

STATE OF NORTH CAROLINA

FILED

IN THE GENERAL COURT OF JUSTICE

SUPERIOR COURT DIVISION

WAKE COUNTY

2018 JAN -2 P 1:01 FILE NO. 17 CVS 11692

MIKE CAUSEY,
COMMISSIONER OF INSURANCE
OF NORTH CAROLINA,

Petitioner,

v.

CANNON SURETY, LLC,
A North Carolina Limited Liability
Company,

Respondent.

WAKE COUNTY, N.C.

ORDER OF REHABILITATION;
ORDER APPOINTING RECEIVER;
ORDER GRANTING
INJUNCTIVE RELIEF

THIS CAUSE came to be heard and was heard on December 15, 2017, before the undersigned Judge presiding over the Superior Court of Wake County, North Carolina, upon the Verified Petition filed herein on behalf of the State of North Carolina by the Petitioner Mike Causey, Commissioner of Insurance of the State of North Carolina (“Petitioner”), seeking the entry of an Order of Rehabilitation against Respondent Cannon Surety, LLC (“Respondent”), appointment of a Receiver, and injunctive relief; and

Grounds for an Order of Rehabilitation of Respondent having been established by this Court’s order granting Petitioner’s Motion for Partial Summary Judgment;

IT IS, THEREFORE, ORDERED, ADJUDGED AND DECREED as follows:

1. Mike Causey, Commissioner of Insurance of the State of North Carolina, is HEREBY APPOINTED as Rehabilitator of the Respondent Cannon Surety, LLC, pursuant to the provisions of Article 30 of Chapter 58 of the North Carolina General Statutes.

2. Pursuant to Article 30 of Chapter 58 of the North Carolina General Statutes, title to all assets of the Respondent is hereby vested in the Rehabilitator; and the filing or recording of this Order with the Clerk of the Superior Court and the Register of Deeds of the County in which the Respondent's principal office or place of business is located; or, in the case of real estate, with the Register of Deeds of the county where the real property is located, shall impart the same notice as a deed, bill of sale, or other evidence of title duly filed or recorded with that Register of Deeds, would have imparted.

3. The Rehabilitator is hereby authorized, empowered and directed to take into his possession and control all property, stocks, bonds, securities, bank accounts, savings accounts, monies, accounts receivable, books, papers, records, data bases, printouts and computations, whether stored by microfilm, electronic, optical, magnetic or other means, whether stored in tapes, disks, or other media, and all other assets of any and all kinds and nature whatsoever belonging to the Respondent, wherever located, and to conduct Respondent's business and administer Respondent's assets and affairs under the general supervision of this Court.

4. The Rehabilitator is hereby vested with all other powers, authority, and duties provided by Article 30 of Chapter 58 of the North Carolina General Statutes.

5. Pursuant to N.C. Gen. Stat. § 58-30-85, the Rehabilitator is hereby authorized to appoint a Special Deputy Commissioner to act for the Rehabilitator in connection with this delinquency proceeding against the Respondent and that said Special Deputy Commissioner is authorized to employ at the prevailing customary rates such counsel, clerks or assistants as the Rehabilitator or said Special Deputy Commissioner shall deem to be necessary, or to utilize State employees for said purposes if he has determined that the use of State employees to conduct

certain aspects of the rehabilitation is the most cost effective method of administering this delinquency proceeding and that this action benefits the estate and its creditors; and the said Rehabilitator or Special Deputy Commissioner are further authorized to obtain such bonds, errors and omissions type insurance, or excess liability insurance in addition to any such insurance that may be already provided for employees of the North Carolina Department of Insurance, as a reasonably prudent person charged with the Rehabilitator's duties would deem to be appropriate; and that all expenses of taking possession of Respondent and of conducting the delinquency proceedings against Respondent, shall be paid out of the funds of the Respondent pursuant to N.C. Gen. Stat. § 58-30-85.

6. The Rehabilitator is authorized, empowered and directed to incur such expenses for communication and traveling expenses for himself, his agents or attorneys as may be necessary in the proper administration of his duties as Rehabilitator and also to incur such other expenses as the Rehabilitator may deem advisable or necessary in order to properly conduct and perform his duties as Rehabilitator.

7. The Rehabilitator is authorized to accept new business or renewals on behalf of the Respondent, in the discretion of the Rehabilitator.

8. The Rehabilitator is authorized to notify state or federal regulators of this action.

APPOINTMENT OF RECEIVER

9. Mike Causey, Commissioner of Insurance of the State of North Carolina, is HEREBY APPOINTED as Receiver of the Respondent, pursuant to the provisions of Article 38 of Chapter 1 of the North Carolina General Statutes. Said Receiver, is hereby vested with such

other powers, authority, and duties as are provided by Article 38 of Chapter 1 of the North Carolina General Statutes.

INJUNCTION AGAINST INTERFERENCE WITH REHABILITATION

10. Injunctive relief pursuant to N.C. Gen. Stat. § 58-30-20 is HEREBY GRANTED prohibiting any person from interfering in any manner with the property or assets of Respondent or with said Rehabilitator in the performance of his duties, and further enjoining and restraining any person from instituting or prosecuting any suit or other action against the Rehabilitator or the Respondent's property except by the prior permission of this Court first had and obtained; a stay is hereby granted prohibiting all persons, firms and corporations with notice of this Court's Order from obtaining preferences, judgments, attachments, garnishments, or liens against Respondent or its assets, or the levying of execution or foreclosure against Respondent or its assets, until further order of the Court; Respondent, its trustees, officers, directors, agents, employees, or third party administrators, and all other persons are enjoined or restrained from the disposition, waste or impairment of any of Respondent's property, assets, or records; the transaction of further business of Respondent is enjoined unless supervised and approved by the Rehabilitator or his agents or deputies, until further order of the Court; all such persons are ordered to transfer to the Rehabilitator any and all property of Respondent wheresoever situated, and Respondent, its trustees, officers, agents, servants, employees, third party administrators, directors or attorneys are enjoined and restrained from doing or permitting to be done anything which may allow or suffer the obtainment of preferences, judgments, attachments or other liens, or the initiation of a levy against Respondent, without permission of this Court.

11. Any and all pending actions in which the Respondent is a party shall be stayed for 120 days pursuant to N.C. Gen. Stat. §58-30-90(a).

ACCOUNTING AND REPORTING

12. Until further order of this Court, Pursuant to N.C. Gen. Stat. § 58-30-80(b), the Rehabilitator shall make monthly reports to the undersigned Judge of Wake County Superior Court; the Rehabilitator shall include in said report a statement of receipts and disbursements to date and a balance sheet; that this report shall be filed in duplicate; one copy shall be filed with the Clerk of Superior Court and one copy shall be submitted to the Judge presiding over the rehabilitation.


COMMISSIONER'S BOND

13. The official bond of the Petitioner, the Commissioner of Insurance of the State of North Carolina, shall be sufficient to serve for the faithful performance of his duties and obligations herein imposed.

14. This Order shall be effective as of the date it is filed.

15. This cause is retained for further orders.

This 2nd day of January, 2018.



A. Graham Shirley, II
Superior Court Judge Presiding