable expenses thereof and all reasonable expenses of taking possession of the insurer, subject to approval by this Court at the time the Receiver accounts to the Court for such expenditures and compensation.

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

15. Commence and maintain all legal actions necessary for the conduct of the rehabilitation proceeding.

16. Not defend legal actions wherein 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 effect a claim against or adversely affect the assets of Respondent, the Receiver may file appropriate pleadings in its discretion.

17. Deposit funds and maintain bank accounts in accordance

with Section 631.221, Florida Statutes.

18. Take possession of all Respondent's securities on deposit with the Treasurer of Florida and liquidate or reinvest as much of the same as may be necessary, in its judgment, to best benefit the estate or to pay expenses as set forth above.

19. Apply to this Court for further instructions in the discharge of its duties.

AND FOR A FURTHER ORDER that:

20. Any officer, director, manager, trustee, attorney, agent, actuary, broker, employee 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 shall fully cooperate with the Receiver pursuant to Section 631.391, Florida Statutes. 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 employed by Respondent are hereby advised that pursuant to Chapter 89-360 section 5, Laws of Florida, 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, on request, notwithstanding any claim of a retaining lien which, if otherwise valid, shall not be extinguished by such turn over of documents.

21. All persons who have in their possession, custody or control, assets of the Respondent of any kind whatsoever and wherever situate, including but not limited to, monies, books or records, personal or real property, are directed forthwith to deliver upon demand such assets or books and records to the Receiver.

22. Title to all property, real or personal, all contracts, rights of action and all books and records of Respondent, wherever located within or without this state, is vested by operation of law in the Receiver, pursuant to Section 631.141(2), Florida Statutes (1989). Any person having notice of the provisions of this Order and who holds funds or other property of Respondent shall deliver such funds or other property to the Receiver on demand. Should such person claim funds or property that person shall file a claim as set out in Section 631.154, Florida Statutes, and shall be subject to the requirements set out therein.

23. 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 changes necessary to the conduct of the receivership.

24. Any entity furnishing water, electric, telephone, sewage, garbage or trash removal services to Respondent shall maintain such service and transfer any such accounts to the Receiver as of the date of the order of rehabilitation unless instructed to the contrary by the Receiver.

25. 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.

26. All policies of insurance or similar contracts of coverage issued by the Respondent shall remain in full force and effect until further Order of this Court, except where cancelled in the normal course of business or upon the normal expiration date thereof. Any policy cancellations initiated by insureds shall be prospective only. No agent, broker or other person shall take any action to encourage or cause policyholders to initiate policy cancellations without the written consent of the Receiver. All reinsurance agreements issued or assumed by AMERICAN ROYAL SYNDICATE, INC. are hereby cancelled.

27. Any bank, savings and loan association, other financial institution, or any other entity or person, which has on deposit

or 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 is hereby instructed that the Receiver has absolute control over such accounts and other assets, and that 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 the receivership.

28. No bank, savings and loan association, other financial institution, or any other person or entity shall exercise any form of set-off, alleged set-off, lien, or 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.

29. Pursuant to Sections 631.041(3) and (4), Florida Statutes (1989), all persons, firms, corporations and associations within the jurisdiction of this Court, including, but not limited to Respondent, its officers, directors, trustees, stockholders, members, agents and employees are hereby enjoined and restrained from the further transaction of the insurance business of Respondent without written permission of the Receiver; from doing or permitting to be done any action which might waste or otherwise dispose of the books, records and assets of the Respondent and from interfering with the Receiver or the conduct of these proceedings;



from the removal, concealment or other disposition of its property, books, records, and accounts; from the commencement or prosecution of any actions against the Respondent or the Receiver 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.

NOTICE OF AUTOMATIC STAY

30. Notice is hereby given that, pursuant to Section 631.041(1), Florida Statutes (1989), the filing of the Department's petition for consent order 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:

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

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

(3). Any act to obtain possession of property of the insurer;

(4). Any act to create, perfect or enforce a lien against property of the insurer, except a secured claim as defined

in Section 631.011(15), Florida Statutes (1989);

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

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

31. 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.

It is further ADJUDGED and ORDERED as follows:

32. Effective JULY 15, 1991, at 12:01 A.M., unless the Receiver petitions for an extension, or shortening of the rehabilitation period prior to that date, the Department of Insurance of the State of Florida is hereby appointed Receiver of Respondent for purposes of liquidation.

33. The said Receiver is authorized and directed to:

34. 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 (1989), 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.

35. 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.

36. 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.

37. 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.

38. 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 effect a claim against or adversely affect the assets of Respondent, the Receiver may file appropriate pleadings in its discretion.

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

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

41. 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.

42. 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.

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

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

45. Coordinate the operation of the receivership with the

Insurance Exchange of the Americas Guaranty Fund as may be required under the Florida Statutes and the Constitution and By-Laws of the Insurance Exchange of the Americas, Inc.

46. Give notice of this proceeding to Respondent's agents pursuant to Section 631.341, Florida Statutes (1989), and to its insureds, if any.

IT IS FURTHER ADJUDGED AND ORDERED that:

47. 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.

48. 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 (1989), notwithstanding paragraph 13 of this order.

49. 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 (1989). Any person having notice of the provisions of this Order and who holds funds or other property of Respondent shall deliver such funds or other

property to the Receiver on demand. Should such person claim funds or property that person shall file a claim as set out in Section 631.154, Florida Statutes, and shall be subject to the requirements set out therein.

50. All attorneys employed by Respondent as of this date shall, within 30 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 Chapter 89-360 section 5, Laws of Florida, 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 turn over of documents.

51. 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 30 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.

52. 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.

53. 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.

54. 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.

55. Any bank, savings and loan association, financial institution or other entity or 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.

56. 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.

57. 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.

58. 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.

59. All claims shall be filed with the Receiver on or before JANUARY 15, 1992, or be forever barred, and all such claims should be filed on proof of claim forms prepared by the Receiver.

60. Pursuant to the provisions of Section 631.252, Florida Statutes (1989), other than policies covered by Part III of Chapter 631, Florida Statutes (1989), all insurance policies, bonds or similar contracts of coverage of the Respondent issued in Florida and now in force shall continue in force until 30 days from the date of the entry of this Order of Liquidation and shall be determined cancelled as of August 15, 1991 at 11:59 P.M.; except

that those policies or contracts of coverage with normal expiration dates prior thereto and policies terminated by insureds or lawfully cancelled by the insurer before such date, shall stand cancelled as of such earlier date.

61. Except for contracts of insurance, all executory contracts to which the Respondent was a party are hereby cancelled and will stand cancelled unless specifically adopted by the Receiver within 30 days of the 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.

62. 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.

63. 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.

64. Pursuant to Sections 631.041(3) and (4), Florida Statutes (1989), all persons, firms, corporations and associations within the jurisdiction of this Court, including, but not limited to,

Respondent and its officers, directors, stockholders, members, subscribers, agents, and employees, are enjoined and restrained from the further transaction of the insurance business of the Respondent; from doing, doing through omission, or permitting to be done any action which might waste or dispose of the books, records and assets of the Respondent; from in any means interfering with the Receiver or these proceedings; from the transfer of property and assets of Respondent without the consent of the Receiver; from the removal, concealment, or other disposition of Respondent's property, books, records, and accounts; from the commencement or prosecution of any actions against the Respondent or the Receiver, 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 any of its property or assets.

NOTICE OF AUTOMATIC STAY

65. NOTICE IS HEREBY GIVEN that, pursuant to Section 631.041(1), Florida Statutes (1989), 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:

(1). The commencement or continuation of judicial, administrative or other action or proceeding against the insurer

or against its assets or any part thereof;

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

(3). Any act to obtain possession of property of the insurer;

(4). Any act to create, perfect or enforce a lien against property of the insurer, except a secured claim as defined in Section 631.011(15), Florida Statutes (1989);

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

(6). The set-off or offset of any debt owing to the insurer except offsets as provided in Section 631.281, Florida Statutes (1989).

66. 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.

DONE AND ORDERED in Chambers at Leon County Courthouse, Tallahassee, Leon County, Florida, this 15<sup>th</sup> day of May, 1991.

STATE OF FLORIDA, COUNTY OF LEON by Andrew Gule  
I HEREBY CERTIFY that the above and foregoing  
is a true and correct copy of an instrument on file CIRCUIT JUDGE  
in the official records of this office.

ARALIQUO.DOC WITNESS my hand and seal of office this 15 day  
of May, 1991

PAUL F. HARTSFIELD  
Clerk of Circuit Court

Jerry Hejman  
by Jerry Hejman D.C.