

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

In Re: The Receivership of AMERICAN
KEYSTONE INSURANCE COMPANY,
a Florida Corporation.

CASE NO.: 2009-CA-3955

**RECEIVER'S MOTION FOR ORDER APPROVING DISCHARGE ACCOUNTING
STATEMENT, DIRECTING FINAL DISCHARGE OF RECEIVER, DIRECTING
DISPOSITION OF REMAINING ASSETS AND CLOSING ESTATE**

The Florida Department of Financial Services, as Receiver of American Keystone Insurance Company (hereinafter "Receiver"), by and through the undersigned counsel, hereby files this Motion for Order Approving Discharge Accounting Statement, Directing Final Discharge of Receiver, Authorizing Destruction of Obsolete Records, Directing Disposition of Remaining Assets and Closing Estate, and in support thereof states as follows:

1. American Keystone Insurance Company ("AKIC"), was a Florida corporation previously authorized to transact the business of a property and casualty insurance company in the State of Florida.

2. On October 9, 2009, this Court entered an *Order Appointing the Florida Department of Financial Services as Receiver of AKIC for Purposes of Liquidation, Injunction, and Notice of Automatic Stay*.

3. Pursuant to section 631.021(1), Florida Statutes, this Court has jurisdiction over the Receivership and is "authorized to make all necessary or proper orders to carry out the purposes of the Florida Insurers Rehabilitation and Liquidation Act.

4. On October 15, 2011, this Court approved the Receiver's First Interim Claims Report and Recommendation on Claims.

5. On January 25, 2013, this Court approved the Receiver's Second Interim Claims Report and Recommendation on Claims.

6. On March 10, 2013, this Court approved the Receiver's Third Interim Claims Report and Recommendation on Claims.

7. On October 15, 2013, this Court approved the Receiver's Final Claims Report, Claims Distribution Report, Distribution Accounting, and Authorizing Distribution. The Receiver distributed estate assets on allowed class 2-3 claimants.

8. On June 11, 2015, this Court approved a second Receiver's Final Claims Report, Claims Distribution Report, Distribution Accounting, and Authorizing Distribution. The Receiver subsequently distributed estate assets on allowed class 6 claimants.

9. Despite the Receiver's best efforts, some approved claims may have inadequate current address information and/or may not have provided the Receiver with a form W-9, required by the Internal Revenue Service. The total unclaimed property in the estate is \$158,352.83. The Receiver will compile an unclaimed property report pursuant to section 717.117. The Receiver plans to transfer said unclaimed funds to the unclaimed property unit(s) of the state(s) reflected in the claimants' last address of record in the Receiver's files. A copy of the Discharge Accounting Statement, Projected for Discharge in June 2015, is attached as **Exhibit A**.

10. Pursuant to the Discharge Accounting, the estimated value of all AKIC assets is \$160,352.83.

11. In accordance with the Discharge Accounting, **Schedule D**, in **Exhibit A**, a sum of \$2,000 shall be reserved for the Receiver's wind-up expenses of administration.

12. The Receiver receives an annual budget from the State of Florida's Insurance Regulatory Trust Fund ("RTF"), which funds a portion of the Receiver's costs and expenses of

administration. The Receiver funds the majority and remainder of its budget from the assets of the receiverships it supervises. The portion funded by the RTF supports state funded positions within the Division of Rehabilitation and Liquidation and includes their direct labor and a portion of the Receiver's overhead. Each receivership is allocated a portion of these state funded costs and expenses based on certain allocation formulas. It is the Receiver's policy to record these state funded expenditures as "Contributed Equity" on each receivership financial statement. If the receiver determines that there are sufficient assets available at the end of the receivership, it is the policy of the Receiver to reimburse the RTF for Contributed Equity as the Receiver's costs and expenses of administration, as well as the claims of state and local governments pursuant to section 631.271. The projected Contributed Equity balance through June 30, 2015 was calculated at \$77,771.77. Additionally, the receiver's policy authorizes the utilization of alternative plans for reimbursing the regulatory Trust Fund when it is in the best interest of the estate. For a copy of the Contributed Equity Balance, please see **Schedule E**, in **Exhibit A**.

13. Some funds may remain after the Receiver transfers the unclaimed funds to the Bureau of Unclaimed Property, and pays the wind-up expenses of administration. The Receiver requests the authority to transfer the actual remaining amount to the RTF pursuant to the Receiver's policy and section 631.271.

14. All mortgages, notes, judgments, or other liens in favor of AKIC recorded with the Clerk of Circuit Courts in the State of Florida, upon property located in the State of Florida, not sold, transferred or assigned by the Receiver, are hereby assigned to RTF.

15. Although such recovery is unlikely, the Receiver requests an order authorizing the Division of Rehabilitation and Liquidation ("Division") to remit the RTF any assets which may be

recovered by the Division following the discharge of this receivership if, in the Division's sole discretion, the value of the recovered assets does not justify the reopening of this receivership estate.

16. The Receiver requests an Order that it shall be fully and finally discharged of its responsibilities in this Receivership and the receivership closed as of 12:01 a.m. on June 30, 2015.

17. The petition for appointment as receiver operates as an automatic stay applicable to all persons and entities other than the Receiver and prohibits all actions by or against AKIC. Upon appointment as Receiver, the Division stepped into the shoes of AKIC, with authority to pursue any actions for damages or other recoveries on behalf of AKIC's estate, policyholders, creditors, and other claimants. The Receiver requests that, following the discharge of this receivership, the stay to this action is lifted, including but not limited to the claims filed in Case No. 2012-CA-10131-NC, in and for the Twelfth Judicial Circuit, in Sarasota County, Florida. Any and all claims not filed and/or that could have been filed by the Receiver may be filed or pursued by, and revert to, AKIC and/or its shareholders.

18. The discharge of this receivership is not an application to dissolve the AKIC corporate existence pursuant to section 631.111(3) and does not operate as a dissolution pursuant to Chapter 631. AKIC has been administratively dissolved for failure to maintain a registered agent. The shareholders of AKIC may seek reinstatement of AKIC for purposes of pursuing certain causes of action; provided, however, the company will not operate the business of insurance and its reinstated name shall be changed to exclude the word "insurance."

WHEREFORE, the Receiver respectfully requests this Court grant its Motion and enter an Order:

A. Approving the Receiver's Discharge Accounting Statement;

B. Authorizing and directing the Receiver to transfer unclaimed funds to the unclaimed property unit(s) of the state(s) reflected in the claimants' last address of record in the Receiver's files;

C. Authorizing and directing the Receiver to retain \$2,000 as a reserve for the Receiver's wind-up expenses of administration;

D. Authorizing and directing the Receiver to reimburse the Regulatory Trust Fund for Contributed Equity used to fund a portion of the costs and expenses of administering the estate;

E. Authorizing and directing the Receiver to transfer any surplus expense funds remaining after discharge and the balance of the estate's assets to the Regulatory Trust Fund;

F. Authorizing and directing the Receiver to assign all mortgages, notes, judgments, or other liens, in favor of the Florida Insurance Regulatory Trust Fund;

G. Authorizing the Division of Rehabilitation and Liquidation to remit to the Regulatory Trust Fund any assets which may be recovered following the June 30, 2015 closure of this receivership estate if, in the Division's sole discretion, the value of the recovered assets does not justify the reopening of this receivership; and

H. Directing, without further order of this Court, the final discharge of the Receiver of its responsibilities in this receivership estate and the receivership closes as of 12:01 a.m. on June 30, 2015.

I. Authorizing and approving a lift of the automatic stay following the discharge of this estate.

J. Authorizing and approving that all causes of action which could have been filed or pursued by the Receiver revert to AKIC and/or its shareholders following the discharge of this

estate, including but not limited to the claims filed in Case No. 2012-CA-10131-NC, in and for the Twelfth Judicial Circuit, in Sarasota County, Florida.

K. Directing that the discharge of the receivership is not an application to dissolve the AKIC existence pursuant to section 631.111(3) and does not operate as a dissolution pursuant to Chapter 631.

L. Authorizing and approving that AKIC's shareholders reinstate the company for the purposes of pursuing certain causes of action, following the discharge of this estate, and removing the word "insurance" from the entity's name to signify it will not operate the business of insurance.

RESPECTFULLY SUBMITTED this 26th day of June, 2015.

/s/ Helena Cruz Sánchez

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American Keystone Ins. Co.
Discharge Accounting Statement
Projected for June 2015

ASSETS

	Amount	
Cash	\$ 160,352.83	Schedule A
Total Assets	\$ 160,352.83	

LIABILITIES

	Recommended Disbursement	
Outstanding Checks to Unclaimed Property From Previous Distributions	158,352.83	
Total Liabilities	\$ 158,352.83	

WINDUP SUMMARY

Funds Available for Windup Expenses	2,000.00	
Projected Windup Expenses	(2,000.00)	Schedule C
Balance (Any Remaining Windup Funds to the FL Insurance Regulatory Trust Fund)	0.00	

Index to Attached Schedules:

- Schedule A - Available Cash Projection
- Schedule B - Allocated State Funds Expensed
- Schedule C - Interest Earnings Projection
- Schedule D - Receiver Windup Expenses
- Schedule E - Contributed Equity and Advances from the Regulatory Trust Fund

American Keystone Ins. Co.
Available Cash Projection
Projected for June 2015

	Cash Bal. as of April 30, 2015	May-15	Jun-15
Beginning Pooled Cash Balance		\$ 1,778,742.40	\$ 1,767,820.24
Distribution			\$ 1,594,121.41
Direct Receiver Expenses (Actual or Estimated)			
Rent-Storage & Utilities		50.00	50.00
Sub-total		50.00	50.00
Allocated Receiver Expenses (Estimated)			
Labor & Benefits		13,046.00	13,046.00
Indirect Expenses		250.00	250.00
Sub-total		13,296.00	13,296.00
Cash Balance Before Interest Earnings		1,765,396.40	160,352.83
Interest Earnings			
Pooled Cash:			
Actual SPIA Earnings for April to be credited on 5/01/2015.		2,423.84	
Ending Pooled Cash Balance	\$ 1,778,742.40	\$ 1,767,820.24	\$ 160,352.83

Assumptions for Allocated Receiver Expenses:

¹ Labor & Benefits: This estimate is based on a four month actual average. Doubled for increased activity leading up to distribution.

January. Actual	6,315.07
February Actual	6,052.88
March Actual	3,989.03
April Actual	9,734.49
Sub-total	26,091.47
4 mth. actual average (rounded)	6,523.00
Doubled for increased activity level	\$ 13,046.00

² Indirect Expenses: This estimate is American Keystone's estimated pro rata share of the Receiver's estimated total indirect expenses. The pro rata share calculation is based on American Keystone's estimated total assets divided by the Receiver's estimated total assets for all receiverships.

Estimated Total Asset %	0.10%
Estimated Total for the Receiver	\$ 125,000.00
Estimated Expense (doubled)	\$ 250.00

American Keystone Ins. Co.**Allocated State Funds Expensed**

Estimated from May 2015 through the Projected Discharge Date of June 2015

THIS STATEMENT INCLUDED FOR INFORMATION PURPOSES ONLY - AMOUNTS NOT PART OF DISTRIBUTION CALCULATION

	<u>May</u>	<u>June</u>	<u>Totals</u>
Accrued Allocated State of Florida Expenses			
(Estimated)			
Labor & Benefits	\$ -	\$ - ¹	\$ -
Indirect Expenses	20.00	20.00 ²	\$ 40.00
Total	\$ 20.00	\$ 20.00	\$ 40.00³

Assumptions for Allocated State of Florida Expenses:¹ Labor & Benefits: This estimate is based on a four month actual average doubled for increased labor activity during the distribution period.

January. Actual	-
##	-
##	-
##	-
Sub-total	-
4 mth. actual average (rounded)	\$ -
Doubled for increased distribution activity	\$ -

² Indirect Expenses: This estimate is American Keystone's estimated pro rata share of the Receiver's estimated total indirect expenses. The pro rata share calculation is based on American Keystone's estimated total assets divided by the Receiver's estimated total assets for all receiverships.Before Distribution

Estimated Total Asset %	0.10%
Estimated Total for the State	\$ 10,000.00
Estimated Expense (doubled)	\$ 20.00

³ Per current Receiver policies and procedures, these accumulated amounts are recorded contributed equity to the estate.

American Keystone Ins. Co.
Interest Earnings Projection - Pooled Cash
Projected for June 2015

Interest accrued for May 2015

Beginning cash balance at 05/01/2015	1,778,742.40
Ending cash balance at 05/31/2015	1,767,820.24

Average cash balance for May	1,773,281.32
Assumed SPIA interest rate (Annualized)	1.00%

Subtotal (Annualized)	17,732.81
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Accrual for May 2015	\$ 1,500.00
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Interest accrued for June 2015

Beginning cash balance at 06/01/2015	1,767,820.24
Ending cash balance at 06/30/2015	160,352.83

Average cash balance for June	964,086.54
Assumed SPIA interest rate (Annualized)	1.00%

Subtotal (Annualized)	9,640.87
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Accrual for June 2015	\$ 800.00
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American Keystone Ins. Co.
Receiver Discharge Expenses
Projected for June 2015

Discharge Expenses (Projected for Post 6/30/2015)	
Records Storage, Records Destruction, Labor	2,000.00
2014-2015 Tax Return Preparation	
Total	<u>\$ 2,000.00</u>

American Keystone Ins. Co.
Statement of Contributed Equity from Regulatory Trust Fund Estimated Balances
Projected for Discharge by 6/30/2015

I. Contributed Equity Balance as of 4/30/2015		\$	77,731.77
	Accrual for May - June	\$	40.00
	(Estimate from Schedule C)		
Total		\$	40.00
Projected Contributed Equity Balance as of 6/30/2015		\$	<u><u>77,771.77</u></u>