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*Attorneys for the Plaintiff*

**IN THE EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**  
**CLARK COUNTY, NEVADA**

STATE OF NEVADA, EX REL. COMMISSIONER  
OF INSURANCE, IN HER OFFICIAL CAPACITY  
AS STATUTORY RECEIVER FOR DELINQUENT  
DOMESTIC INSURER,

Plaintiff,

vs.

SPIRIT COMMERCIAL AUTO RISK RETENTION  
GROUP, INC., a Nevada Domiciled Association  
Captive Insurance Company,

Defendant.

Case No. A-19-787325-B

Dept. No. 27

**FOURTH STATUS REPORT**

COMES NOW, Commissioner of Insurance and Receiver, Barbara D. Richardson, and CANTILO & BENNETT, L.L.P., Special Deputy Receiver (“SDR”), and files this quarterly Status Report (“Report”) in the above-captioned receivership. In accordance with the orders of this Court and the Nevada Revised Statutes (“NRS”) Chapter 696B, the Receiver makes this “true report[s] in summary form of the insurer’s affairs under the receivership and of progress being made in accomplishing the objectives of the receivership.” NRS 696B.290(7).

## **I.**

### **INTRODUCTION**

Spirit Commercial Auto Risk Retention Group, Inc. (“Spirit” or the “Company”) is an association captive insurance company organized under the insurance laws of Nevada and the Liability Risk Retention Act of 1986. Spirit received its Certificate of Authority on February 24, 2012, and operates under the authority of NRS Chapter 694C. Spirit transacted commercial auto liability insurance business. Within that line, Spirit specialized in serving commercial truck owners.

Pursuant to NRS 679A.160, Spirit is subject to Nevada laws in Chapters 694C and 695E that pertain to captive insurers (as “captive insurer” is defined in NRS 694C.060) and risk retention groups (as “risk retention group” is defined in NRS 695E.110) that have a Certificate of Authority from the Division. Spirit is considered an association captive insurer (as “association captive insurer” is defined in NRS 694C.050). As a risk retention group (“RRG”), Spirit is subject to the Federal Liability Risk Retention Act of 1986. RRGs domiciled in Nevada do not participate in the Nevada Guaranty Association. Pursuant to NRS 695E.140(1)(a), Spirit is also subject to all laws that pertain to traditional liability insurers (with exceptions given in Bulletin 14-008).

As discussed in the Receiver’s First Status Report, Spirit is part of an Insurance Holding Company System and in large part it only did business with other members of that system. CTC Transportation Insurance Services of Missouri, LLC (“CTC”), with offices in Missouri, New Jersey, and California, served as the program administrator and managing general agent for Spirit. Criterion Claims Solutions of Omaha, Inc. (“Criterion”) was the third-party claims administrator (“TPA”) for Spirit. Lexicon Insurance Management LLC was the captive manager for the company (after Risk Services

1 initially served in that role through circa July 2018). Chelsea Financial Group, Inc. provided premium  
2 financing services for the majority of Spirit's policies. The company 10-4 Risk Management provided  
3 risk management and loss run services. The owner or ultimate controlling person for each of these  
4 entities is or was Thomas Mulligan.<sup>1</sup> All of these companies were taking a portion of the premium dollars  
5 from Spirit-issued policies.

6 The Commissioner initially filed her first petition to put the Company into receivership on  
7 January 11, 2019, and her efforts to protect the policyholders and other creditors of the estate were  
8 vigorously contested by the Company. On February 27, 2019, this Court entered its Permanent  
9 Receivership Order. Barbara D. Richardson, Commissioner of Insurance ("Commissioner"), in her  
10 capacity as Receiver for Spirit appointed the firm of CANTILO & BENNETT, L.L.P. as the Special Deputy  
11 Receiver of the Companies. The "Receiver" and "Special Deputy Receiver" are referred to collectively  
12 herein as the "Receiver."

13 In brief, the Permanent Receivership Order established the following key points for the Spirit  
14 receivership:

- 15 1) that the Company's in-force insurance policies are to be canceled effective on the earlier  
16 of April 15, 2019, or the date when the insured ceased making premium payments to  
17 Spirit;
- 18 2) that the Receiver may impose a full suspension on all disbursements owed by Spirit,  
19 including insurance policy disbursements, and costs related to the defense or adjudication  
20 of insurance policy claims;
- 21 3) that the receivership court has exclusive jurisdiction over all matters pertaining to Spirit  
22 and all persons are enjoined from commencing, bringing, maintaining, or further  
23 prosecuting any action at law, suit in equity, arbitration, or special or other proceeding  
24 against the Company, Receiver, or Special Deputy Receiver;

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26  
27 <sup>1</sup> See Schedule Y: Part 1A, to the Company's 2018 Annual Statement, the "Detail of Insurance Holding Company  
28 System" (the Receiver's First Status Report, Ex. B).

- 4) that the Receiver is vested with exclusive title both legal and equitable to all of Spirit's property wherever located, to administer under the general supervisions of the Court;
- 5) that the Receiver may change to her own name the name of any of Spirit's accounts, funds or other property or assets, held with any bank, savings and loan association, other financial institution, or any other person, wherever located, and may withdraw such funds, accounts and other assets from such institutions or take any lesser action necessary for the proper conduct of the receivership; and
- 6) that the Receiver is authorized to establish a receivership claims and appeal procedure, for all receivership claims. The receivership claims and appeals procedures shall be used to facilitate the orderly disposition or resolution of claims or controversies involving the receivership or the receivership estate.

On September 16, 2019, the Receiver filed a consolidated motion for a Final Order Placing Spirit Commercial Auto Risk Retention Group into Liquidation, and for an Order Setting a Claims Filing Deadline, and Granting Related Relief (the "Consolidated Motion"). The Consolidated Motion was heard and granted on October 24, 2019. The Court entered an Order approving the Receiver's proposed Claims Filing Deadline of **October 31, 2020**, and procedures for filing claims against Spirit, which is discussed further below. The Order also granted the Receiver's request to formally place Spirit into liquidation effective on November 6, 2019.

## **II.**

### **RECEIVERSHIP ADMINISTRATION**

#### **A. Notice of Developments in Receivership**

The Receiver initially distributed notices regarding the Permanent Receivership Order to all interested parties of Spirit, as detailed in the Receiver's prior quarterly status reports. On August 19, 2019, the Court entered its Order Regarding Motion for Instructions Including Notice Requirements (the "Notice Order"). Pursuant to the Notice Order, the Receiver served the above-referenced Consolidated

1 Motion to the parties on Spirit's electronic service list<sup>2</sup> and also posted it on the Company's web site  
2 [www.spiritinsure.com](http://www.spiritinsure.com). After the entry on November 6, 2019, of the Court's Final Order Placing Spirit  
3 into Liquidation (the "Liquidation Order") and its Final Order Setting Claims Filing Deadline for Spirit  
4 and Related Relief ("the Claims Order"), the Receiver provided tripartite notice of the orders as follows:

- 5 1. Notice was given by mailing and/or e-mailing the various persons and entities  
6 outlined in the Notice Order;<sup>3</sup>
- 7 2. Notice was published once a week for two consecutive weeks in USA Today and  
8 the Las Vegas Review-Journal; and
- 9 3. Notice was posted on the Company's web site ([www.spiritinsure.com](http://www.spiritinsure.com)).

10 The "notice" described in paragraph one (1) is a packet of materials that contains: (1) a one-page  
11 notice regarding the current status of Spirit in liquidation and the October 31, 2020, Claims Filing  
12 Deadline *inter alia*; (2) copies of the Liquidation Order and Claims Order; (3) The receivership claims  
13 and appeal procedure and instructions (*i.e.*, instructions for submitting a Proof of Claim ("POC")); (4)  
14 the POC Form; and (5) the Appeal Form. The e-mail version of the notice is attached as Exhibit 1 for  
15 reference. The mailed version is substantially similar. Notice was mailed or e-mailed to approximately  
16 14,868 parties (with some overlap for those who may have had multiple e-mail and/or mailing addresses  
17 in the Spirit records), and the Receiver will continue to provide the notice as needed to any inquiring  
18 party.

19 The publication notice described in paragraph two (2) above ran on November 14, 2019 and  
20 November 21, 2019, in USA TODAY, and the Las Vegas Review-Journal. The tear sheets evidencing  
21 the publications are attached as Exhibit 2. A new section for "Claims and Appeals" has been added to  
22 the Company's web site ([www.spiritinsure.com](http://www.spiritinsure.com)), where the forms and instructions are available for  
23 download. General notice of Spirit's status in liquidation and of the Claims Filing Deadline is posted on  
24 the web site home page in English and Spanish.

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25  
26 <sup>2</sup> Including any parties that had requested "special notice" (*i.e.*, to be added to the electronic service list for the case)  
27 on or before the date that the Consolidated Motion was filed.  
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1 Future notices about Spirit's receivership will be provided to interested parties in accordance  
2 with the Court's Notice Order.

3 **B. Claims Administration and Third-Party Support Services**

4 The Receivership Claims and Appeal Procedure for all Spirit claims, and the required Proof of  
5 Claim form, were approved by the Court's Claims Order on November 6, 2019. Notice regarding the  
6 claims procedure has been provided as detailed above. Per the Claims Order, all claims against Spirit  
7 will be handled as claims against the Spirit receivership estate, and all proceedings will be governed by  
8 applicable Nevada law. Further, all claims must be submitted on the approved POC Form and late-filed  
9 POCs will be barred from sharing in any distribution of Spirit's assets. In order for a POC to be  
10 considered timely filed, it must be postmarked or delivered to the SDR on or before **October 31, 2020**  
11 (the Claims Filing Deadline). In addition to being timely filed, claims must also be non-contingent and  
12 liquidated in amount by the Claims Filing Deadline to share in any distribution of Spirit's assets.

13 TRISTAR Risk Management ("TRISTAR") is assisting the Receiver in evaluating the incoming  
14 POCs. Two hundred seventy-four (274) POC submissions have already been received. POCs must pass  
15 a *prima facie* review before being processed further by the Receiver and TRISTAR. For instance, a POC  
16 may be rejected if it is: a duplicate submission, unsigned, not notarized, substantially incomplete, and/or  
17 lacking sufficient documentation or explanation to allow the claim to be determined. When a POC must  
18 be rejected, the Receiver will send a written notice to the submitting party explaining the reasons why  
19 the POC cannot be processed. The claimant will then have a chance to correct and re-submit the POC  
20 in advance of the **October 31, 2020**, Claims Filing Deadline.

21 TRISTAR is currently also in the process of assessing the outstanding policy claims liabilities of  
22 the estate and will advise the Receiver on these matters. TRISTAR has also set up a customer service  
23 telephone line for Spirit and is handling inquiries regarding policy claims, the POC process, and other  
24 general inquiries about the receivership.

25 The policy data of Spirit is held in the Aspire Information System ("Aspire"), which was created  
26 by Maple Technologies. The Receiver has an agreement with Maple Technologies whereby the Receiver  
27 will continue to have access to this system for a time, for the purposes of conducting an evaluation of  
28

Spirit's operations and policies. TRISTAR staff and receivership staff have been trained to use this system in order to research and review Spirit policy and claim matters.

Eide Bailly LLP is a certified public accounting and business advisory firm that has been retained by the Receiver to assist in the evaluation of Spirit's business information (*i.e.*, claims, insurance reserves, premiums, and accounting information).

Calhoun, Thompson & Matza, L.L.P. is a CPA firm that has been hired by the Receiver to file and bring all Spirit tax returns current, as Spirit had not filed federal and state tax returns for 2017 or 2018 prior to being placed into receivership.

PALOMAR FINANCIAL, LC ("Palomar") is an affiliated company of the Special Deputy Receiver and performs financial and technical administrative support services for Spirit in receivership—and those services are now being performed by Palomar. Palomar is being used to facilitate the receivership's administration of financial matters.

The Receiver has continued to receive notice from time to time of lawsuits filed against Spirit in violation of the Court's Permanent Receivership Order. The Receiver will continue its established procedure of writing to the parties involved to inform them of the injunctions of the Permanent Receivership Order, and to request a voluntary dismissal of Spirit from the matter. Thus far, the majority of counsel have been amenable to such requests. In limited cases and only when absolutely necessary, the Receiver will engage outside counsel to address ongoing or repeated violations of this Court's orders.

### **C. Records**

The Receiver has made efforts to secure Spirit's electronic records from third parties, being that Spirit had no office space or employees of its own and very few physical files. The Receiver will continue with the evaluation of the Company and will continue gathering the Company's records and data. The Receiver has obtained back-up copies of all data identified as belonging to Spirit held by third parties. Where necessary, the Receiver has also issued litigation hold notices to such parties to ensure

1 that no Spirit data is destroyed until it is certain the data has either been provided to the Receiver (in  
2 usable format) or is not needed by the Receivership.

3 Spirit is part of an Insurance Holding Company System and the Receiver has made document  
4 and information requests of the various companies in that system – particularly regarding supporting  
5 documentation that is needed to evaluate, reconcile, and validate Spirit’s accounting records. At this  
6 time, based on the responses to the Receiver’s requests, it appears that Spirit is lacking documentation  
7 for a number of its transactions. The Receiver has reviewed a number of additional productions made  
8 by various of Spirit’s related entities but has not yet been satisfied with the productions that have been  
9 made (*i.e.*, Spirit is still lacking documentation for a number of its transactions and business procedures).  
10 The Receiver, to the extent practical, will continue its inquiry and pursuit of records in this regard.

11 **D. Actuarial Reports**

12 The Receiver is evaluating policy information, claims data, and litigation information for Spirit  
13 and is compiling this information for the outside actuarial firm, Oliver Wyman Actuarial Consulting,  
14 Inc. (“Oliver Wyman”). Oliver Wyman has been engaged to prepare actuarial estimates for Spirit’s  
15 claims and future losses for years 2018 and 2019. The Oliver Wyman firm will provide its findings in a  
16 report to the Receiver, documenting the work performed and the conclusions made.

17 The Receiver has requested information necessary to complete this work from the Company’s  
18 former captive manager, and from Company leadership (*i.e.*, the current captive manager at the onset of  
19 receivership, and others). The Receiver has previously described the difficulty it has faced in obtaining  
20 the Company’s complete financial information. As is also noted in Section C above, the productions  
21 made since the outset of the receivership, and since the last status report to the Court, have not addressed  
22 all of the Receiver’s concerns. However, the Receiver will continue her efforts in this regard and will  
23 keep the Court apprised of any developments.

24 **E. Reinsurance**

25 The Receiver continues to evaluate reinsurance matters for Spirit, including the one known active  
26 reinsurance treaty with Wesco Insurance Company (“Wesco”). The Receiver is still reviewing the  
27  
28



Wesco reinsurance contract information and is evaluating if additional obligations are owed by Spirit under the reinsurance agreement, including what obligations may be owed by Wesco.

**F. Receivership Assets and Liabilities**

The Receiver has been gathering information and evaluating the assets and liabilities of Spirit. A further preliminary liability analysis will be determined after TRISTAR further evaluates claims and an actuary prepares an updated estimate of Spirit's liabilities. Below is an overview of some key assets and liability matters thus far identified by the Receiver.

1. CTC owes a large balance to Spirit (currently estimated to be over \$40M, but the actual amount remains unknown). The Receiver has been pursuing a determination of balances owed and a return of these balance funds to Spirit, and is working with the assistance of outside counsel, Greenberg Traurig, in this matter. A forensic accounting firm, FTI Consulting, Inc. of New York, New York, was engaged to evaluate the missing funds and balances owed by CTC or others, and to produce a report on their findings. FTI is continuing its work on this matter and evaluating additional matters that may impact the CTC balances.<sup>4</sup> On December 20, 2019, FTI provided a report to the Receiver regarding its work and provided a Supplemental Consulting Report on February 5, 2020. (A copy of both reports without exhibits are included as Exhibit 3<sup>5</sup>.) The Receiver has and will continue to evaluate the reports and anticipates filing an asset recovery complaint in the near term.

2. The cash assets of the Company were approximately as follows as of December 31, 2019:

a. Cash Accounts: \$158,038.41.

b. Investments, held at Fidelity, fair market value of \$42,602,500.07.

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<sup>4</sup> As of year-end 2019, the Receiver has paid FTI \$295,000 for the forensic accounting work that it has performed under its co-engagement agreement with Spirit and CTC.

<sup>5</sup> Exhibits to the FTI Reports will be provided to the Court upon request.

3. Gross Loss and Loss Adjustment Expense and General Liability Losses: The gross loss and loss adjustment amounts will be further evaluated and projected by the outside actuaries for Spirit as noted above.

4. Other Assets: The Special Deputy Receiver is still evaluating other potential asset recoveries for the benefit of the receivership estate. There is no known tangible personal property or real property owned by the Company.

We are enclosing the consultants and Special Deputy Receiver bill payments since the last status report filed with the Court. Detailed billings are submitted *in camera*, and summaries of such bills are submitted as Exhibit 4 to this report.<sup>6</sup> The Receiver is including, as Exhibit 5 attached hereto, reports for October, November, and December of 2019 reflecting the account balances and the cash receipts and disbursements for Spirit.

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<sup>6</sup> The *in-camera* materials are being submitted in a separate envelope that reflect paid invoices. Certain billings submitted to the Court are appropriate for *in camera* review (as opposed to being made part of a public filing). More particularly, and as discussed in further detail below, certain consultants in this matter will provide expert witness related services. As such, the billing entries relating thereto should be considered confidential and/or otherwise not subject to discovery.

In this regard, courts have held that the bills of legal counsel and experts may be withheld from legal discovery and are not subject to legal disclosure, as this information may provide indications or context concerning potential litigation strategy and the nature of the expert services being provided. *See, e.g., Avnet, Inc. v. Avana Technologies Inc.*, No. 2:13-cv-00929- GMN-PAL, 2014 WL 6882345, at \*1 (D. Nev. Dec. 4, 2014) (finding that billing entries were privileged because they reveal a party's strategy and the nature of services provided); *Fed. Sav. & Loan Ins. Corp. v. Ferm*, 909 F.2d 372, 374-75 (9th Cir. 1990) (considering whether or not fee information revealed counsel's mental impressions concerning litigation strategy). Other courts that have addressed this issue have recognized that the "attorney-client privilege embraces attorney time, records and statements to the extent that they reveal litigation strategy and the nature of the services provided." *Real v. Cont'l Grp., Inc.*, 116 F.R.D. 211, 213 (N.D. Cal. 1986).

The *in-camera* review should apply not only to documentation concerning attorney fees, but it also extends to "details of work revealed in [an] expert's work description [which] would relate to tasks for which she [or he] was compensated[.]" a situation which is "analogous to protecting attorney-client privileged information contained in counsel's bills describing work performed." *See DaVita Healthcare Partners, Inc. v. United States*, 128 Fed. Cl. 584, 592-93 (2016); *see also Chaudhry v. Gallerizzo*, 174 F.3d 394, 402 (4th Cir. 1999) (recognizing that "correspondence, bills, ledgers, statements, and time records which also reveal the motive of the client in seeking representation, litigation strategy, or the specific nature of the services provided, such as researching particular areas of law," are protected from disclosure) (quoting *Clarke v. Am. Commerce Nat'l Bank*, 974 F.2d 127, 129 (9th Cir. 1992)).

**III.**

**CONCLUSION**

In compliance with this Court's instructions for a status report regarding the affairs of the Company, the Receiver has submitted the aforementioned status report and requests that the Court approve this Fourth Status Report and the actions taken by the Receiver.

DATED this 5<sup>th</sup> day of February 2020.

Respectfully submitted:

Barbara D. Richardson, Commissioner of Insurance of the State of Nevada, in her Official Capacity as Statutory Receiver of Delinquent Domestic Insurer

By: /s/ CANTILLO & BENNETT, L.L.P.  
Special Deputy Receiver  
By Its Authorized Representative  
Mark F. Bennett

MARK E. FERRARIO, ESQ. (SB# 1625)  
KARA HENDRICKS, ESQ. (SB# 7743)  
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*Counsel for Barbara D. Richardson,  
Commissioner of Insurance,  
as the Permanent Receiver for Spirit  
Commercial Auto Risk Retention Group, Inc.*

**CERTIFICATE OF SERVICE**

Pursuant to Nev. R. Civ. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that on this 5<sup>th</sup> day of February 2020, I caused a true and correct copy of the forgoing ***Fourth Status Report*** to be e-filed and e-served on the upon the parties all parties registered for e-service. The date and time of the electronic proof of service is in place of the date and place of deposit in the mail.

/s/ Andrea Lee Rosehill

An employee of Greenberg Traurig, LLP

EXHIBIT “1”

**IMPORTANT NOTICE OF LIQUIDATION AND CLAIMS FILING DEADLINE  
TO ALL PERSONS INTERESTED IN THE AFFAIRS OF  
SPIRIT COMMERCIAL AUTO RISK RETENTION GROUP, INC.**

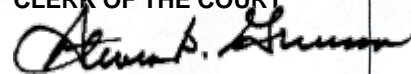
This notice provides important information regarding the liquidation of Spirit Commercial Auto Risk Retention Group, Inc. (“**Spirit**”). On February 27, 2019, Spirit was placed in receivership by order (**the “Permanent Receivership Order”**) of the Eighth Judicial District Court of the State of Nevada (**the “Receivership Court”**). Barbara D. Richardson, the Nevada Commissioner of Insurance, is the Receiver of Spirit and CANTILO & BENNETT, L.L.P., is the appointed Special Deputy Receiver (“**SDR**”) of Spirit. On November 6, 2019, the Receivership Court entered its Final Order Placing Spirit into Liquidation (the “Liquidation Order”) and its Final Order Setting Claims Filing Deadline for Spirit and Related Relief (“the Claims Order”). The orders are enclosed and should be read in their entirety rather than just reading this notice.

The Claims Order approves a proof of claim (“POC”) process for filing claims against Spirit and establishes **October 31, 2020**, as the **Claims Filing Deadline** for the submission of such claims. All claims against Spirit will be handled as claims against the Spirit receivership estate, and all proceedings are governed by applicable Nevada law. All claims must be submitted on the approved POC Form (enclosed herein). Late-filed POCs will be barred from sharing in any distribution of Spirit’s assets. In order for a POC to be considered timely filed, it must be postmarked or delivered to the SDR on or before **October 31, 2020**. In addition to being timely filed, claims must also be non-contingent and liquidated in amount by the Claims Filing Deadline to share in any distribution of Spirit’s assets. Claims that remain contingent and unliquidated after **October 31, 2020**, will also be barred (subject to any exceptions found in NRS 696B.450, which will be in the Receiver’s sole discretion to determine).

Please read, and follow the instructions within, the enclosed Receivership Claims and Appeals Procedure to submit your POC. Failure to complete the POC Form according to the instructions may cause your claim to be delayed or disallowed. Please also note that although your claim may be approved in whole or in part, the receivership estate may only be able to pay a portion of your approved claim depending on the remaining assets of the estate.

The Liquidation Order directs the Receiver to liquidate and wind down the affairs of Spirit. Future notices about receivership matters, which could impact your rights, will be made through the Spirit web site ([www.spiritinsure.com](http://www.spiritinsure.com)). You may wish to check the site on an ongoing basis to stay informed. You may request printed copies of the POC Form and the Receivership Claims and Appeals Procedure by calling (512) 478-6000, or by writing to CANTILO AND BENNETT, L.L.P., Attention: Spirit SDR, P.O. Box 184, Austin, Texas 78767. You are responsible for keeping the SDR apprised of any change in your address, to assure your receipt of any mailed notices or correspondence.

*Una versión en español de este aviso será publicada en [www.spiritinsure.com](http://www.spiritinsure.com) (“a Spanish version of this notice will be posted at [www.spiritinsure.com](http://www.spiritinsure.com)”).*



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16 **IN THE EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**

17 **CLARK COUNTY, NEVADA**

18 STATE OF NEVADA, EX REL. COMMISSIONER  
19 OF INSURANCE, IN HER OFFICIAL CAPACITY  
20 AS STATUTORY RECEIVER FOR DELINQUENT  
DOMESTIC INSURER,

21 Plaintiff,

22 vs.

23 SPIRIT COMMERCIAL AUTO RISK RETENTION  
24 GROUP, INC., a Nevada Domiciled Association  
25 Captive Insurance Company,

26 Defendant.

Case No. A-19-787325-B

Dept. No. 27

**FINAL ORDER PLACING SPIRIT**  
**COMMERCIAL AUTO RISK**  
**RETENTION GROUP, INC. INTO**  
**LIQUIDATION**



1 This matter came before the Court on the 24<sup>th</sup> day of October, 2019, on Motion for Final Order  
2 Placing Spirit Commercial Auto Risk Retention Group, Inc., Into Liquidation, (the "Motion"), by the  
3 Commissioner of Insurance, Barbara D. Richardson, in her Official Capacity as Permanent Receiver of  
4 Spirit Commercial Auto Risk Retention Group, Inc. ("Spirit"). The Court having reviewed the Motion  
5 and related documents and having considered the arguments made by counsel at the hearing and the  
6 evidence in the record, and good cause appearing,

7 **IT IS HEREBY ORDERED ADJUDGED AND DECREED,**

- 8 1. The Receiver has established sufficient grounds for liquidation pursuant to NRS 696B.220.  
9 2. Spirit is formally placed into liquidation and the Receiver is authorized to liquidate the  
10 business of Spirit and wind up its ceased operations;  
11 3. This Order hereby establishes that all rights of parties regarding Spirit are fixed as of the date  
12 of this order of liquidation, except to the extent that the rights of claimants with contingent  
13 or unliquidated claims are protected by NRS 696B.400 and 696B.450;  
14 4. Notwithstanding, the foregoing, Spirit's claims against others are not fixed as of the date of  
15 this order of liquidation; and  
16 5. This order is designated as a Final Order pursuant to NRS 696B.190(5).

17 DATED this 24 day of Oct., 2019.

18  
19 Nancy L. Fife  
20 DISTRICT COURT JUDGE

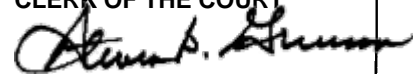
21 Respectfully submitted by:

22 GREENBERG TRAURIG, LLP

23 Kara B. Hendricks

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8 MARK E. FERRARIO, Bar No. 1625

KARA B. HENDRICKS, Bar No. 7743

9 TAMI D. COWDEN, Bar No. 8994

10 **GREENBERG TRAURIG, LLP**

10845 Griffith Peak Drive, Suite 600

11 Las Vegas, NV 89135

Telephone: (702) 792-3773

12 Facsimile: (702) 792-9002

Email: [ferrariom@gtlaw.com](mailto:ferrariom@gtlaw.com)

13 [hendricksk@gtlaw.com](mailto:hendricksk@gtlaw.com)

14 [cowdent@gtlaw.com](mailto:cowdent@gtlaw.com)

15 *Attorney for the Division of Insurance*

16 **DISTRICT COURT**

17 **CLARK COUNTY, NEVADA**

18 STATE OF NEVADA, EX REL. COMMISSIONER  
19 OF INSURANCE, IN HER OFFICIAL CAPACITY  
20 AS STATUTORY RECEIVER FOR  
DELINQUENT DOMESTIC INSURER,

21 Plaintiff,

22 vs.

23 SPIRIT COMMERCIAL AUTO RISK  
24 RETENTION GROUP, INC., a Nevada Domiciled  
Association Captive Insurance Company,

25 Defendant.

Case No. A-19-787325-B  
Dept. No. 27

**FINAL ORDER SETTING CLAIMS**  
**FILING DEADLINE FOR SPIRIT AUTO**  
**RISK RETENTION GROUP, INC. AND**  
**RELATED RELIEF**

1 This matter came before the Court on the 24<sup>th</sup> day of October, 2019 on Motion for an Order Setting  
2 a Claims Filing Deadline and Related Relief (“Motion”) by the Commissioner of Insurance, Barbara D.  
3 Richardson, in her Official Capacity as Permanent Receiver of Spirit Commercial Auto Risk Retention  
4 Group, Inc. (“Spirit”). The Court having reviewed the Motion and exhibits in support thereof, and having  
5 considered the arguments made by counsel at the hearing and the evidence in the record, and good cause  
6 appearing,

7 IT IS HEREBY ORDERED, ADJUDGED and DECREED that:

- 8 1. The proposed Proof of Claim (“POC”) procedure described in the Motion, including the forms  
9 and instructions attached as Exhibits 1-3 to the Motion, are approved;
- 10 2. The proposed Receivership Appeal Procedure described in the Motion, including the forms and  
11 instructions attached as Exhibits 3 & 4 to the Motion, are approved.
- 12 3. Claim and appeal processing procedures substantially in the form as those described within and  
13 presented as Exhibits to the Motion comply with applicable Nevada law, and are within the  
14 authority granted to the Receiver by the Permanent Receivership Order and applicable Nevada  
15 law;
- 16 4. The proposed notice procedures described in the Motion are approved, and the Court finds that  
17 notice procedures in the same or substantially similar form comply with the requirements of  
18 Nevada law and due process (including the form of notice attached as Exhibit 1 to the Motion);
- 19 5. Concurrently herewith, this Court is entering a Final Order placing Spirit into liquidation (the  
20 “Liquidation Order”);
- 21 6. The rights of parties regarding claims against Spirit are fixed as of the date of the Liquidation  
22 Order pursuant to NRS 696B.400, except to the extent that the rights of claimants with contingent  
23 or unliquidated claims are protected by NRS 696B.400 and 696B.450.
- 24 7. Spirit’s claims against others are not fixed as of the date of the Liquidation Order.
- 25 8. **October 31, 2020, is established as the deadline (the “Claim Filing Deadline”) for filing and**  
26 **rendering absolute, non-contingent, and liquidated in amount, claims against Spirit;**
- 27 9. All claims against Spirit not postmarked on or before October 31, 2020 and received at the address  
28 specified by the Receiver will be deemed not timely filed and shall be barred, not subject to

1 processing by the Receiver, and ineligible to share in any distribution of the assets of the estate –  
2 Spirit shall have no liabilities as to any such late-filed claims;

3 10. Claims which have not been rendered absolute (*i.e.* both liquidated in amount and non-contingent)  
4 on or before the Claims Filing Deadline may not share in the assets of the receivership estate  
5 (subject to any applicable exceptions found in NRS 696B.450, which will be in the Receiver's  
6 sole discretion to determine);

7 11. All other relief requested by the Motion is hereby granted; and

8 12. This order is designated as a Final Order pursuant to NRS 696B.190(5).

9 DATED this 24 day of Oct 2019.

10  
11 Nancy L. Alf  
12 District Court Judge

13 Respectfully submitted by:

14  
15 By: Kara B. Hendricks  
16 MARK E. FERRARIO, Bar No. 1625  
17 KARA B. HENDRICKS, Bar No. 7743  
18 TAMI D. COWDEN, Bar No. 8994  
19 GREENBERG TRAURIG, LLP  
20 10845 Griffith Peak Drive, Suite 600  
21 Las Vegas, NV 89135  
22 Counsel for the Receiver  
23  
24  
25  
26  
27  
28

For Office Use Only

POC#: \_\_\_\_\_ Claim Type: \_\_\_\_\_ Date Received: \_\_\_\_\_

**SPIRIT COMMERCIAL AUTO RISK RETENTION GROUP, INC.**  
**PROOF OF CLAIM FORM**

**Return this completed Proof of Claim Form with necessary supporting documentation to:**

CANTILO & BENNETT, L.L.P.  
Attention: Spirit SDR  
P. O. Box 184  
Austin, Texas 78767

**Please carefully read the Receivership Claims and Appeal Procedure & Instructions prior to completing this Proof of Claim Form. Please print or type.**

_____ Name of Claimant	\$ _____ Total Amount of Claim
_____ Street Address	_____ Soc. Sec. or Tax ID Number
_____ City	_____ Telephone Number
_____ State	
_____ Zip	
_____ E-mail Address	_____ Facsimile Number

**If the claimant is represented by an attorney, please complete the following section:**

_____ Name of Attorney	_____ Bar Card No.
_____ Name of Law Firm	_____ Tax ID Number
_____ Street Address	_____ Telephone Number
_____ City	_____ Facsimile Number
_____ State	
_____ Zip	
_____ E-mail Address	

All claims submitted to the Special Deputy Receiver shall set forth in reasonable detail the amount of the claim, or the basis upon which that amount can be ascertained, the facts upon which the claim is based, and the priorities asserted, if any. Claims must be verified by the affidavit of the claimant (or someone authorized to act on the behalf of the claimant and having knowledge of the facts) and be supported by the applicable written documentation or proof.

**NOTE: ATTACH COPY OF POWER OF ATTORNEY.**

**Explanation of Claim:**

Attach additional pages if necessary. If this is a policy claim, please include policy and claim number(s) and state whether or not the claim has previously been reported to Spirit's claim administrator.

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State of \_\_\_\_\_ §

County of \_\_\_\_\_ §

Unless noted herein, I alone am entitled to file this claim, no others have an interest in this claim, no payments have been made on the claim, no third party is liable on this debt, the sum claimed is justly owing, and there is no set-off. I declare, under penalty of perjury, that all of the statements made in this Proof of Claim Form and all documents attached to this form are true, complete, and correct.

\_\_\_\_\_  
Print Name of Claimant or Authorized Agent\_\_\_\_\_  
Signature of Claimant or Authorized Agent\_\_\_\_\_  
Title

Sworn to and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_  
20\_\_.

\_\_\_\_\_  
Notary Public Signature

**NOTE: ATTACH DOCUMENTATION TO SUPPORT YOUR CLAIM.**



**Spirit Commercial Auto Risk Retention Group, Inc.,**

**in Receivership for Liquidation**

Barbara D. Richardson, Receiver

Cantilo & Bennett, L.L.P., Special Deputy Receiver

**RECEIVERSHIP CLAIMS AND APPEALS**  
**PROCEDURE AND INSTRUCTIONS**

**Proofs of Claim (“POC”)**

1. Claims must be submitted to the Special Deputy Receiver (“SDR”) on or before the Claims Filing Deadline of **October 31, 2020**, or else will be forever barred from sharing in the assets of the receivership estate of Spirit Commercial Auto Risk Retention Group, Inc. (“Spirit”). In order for a POC to be considered timely filed, it must be postmarked or delivered to the SDR on or before the October 31, 2020, Claims Filing Deadline. Claims that have not been rendered absolute (*i.e.*, both liquidated in amount and non-contingent) on or before October 31, 2020, may not share in the assets of the estate (subject to any exceptions found in NRS 696B.450, which will be in the Receiver’s sole discretion to determine). Failure to complete the POC Form according to the instructions may cause your claim to be delayed or disallowed.
2. If you have a policy claim and it has previously been reported to Spirit or a third-party claims administrator for Spirit, please note this on the POC Form and provide any reference numbers previously assigned to your claim.
3. All claims submitted to the SDR must be accompanied by a signed and notarized POC Form (available for download at [www.spiritinsure.com](http://www.spiritinsure.com)). All claims shall set forth in reasonable detail the amount of the claim, or the basis upon which that amount can be ascertained, the facts upon which the claim is based, and the priorities asserted, if any. Claims must be verified by the affidavit of the claimant (or someone authorized to act on behalf of the claimant and having knowledge of the facts) and be supported by the applicable written documentation or proof. Blank or substantially incomplete POC Forms will not be processed, and will be rejected by the SDR. Claimants may request a status update on their claim by contacting the SDR at any time, but should not make duplicate claim submissions as doing so wastes the assets of the estate (and the SDR reserves the right to apply an offset of cost to recoup the processing cost for duplicate submissions).
4. The SDR will review each claim received and assign it a priority classification as provided by NRS 696B.420. The SDR is not required to process any claims in a class until it appears that assets will be available for distribution to that class. If there are insufficient assets to process claims for a class, the SDR shall notify the court and may make a recommendation to the court for the processing of any such claims.
5. After the last date for filing a claim (October 31, 2020), as directed by the court and subject to the above provisions herein, the SDR shall determine whether to approve or deny, in whole or in part, each claim filed with the SDR pursuant to this procedure and shall mail, by first-class mail, postage prepaid, to each claimant that filed a claim with the SDR, written notice of the determination regarding the claim. The notice of claim determination will inform the claimant of when the claimant’s appeal must be sent to the SDR. The procedure for appeal is described further below.
6. The SDR shall submit to the court a report of each claim approved in whole or in part.

### **Receivership Appeal Procedure (“RAP”)**

*This appeal procedure applies to those who have filed a POC against the Spirit estate. Others may utilize this RAP to appeal decisions of the Receiver concerning non-claim matters if the decision may affect a financial interest, contract right, or legal entitlement of the person making the appeal. **Appeals of any kind must be received by the SDR within sixty (60) days of the determination that is being appealed, or the determination will be final.** Any questions about appeal deadlines should be directed to the SDR using one of the methods of contact listed below. Please refer to the following paragraphs to file an appeal.*

7. Not more than sixty (60) days after the later of the mailing of the written notice of claim determination, or of any report to the court concerning a claim determination, a person may file with the SDR an objection to the determination of the SDR on the claim that is the subject of the mailed “written notice” or the “report” to the court. To be timely, the appeal must be received by the SDR on or before the appeal due date. This applies to any written determination of the SDR.
8. Failure to file a timely appeal of a determination with the SDR will waive any right of the claimant to pursue his, her, or its claim against Spirit, and the SDR’s determination will become final and non-appealable.
9. Appeals should be submitted using the appeal form found at [www.spiritinsure.com](http://www.spiritinsure.com). An appeal should, at a minimum, include a brief explanation, clearly reference the determination or matter that is being appealed (including any applicable claim reference numbers), and state the claimant’s desired outcome. Appeals must be in writing and should be sent by mail to the SDR at the address below. A method that allows for tracking (U.S. Certified Mail, Fedex, UPS, etc.) is recommended but not required.
10. If an appeal is timely filed following the requirements of this RAP, the SDR will work to resolve the appeal based upon information submitted. The SDR will submit to the court a report on the determination of the SDR on each claim to which an unresolved appeal has been filed. The court shall fix a time for a hearing on such claims and shall direct the SDR to give notice of the hearing. The notice provided by the SDR must:
  - a. Be sent to the claimant by first-class U.S. mail, postage prepaid, not more than thirty (30) days and not less than ten (10) days before the hearing, on any claim to which an objection has been filed; and
  - b. Specify the time and place of the hearing.
11. A hearing may be conducted by the court or by a master or referee appointed by the court. If a hearing is conducted by a master or referee, the master or referee shall submit findings of fact and recommendations to the court. The court shall enter an order approving or denying, in whole or in part, a claim filed against an insurer. Any such order is an appealable order.
  - a. An order by the trial court may be appealable to the Supreme Court of Nevada in accordance with Nevada Supreme Court Rules.
  - b. An order by the trial court that is not timely appealed to the Supreme Court of Nevada is deemed “final.”

**Submit POC Forms, appeals, and other Spirit-related correspondence by mailing to the SDR:**

CANTILO & BENNETT, L.L.P.

Attention: Spirit SDR

P. O. Box 184

Austin, Texas 78767

**Direct all questions, comments, or concerns regarding policy claims or appeals to:**

1-833-242-6823



<p style="text-align: center;"><b>SPIRIT COMMERCIAL AUTO RISK RETENTION GROUP, INC.</b> <b>APPEAL FORM</b></p>
--

**Return this completed Appeal Form with any necessary supporting documentation to:**

CANTILO & BENNETT, L.L.P.  
Attention: Spirit SDR  
P.O. Box 184  
Austin, Texas 78767

**Please carefully read the Receivership Claims and Appeals Procedure prior to completing this Appeal Form. Please print or type.**

_____ Name of Claimant	\$ _____ Total Amount of Claim
_____ Street Address	_____ Soc. Sec. or Tax ID Number
_____ City    State    Zip	_____ Telephone Number
_____ E-mail Address	_____ Facsimile Number

**If the claimant is represented by an attorney, please complete the following section:**

_____ Name of Attorney	_____ Bar Card No.
_____ Name of Law Firm	_____ Tax ID Number
_____ Street Address	_____ Telephone Number
_____ City    State    Zip	_____ Facsimile Number
_____ E-mail Address	

**NOTE: ATTACH COPY OF POWER OF ATTORNEY.**

**Explanation of Appeal:** You must include a brief explanation, clearly reference the determination or matter that is being appealed (including any applicable claim reference numbers and the date(s) that the determination(s) were made) and state your desired outcome of this appeal.

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State of \_\_\_\_\_ §

County of \_\_\_\_\_ §

Unless noted herein, I alone am entitled to file this appeal, no others have an interest in this claim, no payments have been made on the claim, no third party is liable on this debt, the sum claimed is justly owing, and there is no set-off. I declare, under penalty of perjury, that all of the statements made in this Appeal and all documents submitted in support of this Appeal are true, complete, and correct.

\_\_\_\_\_  
Print Name of Claimant or Authorized Agent

\_\_\_\_\_  
Signature of Claimant or Authorized Agent

\_\_\_\_\_  
Title

Sworn to and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_  
20\_\_\_\_.

\_\_\_\_\_  
Notary Public Signature

**NOTE: ATTACH DOCUMENTATION TO SUPPORT YOUR CLAIM.**

**Please check with the SDR before sending any large mailings to prevent duplicate document submissions and conserve the assets of the estate. Do not re-submit documents that were previously submitted with a Proof of Claim.**

# EXHIBIT “2”



## Legal Notices

## Court Notices

SUMM Case No: A-785982-C  
Dept. No: 30  
DISTRICT COURT  
CLARK COUNTY, NEVADA  
ZHAOXU WANG, Plaintiff,  
vs.  
JEAN NINGJOU, an individual,  
DOES 1 through X, inclusive and  
ROE CORPORATIONS XI  
THROUGH XX, inclusive,  
Defendants.

**SUMMONS**  
NOTICE! YOU HAVE BEEN SUED.  
THE COURT MAY DECIDE  
AGAINST YOU WITHOUT YOUR  
BEING HEARD UNLESS YOU  
RESPOND WITHIN 20 DAYS.  
READ THE INFORMATION  
BELOW.

TO THE DEFENDANT(S): A civil  
Complaint has been filed by the  
Plaintiff(s) against you for the  
relief set forth in the Complaint.  
--Complaint for Negligence--  
1. If you intend to defend this  
lawsuit, within 20 days after  
this Summons is served on you  
exclusive of the day of service,  
you must do the following: a.  
File with the Clerk of this Court,  
whose address is shown below,  
a formal written response to  
the Complaint in accordance  
with the rules of the Court, with  
appropriate filing fee. b. Serve a  
copy of your response upon the  
attorney whose name and  
address is shown below. 2.  
Unless you respond, your  
default will be entered upon  
application of the Plaintiff(s)  
and this Court may enter a  
judgment against you for the  
relief demanded in the  
Complaint, which could result  
in the taking of money or  
property or other relief  
requested in the Complaint. 3. If  
you intend to seek the advice of  
an attorney in this matter, you  
should do so promptly so that  
your response may be filed on  
time. 4. The State of Nevada, its  
political subdivisions, agencies,  
officers, employees, board  
members, commission  
members and legislators, each  
have 45 days after service of  
this summons within which to  
file an answer or other  
responsive pleading to the  
Complaint.

Submitted by:  
/s/Andrew Van Ness, Esq.  
3815 S. Jones Blvd., Unit 1A  
Las Vegas, NV 89103  
(702)868-8248

Attorney for the Plaintiff  
CLERK OF COURT (SEAL)  
By: /s/Justin Gomez, Deputy  
Clerk Date: 12/13/2018  
Clark County Courthouse  
200 Lewis Avenue  
Las Vegas, NV 89155  
PUB: Oct 17-Nov. 15, 2019,  
inclusive LV Review-Journal

CHRISTOPHER M. CANNON, ESQ.  
Nevada Bar No. 9777  
THE LAW OFFICE OF  
CHRISTOPHER CANNON, ESQ.  
9950 W. Cheyenne Avenue  
Las Vegas, Nevada 89129  
(702) 384-4012 Telephone  
(702) 383-0701 Facsimile  
Attorney for the Plaintiff

IN THE EIGHTH JUDICIAL  
DISTRICT COURT OF THE  
STATE OF NEVADA  
IN AND FOR CLARK COUNTY  
CASE NO: D-19-594906-D  
Department: To be determined  
LINDA M HESS, Plaintiff  
vs. ERIK C HESS, Defendant  
NOTICE! YOU HAVE BEEN SUED.  
THE COURT MAY DECIDE  
AGAINST YOU WITHOUT YOUR  
BEING HEARD UNLESS YOU  
RESPOND IN WRITING WITHIN  
21 DAYS. READ THE  
INFORMATION BELOW VERY  
CAREFULLY.

TO THE ERIK C HESS:  
The Plaintiff has filed a civil  
complaint or petition against  
you. Read that document (or  
get a copy at the court listed  
above) to find out the specific  
relief requested.

**COMPLAINT FOR DIVORCE**  
If you want to defend this  
lawsuit, you must do all of the  
following within 21 days after  
this summons is served on you  
(not counting the day of  
service):

1. File a formal written answer  
to the complaint or petition  
with the Clerk of Court (whose  
address is listed below).
2. Pay the required filing fee to  
the court, or request a fee  
waiver by filing an Application  
to Proceed In Forma Pauperis.
3. Serve a copy of your answer  
on the Plaintiff whose name  
and address is shown below.  
If you do not respond, Plaintiff  
can request a default against  
you. The court can then enter a  
judgment against you for the  
relief demanded in the  
complaint or petition.

STEVEN D. GRIERSON  
CLERK OF COURT  
By: Juanita Nasano 8/20/2019  
Deputy Clerk Date  
Family Courts and Services  
Center  
601 North Pecos Road  
Las Vegas, Nevada 89155  
Regional Justice Center  
200 Lewis Avenue  
Las Vegas, Nevada 89155  
ISSUED ON BEHALF OF:  
CHRISTOPHER M. CANNON, ESQ.  
Nevada Bar No. 9777  
THE LAW OFFICE OF  
CHRISTOPHER CANNON, ESQ.  
9950 W. Cheyenne Avenue  
Las Vegas, Nevada 89129  
PUB: Oct 17, 24, 31, Nov. 7, 14,  
2019 LV Review-Journal

CASE NO. 19C020208  
Department No. 04  
JUSTICE COURT,  
LAS VEGAS TOWNSHIP  
CLARK COUNTY NEVADA  
Ford Motor Credit Company  
LLC, Plaintiff(s) vs. April Erasos,  
Defendant(s)

**SUMMONS**  
NOTICE: YOU HAVE BEEN SUED.  
THE COURT MAY DECIDE  
AGAINST YOU WITHOUT YOUR  
BEING HEARD UNLESS YOU  
RESPOND WITHIN 20 DAYS.  
READ THE INFORMATION  
BELOW.

TO THE ABOVE-NAMED  
DEFENDANT: You are hereby  
summoned and required to  
serve upon Plaintiff's attorney,  
whose address is set forth  
below, an Answer to the  
Complaint which is herewith  
served upon you, within 20  
days after service of this  
Summons upon you, exclusive  
of the day of service. If you fail  
to do so, judgment by default  
will be taken against you for  
the relief demanded in the  
Complaint.

"Complaint for Collection"  
\*If you intend to defend this  
lawsuit, within 20 days after  
this Summons is served on you  
exclusive of the day of service,  
you must do the following: a.  
File with the Clerk of the Court,  
whose address is shown below,  
a formal written response  
(Answer) to the Complaint in  
accordance with the rules of  
the Court. A \$71.00 filing fee is  
required, or you must file an  
Application to Proceed In  
Forma Pauperis and request a  
waiver of the fee. (You may  
obtain forms and information  
at the Civil Law Self-Help  
Center located in the Regional  
Justice Center or at its website  
<http://www.civillawselfhelpcenter.org>.) b. Serve a copy of your  
response upon the attorney  
whose name and address is  
shown below. \*Unless you  
respond, your default will be  
entered upon application of the  
Plaintiff and this Court may  
enter judgment against you for  
the relief demanded, which  
could result in the taking of  
money or property or other  
relief. \*If you intend to seek  
the advice of an attorney, you  
should do so promptly so that  
your response will be timely.  
Mumm, Christopher E. 3314  
PO Box 3478  
634 Ryla Rd St #A  
Reno NV 89505 775-329-5114  
By: /s/, Deputy Clerk (SEAL)  
Date 07/18/2019  
Justice Court, Las Vegas

Township, Regional Justice  
Center, 200 Lewis Avenue,  
PO Box 552511,  
Las Vegas, NV 89155-2511  
PUB: Oct 17, 24, 31, Nov. 7, 14,  
2019 LV Review-Journal

## Estate / Probate

ORIGINS LEGAL GROUP, LLC  
6787 W. Tropicana Ave.,  
Suite 120A Las Vegas, NV 89103  
Tel: 702-850-7799  
Fax: 702-933-9260  
Attorneys for Estate

EIGHTH JUDICIAL  
DISTRICT COURT  
CLARK COUNTY, NEVADA  
In the Matter of the Estate of  
JOHN PAUL WILDER, Deceased.  
Case No.: P-19-099441-E  
Dept.: PC1

NOTICE OF SALE  
December 20, 2019 9:30 a.m.  
NOTICE IS HEREBY GIVEN that  
the undersigned, as Attorney  
for the Personal Representative  
of the Estate of JOHN PAUL  
WILDER, Deceased, will sell at  
private sale on the above date  
and time, to the highest and  
best bidder (net to the  
Estate) upon the terms and  
conditions set forth herein, and  
subject to confirmation by the  
above-entitled Court, at the  
offices of Origins Legal Group,  
LLC, 6787 W. Tropicana Ave.,  
Suite 120A, Las Vegas, NV  
89103, all right, title, and  
interest of said real property  
held by JOHN PAUL WILDER, at  
the time of death, and all right,  
title, and interest that the  
Estate has acquired by  
operation of law, or otherwise,  
other than or in addition to that  
of Decedent at the time of  
death, in and to the following  
residential real property  
located at 643 Jumbled Sage  
Court, Henderson, Clark  
County, Nevada, and as further  
described: GREENWAY VILLAGE  
PLAT BOOK 109 PAGE 45 LOT 92  
BLOCK 5, Assessor Parcel  
Number: 179-20-212-092. The  
sale will be made on the  
following terms: Cash and new  
loan, or otherwise as accepted  
by the Personal Representative  
and as approved by order of  
the above Court. The Personal  
Representative of the Estate  
reserves the right to reject any  
and all bids. DATED this 29th  
day of October, 2019.

/s/ Valerie Del Grosso  
Origins Legal Group, LLC  
LLC Attorney for the Estate  
PUB: Nov. 7, 14, 21, 28, 2019  
LV Review-Journal

ORIGINS LEGAL GROUP, LLC  
6787 W. Tropicana Ave.,  
Suite 120A  
Las Vegas, NV 89103  
Tel: 702-850-7799  
Fax: 702-933-9260  
Attorneys for Estate

EIGHTH JUDICIAL  
DISTRICT COURT  
CLARK COUNTY, NEVADA  
In the Matter of the Estate of  
Lance Atchison Deceased.  
Case No.: P-19-100687-E  
Dept.: PC-1  
60 DAY NOTICE TO CREDITORS  
Notice is hereby given that, on  
August 26, 2019, Carrie Sweitzer  
and Jason Atchison were duly  
appointed by the above-entitled  
Court as Administrators of the  
Estate of Lance Atchison. All  
creditors having claims against  
the Estate are required to file  
their claims, with supporting  
documentation attached, with  
the Clerk of the Court, Eighth  
Judicial District Court, Regional  
Justice Center, in the Probate  
Court, 200 Lewis Ave., Las  
Vegas, Nevada 89101, within 60  
days after the first publication  
of this notice.

DATED this 5th day of  
November, 2019.  
ORIGINS LEGAL GROUP, LLC  
By: /s/ JENNIFER A. SALEM, ESQ.  
Nevada Bar No. 9174  
VALERIE DEL GROSSO, ESQ.  
Nevada Bar No. 11103  
Attorneys for Estate  
PUB: Nov. 7, 14, 21, 2019  
LV Review-Journal

## General Notices

**El Cortez**  
HOTEL & CASINO  
LAS VEGAS, NEVADA  
**NOTICE OF  
DISCONTINUATION OF  
CASINO CHIPS**

IKE Gaming, Inc. dba El Cortez  
Hotel & Casino has  
discontinued use of the  
following casino chips: All  
casino chips approved and  
manufactured prior to  
9/29/2004. All race and sports  
chips approved and  
manufactured prior to  
4/30/2008. Any person in  
possession of these chips  
may redeem them for cash at  
the El Cortez Hotel & Casino's  
casino cage on Mondays,  
Tuesdays and Fridays from  
9:00 am to 3:00 pm starting  
Monday, September 2, 2019  
through Monday, December  
30, 2019. Photos of the  
discontinued chips are  
available for reference at the  
casino cage. The El Cortez  
Hotel & Casino reserves the  
right to refuse use of these  
gaming chips after that date.  
PUB: Sept. 2, 5, 9, 12, 16, 19, 23,  
26, 30, Oct. 3, 7, 10, 14, 17, 21,  
24, 28, 31, Nov. 4, 7, 11, 14, 18,  
21, 25, 28, Dec. 2, 5, 9, 12, 16,  
19, 23, 26, 30, 2019  
LV Review-Journal

**SAHARA**  
LAS VEGAS  
**NOTICE OF  
DISCONTINUATION OF  
CASINO CHIPS**

CHIP DISCONTINUANCE: As  
per Nevada Gaming Control  
Regulation 12.070, SB Gaming  
LLC dba SLS Las Vegas will be  
discontinuing all current SLS  
casino chips. All chips will be  
honored until February 19,  
2020 and can be redeemed at  
the casino cage. Following  
this redemption period, all  
former SLS chips will have no  
value.

PUB: Oct 21, 24, 28, 31, Nov. 4,  
7, 11, 14, 18, 22, 26, Dec. 2, 5,  
9, 12, 16, 19, 23, 26, 2019,  
Jan. 2, 6, 9, 13, 16, 20, 23, 27, 30,  
Feb. 3, 6, 10, 13, 17,  
LV Review-Journal

## Government Notices

APPLICATION FOR WATER  
NO. 89297

NOTICE IS HEREBY GIVEN, that  
on the 6th day of November  
2019 Diamond Water, LLC of Las  
Vegas, Nevada made  
application to the State  
Engineer of Nevada for  
permission to change the point  
of diversion of 1.00 c.f.s., 140.00  
a.f.a. of water heretofore  
appropriated under Permit  
75193. Water will be diverted  
from an underground source at  
a point located within the SE1/4  
NE1/4 of Section 19, T13S, R66E,  
MDB&M or at a point from  
which the NE corner of said  
Section 19 bears N 29 degrees  
33 minutes 15 seconds E, a  
distance of 2,589.38 feet  
(approx. 20 miles N-NW of the  
Overton, NV). Water will be  
used for commercial purposes  
from January 1st to December  
31st of each year. The existing  
point of diversion was located  
within the NW1/4 NE1/4 of  
Section 19, T13S, R66E, MDB&M,  
or at a point from which the NE  
corner of said Section 19 bears  
N 64 degrees 03 minutes 48  
seconds E, a distance of  
2,827.52 feet. Water was used  
for commercial purposes from  
January 1st to December 31st of  
each year. Tim Wilson, P.E.  
Acting State Engineer TW/Is  
PUB: Nov. 14, 21, 28, Dec. 5, 2019  
LV Review-Journal

STATE OF NEVADA  
  
PUBLIC WORKS BOARD  
INVITATION FOR  
CONSTRUCTION MANAGER  
AT RISK

The State of Nevada Public  
Works Division (SPWD) is  
soliciting statements of  
qualifications from  
Construction Companies for  
Construction Manager at Risk  
(CMAR) services for several  
projects. The projects are listed  
on our home page at  
<http://publicworks.nv.gov/>  
under the "popular links" CMAR  
Selection. If you are unable to  
access the information via the  
internet, please contact our  
office at 1-775-684-4141 and the  
documents will be provided to  
you.

All data submitted to SPWD  
becomes the property of the  
SPWD and will not be returned.

PUB: Nov. 7, 14, 21, 2019  
LV Review-Journal

**CITY OF MESQUITE, NV  
NOTICE OF INTRODUCTION OF  
BILL No. 567**

NOTICE IS HEREBY GIVEN that  
the Mesquite City Council did  
accept for consideration Bill No.  
567 at a meeting held Tuesday,  
November 12, 2019 at Mesquite  
City Hall. Title of Bill No. 567

**AN ORDINANCE AMENDING  
TITLE 9 OF THE MESQUITE  
MUNICIPAL CODE ENTITLED  
"UNIFIED DEVELOPMENT CODE",  
BY AMENDING SECTION 9-7  
BY REPLACING TABLE 9-7.3 BULK  
AND OPEN SPACE REGULATION  
SUMMARY FOR RESIDENTIAL  
DISTRICTS, AND OTHER  
MATTERS PROPERLY RELATING  
THERE TO.**

A Public Hearing has been  
scheduled for Tuesday,  
November 26, 2019, at 5:00 p.m.  
at the Mesquite City Hall, 10 E.  
Mesquite Boulevard, Mesquite,  
NV 89027. Copies of Bill No. 567  
are available in the Office of the  
City Clerk.

Tracy E. Beck, C.R.M.  
City Clerk

PUB: November 14, 2019  
LV Review-Journal

**CITY OF MESQUITE, NV  
NOTICE OF INTRODUCTION OF  
BILL No. 569**

NOTICE IS HEREBY GIVEN that  
the Mesquite City Council did  
accept for consideration Bill No.  
569 at a meeting held Tuesday,  
November 12, 2019 at Mesquite  
City Hall. Title of Bill No. 569

**AN ORDINANCE AMENDING  
TITLE 2 OF THE MESQUITE  
MUNICIPAL CODE ENTITLED  
"BUSINESS LICENSE  
REGULATIONS", BY AMENDING  
SECTION 2-1-11 ENTITLED  
"SEMIANNUAL GROSS SALES;  
GUIDE FOR NEW BUSINESS" BY  
ADDING LANGUAGE FOR  
LICENSE FEES FOR BUSINESSES  
THAT HAVE AN INCOME  
ENFORCED BY NRS, AND OTHER  
MATTERS PROPERLY RELATING  
THERE TO.**

A Public Hearing has been  
scheduled for Tuesday,  
November 26, 2019, at 5:00 p.m.  
at the Mesquite City Hall, 10 E.  
Mesquite Boulevard, Mesquite,  
NV 89027. Copies of Bill No. 569  
are available in the Office of the  
City Clerk.

Tracy E. Beck, C.R.M.  
City Clerk

PUB: November 14, 2019  
LV Review-Journal

**CITY OF MESQUITE, NV  
NOTICE OF INTRODUCTION OF  
BILL No. 570**

NOTICE IS HEREBY GIVEN that  
the Mesquite City Council did  
accept for consideration Bill No.  
570 at a meeting held Tuesday,  
November 12, 2019 at Mesquite  
City Hall. Title of Bill No. 570

**AN ORDINANCE AMENDING  
TITLE 1 OF THE MESQUITE  
MUNICIPAL CODE ENTITLED  
"UNIFIED DEVELOPMENT CODE",  
BY AMENDING SECTION 9-3-2 BY  
AMENDING PARAGRAPH E, AND  
PARAGRAPH F, TO CLARIFY  
WHEN AN APPLICATION IS  
DEEMED COMPLETE, AND OTHER  
MATTERS PROPERLY RELATING  
THERE TO.**

A Public Hearing has been  
scheduled for Tuesday,  
November 26, 2019, at 5:00 p.m.  
at the Mesquite City Hall, 10 E.  
Mesquite Boulevard, Mesquite,  
NV 89027. Copies of Bill No. 570  
are available in the Office of the  
City Clerk.

Tracy E. Beck, C.R.M.  
City Clerk

PUB: November 14, 2019  
LV Review-Journal

**BEFORE THE NEVADA  
TRANSPORTATION  
AUTHORITY  
NOTICE OF APPLICATION**

Anytime Motorcycle Towing,  
LLC filed an application to  
provide consent-only tow car  
service by tow car vehicle  
within the State of Nevada  
under Docket 19-11010.

Persons with a direct and  
substantial interest in the  
filings may file Petitions for  
Leave to Intervene at the  
Authority's office. Such  
Petitions must conform to the  
Authority's regulations and  
must be filed on or before  
December 12, 2019.

The full detail notice of the  
above applications may be  
viewed on the Nevada  
Transportation Authority  
website at  
<http://nta.nv.gov/About/Notices>  
or 219/2019 Notices or the  
Authority's office at 3300 W.  
Sahara Avenue, Suite 200, Las  
Vegas, NV 89102.

By the Authority,

/s/ Liz Babcock, CPA,  
Applications Manager

Dated: November 12, 2019  
Las Vegas, Nevada

PUB: Nov. 14, 2019  
LV Review-Journal

APPLICATION FOR WATER  
NO. 89111T

NOTICE IS HEREBY GIVEN, that  
on the 5th day of September  
2019 Moapa Pioneers 1919 Trust  
dated the 4th Day of January,  
2010 of Las Vegas, Nevada  
made application to the State  
Engineer of Nevada for  
permission to change the point  
of diversion, place and manner  
of use of 0.347 c.f.s., 117.0 a.f.a.  
of water heretofore  
appropriated under Permit  
66983. Water will be diverted  
from an underground source at  
a point located within the  
NW1/4 NW1/4, Section 22, T14S,  
R66E, MDM or at a point from  
which a course bears N 48  
degrees 02 minutes 04 seconds  
W, a distance of 20.55 feet  
(approx. 3.8 miles N-NW of the  
intersection of Hwy 15 and Hwy  
168 in Las Vegas, NV) to the NW  
corner of said Section 22, T14S,  
R66E, MDM. Water will be used

for irrigation purposes from  
January 1st to December 31st of  
each year. The existing point of  
diversion was located within  
the SW1/4 NW1/4 of Section 12,  
T12S, R65E, MDM, or at a point  
from which the NW corner of  
said Section 12 bears N 20  
degrees 05 minutes 08 seconds  
W, a distance of 2,198.46 feet.  
Water was used for municipal  
and domestic purposes from  
January 1st to December 31st of  
each year.

Tim Wilson, P.E.  
Acting State Engineer TW/Is  
PUB: Nov. 14, 21, 28, Dec. 5, 2019  
LV Review-Journal

APPLICATION FOR WATER  
NO. 89113T

NOTICE IS HEREBY GIVEN, that  
on the 5th day of September  
2019 Moapa Pioneers 1919 Trust  
dated the 4th Day of January,  
2010 of Las Vegas, Nevada  
made application to the State  
Engineer of Nevada for  
permission to change the point  
of diversion, place and manner  
of use of 0.1674 c.f.s., 7.43 a.f.a.  
of water heretofore  
appropriated under Permit  
66985. Water will be diverted  
from an underground source at  
a point located within the  
NW1/4 NW1/4, Section 22, T14S,  
R66E, MDM or at a point from  
which a course bears N 48  
degrees 02 minutes 04 seconds  
W, a distance of 20.55 feet  
(approx. 3.8 miles N-NW of the  
intersection of Hwy 15 and Hwy  
168 in Las Vegas, NV) to the NW  
corner of said Section 22, T14S,  
R66E, MDM. Water will be used  
for irrigation purposes from  
January 1st to December 31st of  
each year. The existing point of  
diversion was located within  
the SW1/4 NW1/4 of Section 12,  
T12S, R65E, MDM, or at a point  
from which the NW corner of  
said Section 12 bears N 20  
degrees 05 minutes 08 seconds  
W, a distance of 2,198.46 feet.  
Water was used for municipal  
and domestic purposes from  
January 1st to December 31st of  
each year.

Tim Wilson, P.E.  
Acting State Engineer TW/Is  
PUB: Nov. 14, 21, 28, Dec. 5, 2019  
LV Review-Journal

APPLICATION FOR WATER  
NO. 89113T

NOTICE IS HEREBY GIVEN, that  
on the 5th day of September  
2019 Moapa Pioneers 1919 Trust  
dated the 4th Day of January,  
2010 of Las Vegas, Nevada  
made application to the State  
Engineer of Nevada for  
permission to change the point  
of diversion, place and manner  
of use of 1.0 c.f.s., 337.5 a.f.a.  
of water heretofore appropriated  
under Permit 66987. Water will  
be diverted from an  
underground source at a point  
located within the NW1/4  
NW1/4, Section 22, T14S, R66E,  
MDM or at a point from which a  
course bears N 48 degrees 02  
minutes 04 seconds W, a  
distance of 20.55 feet (approx.  
3.8 miles N-NW of the  
intersection of Hwy 15 and Hwy  
168 in Las Vegas, NV) to the NW  
corner of said Section 22, T14S,  
R66E, MDM. Water will be used  
for irrigation purposes from  
January 1st to December 31st of  
each year. The existing point of  
diversion was located within  
the NW1/4 SW1/4 of Section 12,  
T12S, R65E, MDM, or at a point  
from which the NW corner of  
said Section 12 bears N 13  
degrees 23 minutes 01 seconds  
W, a distance of 3,537.31 feet.  
Water was used for municipal  
and domestic purposes from  
January 1st to December 31st of  
each year.

Tim Wilson, P.E.  
Acting State Engineer TW/Is  
PUB: Nov. 14, 21, 28, Dec. 5, 2019  
LV Review-Journal

APPLICATION FOR WATER  
NO. 89114T

NOTICE IS HEREBY GIVEN, that  
on the 5th day of September  
2019 Moapa Pioneers 1919 Trust  
dated the 4th Day of January,  
2010 of Las Vegas, Nevada  
made application to the State  
Engineer of Nevada for  
permission to change the point  
of diversion, place and manner  
of use of 0.0038 c.f.s., 1.13 a.f.a.,  
a portion of water heretofore  
appropriated under Permit  
66992. Water will be diverted  
from an underground source at  
a point located within the  
NW1/4 NW1/4, Section 22, T14S,  
R66E, MDM or at a point from  
which a course bears N 48  
degrees 02 minutes 04 seconds  
W, a distance of 20.55 feet  
(approx. 3.8 miles N-NW of the  
intersection of Hwy 15 and Hwy  
168 in Las Vegas, NV) to the NW  
corner of said Section 22, T14S,  
R66E, MDM. Water will be used  
for irrigation purposes from  
January 1st to December 31st of  
each year. The existing point of  
diversion was located within  
the NE1/4 NW1/4 of Section 13,  
T12S, R65E, MDM, or at a point  
from which the SW corner of  
said Section 13 bears S 19  
degrees 51 minutes 06 seconds  
W, a distance of 5,115.44 feet.  
Water was used for municipal  
and domestic purposes from  
January 1st to December 31st of  
each year.

Tim Wilson, P.E.  
Acting State Engineer TW/Is  
PUB: Nov. 14, 21, 28, Dec. 5, 2019  
LV Review-Journal

APPLICATION FOR WATER  
NO. 89114T

NOTICE IS HEREBY GIVEN, that  
on the 5th day of September  
2019 Moapa Pioneers 1919 Trust  
dated the 4th Day of January,  
2010 of Las Vegas, Nevada  
made application to the State  
Engineer of Nevada for  
permission to change the point  
of diversion, place and manner  
of use of 0.0038 c.f.s., 1.13 a.f.a.,  
a portion of water heretofore  
appropriated under Permit  
66999. Water will be diverted  
from an underground source at  
a point located within the  
NW1/4 NW1/4, Section 22, T14S,  
R66E, MDM or at a point from  
which a course bears N 48  
degrees 02 minutes 04 seconds  
W, a distance of 20.55 feet  
(approx. 3.8 miles N-NW of the  
intersection of Hwy 15 and Hwy  
168 in Las Vegas, NV) to the NW  
corner of said Section 22, T14S,  
R66E, MDM. Water will be used  
for irrigation purposes from  
January 1st to December 31st of  
each year. The existing point of  
diversion was located within  
the SW1/4 SW1/4 of Section 25,  
T12S, R65E, MDM, or at a point  
from which the NW corner of  
said Section 25 bears N 04  
degrees 12 minutes 34 seconds  
W, a distance of 4,196.66 feet.  
Water was used for municipal  
and domestic purposes from  
January 1st to December 31st of  
each year.

Tim Wilson, P.E.  
Acting State Engineer TW/Is  
PUB: Nov. 14, 21, 28, Dec. 5, 2019  
LV Review-Journal

APPLICATION FOR  
WATER NO. 89297

NOTICE IS HEREBY GIVEN, that  
on the 30th day of October 2019  
Linda KB Whiting Trust of Las  
Vegas, Nevada made  
application to the State  
Engineer of Nevada for  
permission to change the point  
of diversion and place of use of  
0.0014 c.f.s., and 1.0 a.f.a. of  
water heretofore appropriated  
under Permit 19761. Water will  
be diverted from an  
underground source at a point  
located within the NE1/4 NW1/4  
Section 1, T21S, R62E, MDB&M  
or at a point from which the NE  
corner of said Section 31 bears  
N 70 degrees 13 minutes 34.26  
seconds E, a distance of 1,324.1  
feet (near intersection of E.  
Russell Rd. & Annie Oakley Dr.  
in Las Vegas, NV). Water will be  
used for quasi-municipal  
purposes from January 1st to  
December 31st of each year.  
The existing point of diversion  
was located within the SE1/4  
SW1/4 Section 14, T22S, R60E,

MDB&M or at a point from  
which the S1/4 corner of said  
Section 14 bears S 40 degrees  
02 minutes 43 seconds E, a  
distance of 1,164.30 feet. Water  
was used for quasi-municipal  
purposes from January 1st to  
December 31st of each year.

Tim Wilson, P.E.  
Acting State Engineer TW/Is  
PUB: Nov. 7, 14, 21, 28, 2019  
LV Review-Journal

**NOTICE OF PUBLIC HEARINGS  
NOVEMBER 26, 2019**

NOTICE IS HEREBY GIVEN THAT  
ON TUESDAY, NOVEMBER 26,  
2019, at the hour of 6:00 P.M. in  
the Council Chambers, City Hall  
Complex, 495 South Main  
Street, Las Vegas, Nevada, the  
Planning Commission will  
consider the following Site  
Development Plan Reviews:

SDR-77638 - SITE DEVELOPMENT  
PLAN REVIEW - PUBLIC HEARING  
- APPLICANT: ANTHONY W. QUAIL  
TREE, LLC - For possible action  
on a request for a Site  
Development Plan Review FOR  
A PROPOSED 60-UNIT ADDITION  
TO AN EXISTING MULTI-FAMILY  
DEVELOPMENT WITH WAIVERS  
OF THE PERIMETER LANDSCAPE  
BUFFER REQUIREMENTS on a  
portion of 5.1



Legal Notices

Estate / Probate

ORIGINS LEGAL GROUP, LLC  
6787 W. Tropicana Ave.,  
Suite 120A  
Las Vegas, NV 89103  
Tel: 702-850-7799  
Fax: 702-933-9269  
Attorneys for Estate  
Depot: PC-1  
EIGHTH JUDICIAL  
DISTRICT COURT  
CLARK COUNTY, NEVADA  
In the Matter of the Estate of  
Lance Atchison Deceased.  
Case No.: P-19-100687-E

60 DAY NOTICE TO CREDITORS  
Notice is hereby given that, on  
August 26, 2019, Carrie Sweitzer  
and Jason Atchison were duly  
appointed by the above-entitled  
Court as Administrators of the  
Estate of Lance Atchison. All  
creditors having claims against  
the Estate are required to file  
their claims with supporting  
documentation attached, with  
the Clerk of the Court, Eighth  
Judicial District Court, Regional  
Justice Center, in the Probate  
Court, 200 Lewis Ave., Las  
Vegas, Nevada 89101, within 60  
days after the first publication of  
this notice.

DATED this 5th day of  
November, 2019,  
ORIGINS LEGAL GROUP, LLC  
By: /s/ JENNIFER A. SALEM, ESQ.  
Nevada Bar No. 9174  
VALERIE DEL GROSSO, ESQ.  
Nevada Bar No. 11103  
Attorneys for Estate  
PUB: Nov. 7, 14, 21, 2019  
LV Review-Journal

General Notices

**El Cortez**  
HOTEL & CASINO  
LAS VEGAS, NEVADA

**NOTICE OF  
DISCONTINUATION OF  
CASINO CHIPS**

IKE Gaming, Inc. dba El Cortez  
Hotel & Casino has  
discontinued use of the  
following casino chips: All  
casino chips approved and  
manufactured prior to  
9/29/2004. All race and sports  
chips approved and  
manufactured prior to  
4/30/2008. Any person in  
possession of these chips  
may redeem them for cash at  
the El Cortez Hotel & Casino's  
casino cage On Mondays,  
Tuesdays and Fridays from  
9:00 am to 3:00 pm starting  
Monday, September 2, 2019  
through Monday, December  
30, 2019. Photos of the  
discontinued chips are  
available for reference at the  
casino cage. The El Cortez  
Hotel & Casino reserves the  
right to refuse use of these  
gaming chips after that date.  
PUB: Sept. 2, 5, 9, 12, 16, 19, 23,  
26, 30, Oct. 3, 7, 10, 14, 17, 21,  
24, 28, 31, Nov. 4, 7, 11, 14, 18,  
21, 25, 28, Dec. 2, 5, 9, 12, 16,  
19, 23, 26, 30, 2019  
LV Review-Journal

**SAHARA**  
LAS VEGAS

CHIP DISCONTINUANCE: As per  
Nevada Gaming Control  
Regulation 12.070, Sahara  
LLC dba SLS Las Vegas will be  
discontinuing all current SLS  
casino chips. All chips will be  
honored until February 19,  
2020 and can be redeemed at  
the casino cage. Following this  
redemption period, all  
former SLS chips will have no  
value.

PUB: Oct 21, 24, 28, 31, Nov 4,  
7, 11, 14, 18, 21, 25, 28, Dec 2, 5,  
9, 12, 16, 19, 23, 26, 30, 2019;  
Jan 2, 6, 9, 13, 16, 20, 23, 27, 30,  
Feb 3, 6, 10, 13, 17,  
LV Review-Journal

Government Notices

NOTICE OF PUBLIC HEARINGS  
Wednesday,  
December 4, 2019

NOTICE IS HEREBY GIVEN THAT  
on Wednesday, December 4,  
2019, in the Council Chambers,  
City Hall Complex, 495 South  
Main Street, 2nd Floor, Las  
Vegas, Nevada, the City Council  
will consider the following:

<< NOT TO BE HEARD  
BEFORE 10:00AM >>

ROR-77462 - REQUIRED REVIEW -  
PUBLIC HEARING - APPLICANT:  
LAMAR CENTRAL OUTDOOR, LLC  
- OWNER: ANDREA AND SUSAN  
RUSSO - For possible action on  
a Required Review of an  
approved Special Use Permit  
(SUP-4693) For A 40-FOOT TALL,  
14-FOOT BY 48-FOOT OFF-  
PREMISE SIGN at 6431 West  
Charleston Boulevard (APN 163-  
02-114-003), C-1 (Limited  
Commercial) Zone, Ward 1  
(Knudsen). Staff recommends  
APPROVAL.

IMPORTANT NOTICE OF LIQUIDATION AND  
CLAIMS FILING DEADLINE  
TO ALL PERSONS INTERESTED IN THE  
AFFAIRS OF  
SPIRIT COMMERCIAL AUTO RISK RETENTION  
GROUP, INC. ("SPIRIT")

This notice provides important information regarding the liquidation  
of Spirit. On February 27, 2019, Spirit was placed into permanent  
receivership by the Eighth Judicial District Court of the State of  
Nevada (the "Receivership Court"). Barbara D. Richardson, the  
Nevada Commissioner of Insurance, is the Receiver of Spirit and  
CANTILLO & BENNETT, L.L.P. is the appointed Special Deputy  
Receiver ("SDR") of Spirit. On November 6, 2019, the Receivership  
Court entered its Final Order Placing Spirit into Liquidation (the  
"Liquidation Order") and its Final Order Setting Claims Filing  
Deadline for Spirit and Related Relief (the "Claims Order"). The  
Liquidation Order directs the Receiver to liquidate and wind down  
the affairs of Spirit.

The Claims Order approves a process for filing claims against Spirit  
and establishes October 31, 2020, as the Claims Filing Deadline  
for the submission of such claims. All claims against Spirit will  
be handled as claims against the Spirit receivership estate, and  
all proceedings are governed by applicable Nevada law. Claims  
filed after October 31, 2020, will be barred from sharing in any  
distribution of Spirit's assets. Claims that remain contingent and  
unliquidated after October 31, 2020, will also be barred, except to  
the extent that such claims are protected by NRS 696B.400 and  
696B.450. All claims must be submitted on the approved Proof  
of Claim ("POC") Form and received by the SDR at the address  
below. The Claims Order also established an appeal procedure.  
The Receivership Claims and Appeals Procedure, the POC Form,  
and additional information about the receivership is available at  
the Spirit web site: [www.spiritinsure.com](http://www.spiritinsure.com). Future notices about  
receivership matters which could impact your rights will also be  
made through the Spirit web site.

You may request print copies of receivership notices by calling  
(512) 478-6000, or by writing to CANTILLO AND BENNETT, L.L.P.,  
Attention: Spirit SDR, P.O. Box 184, Austin, Texas 78767. You  
are responsible for keeping the SDR apprised of any change in  
your address to assure your receipt of any mailed notices or  
correspondence. Una versión en español de este aviso será  
publicada en [www.spiritinsure.com](http://www.spiritinsure.com) o para solicitar una copia  
impresa, llame al 512-478-6000.

PUB: Nov. 14, 21, 2019 LV Review-Journal

ROR-77501 - REQUIRED REVIEW -  
PUBLIC HEARING - APPLICANT:  
LAMAR CENTRAL OUTDOOR, LLC  
- OWNER: 7-ELEVEN, INC. - For  
possible action on a Required  
Review of an approved Special  
Use Permit (U-0315-94) FOR A 40-  
FOOT TALL, 14-FOOT BY 48-  
FOOT OFF-PREMISE SIGN at 6070  
West Sahara Avenue (APN 163-  
01-401-010), C-1 (Limited  
Commercial) Zone, Ward 1  
(Knudsen). Staff recommends  
APPROVAL.

Any and all interested persons  
may appear and be heard at  
said meeting, or may, prior  
thereto, file written objections  
thereto or approvals thereof  
with the City Clerk, City Hall,  
495 South Main Street, 2nd  
Floor, Las Vegas, Nevada 89101,  
<http://www.lasvegasnevada.gov>  
v.

LUANN D. HOLMES, MMC  
CITY CLERK

(The information contained  
above is considered to be  
accurate; however, there may  
be minor variations involved. A  
complete, detailed legal  
description is on file in the  
Office of the City Clerk.)

PUB: November 21, 2019  
LV Review-Journal

APPLICATION FOR WATER  
NO. 89111T  
NOTICE IS HEREBY GIVEN, that  
on the 5th day of September  
2019 Moapa Pioneers 1919 Trust  
Dated the 4th day of January,  
2010 of Las Vegas, Nevada  
made application to the State  
Engineer of Nevada for  
permission to change the point  
of diversion, place and manner  
of use of 0.347 c.f.s., 117.0 a.f.a.  
of water heretofore  
appropriated under Permit  
66983. Water will be diverted  
from an underground source at  
a point located within the  
NW1/4 NW1/4, Section 22, T14S,  
R66E, MDM or at a point from  
which a course bears N 48  
degrees 02 minutes 04 seconds  
W., a distance of 20.55 feet  
(approx. 3.8 miles N-NW of the  
intersection of Hwy 15 and Hwy  
168 in Las Vegas, NV) to the NW  
corner of said Section 22, T14S,  
R66E, MDM. Water will be used  
for irrigation purposes from  
January 1st to December 31st of  
each year. The existing point of  
diversion was located within  
the SW1/4 NW1/4 of Section 12,  
T12S, R65E, MDM, or at a point  
from which the NW corner of  
said Section 12 bears N 20  
degrees 05 minutes 08 seconds  
W, a distance of 2,198.46 feet.  
Water was used for municipal  
and domestic purposes from  
January 1st to December 31st of  
each year.

Tim Wilson, P.E.  
Acting State Engineer TW/Is  
PUB: Nov. 14, 21, 28, Dec. 5, 2019  
LV Review-Journal



INVITATION FOR  
CONSTRUCTION MANAGER  
AT RISK

The State of Nevada Public  
Works Division (SPWD) is  
soliciting statements of  
qualifications from  
Construction Companies for  
Construction Manager at Risk  
(CMAR) services for several  
projects. The projects are listed  
on our home page at  
<http://publicworks.nv.gov/>  
under the "popular links" CMAR  
Section. If you are unable to  
access the information via the  
internet, please contact our  
office at 1-775-684-4141 and  
the documents will be provided to  
you.

All data submitted to SPWD  
becomes the property of the  
SPWD and will not be returned.

PUB: Nov. 7, 14, 21, 2019  
LV Review-Journal

NOTICE OF PUBLIC  
HEARINGS  
DECEMBER 4, 2019

NOTICE IS HEREBY GIVEN THAT  
ON WEDNESDAY, December 4,  
2019, in the City Council  
Chambers, City Hall Complex,  
495 South Main Street, Las  
Vegas, Nevada, the City Council  
will consider the following  
Special Use Permit and Site  
Development Plan Review  
Appeals, which shall not be  
heard before 10:00 A.M.:

SUP-77365 - SPECIAL HEARING -  
PERMIT - PUBLIC HEARING -  
APPLICANT/OWNER: 900  
FREMONT, LLC - For possible  
action on an Appeal of the  
Approval by the Planning  
Commission on a request for a  
Special Use Permit FOR AN  
OPEN AIR VENDING/TRANSIENT  
SALES LOT USE at 916 Fremont  
Street (APN 139-34-601-008), C-2  
(General Commercial) Zone,  
Ward 3 (Diaz) [PRJ-77256].

SDR-77366 - SITE DEVELOPMENT  
PLAN REVIEW RELATED TO SUP-  
77365 - PUBLIC HEARING -  
APPLICANT/OWNER: 900  
FREMONT, LLC - For possible  
action on an Appeal of the  
Approval by the Planning  
Commission on a request for a  
Site Development Plan Review  
FOR A PROPOSED PARKING LOT  
AND COMMERCIAL  
RECREATION/AMUSEMENT  
(OUTDOOR) FACILITY WITH  
WAIVERS OF THE INTERIM  
DOWNTOWN LAS VEGAS  
DEVELOPMENT STANDARDS ON  
2.75 acres at 916 Fremont Street  
(APN 139-34-601-008), C-2  
(General Commercial) Zone,  
Ward 3 (Diaz) [PRJ-77256].

ANY AND ALL INTERESTED  
PERSONS may appear and be  
heard at said meeting or, prior  
thereto, may file written  
objections thereto or approvals  
thereof with the City Clerk, 2nd  
Floor, City Hall.

LUANN D. HOLMES, CITY CLERK

PUB: November 21, 2019  
LV Review-Journal

APPLICATION FOR WATER  
NO. 89112T  
NOTICE IS HEREBY GIVEN, that  
on the 5th day of September  
2019 Moapa Pioneers 1919 Trust  
Dated the 4th day of January,  
2010 of Las Vegas, Nevada  
made application to the State  
Engineer of Nevada for  
permission to change the point  
of diversion, place and manner  
of use of 0.1674 c.f.s., 7.43 a.f.a.  
of water heretofore  
appropriated under Permit  
66985. Water will be diverted  
from an underground source at  
a point located within the  
NW1/4 NW1/4, Section 22, T14S,  
R66E, MDM or at a point from  
which a course bears N 48  
degrees 02 minutes 04 seconds  
W, a distance of 20.55 feet  
(approx. 3.8 miles N-NW of the  
intersection of Hwy 15 and Hwy  
168 in Las Vegas, NV) to the NW  
corner of said Section 22, T14S,  
R66E, MDM. Water will be used  
for irrigation purposes from  
January 1st to December 31st of  
each year. The existing point of  
diversion was located within  
the SW1/4 NW1/4 of Section 12,  
T12S, R65E, MDM, or at a point  
from which the NW corner of  
said Section 12 bears N 20  
degrees 05 minutes 08 seconds  
W, a distance of 2,198.46 feet.  
Water was used for municipal  
and domestic purposes from  
January 1st to December 31st of  
each year.

Tim Wilson, P.E.  
Acting State Engineer TW/Is  
PUB: Nov. 14, 21, 28, Dec. 5, 2019  
LV Review-Journal

APPLICATION FOR WATER  
NO. 89113T  
NOTICE IS HEREBY GIVEN, that  
on the 5th day of September  
2019 Moapa Pioneers 1919 Trust  
Dated the 4th day of January,  
2010 of Las Vegas, Nevada  
made application to the State  
Engineer of Nevada for  
permission to change the point  
of diversion, place and manner  
of use of 1.0 c.f.s., 337.5 a.f.a. of  
water heretofore appropriated  
under Permit 66987. Water will  
be diverted from an  
underground source at a point  
located within the NW1/4  
NW1/4, Section 22, T14S, R66E,  
MDM or at a point from which a  
course bears N 48 degrees 02  
minutes 04 seconds W., a  
distance of 20.55 feet (approx.  
3.8 miles N-NW of the  
intersection of Hwy 15 and Hwy  
168 in Las Vegas, NV) to the NW  
corner of said Section 22, T14S,  
R66E, MDM. Water will be used  
for irrigation purposes from  
January 1st to December 31st of  
each year. The existing point of  
diversion was located within  
the NW1/4 SW1/4 of Section 12,  
T12S, R65E, MDM, or at a point  
from which the NW corner of  
said Section 12 bears N 13  
degrees 23 minutes 01 seconds  
W, a distance of 3,537.31 feet.  
Water was used for municipal  
and domestic purposes from  
January 1st to December 31st of  
each year.

Tim Wilson, P.E.  
Acting State Engineer TW/Is  
PUB: Nov. 14, 21, 28, Dec. 5, 2019  
LV Review-Journal

APPLICATION FOR WATER  
NO. 89114T  
NOTICE IS HEREBY GIVEN, that  
on the 5th day of September  
2019 Moapa Pioneers 1919 Trust  
Dated the 4th day of January,  
2010 of Las Vegas, Nevada  
made application to the State  
Engineer of Nevada for  
permission to change the point  
of diversion, place and manner  
of use of 0.0038 c.f.s., 1.13 a.f.a.,  
a portion of water heretofore  
appropriated under Permit  
66992. Water will be diverted  
from an underground source at  
a point located within the  
NW1/4 NW1/4, Section 22, T14S,  
R66E, MDM or at a point from  
which a course bears N 48  
degrees 02 minutes 04 seconds  
W., a distance of 20.55 feet  
(approx. 3.8 miles N-NW of the  
intersection of Hwy 15 and Hwy  
168 in Las Vegas, NV) to the NW  
corner of said Section 22, T14S,  
R66E, MDM. Water will be used  
for irrigation purposes from  
January 1st to December 31st of  
each year. The existing point of  
diversion was located within  
the NE1/4 NW1/4 of Section 13,  
T12S, R65E, MDM, or at a point  
from which the SW corner of  
said Section 13 bears S 19  
degrees 51 minutes 06 seconds  
W, a distance of 5,115.44 feet.  
Water was used for municipal  
and domestic purposes from  
January 1st to December 31st of  
each year.

Tim Wilson, P.E.  
Acting State Engineer TW/Is  
PUB: Nov. 14, 21, 28, Dec. 5, 2019  
LV Review-Journal

APPLICATION FOR WATER  
NO. 89115T  
NOTICE IS HEREBY GIVEN, that  
on the 5th day of September  
2019 Moapa Pioneers 1919 Trust  
Dated the 4th Day of January,  
2010 of Las Vegas, Nevada  
made application to the State  
Engineer of Nevada for  
permission to change the point  
of diversion, place and manner  
of use of 0.0038 c.f.s., 1.13 a.f.a.,  
a portion of water heretofore  
appropriated under Permit  
66999. Water will be diverted  
from an underground source at  
a point located within the  
NW1/4 NW1/4, Section 22, T14S,  
R66E, MDM or at a point from  
which a course bears N 48  
degrees 02 minutes 04 seconds  
W, a distance of 20.55 feet  
(approx. 3.8 miles N-NW of the  
intersection of Hwy 15 and Hwy  
168 in Las Vegas, NV) to the NW  
corner of said Section 22, T14S,  
R66E, MDM. Water will be used  
for irrigation purposes from  
January 1st to December 31st of  
each year. The existing point of  
diversion was located within  
the SW1/4 SW1/4 of Section 25,  
T12S, R65E, MDM, or at a point  
from which the NW corner of  
said Section 25 bears N 04  
degrees 12 minutes 34 seconds  
W, a distance of 4,196.66 feet.  
Water was used for municipal  
and domestic purposes from  
January 1st to December 31st of  
each year.

Tim Wilson, P.E.  
Acting State Engineer TW/Is  
PUB: Nov. 14, 21, 28, Dec. 5, 2019  
LV Review-Journal

APPLICATION FOR  
WATER NO. 89297  
NOTICE IS HEREBY GIVEN, that  
on the 30th day of October 2019  
Linda KB Whiting Trust of Las  
Vegas, Nevada made  
application to the State  
Engineer of Nevada for  
permission to change the point  
of diversion and place of use of  
0.0014 c.f.s., and 1.0 a.f.a. of  
water heretofore appropriated  
under Permit 19761. Water will  
be diverted from an

underground source at a point  
located within the NE1/4 NE1/4  
Section 31, T21S, R62E, MDB&M  
or at a point from which the NE  
corner of said Section 31 bears  
N 70 degrees 13 minutes 34.26  
seconds E, a distance of 1,324.1  
feet (near intersection of E.  
Russell Rd. & Annie Oakley Dr.  
in Las Vegas, NV). Water will be  
used for quasi-municipal  
purposes from January 1st to  
December 31st of each year.  
The existing point of diversion  
was located within the SE1/4  
SW1/4 Section 14, T22S, R60E,  
MDB&M or at a point from  
which the S1/4 corner of said  
Section 14 bears S 40 degrees  
02 minutes 43 seconds E, a  
distance of 1,164.30 feet. Water  
was used for quasi-municipal  
purposes from January 1st to  
December 31st of each year.

Tim Wilson, P.E.  
Acting State Engineer TW/Is  
PUB: Nov. 7, 14, 21, 28, 2019  
LV Review-Journal

APPLICATION FOR WATER  
NO. 89308  
NOTICE IS HEREBY GIVEN, that  
on the 6th day of November  
2019 Diamond Water, LLC of Las  
Vegas, Nevada made  
application to the State  
Engineer of Nevada for  
permission to change the point  
of diversion of 1.00 c.f.s., 140.00  
a.f.a., of water heretofore  
appropriated under Permit  
75193. Water will be diverted  
from an underground source at  
a point located within the SE1/4  
NE1/4 of Section 19, T13S, R66E,  
MDB&M or at a point from  
which the NE corner of said  
Section 19 bears N 29 degrees  
33 minutes 15 seconds E, a  
distance of 2,589.38 feet  
(approx. 20 miles N-NW of  
Overton, NV). Water will be  
used for commercial purposes  
from January 1st to December  
31st of each year. The existing  
point of diversion was located  
within the NW1/4 NE1/4 of  
Section 19, T13S, R66E, MDB&M,  
or at a point from which the NE  
corner of said Section 19 bears  
N 64 degrees 03 minutes 48  
seconds E, a distance of  
2,827.52 feet. Water was used  
for commercial purposes from  
January 1st to December 31st of  
each year.

Tim Wilson, P.E.  
Acting State Engineer TW/Is  
PUB: Nov. 14, 21, 28, Dec. 5, 2019  
LV Review-Journal

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R.E. Announcement/Services

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**RESIDENTIAL LOTS FOR SALE**  
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North from Las Vegas. Starting  
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homes & horse ranches.  
hunting & fishing nearby.  
Owner/licensee. 702-595-8027  
or visit [www.lundnvland.com](http://www.lundnvland.com)

LOCATION, LOCATION \$195K  
Remolded, first floor, 2bed/2ba  
**CLOSING COST  
ASSISTANCE AVAILABLE**  
Alvaro "Al" 702-806-0234  
Realty One Group

All Areas Newly remodeled 2  
BD 2 BA Condo unit, ground  
floor. (702) 608-8611

Homes for Sale  
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Priced to Sell, Motivated Seller!  
Charming Single Story Home in  
NLV for \$170,000 Call Jose Pulido  
at (702) 328-1794

SW near Durango & Charleston  
\$199K + 3 bed + 2 bath + 2 Car  
Large Backyard with Cov'd Patio.  
**Down payment assistance avail.**  
CHAD ★ ASF Realty & INV Inc  
702-325-5513 Others Available

Homes for Sale  
\$201-\$300K

NO HOA. Master Dwn \$249K  
Granite Kitch counter, 3bd/3ba  
**CLOSING COST  
ASSISTANCE AVAILABLE**  
Alvaro "Al" 702-806-0234  
Realty One Group

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AVAILABLE**  
CHAD LODATO ASF Realty &  
INV Inc ☎ Call 702-325-5513

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patio. Near everything!  
★ \$285K ★ Juanita 702-235-4706  
LV Realty Center ☎ Lic #69995

Summ near Hualapai & DI  
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Open floor plan, Valt'd ceilings.  
**Down payment assistance avail.**  
CHAD ★ ASF Realty & INV Inc  
702-325-5513 Others Available

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The Lakes (FSBO) 4 Bed, 3 Ba,  
2200sf, 2 car gar, hrdw flrs,  
new carpet, updated plumbing  
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Over \$1M

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9469 sf, Elev, Theat/Bar, Chef,  
Prep & Otdr Kitch, Fire Plce,  
Gym, Wine Celler, Boat Dock,  
20' Pool Slide+Balc, Call/Text  
for More Info, Shannon Smith  
Realty ONE Group 702-809-0203

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Secluded & private 2+ acres  
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horses. Adobe style approx.  
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Mfg/Mobile Homes  
for Sale

Double Wide Mobile Home  
Fenced, Electric Gate, 1.25 Acre,  
Pool, Shade & Fruit Trees,  
Separate 26'x66' Workshop, Lrg  
Garage, RV Hook Up, Pvt Well &  
Septic Pahrump 775-751-5890

Out of Town Homes

Indian Springs 789 Elon Ln  
approx 1 ac., 2bd, man hme, lge  
gar/shop, horse prop, fruit  
trees \$260k cash or convention-  
al agent Lynn ☎ Simply Ve-  
gas 702-596-1991 MLS 2140374

Investment Property

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• Monthly Income  
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• Jim 701-509-5251  
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**FULLY FURNISHED studio apart-**  
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**Fremont Street within walking**  
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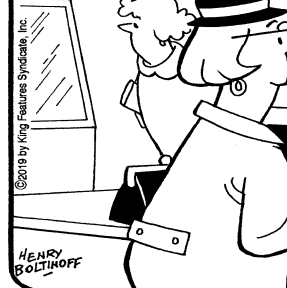
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**Premium Cable, Huge**  
**Sparkling Pool, Laundry**  
**Facilities, Fitness Center,**  
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**NO LEASES!**  
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HOCUS - FOCUS

BY  
HENRY BOLTINOFF



Find at least six differences



AUTOS

# Jeep SUVs may carry FCA over rough patches

Firm faces critical time as possible merger looms

**Mark Phelan**  
Detroit Free Press  
USA TODAY NETWORK

ZION NATIONAL PARK, Utah – While much of the auto industry ponders what to make of Fiat Chrysler’s proposed merger with the Peugeot owner, PSA Group, Jeep engineers and executives have bigger fish to fry.

Their work over the next couple of years will go a long way toward determining what the future holds for Fiat Chrysler Automobiles and whomever it joins forces with.

On Jeep’s horizon: a new version and expanded product line for the Grand Cherokee, the SUV that has printed money like the U.S. Treasury for more than two decades; reviving the venerated Grand Wagoneer nameplate for a new luxury SUV; possibly returning Jeep to service with the U.S. military, the partnership upon which the brand built its legend; and adding diesel versions of the Wrangler SUV and Gladiator pickup.

“We listen to our customers,” Jeep North America boss Jim Morrison said minutes before we drove a yellow 2020 Wrangler diesel – the first diesel Wrangler – into the canyons and plateaus of Zion National Park.

A hint: It’s got the same 3.0L diesel V6 that powers the bigger and heavier Ram 1500 pickup. The engine sends 442 pound-feet of torque through a two-speed transfer case and eight-speed automatic transmission. You can imagine how it performs on steep rocky slopes and deep sand.

Jeep volunteers for the Army

A week ago, Morrison pitched a sand-colored Jeep Gladiator pickup to the U.S. Army. Developed with veteran military contractor AM General, the Gladiator Extreme Military Truck, or XMT, is Jeep’s first venture back to the military in decades.

AM General upfitted the Gladiator with custom-made and off-the-shelf military-grade parts to create the XMT. The company would fit FCA-made Gladiators with mission-specific equipment to serve as personnel carriers, command and control vehicles and more.

Production could begin as early as the second half of 2020.

In the pipeline

■ A new version of the Jeep Cherokee, likely to be based on the Giorgio architecture Fiat Chrysler uses for the Alfa Romeo Stelvio SUV and Giulia sport sedan. The Grand Cherokee is a long-running hit, one of the few good things to come from Chrysler’s merger with Mercedes. Expect the new Grand Cherokee to be bigger and far more capable off-road than the Stelvio but still to benefit from the Alfa’s luxury ride and handling.



2020 Jeep Wrangler Ecodiesel tackles rocky terrain in Utah. JIM MORRISON



Jeep and AM General built the Gladiator Extreme Military Truck (XMT) for U.S. military evaluation. JEEP

The new model will seat five and should go on sale in 2021.

■ A second vehicle, its name not public yet, that will offer a third row of seats to carry six or seven. Based on the new Grand Cherokee, it’s likely to be built in the Mack Avenue plant FCA’s building near the Grand Cherokee plant on North Jefferson on Detroit’s east side. Sales are likely in 2021. It’s not clear whether the two- or three-row SUV will go into

production first.

■ The Wagoneer and Grand Wagoneer, bigger SUVs engineered and equipped to compete with luxury icons such as the Lincoln Navigator, Cadillac Escalade and Mercedes GLS. Details are scant, but the Grand Wagoneer will be more luxurious, if not bigger. The SUVs are likely to be based on a pickup-type chassis, like the Escalade and Navigator. Production is likely to begin in late 2020 at FCA’s sprawling Warren plant just north of Detroit.

Expect the sky to be the limit on size, interior luxury, features and price for the Grand Wagoneer. The Wagoneer will probably target less ritzy and possibly slightly smaller vehicles such as the Chevy Tahoe and Suburban and GMC Yukon/Yukon XL.

Barring a dramatic economic downturn or increase in fuel prices, those four new SUVs will print money For Fiat Chrysler ... as long Jeep gets them right.

That’s why Morrison and his team don’t have time to worry about trivia such as multibillion dollar global alliances. They’ve got Jeeps to build.

# Use care in snow but don’t be a knucklehead

**Justin L. Mack**  
Indianapolis Star  
USA TODAY NETWORK

You’ve seen the forecasts by now. You know the snow is coming. And you know exactly what you need to do to get from point A to point B safely once snow starts sticking to city streets and interstates.

But still, many drivers seem to react to the first snowfall of the year like Dory from “Finding Nemo” as soon as the flurries start coming down. “Oh look! The sky is falling!”

It might be all that fast driving we see in May, but for some reason, the spring and summer months lead to the erosion of all those winter driving skills we’ve developed.

So if you’re one of the those drivers who speed on icy roads or ride the bumper of the car in front of you when visibility is low, you might be what Indiana State Police Sgt. John Perrine refers to as a “knucklehead.”

The good news is, there are a few quick and easy things you can do to stay safe on the road this winter. Here are a few winter driving tips from AAA Exchange and the Indiana State Police.

Winter driving tips

■ Be sure to accelerate and decelerate slowly. Never try to get moving in a hurry, and take the time to slow down for traffic lights.

■ The normal following distance on dry pavement of three to four seconds should increase to eight to 10 seconds. Always leave a safety cushion of at least two car lengths per 10 mph you’re traveling.

■ Know your brakes and keep steady pressure on the brake pedal.

■ To regain control during a skid, release brakes and gently steer the car in the direction of skid.

Indiana Farmers Insurance also recommends keeping an ice scraper, a phone charger, a blanket, jumper cables, a flashlight, batteries, water, food and a bag of sand in your vehicle.

Be sure to refill antifreeze, check brakes, replace wiper blades, refill washer fluid and check the health of your battery during the colder months. Keep your gas tank at least half full to prevent gas line freezing, and make sure your tires are in good condition.

What to do if you get stuck

In inclement weather, getting stranded is a possibility. Here’s what to do, according to the Indiana State Police.

■ Don’t leave your car. It’s the best protection you have.

■ Keep the exhaust pipe free of blockage to prevent carbon monoxide poisoning.

■ Leave the dome light on at night to aid search parties.

■ Don’t panic! An idling car uses only one gallon of gas per hour.

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<div><b>NOTICES</b></div> <div><b>LEGAL NOTICE</b></div> <div><b>IMPORTANT NOTICE OF LIQUIDATION AND CLAIMS FILING DEADLINE TO ALL PERSONS INTERESTED IN THE AFFAIRS OF SPIRIT COMMERCIAL AUTO RISK RETENTION GROUP, INC. ("SPIRIT")</b> <small>(This notice provides important information regarding the liquidation of Spirit. On February 27, 2019, Spirit was placed into permanent receivership by the Eighth Judicial District Court of the State of Nevada (the "Receivership Court"). Barbara D. Richardson, the Nevada Commissioner of Insurance, is the Receiver of Spirit and CANTILLO &amp; BENNETT, L.L.P. is the appointed Special Deputy Receiver ("SDR") of Spirit. On November 6, 2019, the Receivership Court entered its Final Order Setting Claims Filing Deadline (the "Liquidation Order") and its Final Order Setting Claims Filing Deadline for Spirit and Related Relief (the "Claims Order"). The Liquidation Order directs the Receiver to liquidate and wind down the affairs of Spirit.</small> <small>The Claims Order approves a process for filing claims against Spirit and establishes <b>October 31, 2020</b>, as the <b>Claims Filing Deadline</b> for the submission of such claims. All claims against Spirit will be handled as claims against the Spirit receivership estate, and all proceedings are governed by applicable Nevada law. Claims filed after October 31, 2020, will be barred from sharing in any distribution of Spirit's assets. Claims that remain contingent and unliquidated after October 31, 2020, will also be barred, except to the extent that such claims are protected by NRS 696B.400 and 696B.450. All claims must be submitted on the approved Proof of Claim ("POC") Form and received by the SDR at the address below. The Claims Order also established an appeal procedure. The Receivership Claims and Appeals Procedure, the POC Form, and additional information about the receivership is available at the Spirit web site: <a href="http://www.spiritinsure.com">www.spiritinsure.com</a>. Future notices about receivership matters which could impact your rights will also be made through the Spirit web site.</small> <small>You may request print copies of receivership notices by calling (512) 478-6000, or by writing to CANTILLO AND BENNETT, L.L.P., Attention: Spirit SDR, P.O. Box 184, Austin, Texas 78767. You are responsible for keeping the SDR apprised of any change in your address to assure your receipt of any mailed notices or correspondence. <i>Una versión en español de este aviso será publicada en <a href="http://www.spiritinsure.com">www.spiritinsure.com</a> o para solicitar una copia impresa, llame al 512-478-6000.</i></small></div>	<div><b>PUBLIC NOTICE</b></div> <div>Sourcewell, a State of Minnesota local government agency and service cooperative, is requesting proposals for <b>Industrial and Workplace Storage Systems with Related Accessories</b> to result in a contracting solution for use by its members.  Sourcewell members include thousands of governmental, higher education, K-12 education, not-for-profit, tribal government, and other public agencies located in the United States and Canada.  A full copy of the Request for Proposals can be found on the Sourcewell Procurement Portal <a href="https://proportal.sourcewell-mn.gov">https://proportal.sourcewell-mn.gov</a>.  <i>Only proposals submitted through the Sourcewell Procurement Portal will be considered.</i>  <b>Proposals are due no later than January 09, 2020 at 4:30 p.m. Central Time, and late proposals will not be considered.</b></div> <div><b>PUBLIC NOTICE</b></div> <div><b>The Interlocal Purchasing System (TIPS)</b> has posted procurement solicitations at <a href="http://www.tips-usa.com">www.tips-usa.com</a> for the following categories:  <b>RFP# 191101 – Commissioning and Testing Systems for Facility Systems</b>  Proposals are due and will be opened on December 20, 2019, at 3:00 pm local time. Call 866-839-8477 for problems with website or questions.</div>	<div><b>BUSINESS</b></div> <div><b>INVESTMENTS</b></div> <div><b>20% APR PAID &amp; INSURED</b>  You Hold the Title P&amp;I Paid Monthly \$45k Investment \$66k Return Short Term <b>985-630-6485</b></div> <div><b>BUSINESS OPPORTUNITIES</b></div> <div><b>Help Families Save Thousands on College</b>  • Work from home • B2B Big-ticket Sales • High Profit Margins • All digital • Exclusives &amp; 50% Financing may be available <b>850.781.9131</b></div>	<div><b>MARKETPLACE</b></div> <div><b>HEALTH / FITNESS</b></div> <div><b>Macular Degeneration, Cataract, Glaucoma</b> <ul style="list-style-type: none"><li>• How to heal without injections!</li><li>• Just released FREE guide that reveals why Macular Degeneration continues to increase at an alarming rate.</li><li>• Discover how STEM CELLS can help your vision.</li></ul><b>1-800-430-9328 <a href="http://www.USAEyeReport.com">www.USAEyeReport.com</a></b> <small>Edward Kondrot, MD Board Certified Ophthalmologist</small></div> <div><b>NOVELTY</b></div> <div><b><a href="https://brooklynnovelties.com/">https://brooklynnovelties.com/</a></b>  Novelty products at low prices!  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# Oregon success awkward for CFP committee



**George Schroeder**  
Columnist  
USA TODAY

OK, now it's getting awkward.

Not the College Football Playoff's latest Top 25. The rankings didn't change all that much this week, which means – well, it doesn't mean all that much, but we'll all argue as if it does.

The questions haven't changed, either. But who's providing some of the more important answers? That's different – which is not necessarily a change for the better.

Before ESPN's Rece Davis introduced Rob Mullens, the selection committee chairman and Oregon's athletics director, during Tuesday night's rankings reveal show, he noted that Mullens was absent from debate and voting that involved Oregon. Then Davis didn't really ask Mullens much about the Ducks, either, because in a new development for the 6-year-old Playoff, its chairman and public spokesman is essentially recused from answers involving Oregon, too – which is a potential issue.

There's no more important decision than No. 4 vs. No. Not Your Team – which makes the explanation of how and why it happened vital.

But under the CFP's recusal policy, the selection committee's chairman was not actually in the Bluebonnet Boardroom for at least portions of Monday and Tuesday when the selection committee evaluated, then ranked its top six teams. That's a good thing, of course – Mullens shouldn't be discussing the Ducks – and for Mullens, it's obviously a very good problem to have.

It's probably also not a big deal in terms of administration. Chris Howard, the president of Robert Morris University, runs the meeting in Mullens' absence. When Mullens returns, he gets briefed on what happened while he was gone.

"We have a recusal policy that we know has served us well," CFP executive director Bill Hancock told USA TODAY Sports on Tuesday night. "And yet we also know we have an obligation to tell the people what happened."

Makes sense. But part of this entire thing is the idea that 13 highly qualified folk who know football will shed their biases and work together to fairly determine the participants in the four-team bracket. And then the committee's chairman will serve as the sole spokesman to explain how they got there.

That in itself is a thankless gig. Explaining how the members arrived at consensus – or if they arrived at real consensus – is virtually impossible.

Like his predecessors, Mul-

lens does it well. Yet his every word is parsed, anyway.

But we've never encountered anything quite like what might unfold in a few weeks, with the chairman unable to discuss the rationale for several teams near the very top of the rankings, perhaps including who's in the bracket and who's out.

Mullens is not the first selection committee member to be recused, or the only one this year. In years past, Clemson athletics director Dan Radakovich, Ohio State athletics director Gene Smith and Oklahoma athletics director Joe Castiglione all were recused, sometimes for long stretches, as their teams were discussed and ranked.

Radakovich and Smith are no longer on the committee, but Castiglione continues to step outside, into the very nice holding room adjacent to the boardroom, whenever the Sooners are under consideration. Former Virginia Tech coach Frank Beamer joins him, because his son, Shane Beamer, is an Oklahoma assistant coach.

Having both Oklahoma's and Ohio State's athletics directors outside the room last year was good policy, because their teams were under consideration, along with Georgia, for the fourth and final berth in the bracket.

But then, neither Castiglione nor Smith was tasked with publicly discussing the committee's eventual decision.

Instead, Mullens told us all why Oklahoma was in at No. 4 (followed by Georgia at No. 5 and Ohio State at No. 6). But with Oregon in the mix, he might not do the talking this time.

It's worth noting: This wasn't on the radar when Mullens was named the selection committee chairman in January 2018. Previous chairmen Jeff Long (then at Arkansas) and Kirby Hocutt (Texas Tech) didn't have teams involved in the Playoff conversation during their tenures.

And in 2016 and '17, Mullens' first two seasons as a committee member, Oregon went 4-8 and 7-6. Last season, his first as chairman, the Ducks were 9-4. But now they're 9-1. And if they get to 12-1, they might get into the Playoff.

If they do, don't bother asking Mullens how it all went down.

Even if we knew, of course, the conspiracy theories about the CFP's selection process would still flourish. Turn on the radio anywhere in college football nation and you'll hear people talk about how the committee wants this result or that other one (it's all about TV ratings, or favoring traditional powers, or protecting a certain league, or insert your favorite scheme here). Those are bogus; the process is subjective, but



**With coach Mario Cristobal leading Oregon to a 9-1 record, AD Rob Mullens recuses himself when the Ducks are discussed by the Playoff committee he chairs.** JAYNE KAMIN-ONCEA/USA TODAY SPORTS

it's the furthest thing from rigged.

But Mullens' potential inability to discuss some of the teams under serious consideration does not help to quench the conspiracies.

Hancock declined to discuss how the CFP would handle things going forward, saying the committee does not project what might occur. But during a teleconference Tuesday night with reporters, Hancock chimed in with a couple of answers regarding Oregon and Utah. It's clear he will handle many of the queries involving Oregon and the teams it is being compared with.

But if Hancock won't play this out, we will – because projection is what everyone does with these preliminary rankings, and it's honestly the entire reason for these preliminary rankings: What if?

So: What if Oregon finishes as a 12-1 Pac-12 champion, Oklahoma is a 12-1 Big 12 champion, and oh by the way, there's Alabama sitting there at 11-1? Everybody has an opinion on how that would go, but no one really knows.

But imagine that's the situation on Sunday, Dec. 8. One of those teams gets into the bracket at No. 4 – hmmm, Oregon? – while the other two rank No. 5 and No. 6, just outside.

The chairman would be asked plenty of questions about the hows and whys of the decision, because every year the chairman is asked plenty of questions about the hows and whys of it. The abyss between No. 4 and No. 5 brims with frustration: You're either in or somehow, maddeningly, left out.

But Mullens wouldn't be taking those questions. He couldn't legitimately, anyway, because he wouldn't have been in the room. We'd get Hancock instead. And while he's a veteran of delivering palatable answers to difficult questions – for goodness sake, the guy used to front for the Bowl Championship Series – this whole situation is weird.

If the chairman wasn't running the meeting when the most important choices were

made – he wasn't even in the room – and if he can't tell us anything about it, either? And

especially if his team grabs that all-important No. 4 ranking? It's just awkward.

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### NOTICES

#### LEGAL NOTICE

**UNITED STATES BANKRUPTCY COURT, SOUTHERN DISTRICT OF NEW YORK**  
In re: ) Chapter 11  
Agera Energy, LLC, et al., ) Case No. 19-23802 (RDO)  
Debtors. ) (Jointly Administered)

**NOTICE OF DEADLINES FOR SUBMITTING PROOFS OF CLAIM AND REQUESTS FOR PAYMENT OF ADMINISTRATIVE EXPENSES AGAINST THE DEBTORS**  
PLEASE TAKE NOTICE THAT on November 7, 2019 the Bankruptcy Court entered an Order Establishing Bar Dates for Filing Proofs of Claim and Approving Form and Manner of Notice thereof (Docket No. 199) (the "Bar Date Order") establishing 5:00 p.m. (prevailing Eastern Time) on December 23, 2019 as the last date for each person or entity (including individuals, partnerships, corporations, joint ventures and trusts) to assert claims against any of the Debtors listed below (collectively, the "Debtors"). A copy of the Bar Date Order, and any exhibits thereto, are available (i) at the Debtors' expense upon request to Stretto, the Debtors' claims and noticing agent, by calling (877) 273-7276 and/or visiting the Debtors' restructuring website at <https://case.stretto.com/agera> or (ii) for a fee via PACER by visiting <http://ecf.nys.uscourts.gov>.

The Bar Date Order requires all entities (the "Claimants") holding or wishing to assert a claim against the Debtors (the "Claims") to assert the Claims in the manner described below so as to be actually received by Stretto, the Bankruptcy Court or the Debtors' counsel on or before the applicable dates as set forth below. None of the dates described herein apply to any governmental unit. Pursuant to Bankruptcy Code section 502(b)(9), all governmental units shall have 180 days from the Petition Date to submit Claims against the Debtors (the "Governmental Bar Date").

**Debtor Name, Federal Tax Identification Number, Case Number:** Agera Energy LLC, 46-5028122, 19-23802 (RDO); Agera Holdings, LLC, 47-1293335, 19-23803 (RDO); energy.me midwest llc, 45-1599484, 19-23804 (RDO); Aequitas Energy, Inc. 45-5257988, 19-23805 (RDO); Utility Recovery LLC 47-2294351, 19-23806 (RDO); and Agera Solutions, LLC 47-1955749, 19-23807 (RDO).

**Bar Date.** All Claimants, other than governmental units, holding or wishing to assert a claim that arose or is deemed to have arisen prior to October 4, 2019 (the "Petition Date") must submit proof of such Claim (a "Proof of Claim") (a) so as to be actually received by December 23, 2019 by 5:00 p.m. (prevailing Eastern Time) (the "Bar Date").

**Administrative Expense Bar Date (applicable to 503(b)(9) claims).** All Claimants holding or wishing to assert administrative expense claims against the Debtors that arose or accrued after the Petition Date through and including November 15, 2019 (each, an "Administrative Expense Claim") must file a written application or written motion with the Bankruptcy Court and deliver same by first-class mail overnight delivery, or hand delivery to Debtors' counsel, McDermott Will & Emery LLP, c/o Darren Azman / Ravi Vohra, 340 Madison Avenue, New York, New York 10173-1922 so that it is received on or before December 23, 2019 at 5:00 p.m. (ET) (the "Administrative Expense Bar Date"). The Administrative Expense Bar Date applies to all such Administrative Expense Claims whether or not such Administrative Expense Claims continue to accrue after November 15, 2019.

**Rejection Bar Date.** Any person or entity that holds a Claim that arises from the rejection of an executory contract or unexpired lease must file a Proof of Claim based on such rejection on or before such date as the Bankruptcy Court may fix in the applicable order authorizing such rejection.

**Filing a Proof of Claim.** All Proofs of Claim must be submitted so as to be actually received no later than 5:00 p.m. prevailing Eastern Time on the Bar Date at the following address: **IF BY MAIL OR IN PERSON:** Agera Claims Processing Center c/o Stretto, 410 Exchange, Ste. 100, Irvine, CA 92602. **IF FILED ELECTRONICALLY:** <https://case.stretto.com/agera/fileclaim>.

**PROOFS OF CLAIM SUBMITTED BY FACSIMILE OR ELECTRONIC MAIL WILL NOT BE ACCEPTED.**  
**Contents of Proofs of Claim.** Each Proof of Claim must: (i) be written in English; (ii) include a Claim amount denominated in United States dollars; (iii) conform substantially with the Proof of Claim Form provided by the Debtors or Official Form 410; (iv) state a Claim against one Debtor; (v) be signed by the Claimant or if the Claimant is not an individual, by an authorized agent of the Claimant; and (vi) include supporting documentation (or, if such documentation is voluminous, include a summary of such documentation) or an explanation as to why such documentation is not available. **Please note** that each Proof of Claim must state a Claim against only one Debtor. To the extent the Proof of Claim lists more than one Debtor, such Proof of Claim may be treated as if submitted only against the first-listed Debtor.

**Consequences of Failing to Timely Submit Your Proof of Claim or Administrative Expense Claim.** Any Claimant who is required, but fails, to submit a Proof of Claim or Administrative Expense Claim in accordance with the Bar Date Order on or before the Bar Date or Administrative Expense Bar Date shall be forever barred, estopped, and enjoined from asserting such Claim against the Debtors, their property, or their estates (or filing a Proof of Claim with respect thereto), and the Debtors, their property, and their estates shall be forever discharged from any and all indebtedness or liability with respect to such Claim, and such holder shall not be permitted to vote, to accept or reject any plan of reorganization filed in the chapter 11 case, or participate in any distribution on account of such Claim or receive further notices regarding such Claim.

**Reservation of Rights.** Nothing contained in this notice is intended to or should be construed as a waiver of the Debtors' right to: (a) dispute, or assert offsets or defenses against, any filed Claim or any Claim listed or reflected in the Schedules as to the nature, amount, liability or classification thereof; (b) subsequently designate any scheduled Claim as disputed, contingent or unliquidated; and (c) otherwise amend the Schedules.

**Additional Information.** If you have any questions regarding the claims process and/or if you wish to obtain a copy of the Bar date Order (which contains a more detailed description of the requirements for filing proofs of claim), a proof of claim form or related documents you may do so by contacting Stretto at (877) 273-7276; (b) the Debtors' restructuring website at <https://cases.stretto.com/agera>; (c) the Bankruptcy Court's Internet Website at <http://www.nysb.uscourts.gov>. Please note that Stretto cannot advise you how to file, or whether you should file, a Proof of Claim.

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### NOTICES

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You may request print copies of receivership notices by calling (512) 478-6000, or by writing to CANTILLO & BENNETT, L.L.P., Attention: Spirit SDR, P.O. Box 184, Austin, Texas 78767. You are responsible for keeping the SDR apprised of any change in your address to assure your receipt of any mailed notices or correspondence. *Una versión en español de este aviso será publicada en www.spiritinsure.com o para solicitar una copia impresa, llame al 512-478-6000.*

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A full copy of the Request for Proposals can be found on the Sourcewell Procurement Portal <https://portal.sourcewell-mn.gov>.

*Only proposals submitted through the Sourcewell Procurement Portal will be considered.*

**Proposals are due no later than January 16, 2020, at 4:30pm Central Time, and late proposals will not be considered.**

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EXHIBIT “3”





CONSULTING REPORT TO  
GREENBERG TRAURIG, LLC  
(ON BEHALF OF SPIRIT COMMERCIAL AUTO RISK RETENTION GROUP, INC  
(IN RECEIVERSHIP FOR LIQUIDATION) AND  
BROWNSTEIN HYATT FARBER SCHRECK, LLP  
(ON BEHALF OF CTC TRANSPORTATION INSURANCE SERVICES OF MO, LLC)

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## APPENDIX (SEPARATE DOCUMENT)

### APPENDIX A – ORGANIZATIONAL CHART SPIRIT AND COUNTY HALL

## EXHIBITS (SEPARATE DOCUMENTS)

### EXHIBIT 1 – WORK PROGRAM

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### EXHIBIT 3 – PAYMENT SUMMARY BY PAYEE BY DISBURSEMENT

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### EXHIBIT 6 – DAILY CASH BALANCE – CASH DISBURSEMENTS COUNTY HALL ONLY

### EXHIBIT 7 – ASPIRE VS QUICKBASE COMPARISON / REALLOCATIONS

## 1. EXECUTIVE SUMMARY

CTC Transportation Insurance Services of MO, LLC (“CTC MO”) and Spirit Commercial Auto Risk Retention Group, Inc. (in Receivership for Liquidation) (“Spirit”) retained FTI Consulting Inc. (“FTI”) as co-clients. FTI’s plan included gaining an understanding of CTC’s financial controls and operations, quantify the amount of money owed to Spirit, determine if CTC collected the money owed Spirit, identify where the money went if collected and evaluate fees paid for program administration and claims handling.

CTC MO was contracted by Spirit to be a Program Administrator. Spirit was incorporated on January 5, 2012 and was funded with capital of \$1,773,805. CTC MO’s services per the contract included but were not limited to underwriting risks, issuing policies, collecting premium, accounting services and safeguarding assets. Significant financial records for CTC MO were maintained by a related party, CTC Transportation Insurance Services, a California Corporation (“CTC CA”). Thomas Mulligan controlled or owned many companies that provided services to Spirit and CTC.

The following key observations were noted based on FTI’s review and analysis of CTC’s records:

### Financial Controls and Operations:

- a) CTC CA and CTC MO operated with limited financial controls. CTC functioned with limited financial oversight, allowed management and owners to override controls and used technology systems with limited internal controls (**Section 8**).
- b) FTI identified approximately \$40.4 million of insurance carrier (Spirit and other carriers) commingled funds<sup>1</sup> maintained in CTC CA “General Trust Account” (“GTA”) that was moved into CTC CA operational bank accounts or directly disbursed for CTC operations (**Section 10**).
- c) CTC CA management<sup>3</sup> and outside professionals confirmed in interviews that funds transferred to CTC CA operations were premium collections due insurance carriers and were not funds due CTC CA (**Section 11**).
- d) FTI identified funds paid to County Hall Insurance Company, Inc., a Risk Retention Group (“County Hall”<sup>4</sup>) that exceeded amounts collected by CTC CA during 2017 and 2018 for County Hall insurance policies (**Section 11**).
- e) FTI identified Error and Omission and Crime policies maintained by CTC (**Section 15**).
- f) Thomas Mulligan obtained mortgages of \$3,350,000 in 2011 and 2012 for property with a current assessed value of \$440,500 from Global Consultants LLC and Global Capital Group LLC. These companies were controlled by Dmitry Suprunov and/or Pavel Kapelnikov (**Section 3**).
- g) CTC’s policy listing for Spirit business contained 63 policies with negative premium totaling (\$141,308) (**Section 8**).
- h) CTC’s claims listing for Spirit business contained 40 claims with a total incurred loss of \$849,240 for policies with zero or negative premium. (**Section 8**).

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<sup>1</sup> See Definitions section

<sup>2</sup> See Definitions section

<sup>3</sup> See Definitions section

<sup>4</sup> County Hall is a separate Risk Retention Group that CTC Transportation Insurance Services of Hawaii, LLC has contracted with to be a Program Administrator

Quantification of money due Spirit from CTC for amounts collected by CTC, corrections for commissions, claim fees and amounts not collected by CTC:

- a) FTI identified cash basis losses recorded on CTC CA's federal tax returns totaling approximately \$28.7 million for the years 2013 to 2018. The owner of CTC did not provide capital to fund the CTC losses (**Section 14**).
- b) FTI identified based on CTC's records at least \$34.0 million currently due Spirit from CTC. CTC's records show CTC collected the money due, overpaid commissions and claim fees but did not send the money to Spirit (**Section 9**).
- c) An additional amount of approximately \$4.1 million is due Spirit for uncollected premium which CTC wrote off and identified as "final premium audit" endorsements. The amount due Spirit is net of CTC commissions. (**Section 9**).
- d) Additional endorsements recorded by CTC wrote off balances that may be due Spirit for approximately \$3.0 million. These endorsements were entered into the CTC policy system after the corresponding policy expired. Spirit may have provided coverage without receiving premium (**Section 9**).

Uses of money collected by CTC and not remitted to Spirit:

- a) CTC operational cash disbursements included at least \$32.7 million paid to related parties<sup>5</sup> or for unusual transactions (**Exhibit 3**). The transactions had limited or no support for the payments made and the financial manager made payments based on verbal approvals by the CTC owner and management.
- b) CTC CA recorded intercompany receivables on the 2017 tax return of \$9.9 million (**Section 14**).
- c) CTC provided a loan to Criterion Claim Solutions of Omaha, Inc. (CCS or Criterion) of \$2.8 million (**Exhibit 3**).
- d) CTC wired two payments totaling \$664,040 to Thomas Mulligan and a Thomas Mulligan controlled entity that represented Spirit funds received by CTC (**Section 13.2**).
- e) CTC recorded a receivable due from Thomas Mulligan of \$706,000 (**Schedule I**).
- f) Based upon an updated QuickBooks General Ledger for 2018 received on October 30, 2019, when compared to the prior 2018 General Ledgers received, it is evident that significant intercompany balances were adjusted and are now reflected as being written off. In addition, balances due from related parties<sup>6</sup> were reclassified to dividends paid (**Section 13**).
  - i. CTC wrote off balances of \$4.5 million due CTC from Chelsea.
  - ii. CTC wrote off balances of \$451,000 due CTC from Criterion.
  - iii. CTC wrote off balances of \$25,000 due CTC from County Hall.
  - iv. CTC recorded "Dividends Paid" of \$793,000 to Thomas Mulligan, owner of CTC.
- g) CTC through their control of Spirit, had Spirit loan Chelsea \$3,500,000 in 2017 to fund insureds' loans.
- h) CTC through their control of Spirit had Spirit send \$500,000 to New Tech Capital, LLC, which is owned by Thomas Mulligan, which then invested in Iterative Capital LP.

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<sup>5</sup> See Definitions section

<sup>6</sup> See Definitions section

## 2. FTI ENGAGEMENT

CTC MO and Spirit retained FTI as co-clients by and through their counsel respectively, the law firms of Brownstein Hyatt Farber Schreck, LLP and Greenberg Traurig, LLP on May 21, 2019. This agreement supersedes and replaces the former Engagement Agreement between CTC MO and FTI, dated April 12, 2019.

FTI was engaged to investigate certain financial records of CTC MO and related companies (including but not limited to CTC Transportation Insurance Services, a California Corporation (“CTC CA”), Criterion, and CTC Transportation Insurance Services of Hawaii, LLC (“CTC HI”), collectively referred to as “CTC”). CTC entities are owned by Thomas Mulligan per Schedule Y of the Spirit quarterly statutory statement as of September 30, 2018 (See **Appendix A**).

CTC MO and Spirit through their outside counsel requested FTI perform an investigation of certain CTC financial records to accomplish the following:

- a) Gain an understanding of CTC’s financial controls and operations.
- b) Quantify the amount of money owed to Spirit from CTC.
- c) Determine if the money owed to Spirit from CTC had been collected by CTC.
- d) Identify what happened to the money due Spirit.
- e) Determine if commissions retained by CTC and Claims Handling Fees paid to Criterion were correct.

See the FTI detail work plan at **Exhibit 1**.

### 2.1. ASSUMPTIONS

The following are assumptions made and used throughout this report:

- a) Cancelled checks were not provided by CTC; therefore, we assumed payees listed in the General Ledger transactions were the payee that received the check.
- b) Return premiums were assumed to be recorded correctly for approved cancellations and paid to the appropriate party.
- c) The written premium referenced in this report is based upon the amounts shown in QuickBase and were not independently traced to insurance policy documents.
- d) The cash receipts reports provided by CTC were assumed to be complete and accurate.
- e) The Chase bank statements received by FTI were assumed to include all relevant CTC bank accounts.

## 3. BACKGROUND OF CTC AND SPIRIT RELATIONSHIP

CTC CA entered into an agreement on November 3, 2011 to be a program administrator on behalf of Spirit. This agreement was amended in 2015, 2016 and 2017. Key changes included changes to the commission rates and on July 1, 2016 a new Program Administration Agreement (“PAA”) was created that effectively changed the relationship in that Spirit entered into a new PAA with CTC MO instead of CTC CA. This Agreement was amended in 2016 and 2017. There was no change in the day-to-day operations in how CTC managed the business.

Spirit was placed into receivership February 27, 2019 by the Eighth Judicial Court of the State of Nevada and the Nevada Insurance Commissioner was appointed as the Receiver. There was a final court order that placed Spirit into Liquidation on November 6, 2019.

Spirit was incorporated on January 5, 2012 with the ultimate parent being Spirit Commercial Auto Association, a company controlled by Thomas Mulligan. For the first-year of operations Spirit reported in their Annual Statement corporate capital of:

### 3.1. SPIRIT CAPITAL 2012

**Table 1**

Spirit capital first year of operation:	Amount in US\$
Common stock issued in 2012	\$ 750,000
Gross paid in and contributed capital 2012	\$ 1,023,805
Total capital contributed during 2012	\$ 1,773,805

Around the same time as the start-up of Spirit operations, between March 31, 2011 and March 30, 2012 ‘19 Bridge Avenue LLC’, a company controlled by Thomas Mulligan, obtained \$3,350,000 in mortgages. The mortgages were provided by companies controlled by Dmitry Suprunov and Pavel Kapelnikov. The property was acquired in 2009 by ‘19 Bridge Avenue LLC’ for \$430,000 and today operates as CTC’s New Jersey office at 19 North Bridge Avenue in Red Bank, New Jersey. The current assessed value of the property is \$440,500.

## 4. CTC PRIMARY FINANCIAL RECORDS

Spirit business was recorded on CTC CA’s QuickBooks General Ledger. CTC maintained additional general ledgers for various program administration and brokerage agreements. CTC MO had a QuickBooks General Ledger which contained additional records for CTC Business related to Spirit.

CTC CA is the entity used by CTC Management<sup>7</sup> for recording transaction detail for the CTC entities including CTC CA, CTC MO and CTC HI.

- a) CTC MO – program administrator for Spirit business.
- b) CTC HI – program administrator for County Hall.
- c) CTC CA – original program administrator for Spirit. After CTC MO became the Spirit program administrator in 2016, CTC CA continued to be used to record financial activity. CTC CA also recorded financial activity for other insurance carriers for which CTC entities brokered insurance business.

CTC CA’s QuickBooks General Ledger (the primary financial record) included the following:

- a) Cash collections from brokers and finance companies for each insurance carrier where CTC acts as program administrator or broker.

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<sup>7</sup> See Definitions section



- b) Cash disbursements for CTC operations and payments to insurance carriers.
- c) Cash disbursements made for employee costs.
- d) Financial accruals (however the accruals do not appear to have been made on a consistent basis).

The QuickBooks CTC CA General Ledger and supporting records were analyzed, as were bank statements, cash receipts journals and cash disbursement journals.

For the listing of identified CTC bank accounts see **Exhibit 2**.

## 5. CTC FINANCIAL SYSTEMS AND THIRD-PARTY SUPPORT

Financial records and third-party service providers for the program administration of Spirit and other insurance carrier programs and brokered business included the following:

- a) Nexsure General Ledger (limited use during the years 2011 to 2015) and cash disbursement journal – for the years 2011 to 2018.
- b) Concept One / EPIC - General Ledger (limited use during 2018) and cash disbursement journal during 2018.
- c) QuickBooks main General Ledger (an Intuit software solution) – for the years 2015-forward.
- d) Third party billing outsourced system – AIS based in Missouri during years 2014 to 2016.
- e) Third party billing outsourced system – “Input 1” started in 2016 and forward.
- f) Third party billing outsourced provider – Chelsea Financial Group, Inc. (Chelsea) (Note Chelsea is a premium finance company<sup>8</sup> but did not provide premium financing for Spirit as premiums were paid to Spirit on an installment basis known as the “voucher system”<sup>9</sup>.) Chelsea is owned by Thomas Mulligan and Pavel Kapelnikov.
- g) Third party administrator for claims – Criterion Claim Solutions of Omaha, Inc. (owned by Thomas Mulligan.)
- h) Policy administration records were maintained on the following systems:
  - i. Aspire (by Maple Technologies which is owned by a former Treasurer and board member of Spirit).
  - ii. QuickBase (an Intuit software solution)

CTC used QuickBase (an Intuit software product) for a policy system starting in 2015. During the system conversion, carrier premium collected for years 2011 to 2015 were entered into the QuickBase system as a bulk entry. Therefore, the payment history for the years 2011 to 2015 was lost in the transition from Aspire to the QuickBase policy system. See **Section 9.1** for additional details on this QuickBase conversion.

## 6. INTERVIEW SCHEDULE

FTI conducted initial interviews with the following people involved with CTC:

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<sup>8</sup> See Definitions section

<sup>9</sup> See Definitions section



- a) **Matt Simon and Hollie Whittaker** on May 30, 2019
- b) **Hollie Whittaker and Peter Santos** on June 11, 2019
- c) **John Mahoney** on June 11, 2019 via phone
- d) **Dan George** on July 10, 2019 via phone
- e) **Hollie Whittaker and Matt Westrich** on October 4, 2019

Additional calls and meetings were held throughout the project.

## 7. KEY PEOPLE AND COMPANIES

### 7.1. KEY PEOPLE

- a) **Thomas Mulligan** – owner of CTC and related companies – see key companies listed later in this section.
- b) **Dan George** – “Risk Retention Group manager services for Spirit” through his company Lexicon Management. Per conversation with Dan George, Lexicon Management is 50% owned by Thomas Mulligan. Dan was the corporate secretary for Spirit and County Hall. He also has another services company which he owns 100% called ICAP which received payments from CTC. Hollie Whittaker on October 4, 2019 stated, “Dan George was responsible for putting a CTC process in place to apply cash receipts to the oldest policies and not based on specific identification of payment by insured.” Dan George did not agree with this statement by Hollie Whittaker.

Per Dan George - County Hall Holdings has Class A shares owned by a company controlled by Thomas Mulligan. Mulligan invested \$1M in County Hall common stock. Class B shares via policyholder capital payments total approximately \$23.9M as of June 30, 2019. Note: this policyholder capital is similar to Association Fees charged to Spirit policyholders. Dan George is currently the County Hall Secretary.

- c) **John Maloney** – outside accountant for CTC. Maloney said - he stopped working for CTC CA in 2018 because “expenses went through the roof.” The issue of CTC spending insurance carrier trust funds was not new in 2018. Significant losses in 2015, 2016 and 2017 on the CTC CA tax returns per Maloney were funded by money from Insurance Company premium funds. John Maloney stated on June 4, 2019 when asked how CTC funded losses - “It would have come from premium dollars.” When asked if the funding was from commission due CTC he said “No, from premium dollars.” Per FTI’s discussion with John Maloney and review of the prepared CTC 2018 Federal tax return Mr. Maloney worked with CTC to prepare the tax return.
- d) **Hollie Whittaker** – CTC accountant. Whittaker has responsibility for maintaining the CTC general ledger and oversees cash receipts and cash disbursements at CTC. She made payments as directed by Thomas Mulligan and other management at CTC.
- e) **Matt Simon** – Chief Operations Officer at CTC. He has maintained many positions with CTC and related companies. Simon was the primary contact at CTC for FTI. Mr. Simon is not an employee of CTC, instead he is paid as a consultant.
- f) **Scott McCrae** – CTC President and County Hall President.

- g) **Peter Santos** – CTC lawyer. He participated in a meeting with Hollie Whittaker on June 11, 2019. He has not made himself available for an interview. FTI requested to speak to him about his involvement with Thomas Mulligan and a number of related companies. In addition, FTI requested background on an agreement with Brenda Guffey which resulted in a payment from CTC to Brenda Guffey (payment went to the law firm Borsen Law LLC) for \$256,085. Also, an additional payment of \$194,222 was identified as related to this settlement to Siro Smith Dickson in **Schedule I**. Mr. Santos also monitored several calls between FTI and Matt Simon.
- h) **Brenda Guffey** – former Spirit President and CTC employee. Received a payment from CTC through the law firm Borsen Law LCC for \$256,085. Per our discussion with Peter Santos the payment was for an agreement between CTC and Brenda Guffey. An additional payment of \$194,222 was identified as related to this settlement to Siro Smith Dickson listed on **Schedule I**.
- i) **Matt Westrich** – CTC accountant responsible for recording cash collections.
- j) **Igor Kapelnikov** – CTC information technology leader for CTC companies and brother of Pavel Kapelnikov.
- k) **Pavel Kapelnikov** – we believe he is the co-owner of Chelsea the premium finance company<sup>10</sup> controlled by Thomas Mulligan. Pavel Kapelnikov co-owns Global Consultants LLC with Dmitry Suprunov and Anna Suprunov. Pavel Kapelnikov is also the co-owner of Global Capital Group with Dmitry Suprunov. See key companies listed below in **Section 7.2**.
- l) **Dmitry Suprunov** – co-owns Global Consultants LLC (GCL) with Pavel Kapelnikov and Anna Suprunov. Co-owner of Global Capital Group (GCG) with Pavel Kapelnikov. GCL and GCG provided \$3.35 million in mortgages to ‘19 Bridge Avenue LLC’ (a company owned by Thomas Mulligan) for property at 19 Bridge Street, Red Bank NJ. The property was acquired in 2009 for \$430,000 by ‘19 Bridge Avenue LLC’. Spirit was incorporated on January 5, 2012 around the time financing for 19 Bridge Avenue LLC provided loans for 8.8 times the value paid in 2009.
- m) **Anna Suprunov** co-owns Global Consultants LLC with Pavel Kapelnikov and Dmitry Suprunov.
- n) **Nicholas Teetelli** – former Spirit board member and Treasurer (Spirit Annual Statement December 2015) and owner of Maple Technologies (per Maple Technologies website) the software provider for the Aspire policy administration system used by Spirit before QuickBase was installed. Aspire system has three (3) individual contracts for only one system used by CTC. CTC, Spirit and County Hall each were charged fees to use the Aspire system.

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<sup>10</sup> See Definitions section

## 7.2. KEY COMPANIES

### 7.2.1. COMPANIES OWNED OR CONTROLLED BY THOMAS MULLIGAN:

- a) **CTC Transportation Insurance Services of Missouri LLC (CTC MO)** - company provides program administration services for Spirit. Limited records were available as most transactions for the program administration services provided were recorded by CTC CA.
- b) **CTC Transportation Insurance Services of Hawaii LLC (CTC HI)** - company provides program administration services for County Hall. Limited records were available as most transactions for the program administration services provided were recorded by CTC CA.
- c) **CTC Transportation Insurance Services LLC (CTC CA)** – company provides program administration and brokers services to insurance carriers. Company maintained the most complete financial records for all CTC entities including CTC MO and CTC HI.
- d) **Criterion Claim Solutions of Omaha, Inc. (CCS or Criterion)** – company provides claims administration services for Spirit and County Hall.
- e) **Chelsea Financial Group, Inc. (Chelsea)** – provided premium administration services. CTC management<sup>11</sup> referred to the company as a premium finance company, but Chelsea did not provide premium financing services for Spirit. Chelsea did provide invoicing and payment services for Spirit through a third-party Input One. FTI identified financing agreements for Spirit policyholders that were maintained in the Aspire system. Interest rates for the sample reviewed charged Spirit policyholders between 8% and approximately 19%. Spirit did not benefit from the financing as policies were paid by Chelsea to Spirit on an installment basis.
- f) **Chelsea Holding Company LLC** – holding company that owns the Chelsea company noted above.
- g) **IV St Joseph IV LLC** – company owns CTC CA
- h) **Lexicon Insurance Management LLC** – company provides administration services to captive insurance companies and risk retention groups. Co-owner is Dan George.
- i) **New Tech Capital LLC** – company that received Spirit funds with support for an investment with Iterative Capital, L.P.
- j) **Fourgorean Capital LLC** – company that provided a \$3 million Letter of Credit for Spirit.

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<sup>11</sup> See Definitions section

- k) **Quote My Rig LLC (f/k/a Navesink Insurance Agency Inc.)** – sub-producer of insurance business that used CTC to issue insurance policies through multiple insurance carriers including Spirit.
- l) **One W. Main LLC** – company that owns property located in Freehold New Jersey. Property was acquired from Chelsea Holding Company LLC.
- m) **19 Bridge Avenue LLC** - company that owns property used by CTC for operations in Red Bank, New Jersey.
- n) **Whitehall, Swan & Adams Freight Forwarding, LLC** – company was the founding transportation company for Spirit.

#### **7.2.2. COMPANIES OWNED OR CONTROLLED BY PAVEL KAPELNIKOV:**

- a) **Chelsea Financial Group LLC** – see above **Section 7.2.1.**
- b) **Global Capital Group LLC** – company owned by Pavel Kapelnikov and Dmitry Suprunov. Global Capital Group LLC has extended three mortgages totaling \$2.4 million to 19 Bridge Avenue, LLC, of which Thomas Mulligan is the sole member. It has also extended a \$200,000 mortgage to Mulligan directly. No releases have been filed for these mortgages.
- c) **Global Forwarding Enterprises, LLC** – company received payments from CTC CA. Per Hollie Whittaker and Matt Simon, CTC CA payments were for software development.
- d) **Kapa Management Consulting Inc** – company received monthly payments from CTC CA for a loan. The loan was not located in CTC CA records.
- e) **Kapa Ventures Inc** - company received payments from CTC CA. Per Hollie Whittaker and Matt Simon, CTC CA payment support is not available.

#### **7.2.3. SPIRIT ORGANIZATIONAL CHART**

See **Appendix A** for the Spirit and County Hall Organizational chart as shown in the September 30, 2018 Spirit quarterly statutory statement.

### **8. CONTROL ISSUES – FINANCIAL OPERATIONS**

The following are financial control issues identified by FTI:

- a) Payments to Spirit were not recorded based upon cash received from policyholders. Per Hollie Whittaker, the application of premium on Spirits books was completed on a “first-in first-out”<sup>12</sup> basis in the QuickBase system, which was the direction received from Dan George. Dan George on December 13, 2019 said he did not give that direction but would have told CTC to record cash in accordance with the PAA.
- b) Interest was paid for debts **not** recorded in CTC records.

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<sup>12</sup> See definitions section

- c) Payments were made to employees from the operating account, not through payroll.
- d) Payments were made for credit card expenses without support or utilizing an IRS approved employee expense process.
- e) Payments were made to vendors without contracts or invoices.
- f) Payments were made on a cash basis and occasionally using accruals (that is CTC did not use an Accounts Payable process.)
- g) Payments were made to related parties<sup>13</sup> without agreements or invoices.
- h) Payments were made to management without expense reports, invoices or contracts.
- i) Payments to individuals and entities were made without Tax form 1099 being issued or recorded (No 1099's were provided to FTI). Hollie Whittaker believes 1099's were prepared "3 or 4 years ago."
- j) Cash Transactions for CTC HI were recorded in the CTC CA General Ledger before management stopped this process in 2017. This resulted in an incomplete record of transactions in the CTC CA General Ledger for business related to County Hall.
- k) Cash collected by CTC for multiple insurance carriers was comingled in the General Trust Account<sup>14</sup> and regular reconciliations were not completed (QuickBooks account number 100204).
- l) Cash moved to the CTC CA Return Premium bank account (QuickBooks account number 100205) was also commingled with direct premiums due insurance carriers and return premiums due brokers and financing companies. The premiums due carriers could have been paid directly from the General Trust Account<sup>15</sup> or the respective Trust Accounts for some of the individual carriers (i.e. Spirit, County Hall, AmTrust, Lloyds).
- m) Bank reconciliations were not provided for any period. Management said cash reconciliations were not completed.
- n) Payroll expenses and accrual entries were not updated on a regular basis.
- o) Subledger and General Ledger accounts were not reconciled.
- p) Payment registers from the EPIC and Nexsure systems were provided to FTI with payee information. The payee information in these payment registers could have been changed after checks were issued.
- q) Details on payment transactions appeared to have been changed in QuickBooks:
  - i. Cash Disbursements were identified where payment details and the bank account listed did not agree to the vendor payments. See example in **Schedule I**.
  - ii. Cash disbursements moved from the General Trust Account<sup>16</sup> to other accounts and were miscoded as payments to Return Premium account (this obscured cash movements to the operating cash account and other bank accounts in the General Ledger.) We identified 82 records that were changed which totaled \$22,225,767. These discrepancies were communicated to CTC management<sup>17</sup> on October 29, 2019 and a new General Ledger report was provided to FTI on October 30, 2019 that appears to correct these entries.
- r) The CTC policy listing provided in respect to Spirit business contained 63 policies with negative premium totaling (\$141,308).

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<sup>13</sup> See Definitions section

<sup>14</sup> See Definitions section

<sup>15</sup> See Definitions section

<sup>16</sup> See Definitions section

<sup>17</sup> See Definitions section

- s) Claims were paid without premium recorded for the insured and, in some circumstances, negative premium being recorded. The total incurred loss for these 40 claims was \$849,240.

## 9. BALANCES DUE SPIRIT

Based on our investigation of CTC and related entities we identified the following balances due Spirit:

### 9.1. WRITTEN PREMIUM RECONCILIATION

The amounts in the following table were taken from CTC's QuickBase system for the US Risks and a spreadsheet provided by CTC for the Cross-Border Risks. QuickBase contained the premium details on a policy by policy basis and the Cross-Border Risks spreadsheet is a summary of total premium, fees and taxes. Payments from CTC CA to Spirit were maintained in this system for the US Risks, while the payments for the Cross-Border Risks were not maintained. Instead, CTC provided a schedule created from the bank statements to show the total amount deposited into the Spirit bank account. This amount was compared to the payments per QuickBase and the difference was purported to be for the Cross-Border Risks. FTI traced the payments on this schedule to the bank statements and agreed the amounts with minor differences. The next procedure carried out was a comparison of the amounts deposited into the Spirit account for the period December 31, 2016 and prior to the amounts recorded in QuickBase to determine if the amount purported for Cross-Border Risks is reasonable. Based on our analysis the amount purported to be for Cross-Border Risks is reasonable. FTI used the amount deposited into the Spirit account of \$288,682,607 instead of the amount per QuickBase of \$286,976,222.

**Table 2**

	<b>US Risks</b>	<b>Cross Border Risks</b>	<b>Total</b>
Written Premium	\$ 282,592,526	\$ 1,825,091	\$ 284,417,617
Capital Contribution	\$ 5,717,330		\$ 5,717,330
Association Fee	\$ 43,688,716	\$ 479,773	\$ 44,168,489
State Tax	\$ 9,126,651	\$ 43,922	\$ 9,170,573
County Tax	\$ 506,571		\$ 506,571
FHCP Assessment	\$ 20,333		\$ 20,333
Vehicle/Risk Mgmt Fee	\$ 8,833,580		\$ 8,833,580
<b>Gross Billed</b>	<b>\$ 350,485,706</b>	<b>\$ 2,348,786</b>	<b>\$ 352,834,492</b>
Retail Agent Commissions	\$ (32,225,055)	\$ -	\$ (32,225,055)
Agents Finders Fee	\$ (1,269,816)	\$ -	\$ (1,269,816)
<b>Net Billed and collected by CTC</b>	<b>\$ 316,990,836</b>	<b>\$ 2,348,786</b>	<b>\$ 319,339,622</b>
Total Paid to Spirit by CTC			\$ 288,500,472
<b>Amount owed to Spirit</b>			<b>\$ 30,839,150</b>

The amount shown as total paid to Spirit by CTC was derived from multiple sources as there was not one source that showed the total paid. The amount paid per QuickBase showed \$286,976,222; however, CTC informed FTI that the payments for the Cross-Border Risks were not included. CTC then provided a spreadsheet that included all premium payments to Spirit that was created based upon the Spirit bank statements which totaled \$288,682,607. FTI traced each of the items on this spreadsheet to the Spirit bank statements and noted that, in some instances, deposits that were returned for "not sufficient funds" were not consistently offset

against the total deposit. As such, FTI accounted for all of these transactions and adjusted the total paid down by \$182,135. As a result, the total paid to Spirit by CTC amounted to \$288,500,472.

In reviewing the bank statements and comparing the amounts per the spreadsheet provided by CTC to the bank statements, we noted several payments deposited that were from Chelsea that were not considered premium. FTI inquired about these payments and was told that there were loan repayments from Chelsea to Spirit. This item will be further discussed in **Section 12.1** below.

The above demonstrates that CTC owes at least \$30,839,150 to Spirit for the business produced on their behalf.

## 9.2. COMMISSIONS ANALYSIS

The following table shows a calculation of the amount of commissions paid to CTC compared with the amount that was due based upon the calculations per the Agreement. The amount of commissions paid to CTC was derived from the commission's statements obtained from CTC along with the Spirit Commerce Bank statements.

The table below demonstrates that CTC owes at least \$3,077,911 to Spirit for commissions overpaid to CTC.

**Table 3**

	<b>US Policies</b>	<b>Cross Border Risks</b>	<b>Total</b>
Gross Written Premium	\$ 282,592,526	\$ 1,825,091	\$ 284,417,617
Commission rate	20%	20%	
<b>Gross Commissions</b>	<b>\$ 56,518,505</b>	<b>\$ 365,018</b>	<b>\$ 56,883,523</b>
Less: Retail Agents Commissions and Agents Finders Fee	\$ (33,494,871)	N/A	
<b>Net Commissions due CTC</b>	<b>\$ 23,023,634</b>	<b>\$ 365,018</b>	<b>\$ 23,388,652</b>
Amount of Commissions paid to CTC	\$ 26,466,563	\$ -	\$ 26,466,563
<b>Amount of Commissions Overpayment due back to Spirit</b>	<b>\$ 3,442,929</b>	<b>\$ (365,018)</b>	<b>\$ 3,077,911</b>

## 9.3. CLAIMS HANDLING FEE ANALYSIS

The following table shows a calculation of the amount of Claims Handling Fees paid to Criterion compared with the amount that was due based upon the calculations per the Agreement. The amount of Claims Handling Fees paid to CTC were derived from the claims handling fees statements obtained from CTC along with the payment details listed in the Spirit Commerce Bank statements.

The table below demonstrates that Criterion owes at least \$101,566 to Spirit for overpaid claim fees.



**Table 4**

	June 30, 2014 and Prior	July 1, 2014 and later	Cross Border Risks	Total
Written Premium	\$ 47,778,391	\$ 234,814,135	\$ 1,825,091	\$ 284,417,617
Commission Rate	3.5%	3%	3.5%	
<b>Claims Handling Fees</b>	<b>\$ 1,672,244</b>	<b>\$ 7,044,424</b>	<b>\$ 63,878</b>	<b>\$ 8,780,546</b>
Total Claims Handling Fees Paid by Spirit				\$ 8,882,112
<b>Total Overpayment of Claims Fees by Spirit</b>				<b>\$ 101,566</b>

#### **9.4. OTHER INFORMATION RELATING TO AMOUNT OWED TO SPIRIT**

The former auditor of Spirit was Shores, Tagman, Butler & Company, P.A. (“STBC”) The resignation letter dated May 23, 2018 stated the following:

*BAD DEBTS - In reviewing the receivables as presently recorded, we find that the collection history and the relationship between accounts receivable and unearned premiums is substantially worse than in the prior year. For example, the status of year end receivables three months post year end has gotten substantially worse. The policies with receivables in excess of the unearned premiums are as follows:*

*3/31/18 \$14.4 million*

*3/31/17 \$ 3.3 million*

*We do not presently possess enough information to estimate the entire amount of bad debt reserve that is needed. However, based on the information that we do have, we believe that the bad debt reserve needs to be increased by a minimum of \$1 million. It is our belief that the actual reserve needs to be substantially higher. We have asked on a number of occasions to have the bad debt reserve calculated by management. To date, we have not received a response to this inquiry.*

*BAD DEBTS/CTC CONTRACT - In the contract with CTC, specifically Section 7C, the contract indicates the following:*

*“the Program Administrator shall be responsible for collecting and paying to the Company all premiums due on the business written pursuant to this agreement. Failure to collect shall not operate as a defense against full payment by the Program Administrator to the Company for all amounts due and owed the Company for all liability assumed by the Company.”*

*We interpret this as meaning that should an account or accounts not pay all the premiums due, it is the responsibility of the Program Administrator to pay those to the Company. In fact, this does not appear to be happening. What appears to be happening is that any insured that is not paying has*



*its premium endorsed downward to the amount that was actually paid. Those premiums so endorsed have not been reflected on the financial statements of the Company. While this seems to be more conservative, this does not appear to be in compliance with the terms of the contract. We are concerned whether or not there is a receivable from the Program Administrator to the Company and whether or not this receivable is collectible.*

*From the limited information that we have, we believe that the bordereauxs have these endorsements labeled FPA. The cumulative sum total of the endorsements labeled FPA exceed \$5 million since inception through December 31, 2017. The ultimate effect of this on the financial statements, if any, is unknown.*

*Further, review of documents reflecting activity subsequent to year end reveals that through March 31, 2018, the Company took additional write-downs (similar to what is described above) for premiums earned, vehicle fees and capital previously recorded through December 31, 2017 totaling approximately \$1 million. This has the effect of reducing surplus, as reported, approximately \$1 million.*

Based on the findings of STBC the summary in **Section 9.9., Table 9** includes adjustments for uncollected funds which reduced Spirit premiums (see **Section 9.6.2** for further analysis of the FPA transactions). The QuickBase report provided to FTI indicated written premium was collected and no outstanding receivables were due CTC. This is not consistent with STBC's findings above. The detail provided by CTC for return premium did not contain details by carrier. If the detail for return premiums was available, the balance due Spirit may change.

FTI discussed the FPA endorsements with Dan George on December 13, 2019, Mr. George said the endorsements reduced premium for uncollected balances. Mr. George said that CTC, Risk Services (former manager for Spirit), and Criterion agreed verbally with the write off of uncollectible balances. The FPA transactions wrote off premium of \$5,067,679 not collected by CTC. Based on the wording of the PAA Spirit is due net of commissions \$4,054,143 from CTC.

## **9.5. COMPARISON OF WRITTEN PREMIUM PER CTC'S QUICKBASE TO THE SPIRIT ANNUAL STATEMENTS**

The following table shows the comparison of the written premium per CTC's QuickBase compared to the written premium per the Spirit Annual Statements. Note that the amounts per the annual statements are on a calendar year basis, whereas the amount per QuickBase are on an underwriting year basis.

The table below shows that after factoring in the Cross-Border revenue the difference between Spirit and CTC records is approximately 1.4%. Based on the small difference FTI determined the CTC records were reasonable for the testing performed. Also see the testing of the CTC QuickBase system to the Aspire policy system at **Section 9.6**.

**Table 5**

Written Premium	Underwriting Years							Total
	2012	2013	2014	2015	2016	2017	2018**	
<b>CTC Production</b>	\$ 4,487,238	\$ 20,319,327	\$ 41,362,175	\$ 47,403,465	\$ 66,009,392	\$ 69,269,154	\$ 33,741,775	\$ 282,592,526
<b>Net premiums Written per Spirit Annual Statement</b>	\$ 5,907,140	\$ 21,648,614	\$ 47,069,172	\$ 45,330,223	\$ 63,674,969	\$ 66,485,319	\$ 38,239,279	\$ 288,354,716
<b>Difference</b>	\$ (1,419,902)	\$ (1,329,287)	\$ (5,706,997)	\$ 2,073,242	\$ 2,334,423	\$ 2,783,835	\$ (4,497,504)	\$ (5,762,190)

**Note - this analysis does not include the Cross Border Risk Premium of approximately \$1.825M**

**\*\* in 2018 the last policy written was effective June 30, 2018. The CTC production is through September 2019 and the Spirit statement is as of 3q2018**

## 9.6. ASPIRE SYSTEM AND QUICKBASE POLICY COMPARISON

FTI was provided with a download of Spirit policy data from the Aspire system (“Aspire Policy Listing”). Maple Technologies, who is the owner of the Aspire system provided the data. Maple Technology is the provider of the policy system and data depository used by CTC before CTC started using QuickBase. After QuickBase was implemented, CTC continued to use Aspire for recording policy data and storing policy correspondence. See testing at **Section 9.8** for the listing of endorsements entered in QuickBase not recorded in Aspire. This Aspire data is purported to include all transactions for Spirit business from its inception in 2012 through June 12, 2019 when the last Spirit policy was cancelled, per Nick Teetelli, the owner of Maple Technology and former Treasurer for Spirit. The policy listing includes the program name, policy number, insured name, policy effective date, policy expiration date, transaction type, transaction date, transaction effective date, gross written premium, capital contribution, association fee, vehicle fee, state tax, county tax, FHCF, policy fee and risk management fee. FTI compared the amounts recorded in the Aspire Policy Listing to the amounts recorded in the QuickBase policy listing received from CTC as of July 2019 to determine if the CTC provided QuickBase system is reasonable for determining balances due Spirit. The following shows the results of this comparison:

**Table 6**

Truck America Program	Premium	Capital Contribution	Assocociation Fee	State Tax	County Tax	FHCF	Policy Fee	Risk Mgt Fee & Vehicle Fee	Total
Aspire Policy Listing	\$ 318,858,310.80	\$ 3,677,301.00	\$ 22,884,788.63	\$ 9,173,613.71	\$ 506,797.01	\$ 21,377.99	\$ -	\$ 563,358.75	\$ 355,685,547.89
QuickBase Policy Listing	\$ 282,592,526.19	\$ 5,717,330.00	\$ 43,688,715.78	\$ 9,126,650.83	\$ 506,571.00	\$ 20,333.00	\$ -	\$ 8,833,580.00	\$ 350,485,706.80
Difference	\$ 36,265,784.61	\$ (2,040,029.00)	\$ (20,803,927.15)	\$ 46,962.88	\$ 226.01	\$ 1,044.99	\$ -	\$ (8,270,221.25)	\$ 5,199,841.09

The following table shows an analysis of the policy differences noted above:

**Table 7**

	Premium Δ	Capital Contribution Δ	Association Fee Δ	Vehicle and Risk Mgmt Fee Δ	State Tax Δ	County Tax Δ	FHCF Δ	Net Δ	FPA Transactions
Full Offset (Premium, Cap Cont, Assoc Fee Vehicle & Risk Mgmt Fee, State Tax)	\$ 28,109,798	\$ 6,725	\$ (20,239,959)	\$ (7,875,717)	\$ (847)	\$ -	\$ -	\$ 0	\$ (847)
FPA Transactions	\$ 6,047,004	\$ 22,063	\$ (526,218)	\$ (380,939)	\$ 6,483	\$ 227	\$ (2)	\$ 5,168,619	\$ (5,066,832)
State Tax Differences (other entries offset)	\$ 1,988,293	\$ (1,988,293)	\$ -	\$ -	\$ 37,603	\$ -	\$ -	\$ 37,603	
State Tax and FCHF Differences (other entries offset)	\$ 80,524	\$ (80,524)	\$ -	\$ -	\$ 4,026	\$ -	\$ 1,047	\$ 5,073	
Unexplained Differences	\$ 40,165	\$ -	\$ (37,751)	\$ (13,566)	\$ (302)	\$ -	\$ -	\$ (11,454)	
	\$ 36,265,785	\$ (2,040,029)	\$ (20,803,927)	\$ (8,270,222)	\$ 46,963	\$ 227	\$ 1,045	\$ 5,199,841	\$ (5,067,679)

Δ - indicates differences between Aspire and Quickbase

#### 9.6.1. POLICIES WHERE PREMIUM ADJUSTMENTS ARE FULLY OFFSET WITH OTHER AMOUNTS SHOWN IN QUICKBASE

FTI identified policies with \$28,109,798 in premium adjustments in QuickBase that reduced premium. The adjustments offset Capital Contribution, Association Fee, Vehicle and Risk Management Fee, and/or State Tax. The net adjustment of the entries in QuickBase was zero for amounts due from policyholders. Based upon FTI's review, these transactions were created in QuickBase and were not entered into Aspire. This was a change from the normal process<sup>18</sup> as QuickBase was generally populated from entries made in the Aspire system. Matt Simon said he believed these entries were made in QuickBase to help improve Spirit surplus. FTI obtained copies of approvals from the reinsurer and the Nevada Division of Insurance (NDOI) for adjustments to premiums incepting January 1, 2017 and forward. FTI has not been provided with NDOI documentation to support the 2013 to 2016 reallocations. Reinsurance contract addendums for 2015 and 2016 were provided that support the change. The changes to the reinsurance contracts should have been provided to the NDOI for approval. These changes to premium do not impact the balances due Spirit.

See the schedule of differences at **Exhibit 7**.

<sup>18</sup> Matt Simon explained that the normal process was for a transaction is to be entered into Aspire and then there would be a daily upload into QuickBase for transactions entered that day. Separately, there would be a manual entry into Nexsure or Epic Premier which would create the invoice that was issued to the retail agents.

#### **9.6.2. POLICIES WITH AN FPA TRANSACTION IN QUICKBASE**

FTI identified \$5,067,679 in premium recorded in QuickBase that were classified with a Transaction Type “FPA”. The FPA endorsements were not recorded in the Aspire system. Based upon discussions with Matt Simon, FTI learned the FPA transactions were Final Premium Audits. FTI was provided with a letter sent to Spirit and CTC management (Brenda Guffey, Thomas Mulligan and Daniel George) from Spirit’s external auditors dated May 23, 2018. This letter laid out that these FPA endorsements were CTC’s write-off of uncollected balances from insureds the letter further notes that the PAA indicates CTC is responsible to pay Spirit for policyholder premiums whether collected or not by CTC.

FTI noted that Section 7.C of both PAAs that CTC shall be responsible for collecting and paying Spirit all premiums due on the business written pursuant to the Agreement. Failure to collect shall not operate as a defense against full payment by the CTC to the Spirit of all amounts due and owing to Spirit for all liability assumed by the Spirit. The Agreements further indicated that interest on amounts owing will accrue at a rate of 1.5% per month.

Per discussion with Dan George on December 13, 2018, he stated that the reinsurers, CTC, Risk Services, and Criterion were notified of the collection issue related to the outsourced billing and collection service AIS. Dan George said each group was aware of the collection issue and gave verbal approval for the amounts written off. The amount due Spirit for uncollected policy premium identified as FPA endorsements net of CTC commissions is \$4,054,143.

#### **9.6.3. POLICIES WHERE PREMIUM ADJUSTMENTS OFFSET CAPITAL CONTRIBUTIONS AND THE NET DIFFERENCE IS A CHANGE IN STATE TAXES**

FTI identified \$1,988,293 in premium changes in QuickBase that offset Capital Contributions. The adjustments in QuickBase resulted in a net change in State Taxes that were reduced by \$37,603. The adjustments identified in QuickBase were not identified in the Aspire system.

#### **9.6.4. POLICIES WHERE PREMIUM ADJUSTMENTS OFFSET CAPITAL CONTRIBUTIONS AND THE DIFFERENCE RESULTS IN STATE TAX AND FHCF CHANGES**

FTI identified \$80,524 in premium changes in QuickBase that offset Capital Contributions. The adjustments in QuickBase resulted in a net change to State Taxes and FHCF that were reduced by \$5,073. The adjustments identified in QuickBase were not identified in the Aspire system.

#### 9.6.5. POLICIES WHERE PREMIUM ADJUSTMENTS DO NOT OFFSET CHANGES TO ASSOCIATION FEE/VEHICLE RISK MGMT FEE/STATE TAX

FTI identified \$40,165 in premium changes where the corresponding changes to Association Fee/Vehicle Risk Mgmt Fee/State Tax amounted to \$51,619. The net difference between QuickBase and Aspire is \$11,454.

#### 9.6.6. CROSS-BORDER POLICY DIFFERENCES

The Aspire Policy Listing included the Cross-Border Risks policies. This policy listing was compared to the Cross-Border Risk policy listing provided by CTC. The following compares these two policy listings:

**Table 8**

Cross Border Risk Program	Premium	Capital Contribution	Association Fee	Vehicle Fee	State Tax	County Tax	FHCF	Policy Fee	Risk Mgt Fee	Total
Aspire Policy Listing	\$ 649,450	\$ -	\$ 4,763	\$ -	\$ 410	\$ -	\$ -	\$ 575	\$ -	\$ 655,199
Cross Border Risk - CTC Spreadsheet	\$ 1,824,499	\$ -	\$ 439,630	\$ -	\$ 28,231	\$ -	\$ -	\$ -	\$ -	\$ 2,292,360
Difference	\$ (1,175,049)	\$ -	\$ (434,867)	\$ -	\$ (27,821)	\$ -	\$ -	\$ 575	\$ -	\$ (1,637,161)

The Cross-Border Risk policy listing received from CTC did not contain the same fields as the Aspire Policy Listing. The amounts per the CTC policy listing showed “Capital Contribution” that was compared to “Association Fee” and “Tax” that was compared to the State Tax amount per the Aspire Policy Listing.

Matt Simon stated that not all of the Cross-Border Risks were included in the Aspire system.

## 9.7. QUICKBASE POLICY CANCELLATIONS AND REINSTATEMENTS - LATE ENTRIES

FTI analyzed QuickBase for Cancellation Endorsements without Reinstatement Endorsements for premium adjustments that were effective over 180 days before the date bound. FTI identified 600 endorsements that reduced premium by \$5,443,229. 468 of these endorsements were bound more than 180 days after the expiration date of the policy and the net reduction to premium was \$2,986,901. Matt Simon indicated that there was a delay in processing the cancellation in the system do to workflow issues. FTI compared these policies to the loss run and identified one claims with a paid loss of approximately \$10,000 where the loss date was after the cancellation date. Approximately \$2.5M in premium related to policies effective in 2012 and 2013.

If the adjustments reducing premium noted above were entered for non-payment, Spirit may have provided insurance coverage and not received premium payments.

## 9.8. QUICKBASE ENTRIES WITH TRANSACTION TYPES NOT IN ASPIRE

FTI identified several Transaction Type endorsements recorded in QuickBase that were not located in the Aspire system. The following are the Transaction Types identified in QuickBase that are not in Aspire:

- a) Endorsement/Change - TY18
- b) Endorsement/Change - TY19
- c) Endorsement/Change-CAP TY1
- d) Endorsement/Change-VIF TY2
- e) Endorsements - FPA

The differences noted above for Endorsement/Change codes TY18, TY19, CAP TY1 and VIF TY2 resulted in reclassification of premium that did not change amounts due Spirit.

The FPA endorsements did result in a change between Aspire and QuickBase that represent amounts due Spirit for balances not collected by CTC.

## 9.9. BALANCES DUE SPIRIT FROM CTC

Based on the work performed above, the total amount due Spirit from CTC is at least \$38,072,770:

**Table 9**

	<b>Total</b>	<b>Report Reference</b>
Written Premium Reconciliation	\$ 30,839,150	Table 2
Commissions overpaid to CTC	\$ 3,077,911	Table 3
Claim Handling fees overpaid	\$ 101,566	Table 4
FPA Endorsements	\$ 4,054,143	Section 9.6.2
<b>Total due Spirit</b>	<b>\$ 38,072,770</b>	

Additional amounts due Spirit may include the following:

- a) Late trailing cancellations processed after the policy end date reduced premium by \$2,986,901. This potential adjustment and other premium adjustments may impact commissions and fees payable to Spirit service providers.
- b) Interest on late payment of premium per the PAA Section 7 – Not calculated.

Potential offsets noted by CTC:

- a) Per CTC's response to the FTI interim report from an email dated November 9, 2019 from Matt Simon– "State Tax, County Tax and FHCP Assessment are listed as part of the receivable total (due Spirit). Spirit paid the required premium taxes which results in an additional \$9,653,555 reduction in the total amount due." FTI is unaware of why tax payments paid by Spirit would be due back to CTC.
- b) Per CTC's response to the FTI interim report, in an email dated November 9, 2019 from Matt Simon, CTC is claiming additional commissions of approximately \$4.5 million are due CTC based on a commission rate of 23.5%. This claim is not consistent with the PAA addendums which reduce commissions to 20%, retroactively to inception.
- c) Profit Share – CTC (Matt Simon) sent schedules and reinsurance commutation agreements to FTI on December 16, 2019. The schedule claims a profit share amount of \$3,979,603 is due CTC. The calculation provided by CTC does not take into account the following provisions in the PAA for profit sharing:
  - i. The impact of loss development since the commutations were completed
  - ii. The impact of any profit share payment on Spirit's Risk Based Capital (RBC calculation.)
  - iii. The timing and approvals needed may also impact any potential payment.
  - iv. The portion of the commutation related to profit sharing compared to commutation of the risks.

The filed 2017 amended annual statement for Spirit listed total adjusted capital of \$703,088 and authorized control level risk-based capital of \$7,725,402. The RBC calculation at these capital levels is well below the RBC level of 225% required for a profit share payment to CTC per the PAA. In addition, the Spirit US GAAP audited financial statements for the year ended December 31, 2017 increased loss reserves and reported a total stockholders' deficit of \$43,180,801. The adjustments noted in the audited financial statements occurred after the amended annual statement was filed. The changes reported in the 2017 audited financial statements result in a further reduction in the RBC calculation. Based on the financial results noted above, profit share payments would not be due CTC.

## 10. FINDINGS - COMINGLED FUNDS

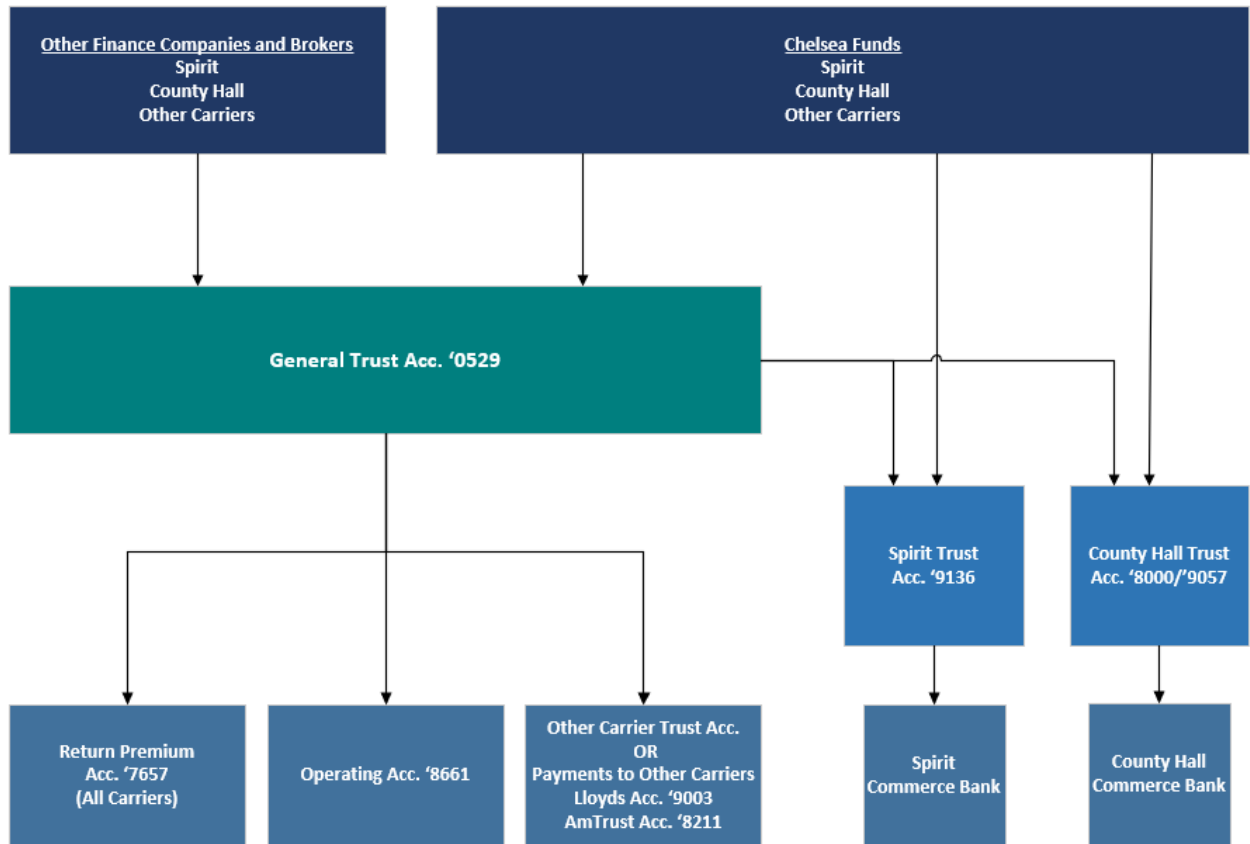
### 10.1.FLOW OF FUNDS

Insurance Trust Funds were commingled with other insurance carriers. Comingled funds were put into the CTC CA general ledger account 100204 – Chase\_CTC2\_Trust\_0529. The corresponding bank account was Chase – JP Morgan Chase Bank, N.A. account number 000000739620529 (See **Exhibit 2** for a listing of bank accounts along the full bank account numbers). This account is



referred to as the General Trust Account<sup>19</sup> (“GTA”). **Chart 10.2** which follows shows the cash flows for insurance carrier premium funds received into and out of the GTA per our conversation with Hollie Whitaker and Matt Westrich on October 4, 2019:

### 10.2.CHART – FLOW OF FUNDS AT CTC AS EXPLAINED

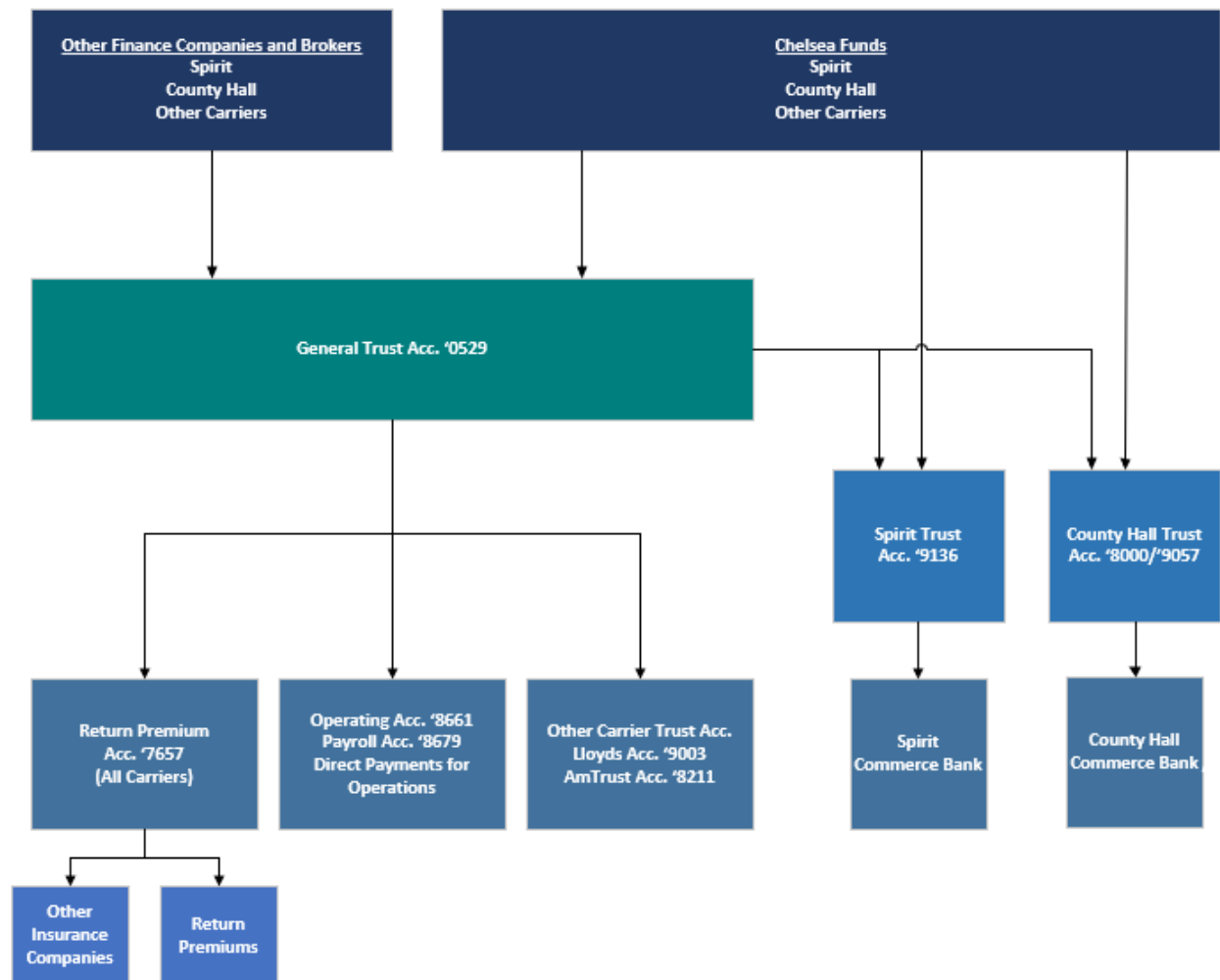


### 10.3.CHART – FLOW OF FUNDS AT CTC UPDATED FOR ACTUAL FLOWS

Based on our analysis of the General Trust Account<sup>20</sup> the following is a diagram that shows the actual flow of funds at CTC:

<sup>19</sup> See Definitions section

<sup>20</sup> See Definitions section



A process difference identified is that the return premium account includes both other insurance carrier premium funds and return premiums due back to insureds. The return premium account is another account CTC maintained that commingled insurance carrier funds.

FTI requested a summary of return premium paid by insurance carrier. CTC does not have the systems in place to report on return premium payments by insurance carrier. The process for return premiums includes multiple steps:

- a) Calculating gross premiums due back to the insureds
- b) Calculating the sub-producers' portion of amounts due back to insureds
- c) Comparing amounts due back to an insured against payments received

Based on the significant underpayment to Spirit noted in **Section 9** above, the risk exists that payments were sent back to sub-producers and or financing companies improperly. FTI selected three payments to Chelsea for return premiums and reviewed the supporting schedules. Each payment included the calculations noted above.

The return premiums sent to Chelsea and other sub-producers is still a risk as the detail is not available by insurance carrier and the detail should be provided by Chelsea or CTC for return premium by insurance carrier.

An additional risk is that the return premiums paid to financing companies were commingled with other insurance carrier premiums. CTC funded operations at Chelsea, the processing of return premiums gave CTC an opportunity to conceal additional payments to Chelsea.

After information for return premiums by insurance carrier is provided, additional testing should be completed.

To evaluate cashflows in and out of the various accounts we used the following information:

- CTC general ledger activity for the years 2016 through 2018
- CTC bank account statements for the years 2016 through 2018
- Subsidiary ledgers for cash collections for the years 2016 through 2018

#### 10.4.GENERAL TRUST ACCOUNT ACTIVITY 2016 TO 2018

Below is a summary of the CTC CA General Ledger activity for account number 100204 - General Trust Account<sup>21</sup> for the years 2016 through 2018:

**Table 10**

	2016	2017	2018	Total
100101 • Chase Operating_ 8661	\$ (7,983,355)	\$ (8,770,565)	\$ (12,429,439)	\$ (29,183,359)
100102 • Chase Special (Payroll)_ 8679	\$ (2,283,000)	\$ (3,011,532)	\$ (3,443,400)	\$ (8,737,932)
100103 • Chase - ILSA_ 6555	\$ (413,080)	\$ (307,594)	\$ (462,339)	\$ (1,183,014)
100105 • Chase CTC HI_ CK_ 9057	\$ -	\$ -	\$ (16,325,559)	\$ (16,325,559)
100105 • Transfer to/from CTC Hawaii	\$ -	\$ (7,511,601)	\$ -	\$ (7,511,601)
100106 • Transfer to/from Criterion	\$ -	\$ (404,000)	\$ -	\$ (404,000)
100201 • Chase CTC1 Trust_ 8687	\$ (882)	\$ 15,183	\$ 115,335	\$ 129,635
100206 • Chase CTC2 Return Premium_ 7657	\$ (10,781,565)	\$ (20,548,236)	\$ (21,825,069)	\$ (53,154,870)
100302 • Chase AmTrust/Wesco_ 8211	\$ (1,887,857)	\$ (1,949,377)	\$ (8,647,574)	\$ (12,484,808)
100402 • Chase SCARRG CTC2_ 9136	\$ (30,947,246)	\$ (40,349,243)	\$ (18,252,872)	\$ (89,549,361)
100501 • Chase Lloyds Acct_ 9003	\$ (1,355,928)	\$ (1,893,014)	\$ (3,694,237)	\$ (6,943,180)
110001 • Commissions Receivable - 1	\$ 305,837	\$ 1,224,131	\$ -	\$ 1,529,968
12100 • Premium Receivable	\$ 56,515,571	\$ 88,931,582	\$ 84,366,968	\$ 229,814,122
132228 • Receivable - Criterion Claims	\$ (173,724)	\$ -	\$ -	\$ (173,724)
132229 • Receivable - CTC of HI	\$ -	\$ (3,908,930)	\$ -	\$ (3,908,930)
200000 • Carrier Payable	\$ (2,016,200)	\$ (171,549)	\$ 1,769,919	\$ (417,830)
30200 • Dividends Paid	\$ -	\$ -	\$ (200,000)	\$ (200,000)
600012 • Travel and Entertainment	\$ -	\$ (5,000)	\$ (37,200)	\$ (42,200)
600015 • Bank Service Charges	\$ (460)	\$ -	\$ -	\$ (460)
6000156 • Global Capital - Management Fee	\$ (21,318)	\$ -	\$ -	\$ (21,318)
6000157 • Legal	\$ (31,300)	\$ (7,500)	\$ -	\$ (38,800)
66900 • Reconciliation Discrepancies	\$ 3,868,293	\$ -	\$ -	\$ 3,868,293
80000 • Ask My Accountant	\$ -	\$ (1,218,091)	\$ -	\$ (1,218,091)
99990 • Management Fee Criterion Claim	\$ -	\$ -	\$ (201,000)	\$ (201,000)
-SPLIT-	\$ (2,450,000)	\$ -	\$ -	\$ (2,450,000)
Net Total	\$ 343,786	\$ 114,664	\$ 733,532	\$ 1,191,982

<sup>21</sup> See Definitions section

This table summarizes the net cash activity in the General Trust Account<sup>22</sup> based on the data provided in the “Split”<sup>23</sup> data field description in the CTC General Ledger for each entry. Positive amounts represent cash flows into the GTA and negative amounts represent cash moved out of the GTA.

Based on the summary above CTC moved cash into an operations account (CTC general ledger account 100101) and a payroll account (CTC general ledger 100102) from funds received for insurance carrier premiums.

Per our interviews with CTC management,<sup>24</sup> CTC allocated the carrier premiums moved from the GTA to CTC operations to the Spirit account. This is consistent with the reconciliation completed in **Section 9.1** above that shows CTC collected funds but did not remit payment to Spirit. What follows is a summary of the funds FTI identified as moved to CTC operations or used for CTC operations:

## 10.5.FUNDS MOVED TO CTC OPERATIONS OR USED FOR CTC OPERATIONS

**Table 11**

	<b>Total</b>
<b>100101 • Chase Operating_8661</b>	\$ (29,183,359)
<b>100102 • Chase Special (Payroll)_8679</b>	\$ (8,737,932)
<b>110001 • Commissions Receivable - 1</b>	\$ 1,529,968
<b>600012 • Travel and Entertainment</b>	\$ (42,200)
<b>6000156 • Global Capital - Management Fee</b>	\$ (21,318)
<b>6000157 • Legal</b>	\$ (38,800)
<b>80000 • Ask My Accountant</b>	\$ (1,218,091)
<b>99990 • Management Fee Criterion Claim</b>	\$ (201,000)
<b>-SPLIT-</b>	\$ (2,450,000)
<b>Total Funds Used For CTC Operations</b>	<b>\$ (40,362,732)</b>

Commissions identified by CTC are included in the above table to reduce the amount diverted by CTC, as these may represent fees due CTC. Disbursements for “Legal, Ask My Accountant, Management Fee Criterion Claim and Split” are CTC payments not related to insurance carrier premiums.

Our analysis showed the carrier funds moved to operations were allocated to Spirit. The funds diverted to CTC operations came from the GTA where multiple carrier premium funds were commingled. The allocation to Spirit by CTC management<sup>25</sup> (per discussions with Matt Simon and Hollie Whittaker) was arbitrary. Based on our interviews, Matt Simon and Hollie Whittaker are unaware of who at CTC decided to allocate the diverted funds to Spirit. During multiple

<sup>22</sup> See Definitions section

<sup>23</sup> Split is one of the data fields in CTC’s QuickBooks system used to identify transactions.

<sup>24</sup> See Definitions section

<sup>25</sup> CTC Management here includes each person involved in management at CTC. See the Key persons section.

discussions with CTC management cash movements not supported by contracts or invoices were approved by Thomas Mulligan.

#### 10.6.DIVERTED COMMINGLED FUNDS 2016 TO 2018 ALTERNATIVE ALLOCATION

FTI developed an alternative allocation based on accumulated total funds received into the GTA for the period 2016 through 2018. This pro-rata allocation used the ratio of accumulated total funds received by carrier as of the day each amount was moved to CTC operations. Below is an alternative summary allocating carrier premiums to County Hall and the other insurance carriers<sup>26</sup> whose funds were commingled with Spirit premiums in the GTA.

##### 10.6.1. TOTAL FUNDS USED FOR CTC OPERATIONS NET OF COMMISSIONS

**Table 12**

	<b>Total</b>
<b>Total Funds Used For CTC Operations</b>	\$ (41,892,700)
<b>110001 • Commissions Receivable - 1</b>	\$ 1,529,968
<b>Net Total</b>	<b>\$ (40,362,732)</b>

If funds moved to operations did not include the commission offset the amount allocated to each group would be higher.

##### 10.6.2. ALTERNATIVE ALLOCATION

**Table 13**

	<b>Total</b>
<b>Spirit</b>	\$ (25,248,295)
<b>County Hall</b>	\$ (2,654,265)
<b>Other Insurance Companies</b>	\$ (12,460,173)
<b>Total</b>	<b>\$ (40,362,732)</b>

See **Exhibit 4** for detailed analysis to support **Table 13**.

#### 10.7.REASONABLENESS OF DATA USED FOR THE GTA ANALYSIS

Below is a comparison of 2017 and 2018 bank deposit and payments to the CTC CA General Ledger activity for the General Trust Account. The net activity for the bank and GL are the same for both years. The 2018 detail for deposits and payment were individually compared and agreed without exception.

##### 10.7.1. RECONCILIATION OF GENERAL LEDGER ACCOUNT 100204 - CHASE CTC2 TRUST 0529 AND CHASE BANK ACCOUNT 000000739620529

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<sup>26</sup> See definitions section

**Table 14**

	<b>2017</b>	<b>2018</b>
<b>Cash Receipts per bank</b>	\$ 94,799,128	\$ 92,224,012
<b>Cash Receipts per General Ledger</b>	\$ 90,155,713	\$ 84,366,968
<b>Difference</b>	\$ 4,643,414	\$ 7,857,044
<b>Cash payments per bank</b>	\$ 94,684,464	\$ 91,490,480
<b>Cash payments per General Ledger</b>	\$ 90,041,049	\$ 83,633,436
<b>Difference</b>	\$ 4,643,415	\$ 7,857,044
<b>Net inflow or (outflow) - bank</b>	\$ 114,664	\$ 733,532
<b>Net inflow or (outflow) - General Ledger</b>	\$ 114,664	\$ 733,532

Based on the above reconciliation and testing of 2018 data, the information provided appears reasonable for the analysis completed. The gross deposit and payment differences are based on how entries are coded. As an example, intracompany transfers are coded as deposits for both the debit and credit entry in the General Ledger. That is the General Ledger has a “negative deposit” recorded. The bank statement records one deposit and one payment.

## **11. COUNTY HALL – CTC CASH RECEIPTS AND PAYMENTS**

FTI analyzed CTC cash receipts for County Hall policies. We evaluated cash receipts per the CTC Cash Applied reports from the EPIC and Nexsure systems (these reports are the sub-ledgers provided by CTC for insurance carrier premium deposits.)

FTI analyzed CTC payments to County Hall for policy premiums. FTI evaluated cash payments per the General Ledger and Cash payments per Chase Bank account (Chase Account \*9057.)

### **11.1 RECONCILIATION OF CASH APPLIED REPORTS AND BANK DEPOSITS**

We compared the cash receipts per the CTC Cash Applied reports and deposits per the CTC Chase bank account (\*9057.) Below are the differences identified:

**Table 15**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Total</b>
<b>Cash Applied Reports</b>	\$ 1,143,929	\$ 19,467,761	\$ 41,258,312	\$ 61,870,002
<b>JPMC Bank Records</b>	\$ 1,215,457	\$ 21,094,670	\$ 38,098,702	\$ 60,408,829
<b>Total Difference</b>	\$ (71,528)	\$ (1,626,909)	\$ 3,159,610	\$ 1,461,172

The difference noted above could be timing differences, payments in transit, or cash applied report differences. Note that in 2016 and 2017 more deposits were made to the Bank than recorded in the Cash Applied Reports.

## 11.2 CASH PAYMENTS TO COUNTY HALL PER THE CTC COUNTY HALL BANK ACCOUNT

FTI's initial understanding (based on interviews with CTC management<sup>27</sup>) was that all outflows from the County Hall Trust account were for the benefit of the County Hall and paid to the carrier's Commerce Bank account. Below are the results of the analysis of the bank account data for 2016 through 2018. This is a discrepancy from the process flow described to FTI for the flow of funds into and out of the CTC cash accounts and documented in the Chart at **Section 11.3** above.

## 11.3 SUMMARY OF OUTFLOWS FROM THE COUNTY HALL BANK ACCOUNT

**Table 16**

	2016	2017	2018	Total
Chelsea Financial Group	\$ (17,802)	\$ (294,638)	\$ (370,270)	\$ (682,711)
County Hall - Commerce Bank	\$ -	\$ (1,753,200)	\$ (636,406)	\$ (2,389,606)
County Hall Account '8000	\$ (1,146,500)	\$ (979,578)	\$ (2,500)	\$ (2,128,578)
Deposited Item Returned	\$ -	\$ (47,273)	\$ (51,477)	\$ (98,750)
First Insurance Funding - Lake Forest	\$ -	\$ -	\$ (46,304)	\$ (46,304)
General Trust Account '0529	\$ -	\$ (418,134)	\$ (1,488,719)	\$ (1,906,853)
Northern Investors Company - Opus Bar	\$ -	\$ (7,006)	\$ -	\$ (7,006)
Strand Insurance	\$ -	\$ -	\$ (26,336)	\$ (26,336)
Unidentified Outflow	\$ -	\$ -	\$ (3,344)	\$ (3,344)
Unidentified Outgoing Checks	\$ -	\$ (16,708,833)	\$ (36,226,456)	\$ (52,935,289)
US Premium Finance - Ameris Bank	\$ -	\$ -	\$ (8,143)	\$ (8,143)
<b>Total</b>	<b>\$ (1,164,302)</b>	<b>\$ (20,208,661)</b>	<b>\$ (38,859,955)</b>	<b>\$ (60,232,919)</b>

An analysis of the County Hall cash balance yielded the following cumulative balances using the CTC sub-ledger Cash Applied reports and the total outflows per the bank records (outgoing checks were assumed to have been paid to County Hall.)

## 11.4 ANALYSIS OF COUNTY HALL CASH BALANCE BY QUARTER

**Table 17**

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<sup>27</sup> See Definitions section

	Cash Receipts	Cash Payments	Net
3/31/2016	\$ -	\$ -	\$ -
6/30/2016	\$ -	\$ -	\$ -
9/30/2016	\$ -	\$ -	\$ -
12/31/2016	\$ 1,143,929	\$ (1,164,302)	\$ (20,374)
3/31/2017	\$ 2,740,204	\$ (2,837,726)	\$ (97,521)
6/30/2017	\$ 1,652,431	\$ (1,957,218)	\$ (304,786)
9/30/2017	\$ 9,497,017	\$ (8,276,073)	\$ 1,220,945
12/31/2017	\$ 5,578,108	\$ (7,137,645)	\$ (1,559,537)
3/31/2018	\$ 4,931,812	\$ (6,087,263)	\$ (1,155,450)
6/30/2018	\$ 3,011,985	\$ (3,156,894)	\$ (144,909)
9/30/2018	\$ 15,237,133	\$ (14,138,733)	\$ 1,098,400
12/31/2018	\$ 18,077,382	\$ (15,477,066)	\$ 2,600,316
<b>Total</b>	<b>\$ 61,870,001</b>	<b>\$ (60,232,919)</b>	<b>\$ 1,637,083</b>

County Hall does not appear to be the recipient of all outflows from the County Hall Trust account. Cash payments to County Hall per the CTC bank records are below. See **Exhibit 5** for the details to support **Table 17**.

#### 11.5 SUMMARY OF OUTFLOWS FROM THE COUNTY HALL BANK ACCOUNT FOR THE BENEFIT OF COUNTY HALL

**Table 18**

	Total
<b>County Hall - Commerce Bank</b>	\$ (2,389,606)
<b>County Hall Account '8000</b>	\$ (2,128,578)
<b>Unidentified Outgoing Checks</b>	\$ (52,935,289)
<b>Total</b>	<b>\$ (57,453,474)</b>

#### 11.6 ANALYSIS OF COUNTY HALL CASH BALANCE BY QUARTER ADJUSTED FOR ACTUAL OUTFLOWS FOR THE BENEFIT OF COUNTY HALL

The analysis that follows shows the Cash Applied reported “Cash Receipts” are higher than the cash payments per the bank records identified above (**Table 18**) and are used for the payments to County Hall.

**Table 19**



	Cash Receipts	Cash Payments	Cummulative Net
3/31/2016	\$ -	\$ -	\$ -
6/30/2016	\$ -	\$ -	\$ -
9/30/2016	\$ -	\$ -	\$ -
12/31/2016	\$ 1,143,929	\$ (1,146,500)	\$ (2,571)
3/31/2017	\$ 2,740,204	\$ (2,726,773)	\$ 10,860
6/30/2017	\$ 1,652,431	\$ (1,842,764)	\$ (179,473)
9/30/2017	\$ 9,497,017	\$ (8,175,591)	\$ 1,141,954
12/31/2017	\$ 5,578,108	\$ (6,696,484)	\$ 23,579
3/31/2018	\$ 4,931,812	\$ (5,595,289)	\$ (639,898)
6/30/2018	\$ 3,011,985	\$ (2,763,514)	\$ (391,427)
9/30/2018	\$ 15,237,133	\$ (13,039,558)	\$ 1,806,148
12/31/2018	\$ 18,077,382	\$ (15,467,002)	\$ 4,416,527
<b>Total</b>	<b>\$ 61,870,001</b>	<b>\$ (57,453,474)</b>	<b>\$ 4,416,527</b>

In summary we identified payments to County Hall during the following quarters when more cumulative cash was sent to County Hall than collected by CTC:

- Fourth Quarter 2016
- Second Quarter 2017
- First Quarter 2018
- Second Quarter 2018

See **Exhibit 6** for the details to support **Table 19**.

During 2018 the CTC general ledger Activity for account 100105, which was used for County Hall policy collections and payments showed cumulative payments to County Hall, exceeded cumulative receipts for County Hall policies.

For 2017 and 2018 when payments exceeded the policy premium collections for County Hall, funds may have been provided through transfers from operations or the GTA. The CTC general ledgers are maintained on a cash basis so the additional payments to County Hall indicate deposits are missing in the CTC general ledger. The bank accounts were not overdrawn for the periods noted above.

Details of return premium activity by carrier were not provided by CTC. Return premium detail activity may change this analysis.

## 12. TRANSACTIONS PER SPIRIT BANK STATEMENT

### 12.1. CHELSEA LOAN

As part of the testing to determine the amount of premium that had been remitted to Spirit from CTC, FTI identified nine payments from Chelsea to Spirit that were not considered premium. Matt Simon said these payments were the repayment of a loan between Spirit and Chelsea that was used to fund insured's loans. Since the Spirit premium that was processed through Chelsea

was typically paid on installments, this loan would have been for another carrier(s) premium financing. FTI obtained a copy of the promissory note for \$3,500,000 that was executed February 28, 2017 by Pavel Kapelnikov as President of Chelsea Financial Group. The terms stated interest shall be payable each month to Spirit at an annual rate of 3.99% on the unpaid principal balance with the promissory note maturing on February 27, 2018. FTI traced the repayments from Chelsea to Spirit to confirm that the loan was repaid with interest with the final payment being made on September 28, 2017. FTI requested support to show that the loan received approval from the Nevada Division of Insurance, and we have not received any documentation to support approval for the related party loan. FTI noted that the loan was recorded on Spirit's 2017 quarterly statutory statements.

## **12.2. NEW TECH CAPITAL INVESTMENT**

FTI noted a payment of \$500,000 on January 8, 2018 to New Tech Capital LLC from the Spirit Premium Account bank statement. FTI obtained the wire transfer support which shows that New Tech Capital LLC has the same address, 19 North Bridge Avenue, Red Bank New Jersey, as CTC's New Jersey office. FTI obtained correspondence and an investment placement memorandum that showed New Tech Capital LLC, which appears to have been formed by Thomas Mulligan, invested in Iterative Capital LP. which invests in cryptocurrencies, network tokens, as well as in the mining operations and equipment relating to the generation thereof.

FTI did not obtain support for why New Tech Capital LLC was formed for Spirit to make this investment.

## **13. CASH DISBURSEMENTS**

FTI obtained the cash disbursements details from CTC for the period January 2016 – May 2019. FTI analyzed disbursements paid from the CTC Bank Accounts to determine if any disbursements were made using the Spirit premium funds. For the period January 2016 through May 2019 CTC disbursed \$650,971,816<sup>28</sup>. This total included premium payments to the various carriers that CTC was writing business on behalf (i.e. Spirit, County Hall, Am Trust, Lloyds and others), transfers to other CTC bank accounts, general disbursements and payroll. Due to transfers between CTC accounts, the aggregate disbursements exceeded total premium collected by CTC. FTI's analysis included summarizing the data as follows:

- by payee
- by bank account where disbursement occurred
- by year

From this analysis a summary was created by payee and bank account. It was noted there were a significant number of disbursements where the payee was "blank" on the cash disbursement details (this will be discussed in more detail later in this Section). See results in **Schedule I**.

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<sup>28</sup> This amount is based upon the general ledgers provided by CTC and includes disbursements and transfers between CTC bank accounts; therefore, not all items shown as disbursements went to a third-party.

Additionally, it was noted there were transactions that indicated “MJS”<sup>29</sup> as the payee. Based on discussions with CTC Management<sup>30</sup>, FTI was told that Matt Simon processed these transactions and in the memo field it typically showed who was the actual payee, but this information was not consistently indicated. Through later discussions Matt Simon told us that he did not process these transactions and did not have access to the general ledger at the time of these entries. FTI is unable to determine if Matt Simon processed these transactions or not.

### 13.1. GENERAL TRUST ACCOUNT FUNDS TRANSFERRED TO CTC OPERATIONS

FTI identified \$30,130,518 in net transfers to/from the CTC General Trust Account<sup>31</sup> to the CTC Operating Account. These transfers included commissions that were due CTC for the other insurance carriers; however, the transferred amounts also included insurance companies’ trust funds used for CTC operations<sup>32</sup>. Below is a summary of the net transfers by year. Additionally, FTI identified \$8,903,932 of transfers from the CTC General Trust account<sup>33</sup> to the CTC Payroll account.

**Table 20**

	Bank Transfer				
	2016	2017	2018	2019	TOTAL
Transfers from Trust to Operating	\$ 7,983,355	\$ 8,770,565	\$ 12,429,439	\$ 947,159	\$ 30,130,519
Transfers from Trust to Payroll	\$ 2,283,000	\$ 3,011,532	\$ 3,443,400	\$ 166,000	\$ 8,903,932
Total Transfers from Trust for CTC Operations	\$ 10,266,355	\$ 11,782,097	\$ 15,872,839	\$ 1,113,159	\$ 39,034,450

FTI identified \$32,672,295 of payments to related parties<sup>34</sup> and unusual transactions for the period January 2016 – May 2019. **Schedule I** shows totals paid and the explanation provided by Matt Simon and Hollie Whittaker for each payment. Very few invoices or contracts were provided for these payments. We were also told that 1099 tax forms were not prepared for these payments.

See **Schedule I** that follows the report for “Payments to Related Parties<sup>35</sup> and Unusual Transactions.”

<sup>29</sup> Based upon discussions with CTC Management (Matt Simon and Hollie Whittaker), “MJS” are the initials of “Matt J. Simon” an executive at CTC.

<sup>30</sup> See Definitions section

<sup>31</sup> See Definitions section

<sup>32</sup> The CTC process for commission payments for Spirit and County Hall policies did not have commissions flow through the General Trust Account. Spirit and County Hall were paid premiums gross of commissions. The Insurance companies then wired commissions directly into the respective bank account at CTC, not into the General Trust.

<sup>33</sup> See Definitions section

<sup>34</sup> See Definitions section

<sup>35</sup> See Definitions section

### 13.2. DISBURSEMENT OF GENERAL TRUST FUNDS TO THOMAS MULLIGAN

FTI identified \$1,175,000 in Spirit premium funds deposited in the CTC-CA General Premium Trust Account Chase (\*0529) on January 31, 2017. On this same day these funds were transferred to a CTC-MO Chase account (\*7938). The Chase (\*7938) account appears to be used to receive commissions from Spirit (Commerce Account \*1914) and then the commission amounts were transferred to CTC-CA Operating Account Chase (\*8661). However, on May 9, 2017, a transfer occurred in the amount of \$314,040 to Thomas Mulligan from Chase account (\*7938). Then on June 29, 2017 an additional wire transfer of \$350,000 was made to One W. Main LLC (a Thomas Mulligan owned entity). These two payments are examples of Spirit premiums received by CTC that appear to be misappropriated and sent to Thomas Mulligan or a Thomas Mulligan controlled entity. The following table show the flow of funds moving between the various accounts noted:

**Table 21**

	CTC-CA General Trust Account Chase *0529		CTC-MO Chase Account *7938		CTC-CA Operating Account Chase *8661		Spirit Commerce Premium Account *1914		Description
Date	Deposits	Withdrawals	Deposits	Withdrawals	Deposits	Withdrawals	Deposits	Withdrawals	
1/31/2017	\$ 1,175,000								Deposit into General Trust Account of Spirit premium
1/31/2017		\$ (1,175,000)	\$ 1,175,000						Transfer from General Trust Account to CTC-MO account
5/9/2017				\$ (314,040)					Payment to Tom Mulligan from CTC-MO Chase account using Spirit Premium funds
5/19/2017			\$ 614,202					\$ (614,202)	Appears to be a commissions payment from Spirit to CTC-MO
5/19/2017				\$ (614,202)	\$ 614,202				Transfer of funds from CTC-MO to CTC-CA operating Account
6/9/2017			\$ 684,838					\$ (684,838)	Appears to be a commissions payment from Spirit to CTC-MO
6/12/2017				\$ (684,838)	\$ 684,838				Transfer of funds from CTC-MO to CTC-CA operating Account
6/29/2017				\$ (350,000)					Wire Transfer to One W. Main LLC

### 13.3. ADDITIONAL ADJUSTMENTS IDENTIFIED IN THE UPDATED 2018 GENERAL LEDGER

CTC provided an updated QuickBooks General Ledger for 2018 on October 30, 2019. The new report shows significant intercompany balances being written off. And balances due from related parties<sup>36</sup> reclassified to dividends paid. Below is a summary:

- a) CTC wrote off balances of \$4,451,121 due CTC from Chelsea.
- b) CTC wrote off balances of \$450,943 due CTC from Criterion.
- c) CTC wrote off balances of \$25,000 due CTC from County Hall.
- d) CTC recorded “Dividends Paid” of \$792,794 to Thomas Mulligan, owner of CTC, for amounts that were originally shown as a disbursement.

On December 10, 2019 John Maloney the CTC tax accountant said that he did not make these adjustments. He did use the updated General Ledger to prepare the CTC 2018 tax returns. He said the intercompany balances due CTC at December 31, 2017 were written off based on his knowledge of the other entities. The Chelsea balance written off was part of the intercompany balance at December 31, 2018. The “Dividends Paid” reduced equity in the company.

Matt Simon said “CTC hired Julia Popova an external CPA to help clean up the 2018 General Ledger.” Julia Popova was the accountant for Chelsea before working with CTC. Matt Simon said he approved the entries above.

### 14. FEDERAL TAX RETURNS – CTC CA

CTC CA showed the following tax losses (cash basis losses) for the tax years 2013 to 2018. The note shows the amount due from related parties<sup>37</sup> for 2017:

**Table 22**

<b>Tax Year</b>	<b>Tax losses - Cash Basis</b>	<b>Cash Used by and losses by CTC CA</b>
2013	\$ 1,349,401	
2014	\$ 732,103	
2015	\$ 4,696,385	
2016	\$ 3,357,663	
2017	\$ 8,325,295	
2018	\$ 10,221,107	
	<b>Total</b>	\$ 28,681,954
	<b>Excess cash flows out of CTC CA</b>	<b>\$28,681,954</b>

\* Note: an intercompany receivable of \$9,915,772 shown in the 2017 tax return was decreased to zero in the 2018 tax return

<sup>36</sup> See Definitions section

<sup>37</sup> See Definitions section



Per discussions with CTC Management<sup>38</sup> and external professionals (Dan George and John Maloney) the funding of these cash losses and intercompany funding by CTC CA to related entities was accomplished by moving insurance carrier trust funds into CTC operations. John Maloney stated he resigned from providing services to CTC CA after seeing a significant increase in spending in 2018 of insurance carrier trust funds. However, the 2018 CTC CA tax return listed John Maloney as the preparer.

## 15. INSURANCE COVERAGES

CTC provided FTI with a copy of their insurance policies reflecting the coverage maintained. The policies provided covered CTC CA Errors and Omissions, CTC HI Errors and Omissions, CTC MO Errors and Omissions, CTC CA Fidelity, CTC CA General Liability, CTC CA Auto Liability, CTC CA Workers Compensation and CTC CA Employment Practices Liability. The following tables shows the limits for the E&O and the Fidelity coverages:

**Table 23**

CTC CA, CTC MO and CTC HI Key provisions of E&O coverage							
Key provisions of Crime coverage (CTC CA with CTC HI and CTC MO as additional named insureds)							
<u>Coverage</u>	<u>Covered Entity</u>	<u>Coverage Period Start Date</u>	<u>Coverage Period End Date</u>	<u>Insurance Carrier</u>	<u>Policy number</u>	<u>Attachment Point</u>	<u>Coverage Max</u>
Retroactive Date: CTC CA 12/24/2008							
E&O	CTC CA	3/20/2019	3/20/2020	QBE Insurance Corporation	TPC01029-03	\$25,000 per claim and \$50,000 aggregate	\$5,000,000
E&O 1st Excess	CTC CA	3/20/2019	3/20/2020	Capitol Specialty Insurance Corporation	IA20171163-03	\$5,000,000	\$5,000,000
E&O 2nd Excess	CTC CA	3/20/2019	3/20/2020	Argonaut Insurance Company	MLX 7602758-2	\$10,000,000	\$5,000,000
E&O 3rd Excess	CTC CA	3/20/2019	3/20/2020	Axis Surplus Insurance Company	ENN601153	\$15,000,000	\$5,000,000
E&O 4th Excess	CTC CA	3/20/2019	3/20/2020	Maxum Indemnity Company	PFX-6031573-03	\$20,000,000	\$5,000,000

<sup>38</sup> See Definitions section

**Table 24**

<u>Retroactive Date: CTC HI 10/5/2016</u>							
E&O	CTC HI	3/20/2019	3/20/2020	QBE Insurance Corporation	TPC01522-01	\$25,000 per claim and \$50,000 aggregate	\$5,000,000
E&O 1st Excess	CTC HI	3/20/2019	3/20/2020	Capitol Specialty Insurance Corporation	IA20181183-02	\$5,000,000	\$5,000,000
E&O 2nd Excess	CTC HI	3/20/2019	3/20/2020	Argonaut Insurance Company	MLX 4208912-1	\$10,000,000	\$5,000,000
E&O 3rd Excess	CTC HI	3/20/2019	3/20/2020	Axis Surplus Insurance Company	ENN601152	\$15,000,000	\$5,000,000
E&O 4th Excess	CTC HI	3/20/2019	3/20/2020	Maxum Indemnity Company	PFX-6032653-02	\$20,000,000	\$5,000,000

**Table 25**

<u>Retroactive Date: CTC MO 3/20/2017</u>							
E&O	CTC MO	3/20/2019	3/20/2020	QBE Insurance Corporation	TPC01521-01	\$25,000 per claim and \$50,000 aggregate	\$5,000,000
E&O 1st Excess	CTC MO	3/20/2019	3/20/2020	Capitol Specialty Insurance Corporation	IA20181184-02	\$5,000,000	\$5,000,000
E&O 2nd Excess	CTC MO	3/20/2019	3/20/2020	Argonaut Insurance Company	MLX 4208911-1	\$10,000,000	\$5,000,000
E&O 3rd Excess	CTC MO	3/20/2019	3/20/2020	Axis Surplus Insurance Company	ENN601154	\$15,000,000	\$5,000,000
E&O 4th Excess	CTC MO	3/20/2019	3/20/2020	Maxum Indemnity Company	PFX-6032654-02	\$20,000,000	\$5,000,000

**Table 26**

<b>CTC CA Crime policy with CTC HI and CTC MO as additional names insureds. Claims made policy.</b>							
Employee Theft	CTC CA	1/30/2019	1/30/2020	Travelers Casualty and Surety Company of America	106451019	\$25,000	\$1,000,000
ERISA Fidelity	CTC CA	1/30/2019	1/30/2020	Travelers Casualty and Surety Company of America	106451019	\$0	\$500,000
Funds Transfer Fraud	CTC CA	1/30/2019	1/30/2020	Travelers Casualty and Surety Company of America	106451019	\$25,000	\$1,000,000

## 16. CONCLUSIONS

### 1) Financial Controls and Operations:

- a) CTC had a contractual obligation to safeguard Spirit assets as their program administrator. CTC lacked adequate controls to safeguard Spirit's assets and lacked controls around financial reporting.
- b) Spirit, County Hall and other insurance carrier premium was commingled by CTC. CTC judgmentally elected to pay the other carriers from the commingled funds<sup>39</sup> and not pay Spirit.
- c) CTC paid County Hall more money than CTC collected for County Hall policies during several quarters in 2017 and 2018.
- d) CTC adopted a process of applying cash to the oldest policies (FIFO) in QuickBase which corrupted the accounts receivable balances for Spirit business.
- e) Three executives involved with CTC and related entities (through common ownership) have additional company affiliations which received payments not documented by CTC.
- f) CTC's policy listing for Spirit contained 63 policies with negative premium totaling (\$141,308).
- g) CTC's claims listing for Spirit contained 40 claims in a total incurred of \$849,240 with zero or negative premium on the policy listing.

### 2) Quantification of money due Spirit from CTC for amounts collected by CTC, corrections for commissions, claim fees and amounts not collected by CTC.

- a) CTC allowed Spirit assets to be used to fund CTC operations. This was shown in the Tax Returns for CTC CA for the years 2013 through 2018 which required over \$28 million in funding. Matt Simon and Hollie Whittaker agreed CTC operations were funded from Spirit premium dollars not commissions earned, owner contributed capital, other income or investment income.
- b) Based on testing and reconciliation work done in **Section 9**, CTC owes Spirit at least \$34,018,627 for policy premiums collected by CTC and commissions and claim fees overpaid to CTC and Criterion, respectively.
- c) CTC owes Spirit premium for policies cancelled and coded as FPA endorsements in QuickBase. These transactions reduced Spirit premium by \$5,067,679, for premiums not collected by CTC. The amount due Spirit net of CTC commissions is \$4,054,143.
- d) CTC may owe Spirit premium for cancellation endorsements bound 180 days or more after the effective date. These endorsements reduced premium by \$5,443,229. Included in this amount are endorsements bound after the policy expiration date which reduced premium by \$2,986,901. FPA endorsements are not included in these amounts.

### 3) Uses of money collected by CTC and not remitted to Spirit:

- a) CTC operational cash disbursements included at least \$32,672,295 paid to related parties<sup>40</sup> or for unusual transactions.
- b) CTC CA recorded intercompany receivables on the 2017 tax return of \$9,915,772.

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<sup>39</sup> See Definitions section

<sup>40</sup> See Definitions section

- c) CTC provided a loan to Criterion of \$2,773,877.
- d) CTC wired two payments totaling \$664,040 to Thomas Mulligan and a Thomas Mulligan controlled entity that represented Spirit funds received by CTC.
- e) CTC recorded a receivable due from Thomas Mulligan of \$706,184.
- f) Based upon an updated QuickBooks General Ledger for 2018 received on October 30, 2019, when compared to the prior 2018 General Ledgers received, it is evident that significant intercompany balances were adjusted and are now reflected as being written off. In addition, balances due from related parties<sup>41</sup> were reclassified to dividends paid.
  - i. CTC wrote off balances of \$4,451,121 due CTC from Chelsea
  - ii. CTC wrote off balances of \$450,943 due CTC from Criterion
  - iii. CTC wrote off balances of \$25,000 due CTC from County Hall
  - iv. CTC recorded "Dividends Paid" of \$792,794 to Thomas Mulligan, owner of CTC
- g) CTC through their control of Spirit, had Spirit loan Chelsea \$3,500,000 in 2017 to fund insureds' loans.
- h) CTC through their control of Spirit had Spirit send \$500,000 to New Tech Capital, LLC, which is owned by Thomas Mulligan, which then invested in Iterative Capital LP.

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<sup>41</sup> See Definitions section

## SCHEDULES

### I. PAYMENTS TO RELATED PARTIES AND UNUSUAL TRANSACTIONS

(See Exhibit 3 for additional details)

Disbursements	Description (Based upon Discussion with Hollie Whittaker and Matt Simon)	Total Expended
<b>The following disbursements were identified based upon the name in the General Ledger detail</b>		
Chase Bank	Payments made to Credit Cards used by Tom Mulligan. Detail credit card statements were requested but not made available.	(2,674,097.58)
Kapa Management Consulting Inc.	Monthly payments for Loan – Note not all payments indicated as Kapa Management were paid to Kapa management (additional analysis needed to determine actual payments to Kapa)	(2,391,378.98)
ICAP Management Solutions LLC	Payments to Dan George – not all payments to ICAP went to ICAP. Certain payments went to KAPA management that were identified as payments to ICAP in CTC records. Dan George confirmed that he received \$912,604 in payments from CTC.	(1,521,256.64)
Fourgorean	Payments to one of Tom Mulligan's Companies	(1,218,091.14)
Six Eleven LLC	Payments to one of Tom Mulligan's Company – potentially loan repayment but no agreement provided	(872,159.44)
THOMAS A MULLIGAN	Payments to Tom Mulligan. FTI requested support. No contract or other support was provided to FTI.	(829,446.90)
Global Forwarding	Software development – company owed by Tom Mulligan and Pavel Kapelnikov	(719,810.28)
BANK OF AMERICA	Payments made for Credit Cards used by Tom Mulligan. Detail credit card statements were requested but not made available.	(363,384.46)
YANINA G KAPELNIKOV	Payments for Management Fees. FTI requested contract and invoices but no support was provided.	(172,686.32)
Global Capital Group	Global Capital lent CTC money and these were the repayments. No loan documents provided.	(3,010,034.75)
LETE CONSULTING INC NEW YORK,	\$750,000 loan to CTC and these are the repayments. FTI provided with copy of loan agreement and FTI reviewed bank statements and verified original funds were received by CTC	(22,500.00)
Cash	General Ledger showed as "Cash"	(86,635.79)
Chelsea Financial Group	Payments to related company (per Matt Simon this represents return premium for various carriers of approximately \$5.8 million; however, no support is available by carrier. Other amounts are for carrier payables of \$0.3 million, employee	(6,588,231.91)



	car allowance of \$0.2 million and expenses of \$0.2 million)	
Chelsea Premium Finance	Payments to related company (per Matt Simon this represents return premium for various carriers; however, no support is available by carrier.)	(194,767.04)
Global Consulting	Payments to related company (more research is needed to determine if appropriate)	(13,999.20)
Kapa Ventures	Payments to related company (more research is needed to determine if appropriate)	(35,889.62)
Criterion Claim Solutions	Payments to related company (more research is needed to determine if appropriate)	(90,355.65)
Maple Technologies	Payments to related company (these are payments related to the Aspire system. Maple Technologies is owned by Nicolas Teetelli, who was a former Board Member of Spirit and Treasurer.)	(2,903,701.71)
One West Main Street LLC	Payments to related company (more research is needed to determine if appropriate)	(6,000.00)
Quote My Rig LLC	Payments to related company (more research is needed to determine if appropriate)	(304,578.03)
TNC Builders	Payments to related company (more research is needed to determine if appropriate)	(3,040.00)
Borson Law LLC	Settlement with a CTC employee who was also the Spirit President	(256,085.80)
Siro Smith Dickson	Settlement with a CTC employee who was also the Spirit President.	(194,222.50)
<b>Subtotal</b>		<b>(24,472,353.74)</b>
The following disbursements were shown with the name "Blank" but were identified based upon information contained in the Memo Field)		
LUTE TITLE AGE OF NJ ESCROW MORG	Unknown entity and relationship	(578,584.18)
MER NYC/026009593 A/C: KAPA MANA	Kapa Management	(425,040.00)
A: SILVERGATE LAJOLLA/322286803	Unknown entity and relationship	(400,000.00)
C: IT VAULT LLC FREEHOLD, NJ 077	Unknown entity and relationship	(330,000.00)
MOBILE INC BROOKLYN, NY 11235222	Carrus Mobile - Payment to purchase cameras for trucks - FTI reviewed purchase order. Tom Mulligan and Pavel Kapelnikov approved. Inquired but, unknown if cameras were received. Corresponding payment shown below under "MJS" detail as well. FTI was provided with invoices with a different company name that list out the cameras but the total invoiced does not agree to the amount paid to Carrus Mobile.	(200,000.00)

EVEN LLC FARMINGDALE, NJ 0772709	Assumed to be Six Eleven – Tom Mulligan’s Company	(72,000.00)
C: LETE CONSULTING INC NEW YORK,	\$750,000 loan to CTC and these are the repayments. FTI provided with copy of loan agreement and FTI reviewed bank statements and verified original funds were received by CTC	(16,869.00)
THOMAS A MULLIGAN FARMINGDALE	Payments to Tom Mulligan	(820,960.60)
A: BANK OF NEW JERSEY/021214189	Unknown entity and relationship	(490,205.13)
A: BK AMER NYC/026009593 A/C: PE	Kapa Management	(54,192.34)
10-4 PREFERRED RISK MANAGERS	Sister company to CTC that was sent money for operating expenses. Money is due back to CTC per schedule provided	(74,700.00)
Maple Technologies	Payments to related company (these are payments related to the Aspire system. Maple Technologies is owned by Nicolas Teetelli, who was a former Board Member of Spirit and Treasurer.)	(43,874.44)
<b>Sub-Total</b>		<b>(3,506,425.69)</b>
The following entries shows “MJS” in the name field and further description in the Memo field		
YANINA G KAPELNIKOV IGOR KAPE	These were expense report reimbursements to Igor Kapelnikov, Hollie Whittaker indicated that it sometimes covered software. The CTC process was that Igor Kapelnikov sent an e-mail to Hollie Whittaker who received verbal approval from Tom Mulligan for expense reports over \$10,000	(354,333.58)
IRONJAB LLC RED BANK, NJ 0770	Payment to one of Igor Kapelnikov’s companies - Approval process similar to expense process noted above	(15,334.42)
SIX ELEVEN LLC FARMINGDALE, N	Payments to one of Tom Mulligan's Companies - potentially loan repayment but no agreement provided	(337,913.00)
THOMAS A MULLIGAN FARMINGDALE	Payments to Tom Mulligan	(233,094.17)
FOURGOREAN CAPITAL LLC FARMIN	Payments to one of Tom Mulligan's Company	(214,040.00)
CARRUS MOBILE INC BROOKLYN, N	Payment to purchase cameras for trucks - FTI reviewed purchase order. Tom Mulligan and Pavel Kapelnikov approved. Inquired but, unknown if cameras were received.	(100,000.00)

	Corresponding payment shown above under "Blank" detail as well. FTI was provided with invoices with a different company name that list out the cameras but the total invoiced does not agree to the amount paid to Carrus Mobile.	
10-4 PREFERRED RISK MANAGERS	Sister company to CTC that was sent money for operating expenses. Money is due back to CTC per schedule provided	(79,700.00)
ABSOLUTE TITLE AGE OF NJ ESCR	Hollie Whittaker was unsure what this payment was for	(44,322.72)
195 GLUTEN FREE LLC RED BANK,	Payments to one of Tom Mulligan's Companies	(44,266.65)
LETE CONSULTING INC STATEN IS	\$750,000 loan to CTC and these are the repayments. FTI provided with copy of loan agreement and FTI reviewed bank statements and verified original funds were received by CTC	(431,806.50)
MAZARS USA LLP WOODBURY NY 11	invoice indicates for financial statement services to Spirit but paid by CTC. Also noted \$52,206 payment from Spirit Operating account to Mazars. The Engagement Letter provided called for a \$50,000 retainer and fees not to exceed \$100,000.	(45,000.00)
IT Vault	Unknown entity and relationship. Note: see companies affiliated with Thomas Mulligan.	(7,655.69)
Blitz 61 West Main Street LLC	Payments to related company (more research is needed to determine if appropriate)	(12,172.18)
<b>Sub Total</b>		<b>(1,919,638.91)</b>
Criterion Claims Solutions	Funds given to Criterion as a loan used for operating expenses (supporting schedule obtained).	(2,773,877.00)
Chelsea Financial	CTC payments repaying a loan from Chelsea were agreed to a schedule provided by Hollie Whittaker. FTI obtained the loan agreement dated June 18, 2018 for \$900,000 but couldn't locate the receipt of funds in CTC's bank statements. FTI did see the receipt of \$950,000 from Chelsea in August 2018 Spirit premium account.	Unknown
<b>Subtotal</b>		<b>(2,773,877.00)</b>
<b>Grand Total</b>		<b>(32,672,295.34)</b>

## II. DEFINITIONS

1. **“First In First Out” or FIFO basis (Section 8)** – CTC adopted a process to apply cash receipts to the oldest accounts receivable. This process resulted in cash being collected from one customer and then applying the cash to another customer. The process used by CTC corrupts the accounts receivable records as customers who have paid may show an open amount due while customers who have not paid will show no balance due. Most companies use a specific identification where collections are applied to the specific client and specific invoice issued. The process used by CTC would cause CTC to lose the records of accounts that are late paying invoices. See **Section 9.5** on the finding of Larry Shore the former auditor of Spirit.
2. **Premium Finance Company (Section 5)** – a company that provides lending of funds to a person or company to cover the cost of an insurance premium. The premium finance company then pays the insurance premium and bills the individual or company, usually in monthly installments, for the cost of the loan.
3. **Voucher System (Section 5)** is the process put in place by Chelsea Financial to pay Spirit for premiums over a specified period of time. Spirit did not have premiums financed as the premium processed by Chelsea were not paid when the policy was issued.
4. **Cross-Border Risks (Section 9.1)** are a group of policies issued by Spirit for risks that covered commercial risks for companies providing transportation services in both Mexico and the United States.
5. **Related parties** - represent the key people and entities listed in **Section 6**.
6. **Commingled Funds** – collected premium payments for multiple insurance carriers from sub-producers and related parties like Chelsea Finance. The collected premiums were deposited in one bank account CTC CA’s Chase account 000000739620529 and the Return Premium account CTC CA’s Chase account 000000739617657.
7. **General Trust Account** bank account used to collect premium payments for multiple insurance carriers from sub-producers and related parties like Chelsea Finance. CTC CA’s Chase account 000000739620529
8. **CTC Management** – Matt Simon and Hollie Whittaker
9. **Other Insurance Companies** - Ace Property & Casualty Insurance, American International Group, Inc, AmTrust North America, Inc., Aon Limited NST RE Benfield, Bell and Clements Limited, Besso Limited, Fireman's Fund Insurance Company, Freberg Environmental Insurance, GEP II, LLC, Lexington Insurance Company C/O AIG, OneBeacon Insurance Group, Pacific Gateway Insurance Agency, Prime Insurance Company, The Hanover Insurance Company, Tyser & Co Ltd., Adriatic Insurance Company, Everest Indemnity Insurance Co C/O Mt McKinley Man, Harman Kemp North America Ltd, Seneca Insurance Company, National General Insurance Co, Pennsylvania Manufacturers Association.



SUPPLEMENTAL CONSULTING REPORT TO  
GREENBERG TRAURIG, LLC  
(ON BEHALF OF SPIRIT COMMERCIAL AUTO RISK RETENTION GROUP, INC  
(IN RECEIVERSHIP FOR LIQUIDATION) AND  
BROWNSTEIN HYATT FARBER SCHRECK, LLP  
(ON BEHALF OF CTC TRANSPORTATION INSURANCE SERVICES OF MO, LLC)

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FEBRUARY 5, 2020  
EXPERTS WITH **IMPACT**™



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## 1. INTRODUCTION

Subsequent to the issuance of FTI's Consulting Report on December 20, 2019, FTI identified cancellation transactions that occurred on the last day of the policy period. FTI identified the transactions when reconciling return premium transactions. FTI's investigation identified that these transactions were similar to the FPA transactions described in **Section 9.6.2** in FTI's Consulting Report issued December 20, 2019. The FPA transactions and the additional cancellation transactions that occurred on the last day of the policy period reduced premium due Spirit. The FPA transactions and the new transactions identified were recorded in CTC's records as a reduction to written premium for Spirit policies and reduced amounts due Spirit in CTC's QuickBase system. The FPA and the newly identified transactions were both recorded with an effective date as the last day of the policy period. The difference between these newly identified transactions and the FPA transactions is that these additional transactions were processed in the Aspire system and then recorded in the CTC QuickBase system, whereas the FPA transactions were only processed in the CTC QuickBase system. FTI performed analytical work to determine the population and magnitude of the additional cancellation transactions that reduced premium due Spirit.

CTC should have cancelled the identified policies for non-payment before the original policy expiration date. FTI determined the date each newly identified policy should have been cancelled for non-payment. Once the cancellation date was determined, FTI then ascertained the incurred losses recorded that occurred after the revised policy termination date. FTI summarized the incurred loss value for these claims.

## 2. BALANCES DUE SPIRIT FROM CTC

The total reduction to written premium for the newly identified cancellation transactions that occurred on the last day of the policy period is \$3,403,591. The reduction to net written premium when the 20% commission is subtracted is \$2,722,872.

Based on the additional work performed the amount identified in the FTI Consulting Report for the total amount due Spirit from CTC is revised from \$38,072,770 to be at least \$40,795,642:

**Table 1**

	<b>Total</b>	<b>Report Reference</b>
Written Premium Reconciliation	\$ 30,839,150	FTI Consulting Report Issued December 20, 2019 Table 2
Commissions overpaid to CTC	\$ 3,077,911	FTI Consulting Report Issued December 20, 2019 Table 3
Claim Handling fees overpaid	\$ 101,566	FTI Consulting Report Issued December 20, 2019 Table 4
FPA Endorsements	\$ 4,054,143	FTI Consulting Report Issued December 20, 2019 Section 9.6.2.
Cancellation Transactions Occurring on Last Day of Policy Period (Net of Commissions)	\$ 2,722,872	Supplemental Report Finding
<b>Total due Spirit</b>	<b>\$40,795,642</b>	

### 3. ALTERNATIVE CALCULATION FOR BALANCES DUE SPIRIT FROM CTC

Spirit should have collected policy premium written off by the FPA transactions and the newly identified transactions which both reduced Spirit recorded premium. Spirit should either collect the premiums written off or Spirit should be reimbursed for claims paid during the period for which Spirit did not collect premium. Below is an alternative calculation for the amounts due Spirit where FTI used the claim amounts incurred by Spirit.

FTI identified claims that occurred after the revised policy termination date for the FPA Endorsements and the policies associated with the cancellation transactions that occurred on the last day of the policy period.

For the FPA Endorsements and the cancellation transactions that occurred on the last day of the policy period, FTI determined the termination date of the policy based on the collected premium and earned premium for each policy. We then identified claims incurred after these revised cancellation dates. In total, incurred losses of \$9,306,227 were identified for claims with loss dates after the revised termination date. The following shows a breakdown of the amounts derived:

- \$1,646,315 in incurred losses were from policies that contained an FPA transactions where the premium was reduced by greater than \$10,000.
- \$2,633,858 in incurred losses were from policies that contained an FPA transaction where the premium was reduced by less than \$10,000 and the total incurred losses were greater than \$50,000.
- \$4,621,621 in incurred losses were from policies that contained a cancellation transactions on the last day of the policy period (i.e. premium was written-off) where the premium was reduced by greater than \$10,000.
- \$404,433 in incurred losses were from policies that contained a cancellation transaction on the last day of the policy period (i.e. premium was written-off) where the premium was reduced by less than \$10,000 and the total incurred losses were greater than \$50,000.

The following table shows an alternative calculation for amounts due Spirit. For this alternative calculation we included the incurred losses that occurred after the revised expiration date for the policies with an FPA transaction and a cancellation on the last day of the policy period and we excluded the premium due from these policies identified as FPA endorsements and cancellation transactions occurring on the last day of the policy period:

**Table 2**

	<b>Total</b>	<b>Reference</b>
Written Premium Reconciliation	\$30,839,150	FTI Consulting Report Issued December 20, 2019 Table 2
Commissions overpaid to CTC	\$ 3,077,911	FTI Consulting Report Issued December 20, 2019 Table 3
Claim Handling fees overpaid	\$ 101,566	FTI Consulting Report Issued December 20, 2019 Table 4
Incurred losses after revised expiration date	\$ 9,306,227	Supplemental Report Finding
<b>Total due Spirit</b>	<b>\$43,324,854</b>	

#### 4. CONCLUSION

Based on the analysis described in this supplemental consulting report, balances due Spirit as shown in **Section 9.9** of the FTI Consulting Report issued on December 20, 2019 are replaced with **Tables 1 and 2** above.

EXHIBIT “4”



# CANTILO & BENNETT, L.L.P.

ATTORNEYS & COUNSELORS

*A Texas Registered Limited Liability Partnership*

*Comprised of Professional Corporations*

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Telephone: (512) 478-6000

Austin, Texas 78758

Facsimile: (512) 404-6550

[www.cb-firm.com](http://www.cb-firm.com)

September 25, 2019

## BILL SUMMARY

70731 Spirit Commercial Auto Risk Retention Group

August 1 - August 31, 2019

<u>Matter No. and Description</u>	<u>Invoice Number</u>	<u>Fees</u>	<u>Costs</u>	<u>Total</u>
70731	23777- 23783	\$64,328.50	\$ 780.74	\$65,109.24
<b>Totals (1)</b>		\$64,328.50	\$ 780.74	\$65,109.24

# CANTILO & BENNETT, L.L.P.

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October 18, 2019

## BILL SUMMARY

70731 Spirit Commercial Auto Risk Retention Group

September 1 - September 30, 2019

<b>Matter No. and Description</b>	<b>Invoice Number</b>	<b>Fees</b>	<b>Costs</b>	<b>Total</b>
70731	23848- 23853	\$62,725.00	\$1,612.93	\$64,337.93
<b>Totals (1)</b>		\$62,725.00	\$1,612.96	\$64,337.93

## **MEMORANDUM**

TO: Alexia Emmermann, Chief Counsel, State of Nevada Division of Insurance for Spirit Commercial Auto RRG, Inc. ("Spirit")

FROM: Nicole Wilkins, Director of Accounting for Palomar Financial, LC

DATE: September 19, 2019

RE: Service Fees & Expenses for Palomar Financial, LC ("Palomar") for August of 2019 – Spirit Commercial Auto RRG, Inc.

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For the month of August 2019, enclosed you will find the billing information for the fees and expenses of Palomar. The fees and expenses for August were as follows:

PROVIDER	FEES	EXPENSES	TOTAL
<b>PALOMAR FINANCIAL, LC</b>			
August 2019	\$14,830.00	\$0.00	\$14,830.00
<b>Total</b>	<b>\$14,830.00</b>	<b>\$0.00</b>	<b>\$14,830.00</b>

Please confirm that the above fees and expenses are approved for payment, or let us know if you have any questions. Thank you. Nicole

**Enclosures**

## **MEMORANDUM**

TO: Alexia Emmermann, Chief Counsel, State of Nevada Division of Insurance for Spirit Commercial Auto RRG, Inc. ("Spirit")

FROM: Nicole Wilkins, Director of Accounting for Palomar Financial, LC

DATE: October 14, 2019

RE: Service Fees & Expenses for Palomar Financial, LC ("Palomar") for September of 2019 – Spirit Commercial Auto RRG, Inc.

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For the month of September 2019, enclosed you will find the billing information for the fees and expenses of Palomar. The fees and expenses for September were as follows:

<b>PROVIDER</b>	<b>FEES</b>	<b>EXPENSES</b>	<b>TOTAL</b>
<b>PALOMAR FINANCIAL, LC</b>			
September 2019	\$12,545.00	\$0.00	\$12,545.00
<b>Total</b>	<b>\$12,545.00</b>	<b>\$0.00</b>	<b>\$12,545.00</b>

Please confirm that the above fees and expenses are approved for payment, or let us know if you have any questions. Thank you. Nicole

**Enclosures**



Invoice No.: 5154975  
File No. : 183955.010100  
Bill Date : September 6, 2019

Barbara D. Richardson  
c/o Mark Bennett, Esq.  
Cantilo & Bennett, LLP as Special  
Deputy Receiver of Spirit Group, Inc.  
11401 Century Oaks Terrace, Suite 300  
Austin, TX 78758

## **INVOICE**

Re: Spirit Commercial Receivership

Legal Services through August 31, 2019:

Total Fees: \$ 9,341.00

**Expenses:**

Filing Fees

14.00

Publication Charges

286.80

Total Expenses: \$ 300.80

**Total Current Invoice: \$ 9,641.80**

MEF:TKK

Tax ID: 13-3613083



Invoice No. : 5159674  
File No. : 183955.010400  
Bill Date : September 8, 2019

Barbara D. Richardson  
c/o Mark Bennett, Esq.  
Cantilo & Bennett, LLP as Special  
Deputy Receiver of Spirit Group, Inc.  
11401 Century Oaks Terrace, Suite 300  
Austin, TX 78758

**INVOICE**

Re: CTC

Legal Services through August 31, 2019:

Total Fees: \$ 7,423.50

**Total Current Invoice: \$ 7,423.50**

KBH:TKK  
Tax ID: 13-3613083





Invoice No.: 5184731  
File No. : 183955.010100  
Bill Date : October 7, 2019

Barbara D. Richardson  
c/o Mark Bennett, Esq.  
Cantilo & Bennett, LLP as Special  
Deputy Receiver of Spirit Group, Inc.  
11401 Century Oaks Terrace, Suite 300  
Austin, TX 78758

## **INVOICE**

Re: Spirit Commercial Receivership

### **Legal Services through September 30, 2019:**

Total Fees: \$ 6,496.00

### **Expenses:**

Messenger/Courier Services

55.00

Total Expenses: \$ 55.00

**Total Current Invoice: \$ 6,551.00**

MEF:TKK

Tax ID: 13-3613083



Invoice No.: 5188365  
File No. : 183955.010400  
Bill Date : October 3, 2019

Barbara D. Richardson  
c/o Mark Bennett, Esq.  
Cantilo & Bennett, LLP as Special  
Deputy Receiver of Spirit Group, Inc.  
11401 Century Oaks Terrace, Suite 300  
Austin, TX 78758

**INVOICE**

Re: CTC

Legal Services through September 30, 2019:

Total Fees: \$ 320.00

**Total Current Invoice: \$ 320.00**

KBH:TKK

Tax ID: 13-3613083



Invoice No.: 5184754  
File No. : 183955.010300  
Bill Date : October 7, 2019

Barbara D. Richardson  
c/o Mark Bennett, Esq.  
Cantilo & Bennett, LLP as Special  
Deputy Receiver of Spirit Group, Inc.  
11401 Century Oaks Terrace, Suite 300  
Austin, TX 78758

## **INVOICE**

Re: Alavarez vs Safari

Legal Services through September 30, 2019:

Total Fees: \$ 142.50

**Total Current Invoice: \$ 142.50**

MEF:TKK  
Tax ID: 13-3613083



## INVOICE

Cantilo & Bennett, LLP  
Attn: Mr. Mark Bennett  
11401 Century Oaks Terrace  
Suite 3000  
Austin, TX 78758

Invoice #: EI00869181  
Client #: 133016  
Invoice Total: \$1,550.00

**Please return top portion with payment**

---

### Invoice Is Due Upon Receipt

Consultation services for September 1, 2019 through September 30, 2019 for  
Cantilo & Bennett, LLP relating to consultations with the Special Deputy  
Receiver of Spirit Commercial Auto Risk Retention Group 1,550.00

Invoice Total \$ 1,550.00

**Pay by Mail:**

Eide Bailly LLP  
4310 17th Ave. S. | P.O. Box 2545  
Fargo, ND 58108-2545  
Phone 701.239.8500 | Fax 701.239.8600



## INVOICE

Cantilo & Bennett, LLP  
Attn: Mr. Mark Bennett  
11401 Century Oaks Terrace  
Suite 3000  
Austin, TX 78758

Invoice #: EI00888397  
Client #: 133016  
Invoice Total: \$1,700.00

**Please return top portion with payment**

---

### Invoice Is Due Upon Receipt

Consultation services for October 1, 2019 through October 31, 2019 for Cantilo & Bennett, LLP relating to Consultations with the Special Deputy Receiver of Spirit Commercial Auto Risk Retention Group.

1,700.00

Invoice Total

\$ 1,700.00

**Pay by Mail:**

Eide Bailly LLP  
4310 17th Ave. S. | P.O. Box 2545  
Fargo, ND 58108-2545  
Phone 701.239.8500 | Fax 701.239.8600



## INVOICE

Cantilo & Bennett, LLP  
Attn: Mr. Mark Bennett  
11401 Century Oaks Terrace  
Suite 3000  
Austin, TX 78758

Invoice #: EI00894800  
Client #: 133016  
Invoice Total: \$2,300.00

**Please return top portion with payment**

---

### Invoice Is Due Upon Receipt

Consultation services for November 1, 2019 through November 30, 2019 for  
Cantilo & Bennett, LLP relating to Consultations with the Special Deputy  
Receiver of Spirit Commercial Auto Risk Retention Group.

2,300.00

Invoice Total

\$ 2,300.00

---

**Date: 11/30/19 Invoice #: EI00894800 Nevada Division of Insurance**

**Page: 1**

**Pay by Mail:**

Eide Bailly LLP  
4310 17th Ave. S. | P.O. Box 2545  
Fargo, ND 58108-2545  
Phone 701.239.8500 | Fax 701.239.8600





P.O. Box 70087  
Louisville, KY 40270-0087  
(502) 589-5400  
Facsimile (502) 581-1087  
[www.frostbrowntodd.com](http://www.frostbrowntodd.com)

**Barbara Richardson**  
**c/o Mark Bennett, Esq.**  
**11401 Century Oaks Terrace**  
**Suite 300**  
**Austin, TX 78758**

Fed # 61-0722001  
September 25, 2019  
Bill # 210081372  
Account # 0141877.0719175

**RE: Defense in Receivership Action**

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For Professional Services Rendered Through July 31, 2019	\$28.00
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<b>TOTAL THIS BILL:</b>	<b>\$28.00</b>
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EXHIBIT “5”

Spirit Commercial Auto Risk Retention Group, Inc  
October 31, 2019

Income Items:

Salvage, Subrogation, Recoveries, etc.	\$	19,800.00
Dividend Income/Short-Term Capital Gains	\$	101,571.00
Total Income	\$	<u>121,371.00</u>

Disbursements:

Bank Fees	\$	191.64
Cantilo & Bennett, L.L.P.	\$	92,656.72
Criterion Claims Solutions	\$	30,986.19
Eide Bailly, LLP	\$	600.00
Frost Brown Todd	\$	2,632.35
FTI Consulting, Inc.	\$	95,000.00
Iron Mountain	\$	448.00
Maple Technologies	\$	10,000.00
Tristar Risk Management	\$	1,829.47
Total Disbursements	\$	<u>234,344.37</u>
Net Cash Flow	\$	<u><u>(112,973.37)</u></u>

Spirit Commercial Auto Risk Retention Group, Inc  
October 31, 2019

Account Name	Account Balance
Spirit Commerce Claims Account	\$ (33,526.61)
Spirit Commerce Operating Account	\$ 70,325.82
Spirit Commerce Premium Tax Account	\$ (2,648.72)
Spirit Frost Operating Account	\$ 467,296.87
Spirit Morgan Stanley Investment Account	\$ 4,464.04
Spirit Commerce Trust Company Accounts	\$ - **
Spirit Fidelity Investment Account	\$ 42,596,598.16
Total Cash and Investments	<u>\$ 43,102,509.56</u>

\*\*These accounts were closed in October and the funds were deposited in the Frost Operating account.

Spirit Commercial Auto Risk Retention Group, Inc  
November 30, 2019

Income Items:

Premium Tax Refunds	\$	8,030.63
Salvage, Subrogation, Recoveries, etc.	\$	97,992.00
Dividend Income/Short-Term Capital Gains	\$	95,727.19
Total Income	\$	<u>201,749.82</u>

Disbursements:

Bank Fees	\$	265.92
Cantilo & Bennett, L.L.P.	\$	65,109.24
Criterion Claims Solutions	\$	4,010.00
Eide Bailly, LLP	\$	1,550.00
Frost Brown Todd	\$	28.00
FTI Consulting, Inc.	\$	70,000.00
Greenberg Traurig, LLP	\$	17,065.30
Inquest Resources	\$	10,961.92
Iron Mountain	\$	488.00
Maple Technologies	\$	15,393.38
Matthiesen, Wickert & Lehrer, S.C.	\$	90.00
NAIC Optins - Filing Fee	\$	10.00
Palomar Financial, LC	\$	27,375.00
Tristar Risk Management	\$	44.95
Total Disbursements	\$	<u>212,391.71</u>
Net Cash Flow	\$	<u>(10,641.89)</u>

Spirit Commercial Auto Risk Retention Group, Inc  
November 30, 2019

<u>Account Name</u>	<u>Account Balance</u>
Spirit Commerce Claims Account	\$ (33,526.61)
Spirit Commerce Operating Account	\$ 70,059.90
Spirit Commerce Premium Tax Account	\$ (2,648.72)
Spirit Frost Operating Account	\$ 365,357.00
Spirit Morgan Stanley Investment Account	\$ - **
Spirit Fidelity Investment Account	\$ 42,553,456.40
Total Cash and Investments	<u><u>\$ 42,952,697.97</u></u>

\*\*This account was closed in November and the funds were deposited in the Frost Operating account.



Spirit Commercial Auto Risk Retention Group, Inc  
December 31, 2019

Income Items:

Premium Tax Refunds	\$	11,283.18
Salvage, Subrogation, Recoveries, etc.	\$	4,000.00
Dividend Income/Short-Term Capital Gains	\$	110,383.92
Total Income	\$	<u>125,667.10</u>

Disbursements:

Bank Fees	\$	265.54
Criterion Claims Solutions	\$	7,666.50
Eide Bailly, LLP	\$	1,700.00
Greenberg Traurig, LLP	\$	7,013.50
Iron Mountain	\$	510.88
Maple Technologies	\$	10,000.00
Tristar Risk Management	\$	229,329.92
Total Disbursements	\$	<u>256,486.34</u>
Net Cash Flow	\$	<u>(130,819.24)</u>

Spirit Commercial Auto Risk Retention Group, Inc  
December 31, 2019

<u>Account Name</u>	<u>Account Balance</u>
Spirit Commerce Claims Account	\$ (33,526.61)
Spirit Commerce Operating Account	\$ 69,794.36
Spirit Commerce Premium Tax Account	\$ (2,648.72)
Spirit Frost Operating Account	\$ 124,419.38
Spirit Fidelity Investment Account	\$ 42,602,500.07
Total Cash and Investments	<u><u>\$ 42,760,538.48</u></u>