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IN THE DISTRICT COURT OF OKLAHOMA COUNTY  
STATE OF OKLAHOMA

FILED IN THE DISTRICT COURT  
OKLAHOMA COUNTY, OKLA.

APR 23 1997

PATRICIA PRESLEY, COURT CLERK  
By *[Signature]*

Case No. 97-2782-63

APR 26 1997

STATE OF OKLAHOMA, ex rel. )  
JOHN P. CRAWFORD, Insurance )  
Commissioner, )  
 )  
Petitioner, )  
 )  
vs. )  
 )  
CEMARA SECURITY, )  
a licensed domestic insurer in the State )  
of Oklahoma, )  
 )  
Respondent. )

**ORDER DIRECTING INSURER TO SHOW CAUSE  
AND ALLOWING INJUNCTIVE RELIEF**

NOW on this 23rd day of April, 1997, there came on for hearing the verified Application of John P. Crawford, Insurance Commissioner, State of Oklahoma, for an Order directing insurer to show cause and for certain injunctive relief against Respondent, Cemara Security, an Oklahoma domestic insurance company. The Court, having examined such application and being well advised in the premises, finds as follows:

1. John P. Crawford is the Insurance Commissioner of the State of Oklahoma and as such is charged with the duty of administering and regulating the state's insurance industry. Pursuant to Okla. Stat. tit. 36 §1903, the Insurance Commissioner may apply to the District Court for an order directing the insurer to show cause why an Order of Liquidation should not be entered and a Receiver appointed.

2. This Court has exclusive jurisdiction over this matter pursuant to the provisions of Okla. Stat. tit. 36 §1902(A).

3. Venue properly lies in Oklahoma County under Okla. Stat. tit. 36 §1902(B).

4. Cemara Security is an Oklahoma domestic insurer organized, incorporated and currently licensed to transact insurance under the laws of the State of Oklahoma, holding certificate of authority number 4510. Cemara Security is authorized to transact life, accident and health insurance, and has its home at 2424 E. 21st Street, Suite 410, Tulsa, Oklahoma 74114.

5. The Insurance Commissioner has alleged under oath that: Cemara Security's surplus in regard to policyholders is currently below the required \$375,000.00 minimum, consisting only of Cemara Security's \$100,000.00 deposit with the Insurance Department; Cemara Security is currently insolvent or impaired; Cemara Security has transferred or attempted to transfer substantially its entire property or business; Cemara Security has ceased transacting business for a period of one (1) year; and Cemara Security has filed false financial statements.

Accordingly, the Court concludes that the Insurance Commissioner has alleged sufficient grounds for the commencement of delinquency proceedings against Cemara Security, the issuance of a show cause order, and for the possible appointment of the Insurance Commissioner as receiver of Cemara Security for the purposes of liquidation. Furthermore, the Court concludes that Okla. Stat. tit. 36 §1904 allows the Commissioner to seek certain injunctive relief without notice.

**IT IS THEREFORE ORDERED AND DECREED** that Cemara Security shall appear before this Court to show cause why an Order of Liquidation should not be entered against Cemara Security and why John P. Crawford should not be appointed as Receiver of and for Cemara Security, to serve without bond. The show cause hearing shall be held before the undersigned judge at the

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District Courthouse for Oklahoma County on May 23, 1997 at 1:30 P.M.

**IT IS FURTHER ORDERED AND DECREED** that Cemara Security, its officers, directors, stockholders, members, subscribers, agents and all other persons are hereby enjoined and restrained: from transacting any further business of Cemara Security (except such business conducted with the express written consent or directive of the Insurance Commissioner or his designees or appointees); paying any claim or obligation of Cemara Security, of any nature (except with the express written consent or directive of the Insurance Commissioner or his designees or appointees); issuing any draft or check of Cemara Security or paying any draft or check which may be presented to Cemara Security or its banks (except with the express written consent or directive of the Insurance Commissioner or his designees or appointees); or wasting, transferring, selling, concealing, destroying, disbursing, disposing of, or assigning any assets, contracts, causes of action, funds, records, correspondence, memorandums, or any documents or other property of Cemara Security or any of its affiliates which may have any conceivable relevance to the matters set forth in the Application, until further order of this Court.

**IT IS FURTHER ORDERED AND DECREED** that any and all persons and entities (including secured and unsecured creditors) are hereby enjoined and restrained from doing any of the following, until further order of this Court: interfering in any manner with the Insurance Commissioner and his designees or appointees with respect to these proceedings; wasting the assets of Cemara Security; commencing or prosecuting any form of legal or administrative action or proceeding against Cemara Security without notifying the Insurance Commissioner and obtaining written permission of this Court; obtaining any preferences, judgments, attachments, or other liens against Cemara Security, without first notifying the Insurance Commissioner and obtaining written

permission of this Court; making any levy against Cemara Security or its assets or any part thereof, without first notifying the Insurance Commissioner and obtaining written permission of this Court; or exercising any claimed right of setoff against Cemara Security, without first notifying the Insurance Commissioner and obtaining written permission of this Court.

**IT IS FURTHER ORDERED AND DECREED** that the Insurance Commissioner and his appointed representatives are hereby authorized by the Court to: take immediate control of the assets, records, and business of Cemara Security; immediately suspend officers, directors or other personnel of Cemara Security, in the sole discretion of the Insurance Commissioner; marshal the assets of Cemara Security; change to the Insurance Commissioner's name the ownership of any accounts, funds or other property or assets of Cemara Security, wherever located, and transfer or withdraw such accounts, funds and other assets from any institution or take any other action necessary or appropriate for the proper conduct of this delinquency proceeding, until such time as this Court decides whether or not to order Cemara Security into liquidation.

**IT IS FURTHER ORDERED AND DECREED** that the Insurance Commissioner is hereby authorized by the Court to immediately appoint one or more assistant commissioner to act for him and to immediately employ such counsel, clerks, deputies and assistants as the Insurance Commissioner deems necessary. The compensation for such assistant commissioners, counsel, clerks, assistants, and deputies shall be fixed by the Insurance Commissioner, subject to court approval, and shall be paid out of the funds or assets of Cemara Security. The Insurance Commissioner and his appointed or designated assistant commissioners, counsel, clerks, deputies and assistants are hereby granted immunity to the full extent provided by law, including Okla. Stat. tit. 36 §1937.

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**IT IS FURTHER ORDERED AND DECREED** that any amounts recovered or recoverable by the Insurance Commissioner from any reinsurer of Cemara Security shall not be reduced as a result of this delinquency proceeding.

  
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JUDGE OF THE DISTRICT COURT

Approved:

  
\_\_\_\_\_

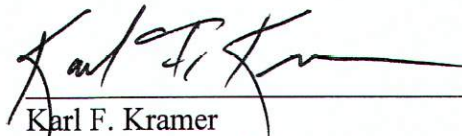
Karl F. Kramer, OBA #16589  
James L. Chastain, II, OBA #13673  
Assistant General Counsels  
Oklahoma Insurance Department  
3814 N. Santa Fe  
Post Office Box 53408  
Oklahoma City, Oklahoma 73152  
(405) 521-2746

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**CERTIFICATE OF MAILING**

I, Karl F. Kramer, hereby certify that a true and correct copy of the above and foregoing Administrative Order was mailed postage prepaid with return receipt requested on this 23 day of April, 1997, to:


Joseph W. Kenney  
Cemara Security  
2424 East 21st Street  
Suite 410  
Tulsa, Oklahoma 74114.



Karl F. Kramer  
Assistant General Counsel  
Oklahoma Insurance Department

*[A large, dense, circular scribble of black ink completely obscures the text of the certificate. Faintly visible text includes "PATRICIA PRESLEY COURT Clerk for Oklahoma County", "I hereby certify that the foregoing is a true, correct and complete copy of the instrument herein set forth of record in the public records of Oklahoma County, Oklahoma", and "BY:"]*

*[A large, dense, circular scribble of black ink obscuring text, likely a signature or stamp.]*

PATRICIA PRESLEY, Court Clerk  
By   
Deputy Court Clerk