



STATE OF MINNESOTA

OFFICE OF THE ATTORNEY GENERAL

April 2, 2012

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Lynae K.E. Olson
Court Administrator
600 Ramsey County Courthouse
15 Kellogg Boulevard West
St. Paul, MN 55102

Re: *In the Matter of the Liquidation of Minnesota Surety and Trust Company*
Court File No. 62-CV-11-9400

Dear Ms. Olson:

On behalf of the Minnesota Department of Commerce, and pursuant to Minn. Stat. § 60B.25 (2010) and the Liquidation Order dated November 22, 2011, I enclose for filing the Quarterly Report dated April 1, 2012, with attachments.

Let me know if you have any questions. Thank you for your attention to this matter.

Very truly yours,

CHRISTOPHER M. KAISERSHOT
Assistant Attorney General

(651) 757-1264 (Voice)
(651) 297-4139 (Fax)

Enclosure

cc: Rich Theisen (Via Email) (w/ encls.)

AG: #2933753-v1



State of Minnesota

District Court

County of Ramsey

Second Judicial District

62-CV-11-9400

In Re: The Matter of the Liquidation of
Minnesota Surety and Trust Company

QUARTERLY REPORT
MINN. STAT. § 60B.25

REPORT ON PROGRESS OF LIQUIDATION PROCEEDINGS

APRIL 1, 2012

NOW COMES Mike Rothman, Commissioner of Commerce of the State of Minnesota, in his capacity as the statutory and court-affirmed liquidator of Minnesota Surety and Trust Company, ("MSTC") and for his summary of progress and current status of the MSTC liquidation proceedings, states as follows:

1. The court placed MSTC in liquidation on November 22, 2011.
2. The court appointed the Commissioner of the Minnesota Department of Commerce as liquidator of MSTC.
3. MSTC, a Minnesota insurance company, was also licensed as a trust company and actively administered a number of trusts, rented safe deposit boxes and had facilities for tellers to process banking transactions.
4. The MSTC offices, along with those of its affiliates, were located at 107 West Oakland Street in Austin, Minnesota. MSTC wrote business in a total of six states: Colorado, Minnesota, Montana, North Dakota, South Dakota and Utah.
5. On April 22, 2011, as a result of market conduct issues identified by the Colorado Department of Regulatory Agencies, MSTC entered into a consent order with Colorado ("Colorado Order"), attached hereto as Exhibit A.
6. On November 10, 2011, the Minnesota Department of Commerce (hereinafter "Commerce") entered a consent order with MSTC ("First Minnesota Order"), which terminated

MSTC's trust charter and required MSTC to find successor trustees for all trusts under its administration. The Minnesota Order is attached hereto as Exhibit B.

7. On November 17, 2011, Commerce entered a second consent order ("Second Minnesota Order"), revoking MSTC's Certificate of Authority and consenting to a petition of voluntarily liquidation. The Second Minnesota Order is attached hereto as Exhibit C.

8. Prior to November 22, 2011, MSTC provided an initial notice to its agents that it was going to cease operations and requested that all supplies be returned or destroyed. MSTC also began the process of closing out and/or transferring trusts that it administered.

REPORT

I. Assets

9. Pursuant Minn. Stat. § 60B.29 to the Liquidator has compiled a list of MSTC's assets and has attached it hereto as Exhibit D.

10. The Liquidator has determined, following a comprehensive review of MSTC's assets, that no excess assets are currently available for distribution to the Minnesota Insurance Guarantee Association (hereinafter "MIGA"), and accordingly defers any application for distribution made pursuant to Minnesota Statutes section 60B.45, subdivision 3 at this time. The Liquidator has made this determination based upon the following facts:

- The expenses associated with the administration of the liquidation are currently unknown;
- The costs of transfer of trusts is unknown; and
- MSTC's claims liability is unknown as the claims filing deadline has not passed.

II. Financial Statements

11. The Liquidator attaches hereto as Exhibit E the financial statements for MTSC as of November 22, 2011.

III. Notice and Claims

12. The Liquidator provided requisite notice of the liquidation to agents of MSTC, Commissioners in each state where MSTC was licensed, the Court Administrator, and all judges in the State of Minnesota. The Liquidator has also provided notice to the County Attorneys Association in the State of Minnesota. The Liquidator also provided notice of policy cancellation as mandated by Minnesota Statutes section 60B. 22.

13. The Liquidator has set a claims filing deadline of November 1, 2012. Minn. Stat. § 60B.26, subd. 2.

14. The Liquidator intends to publish notice of claims filing deadline as required by Section 60B.26 in the *St. Paul Pioneer Press* or *Star Tribune* and to post notice of the claims filing deadline on the Liquidation's website. A copy of the draft notice is attached hereto as Exhibit F.

15. The Liquidator has provided all MSTC agents that have "Build Up Fund" ("BUF") accounts with instructions regarding information to submit in order to obtain release of the funds in the BUF account.

16. The Liquidator has provided all MSTC agents with other collateral held by MSTC with instructions regarding information to submit in order to release the collateral.¹

17. The Liquidator is working with MIGA to determine whether, in any instance, an individual would be entitled to return of a portion of the premiums paid. Minn. Stat. § 60B.44, subd. 4a.

18. The Liquidator has drafted a proof-of-claim form which meets the requirements of Minnesota Statutes section 60B.38, and intends to mail notices with a proof-of-claim form by first class mail and will publish it accordingly. A copy of a sample proof-of-claim form is attached as Exhibit G.

19. As of December 31, 2011 the potential insurance related claims against MSTC were as follows:

State	Number of Bond Claims	Number of Surety Claims	Total Claims
Colorado	2	1	3
Minnesota	13	1	14
Montana	0	0	0
North Dakota	0	0	0
South Dakota	1	0	1
Utah	0	0	0
Totals	16	2	18

¹ Sterling State Bank, prior to the property auction for MSTC, asserted that it had a security interest in certain furniture, equipment and fixtures owned by MSTC. After review of the documentation provided by Sterling State Bank, the Liquidator agreed that the first \$3,193 of auction proceeds would be paid to the bank to satisfy a loan to MSTC and resolve its secured claim. As of the date of December 31, 2011 there were also 3 claims related matters in litigation; further described below.

IV. Litigation

20. Prior to the entry of the Liquidation Order, MSTC was engaged in three different actions, two in Colorado and an appeal in Minnesota. The three cases are as follows:

- *State of Minnesota vs. Jordan Charles Mulcahy* (Minnesota Appellate Court Case No. A11-719);
- *Minnesota Surety and Trust Company v. Erin Marie Gallegos, Bail City Bail Bonds and Benjamin Anthony Mares* (District Court, Denver, Colorado Case Number: 2009 cv 9805); and
- *Minnesota Surety and Trust Company v. Brett Daugherty d/b/a All American Bail Bonds* (District Court Larimer County, Colorado Case Number: 2009 cv 886).

V. Operations

21. The Liquidator has closed MSTC offices and relocated the books and records of the Company to Commerce's offices in St. Paul, Minnesota. Consistent with relocating the office, the mail and phone service has been redirected as well. The new mailing address and phone number for MSTC is:

Minnesota Surety and Trust Company
P.O. Box 133
Farmington, CT 06034
(888-723-0004)

22. Liquidator has moved to transfer the trusts that remained under the control of MSTC as of November 22, 2011.

23. The Liquidator has either returned any remaining contents of MSTC safe deposit boxes to the appropriate individuals or turned the property over to the Unclaimed Property Section of the Department of Commerce.

24. The State of Minnesota was the only state that required MSTC to post a statutory deposit. The deposit has been made available to the Liquidator to administer the liquidation of the Company.

25. The Liquidator has posted liquidation information on the Minnesota Department of Commerce's website and intends to post quarterly progress reports and other relevant documents to that website. The website also provides information for consumers to contact the Liquidator.

Respectfully submitted,

MIKE ROTHMAN
Commissioner
Minnesota Department of Commerce

By his Special Deputy Liquidator



Rick Theisen

april 1, 2012

BEFORE THE COMMISSIONER OF INSURANCE
STATE OF COLORADO

Division of Insurance Case No. 231258

**STIPULATION FOR ENTRY OF FINAL AGENCY ORDER RE: NOTICE OF
SHOW CAUSE HEARING**

Division of Insurance,

Petitioner

vs.

Minnesota Surety and Trust Company

Respondent.

The Colorado Division of Insurance ("Division") and Minnesota Surety and Trust Company ("Minnesota Surety"), collectively referred to as the "Parties," hereby enter into the following Stipulation Re: Notice of Show Cause Hearing. The parties stipulate as follows:

1. On April 6, 2011 John J. Postolowski, Interim Commissioner of Insurance ("Commissioner") for the Colorado Division of Insurance entered a Notice of Show Cause Hearing to Minnesota Surety. Said Notice was duly and properly served via personal service upon the Company and its President, Peter Plunkett.
2. The Notice of Show Cause Hearing alleged Minnesota Surety had:
 - a. Committed prohibited acts as specified in § 10-1-110(1), C.R.S. for which the penalty is suspension or revocation of Minnesota Surety's certificate of authority to do business in the State of Colorado;
 - b. Committed acts prohibited by or in violation of Title 10, C.R.S. and Article 7 or Title 12, C.R.S., for which the penalty is suspension or revocation of Minnesota Surety's certificate of authority to do business in the State of Colorado;
 - c. Repeatedly failed to comply with the insurance laws and regulations of the State of Colorado for which the penalty is suspension or revocation of

Minnesota Surety's certificate of authority to do business in the State of Colorado.

3. Pursuant to § 10-1-110(2), C.R.S., the Commissioner may suspend or revoke the certificate of authority of a foreign or domestic insurance company that is in violation of Colorado insurance laws as set forth above, if he deems it in the best interest of the public and the policyholders of the company, notwithstanding any other provision in Title 10, C.R.S., Article 7 of Title 12, or Article 24, C.R.S.
4. The Show Cause Hearing, which was scheduled to commence on April 21, 2011 was continued pursuant to a Minute Order issued by Hearing Officer Akers on April 18, 2011. The hearing is currently scheduled to commence on April 26, 2011 and continue through April 28, 2011

FAILURE TO COMPLY WITH MARKET CONDUCT EXAMINATION SCOPE AND DATA REQUESTS

5. On December 3, 2010, the Division provided Minnesota Surety with written notification ("December 3, 2010 Call Letter") that it would conduct a market conduct examination ("MCE") of Minnesota Surety and its bail bond business in Colorado, covering the period of January 1, 2010 through December 31, 2010. The December 3, 2010 Call Letter advised Minnesota Surety that the MCE was to be conducted pursuant to §§ 10-1-203, 10-1-204, 12-7-108(6) and 12-7-113, C.R.S.¹
6. The December 3, 2010 Call Letter also informed Minnesota Surety that the MCE would include an examination of Minnesota Surety's operations and management; marketing and sales; producers and agents; underwriting, including applications, forms, rates, cancellations and declinations and; claims handling, to include bail bond forfeiture judgments and return of collateral.
7. The Division's December 3, 2010 Call Letter notified Minnesota Surety it was required to have an internal Examination Coordinator in place by December 17, 2010. The December 3, 2010 Call Letter also stated the MCE would commence on or after February 7, 2011.
8. In correspondence dated December 17, 2010, Peter Plunkett, President of Minnesota Surety, identified himself as the Minnesota Surety Examination Coordinator for the MCE.

¹ The December 3, 2010 Call Letter and all notifications described herein were sent to Minnesota Surety through its President, Peter Plunkett.

9. On January 3, 2011, the Division notified Minnesota Surety that the commencement of the MCE would occur on February 15, 2011 and requested confirmation from Minnesota Surety as to its availability for the entrance conference.
10. On January 5, 2011, Minnesota Surety confirmed its availability for a February 15, 2011 entrance conference.
11. On January 25, 2011, the Division sent Minnesota Surety correspondence wherein it confirmed the February 15, 2011 entrance conference and outlined that as a part of the MCE the Division "would conduct a detailed review of sample bail bond files from Minnesota Surety agents". Said January 25, 2011 correspondence also informed Minnesota Surety that the field work was estimated to take 60 days.
12. The commencement date of the entrance conference for the MCE was subsequently scheduled to occur, and did occur, on February 15, 2011.
13. On February 18, 2011, the Division provided Minnesota Surety with the Division's Procedural Information, Staffing and Expenses, Scope, Data Request, Equipment Checklist, and Comment Form Procedures ("Scope and Data Request").
14. The Scope and Data Request further identified the MCE was being called pursuant to §§ 10-1-203, 10-1-204, 10-1-205, 10-3-1106, 12-7-108(6) and 12-7-113, C.R.S., and that in the course of said MCE, the Commissioner, shall also perform his duty, as set forth at § 10-1-108(5), C.R.S., to investigate and examine the Company.
15. In addition to the areas of the examination identified above, the Scope and Data Request set forth that the Commissioner would examine Minnesota Surety's bail bond files, records or other documents for "any alteration, deletion, destruction, modification or revision of bail bond files, records or other documents after execution by "the" or "a" bail agent and/or after said file, record or other documents had been provided to the defendant/third party indemnitor or Colorado court or Company."
16. A detailed list of the required data and information, along with the format in which it was to be provided to the Division, was delineated in the 9-page Scope and Data Request provided to Minnesota Surety.

17. The Division required Minnesota Surety provide the data and information set forth in the Scope and Data Request to the Division on or before February 23, 2011.
18. On February 22, 2011 Minnesota Surety made a written request for a one day extension to provide the data and information set forth in the Scope and Data Request. On February 23, 2011, the Division granted said extension, up to and including February 24, 2011.
19. As of February 24, 2011, Minnesota Surety had failed to provide:
 - a. An alphabetical list by agent of commission paid (only a list showing the agency and aggregate commission paid was provided by Minnesota Surety);
 - b. A list of bonds issued (the list provided by Minnesota Surety did not detail sufficient bond information i.e. liability, premium etc.);
 - c. A list of bond premium receipts and bond collateral receipts;
 - d. A list of liens filed;
 - e. A list of premium refunds;
 - f. A claims procedure manual (a process was described in an email from Minnesota Surety but no manual existed/was provided);
 - g. Its bail recovery process (no formal process was identified by Minnesota Surety);
 - h. Procedures related to release of promissory notes, deed of trust or liquidation of assets (no formal process was identified by Minnesota Surety);
 - i. A signed comment form procedure statement;
20. Minnesota Surety had requested and been granted an extension to February 25, 2011 for underwriting items 1(a) and 1(b) on the Scope and Data Request.
21. On February 25, 2011 the Division sent written notification to Minnesota Surety informing it that the MCE would be expanded to cover the time frame from January 1, 2009 through December 31, 2010, rather than the original time frame of January 1, 2010 through December 31, 2010. The Division provided Minnesota Surety up to and through March 11, 2011 to provide the data and information set forth in the Scope and Data Request for the expanded time frame identified in the February 25, 2011 correspondence.
22. On February 26, 2011, Peter Plunkett, President of Minnesota Surety, acknowledged receipt of the February 25, 2011 notification

23. On March 1, 2011 the Division sent written notification to Minnesota Surety requiring that, in addition to the data and information that Minnesota Surety was required to provide to the Division pursuant to the Scope and Data request, all files pertaining to bail bonds written by Minnesota Surety authorized agents during calendar year 2010 were to be delivered by Minnesota Surety to the Division on or before March 11, 2011.
24. On March 2, 2011, Jimmy Potts, of Regulatory Consultants, Inc., the examination firm retained by the Division to conduct the MCE, sent written communication to Minnesota Surety advising Minnesota Surety that the data and information provided to the Division on February 24, 2011 and February 25, 2011, was deficient, incomplete and/or that certain data and information was missing. Said written communication provided a detailed outline of the areas of deficient, incomplete and/or missing data and information.
25. On March 2, 2011 Minnesota Surety requested the 2010 bail bond files be provided in different segments (rather than all at once) so as to prevent the active files from being out of its control for any lengthy period of time.
26. Minnesota Surety's concern about production of its 2010 bail bond files was a separate and distinct issue from the deficient, incomplete and/or missing data addressed in Mr. Pott's March 2, 2011 correspondence to Minnesota Surety.
27. On March 3, 2011 the Division modified its request for the provision of the 2010 bail bond files and allowed Minnesota Surety to provide its "inactive" 2010 bail bond files to the Division by March 11, 2011, with a subsequent two-part schedule being identified for provision of the "active" 2010 bail bond files.
28. As a result of Minnesota Surety's deficient and incomplete response to the February 18, 2011 Scope and Data Request, the Division sent Minnesota Surety a Supplemental Data Request on March 4, 2011 ("Supplemental Data Request") in an attempt to clarify the manner in which data and information requested in the February 18, 2011 Scope and Data Request was to be provided. Said Supplemental Data Request required the provision of the data and information to the Division no later than March 11, 2011, which correlated with the date for Minnesota Surety's production of its inactive 2010 bail bond files to the Division.
29. On March 7, 2011, Minnesota Surety again submitted a written request for an extension of time to provide responses to the Underwriting Questions 1(a) and 1(b) set forth in the Supplemental Data Request.

30. On March 8, 2011 the Division granted Minnesota Surety's request for an extension to provide certain responses to data requests as set forth in the Supplemental Data Request and provided a new due date of March 16, 2011 for said responses (including documents related thereto) to be provided to the Division. In said March 8, 2011 extension approval the Division stated "Please be aware March 16, 2011 is a firm deadline, and that additional extensions for the noted items will not be granted."
31. On March 7, 2011, Minnesota Surety submitted a written request for an extension of time wherein it requested until March 16, 2011 to provide the 2010 inactive bail bond files that were due on March 11, 2011.
32. On March 8, 2011, the Division granted Minnesota Surety's request for an extension of time to provide the 2010 inactive bail bond files and extended the deadline to March 16, 2011. In said March 8, 2011 extension approval the Division stated "Please be aware March 16, 2011 is a firm deadline, and that additional extensions for the noted items will not be granted."
33. Minnesota Surety failed to provide all its inactive 2010 bail bond files to the Division by March 16, 2011, and thus failed to timely submit the same for examination by the Division.
34. As of March 31, 2011, Minnesota Surety failed to provide all of its inactive 2010 bail bond files to the Division and thus failed to timely submit the same for examination by the Division.
35. Of those 2010 inactive bail bond files that were provided to the Division, numerous files were provided to the Division in a duffle bag, were in disarray, and in no logical or other order; and numerous bail bond files were missing required documents, including powers of attorney, collateral receipts and/or premium receipts.
36. Between March 16 and March 31, 2011, the Division made repeated demands upon Minnesota Surety to provide all of its 2010 inactive bail bond files to the Division. Although Minnesota Surety provided explanations and/or rationale for not having done so, Minnesota Surety continually stated it would comply with the Division's requests and provide all of the 2010 inactive bail bond files.
37. Minnesota Surety failed to provide all of its 2010 inactive bail bond files. Thus, Minnesota Surety failed to comply with the Division's request in a timely manner, failed to provide necessary documents required for completion of the MCE and impeded the Division's ability to proceed with the MCE.

38. Minnesota Surety failed to provide the data and information set forth in the Scope and Data Request by the February 24 and 25, 2011 deadlines and thus failed to timely submit the same for examination by the Division.
39. Minnesota Surety failed to provide the data and information set forth in the Scope and Data Request and the Supplemental Data Request by the March 11 and March 16, 2011 deadlines and thus failed to submit the same for examination by the Division.
40. As of March 31, 2011, Minnesota Surety failed to provide the data and information set forth in the Scope and Data Request and the Supplemental Data Request and thus failed to comply with the Division's request in a timely manner, failed to provide necessary documents required for completion of the MCE and impeded the Division's ability to proceed with the MCE.
41. Between March 16 and March 31, 2011, the Division made repeated demands upon Minnesota Surety for it to provide the data and information set forth in the Scope and Data Request and the Supplemental Data Request.
42. The MCE field work, estimated to take a total of 60 days, was unable to move forward due to Minnesota Surety's failure to timely provide the requested documents, data and information set forth in the Scope and Data Request and the Supplemental Data Request.
43. A Factual basis and credible evidence exists to revoke the Certificate of Authority of Minnesota Surety as a result of:
 - a. Its failure to submit to examination or any legal obligation relative thereto, pursuant to § 10-1-110(1)(f), C.R.S.;
 - b. Its failure to timely and completely provide the identified data and information pertaining to Minnesota Surety that was necessary to effectuate a thorough market conduct examination pursuant to §§ 10-1-201 through 10-1-205, 10-3-1106, 12-7-108(6) and 12-7-113, C.R.S.
 - c. Its failure to comply with the law of this state rendering its operations hazardous to the public or to its policyholders, pursuant to § 10-1-110(1)(i), C.R.S.

- d. Failure of its officers, directors, employees or agents to submit to examination or to comply with reasonable written requests of the examiners pursuant to § 10-1-204(2)(b)(I), C.R.S.

EMERGENCY CEASE AND DESIST ORDER

44. After issuing a subpoena and taking the Thursday, February 10, 2011 sworn statement of a Minnesota Surety agent, and finding credible evidence existed that Minnesota Surety was altering its 2010 bail bond files prior to the commencement of the MCE, on or about Tuesday, February 15, 2011, the Commissioner issued and serviced an Emergency Cease and Desist Order on Minnesota Surety, including ten Minnesota Surety officers, directors, agents or employees.
45. In issuing the Emergency Cease and Desist Order the Commissioner exercised the authority granted to him pursuant to § 10-1-110(4) C.R.S.
46. Said emergency Cease and Desist Order required that any person possessing or having control over the books, records, accounts, tapes, folders, binders, electronic compilations of documents, emails, memos, letters and other written correspondence whether transmitted electronically or on paper related to the property or business, assets or affairs of Minnesota Surety's bail bond business in the State of Colorado immediately cease any alteration, modification, redaction or revision of any books, records, accounts, tapes, folders, binders, electronic compilations of documents, emails, memos, letters and other written correspondence whether transmitted electronically or on paper or any other documents related to the property, business, assets or affairs of Minnesota Surety's bail bond operations or business in the State of Colorado; and be immediately prohibited from removing or destroying any books, records, accounts, tapes, folders, binders, electronic compilations of documents, emails, memos, letters and other written correspondence whether transmitted electronically or on paper document, including contracts or stamps of any kind, which is or has at any time been contained in any file, folder, binder, record, book, account, electronic compilation of record or other storage means related to the property, business, assets or affairs of Minnesota Surety's bail bond operations or business in the State of Colorado.

MARKET CONDUCT EXAMINATION RECORD ALTERATION

47. Pursuant to his authority granted in § 10-1-204(3), C.R.S., in February 2011 the Commissioner issued subpoenas and directed examinations under oath to be taken of eleven Minnesota Surety employees, agents, officers or directors.

48. A Factual basis and credible evidence exists to revoke the Certificate of Authority of Minnesota Surety as a result of:

- a. The sworn testimony and documents/exhibits in said examinations and documents produced pursuant to subpoena demonstrated Minnesota Surety officers, directors, employees or agents, negligently made alterations to the entries and memorandum upon the books and papers of the company or upon any statement filed or offered to be filed in the Division or used in the course of any examination, inquiry or investigation, in a manner that could result in deception of the Commissioner or any person appointed by the commissioner, to make such examination, inquiry or investigation pursuant to § 10-1-204(5), C.R.S.;
- b. The sworn testimony and documents/exhibits in said examinations and documents produced pursuant to subpoena demonstrated that in January 2011, prior to the commencement of the MCE, Minnesota Surety directors, officers, agents or employees created, or caused to be created, four sets of various ink "stamps," which contained information required by statute and regulation to be contained on bail bond documents written in the State of Colorado, with the intent to utilize said "stamps," after the fact, on 2010 bail bond documents written in the State of Colorado;
- c. The sworn testimony and documents/exhibits in said examinations and documents produced pursuant to subpoena demonstrated that in January and February 2011, after notice to Minnesota Surety of the forthcoming MCE, but prior to the commencement of the MCE, Minnesota Surety directors, officers, agents or employees did negligently, after the fact, place these "stamps" onto a minimum of 4,000 bail bond documents that were actually written and effectuated in calendar year 2010.
- d. The sworn testimony and documents/exhibits in said examinations and documents produced pursuant to subpoena demonstrated hundreds of consumers/defendants/indemnitors who secured bail bonds from Minnesota Surety in 2010, received copies of bail bond documents that were different than the bail bond documents which are presently retained in the Minnesota Surety bail bond agent 2010 bail bond files, due to the fact that the copies and/or originals retained in the Minnesota Surety bail bond agents files had been altered after the fact;

- e. The sworn testimony and documents/exhibits in said examinations and documents produced pursuant to subpoena demonstrated that many of these files contained "translation stamps," intended to identify that the bail bond document was read in its entirety to a consumer, defendant or indemnitor who did not speak English as a primary language. In fact, such "translation stamp" was placed on the 2010 bail bond documents after the fact, sometime in January or February 2011;
- f. The sworn testimony and documents/exhibits in said examinations and documents produced pursuant to subpoena demonstrated that Minnesota Surety used a form entitled "Rate Deviation Form," in or about January of 2011. The Rate Deviation Form identifies the non-discriminatory reason a bail bond agent might charge a premium of less than 15 per cent. In January and February 2011, Minnesota Surety placed, after the fact, the "Rate Deviation Form," in hundreds of bail bond files actually written in 2010, which could have resulted in an appearance that the files were compliant for the MCE.
- g. The sworn testimony and documents/exhibits in said examinations and documents produced pursuant to subpoena demonstrated negligence that could have resulted in deception of the Commissioner and/or the Division and its examiners by altering the calendar year 2010 bail bond documents retained by Minnesota Surety or its agents, after the fact, so as to appear as if the documents were in compliance at the time the bail bond was actually written in 2010.
- h. The sworn testimony and documents/exhibits in said examinations and documents produced pursuant to subpoena demonstrated that in January and February 2011, Minnesota Surety created contracts between itself and several of its Colorado agents, which did not exist in 2010, which established a contractual relationship required by Colorado statute and regulation between a surety and its agents;
- i. The sworn testimony and documents/exhibits in said examinations and documents produced pursuant to subpoena demonstrated Minnesota Surety requested and/or required that, prior to the commencement date of the MCE February 15, 2011, each of its Colorado agents who had not previously executed written contracts to sign and back date contracts to the date of original agent appointment and prior to December 31, 2010;

- j. The sworn testimony and documents/exhibits in said examinations and documents produced pursuant to subpoena demonstrated at least one of those contracts being back dated and signed by an agent with a date that was prior to that agent becoming a licensed bail bond agent in the state of Colorado;
- k. The sworn testimony and documents/exhibits in said examinations and documents produced pursuant to subpoena demonstrated that the back dated contract altered the agents contractual liability with Minnesota Surety for bail bonds written by that agent during calendar year 2010, as said contract set forth the financial terms and other obligations between the bail bond agent and the surety.
- l. The sworn testimony and documents/exhibits in said examinations, documents produced pursuant to subpoena and review of the deficient and incomplete data and information Minnesota Surety provided to the Division demonstrated Minnesota Surety agents wrote bail bonds, in some instances, prior to the date the agents were appointed, and in some instances, prior to the date the agents were licensed as bail bond agents in the State of Colorado;
- m. The sworn testimony and documents/exhibits in said examinations, documents produced pursuant to subpoena, and documents obtained in the MCE, demonstrated Minnesota Surety negligently oversaw and directed these agents in a manner that could have resulted in deception of the Division and/or its agents by negligently altering material facts in the books, reports and other written statements of Minnesota Surety; negligently omitting or failing to make a true entry of material facts pertaining to the business of insurance in the books, reports, or other written statements of Minnesota Surety;

49. A factual basis and credible evidence exists to demonstrate Minnesota Surety, an insurer authorized to conduct business in the state of Colorado, should have known about the unfair business practices of its insurance producers and thus may be held financially responsible for its producers who, while acting on behalf of the insurer, engaged in unfair business practices that violated provisions of Title 10, C.R.S., as defined in § 10-3-131, C.R.S.

WHEREFORE, the parties further stipulate that

50. The Commissioner terminates the MCE of Minnesota Surety for calendar years 2009 and 2010 due to Minnesota Surety's negligent failure to timely provide the

MCE examiners with the necessary data and documents set forth in the Scope and Data Request and Supplemental Data Request, which impeded the examination from moving forward and impeded the examiners ability to select valid samples for examination. Minnesota Surety's negligent alteration of said files has rendered the files in a condition whereby they cannot be fully and completely examined for compliance with Colorado insurance law. Minnesota Surety has failed to comply with §§ 10-1-203, 204 and 205, 10-3-1106, 12-7-108(6) and 12-7-113, C.R.S.

51. Pursuant to § 10-1-204(8), C.R.S., the Commissioner had the authority to make public any examiner or company work papers or other documents, or any other information discovered or developed during the course of the MCE, in furtherance of legal and regulatory action the commissioner had deemed appropriate.
52. Minnesota Surety's certificate of authority in the State of Colorado is hereby revoked effective May 22, 2011.
53. Nothing herein shall release Minnesota Surety as the responsible entity from its obligation to service any existing policies of insurance and/or bonds issued in the State of Colorado. Said responsibility shall include, but is not limited to, timely returning consumer collateral, cooperating with Division investigations and paying forfeitures to the court.
54. Other than as stated in the preceding paragraph, Minnesota Surety shall be allowed 30 calendar days from the date of execution of this Stipulation to conclude its affairs and business in the State of Colorado. Minnesota Surety shall notify by the close of business on April 26, 2011, its officers, agents and employees that they shall cease selling, soliciting and negotiating insurance policies, bail bonds or any other insurance related product. Minnesota Surety shall file a notice of termination for each of its agents, and provide the same to the Division and the agent, no later than Friday, May 9, 2011, via certified mail under C.R.S. 10-2-415.7(1).
55. Minnesota Surety understands the Commissioner does not have control to exercise authority over law enforcement or other agencies. Nothing herein shall prohibit the Commissioner or the Division staff from testifying or providing examiner or company work papers or other documents, if compelled to do so, under subpoena, court order or other force of law regarding the matters set forth herein or any other matter related to Minnesota Surety's business conduct in the State of Colorado.

56. Minnesota Surety shall pay a civil penalty to the Division for the cited violations of Colorado law, due and owing within 14 days of the date of execution of this Stipulation, in the amount of Two Hundred Thousand Dollars (\$200,000.00).
57. Minnesota Surety shall pay a civil penalty to the Division for the cited violations of Colorado law, in the amount of One Million Dollars (\$1,000,000.00). Said One Million Dollar penalty shall be stayed, and shall become due and payable only if one or more of the following events occur:
- a. Minnesota Surety fails to pay the Two Hundred Thousand Dollar penalty set forth in paragraph 56 above. In said event, the amount of One Million Two Hundred Thousand Dollars (\$1,200,000.00) would be immediately due and owing to the Division by Minnesota Surety;
 - b. Minnesota Surety applies for a certificate of authority in the State of Colorado within five years of the date of execution of this Stipulation;
 - c. Minnesota Surety conducts or is involved in any insurance related business in the State of Colorado within five years of the date of execution of this Stipulation;
 - d. Minnesota Surety applies for any insurance related license in the State of Colorado within five years of the date of execution of this Stipulation;
 - e. Peter Plunkett, the current President of Minnesota Surety, individually applies for any insurance related license in the State of Colorado within five years of the date of execution of this Stipulation;
 - f. Peter Plunkett, the current President of Minnesota Surety, individually conducts or is involved in any insurance related business, directly or indirectly, in the State of Colorado within five years of the date of execution of this Stipulation;
58. As the result of the agreements reached herein, the Commissioner shall not exercise his authority to make a referral to criminal law enforcement authorities as is permitted under § 10-1-108(5) C.R.S. In the event Minnesota Surety does not make the aforementioned payment of Two Hundred Thousand Dollars (\$200,000.00) within 14 days of the date of execution of this Stipulation, this provision shall be null and void and the Commissioner may exercise his right to make a referral to criminal law enforcement authorities to the extent he deems so justified.
59. All rights of any consumer, defendant or third party indemnitor are hereby reserved. Nothing contained in this Stipulation shall impede, prohibit or constrain any consumer, defendant or third party indemnitor from bringing any action, claim, litigation or other legal action against Minnesota Surety, its officers, agents

or employees for any loss of collateral, loss of premium, fraud, damage, or other harm that may have resulted, or could result in the future, from any of the actions of Minnesota Surety as set forth herein.

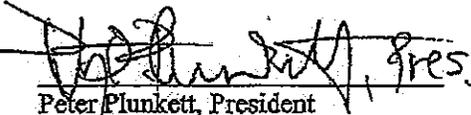
60. Minnesota Surety shall remain liable for timely payment of all invoices from Regulatory Consultants, Inc., for its time and costs associated with its market conduct examination of Minnesota Surety, up to and including April 6, 2011, the date the Commissioner suspended the examination. Minnesota Surety shall retain its rights to objection to the amount of those fees or to contest the amount of fees pursuant to 10-1-204(6)(b).
61. The hearing scheduled to commence on April 26, 2011 is hereby vacated.
62. By entering into this Stipulation, Minnesota Surety knowingly and voluntarily waives its rights pursuant to §§ 24-4-104, 105 and 106, C.R.S., including but not limited to, a hearing in this matter; the right to be represented at such hearing by counsel chosen and retained by Minnesota Surety; the right to present a defense, oral and documentary evidence, and cross-examine witnesses at such hearing; and the right to seek judicial review of this Stipulation and the Final Agency Order approving this Stipulation.
63. The Division and Minnesota Surety agree that this Stipulation is a full and final settlement of the issues raised in the Notice of Show Cause Hearing or that could have been raised at the April 26, 2011 hearing. This Stipulation is intended to resolve all of the civil claims between the Commissioner, the Division and Minnesota Surety, its officers, directors and employees as of the date of the Stipulation.
64. Minnesota Surety understands and acknowledges the Division may take such lawful steps as may be required or appropriate to investigate and determine whether Minnesota Surety is in compliance with the Stipulation and the Final Agency Order approving this Stipulation, and take any action it deems appropriate to enforce compliance with the terms of the Stipulation and Final Agency Order.
65. In the event the Division takes action relating to alleged violations of this Stipulation or Final Agency Order approving this Stipulation, said Stipulation and Final Agency Order shall be admissible in full in that proceeding for any purpose.
66. Minnesota Surety enters into this Stipulation freely and voluntarily, after having the opportunity to consult with counsel of its choice, and with full understanding

and acceptance of the legal consequences of this Stipulation and the Final Agency Order approving this Stipulation.

67. Minnesota Surety understands that this Stipulation and the Final Agency Order approving this Stipulation shall be reported to the National Association of Insurance Commissioners pursuant to §§ 10-2-416(5)(e) and 10-2-803(2), C.R.S.
68. Invalidation of any provision of this Stipulation or the Final Agency Order approving this Stipulation by a court of competent jurisdiction will in no way affect any other provisions, which shall remain in full force and effect.
69. This Stipulation and Final Agency Order embodies the entire agreement between Minnesota Surety and the Division, and there are no agreements, understandings, representations or warranties that are not expressly set forth herein.
70. Upon the Commissioner's entry of the Final Agency Order approving this Stipulation, this Stipulation and Final Agency Order shall be a public record in the custody of the Division under the Colorado Public Records Act, § § 24-72-101, *et seq.*, C.R.S.
71. This Stipulation is subject to approval by the Commissioner or his designee, and shall become binding upon the parties hereto upon such approval. In the event the Commissioner does not approve this Stipulation, the parties shall retain all claims and defenses available to them had this Stipulation not been entered into by the parties.
72. For the purpose of this agreement, a facsimile or an email signature shall have the same effect as an original signature.

Signed and dated this 22nd day of April.

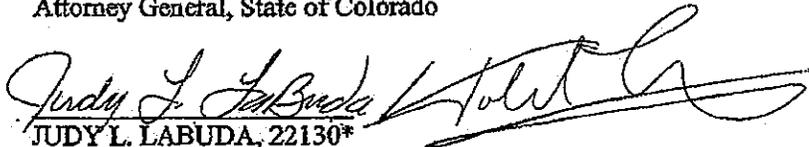

Peggy A. Brown, Esq.
Deputy Commissioner of Consumer
Affairs


Peter Plunkett, President
Minnesota Surety and Trust Company


Peter Plunkett, Individually

Approved as to Form:

Attorney General, State of Colorado


JUDY L. LABUDA, 22130*

Assistant Attorney General

TODD S. LARSON, 11929*

First Assistant Attorney General

Business & Licensing Section

Attorneys for Colorado Division of Insurance

1525 Sherman Street, 5th Floor

Denver, Colorado 8020

Telephone: 303-866-5142

*Counsel of Record

On Behalf of Minnesota Surety

ROBERT McCORMICK, 15613

Hall & Evans LLC

1125 17TH Street, STE 600

Denver, Colorado 80202

On Behalf of Peter Plunkett in his Individual Capacity



CHAD D. WILLIAMS, 30917

Davis, Graham & Stubbs LLP

1550 Seventeenth Street

Denver, Colorado 80202

Signed and dated this 22nd day of April.

Peggy A. Brown, Esq.
Deputy Commissioner of Consumer
Affairs

Peter Plunkett, President
Minnesota Surety and Trust Company

Peter Plunkett, Individually

Approved as to Form:

Attorney General, State of Colorado

JUDY L. LABUDA, 22130*
Assistant Attorney General
TODD S. LARSON, 11929*
First Assistant Attorney General
Business & Licensing Section
Attorneys for Colorado Division of Insurance
1525 Sherman Street, 5th Floor
Denver, Colorado 8020
Telephone: 303-866-5142
*Counsel of Record

On Behalf of Minnesota Surety



ROBERT McCORMICK, 15613
Hall & Evans LLC
1125 17TH Street, STE 600
Denver, Colorado 80202

On Behalf of Peter Plunkett in his Individual Capacity

CHAD D. WILLIAMS, 30917
Davis, Graham & Stubbs LLP
1550 Seventeenth Street
Denver, Colorado 80202

BEFORE THE DIVISION OF INSURANCE, STATE OF COLORADO

Final Agency Order No. O-11-146

FINAL AGENCY ORDER

**IN THE MATTER OF MINNESOTA SURETY AND TRUST COMPANY
NOTICE OF SHOW CAUSE HEARING**

THIS MATTER comes before John J. Postolowski, Interim Commissioner of Insurance for the State of Colorado ("Commissioner"), upon the Stipulation for Entry of Final Agency Order Re: Notice of Show Cause Hearing ("Stipulation") between the Colorado Division of Insurance ("Division") and Minnesota Surety and Trust Company ("Minnesota Surety"). After reviewing the Stipulation, the Commissioner makes the following Findings and enters the following Order:

FINDINGS

1. The Commissioner has jurisdiction over Minnesota Surety and this matter pursuant to Title 10, C.R.S.
2. By entering into the Stipulation, Minnesota Surety has waived its rights to a hearing under Title 10, C.R.S. and pursuant to §§ 24-4-104, 105, and 106, C.R.S.; the right to be represented at such hearing by counsel chosen and retained by Minnesota Surety; the right to present a defense, oral and documentary evidence, and cross-examine witnesses at such hearing; and the right to seek judicial review of this Final Agency Order.

Based upon the foregoing and the terms of the Stipulation between the Division and Minnesota Surety, it is hereby ORDERED as follows:

ORDER

3. In accordance with the Stipulation, the Commissioner terminates the MCE of Minnesota Surety for calendar years 2009 and 2010 due to Minnesota Surety's negligent failure to timely provide the MCE examiners with the necessary data and documents set forth in the Scope and Data Request and Supplemental Data Request, which impeded the examination from moving forward and impeded the examiners ability to select valid samples for examination. Minnesota Surety's negligent alteration of said files has rendered the files in a Colorado whereby they cannot be fully and completely examined for compliance with Colorado insurance law. Minnesota Surety has failed to comply with §§ 10-1-203, 204 and 205, 10-3-1106, 12-7-108(6) and 12-7-113, C.R.S.

4. The sworn testimony and documents/exhibits in said sworn examinations of Minnesota Surety officers, agents and employees, as well as documents produced pursuant to subpoena, demonstrated Minnesota Surety officers, directors, employees or agents, negligently made alterations to the entries and memorandum upon the books and papers of the company or upon any statement filed or offered to be filed in the Division or used in the course of any examination, inquiry or investigation, in a manner that could result in deception of the Commissioner or any person appointed by the Commissioner, to make such examination, inquiry or investigation pursuant to § 10-1-204(5), C.R.S.
5. Pursuant to § 10-1-204(8), C.R.S., the Commissioner finds he had the authority to make public any examiner or company work papers or other documents, or any other information discovered or developed during the course of the MCE, in furtherance of legal and regulatory action the commissioner had deemed appropriate.
6. Minnesota Surety's certificate of authority in the State of Colorado is hereby revoked effective May 22, 2011.
7. Nothing herein shall release Minnesota Surety as the responsible entity from its obligation to service any existing policies of insurance and/or bonds issued in the State of Colorado. Said responsibility shall include, but is not limited to, timely returning consumer collateral, cooperating with Division investigations and paying forfeitures to the court.
8. Minnesota Surety shall be allowed 30 calendar days from the date of execution of this Stipulation to conclude its affairs and business in the State of Colorado. Minnesota Surety shall notify its officers, agents and employees that they shall cease selling, soliciting and negotiating insurance policies, bail bonds or any other insurance related product as of close of business on April 26, 2011.
9. Minnesota Surety shall pay a civil penalty to the Division for the cited violations of Colorado law, due and owing within 14 days of the date of execution of this Stipulation, in the amount of Two Hundred Thousand Dollars (\$200,000.00).
10. Minnesota Surety shall pay a civil penalty to the Division for the cited violations of Colorado law, in the amount of One Million Dollars (\$1,000,000.00). Said One Million Dollar penalty shall be stayed, and shall become due and payable if one or more of the following events occur:
 - a. Minnesota Surety fails to pay the Two Hundred Thousand Dollar penalty set forth above. In said event, the amount of One Million Two Hundred Thousand Dollars

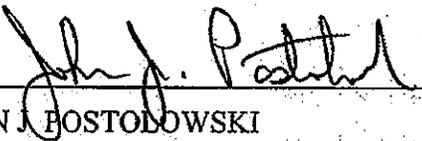
(\$1,200,000.00) shall be immediately due and owing to the Division by Minnesota Surety;

- b. Minnesota Surety applies for a certificate of authority in the State of Colorado within five years of the date of execution of this Stipulation;
- c. Minnesota Surety conducts or is involved in any insurance related business in the State of Colorado within five years of the date of execution of this Stipulation;
- d. Minnesota Surety applies for any insurance related license in the State of Colorado within five years of the date of execution of this Stipulation;
- e. Peter Plunkett, the current President of Minnesota Surety, individually applies for any insurance related license in the State of Colorado within five years of the date of execution of this Stipulation;
- f. Peter Plunkett, the current President of Minnesota Surety, individually conducts or is involved in any insurance related business, directly or indirectly, in the State of Colorado within five years of the date of execution of this Stipulation;

- 11. All rights of any consumer, defendant or third party indemnitor are hereby reserved. Nothing contained in this Stipulation shall impede, prohibit or constrain any consumer, defendant or third party indemnitor from bringing any action, claim, litigation or other legal action against Minnesota Surety, its officers, agents or employees for any loss of collateral, loss of premium, fraud, damage, or other harm that may have resulted, or could result in the future, from any of the actions of Minnesota Surety as set forth herein.
- 12. As the result of the agreements reached herein, the Commissioner shall not exercise his authority to make a referral to criminal law enforcement authorities as is permitted under § 10-1-108(5) C.R.S. In the event Minnesota Surety does not make the aforementioned payment of Two Hundred Thousand Dollars (\$200,000.00) within 14 days of the date of execution of this Stipulation, this provision shall be null and void and the Commissioner may exercise his right to make a referral to criminal law enforcement authorities to the extent he deems so justified.
- 13. Minnesota Surety understands the Commissioner does not have control to exercise authority over law enforcement or other agencies. Nothing herein shall prohibit the Commissioner or the Division staff from testifying or providing examiner or company work papers or other documents, if compelled to do so, under subpoena, court order or other force of law regarding the matters set forth herein or any other matter related to Minnesota Surety's business conduct in the State of Colorado.
- 14. The hearing scheduled to commence on April 26, 2011 is hereby vacated.

15. In the event the Division commences an action against Minnesota Surety for an alleged violation of this Final Agency Order, this Final Agency Order and the Stipulation, incorporated herein, shall be admissible in any such action.
16. The Division and Minnesota Surety shall comply with and satisfy the requirements set out in the Stipulation.
17. The Stipulation is incorporated by reference and all its conditions, terms, and agreements are specifically made a part of this Order as though fully set forth herein.

DONE AND ORDERED this 22nd day of APRIL, 2011.



JOHN J. POSTOLOWSKI
INTERIM INSURANCE COMMISSIONER
COLORADO DIVISION OF INSURANCE

CERTIFICATE OF SERVICE

This is to certify that I have duly served the within STIPULATION FOR ENTRY OF FINAL AGENCY ORDER and FINAL AGENCY ORDER upon all parties herein by depositing copies of same in the United States mail, first-class postage prepaid, at Denver, Colorado, this 25th day of April 2011 addressed as follows:

Chad Williams, Esq.
Davis Graham & Stubbs, LLP
1550 17th Street, Suite 888
Denver, CO 80203

Robert McCormick
Hall & Evans, LLC
1125 17th Street, Suite 600
Denver, Co. 80202

Kevin McGreevy
Ridley McGreevy Winocur & Weisz PC
303 16th Street, Suite 200
Denver, CO 80202

Via Inter-Agency Mail:

Judy L. LaBuda
Assistant Attorney General
Todd S. Larson
First Assistant Attorney General
Office of the Colorado Attorney General
1525 Sherman Street, 7th Floor
Denver, Colorado 80203



Paula Sisneros
Director of Compliance and Investigations

STATE OF MINNESOTA
COMMISSIONER OF COMMERCE

IN THE MATTER OF MINNESOTA SURETY
AND TRUST COMPANY, AUSTIN, MINNESOTA

CONSENT ORDER

TRUST CHARTER 39

TO: Peter D. Plunkett, President
Minnesota Surety and Trust Company
107 West Oakland Avenue
Austin, Minnesota 55912

Deputy Commissioner of Commerce Kevin M. Murphy ("Commissioner") has determined as follows:

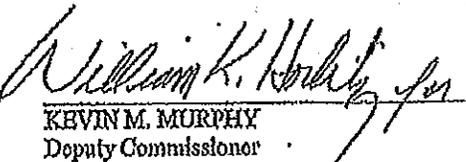
1. The Commissioner has advised Minnesota Surety and Trust Company ("Respondent") that he is prepared to commence formal action pursuant to Minn. Stat. §§ 45.027, subd. 5, 46.24, and 49.04 (2010) against Respondent's Trust Company Charter due to the June 30, 2011 Report of Condition and Income that reported Equity Capital as negative \$32,454 and a year to date operating loss of \$404,837.
2. Respondent acknowledges that it has been advised of its rights to a hearing in this matter, to present argument to the Commissioner and to appeal from any adverse determination at a hearing, and Respondent hereby expressly waives those rights. Respondent further acknowledges that it has been represented by legal counsel throughout these proceedings, or has been advised of its right to be represented by legal counsel, which right it hereby waives.
3. Respondent has agreed to informal disposition of this matter without a hearing as provided under Minn. Stat. § 14.59 (2010) and Minn. R. 1400.5900 (2011).
4. The following Order is in the public interest.

NOW, THEREFORE, IT IS HEREBY ORDERED, that pursuant to Minn. Stat. §§ 45.027, and 46.24 (2010), as follows:

1. Respondent's trust charter is revoked;
2. Within 30 days from the effective date of this Order, the Respondent's Board of Directors shall arrange for the transfer of all trust accounts to a qualified fiduciary acceptable to the Department. If Respondent fails to arrange such a transfer of all trust accounts to a qualified fiduciary acceptable to the Department within 30 days, the Department may commence involuntary liquidation proceedings as set forth in Minn. Stat. § 49.04 (2010);
3. If, despite Respondent's best efforts, it is unable to arrange for the transfer of accounts within 30 days of the effective date of this Order; Respondent will notify the Commissioner of accounts for which there is not an arrangement and continue its best efforts to arrange for a transfer through either the earlier of the time of transfer or the conclusion of liquidation; and,
4. Respondent shall immediately refrain from soliciting or accepting any new trust-related business, although it is permitted to service its current accounts until the same are transferred to another entity or the liquidation is complete. Following the transfer of its trust accounts, Respondent shall cease and desist from acting or holding itself out as a trust company in the State of Minnesota.

This Order shall be effective upon signature by or on behalf of the Commissioner.

Dated: 11/10/2011

By: 

KEVIN M. MURPHY
Deputy Commissioner

85 Seventh Place East, Suite 500
Saint Paul, Minnesota
Telephone: (651)296-2715

CONSENT TO ENTRY OF ORDER

The undersigned, acting on behalf of Minnesota Surety and Trust Company ("Respondent"), states that he has read the foregoing Consent Order; that he knows and fully understands its contents and effect; that he is authorized to execute this Consent to Entry of Order on behalf of Respondent; that he has been advised of Respondent's right to a hearing; that Respondent has been represented by legal counsel in this matter; or that he has been advised of Respondent's right to be represented by legal counsel and that he has waived this right; and that he consents to entry of this Order by the Commissioner of Commerce. It is further expressly understood that this Order constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements, either express or implied.

Minnesota Surety & Trust Company

By: [Signature]
(Name)

Its: President
(Title)

STATE OF Minnesota

COUNTY OF Mower

Signed or attested before me on 11-4, 2011, by Peter Plunkett, President,
on behalf of Minnesota Surety & Trust Company (title)

(Seal, if any)

[Signature]
(Signature of notarial officer)

Notary Public
Title

My commission expires: 1-31-12



12696/MCP

OAH Docket No. 2-1004-22234-2

STATE OF MINNESOTA
OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE DEPARTMENT OF COMMERCE

In the Matter of the Certificate of Authority of
Minnesota Surety & Trust Company and the
Insurance Producer License of Peter Plunkett

CONSENT ORDER

Commissioner of Commerce Mike Rothman ("Commissioner") has determined as follows:

1. The Commissioner commenced formal action pursuant to a Notice and Order for Prehearing Conference against Minnesota Surety & Trust Company ("MSTC") and a Notice and Order for Hearing, Order for Summary Suspension, and Statement of Charges issued against Peter Plunkett ("Plunkett"). The Commissioner alleged that MSTC and Plunkett (collectively "Respondents") committed the following violations:

A. MSTC's board of directors, including Plunkett, are incompetent or untrustworthy because they participated in, directed, or authorized, or failed to learn about, diligently investigate, or prevent the scheme to alter bail bond files after the fact and in anticipation of a market conduct examination in violation of Minn. Stat. § 60A.052, subd. 1(1) (2010);

B. MSTC committed unfair methods of competition and unfair and deceptive acts or practices by engaging in fraudulent, coercive, or dishonest practices in connection with the insurance business in violation of Minn. Stat. §§ 60A.052, subd. 1(11), 72A.19, subd. 1, and 72A.20, subd. 18(b) (2010);

C. MSTC engaged in acts or practices which demonstrates that it is untrustworthy or incompetent to act under the authority granted by the Commissioner in violation of Minn. Stat. §§ 45.027, subd. 7(a)(4), and 60A.052, subd. 1(11) (2010);

D. MSTC made at least 4,000 false entries in books, reports, or statements with the intent to deceive any agent or examiner lawfully appointed to examine its affairs in violation of Minn. Stat. §§ 60A.052, subd. 1(11), and 72A.20, subd. 6 (2010);

E. MSTC had its certificate of authority revoked and has been required to pay a monetary penalty or fine in another state in violation of Minn. Stat. § 60A.052, subd. 1(9) (2010);

F. Plunkett committed unfair methods of competition and unfair and deceptive acts or practices, engaged in fraudulent, coercive, or dishonest practices in connection with the insurance business, engaged in acts or practices that demonstrate he is untrustworthy and otherwise incompetent or unqualified to act under the licenses granted by the Commissioner, and failed to observe high standards of commercial honor and just and equitable principles of trade in the conduct of his insurance business in violation of Minn. Stat. §§ 45.027, subd. 7(a)(4), 60K.43, subd. 1(2), (5), (7) and (8), 72A.19, subd. 1, and 72A.20, subd. 18(b) (2010), and Minn. Rule 2795.1000 (2011); and,

G. Plunkett has been the subject of discipline in the State of Colorado as part of the Final Agency Order against MSTC in violation of Minn. Stat. § 60K.43, subd. 1(9) (2010).

2. Respondents acknowledge that they were advised of their right to a hearing in this matter, to present argument to the Commissioner, and to appeal from any adverse determination after a hearing. Respondents hereby expressly waive those rights. Respondents further acknowledge that they were advised of their right to be represented by legal counsel, and that they were represented by counsel.

3. For purposes of Minn. Stat. § 16D.17(1) (2010), Respondents expressly waive their right to any notice or opportunity for a hearing on the civil penalty imposed by this Order.

4. Respondents acknowledge that the civil penalty and/or any resulting judgment arising from this Consent Order is non-dischargeable in any bankruptcy proceeding. See 11 U.S.C. 523(a)(7) (2008) ("A discharge under section 727, 1141, 1228(a), 1228(b), or 1328(b) of this title does not discharge an individual debtor from any debt . . . to the extent such debt is for a fine, penalty, or forfeiture payable to and for the benefit of a governmental unit, and is not compensation for actual pecuniary loss, other than a tax penalty . . .").

5. Respondents have agreed to an informal disposition of this matter without a hearing as provided under Minn. Stat. § 14.59 (2010) and Minn. Rule 1400.5900 (2011).

6. The following Order is in the public interest.

NOW, THEREFORE, IT IS ORDERED that, pursuant to Minn. Stat. §§ 45.027, 60A.032, 60B.01-.61, and 60K.43 (2008), as follows:

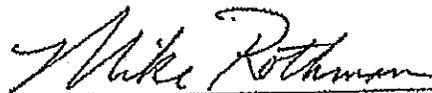
- A. Minnesota Surety & Trust Company's certificate of authority is **REVOKED**;
- B. Peter Plunkett's resident insurance producer's license, No. 20119964, is **REVOKED**;
- C. Respondents shall **CEASE AND DESIST** from violating any laws, rules, or orders related to the duties and responsibilities entrusted to the Commissioner, including without limitation engaging in any activities in Minnesota for which any license from the Commissioner is required;
- D. MSTC shall be the subject of **VOLUNTARY LIQUIDATION** proceedings pursuant to Minn. Stat. §§ 60B.01-.61 (2010), and the Commissioner shall file a petition for liquidation in Ramsey County District Court; and
- E. Respondents, jointly and severally, **SHALL PAY** a \$50,000 civil penalty; however, \$40,000 of that civil penalty is **STAYED** so long as Respondents (1) comply with this

Consent Order and (2) comply with their duties as set forth in Minn. Stat. § 60B.07 (2010). If either MSTC or Phunkelt fail at any time to comply with this Consent Order or comply with their duties as set forth in Minn. Stat. § 60B.07 (2010), the stay shall be lifted as to that Respondent and the \$40,000 civil penalty shall become due and payable against that Respondent. In any proceeding to lift the stayed civil penalty, the Respondent may only challenge the reason for lifting the stay and not the appropriateness of the civil penalty.

IT IS FURTHER ORDERED THAT, pursuant to Minn. Stat. § 16D.17 (2010), the Commissioner may file and enforce any civil penalty imposed by this Order as a judgment against Respondents in district court without further notice or additional proceedings. In addition, pursuant to Minn. Stat. § 16D.13 (2010), Respondents are hereby notified that 30 days after the date of this Consent Order, simple interest computed in accordance with Minn. Stat. § 16D.13, subd. 2 (2010) will begin to accrue on the civil penalty imposed against Respondents.

This Consent Order shall be effective upon signature on behalf of the Commissioner.

Dated: 11-17-11



MIKE ROTHMAN
Commissioner

Minnesota Department of Commerce
85 Seventh Place East, Suite 500
St. Paul, MN 55101

CONSENT TO ENTRY OF ORDER

The undersigned, Peter Plunkett, states that he has read the foregoing Consent Order, that he fully understands its contents and effect, that he is authorized to execute this Consent Order on Minnesota Surety & Trust Company's behalf, that he has been advised of his right to a hearing, that he has been advised of his right to legal counsel in this matter, and that it consents to entry of this Order by the Commissioner. It is further expressly understood that this Order constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements, either express or implied.

Minnesota Surety & Trust Company

By: [Signature]
(Name)

Its: President
(Title)

STATE OF MINNESOTA

COUNTY OF WASHER

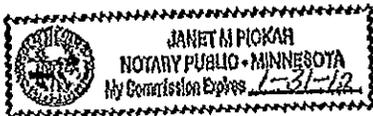
Signed or attested before me on 11-1, 2011, by Peter Plunkett, President, on behalf of Minnesota Surety & Trust Company (title)

(Seal, if any)

[Signature]
(Signature of notarial officer)

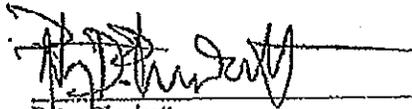
Notary Public
Title

My commission expires: 1-31-12



CONSENT TO ENTRY OF ORDER

The undersigned, Peter Plunkett, states that he has read the foregoing Consent Order, that he fully understands its contents and effect, that he is authorized to execute this Consent Order on his behalf, that he has been advised of his right to a hearing, that he has been advised of his right to legal counsel in this matter, and that he consents to entry of this Order by the Commissioner. It is further expressly understood that this Order constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements, either express or implied.

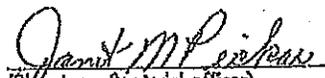

Peter Plunkett

STATE OF MINNESOTA

COUNTY OF Mower

Signed or attested before me on 11-1, 2011, by Peter Plunkett

(Seal, if any)


(Signature of notarial officer)

Notary Public
Title



My commission expires: 1-31-12

Exhibit D - MSTC List of Property Assets As Of 11/22/11

Item.#	List	Description
1	Table	Oak Conference Rm Table
2	Chair	Leather Highback Adjustable Office Chair #1
3	Table	Tall Table
4	Television	19 Inch Magnavox
5	4 Drawer File Cabinet	Tan 4 Drawer File Cabinet #1
6	4 Drawer File Cabinet	Tan 4 Drawer File Cabinet #2
7	Big Desk	7 Drawer Office Desk (See item #300 of auctioneer printout)
8	File Cabinet	2 Door Tan File Cabinet
9	Large Desk	9 Drawer Office Desk
10	Small Computer Desk	1 Drawer/2 Shelves Oak Computer Desk with Disk Holder On Top
11	Printer Table	2 Shelf Oak Printer Table
12	Oak Cabinet	Oak Cabinet #1
13	Oak Cabinet	Oak Cabinet #2
14	Oak Cabinet	Oak Cabinet #3
15	Oak Shelves	Oak Shelves #4 (Top)
16	Oak Cabinet	Oak Cabinet #4 (Bottom)
17	Bookshelf	5 Shelf Oak Bookcase
18	Table	Small Blue/White Table #1
19	4 Drawer File Cabinet	Tan File Cabinet #3 (3 File Cabinets x \$125.00)
20	Printer	HP Color Printer
21	Table	Oak Printer Table
22	Big Desk	5 Drawer Oak Desk
23	Shelves	2 Shelf Unit
24	Big Desk	7 Drawer Office Desk
25	Typewriter	IBM Personal Wheelwriter 2
26	Table	Big Blue/White Table #2
27	Printer	Oki page 24
28	Chair	Yellow Chair #1
29	4 Drawer File Cabinet	Tan File Cabinet #3 (4 File Cabinets x \$150.00)
30	Table	White Plastic Table #1
31	Table	White Plastic Table #2
32	4 Drawer File Cabinet	Brown File Cabinet (4 File Cabinets x \$20.00)
33	Office Desk	4 Drawer L Shaped Oak Desk
34	Copier	Sharp AR-207 Copier
35	4 Drawer File Cabinet	Brown File Cabinet
36	Phone Syetem	Vodavi Phone System with voicemail (See item #302 of auctioneer printout)
37	Table	Large Gray/White Table
38	Server	HP Server
39	Shelves	Server Unit
40	Shredder	Staples Large Shredder
41	Scanner	HP ScanJet 4370
42	File Drawers	Brown 30 Drawer File Unit
43	Refrigerator	Gold Mini Refrigerator
44	Time Recorder	Acroprint Time Recorder
45	Shelf Unit	2 Shelf TV Cart
46	Desk	L Shaped Gray Desk with 2
47	Desk	L Shaped Gray Desk with 2
48	Scanner	HP ScanJet G3010
49	Adding Machine	Sharp - Compet CS-1165
50	Printer	HP Lazer Jet 5000
51	CD/DVD Player	Sony 5 Disk Changer
52	Stereo Receiver	RCA AM/FM Stereo Receiver - Model STA-3850
53	File Card Drawers	2 Grey File Card Drawers

Exhibit D - MSTC List of Property Assets As Of 11/22/11

Item #	List	Description
54	Typewriter	IBM Personal Wheelwriter 2
55	Multi Shelf	Shelf Organizer (Sold as Item #154)
56	Safe	Large 2 Door Safe (See item #301 of auctioneer printout)
57	Shelves	5 Shelf Oak Bookcase
58	4 Drawer File Cabinet	Tan 4 Drawer File Cabinet
59	4 Drawer File Cabinet	Tan 4 Drawer File Cabinet (2 File cabinets @ \$95.00)
60	3 Drawer File Cabinet	Tan 3 Drawer File Cabinet
61	3 Drawer File Cabinet	Tan 3 Drawer File Cabinet
62	3 Drawer File Cabinet	Tan 3 Drawer File Cabinet (4 File cabinets @ \$65.00)
63	3 Drawer File Cabinet	Tan 3 Drawer File Cabinet
64	Table	Brown Printer Table with 2 Shelves (Sold with Item #152)
65	4 Drawer File Cabinet	Tan 4 Drawer File Cabinet
66	4 Drawer File Cabinet	Tan 4 Drawer File Cabinet
67	Magazine Rack	Large 3 Shelf Spinning Magazine Rack
68	Fax Machine	Brother Intellifax 2820
69	Printer	HP LazerJet P2015D
70	File Cabinet	2 Tan Drawer File Cabinet
71	Printer	HP LazerJet 4
72	Handtruck/Dolly	Blue Handtruck/Dolly
73	Table	Brown Table
74	Bookshelf	5 Shelf Oak Bookcase
75	Ladder	5 Foot Ladder / 5 Steps
76	Shelf Unit	4 Shelf Utility Unit
77	Chair	Brown Folder Chair (Includes Item #128)
78	Chair	Leather Highback Adjustable Office Chair (8 Chairs @ \$70.00)
79	Chair	Leather Highback Adjustable Office Chair
80	Chair	Leather Highback Adjustable Office Chair
81	Chair	Leather Highback Adjustable Office Chair
82	Chair	Leather Highback Adjustable Office Chair #2
83	Chair	Leather Highback Adjustable Office Chair #3 (2 Chairs @ \$70.00)
84	Chair	Leather Highback Adjustable Office Chair #4
85	Chair	Leather Highback Adjustable Office Chair #5
87	Bookshelf	5 Shelf Oak Bookcase
88	2 Drawer File Cabinet	2 Drawer Large Tan File Cabinet #1
89	Printer Table	Green Medal Table
90	Desk	Oak Computer Desk with 2 Shelves
91	2 Drawer File Cabinet	2 Drawer Small Tan File Cabinet #1
92	Lazer Jet Printer	HP Lazer Jet 5000
93	Printer Table	3 Shelf Oak Table
95	Typewriter	IBM Personal Wheelwriter 2
96	4 Drawer File Cabinet	Tan 4 Drawer File Cabinet
97	4 Drawer File Cabinet	Tan 4 Drawer File Cabinet (2 File cabinets @ \$25.00)
98	4 Drawer File Cabinet	Tan 4 Drawer File Cabinet
99	4 Drawer File Cabinet	Tan 4 Drawer File Cabinet
100	4 Drawer File Cabinet	Brown 4 Drawer File Cabinet
101	4 Drawer File Cabinet	Brown 4 Drawer File Cabinet
103	Chair	Leather Highback Adjustable Office Chair
104	Chair	Leather Highback Adjustable Office Chair
105	Desk	Tan & Brown L Shape Desk with 6 Drawers
106	Desk	Gray & Black Computer Desk with One Drawer
107	Computer	HP 5800 / HP S2031 Flat Screen Monitor (Randy's Computer)
108	Generator	Coleman Powermate 10HP Generator
109	Copier	Ricoh FT 4418 Copier
110	Shelves	4 Metal Shelf Unit (See item #303 of auctioneer printout)

Exhibit D - MSTC List of Property Assets As Of 11/22/11

Item #	List	Description
111	Chair	Blue Secretary Rolling Chair (Sold with Item #181)
112	Printer	HP Lazer Jet III (Sold with Item #155 & 156)
113	Printer	HP Lazer Jet III
114	Computer	Dell Laptop - Blue
115	Chair	Brown Folder Chair
116	Statue	Lady Justice
117	Wireless Keyboard & Mouse	Logitech MK320 Wireless Keyboard & Mouse
118	Camera	Canon PowerShot SD100 Digital Elph Camera
119	Stationary Set	Black & Gray Stationary Set
120	Adding Machine	Sharp - EL 2630G
121	Cash Box	Small Gray Cash Box
122	Cash Box	Large Tan Cash Box
123	Disk Holders	9 - Disk Holders (Various Sizes and makes)
124	Coin Counters	2 - Plastic Coin Counters
125	Utility Shelf Unit	5 Shelf Unit - Large
126	Utility Shelf Unit	5 Shelf Unit - Large
127	Utility Shelf Unit	5 Shelf Unit - Large
128	Utility Shelf Unit	5 Shelf Unit - Large
129	Utility Shelf Unit	5 Shelf Unit - Large
130	Utility Shelf Unit	5 Shelf Unit - Large
131	Utility Shelf Unit	3 Shelf Unit - Medium
132	Utility Shelf Unit	3 Shelf Unit - Medium
133	Utility Shelf Unit	3 Shelf Unit - Small
134	Utility Shelf Unit	3 Shelf Unit - Medium
135	Utility Shelf Unit	2 Shelf Unit - Large
136	Utility Shelf Unit	3 Shelf Unit - Large (Sold with Item #72)
137	Metal Box	2 Drawer Metal Box - Army Green
138	Shelf Unit	Small Brown Desk Shelf
139	Printer	HP Lazer Jet III
140	Printer	HP Lazer Jet III
141	Keyboard	Microsoft Natural Keyboard Elite with USB Adapter
142	Scanner	HP Scanjet 4570c (scans 35mm negatives & slides)
143	Cash Box	Small Gray Cash Box
144	Mail Holder	5 Slot Silver Mail Holder
145	Computer	Radio Shack - TRS 80
146	Server	Dell Server - PowerEdge SC440
147	Chair	Green Secretary Chair
148	Computer	Dell Optiplex 320 / Dell Monitor (Open Office)
149	Computer	Dell Dimension E521 / Dell Monitor (Open Office)
150	File Cabinet	4 Drawer File Cabinet
151	File Cabinet	4 Drawer File Cabinet
152	File Cabinet	4 Drawer File Cabinet
153	File Cabinet	4 Drawer File Cabinet
154	File Cabinet	4 Drawer File Cabinet
155	File Cabinet	4 Drawer File Cabinet
156	File Cabinet	4 Drawer File Cabinet
157	File Cabinet	4 Drawer File Cabinet
158	File Cabinet	4 Drawer File Cabinet
159	File Cabinet	4 Drawer File Cabinet
160	File Cabinet	4 Drawer File Cabinet
161	File Cabinet	4 Drawer File Cabinet
162	File Cabinet	4 Drawer File Cabinet
163	File Cabinet	4 Drawer File Cabinet
164	File Cabinet	4 Drawer File Cabinet

Exhibit D - MSTC List of Property Assets As Of 11/22/11

Item #	List	Description
165	File Cabinet	4 Drawer File Cabinet
166	File Cabinet	4 Drawer File Cabinet
167	File Cabinet	4 Drawer File Cabinet
168	File Cabinet	4 Drawer File Cabinet
169	File Cabinet	4 Drawer File Cabinet
170	File Cabinet	4 Drawer File Cabinet
171	File Cabinet	4 Drawer File Cabinet
172	File Cabinet	4 Drawer File Cabinet
173	File Cabinet	4 Drawer File Cabinet
174	File Cabinet	4 Drawer File Cabinet
175	File Cabinet	4 Drawer File Cabinet
176	File Cabinet	4 Drawer File Cabinet
177	File Cabinet	4 Drawer File Cabinet
178	File Cabinet	4 Drawer File Cabinet
179	File Cabinet	4 Drawer File Cabinet
180	File Cabinet	4 Drawer File Cabinet
181	Printer	HP Lazer Jet III
182	File Cabinet	2 Drawer Metal Box - Tan
183	Desk	2 Drawer Metal Desk
184	File Cabinet	2 Drawer Metal Box - Tan
185	Table	Brown Table
186	Table	Brown Table (Includes Item # 81)
187	Chair	Burgandy Secretary Chair
188	Computer	HP 5750 / HP S2031 Monitor.
189	Utility Shelf Unit	5 Shelf Unit - Large
190	Utility Shelf Unit	5 Shelf Unit - Large
191	Wood Box	Wood Box with 6 cubes
192	Plastic Shelves	6 Plastic Letter Holders
193	Floor mat	Small Plastic Office Floor Mat (Sold with Items 236 & 229)
194	Floor mat	Large Plastic Office Floor Mat
195	Table/Desk	Small computer desk/table (Sold with Item #220)
196	Computer	HP 5750 / HP W17e Monitor
197	Computer	Dell Dimension E521 / HANNspree Monitor (Accountant Computer)
198	Computer	Dell Optiplex 320 / Dell W17e Monitor (Amy Ruhter's)
199	Computer	HP 6005 / Dell W17e Monitor (Jan Pickar's)
200	Computer	HP 550 Laptop (Peter's Laptop)
201	Floor mat	Small Plastic Office Floor Mat
202	Keyboard	Microsoft Natural Keyboard Elite
203	Speakers	Creative Speakers for Computer
204	Snowblower	Toro Power Max
205	Chair	Leather Highback Adjustable Office Chair
206	Chair	Leather Highback Adjustable Office Chair (2 Chairs @ \$20.00)
207	Printer Cartridges	HP Printer toner cartridges
208	File Cabinet	2 Drawer File Cabinet (See Item #43 of auctioneer printout)
209	File Cabinet	2 Drawer File Cabinet See Item #142 of auctioneer printout)
210	Computer	HP 5800 (No Monitor, Keyboard or Mouse)

Exhibit D - MSTC Financial Assets As Of 11/22/11

Assets	Estimated Realizable Value
Cash on Hand	25
Cash in Sterling State Bank	4,295
Cash in Home Federal Checking	78
Surety Agent Balances Receivable	6,711
Investments Pledged	1,478,870
Investments Pledged MSA 48A.03	121,848
Accured Interest	9,915
Bail Agent Balances Receivables	26,771
Other Receivables	4,043
Furniture and Equipment	9,459
Cash Surrender Life Insurance	7,162
Agent's Build-Up Funds	329,038
Assets Held in Trust for the Benefit of Others	5,862,084
Total Assets	7,860,299

Exhibit E**Minnesota Surety and Trust Company in Liquidation****Statement of Affairs**

As of November 22, 2011

	Estimated Realizable Value
ASSETS	
Cash on Hand	25
Cash in Sterling State Bank	4,295
Cash in Home Federal Checking	78
Surety Agent Balances Receivable	6,711
Investments (note 4)	1,600,718
Accrued Interest	9,915
Bail Agent Balances Receivables (note 5)	26,771
Other Receivables	4,043
Furniture and Equipment (note 6)	9,459
Cash Surrender Life Insurance	7,162
Agent's Build-Up Funds & Assets Held in Trust for the Benefit of Others	6,191,122
Total Assets	<u><u>7,860,299</u></u>
LIABILITIES	
Agent's Build-Up Funds Liabilities & Trust Liabilities for the Benefit of Others	6,191,122
Subd. 4 Loss Claims	96,380
Subd. 4a Unearned Premium Claims	30,875
Subd. 6 Other Residual Claims	491,451
Subd. 10 Preferred ownership claims	1,212,000
Subd. 11 Proprietary claims	600,000
Total Liabilities	<u><u>8,621,828</u></u>
EQUITY	
Excess (Deficiency) of Assets over Liabilities	<u><u>(761,529)</u></u>
Total Liabilities and Equity	<u><u>7,860,299</u></u>

Minnesota Surety and Trust Company in Liquidation
Statement of Affairs
As of November 22, 2011

NOTES TO FINANCIAL STATEMENTS

1 **Estate Information.** Minnesota Surety and Trust Company was a property and casualty insurer domiciled in Minnesota, and placed in liquidation on November 22, 2011.

2 **Basis of Presentation.** The accompanying financial statements have been prepared on the liquidation basis of accounting. The assets are stated at their estimated realizable value, while the liabilities are stated at their estimated ultimate amounts. Please note that the statements do not provide accruals for future administrative costs to liquidate the insurer or costs to pursue or litigate claims against others.

3 **Unaudited.** The accompanying financial statements have not been audited by an independent certified accountant and no opinion is expressed on their compliance with generally accepted or statutory accounting principles.

4 **Investments Pledged.** The investments are stated at fair value, which approximates market value. Market values are those provided by the depository trust institution in possession of the securities at the balance sheet date or through brokerage institutions. Where market values are not readily determinable, market value represents management's best estimate of the investment's fair value.

5 **Agent's Build-Up Funds and Assets Held in Trust for the Benefit of Others.** The Assets and liabilities of the trusted funds consist of the following accounts:

ASSETS	Cost Value	Market Value
Cash	\$410,231	\$410,231
Common Stock	1,393,299	1,183,844
Private Stock	1,077,000	1,077,000
Preferred Stock	111,128	122,309
Equity Unit Trusts	57,895	49,923
Corporate Bonds	90,562	98,393
Corporate Bond Mutual Funds	355,378	308,401
U.S. Treasury Notes & Bonds	243,787	266,644
Certificates of Deposit	141,000	141,000
Interest Bearing Accounts	88,039	88,039
Real Estate	1,150,004	1,786,600
Loans & Notes Receivable	14,000	14,000
Broker Portfolio	778,082	644,738
Total	\$5,910,405	\$6,191,122

LIABILITIES	Cost Value	Market Value
Revocable Trust	\$804,946	\$689,383
Charitable Foundation Trust	427,765	192,845
Irrevocable Trust	1,589,622	2,120,450
Trust Under Will	103,640	116,895
Agency - Personal	2,148,530	2,142,143
Traditional IRA	431,978	467,213
SEP IRA	144,783	146,626
Self-Directed Rollover IRA	15,686	15,393
Guardianship	37,048	39,916
Court Appointed Guardianship	200,112	254,053
Guardianship - Minor	6,295	6,205
Total Liabilities	\$5,910,405	\$6,191,122

6 **Furniture and Equipment.** The furniture and equipment are reported at fair value based upon estimated net value obtained by auction.

7 **Excess (Deficiency) of Assets over Liabilities.** The excess or (deficiency) represents the estimated realizable value of assets after deducting the current estimate of liabilities. This excess or (deficiency) does not take into consideration any estimates for future administrative costs to liquidate the estate or costs to pursue or litigate claims against others.

Exhibit F

State of Minnesota

District Court

County of Ramsey

Second Judicial District

62-CV-11-9400

**In Re: The Matter of the Liquidation of
Minnesota Surety and Trust Company**

**NOTICE OF CLAIMS
FILING DEADLINE**

TO: ALL POTENTIAL CLAIMANTS

PLEASE TAKE NOTICE : Claims Filing Deadline- November 1, 2012

Please take notice that, pursuant to Minnesota Statutes section 60B.26 and 60C.05, the Minnesota Commissioner of Commerce (as Liquidator) has established November 1, 2012 as the Claims Filing Deadline for the filing of claims in the Minnesota Surety and Trust Company liquidation. Pursuant to Minnesota Statutes Chapter 60C, The Minnesota Insurance Guaranty Association ("MIGA") is charged with providing coverage for losses and unearned premium on surety policies with the risk located in the State of Minnesota up to the amounts specified in statute. Claims for coverage by MIGA should be filed in accordance with the directions shown below.

If you have a claim, you must complete a Proof-of-Claim Form and return the Form to the Liquidator no later than the claims filing deadline of **November 1, 2012**. Failure to complete and return the Proof-of-Claim Form to the Liquidator by **November 1, 2012** may result in that claim being denied in full or in part. If you have not already received a Proof-of-Claim form, you can obtain one by contacting the Liquidator at the address shown below by e-mail at MNSurety.Commerce@state.mn.us, or by calling (888) 723-0004.

Once you have completed and signed the Proof-of-Claim Form (and the W-9 Form, if applicable), make a copy for your records and return the forms with all supporting documentation by **November 1, 2012** to the following address:

**Minnesota Surety and Trust Company in Liquidation
P.O. Box 133
Farmington, CT 06034**

Exhibit G



MINNESOTA COMMISSIONER OF COMMERCE LIQUIDATOR

For MNDOC Official Use Only
I:
S:

Minnesota Surety and Trust Company
PROOF OF CLAIM FORM
CLAIMS FILING DEADLINE: November 1, 2012

LCN: «cd_company»-«id_no»-«suffix»
«longname»
«ADDRESSLINE1»
«ADDRESSLINE2»
«city» «state» «ZIPCODE»

CIVIL ACTION: 6201-11-9400
Ramsey County District Court
St. Paul, Minnesota

POLICYHOLDER: «policyhold»
POLICY NUMBER: «policy_no»
REFERENCE: «reference»
DATE OF LIQUIDATION: November 22, 2011

CLAIMANT TYPE: «id_desc»
CLAIM NUMBER: «claim_no»
LOSS DATE: «loss_date»*
* Date of Liquidation is the default date where date of loss is not known or not applicable.

The Minnesota Commissioner of Commerce (as Liquidator) has been directed by Court Order to liquidate the above company. You have been identified as someone who may have a claim ("potential claimant") against this company. If you have no claim, please ignore this form. If you have a claim, you must fill out this form according to the instructions on the back of this form and return the form to the Liquidator no later than the claims filing deadline indicated above. As a potential claimant, you have been assigned a Liquidation Claim Number (a "LCN"). A LCN is a unique number that is assigned to each individual potential claimant. If the potential claimant name that appears above is not your name or the name of your organization, please request another proof of claim form so we may assign your claim a unique LCN. Failure to complete and return this form to the Liquidator by the claims deadline may result in your claim being denied in full or in part.

PLEASE PRINT OR TYPE THIS SECTION

If the mailing address above is incorrect, please complete the address information below:

Form with fields: Name or Business Name «FULLNAME», Address1, Address2, City, St, Zip

Form with fields: Date of Birth, If you receive a distribution in this liquidation, will it be considered income for you?, Attorney Name/Address, Email Address, Daytime Phone, Total Amount of Claim, Is this a Secured Claim?, Is this a FEDERAL GOVERNMENT claim?

I swear or affirm that I am the claimant referenced in the mailing address on this form and/or am authorized to sign this form on the claimant's behalf. I further swear under penalty of law that all information contained on this form as well as all attachments are true and correct to the best of my knowledge. The filing of a claim in the receivership proceeding is a release of the insured to the extent of coverage provided by the insolvent insurance company [Minnesota Statutes, section 60B.40, Subdivision 1].

X Signature of/for Claimant Date Signed Printed Name of Person Signing & Title (if signing for business)
X Relationship of person signing this form to the above named claimant if other than the claimant.

Proof of Claim Form General Instructions

Do not duplicate or distribute this form. Because each Liquidation Claim Number ("LCN") is assigned to a specific claimant, it is very important that you use only the Proof of Claim Form with the LCN that is assigned to you or your organization. If your name or the name of your organization does not appear on this form and you would like to request a form, please contact the Liquidator at the number below. Remember to include your unique LCN on all correspondence with the Liquidator.

1. **Supporting Documentation:** In order to evaluate your claim, the Liquidator needs documentation that supports your claim. Please submit all documentation that supports your claim when you submit your completed Proof of Claim Form. Examples of the types of supporting documentation that should be submitted are: paid medical bills, police reports, repair estimates, witness statements, cancelled checks or receipts, invoices, proof of accrued vacation leave, bond or warranty contracts, proof of stock value, etc. **Please Note:** Any supporting documentation submitted with your Proof of Claim Form will not be returned to you. Make a copy for your records.
2. **Completing the Proof of Claim Form:** In order to assist the Liquidator in processing, please print or type your information on the Proof of Claim Form. If you are not sure of the total amount of your claim, print or type: Value undetermined in excess of \$1.00.
3. **Request for Social Security Number:** If any part of payment of your claim would constitute rent, salaries, wages, premiums, annuities, compensations, remunerations or other fixed or determinable gains, profits, and income to you, please fill out an Internal Revenue Service form W-9 and return it with your completed Proof of Claim Form. A W-9 Form can be downloaded from the Internal Revenue Service website at www.irs.gov. The request for your Social Security Number or other Taxpayer Identification Number on the form W-9, is authorized by 26 U.S.C. s. 6041 and related IRS regulations. Your Social Security Number or other Taxpayer Identification Number will be used to report claim payments made to the U.S. Internal Revenue Service. Your failure to provide a Taxpayer Identification Number may result in additional "Backup Withholding" on payments made to you, and may subject you to penalties by the Internal Revenue Service. Your Social Security Number may also be used for any other purpose specifically required or authorized by state or federal law.

Certified Mail: It is recommended that you return the Proof of Claim Form to the Liquidator using Certified mail, return receipt requested, to prove delivery of this form.

Change of Name or Address: If you move after you send your Proof of Claim Form to us, it is your responsibility to notify the Liquidator in writing that your address has changed. Be sure to include your LCN, which is located on the Proof of Claim Form. Some liquidations may take several years to conclude, therefore, you must keep the Liquidator advised of your current address. A change of name or address form can be obtained at

<http://mn.gov/commerce/topics/enforcement/liquidations.jsp>

Once you have completed and signed the Proof of Claim Form (and the W-9 Form, if applicable), make a copy for your records and return the forms with all supporting documentation to the following address:

**Minnesota Surety and Trust Company in Liquidation
P.O. Box 133
Farmington, CT 06034**

Contact Information:

E-Mail: MnSurety.Commerce@state.mn.us

Telephone Number: (888) 723-0004

Website: <http://mn.gov/commerce/topics/enforcement/liquidations.jsp>

After all claims against the company are evaluated and approved by the Court, claims will be paid based on available funds. The amount of payment will depend on the percentage of assets to total claims, as well as the priority class of your claim. The Liquidator will not know the percentage that can be paid on any individual claim until all claims are evaluated and assets converted to cash. This process may take a number of years after the deadline for filing claims has passed.

IMPORTANT INFORMATION: THE INFORMATION YOU PROVIDE ON THIS PROOF OF CLAIM FORM MAY BE SHARED WITH A THIRD PARTY FOR THE PURPOSE OF EVALUATING YOUR CLAIM OR OTHER INTERNAL LIQUIDATION OPERATIONS. THE LIQUIDATOR BY CONTRACT REQUIRES ANY THIRD PARTY CONTRACTOR TO MAINTAIN CONFIDENTIALITY REGARDING THE PERTINENT INFORMATION IN ITS POSSESSION.