

JUN 10 2015

At 4:00 p.m.
Velva L. Price, District Clerk

NO. D-1-GV-06-000119

STATE OF TEXAS

§
§
§
§
§
§

IN THE DISTRICT COURT OF

VS.

TRAVIS COUNTY, TEXAS

UNIVERSAL INSURANCE EXCHANGE
and UNIVERSAL PARATRANSIT
INSURANCE SERVICES CORP.

345TH JUDICIAL DISTRICT

ORDER APPOINTING LIQUIDATOR AND PERMANENT INJUNCTION

On this day the Court heard the *Application for Order of Liquidation* ("Application") filed by DKJ Group, Inc., Special Deputy Receiver ("Special Deputy Receiver") of Universal Insurance Exchange and Universal Paratransit Insurance Services Corp. ("Defendants"). Having considered the Application, the evidence presented and the recommendation of the Master appointed under Rule 171 of the Texas Rules of Civil Procedure ("Master"), the Court finds that the Application should be granted in all respects.

It is ORDERED, ADJUDGED, AND DECREED as follows:

I. FINDINGS OF FACT

- 1.1 This court placed Defendants into rehabilitation and appointed the Commissioner of Insurance ("Commissioner") as Rehabilitator on January 26, 2006.
- 1.2 The Application requests an order terminating rehabilitation and placing Defendants in liquidation under TEX. INS. CODE § 443.104 (a).
- 1.3 The Amended Order of Reference to Master ("Order of Reference") provides that an application filed pursuant to TEX. INS. CODE § 443.104 (a) is referred to the Master.
- 1.4 Notice of the Application was provided in accordance with TEX. INS. CODE § 443.007 (d) and the Order of Reference, and no objections to the Application were filed.
- 1.5 The Master has issued a recommendation that the Application should be granted.

II. CONCLUSIONS OF LAW

- 2.1 This Court has jurisdiction over the parties and the subject matter of this action under TEX. INS. CODE § 443.005 (c).
- 2.2 The Application and the evidence establish grounds for an order of liquidation pursuant to TEX. INS. CODE § 443.104 (a).
- 2.3 The Commissioner is entitled to be appointed as liquidator of Defendants ("Liquidator") under TEX. INS. CODE § 443.151.
- 2.4 The Commissioner's appointment as Rehabilitator concludes upon his appointment as Liquidator. The Liquidator retains all rights held by the Rehabilitator, subject to the provisions of TEX. INS. CODE § 443.151 *et. seq.*
- 2.5 The Permanent Injunction entered on January 26, 2006 remains in effect until the termination of rehabilitation. It is necessary to enter a permanent injunction under TEX. INS. CODE § 443.008 (a) to carry out the purposes of this order of liquidation.

III. APPOINTMENT OF LIQUIDATOR

The Commissioner is appointed as Liquidator of Defendants, and granted the following duties and powers:

- 3.1 The Liquidator has all powers and authority granted by TEX. INS. CODE Chapter 443 ("Insurer Receivership Act"), other applicable statutes, and the common law of this State.
- 3.2 Pursuant to TEX. INS. CODE § 443.151 (a), the Liquidator shall be vested by operation of law with title to all of Defendants' property as defined in TEX. INS. CODE § 443.004 (a)(20). Such property includes property of any kind or nature, whether real, personal, or mixed, including but not limited to money, funds, cash, stock, bonds, account deposits, statutory deposits, special deposits, contents of safe deposit boxes, funds held in shared, escrow or trust accounts, retainages and retainers, letters of credit, real estate, fixtures, furniture,

equipment, books, records, documents and insurance policies, intellectual property, computer software and systems, information technology, internet domain names, patents and intangible assets, whether owned individually, jointly, or severally, wherever located, and all rights, claims or causes of action belonging to Defendants, whether asserted or not, including but not limited to accounts receivable, notes, premiums, subrogation, insurance and reinsurance proceeds, and all licenses held by Defendants (collectively, "Defendants' Property"). The Liquidator's title shall extend to Defendants' Property regardless of the name in which such items are held, or where such items are located. The Liquidator is directed to take possession and control of Defendants' Property, wherever located.

- 3.3 Pursuant to TEX. INS. CODE § 443.154, the Liquidator has all the powers of the Defendants' directors, officers, and managers, and the authority of such directors, officers, and managers is suspended, except as permitted by the Liquidator or his designees. The Liquidator may supervise, suspend, terminate, or dismiss any or all of the directors, officers, managers, employees or agents of the Defendants, or retain such persons at his discretion, and compensate them as he or she deems necessary from Defendants' funds.
- 3.4 The Liquidator has all of Defendants' rights as the customer of a financial institution. The Liquidator is authorized to withdraw Defendants' Property from any banks, financial institutions and other depositories, agencies of any state or the federal government, and any other entities, or continue the operation of any accounts of Defendants, at his discretion.
- 3.5 The Liquidator is authorized to file, prosecute, defend, or settle any action as he deems necessary, including any action to enforce the provisions of this Order.
- 3.6 Pursuant to TEX. INS. CODE § 443.154, the Liquidator may enter into contracts as necessary to perform his duties, and may assume or reject any executory contract or unexpired lease to which Defendants is a party pursuant to TEX. INS. CODE § 443.013.

- 3.7 The Liquidator is authorized to change the locks on any property owned, leased, or occupied by Defendants.
- 3.8 The Liquidator is authorized to exclude any person from any property owned, leased or occupied by Defendants, at his discretion.
- 3.9 The Liquidator is authorized to receive, collect, control, open and review all mail addressed to or intended for Defendants, or arriving at Defendants' address.
- 3.10 Defendants and Defendants' agents are required to cooperate with the Liquidator and his designees pursuant to TEX. INS. CODE § 443.010.
- 3.11 A Special Deputy Receiver designated by the Liquidator shall have the rights and powers of the Liquidator, subject to any limitations imposed by the Liquidator. The Liquidator may set the compensation of any persons retained or employed to assist in the liquidation, and pay for such services from Defendants' funds pursuant to TEX. INS. CODE § 443.015. A Special Deputy Receiver or other person designated by the Liquidator to act on his behalf may enforce any of the Liquidator's rights under this order.
- 3.12 Pursuant to TEX. INS. CODE § 443.008 (m), the Commissioner is not required to file a bond in connection with this proceeding, in his capacity as Liquidator or otherwise.
- 3.13 In the event a successor Commissioner is appointed, the successor shall become the Liquidator upon his or her appointment as Commissioner, and the former Commissioner shall be discharged as Liquidator as a matter of law.
- 3.14 The enumeration of the Liquidator's authority in this Order shall not be construed as a limitation on the Liquidator to take other actions that are not specified in this Order. In accordance with TEX. INS. CODE § 443.001 (b), this entry of this Order does not limit the Commissioner's rights to take any action pursuant to the Texas Insurance Code.

IV. PERMANENT INJUNCTION

It is FURTHER ORDERED that the Clerk of this Court shall issue a Permanent Injunction against the persons and entities named below, with the following force and effect:

TO: Defendants and their agents, including but not limited to:

Defendants and their current or former officers, trustees, directors and underwriters and owners (including but not limited to Koroush A. Hemyari, Majid Askari, Dan Lair, and Fred C. Wilkinson), affiliates (including but not limited to Universal Acceptance Corp.), managers, employees, agents, servants, representatives, attorneys, administrators, adjusters and other persons or entities acting on behalf of Defendants;

Financial institutions, including but not limited to:

any and all banks, savings and loan associations; trust companies; credit unions; welfare trusts; or any other financial or depository institutions in the possession of any of Defendants' Property (including but not limited to Texas Community Bank, Chase Bank of Texas, Wachovia Securities and Raymond James); and

All other parties, including but not limited to:

policyholders, creditors, claimants, reinsurers, intermediaries, attorneys and all other persons, associations, corporations, or any other legal entities asserting claims or causes of action against Defendants, or in possession of any of Defendants' Property (including but not limited to Shira Truck Leasing, Inc., Bennie Ray Brown, Sammie Stokes Brown, and Commerce & Industry Insurance Company) and the United States Postmaster

Each of you are hereby RESTRAINED and ENJOINED from:

- 4.1 Doing, operating, or conducting Defendants' business under any charter, certificate of authority, license, permit, power or privilege belonging to or issued to Defendants, or exercising any direction, control, or influence over Defendants' business, except through the authority of the Liquidator or his designees;
- 4.2 Transacting any business of Defendants in any manner except through the authority of the Liquidator, or his designees;
- 4.3 Using, releasing, transferring, selling, assigning, canceling, hypothecating, withdrawing, allowing to be withdrawn, offsetting, asserting ownership of, or removing from this Court's

jurisdiction or from Defendants' place of business, any of Defendants' Property or other property purchased by Defendants, or any items into which such property has been transferred, deposited or placed, except through the authority of the Liquidator or his designees;

- 4.4 Wasting, disposing of, converting, dissipating, or concealing any of Defendants' Property in any manner;
- 4.5 Doing anything, directly or indirectly, to prevent the Liquidator, or his designees, from gaining access to, acquiring, examining, or investigating any of Defendants' Property or any other property, books, documents, records, or other materials concerning Defendants' business, under whatever name they may be found;
- 4.6 Obstructing or interfering in any way with the conduct of this proceeding or any incidental investigation as prohibited by TEX. INS. CODE § 443.010 (b);
- 4.7 Intervening in this proceeding for the purpose of obtaining a payment from the receivership estate of the Defendants as prohibited by TEX. INS. CODE § 443.005 (i);
- 4.8 Taking any action against Defendants, their property, or the Liquidator, including but not limited to making any claim, charge or offset; commencing or prosecuting any action, appeal, arbitration, or administrative proceeding; obtaining any judgment, attachment, garnishment, lien; or making any levy, except as allowed by the Insurer Receivership Act.

YOU ARE FURTHER ORDERED to make available and disclose to the Liquidator or his designees the nature, amount, and location of Defendants' Property, and immediately surrender all such property to the Liquidator or his designees.

DEFENDANTS AND THEIR AGENTS ARE FURTHER ORDERED to cooperate with the Liquidator and his designees as required by TEX. INS. CODE § 443.010 (a).

IT IS FURTHER ORDERED that the United States Postmaster and any other delivery services shall deliver to the Liquidator any items addressed to or intended for Defendants.

V. STAY OF PROCEEDINGS

5.1 Pursuant to TEX. INS. CODE § 443.008 (c), the commencement of a delinquency proceeding creates a stay of actions against Defendants or their property. In accordance with TEX. INS. CODE § 443.008 (f), the automatic stay of actions against Defendants remains in effect for the duration of this proceeding, and the stay of actions against Defendants' property is in effect for as long as the property belongs to the receivership estate.

VI. OTHER ORDERS

- 6.1 The rehabilitation of Defendants is terminated.
- 6.2 This Order shall issue and become effective immediately, and continue in full force and effect until the termination of liquidation under TEX. INS. CODE § 443.352. This proceeding is exempt from any dormancy requirements pursuant to TEX. INS. CODE § 443.151 (a).
- 6.3 This Order constitutes a final judgment pursuant to TEX. INS. CODE § 443.055, provided that this Court has jurisdiction to issue further orders under the Insurer Receivership Act.
- 6.4 Notice of any application filed in this proceeding may be provided by first class mail, electronic mail, or facsimile transmission under TEX. INS. CODE § 443.007 (d).
- 6.5 Anyone over the age of 18 who is not a party to nor interested in the outcome of this suit may serve all citations, writs and notices in this cause.

SIGNED at Austin, Travis County, Texas, on this the 10TH day of JUNE, 2015,

at 3:15 o'clock 7 .m.

PROPER NOTICE GIVEN
NO OBJECTION FILED.

SUBMITTED
RECOMMENDED
SIGNED ON 8th DAY OF June 2015

Tom Collins
TOM COLLINS, RECEIVERSHIP SPECIAL MASTER

Tom Sulak
DISTRICT JUDGE PRESIDING
TOM SULAK