

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

PEOPLE OF THE STATE OF ILLINOIS, *ex rel.*)
MICHAEL T. McRAITH, DIRECTOR OF)
INSURANCE OF THE STATE OF ILLINOIS,)
Plaintiffs,)
v.)
AUTOMOTIVE PROFESSIONALS, INC.,)
an Illinois Corporation, and its successor in interest)
API CREDITORS TRUST,)
Defendants.)

This Case is
confidential under
215 ILCS 5/188.1

NO. 07 CH 05829

ORDER OF CONSERVATION AND INJUNCTIVE RELIEF

THIS CAUSE COMING TO BE HEARD upon the Verified Complaint for Conservation of Assets and Injunctive Relief (the "Verified Complaint"), filed herein by the PEOPLE OF THE STATE OF ILLINOIS, on the relation of MICHAEL T. McRAITH, Director of Insurance of the State of Illinois (the "Director"), for an Order of Conservation authorizing and directing the Director to take possession and control of the property, accounts, assets, records, business, and affairs of AUTOMOTIVE PROFESSIONALS, INC. ("API"), and its successor in interest, API CREDITORS TRUST ("API Creditors Trust") and to conserve the same pursuant to the provisions of Article XIII of the Illinois Insurance Code (the "Code"), 215 ILCS 5/187, *et seq.*, and to further protect the interests of API and API Creditors Trust's, creditors, and of the general 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 the

arguments of counsel thereon, and the Court then being otherwise advised in the premises, and for good cause appearing therefore;

THE COURT FINDS:

A. That, by his Verified Complaint, the Director seeks an Order of Conservation of Assets and Injunctive Relief against the Defendants, API and API Creditors Trust, pursuant to Section 188.1 of the Code, 215 ILCS 5/188.1. By his Verified Complaint, the Director alleges that Defendants, API and API Creditors Trust, are insolvent, are operating in a hazardous condition, have violated the laws of this State, do not meet the requirements for organization and authorization as required by Illinois law, and have commenced a voluntary liquidation proceeding and procured the appointment of a receiver, and that sufficient cause exists, therefore, under Section 188 of the Code, 215 ILCS 5/188, for the entry of an order of conservation against the Defendants, API and API Creditors Trust.

IT IS HEREBY ORDERED:

A. That sufficient cause exists for the entry of an order of conservation, rehabilitation and/or liquidation of the Defendants, API and API Creditors Trust, and that an order of conservation is hereby entered as to and against API and API Creditors Trust; and,

B. That Michael T. McRaith, Director of Insurance of the State of Illinois, and his successors in office, is hereby affirmed as statutory Conservator of the Defendants, API and API Creditors Trust, and is authorized and directed, as Conservator, to immediately take possession and control of the property, books, records, accounts,

business and affairs, and all other assets of the Defendants, API and API Creditors Trust, and of the premises currently occupied, or hereafter occupied, by API and API Creditors Trust for the transaction of their business, pursuant to the provisions of Article XIII of the Code, 215 ILCS 5/187, *et seq.*, and to conserve the same for the benefit of the creditors of API and API Creditors Trust, and of the public; and, the Director is further authorized to take such actions as the nature of the cause and the interests of API and API Creditors Trust, their creditors, or the public, may require, subject to the further orders of the Court; and,

C. That the Defendants, API and API Creditors Trust, and their present and former trustees, officers, directors, agents, managing general agents, third-party administrators, servants, representatives, employees and their parent, subsidiary and affiliated companies, and all other persons and entities having knowledge of the order prayed for herein, are hereby directed to give immediate possession and control to the Director of all property, business, books, records, accounts, and all other assets of the Defendants, API and API Creditors Trust, and of any and all premises occupied by API and API Creditors Trust for the transaction of their business; and,

D. That all trustees, agents, managing general agents, third-party administrators, insurers, reinsurers, retrocessionaires, accountants, auditors, actuaries and attorneys of the Defendants, API and API Creditors Trust are hereby ordered and directed to deliver to the Director, upon request, copies of all documents in their possession or under their control concerning or relating to the Defendants, API and API Creditors Trust, and to provide the Director with such information as he may require concerning any and all business and/or professional relationships between them and the Defendants,

API and API Creditors Trust, and concerning any and all activities, projects, jobs and the like undertaken and/or performed by them at the request of API and/ or API Creditors Trust, or API and API Creditors Trust's trustees, officers, directors, agents, servants, representatives and/or employees, or which API and API Creditors Trust are, or may be, entitled to as the result of their relationship with such agents, managing general agents, third-party administrators, insurers, reinsurers, retrocessionaires, accountants, auditors, actuaries and/or attorneys; and,

E. That the Defendants, API and API Creditors Trust, and their trustees, officers, directors, agents, servants, representatives and employees, and all other persons and entities having knowledge of the order prayed for herein, are hereby restrained and enjoined from transacting any business of API and API Creditors Trust, or dealing with, or disposing of, any of API and/or API Creditors Trust's property or assets, whether real, personal or mixed, without the express written consent of the Director or until further order of the Court, or doing or permitting to be done any action which might waste or conceal the property or assets of API and API Creditors Trust.

F. That any and all trustees, banks, brokerage houses, financial institutions, investment advisors and any and all other companies, persons or entities having knowledge of the order prayed for herein, having in their possession accounts and any other assets which are, or may be, the property of API and/or API Creditors Trust, are hereby restrained and enjoined from disbursing or disposing of said accounts and assets, without the express written consent of the Director; and are further restrained and enjoined from disposing of, or destroying, any records pertaining to any business transaction between API and/or API Creditors Trust and such trustees, banks, brokerage houses,

financial institutions, investment advisors, companies, persons or entities having done business, or doing business, with API and API Creditors Trust; and that each such trustee, company, person or entity are hereby ordered and directed to immediately turn over and deliver possession and control of any and all such accounts, assets and/or records to the Director; and,

G. That all trustees, agents, managing general agents, third-party administrators and brokers of API and API Creditors Trust, and their respective agents, servants, representatives and employees, and all other persons and entities having knowledge of the order prayed for herein are hereby restrained and enjoined from returning any premium, earned or unearned, or any other money in their possession, or under their control, collected in connection with service contracts, insurance contracts or reinsurance contracts, previously agreed to, or to be agreed to, by API and/or API Creditors Trust, to creditors, insurers or any others; and said trustees, agents, managing general agents, third-party administrators and brokers, and their respective agents, servants, representatives and employees, and all other persons and entities having knowledge of the order prayed for herein, are directed and ordered to immediately turn over all such funds in their possession or under their control, or to which they may hereafter acquire possession or control, to the Director in gross and not net of any commissions which may be due thereon.

H. That the trustees, officers, directors, agents, servants, representatives and employees of the Defendants, API and API Creditors Trust, and all other persons, companies and entities having knowledge of the order prayed for herein, are restrained and enjoined from: (i) bringing, asserting or further prosecuting any claim, action or

proceeding, at law or in equity or otherwise, whether in this State or elsewhere, against API and/or API Creditors Trust, or their property or assets, or against the Director as their Conservator, except insofar as those claims, actions or proceedings arise in or are brought in the conservation proceedings prayed for herein; (ii) obtaining, asserting or enforcing preferences, judgments, attachments, garnishments, or other like liens or encumbrances, including common law retaining liens, or the making of any levy against API and/or API Creditors Trust, or their property or assets while in the possession and control of the Director; (iii) interfering, in any way, with the Director's conduct of the conservation of API and API Creditors Trust; and (iv) interfering, in any way, with the Director in his possession and control of the property, business, books, records, accounts, premises and all other assets of API and API Creditors Trust, until further order of the Court; and,

I. That a moratorium is hereby established enjoining and prohibiting the Defendants, API and API Creditors Trust, and their trustees, directors, officers, agents, managing general agents, third-party administrators, servants, representatives, employees, parent and affiliated companies, and all other persons and entities from paying, from funds held by API and/or the API Creditors Trust, any service contract claims or other contractual obligations incurred by the Defendants, API and API Creditors Trust, resulting from API and API Creditors Trust having issued service contracts, until further order of the Court; and

J. That a moratorium is hereby established enjoining and prohibiting the Defendants, API and API Creditors Trust, and their trustees, directors, officers, agents, managing general agents, third-party administrators, servants, representatives, employees and affiliated companies, and all other persons and entities from paying, from funds held

by API and/or API Creditors Trust, any contractual obligations of API and/or API Creditors Trust owing to their creditors, insurers, and/or vendors, or their respective assignees, or any other persons, except insofar that such payments are necessary in the administration of the conservation of API and API Creditors Trust, as contemplated by 215 ILCS 5/202, and as authorized by the Director, until further order of the Court; and,

K. That any and all persons, companies and entities are hereby restrained and enjoined from construing the order prayed for herein as an anticipatory breach of any contract, including, but not limited to service contracts, agreements, treaties, certificates or contracts of insurance, heretofore entered into with the Defendants, API and API Creditors Trust; and,

L. That the Director, as Conservator, is hereby directed to ascertain the condition of the Defendants, API and API Creditors Trust, while he is in possession and control of the property, books, records, accounts, assets, premises, business and affairs of API and API Creditors Trust, and to make periodic reports to the Court as to the nature and condition of the Defendants, API and API Creditors Trust, while in conservation; and is further directed to file with this Court, for its consideration, reports relating to the administration of the conservation of API and API Creditors Trust, in accordance with Section 202 of the Code, 215 ILCS 5/202; and,

M. That the Director, as Conservator, is authorized to pay from the assets of the Defendants, API and API Creditors Trust, those expenses incurred during the course of the conservation of API and API Creditors Trust, including but not limited to, attorneys' fees, accounting fees and consulting fees as administrative expenses, pursuant to and in a manner consistent with the provisions of Section 202 of the Code, *Id.*; and,

N. That the costs and expenses of these proceedings are taxed against the Defendants, API and API Creditors Trust; and,

O. That the caption in this cause and all pleadings filed in this matter shall hereafter read:

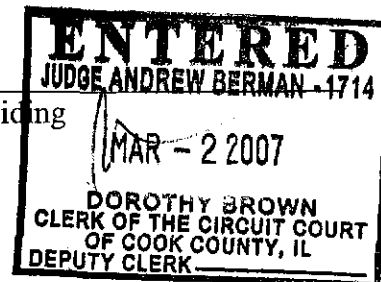
**"IN THE MATTER OF THE CONSERVATION
OF AUTOMOTIVE PROFESSIONALS, INC. AND
API CREDITORS TRUST"**

P. That the Court hereby retains jurisdiction in this cause for the purpose of granting such further relief as the nature of the cause, and the interests of the Defendants, API and API Creditors Trust, their creditors or of the public, may require; and/or as the Court may deem proper in the premises.

ENTERED:

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Judge Presiding



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