

**IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS  
COUNTY DEPARTMENT, CHANCERY DIVISION**

<b>PEOPLE OF THE STATE OF ILLINOIS, <i>ex rel.</i></b>	)	
<b>MICHAEL T. McRAITH, DIRECTOR OF</b>	)	
<b>INSURANCE OF THE STATE OF ILLINOIS,</b>	)	
	)	
<b>Plaintiffs,</b>	)	<b>NO: 07 CH 23319</b>
v.	)	
	)	
<b>THE ADMINISTRATIVE EMPLOYER GROUP INC.,</b>	)	
<b>and EMPLOYER'S CONSORTIUM V, INC.,</b>	)	
<b>Defendants.</b>	)	

**ORDER OF LIQUIDATION WITH A  
FINDING OF INSOLVENCY AND INJUNCTIVE RELIEF**

THIS CAUSE COMING TO BE HEARD upon the Verified Complaint For Liquidation, filed herein by the PEOPLE OF THE STATE OF ILLINOIS upon the relation of MICHAEL T. McRAITH, Director of Insurance of the State of Illinois, seeking the entry of an order of liquidation with a finding of insolvency against The Administrative Employer Group Inc. ("AEG") and Employer's Consortium V, Inc. ("ECV") and other relief, all pursuant to the provisions of Article XIII of the Illinois Insurance Code (the "Code"), 215 ILCS 5/187, *et seq.*, and further to protect the interests of their workers compensation certificate of insurance holders, policyholders and creditors, and of the public; the Court having jurisdiction over the parties hereto and the subject matter hereof; the Court having reviewed the pleadings filed herein and having considered arguments of counsel thereon, and the Court then being otherwise advised in the premises, and for good cause appearing therefore;

**THE COURT FINDS THAT:**

1. Sufficient cause exists under Section 188 of the Code, 215 ILSC 5/190, for the entry of an order for liquidation of the Defendants, AEG and ECI , including the fact that AEG and ECI are insolvent; and
2. There being no just reason for delaying enforcement or appeal of this Order, this Order of Liquidation With a Finding of Insolvency is a final order within the meaning of Illinois Supreme Court Rule 307(a)(5); and
3. The entry of the order prayed for herein creates two estates comprising, respectively, of all of the liabilities and assets of AEG and an estate comprising of all of the liabilities and assets of ECI; and

**IT IS HEREBY ORDERED THAT:**

A. This Order of Liquidation is hereby entered as, to and against AEG and ECI with a finding of insolvency. The conservations of AEG and ECI are hereby terminated, and the caption in this cause and all pleadings filed in this matter shall read:

**“IN THE MATTER OF THE LIQUIDATION OF THE  
ADMINISTRATIVE EMPLOYER GROUP INC., THE  
LIQUIDATION OF EMPLOYER’S CONSORTIUM V,  
INC., AND THE CONSERVATION OF MICHAEL A. WARD”**

B. Michael T. McRaith, Director of Insurance of the State of Illinois, and his successors in office, is affirmed as the statutory liquidator (the “Liquidator”) of AEG and ECI, with all of the powers appurtenant thereto including, but not limited to:

- (i) Pursuant to Section 191 of the Code, 215 ILCS 5/191, the Liquidator is vested by operation of law with the title to all property, contracts, and rights of action of AEG and ECI; and
- (ii) Pursuant to Section 191 of the Code, 215 ILCS 5/191, the Liquidator is entitled to immediate possession and control of all property, contracts, and rights of action of AEG and ECI; and
- (iii) Pursuant to Section 191 of the Code, 215 ILCS 5/191, the Liquidator is authorized to remove any and all records and property of AEG and ECI to his possession and control or to such other place as may be convenient for purposes of the efficient and orderly administration of AEG’s and ECI’s liquidation; and

(iv) Pursuant to Section 193(1) of the Code, 215 ILCS 5/193(1), the Liquidator is authorized to deal with the property, business and affairs of AEG and ECI in his name, as Director, and the Court further Orders that the Liquidator is authorized to deal with the property, business and affairs of AEG and ECI in the name of AEG and ECI; and

(v) Pursuant to Section 193(2) of the Code, 215 ILCS 5/193(2), the Liquidator, without the prior approval of the Court, is authorized to sell or otherwise dispose of any real or personal property of AEG and ECI, or any part thereof, and to sell or compromise all debts or claims owing to AEG and ECI having a value in the amount of Twenty-Five Thousand (\$25,000.00) Dollars, or less. Any such sale by the Liquidator of the real or personal property of AEG and ECI having a value in excess of Twenty-Five Thousand (\$25,000.00) Dollars, and sale or compromise of debts owing to AEG and ECI by the Liquidator where the debt owing AEG and ECI exceeds Twenty-Five Thousand (\$25,000.00) Dollars shall be made subject to the approval of the Court; and

(vi) Pursuant to Section 193(3) of the Code, 215 ILCS 5/193(3), the Liquidator is authorized to bring any action, claim, suit or proceeding against any director or officer of AEG and ECI or against any other person with respect to that person's dealings with the company including, but not limited to, prosecuting any action, claim, suit, or proceeding on behalf of the certificate of insurance holders, creditors, policyholders or shareholders of AEG and ECI; and

(vii) Pursuant to Section 193(6), any in-force certificates of insurance issued by, or in the name of, AEG or ECI are hereby canceled effective upon the date on which the order of liquidation is entered; and

(viii) Pursuant to Section 194(b) of the Code, 215 ILCS 5/194(b), the Liquidator may, within two (2) years after the entry of the liquidation order prayed for herein or within such further time as applicable law permits, institute an action, claim, suit, or proceeding upon any cause of action against which the period of limitation fixed by applicable law had not expired as of the filing of the complaint upon which said order was entered; and

(ix) Subject to the provisions of Section 202 of the Code, 215 ILCS 5/202, the Liquidator is authorized to appoint and retain those persons specified in Section 202(a) of the Code, 215 ILCS 5/202(a), and to pay, without the further order of this Court, from the assets of AEG and ECI all administrative expenses incurred during the course of the liquidation of AEG and ECI; and

(x) Pursuant to Section 203 of the Code, 215 ILCS 5/203, the Liquidator shall not be required to pay any fee to any public officer for filing, recording or in any manner authenticating any paper or instrument relating to any proceeding under Article XIII of the Illinois Insurance Code, 215 ILCS 5/187 *et seq.*, nor for services rendered by any public officer for serving any process; and

(xi) Pursuant to the provisions of Section 204 of the Code, 215 ILCS 5/204, the Liquidator may seek to avoid preferential transfers of AEG's and ECI's property and to recover such property or its value, if it has been converted.

C. Pursuant to its authority under Section 189 of the Code, 215 ILCS 5/189, and subject to the further orders of the Court, the Liquidator is authorized to take such actions as the nature of the cause and the interests of AEG and ECI, their certificate of insurance holders, policyholders, creditors and stockholders, or the public may require including, but not limited to, the following:

(i) The Liquidator shall proceed to take immediate possession and control of the property, books, records, accounts, business and affairs, and all other assets of AEG and ECI, and of the premises occupied by AEG and ECI for the transaction of their business, and to marshal and liquidate the assets, business and affairs of AEG and ECI pursuant to the provisions of Article XIII of the Code, *supra*, and the Liquidator is further directed and authorized to wind down and terminate AEG's and ECI's business and affairs, and to make the continued expenditure of such wages, rents and expenses as he may deem necessary and proper for the administration of the liquidation of AEG and ECI; and

(ii) The Liquidator may both sue and defend on behalf of AEG and ECI, or for the benefit of AEG's and ECI's certificate of insurance holders, policyholders and creditors, in the courts either in his name as the Liquidator of AEG and ECI, or in the name of AEG and ECI.

D. Pursuant to its authority under Section 189 of the Code, 215 ILCS 5/189, the Court hereby issues the following mandatory and prohibitive injunctions:

(i) All present and former actuaries, accountants, auditors and attorneys of AEG and ECI are ordered to deliver to the Liquidator, at his request, copies of all documents in their possession or under their control concerning or related to AEG and ECI in accordance with 215 ILCS 5/191, and to provide the Liquidator with such information as he may require concerning any and all business and/or professional relationships between them and AEG and ECI, and concerning any and all activities, projects, jobs and the like undertaken and/or performed by them at the request of AEG and ECI, or its respective agents, servants, officers, directors and/or employees, or which AEG and ECI may be, or is, entitled to as the result of its relationship with such accountants, auditors and attorneys; and

(ii) AEG and ECI and their present and former directors, officers, agents, servants, representatives, employees, and affiliated companies, and all other persons and entities having knowledge of this Order, shall give immediate possession and control to the Liquidator of all property, business, books, records, accounts and all other assets of AEG and ECI, and all premises occupied by AEG and ECI for the transaction of their business; and

(iii) AEG and ECI and their respective officers, directors, agents, servants, representatives and employees, and all other persons and entities having knowledge of this Order, are restrained from transacting any business of AEG and ECI, or disposing of any company property or assets, and computer and other electronic data, without the express written consent of the Liquidator, or doing or permitting to be done any action which might waste the property or assets of AEG and ECI, until the further order of this Court; and

(iv) The officers, directors, agents, servants, representatives and employees of AEG and ECI, and all other persons and entities having knowledge of this Order are restrained from bringing or further prosecuting any claim, action or proceeding at law or in equity or otherwise, whether in this State or elsewhere, against AEG and ECI, or their property or assets, or the Director or Liquidator, except insofar as those claims, actions or proceedings arise in or are brought in the liquidation proceedings prayed for herein; or from obtaining, asserting or enforcing preferences, judgments, attachments or other like liens, including common law retaining liens, or encumbrances or the making of any levy against AEG and ECI, or their property or assets while in the possession and control of the Liquidator, or from interfering in any way with the Liquidator in his possession or control of the property, business, books, records, accounts, premises and all other assets of AEG and ECI, until the further order of this Court; and

(v) Any and all banks, brokerage houses, financial institutions and any and all other companies, persons or entities having knowledge of this Order having in their possession accounts or any other assets which are, or may be, the property of AEG and ECI, are restrained from disbursing or disposing of said accounts and assets and are further restrained from disposing of or destroying any records pertaining to any business transaction between AEG or ECI, and such banks, brokerage houses, financial institutions, companies, persons or entities having done business, or doing business, with AEG or ECI, or having in their possession assets which are, or may be, the property of AEG or ECI, and further, that each such person or entity is ordered to immediately deliver any and all such assets and/or records to the Liquidator; and

(vi) All agents and brokers of AEG and ECI, and their respective agents, servants, representatives and employees, and all other persons having knowledge of this Order, are restrained from returning any unearned premiums or any money in their possession, or under their control, collected from premiums upon policies, contracts or certificates of insurance or reinsurance previously issued by AEG or ECI, to policyholders or others, and all said agents and brokers, and AEG's and ECI's agents, representatives, employees and servants are directed to turn over all such funds in their possession or under their control, or to which they may hereafter acquire possession or control, to the Liquidator in gross and not net of any commissions which may be due thereon; and

(vii) All certificate of insurance holders, policyholders under policies of insurance issued by AEG and ECI, persons asserting claims against such policyholders, and creditors of AEG and ECI, and all other persons, companies and entities having knowledge of this Order are restrained from instituting or pursuing any claim, action or proceeding, at law, in equity or otherwise, whether in this State or elsewhere, against AEG and ECI or their property or assets, or the Director as their Liquidator, except insofar as those claims, actions or proceedings arise in or are brought in this liquidation proceeding. All such persons are further restrained from instituting or pursuing any claim, action or proceeding in any court or before any administrative agency, including boards and commissions administering worker's compensation or occupational diseases or similar laws of the State of Illinois, or any other state, or of the United States, which seek in any way, directly or indirectly, to contest or interfere with the Liquidator's exclusive right, title and interest to funds recoverable under treaties and agreements of reinsurance heretofore entered into by or on behalf of AEG and ECI as the ceding insurer; and

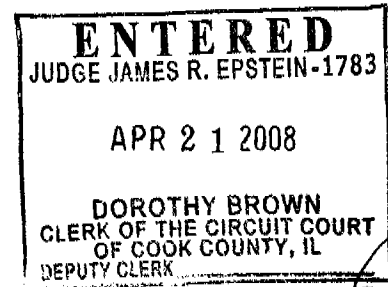
(viii) All insurance and reinsurance companies and entities that assumed liabilities from AEG and ECI arising under either policies of insurance or contracts of reinsurance issued by AEG and ECI, are restrained from making any settlements with any certificate of insurance holder, claimant or policyholder of AEG and ECI, or any other person other than the Liquidator, except with the written consent of the Liquidator, except when the reinsurance agreement, certificate, contract or treaty lawfully provides for payment to or on the behalf of AEG's and ECI's insured by the reinsurer.

E. Pursuant to Section 194 of the Code, 215 ILCS 5/194, the rights and liabilities of AEG and ECI, and of their workers compensation certificate of insurance holders, policyholders and creditors, and all other persons interested in the assets of AEG and ECI, except for those persons entitled to file contingent claims or to have their claims estimated, are fixed as of the date on which this order of liquidation is entered. The rights of persons entitled to file contingent claims or to have their claims estimated shall be determined as provided in Sections 209(4)(b), (6) and (7) of the Code, 215 ILCS 5/209(4)(b), (6) and (7).

F. Pursuant to Section 209(5) of the Code, 215 ILCS 5/209(5), AEG's and ECI's obligation, if any, to defend or continue the defense of any claim or suit under a liability insurance policy, including a certificate of insurance for workers compensation coverage, is terminated effective upon the entry of this Order.

- G. All fees, expenses and costs of the receivership proceedings instituted against AEG and ECI are taxed and assessed against the Defendants, AEG and ECI.

ENTERED:



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Judge Presiding

DATE:

**LISA M. MADIGAN**  
Attorney General of the  
State of Illinois  
Attorney for the PEOPLE OF  
THE STATE OF ILLINOIS  
Ronald Rascia  
Assistant Attorney General  
100 West Randolph Street  
Twelfth Floor  
Chicago, Illinois 60601  
(312) 814-1030  
Attorney Code #99000

**OF COUNSEL:**

D. Daniel Barr  
Daniel A. Guberman  
Counsel to the Director as Receiver  
222 Merchandise Mart Plaza  
Suite 1450  
Chicago, IL 60654  
(312) 836-9500  
Attorney Code #16819