

IN THE CIRCUIT COURT OF THE
SECOND JUDICIAL CIRCUIT IN
AND FOR LEON COUNTY,
FLORIDA

In Re: The Receiverships of

SOUTHERN FAMILY
INSURANCE COMPANY,
a Florida Corporation,

CASE NO.: 2006-CA-001060

ATLANTIC PREFERRED
INSURANCE COMPANY,
a Florida Corporation, and

CASE NO.: 2006-CA-001083

FLORIDA PREFERRED PROPERTY
INSURANCE COMPANY,
a Florida Corporation,

CASE NO.: 2006-CA-001198

The FLORIDA DEPARTMENT OF FINANCIAL
SERVICES, as Receiver for SOUTHERN FAMILY
INSURANCE COMPANY, ATLANTIC PREFERRED
INSURANCE COMPANY, and FLORIDA PREFERRED
INSURANCE COMPANY,

Plaintiff,

CASE NO.: 2006-CA-1060A

v.

WILLIAM F. POE, SR., individually and as trustee
of the CHARLES E. POE TRUST and the WILLIAM
F. POE FOUNDATION, WILLIAM F. POE, JR.,
CHARLES E. POE, CHARLES W. POE,
ELIZABETH A. POE, MICHELLE M. POE,
ERIC J. POE, PEGGY M. POE, KEREN P. SMITH,
MARILYN P. LUNSKIS, JANICE P. MITCHELL,
JAMES E. WURDEMAN, JAN J. MEDER, JR.,
THOMAS S. KRZESINSKI, BOBBY C. DOLLAR,
AMY B. KACPROWSKI, JAMES P. ROMERILL, III,
DAVID E. GOUGH, BROCK A. GUICE, RAFAEL R.
ABREU, POE INSURANCE HOLDINGS, LLC,
POE FAMILY INVESTMENT COMPANY, LTD,
and POE INVESTMENTS, INC.

Defendants.

RECEIVER'S COMPLAINT FOR RELIEF

The Florida Department of Financial Services (the “DFS” or “Receiver”), as Receiver in liquidation of Atlantic Preferred Insurance Company, Florida Preferred Property Insurance Company and Southern Family Insurance Company, files this Complaint for Relief in accordance with Part I of Chapter 631, *et seq.*, Florida Statutes, against each of the above-named individuals and/or entities, and alleges as follows:

INTRODUCTION

1. The back to back hurricane seasons of 2004 and 2005 collectively produced eight hurricanes that caused property damage for policyholders of insurance companies in Florida.

2. This action involves three Florida homeowners’ insurance companies that were left as empty shells, unable to pay the record volume of claims resulting from these storms.

3. This was the result of the intentional and fraudulent actions of the officers, directors and/or affiliates of the insurance companies, who made multi-million-dollar distributions from the insurance companies that left them without the ability to pay claims.

4. The conduct of the officers, directors and/or affiliates of the insurance companies created a devastating torrent of unpaid losses and a state of emergency.

5. Each of the defendants in this action was a corporate insider of the insurance companies that ultimately became insolvent.

6. At all times material to this action, the officers, directors and affiliates of the insurance companies had an affirmative duty to the companies’ policyholders, creditors, and the State of Florida to operate the insurance companies in a financially sound manner consistent with Florida law, regulations and practices.

7. Despite the insurance companies’ precarious financial condition as a result of the losses incurred from the hurricanes, the officers, directors and/or affiliates instead engaged in an

elaborate scheme to divert the assets of the insurance companies for the purpose of eliminating their personal financial exposure and increasing their personal wealth at the expense of the policyholders, creditors and the people of the State of Florida. It is noteworthy that the citizens of the State of Florida who purchase insurance have been forced thus far to “foot the bill” for the misconduct of the officers, directors and/or affiliates. The combined insolvency of the three insurance companies exceeds \$500,000,000.00.

8. Upon information and belief, the fraudulent scheme included, *inter alia*, the (1) distribution of millions of dollars in dividends to the officers, directors and/or affiliates of the closely-held insurance companies prior to receivership; (2) preferential repayment of loans to relieve potential personal liability and liability of the affiliates; (3) improper retention and use of unearned commission payments and premium funds; and (4) misrepresentation of the financial status of the insurance companies to regulatory agencies during a time when the officers and/or directors knew or should have known that the insurance companies were insolvent, for the purpose of prolonging the life of the insurance companies so that additional fees could be collected by the various affiliated companies that were selling services to the insurance companies. Hence, additional commissions, fees and/or distributions were generated for the insiders whose compensation was based in large part on collected premiums. In short, as the premiums increased, so did their commissions, fees and/or distributions.

9. As a result, the insolvency of the insurance companies was severely aggravated, further impairing their financial condition and increasing the amount of future unpaid claims and the ultimate resulting financial loss.

10. The fraudulent scheme delayed, hindered and/or impaired State regulators from placing the insurance companies in receivership, and directly depleted millions of dollars in

funds and assets that would have otherwise been available for the benefit of the insurance companies and payment of claims to its insureds and its creditors.

11. The scheme has significantly increased the insolvency and the Defendants' actions were adverse to the best interests of the insurance companies, its policyholders, its creditors and the citizens of the State of Florida.

12. As a direct and proximate result of the Defendants' actions, the insurance companies are currently in liquidation.

JURISDICTION AND VENUE

13. This Court has jurisdiction over this action pursuant to Part I of Chapter 631 of the Florida Statutes known as the "Insurers' Rehabilitation and Liquidation Act" (the "Act"), other sections of the Florida Statutes as cited herein, and common law claims as set forth herein.

14. This action arises in and from the receivership proceedings of the insurance companies currently pending before this Court.

15. Additionally, the Defendants conducted business in the State of Florida and are in possession of funds improperly and/or fraudulently transferred from the insurance companies that have been identified by the Receiver as assets of the estate of the insurance companies.

16. Venue of this proceeding is prescribed by Section 631.021, Florida Statutes, and other Florida law, and alternatively pursuant to Sections 47.011 and 48.193, Florida Statutes, because one or more of the causes of action pled accrued in Leon County, Florida.

PARTIES

17. The Plaintiff, the DFS, is acting in its capacity as the statutory Receiver in liquidation of Atlantic Preferred Insurance Company ("APIC"), Florida Preferred Property Insurance Company ("FPPIC") and Southern Family Insurance Company ("SFIC") (collectively

the “Insurance Companies”), in accordance with the Receivership Orders, as defined below, entered on May 31, 2006 by the Second Judicial Circuit in and for Leon County, Florida (the “Receivership Court”).

18. The Receiver is required by the Act to take immediate possession of the property of the Insurance Companies, to marshal all of their assets, to liquidate their business and to deal with their property and business in the Receiver’s own name. The Receiver is vested by operation of law with title to all of the property, contracts and rights of action of the Insurance Companies of every kind and wherever located, including causes of action and property of the Insurance Companies which may have been improperly transferred prior to the Receivership Orders.

19. The Defendant Poe Insurance Holdings, LLC (“PIH”) is a Florida limited liability company and is a wholly-owned subsidiary of Poe Financial Group, Inc.

20. PIH was the holding company that owned the Insurance Companies.

21. The Defendant Poe Family Investment Company, Ltd. (“PFIC”) is a Florida limited partnership, which was primarily owned and exclusively operated by Defendants, William F. Poe, Sr., William F. Poe, Jr., Charles E. Poe, and James E. Wurdeman.

22. PFIC held investment securities of certain Poe family members who participated in the management of the Insurance Companies and their affiliates.

23. PFIC is a limited partnership between Poe Investments, Inc., as general partner, and Elizabeth A. Poe, William F. Poe, Jr., Keren Poe Foster, Marilyn Poe Lunskis, Janice Poe Mitchell and William F. Poe, Sr., individually and as trustee of the Charles E. Poe Trust, as limited partners, pursuant to the Poe Family Investment Company, Ltd. Limited Partnership Agreement dated August 29, 1995.

24. The Defendant Poe Investments, Inc. (“PII”) is a Florida corporation which was primarily owned and exclusively operated by Defendants, William F. Poe, Sr. and James E. Wurdeman.

25. Under the Poe Family Investment Company, Ltd. Limited Partnership Agreement dated August 29, 1995, PII is the general partner. Elizabeth A. Poe, William F. Poe, Jr., Keren Poe Foster, Marilyn Poe Luskis, Janice Poe Mitchell and William F. Poe, Sr., individually and as trustee of the Charles E. Poe Trust, are the limited partners.

26. The limited partnership was named PFIC. (The Defendants PII and PFIC are collectively referred to herein as the “Poe Investment Entities” and the Defendants Elizabeth A. Poe, William F. Poe, Jr., Keren Poe Foster, Marilyn Poe Luskis, Janice Poe Mitchell and William F. Poe, Sr., individually and as trustee of the Charles E. Poe Trust, are collectively referred to herein as the “Limited Partners”). The term “Limited Partners” refers to any and all of the Defendants named in this paragraph.

27. The Defendant William F. Poe, Sr. (“Poe Senior”) is *sui juris*.

28. Poe Senior was, at all times relevant, the chairman of Poe Financial Group, Inc. (“PFG”).

29. Poe Senior was an officer of PFG.

30. Poe Senior was a director of PFG.

31. Poe Senior was the owner of 31.74% of the voting securities of PFG.

32. Poe Senior served as an officer of Poe Insurance Managers, LLC (“PIM”).

33. Poe Senior served as a director of PIM.

34. Poe Senior served as an officer of Poe & Associates, LLC (“P&A”).

35. Poe Senior served as a director of Poe & Associates, LLC (“P&A”).

36. Poe Senior served as an officer of Mariah Claims Services, LLC. (“MCS”)
37. Poe Senior served as a director of MCS.
38. PFG, PIM, P&A, MCS, and PIH are collectively referred to herein as the “Poe Affiliates.”

39. Poe Senior served as an officer of PIH.
40. Poe Senior served as a director of PIH.
41. Poe Senior served as an officer of the Poe Investment Entities.
42. Poe Senior served as a director of the Poe Investment Entities.
43. Poe Senior was a limited partner of PII in the PFIC partnership.
44. Poe Senior served as trustee of the Charles E. Poe Trust.
45. Poe Senior served as trustee and/or member of the William F. Poe Foundation.
46. Poe Senior served as an officer of the Insurance Companies.
47. Poe Senior served as a director of the Insurance Companies.
48. The Poe Affiliates and the Insurance Companies are collectively referred to herein as the “Poe Insurance Group.”

49. As a result, Poe Senior had actual and effective control over the business and financial affairs of the Poe Insurance Group and the Poe Investment Entities.

50. Poe Senior is a senior executive in the insurance business with over 50 years of insurance experience.

51. The Defendant William F. Poe, Jr. (“Poe Junior”) is *sui juris*.

52. Poe Junior served as vice chairman of PFG.

53. Poe Junior was an officer of PFG.

54. Poe Junior was a director of PFG.

55. Poe Junior was the owner of 11.95% of the voting securities of PFG.
56. Poe Junior served as an officer of PIM.
57. Poe Junior served as a director of PIM.
58. Poe Junior served as an officer of MCS.
59. Poe Junior served as a director of MCS.
60. Poe Junior served as an officer of P&A.
61. Poe Junior served as a director of P&A.
62. Poe Junior served as an officer of PIH.
63. Poe Junior served as a director of PIH.
64. Poe Junior served as an officer of one or more of the Insurance Companies.
65. Poe Junior served as a director of one or more of the Insurance Companies.
66. Poe Junior served as an officer of the Poe Investment Entities.
67. Poe Junior served as a director of the Poe Investment Entities.
68. Poe Junior was a limited partner of PII in the PFIC partnership.
69. As a result, Poe Junior had actual and effective control over the business and financial affairs of the Poe Insurance Group and the Poe Investment Entities.
70. Poe Junior has over 24 years of experience in the insurance industry.
71. Upon information and belief, Poe Junior is the son of Poe Senior.
72. Defendant Charles E. Poe ("Charles E.") is *sui juris*.
73. Charles E. served as vice chairman of PFG.
74. Charles E. was an officer of PFG.
75. Charles E. was a director of PFG.
76. Charles E. was the owner of 11.82% of the voting securities of PFG.

77. Upon information and belief, Charles E. was the owner of and/or exercised control over the voting securities of one or more of the Poe Affiliates by virtue of his ownership and/or interest in PFG.

78. Upon information and belief, Charles E. was the owner of and/or exercised control over the voting securities of one or more of the Insurance Companies by virtue of his ownership and/or interest in PFG.

79. Charles E. served as an officer of one or more of the members of the Poe Insurance Group.

80. Charles E. served as a director of one or more of the members of the Poe Insurance Group.

81. Charles E. served as an officer of the Poe Investment Entities.

82. Charles E. served as a director of the Poe Investment Entities.

83. Charles E. was a limited partner of PII in the PFIC partnership.

84. As a result, Charles E. had actual and effective control over the business and financial affairs the Poe Insurance Group and the Poe Investment Entities.

85. Charles E. has over seven years of experience in the insurance industry.

86. Upon information and belief, Charles E. is the son of Poe Senior.

87. Defendant Charles W. Poe ("Charles W.") is *sui juris*.

88. Charles W. served as director of PFG.

89. Charles W. served as director of PIH.

90. Charles W. served as the president of PII.

91. Charles W. served as a director of PII.

92. Charles W. served as the registered agent of PII.

93. Upon information and belief, Charles W. was the owner of and/or exercised control over the voting securities of PFG.

94. Upon information and belief, Charles W. was the owner of and/or exercised control over the voting securities of one or more of the Poe Affiliates by virtue of his ownership and/or interest in PFG.

95. Upon information and belief, Charles W. was the owner of and/or exercised control over the voting securities of one or more of the Insurance Companies by virtue of his ownership and/or interest in PFG.

96. As a result, Charles W. had actual and effective control over the business and financial affairs of the Poe Insurance Group and the Poe Investment Entities.

97. Upon information and belief, Charles W. is the brother of Poe Senior.

98. Defendant Eric J. Poe ("Eric P.") is *sui juris*.

99. Eric P. was an owner of voting securities of PFG.

100. Upon information and belief, Eric P. was the owner of and/or exercised control over the voting securities of one or more of the Poe Affiliates by virtue of his ownership and/or interest in PFG.

101. Upon information and belief, Eric P. was the owner of and/or exercised control over the voting securities of one or more of the Insurance Companies by virtue of his ownership and/or interest in PFG.

102. As a result, Eric P. had actual and effective control over the business and financial affairs of the Poe Insurance Group.

103. Upon information and belief, Eric P. is related to Poe Senior.

104. Defendant Elizabeth A. Poe ("Betty") is *sui juris*.

105. Upon information and belief, Betty was an owner of and/or exercised control over the voting securities of PFG.

106. Upon information and belief, Betty is the owner of and/or exercised control over the voting securities of one or more of the Poe Affiliates by virtue of her ownership and/or interest in PFG.

107. Upon information and belief, Betty is the owner of and/or exercised control over the voting securities of one or more of the Insurance Companies by virtue of her ownership and/or interest in PFG.

108. Betty was a limited partner of PII in the PFIC partnership.

109. As a result, Betty had actual and effective control over the business and financial affairs of the Poe Insurance Group and the Poe Investment Entities.

110. Upon information and belief, Betty is the wife of Poe Senior.

111. Defendant Michelle M. Poe ("Michelle P.") is *sui juris*.

112. Michelle P. was an owner of voting securities of PFG.

113. Upon information and belief, Michelle P. was the owner of and/or exercised control over the voting securities of one or more of the Poe Affiliates by virtue of her ownership and/or interest in PFG.

114. Upon information and belief, Michelle P. was the owner of and/or exercised control over the voting securities of one or more of the Insurance Companies by virtue of her ownership and/or interest in PFG.

115. As a result, Michelle P. had actual and effective control over the business and financial affairs of the Poe Insurance Group.

116. Upon information and belief, Michelle P. is related to Poe Senior.

117. Defendant Peggy M. Poe (“Peggy P.”) is *sui juris*.

118. Peggy P. was an owner of voting securities of PFG.

119. Upon information and belief, Peggy P. was the owner of and/or exercised control over the voting securities of one or more of the Poe Affiliates by virtue of her ownership and/or interest in PFG.

120. Upon information and belief, Peggy P. was the owner of and/or exercised control over the voting securities of one or more of the Insurance Companies by virtue of her ownership and/or interest in PFG.

121. As a result, Peggy P. had actual and effective control over the business and financial affairs of the Poe Insurance Group.

122. Upon information and belief, Peggy P. is related to Poe Senior.

123. Defendant Keren P. Smith (“Keren P.”) is *sui juris*.

124. Keren P. was a director of PFG.

125. Keren P. was the owner of 11.82% of the voting securities of PFG.

126. Keren P. was a director of one or more of the Poe Affiliates.

127. Keren P. was a director of one or more of the Insurance Companies.

128. Upon information and belief, Keren P. was the owner of and/or exercised control over the voting securities of one or more of the Poe Affiliates by virtue of her ownership and/or interest in PFG.

129. Upon information and belief, Keren P. was the owner of and/or exercised control over the voting securities of one or more of the Insurance Companies by virtue of her ownership and/or interest in PFG.

130. Keren P. was a limited partner of PII in the PFIC partnership.

131. As a result, Keren P. had actual and effective control over the business and financial affairs the Poe Insurance Group and the Poe Investment Entities.

132. Upon information and belief, Keren P. is the daughter of Poe Senior.

133. Defendant Marilyn P. Lunskis (“Marilyn P.”) is *sui juris*.

134. Marilyn P. was a director of PFG.

135. Marilyn P. was the owner of 11.82% of the voting securities of PFG.

136. Marilyn P. was a director of one or more of the Poe Affiliates.

137. Marilyn P. was a director of one or more of the Insurance Companies.

138. Upon information and belief, Marilyn P. was the owner of and/or exercised control over the voting securities of one or more of the Poe Affiliates by virtue of her ownership and/or interest in PFG.

139. Upon information and belief, Marilyn P. was the owner of and/or exercised control over the voting securities of one or more of the Insurance Companies by virtue of her ownership and/or interest in PFG.

140. Marilyn P. was a limited partner of PII in the PFIC partnership.

141. As a result, Marilyn P. had actual and effective control over the business and financial affairs of the Poe Insurance Group and the Poe Investment Entities.

142. Upon information and belief, Marilyn P. is the daughter of Poe Senior.

143. Defendant Janice P. Mitchell (“Janice P.”) is *sui juris*.

144. Janice P. was an owner of 11.82% of the voting securities of PFG

145. Janice P. was a director of one or more of the Poe Affiliates.

146. Janice P. was a director of one or more of the Insurance Companies.

147. Upon information and belief, Janice P. was the owner of and/or exercised control over the voting securities of one or more of the Poe Affiliates by virtue of her ownership and/or interest in PFG.

148. Upon information and belief, Janice P. was the owner of and/or exercised control over the voting securities of one or more of the Insurance Companies by virtue of her ownership and/or interest in PFG.

149. Janice P. was a limited partner of PII in the PFIC partnership.

150. As a result, Janice P. had actual and effective control over the business and financial affairs of the Poe Insurance Group and the Poe Investment Entities.

151. Upon information and belief, Janice P. is the daughter of Poe Senior.

152. Defendant James E. Wurdeman (“Wurdeman”) is *sui juris*.

153. Wurdeman was president of PFG.

154. Wurdeman was a director of PFG.

155. Wurdeman was the owner of 4.51% of the voting securities of PFG.

156. Upon information and belief, Wurdeman was the owner of and/or exercised control over the voting securities of one or more of the Poe Affiliates by virtue of his ownership and/or interest in PFG.

157. Upon information and belief, Wurdeman was the owner of and/or exercised control over the voting securities of one or more of the Insurance Companies by virtue of his ownership and/or interest in PFG.

158. Upon information and belief, Wurdeman served as the chairman of PIM.

159. Upon information and belief, Wurdeman served as the chief executive officer of PIM.

160. Upon information and belief, Wurdeman served as a director of PIM.
161. Upon information and belief, Wurdeman served as the chairman of MCS.
162. Upon information and belief, Wurdeman served as the chief executive officer of
MCS.
163. Upon information and belief, Wurdeman served as a director of MCS.
164. Upon information and belief, Wurdeman served as the chairman of P&A.
165. Upon information and belief, Wurdeman served as the chief executive officer of
P&A.
166. Upon information and belief, Wurdeman served as a director of P&A.
167. Upon information and belief, Wurdeman served as the treasurer of PII.
168. As a result, Wurdeman had actual and effective control over the business and
financial affairs of the Poe Investment Entities and the Poe Insurance Group.
169. Wurdeman has over 31 years' experience in the insurance industry.
170. Defendant Jan J. Meder, Jr. ("Meder") is *sui juris*.
171. Meder was the chief financial officer of PFG.
172. Upon information and belief, Meder was an owner of voting securities of PFG.
173. Upon information and belief, Meder was the owner of and/or exercised control
over the voting securities of one or more of the Poe Affiliates by virtue of his ownership and/or
interest in PFG.
174. Upon information and belief, Meder was the owner of and/or exercised control
over the voting securities of one or more of the Insurance Companies by virtue of his ownership
and/or interest in PFG.
175. Upon information and belief, Meder served as the chief financial officer of PIM.

176. Upon information and belief, Meder served as the chief financial officer of MCS.

177. Upon information and belief, Meder served as the chief financial officer of P&A.

178. Upon information and belief, Meder served as the chief financial officer of PIH.

179. Upon information and belief, Meder served as the chief financial officer of the Insurance Companies.

180. As a result, Meder had actual and effective control over the business and financial affairs of the Poe Insurance Group.

181. Meder has over 21 years' experience in the insurance business and public accounting.

182. Defendant Thomas S. Krzesinski ("Krziesinski") is *sui juris*.

183. Krzesinski was an owner of voting securities of PFG.

184. Upon information and belief, Krzesinski was the owner of and/or exercised control over the voting securities of one or more of the Poe Affiliates by virtue of his ownership and/or interest in PFG.

185. Upon information and belief, Krzesinski was the owner of and/or exercised control over the voting securities of one or more of the Insurance Companies by virtue of his ownership and/or interest in PFG.

186. Krzesinski served as the registered agent of PIM.

187. Krzesinski served as the secretary of PIM.

188. Krzesinski served as the registered agent of MCS.

189. Krzesinski served as the secretary of MCS.

190. Krzesinski served as the registered agent of P&A.

191. Krzesinski served as the secretary of P&A.

192. Krzesinski served as the registered agent of PIH.

193. Krzesinski served as the secretary of PIH.

194. Krzesinski served as a director of one or more of the Insurance Companies.

195. Krzesinski served as an officer of one or more of the Insurance Companies.

196. As a result, Krzesinski had actual and effective control over the business and financial affairs of the Poe Insurance Group.

197. Krzesinski has over 25 years' financial services and insurance experience.

198. Defendant Bobby C. Dollar ("Dollar") is *sui juris*.

199. Dollar was the chief operating officer of PFG.

200. Upon information and belief, Dollar was an owner of voting securities of PFG.

201. Dollar was a senior vice president of PIM.

202. Upon information and belief, Dollar was the owner of and/or exercised control over the voting securities of one or more of the Poe Affiliates by virtue of his ownership and/or interest in PFG.

203. Upon information and belief, Dollar was the owner of and/or exercised control over the voting securities of one or more of the Insurance Companies based on his ownership and/or interest in PFG.

204. Dollar served as the chief operating officer of PFG.

205. Dollar served as the chief operating officer of one or more of the Poe Affiliates.

206. Upon information and belief, Dollar was the senior vice president of PIM.

207. As a result, Dollar had actual and effective control over the business and financial affairs of the Poe Insurance Group.

208. Dollar has over 30 years' experience in the property and casualty insurance business.

209. Defendant David E. Gough ("Gough") is *sui juris*.

210. Upon information and belief, Gough held an executive position with PFG.

211. Gough was the chief operating officer of P&A.

212. Gough was the chief operating officer of one or more of the Poe Affiliates.

213. Gough was an officer of one or more of the Insurance Companies.

214. Gough was the chief operating officer of one or more of the Insurance Companies.

215. Upon information and belief, Gough was the owner of and/or exercised control over the voting securities of one or more of the Poe Affiliates by virtue of his ownership and/or interest in PFG.

216. Upon information and belief, Gough was the owner of and/or exercised control over the voting securities of one or more of the Insurance Companies by virtue of his ownership and/or interest in PFG.

217. As a result, Gough had actual and effective control over the business and financial affairs of the Poe Insurance Group.

218. Gough has over 15 years' experience in the insurance business.

219. Defendant James P. Romerill, III ("Romerill") is *sui juris*.

220. Upon information and belief, Romerill was an owner of voting securities of PFG.

221. Upon information and belief, Romerill held an executive position with PFG.

222. Romerill was the president, chief operating officer and director of MCS.

223. Upon information and belief, Romerill was the owner of and/or exercised control over the voting securities of one or more of the Poe Affiliates by virtue of his ownership and/or interest in PFG.

224. Upon information and belief, Romerill was the owner of and/or exercised control over the voting securities of one or more of the Insurance Companies by virtue of his ownership and/or interest in PFG.

225. As a result, Romerill had actual and effective control over the business and financial affairs of the Poe Insurance Group.

226. Romerill has 24 years' experience in the insurance industry.

227. Defendant Rafael R. Abreu ("Abreu") is *sui juris*.

228. Upon information and belief, Abreu was an owner of voting securities of PFG.

229. Upon information and belief, Abreu held an executive position with PFG.

230. Upon information and belief, Abreu held an executive position with MCS.

231. Upon information and belief, Abreu held an executive position with one or more of the Poe Affiliates.

232. Upon information and belief, Abreu held an executive position with one or more of the Insurance Companies.

233. Upon information and belief, Abreu was the owner of and/or exercised control over the voting securities of one or more of the Poe Affiliates by virtue of his ownership and/or interest in PFG.

234. Upon information and belief, Abreu was the owner of and/or exercised control over the voting securities of one or more of the Insurance Companies by virtue of his ownership and/or interest in PFG.

235. As a result, Abreu had actual and effective control over the business and financial affairs of the Poe Insurance Group.

236. Abreu has over 25 years in the property and casualty insurance industry.

237. Defendant Brock Guice (“Guice”) is *sui juris*.

238. Guice was the assistant controller and/or controller of PFG.

239. Guice was the assistant controller and/or controller of one or more of the Poe Affiliates.

240. Upon information and belief, Guice held an executive position with one or more of the Poe Affiliates.

241. Upon information and belief, Guice was the owner of and/or exercised control over the voting securities of one or more of the Poe Affiliates by virtue of his ownership and/or interest in PFG.

242. Upon information and belief, Guice was the owner of and/or exercised control over the voting securities of one or more of the Insurance Companies by virtue of his ownership and/or interest in PFG.

243. As a result, Guice had actual and effective control over the business and financial affairs of the Poe Insurance Group.

244. Guice has over 5 years’ experience in the insurance industry and public accounting.

245. Defendant Amy B. Kacprowski (“Kacprowski”) is *sui juris*.

246. Kacprowski was the controller of PFG.

247. Upon information and belief, Kacprowski held an executive position with PFG.

248. Kacprowski was the controller of one or more of the Poe Affiliates

249. Upon information and belief, Kacprowski held an executive position with one or more of the Poe Affiliates.

250. Kacprowski was the controller of one or more of the Insurance Companies.

251. Upon information and belief, Kacprowski was the owner of and/or exercised control over the voting securities of one or more of the Poe Affiliates by virtue of her ownership and/or interest in PFG.

252. Upon information and belief, Kacprowski was the owner of and/or exercised control over the voting securities of one or more of the Insurance Companies by virtue of her ownership and/or interest in PFG.

253. As a result, Kacprowski had actual and effective control over the business and financial affairs of the Poe Insurance Group.

254. Kacprowski has over 12 years' experience in the insurance industry and accounting.

255. Defendants, Poe Senior, Poe Junior, Charles E., Charles W., Michelle P., Eric P., Peggy P., Keren P., Marilyn P., Janice P., Wurdeman, Meder, Krzesinski, Dollar, Romerill, Gough, Abreu, Guice and Kacprowski are collectively referred to herein as "Poe Management." The term "Poe Management" refers to any or all of the Defendants named in this paragraph.

GENERAL ALLEGATIONS

256. The Poe Insurance Group and the Poe Investment Entities are part of a closely-held family owned insurance group owned and/or controlled by Poe Management and/or the Limited Partners, primarily family members of Poe Senior, and operating as a single entity under one brand.

257. The Poe Insurance Group was operating exclusively in the Florida personal and commercial property insurance market.

258. At all relevant times, the Poe Insurance Group and the Poe Investment Entities operated out of the same physical location in Tampa, Florida.

259. At all relevant times, the Poe Insurance Group and the Poe Investment Entities were operated by the same officers, directors and/or partners.

260. At all relevant times, the Poe Insurance Group and the Poe Investment Entities shared all of the same common employees.

261. At all relevant times, the Poe Insurance Group and the Poe Investment Entities maintained their books and records in the same computer programs and hardcopy and/or electronic files.

262. Upon information and belief, the cash receipts of the Insurance Companies from premium funds were the primary source of income for the Poe Affiliates and the Poe Investment Entities.

263. The operating expenses and cash receipts of the Poe Insurance Group and the Poe Investment Entities were, upon information and belief, commingled in and processed by one central processing unit.

264. The operating expenses and cash receipts of the Poe Insurance Group and the Poe Investment Entities were, upon information and belief, paid interchangeably through internal accounting methods that disregarded which particular entity had actual ownership of the bank accounts or funds.

265. The relevant directors, officers, and owners of voting securities, whether directly or indirectly, for the Insurance Companies were at all relevant times Defendants:

Wurdeman	Charles W.
Poe Senior	Michelle P.
Poe Junior	Eric P.
Krzesinski	Peggy P.
Charles E.	Meder
Marilyn P.	Keren P.
Janice P.	Romerill
Kacprowski	Guice
Gough	Abreu
	Dollar

266. The following individuals were at all times relevant, either directly or indirectly, directors, officers or owners of voting securities for the Poe Affiliates:

Wurdeman	Charles W.
Poe Senior	Michelle P.
Poe Junior	Eric P.
Krzesinski	Peggy P.
Charles E.	Meder
Marilyn P.	Keren P.
Janice P.	Romerill
Kacprowski	Guice
Gough	Abreu
	Dollar

267. At all relevant times, the following Defendants were, either directly or indirectly, directors, officers or owners of voting securities for the Poe Investment Entities:

Wurdeman	Charles W.
Poe Senior	Michelle P.
Poe Junior	Eric P.
Krzesinski	Peggy P.
Charles E.	Meder
Marilyn P.	Keren P.
Janice P.	Romerill
Kacprowski	Guice
Gough	Abreu
Betty	Dollar

SUBSTANTIVE ALLEGATIONS

A. Background and Relationship between the Poe Affiliates, the Poe Investment Entities and the Insurance Companies

268. After Hurricane Andrew in 1992, the state of Florida created Citizens Property Insurance Corporation (as the successor to the Residential Property and Casualty Joint Underwriting Association) (“Citizens”) to operate as an insurer of last resort for persons unable to obtain coverage.

269. Subsequently, seeking to encourage more competition in the private market, laws were enacted to foster a “policy takeout” from Citizens by private insurers.

270. The “policy takeout” legislation consisted of the State’s delayed payment of approximately \$100 per policy, plus other incentives, to private insurers to move the Citizens insurance policies to private companies.

271. In 1996, the Poe Insurance Group began its insurance operations by aggressively taking advantage of the Citizens policy takeout opportunity.

272. As a result of the policy takeouts from Citizens, by July of 2004 the Poe Insurance Group was the largest privately-held property insurance group in Florida.

273. Excluding Citizens, the Poe Insurance Group was the third largest homeowners’ insurer in Florida, behind State Farm and Allstate.

274. The Poe Insurance Group had in force over 300,000 policies, which generated over \$500 million of gross written premiums per year.

275. The Poe Insurance Group consists of a principal holding company with several subsidiaries, including the three Insurance Companies.

276. PFG is the parent holding company for the entire organization.

277. PFG is the parent company for PIH, PIM, P&A, and MCS and has very little operating activity.

278. PIH, PIM, P&A, and MCS are wholly-owned by PFG.

279. PIH is the 100% owner of the Insurance Companies.

280. Policies for the Poe Insurance Group were issued through the three subsidiary Insurance Companies.

281. SFIC was incorporated under the laws of Florida in March 1, 1996, and commenced business on August 16, 1996.

282. SFIC provided property insurance coverage on both a direct and reinsurance basis.

283. SFIC was established as a “take-out” company in 1996 by depopulating homeowners’ policies from Citizens.

284. In 1999, SFIC moved from policy depopulations to the production of new non-state-insurance-pool business, primarily in commercial property lines.

285. SFIC was wholly owned by its parent, PIH, which was in turn wholly owned by PFG.

286. APIC was incorporated in Florida in March 20, 1998, by incorporators unrelated to Poe Management, and commenced business in May 31, 1998.

287. APIC provided property insurance coverage.

288. APIC also began operations with the depopulation of policies from Citizens.

289. In 2001, APIC was acquired by PIH. APIC has continued depopulating policies from Citizens, removing approximately a combined 71,000 homeowners’ policies in 2004 and 2005.

290. FPPIC was organized under the laws of Florida in November 1, 2002, and commenced business in March 1, 2003.

291. FPPIC provided property insurance coverage.

292. A network of independent insurance agents and P&A produced largely all of FPPIC's business.

293. FPPIC was wholly-owned by its parent, PIH, which was in turn wholly-owned by PFG.

294. PIM was a managing general agency for the Insurance Companies.

295. PIM handled policy issuance and underwriting for the Insurance Companies.

296. All cash receipts for the Insurance Companies were processed in-house by PIM.

297. From its inception, PIM was a subchapter S corporation.

298. As such, a majority of PIM's net income was distributed to its shareholders.

299. Other than the services provided to the Insurance Companies, PIM had no other business.

300. Policy issuance and underwriting are necessary and core functions of an insurance company.

301. Poe Management chose to establish PIM to perform these functions, rather than allowing the Insurance Companies to handle them directly in-house.

302. PIM charged the Insurance Companies a fee based on a percentage of the written premiums and a \$25 per policy fee that was charged directly to the policyholder.

303. P&A was the retail insurance agency with approximately 80,000 retail customers who procured insurance from the Insurance Companies.

304. In addition, P&A serviced the Citizens' take-out policy customers.

305. P&A relied on the Insurance Companies for the vast majority of its revenue.

306. MCS was established in 1997 as the claims servicing company for the Insurance Companies.

307. MCS processed all claims for the Insurance Companies with a staff of approximately 81 claims management specialists.

308. MCS would also temporarily employ third party claims adjusters to handle increased claims volume after a catastrophic event.

309. All of MCS' overhead was charged through to the Insurance Companies.

310. Other than the Insurance Companies, MCS had no other business.

311. Claims servicing is a necessary and core function of an insurance company.

312. Poe Management chose to establish MCS to perform this function, rather than allowing the Insurance Companies to handle it directly in-house.

313. PIH was the parent and holding company for the Insurance Companies with very little operating activity.

314. PII was the securities investment agent for the Insurance Companies.

315. As of December 31, 2003, upon information and belief, PII invested approximately \$26 million in securities on behalf of the Insurance Companies.

B. Applicable Regulations for Insurance Companies and Affiliates and Statutory Reporting Requirements

316. The Insurance Companies and their affiliates conducted business in an area that is highly regulated.

317. The insurance industry is regulated by the state to protect policyholders against, among other things, the risk that insurers will not be able to meet their financial responsibilities.

318. In Florida, financial regulation of the insurance industry is the responsibility of the Office of Insurance Regulation (the “OIR”), an agency separate from the DFS.

319. It is the responsibility of the OIR to oversee that insurers transacting business in Florida remain solvent and obey applicable laws and regulations.

320. If an insurer becomes insolvent, upon Court order, the DFS is appointed as receiver and assumes control of the insurer and the insurer.

321. Solvency regulation of an insurer includes capitalization requirements for insurers (*See* Section 624.407, Florida Statutes), examination of the financial condition of insurers (*See* Section 624.316, Florida Statutes), establishing minimum insurance company reserve and surplus requirements (*See* Sections, 625.051 and 624.408, Florida Statutes), and regulating the insurer investment of its money.

322. If the insurer has affiliates or is set up in a holding company/subsidiary structure, transactions between affiliates are also regulated to serve the best interests of the insurer. *See* Section 624.310, Florida Statutes and Fla. Admin. Code Regulation 69O-143.047(1).

323. The OIR monitors the financial condition of insurers through examinations and audits using financial reports and periodic on-site examinations.

324. The accurate determination of whether or not an insurer is solvent is dependent upon whether the insurer’s loss reserves are adequate.

325. Under Florida law, an insurer is solvent if all the readily available assets of the insurer are sufficient to discharge all its liabilities, and the insurer is able to pay its debts as they become due in the usual course of business.

326. Under Section 631.011(14), Florida Statutes; *See also*, Section 607.0147, Florida Statutes, “Insolvency”, as applied to an insurer, means that all the assets of the insurer, if made

immediately available, would not be sufficient to discharge all its liabilities or that the insurer is unable to pay its debts as they become due in the usual course of business. When the context of any provision of the Insurance Code so indicates, “insolvency” also includes and is defined as “impairment of surplus,” as defined in subsection (13) of Section 631.011, and “impairment of capital,” as defined in subsection (12) of Section 631.011.

327. Pursuant to Section 624.424, Florida Statutes, insurance companies are required to file quarterly and annual financial statements.

328. The financial statements must contain information generally included in the insurers’ financial statements prepared in accordance with statutory accounting principles and practices, in a form that is generally used by insurers for financial statements.

329. The OIR has adopted the Statement of Statutory Accounting Principles of the National Association of Insurance Commissioners (“NAIC”) to facilitate uniformity in financial statements.

330. The OIR reviews the financial statements to evaluate the insurer’s financial condition, which may then lead to immediate regulatory action.

331. The OIR may require the insurer to develop a plan to correct deficiencies, conduct targeted examinations of the insurer, restrict the insurer’s activities, suspend or revoke the insurer’s Certificate of Authority to conduct business in Florida, or refer the company to the DFS for initiation of receivership proceedings.

332. In order to maintain a Certificate of Authority to transact business in Florida, a property and casualty insurer is required to maintain a surplus as to policyholders not less than \$4 million at all times. *See* Section 624.408(1)(a)5, Florida Statutes.

333. An insurer's ratio of actual or projected annual written premiums to current or projected surplus as to policyholders must not exceed 10 to 1 for gross written premiums or 4 to 1 for net written premiums. *See* Section 624.4095, Florida Statutes.

334. An insurer risks having its Certificate of Authority suspended if these standards are not maintained.

335. Property and casualty insurance companies are required to book and identify in their Annual Statements to the OIR a provision for loss and loss adjustment expense reserves ("LAE") for claims that (1) have been reported and not paid (i.e., booked and/or case reserves) and (2) have occurred but have not yet been reported (abbreviated "IBNR"—i.e., "incurred but not reported").

336. In addition, IBNR reserves are to include anticipated loss development on existing case reserves that are known to the insurer.

337. Case reserves are management's best good faith estimate, calculated in conformity with industry standards, of the ultimate loss on a claim based on all known information at a certain point in time based on company policy and claim type.

338. IBNR is management's best good faith estimate as to what the ultimate loss will be for claims that have already occurred but are yet to be reported.

339. IBNR is also computed in accordance with applicable insurance standards of practice and principles based on all known information.

340. Actuaries who certify a company's reserves typically provide management with a range within which loss and LAE reserves are deemed adequate. The range of reserve adequacy estimated by actuaries can be very significant.

341. Reinsurance also plays an important role in the risk spreading process and provides insurers with varying degrees of financial stability.

342. Insurers, therefore, purchase reinsurance in order to minimize the risks to the company's solvency associated with potential future losses.

343. Insurers that meet certain requirements for reinsurance are allowed either an asset or a deduction from liability on account of the reinsurance ceded. *See Fla.Stat. § 625.610.*

C. The Managing General Agency and Insurance Operations

344. The Insurance Companies entered into the Managing General Agency Agreement ("MGA Agreement") with PIM on January 28, 2004, to provide services in connection with the management and administration of the Insurance Companies. A copy of the MGA is attached hereto as Exhibit "1".

345. The services to be provided by PIM to the Insurance Companies included underwriting, policy administration and reinsurance negotiation on behalf of the Insurance Companies.

346. Under the MGA Agreement, PIM was paid a flat percentage fee as commissions from each of the Insolvent Insurance Companies' gross written premiums, "***less pass through surcharge, and net of cancellations.***" *See Article III ¶ (1) of the MGA Agreement. (Emphasis added).*

347. The "net of cancellations" provision of the MGA is understood to mean, and the practices of PIM reflect, that PIM and P&A would return unearned fees to the Insurance Companies by way of a monthly true-up statement.

348. The parties to the MGA Agreement subsequently agreed to pay the fee based on a sliding scale. Copies of the amendments to the MGA Agreement are attached hereto as Composite Exhibit "2".

349. Poe Management determined that PIM was responsible for most, if not all, of the charges and expenses incurred in its operation and would receive a fee from the Insurance Companies on a sliding scale of 22.5% to 26.5%, depending on the amount of the gross premiums written, less cancellations.

350. Poe Management further determined that P&A would receive a 10% fee, taken from PIM's fee, for its services as the retail agency for the Insurance Companies.

351. These percentage charges, however, were deducted by PIM and P&A, based on the full one-year term of the policies, with the balance payable to the Insurance Companies.

352. On a monthly basis, the MGA Agreement fee commissions would be adjusted and unearned commissions and unearned fees credited to the Insurance Companies based on cancellations or endorsements.

353. Therefore, any commission paid on the unearned premium was adjusted in the following month's commissions statement and the unearned commissions returned to the Insurance Companies.

354. In the regular course of its business, PIM, as directed by Poe Management, would collect the insurance premiums from the insured and remit to the Insurance Companies the net premium after deducting the fees owed to PIM under the MGA Agreement.

355. PIM's income, and therefore that of Poe Management, thus was generated from the premiums that it collected from the insured on behalf of the Insurance Companies.

356. As the managing general agent, however, PIM was governed by Florida law regarding the handling of premiums.

357. Premiums collected by an administrator on behalf of an insurer are held by the administrator in a fiduciary capacity. See Fla.Stat. § 626.883(2); See also, Fla.Stat. § 626.7451(3) (person acting in the capacity of a managing general agent must have a written contract with insurer that contains provision that all funds collected for the account of the insurer shall be held by the managing general agent in a fiduciary capacity and used for payment as directed by the insurer).

358. Insurers are required under Florida law to maintain separate trust accounts of premiums collected by all controlling and/or controlled persons on behalf of the insurance company. See Fla.Stat. § 625.012(5).

359. A “controlling” or “controlled person” is, *inter alia*, any person that owes to the insurer an amount greater than 50 percent of the insurer’s total premiums in the course of collection as provided for in the insurer’s financial statement. See Fla.Stat. § 625.012(b)3.

360. The funds deposited into such a trust account are to be held as trust funds and may not be commingled with any other funds of the controlling and/or controlled person.

361. Furthermore, the trust account must be funded within 15 working days after the premiums are collected by the controlling and/or controlled person.

362. Since PIM maintained various bank accounts on behalf of the Insurance Companies, it was responsible for those accounts.

363. As a result, PIM had a variety of bank accounts – operating, return premium accounts and a premium funding account – for the maintenance and handling of the premium funds collected from the insured.

364. It was not until 2004 that PIM set up trust accounts for SFIC and APIC.

365. PIM did not set up a trust account for FPPIC until July 2005.

366. PIM's failure to set up trust accounts for the Insurance Companies was in violation of Florida law and PIM's actions were directed, controlled, dictated and operated by Poe Management.

367. On or about March 1, 2004, September 27, 2004, and July 1, 2005, PIM entered into trust agreements with APIC, SFIC, and FPPIC, respectively, as the beneficiaries, and Wachovia Bank, N.A. ("Wachovia Bank"), as the trustee, for the purpose of depositing the premiums collected on behalf of the Insurance Companies into trust accounts with Wachovia Bank.

D. Poe Insurance Group's Corporate and Tax Restructuring

368. On or about November 18-23, 2005, Poe Management restructured PFG's Q-subs, PIM, MCS, P&A and PIH, into "Limited Liability Company" form.

369. During the same time period, on or about November 21, 2005, Poe Management revoked PFG's Subchapter S election, creating one consolidated reporting group.

370. Prior to this time, the Insurance Companies reported consolidated tax returns through PIH, as its parent company, and the Poe Affiliates reported consolidated tax returns through PFG, as the Poe Affiliates' parent company.

371. In addition, PIH and its insurance subsidiaries, the Insurance Companies, were also included as members in the PFG consolidated group.

372. In 2004, the Insurance Companies generated approximately \$141 million in net operating losses ("NOL").

373. From this loss, PIH received refunds totaling approximately \$38 million, which were distributed pro rata to the respective Insurance Companies.

374. Upon information and belief in 2005, the Insurance Companies generated approximately \$500 million in NOL.

375. Upon information and belief, Poe Management's purpose for the restructuring of the Poe Affiliates, PIH and the Insurance Companies into one single tax entity under PFG was to effectively transfer the remaining \$111 million of NOL for 2004 and approximately \$500 million of NOL for 2005 from the Insurance Companies to PFG.

376. The restructuring and transfer of the multi-million dollar tax asset was facilitated by PFG's auditor, Deloitte & Touche, LLP.

E. Poe Management Knew or Should have Known that PIM was Financially Unsound and/or Insolvent after the Storms in 2004

377. Pursuant to Section 607.01401(8), Florida Statutes, PIM was financially unsound and/or insolvent in 2004, 2005 and throughout 2006.

378. Taking into account all of PIM's assets and liabilities, excluding of course the cash that PIM held in a fiduciary capacity and/or maintained in trust accounts on behalf of the Insurance Companies, PIM was unable to pay its debts as they became due in the usual course of its business affairs.

379. PIM was operating at a substantial financial deficit after the storms in 2004 and throughout 2005.

380. In spite of PIM's precarious financial condition, PIM made millions of dollars in distributions to PFG's shareholders, which further deteriorated PIM and deepened its financial unsoundness and/or insolvency.

381. After the dividend distributions were made in 2004, PIM's liabilities exceeded its assets every month throughout the year and/or PIM was unable to pay its debts in the usual course of its affairs. PIM was therefore financially unsound and/or insolvent in 2004.

382. PIM's insolvency carried on to 2005.

383. Prior to any distribution of dividends to shareholders in 2005, PIM's liabilities exceeded its assets for every month during the year of 2005.

384. Based on Poe Management's deceptive reporting, PIM's assets were grossly inflated for the months of November and December of 2005.

385. The increase in assets for these months, however, was based on alleged capital contributions by shareholders that were never funded, as discussed further below.

386. PIM's deficit increased for every month in 2005 after distributions of dividends to shareholders were made.

387. Based on the above, PIM continued to be financially unsound and/or insolvent in 2005.

388. Because of their involvement as managers with the deficient financial condition of PIM, in 2004 and throughout 2005, Poe Management knew or should have known that they were improperly reporting assets of the Insurance Companies and that the Insurance Companies were also financially unsound and/or insolvent.

389. PIM's shareholders and management knew or had reason to know this since they were essentially the same shareholders and management team as for the Insurance Companies.

F. Poe Management Knew or Should Have Known that the Insurance Companies were Impaired and/or Insolvent after the 2004 Storms

390. After the 2004 storms, Poe Management knew or should have known that the Insurance Companies were impaired and/or insolvent.

391. Notwithstanding, Poe Management intentionally and/or recklessly manipulated at least three areas of reporting to the state regulators—admitted assets, loss and loss adjustment expense reserves, and capital contributions—for the purpose of deceiving the public, the state regulators and/or the creditors regarding the financial status of the Insurance Companies.

392. Poe Management made numerous misrepresentations and/or fraudulent omissions of the financial strength and/or solvency of the Insurance Companies by overstating assets and understating liabilities in their 2004 and 2005 Annual Statements.

393. The Insurance Companies were in fact impaired and/or insolvent at least as of December 31, 2004.

1. **Poe Management's Misrepresentations in the 2004 and 2005 Annual Statements to OIR Regarding the Financial Condition of APIC**

394. Under Florida law and pursuant to the MGA Agreement, PIM held the premiums that it collected on behalf of the Insurance Companies in a fiduciary capacity.

395. As fiduciaries, Poe Management was required to evaluate PIM's financial condition under certain circumstances when reporting assets of the Insurance Companies.

396. Poe Management's mishandling of premium funds through PIM given PIM's precarious financial condition, therefore, negatively affected the financial condition of the Insurance Companies.

397. The assets allowed for purposes of reporting the financial condition of the Insurance Companies to state regulators are provided for in Section 625.012, Florida Statutes.

398. Under these statutes, Poe Management's recording of premiums collected by PIM as an asset of the Insurance Companies is prohibited.

399. Under Section 625.012, premiums due from a controlling and/or controlled person resulting from agents' balance receivables cannot be reported as an asset of the insurer if:

(a) the premiums collected are not held in a trust account, which requires that the trust account be funded within 15 working days after collection;

(b) the controlling or controlled person has not provided to the insurer an unexpired, clean irrevocable letter of credit payable to the insurer that equals or exceeds the amount of the premiums collected;

(c) the controlling or controlled person has not provided to the insurer evidence that the controlling or controlled person has purchased, and there is in effect, a financial guaranty bond in an amount equal to or in excess of the premiums collected; or

(d) an evaluation of the financial condition of the controlling or controlled person indicates that it is unlikely to have the ability to pay such premiums as they become due.

400. As the controlling and/or controlled person of the Insurance Companies' premiums, therefore, PIM was required to maintain all premiums collected (with the exception of commissions) in a trust account or to have the guaranteed financial wherewithal to pay the premiums as they became due.

401. In the event PIM's financial condition was such that PIM was unable to pay the premiums to the Insurance Companies as they became due, the amounts of the premiums due the Insurance Companies from PIM were not legally allowable as an asset in the financial statements of the Insurance Companies.

2. Poe Management Misrepresents the Assets of the Insurance Companies

402. Poe Management recorded surpluses in excess of the actual surplus maintained by the Insurance Companies in their annual financial statements submitted to the OIR for 2004 and 2005, as well as all quarterly financial statements for 2005 and 2006, when in fact, the Insurance Companies' surplus was much less and/or in a deficit position.

403. Poe Management did not properly account and/or provide for agents' balance receivables pursuant to Section 625.012(5), Florida Statutes, which requires the insurer to record as non-admitted assets any amounts that are deemed to be uncollectible if the controlling and/or controlled person that is handling the premiums of the insurer does not have the ability to pay over the premium.

404. Poe Management recorded agents' balance receivables as admitted assets for 2004 and 2005 for the Insurance Companies, even though PIM did not have the financial ability to pay the amounts in premiums over to the Insurance Companies and PIM was not otherwise in compliance with Section 625.012, Florida Statutes.

405. As of December 31, 2004 through 2006, PIM's liabilities exceeded its assets.

406. Therefore, the agents' balance receivables should not have been recorded as an admitted or permissible asset but rather have been recorded as non-admitted assets in the books of the Insurance Companies.

3. Poe Management Understates the Reserves for the Insurance Companies

407. Poe Management implemented in 2004 a claims handling policy for the Insurance Companies under which only the Actual Cash Value ("ACV" or replacement cost less depreciation) on a large number of claims was to be paid, with no additional reserves recorded, until repairs to the insured structure(s) were completed and verified by an outside adjuster.

408. In the 2004 and 2005 Annual Statements, Poe Management reported loss and LAE reserves (net of reinsurance) for the Insurance Companies.

409. Poe Management failed to accrue the depreciation holdback amount after the claim was initially paid and did not include that amount as part of the reported loss and LAE

reserves, thus understating the loss in order to depress the amount of the necessary reserves artificially.

410. Poe Management knew or should have known that they should have reported and reserved a substantially larger amount for the 2004 accident year development which occurred in calendar year 2005 and the 2005 accident year development which occurred in the quarter ended March 31, 2006 than the actual amount reserved and/or reported.

411. Poe Management improperly reported the loss and LAE reserves because they knew or should have known that the Insurance Companies' surplus was at a low level and would not meet regulatory requirements if they had properly recorded loss and LAE reserves, which would have alerted the public or state regulators, such as OIR.

412. The deceptive reporting by Poe Management in calculating the reserves is provided in further detail in Section G below.

413. The OIR's concerns over the Insurance Companies regarding the companies' solvency was met by assurances from Poe Management that additional capital was forthcoming and requests for additional time.

4. Poe Management's Improper Utilization of Deferred Tax Assets

414. Poe Management recorded capital, surplus and net deferred tax assets for the Insurance Companies in the 2004 and 2005 Annual Statements.

415. Poe Management recorded admitted deferred tax assets as defined by the Statement of Statutory Accounting Principles ("SSAP") 10, which allows an insurer to record an admitted deferred tax asset of up to 10% of the quarterly period surplus for an amount that it expects will reverse in one year.

416. Poe Management therefore represented that the Insurance Companies would be able to utilize all of their NOL carryforward as well as all of their capital loss carryforward in 2005 and/or 2006 when Poe Management knew or should have known that the reserves were understated and the Insurance Companies would consequently have losses reported in 2005 and/or 2006 for the accident year 2004 and/or 2005, and thus could not properly recoup any deferred tax assets.

417. Therefore, if the Insurance Companies would incur additional losses in 2005 and/or 2006 for the respective accident years 2004 and/or 2005, Poe Management knew or should have known that the Insurance Companies would not be generating profits in 2005 or 2006, as applicable, to utilize the NOL and capital loss carryforwards.

418. As a result, Poe Management falsely recorded admitted deferred tax assets under SSAP 10.

419. Accordingly, as of December 31, 2004, the Insurance Companies' surplus was at a deficit position, not the surplus that was reported by Poe Management for the Insurance Companies in its 2004 and 2005 Annual Statements to the OIR.

420. The surplus amounts were grossly below the \$4 million surplus minimum required to maintain a Certificate of Authority to operate as a Florida insurer under Section 624.408(1)(a)5, Florida Statutes.

G. Poe Management's Purposeful Understatement of the Insurance Companies' Case Reserves

421. Prior to 2004, Poe Management, in the regular course of its business, engaged an independent actuarial firm to evaluate the adequacy of the reserves, calculate the amount of reserves that the Insurance Companies would book, and rely on the actuary to prepare the Statement of Actuarial Opinion ("SAO") that is included with the Annual Reports for the

Insurance Companies to the OIR as required by Florida Statutes. The opening SAO actuary is the “appointed actuary”.

422. For the year ending December 31, 2004, however, Poe Management changed the process that had been used in previous years in calculating reserves.

423. Specifically in 2004, Poe Management’s appointed independent actuary calculated the required reserves that Poe Management would book for non-catastrophe and/or non-hurricane (“non-CAT”) losses, while Poe Management determined the required reserves for catastrophe and/or hurricane (“CAT”) losses that Poe Management booked as of December 31, 2004.

424. Poe Management’s calculations for the CAT booked reserves were adopted by the actuary and reported to the OIR in the SAO.

425. Poe Management utilized unacceptable industry practices to calculate the required CAT reserves.

426. Instead, Poe Management apparently fashioned two separate approaches for calculating CAT reserves: one approach for “personal lines” and a second approach for “commercial lines.”

427. Poe Management refers to “homeowners” and “farm owners” insurance, as defined by the NAIC, as “personal lines,” and special property (i.e., fire, allied lines, inland marine, earthquake, burglary and theft) as “commercial lines.”

428. For commercial lines CAT reserves, Poe Management booked as a total reserve as of December 31, 2004, the sum of claim adjuster set case reserves and the booked IBNR for commercial lines CAT was negligible.

429. This calculation is contrary to standard insurance business practice and contrary to NAIC and OIR requirements.

430. For personal lines CAT reserves, Poe Management booked as a total reserve as of December 31, 2004, a number that was the sum of the product of open claims plus estimated unreported claims times average so-called “expected ultimate costs” per claim depending on hurricane, county, and, upon information and belief, Poe Management-created “severity codes”, minus payments on open claims.

431. For reserves as of December 31, 2004, these “severity codes” used by Poe Management were not based on any industry standard. The sum of these personal lines CAT “formula reserves” was materially less than the sum of Poe Management’s personal lines CAT claim adjuster set case reserves.

432. For prior years to 2004, Poe Management used the claim adjuster set case reserves as a component in the calculation of total reserves for losses and LAE.

433. Poe Management affirmed in the Annual and Quarterly Reports of the Insurance Companies that booked reserves were adequate for each of the Insurance Companies when they knew or should have known that booked reserves were in fact grossly inadequate.

434. Poe Management knew or should have known that the booked reserves were significantly understated by using any standard insurance business methods commonly used by insurer management in calculating the adequacy of booked reserves.

435. Based on data for prior accident years, Poe Management knew or should have known that case reserves per open claim were expected to have been significantly greater than the actual booked case reserves per open claim for accident year 2004.

436. Furthermore, based on data for prior accident years, Poe Management knew or should have known that the ratio of IBNR reserves to case reserves were expected to be substantially greater than the actual booked ratio of IBNR reserves to case reserves for accident year 2004, and that the IBNR reserves actually booked by Poe Management for the Insurance Companies was materially deficient.

437. Therefore, Poe Management knew or should have known that the reserves were inadequate for accident year 2004 based on the application of any of the commonly used ratio methods used for determining the adequacy of reserves.

H. Poe Management Aggravates the Insolvency of the Insurance Companies by Making Improper Distributions Using Premium Funds

438. From 2004 through 2005 just prior to the Insurance Companies' liquidation proceedings, Poe Management drained the Insurance Companies of premium funds that would have otherwise been available to cover claims through so-called "capital contributions" that were based on future earnings and improper dividend distributions.

1. Poe Management Falsely Reported "Unfunded" Capital Contributions as Assets

439. PIM has been an S corporation since its inception in 1996.

440. PIM was a standalone S-corporation until 1999.

441. In 1999, PFG converted to an S-corporation.

442. In 1999, PIM became a qualified subsidiary or "Q-sub" of PFG.

443. The income generated by an S-corporation is passed through to the stockholders for reporting on their personal tax returns.

444. In 2005, PFG elected to revoke the S-corporation election of the group.

445. Beginning in 2002, PFG made “capital contributions” to the Insurance Companies.

446. Because PFG was a holding company with no significant operations, these capital contributions were made from cash borrowed or generated from PIM.

447. Although the capital contributions were recorded in the records as coming from PFG, the funds in fact came from PIM, the Q-sub corporation of PFG, because it was the next operating entity, after the Insurance Companies, that generated earnings and cash flow.

448. Poe Management’s initial accounting for these transactions in the internal financial statements was to “gross up” the balance sheet by recording a “receivable” for the entire capital contribution amounts to the Insurance Companies, whether it came from operating cash flows or from corporate debt.

449. The consolidated balance sheet would then reflect the full amount of the capital contributions as paid in capital and a decrease to equity for the unfunded portions that was a receivable titled “Due from Shareholders.”

450. Remarkably, the repayment of these contributions was deferred and made contingent on PIM’s future earnings, and was accomplished through improper dividend distributions to PFG’s shareholders.

451. Portions of the earnings of PIM were held back from the shareholders’ cash distributions in order to “repay” these capital contributions.

452. These “capital holdbacks” were treated as distributions to the shareholders and then deemed to be capital contributions back to the Insurance Companies.

453. The unfunded contributions, however, were never formally acknowledged obligations of the shareholders and PIM never made any efforts to collect these funds directly from the shareholders.

454. Furthermore, the unfunded capital balances were not recorded as distributions on the shareholders K-1 tax returns.

455. PIM was in a deficit during 2004 and 2005 and these “capital contributions” were premium dollars improperly taken from the Insurance Companies.

456. Thus, premium funds, which were held by PIM in a fiduciary capacity, were being used to create a receivable in the books of the Insurance Companies through the shareholder “capital contributions” and then falsely reported to the OIR as assets.

457. In 2004 and 2005, PIM purported to pay approximately \$48.5 million of these “unfunded” capital contributions to the Insurance Companies on behalf of PFG.

458. In November 2005, Poe Management reclassified the “Due from Shareholders” from “equity” to an “asset”.

459. Poe Management knew or should have known that the unfunded capital contributions should not be recorded as an asset on PIM’s balance sheet, as the same were an artifice, but rather they should have been reported as a reduction of equity.

2. Poe Management Make Improper Dividend Distributions

460. During the years 2004 and 2005, approximately \$143.5 million in dividends distributions were paid indirectly to PFG and its shareholders, primarily family members, by PIM.

461. From the \$143.5 million in dividend distributions, approximately \$117.2 million were paid when liabilities exceeded assets or the effect of the distribution would result in such a condition.

462. Most months during 2004 and 2005 in which dividend distributions were paid during 2004 and 2005, PIM's total assets were less than the sum of its liabilities, even prior to the distribution for each of the months that the distributions were made.

463. For the remaining months, after the dividend distributions were made, PIM's total assets were less than the sum of its liabilities.

464. PIM's board of directors assented or voted for the approximately \$143.5 million in dividend distributions from January 2004 through October 2005, during a time when PIM's and the Insurance Companies' financial condition called for Poe Management to act in a manner that was in the best interests of the Insurance Companies and their policyholders.

465. Poe Management knew or should have known not to make the distributions or that they should have reduced the amounts distributed to the shareholders based on the financial condition of the Insurance Companies and PIM.

466. Notwithstanding, PIM was operating in a deficit and the Insurance Companies were insolvent and/or financially impaired.

467. Therefore, the distributions came from premium dollars and/or were otherwise unlawful.

468. Accordingly, the \$117.2 million that were paid in dividend distributions were improper and were paid out of premium funds from the Insurance Companies.

I. The Receivership of the Insurance Companies

1. The Receivership Orders

469. Pursuant to the Act's provisions, the DFS was appointed as Receiver of the Insurance Companies, in the matters of *In re: The Receivership of Southern Family Insurance Company*, Case No. 2006-CA-001060, *In re: The Receivership of Atlantic Preferred Insurance Company*, Case No. 2006-CA-001083, and *In re: The Receivership of Florida Preferred Property Insurance Company*, Case No.: 2006-CA-001198, on May 31, 2006, and effective as of June 1, 2006 (collectively the "Receivership Orders"). Copies of the Receivership Orders are attached hereto as Exhibits "3," "4" and "5", respectively.

470. The Receivership Orders direct the DFS, as Receiver, to, *inter alia*:

[t]ake immediate possession of all the property, assets, and estate, and all other property of every kind whatsoever... belonging to the [Insurance Companies]... or affiliates"... and "[t]itle to all property... all contracts, rights of action and all books and records of the [Insurance Companies], wherever located, is vested in the Receiver.

Receivership Orders at ¶ 15.A.

471. The Receiver is also commanded under the Receivership Orders to receive immediate transfer of title, custody and control of **"any funds, accounts and any other assets of the "Insurance Companies"... from "[a]ny bank, savings and loan association, or other financial institution which has on deposit, in its possession, custody or control."** See Receivership Orders at ¶ 15.V.

2. The Transition Plan

472. On June 1, 2006, the Receiver's Consolidated Plan of Liquidation and Transition applicable to the Insurance Companies was entered into and executed by the DFS, Citizens and FIGA, and approved by the OIR (the "Transition Plan"). A copy of the Transition Plan is attached hereto as Exhibit "6".

473. On June 2, 2006, the Order approving the Transition Plan was entered by the Receivership Court directing its implementation. A copy of the Order Approving Receiver's Plan of Liquidation and Transition is attached hereto as Exhibit "7".

474. Under the Transition Plan: (1) the DFS was charged with and responsible for, *inter alia*, finding alternate coverage for the more than 300,000 eligible policyholders and collecting all property belonging to the estate of the Insurance Companies for handling by FIGA; (2) Citizens was ordered, by the Receivership Court, to, *inter alia*, provide coverage for the policyholders of the Insurance Companies whose policies were cancelled under the Transition Plan; and (3) FIGA was directed to, *inter alia*, handle the payment of covered claims.

J. Poe Affiliates (Excluding PIH) File for Chapter 11 Relief

475. On August 18, 2006, the Poe Affiliates, PIM, P&A, PFG and MCS, with the exception of PIH, filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code.

476. Upon information and belief, Poe Management through PIM retained approximately \$31,611,119.25 of unearned commissions based on the 26.5% management fee under the MGA Agreement. PIM received payment for the management fee in advance by the Insurance Companies.

477. In addition, upon information and belief, Poe Management through P&A is also holding \$3,879,494.00 of unearned commissions from its agency fee given to it by PIM from the MGA Agreement fee.

478. These unearned commissions were never remitted to the Insurance Companies prior to their insolvencies, or turned over to the Receiver upon the adjudication of the Insurance Companies' insolvency.

479. The DFS is acting in its capacity as the Receiver of the Insurance Companies pursuant to the Receivership Orders, the Liquidation Order and Florida law in bringing this action.

480. The DFS has retained the law firm of Lydecker, Lee, Behar, Berga & de Zayas, LLC to represent its interests as the Receiver of the Insurance Companies, its policyholders, creditors and other claimants and is required to pay a reasonable fee for their services.

481. All conditions precedent to the maintenance of this action have occurred have been fulfilled or have otherwise been waived or excused.

**COUNT I – §631.154 AND §631.155 DEMAND FOR
AGENT’S PREMIUMS OF UNEARNED COMMISSIONS
(AS TO POE MANAGEMENT)**

482. The Receiver repeats and realleges the allegations in paragraphs 1 through 481 above as if fully set forth herein.

483. In accordance with Section 631.155 of the Florida Statutes, all persons who have collected premiums and/or unearned commissions on behalf of an insurer are required to account to the Receiver and to turn over all amounts due.

484. The defendants named in the prayer for relief in this Count I were involved in the handling and/or transmittal of premium funds.

485. Unearned commissions were retained by PIM and P&A from the Insurance Companies and were not turned over to the Insurance Companies and/or the DFS.

486. As aforesaid, the defendants named in the prayer for relief to this Count I have taken distributions funded by premium funds.

487. PIM retained and is responsible for approximately \$30,250,000.00 of unearned commissions based on the 22.5% to 26.5% per premium dollar fee under the MGA that PIM received as payment in advance by the Insurance Companies.

488. In addition, P&A retained and is responsible for \$3,800,000.00 of unearned commissions based on the 10% per premium dollar fee that P&A received as payment in advance by the Insurance Companies from PIM's fee.

489. These unearned commissions were not turned over to the Receiver upon the adjudication of the Insurance Companies' insolvency.

490. Poe Management had either direct or indirect control over the operations of PIM and P&A at all relevant times.

491. Poe Management, through PIM and P&A, took distribution of and retained unearned commissions of approximately \$30,250,000.00 by PIM and \$3,800,000.00 by P&A as of the date of liquidation.

492. This action constitutes a demand upon the Poe Management defendants named in the prayer for relief below, pursuant to Section 631.154, Florida Statutes, for the immediate delivery of the sum of \$34,050,000.00 in unearned commissions plus interest from the effective date of the liquidation.

493. Should any of the Poe Management defendants named in the prayer for relief below claim a right to retain the funds pursuant to any of the grounds set out in Section 631.154(1), then that individual has twenty (20) days from the receipt of this demand within which to file a pleading setting out such right or claim. The pleading shall be filed in this Court with a copy to the Receiver's undersigned counsel.

WHEREFORE, the Receiver respectfully requests that this Court, upon the expiration of the twenty (20) days after service of this demand to each such Poe Management on each Poe Management defendant named in Paragraph A below, should the demanded funds not be promptly returned or if no pleading as required by statute has been filed, to enter appropriate Orders in accordance with Section 631.154 of the Florida Statutes as follows:

a) directing the Defendants, Poe Senior, Poe Junior, Charles E., Charles W., Michelle P., Eric P., Peggy P., Keren P., Marilyn P., Janice P., Wurdeman, Meder, Krzesinski, Dollar, Romerill, Gough, Abreu, Guice and Kacprowski, to immediately deliver to the Receiver the demanded premiums and unearned commissions in the total amount of \$34,050,000.00, plus interest thereon from July 1, 2006;

b) directing that after an accounting and reconciliation of the difference between the amounts shown on the statements of the Insurance Companies and PIM and P&A and any other appropriate adjustments that any additional amounts due be promptly paid over to the Receiver;

c) retaining jurisdiction over the subject matter and the parties for the purpose of entering judgment in accordance with Sections 631.154(4) and (6), Florida Statutes, and awarding the Receiver all of its costs and attorney's fees pursuant to Section 631.154(6)(d), Florida Statutes;

d) Ordering or recommending the revocation of such Florida insurance licenses as each Poe Management defendant named in Paragraph A above holds if he or she fails to pay any sum determined by the Court to be owed under Section 631.155, and

e) For such further relief as this Court deems just and appropriate.

**COUNT II – AVOIDANCE OF FRAUDULENT TRANSFERS AND/OR
VOIDABLE TRANSFERS - §631.155, §631.261, AND §631.262, FLORIDA STATUTES
(AS TO POE SENIOR, individually and as trustee of the
CHARLES E. POE TRUST and the WILLIAM F. POE FOUNDATION, POE JUNIOR,
CHARLES E., MICHELLE P., ERIC P., PEGGY P., KEREN P., MARILYN P., JANICE
P., WURDEMAN, MEDER, KRZESINSKI, DOLLAR, ROMERILL, ABREU, the POE
INVESTMENT ENTITIES AND THE LIMITED PARTNERS)**

494. The Receiver repeats and realleges the allegations in paragraphs 1 through 481 above as if fully set forth herein.

495. This is an action to avoid and recover the fraudulent transfers of premium funds in accordance with Sections 631.155, 631.261, 631.262, 726.105, and 726.106, Florida Statutes and/or other applicable law.

496. Pursuant to these Sections, the Receiver may avoid any transfer of premium and interest of the Insurance Companies in property to the above-named Poe Management, the Poe Investment Entities and the Limited Partners as directors, officers, employees, stockholders, members, subscribers, affiliates, managing general agents, or insider or any relative, or any obligation incurred by the Insurance Companies that is voidable under applicable law by any secured creditor.

497. To the extent any transfer is avoided under these sections, the Receiver may recover the property transferred or the value of the property from the initial transferee or any immediate or mediate transferee.

498. The premium funds that are the subject of this action constituted transfers of an interest in property of the Insurance Companies within either four (4) months, one (1) year, or four (4) years prior to the date of the liquidation.

499. Poe Management, the Poe Investment Entities and the Limited Partners made the premium transfers with the actual intent to hinder, delay or defraud a creditor of the Insurance

Companies, including, without limitation, their policyholders, their creditors and/or members of the public who are assessed by FIGA for the unpaid debts of the Insurance Companies.

500. One or more of Poe Management, the Poe Investment Entities and the Limited Partners is either the transferee or a subsequent transferee of the premium transfers and/or was merely a conduit for the premium transfers, thereby resulting in one or more of Poe Management, the Poe Investment Entities and the Limited Partners being liable to disgorge the premium transfers as an initial transferee.

501. Among other factors present in connection with the premium transfers, (i) the transfers were to individuals and/or entities the Insurance Companies considered as insiders or that otherwise was an insider of the Insurance Companies under applicable law; (ii) at some point during the time of the premium transfers, Poe Management, the Poe Investment Entities and the Limited Partners knew or had reason to know they were going to be sued by the Insurance Companies on behalf of their policyholders based on the policyholders' indirect reliance; (iii) pursuant to the premium transfers by Poe Management, the Poe Investment Entities and the Limited Partners, the Insurance Companies removed property from the reach of their non-insider creditors; (iv) the Insurance Companies did not receive reasonably equivalent value and/or fair consideration from certain Poe Management, the Poe Investment Entities and the Limited Partners in exchange for the premium transfers as a result thereof; (v) the Insurance Companies knew or should have known that they were going to incur debts beyond its ability to pay at the time of the premium transfers; (vi) the premium transfers were against Florida law and Poe Management, the Poe Investment Entities and the Limited Partners duties and obligations to the Insurance Companies; (vii) Poe Management, the Poe Investment Entities and the Limited Partners was engaged in various fraudulent schemes at the time of the premium transfers,

including the depletion of assets of the Insurance Companies through improper distributions; (viii) Poe Management's, the Poe Investment Entities' and the Limited Partners' repeated attempts to conceal from OIR, policyholders and others the details regarding the premium transfers by disguising the distributions, for example, despite Florida law and insurance standards providing otherwise.

502. As a result of the above, the Receiver can avoid the premium transfers pursuant to the Act and Sections 726.105 and 726.106 and/or other applicable state law, and recover the funds that are the subject of the premium transfers for the benefit of the estate of the Insurance Companies.

503. The Receiver seeks avoidance of the following fraudulent and/or voidable transfers from Poe Management, the Poe Investment Entities and the Limited Partners that were made in the form of shareholder distributions during the relevant times in 2004 and 2005 including, but not limited to:

Defendant	Date of Transfer	Amount of Transfer
James E. Wurdeman	2004	\$ 1,212,750.00
James E. Wurdeman	2005	\$ 2,155,750.74
William F. Poe, Sr.	2004	\$ 6,994,655.03
William F. Poe, Sr.	2005	\$ 13,347,125.41
William F. Poe, Jr.	2004	\$ 3,071,051.42
William F. Poe, Jr.	2005	\$ 4,609,045.09
Charles E. Poe	2004	\$ 1,191,800.00
Charles E. Poe	2005	\$ 3,228,718.62
Marilyn Luskis	2004	\$ 2,218,000.00
Marilyn Luskis	2005	\$ 4,555,457.78

Janice P. Mitchell	2004	\$ 1,942,000.00
Janice P. Mitchell	2005	\$ 5,161,657.78
Michelle Poe	2004	\$ 9,163.00
Michelle Poe	2005	\$ 17,949.66
Eric Poe	2004	\$ 9,265.00
Eric Poe	2005	\$ 17,949.66
Peggy Poe	2004	\$ 7,055.51
Peggy Poe	2005	\$ 13,821.24
Keren Smith	2004	\$ 1,776,000.00
Keren Smith	2005	\$ 4,588,140.25
James Romerill	2004	\$ 10,780.00
James Romerill	2005	\$ 15,717.25
Jan Meder	2004	\$ 39,384.73
Jan Meder	2005	\$ 77,151.88
Bobby C. Dollar	2004	\$ 41,792.53
Bobby C. Dollar	2005	\$ 60,070.18
Rafael Abreu	2004	\$ 2,269.19
Rafael Abreu	2005	\$ 4,445.18
Thomas Krzesinski	2004	\$ 23,490.00
Charles E. Poe Trust	2004	\$ 877,200.00
Charles E. Poe Trust	2005	\$ 1,143,840.00
Poe Family Investment Co.	2004	\$ 5,866,426.68
Poe Family Investment Co.	2005	\$ 3,473,897.92
W.F. Poe Foundation	2004	\$ 428,000.00
W.F. Poe Foundation	2005	\$ 500,000.00

WHEREFORE, the Receiver demands judgment against Defendants, Poe Senior, individually and as trustee of the Charles E. Poe Trust and the W.F. Poe Foundation, Poe Junior, Charles E., Michelle P., Eric P., Peggy P., Keren P., Marilyn P., Janice P., Wurdeman, Meder, Krzesinski, Dollar, Romerill, Abreu, the Poe Investment Entities and the Limited Partners as follows: (i) determining that the premium transfers were fraudulent and avoiding the premium transfers for the benefit of the Insurance Companies' estate under Sections 631.155, 631.261, 631.262, 726.105, and 726.106, Florida Statutes and/or other applicable law; (ii) entering judgment in favor of the Receiver and against Poe Management, the Poe Investment Entities and/or the Limited Partners for the amount of the premium transfers, together with prejudgment and post-judgment interest and costs; and (iii) for any further relief the Court deems appropriate.

**COUNT III – AVOIDANCE OF FRAUDULENT TRANSFERS AND/OR
VOIDABLE TRANSFERS - §726.105, FLORIDA STATUTES**

**(AS TO POE SENIOR, individually and as trustee of the
CHARLES E. POE TRUST and the WILLIAM F. POE FOUNDATION, POE JUNIOR,
CHARLES E., MICHELLE P., ERIC P., PEGGY P., KEREN P., MARILYN P., JANICE
P., WURDEMAN, MEDER, KRZESINSKI, DOLLAR, ROMERILL, ABREU, the POE
INVESTMENT ENTITIES and the LIMITED PARTNERS)**

504. The Receiver repeats and realleges the allegations in paragraphs 1 through 481 and 494 through 503 above as if fully set forth herein.

505. This is an action to avoid and recover the fraudulent transfers of premium funds and/or monies in accordance with Section 726.105, Florida Statutes.

506. Pursuant to Sections 631.155, 631.261, 631.262, the Receiver may avoid any transfer of premiums and/or interest of the Insurance Companies in property to the above-named Poe Management, the Poe Investment Entities and the Limited Partners as directors, officers, employees, stockholders, members, subscribers, affiliates, managing general agents, or insider or

any relative, or any obligation incurred by the Insurance Companies that is voidable under applicable law by any present or future creditor.

507. To the extent any transfer is avoided under these sections, the Receiver may recover the property transferred or the value of the property from the initial transferee or any immediate or mediate transferee.

508. The premium funds that are the subject of this action constituted transfers of an interest in property of the Insurance Companies within either four (4) months, one (1) year, or four (4) years prior to the date of liquidation.

509. Poe Management, the Poe Investment Entities and the Limited Partners made the premium and/or interest transfers with the actual intent to hinder, delay or defraud a creditor of the Insurance Companies, including, without limitation, its policyholders, and/or its creditors and/or members of the public who are assessed by FIGA for the unpaid debts of the Insurance Companies.

510. One or more of Poe Management, the Poe Investment Entities and/or the Limited Partners is either the transferee or a subsequent transferee of the premium and/or interest transfers and/or was merely a conduit for the premium and/or interest transfers, thereby resulting in one or more of Poe Management, the Poe Investment Entities and/or the Limited Partners being liable to disgorge the premium and/or interest transfers as an initial transferee.

511. Among other factors present in connection with the premium and/or interest transfers, (i) the transfers were to individuals and/or entities the Insurance Companies considered as insiders or that otherwise was an insider of the Insurance Companies under applicable law; (ii) at some point during the time of the premium and/or interest transfers, Poe Management, the Poe Investment Entities and/or the Limited Partners knew or had reason to know they were going to

be sued by the Insurance Companies on behalf of its policyholders; (iii) pursuant to the premium and/or interest transfers by Poe Management, the Poe Investment Entities and/or the Limited Partners, the Insurance Companies removed property from the reach of their non-insider creditors; (iv) the Insurance Companies did not receive reasonably equivalent value and/or fair consideration from certain Poe Management, the Poe Investment Entities and/or the Limited Partners in exchange for the premium and/or interest transfers as a result thereof; (v) the Insurance Companies knew or should have known that they were going to incur debts beyond their ability to pay at the time of the premium and/or interest transfers; (vi) the premium and/or interest transfers were against Florida law and Poe Management's, the Poe Investment Entities' and/or the Limited Partners' duties and obligations to the Insurance Companies; (vii) Poe Management, the Poe Investment Entities and/or the Limited Partners were engaged in various fraudulent schemes at the time of the premium and/or interest transfers, including the depletion of assets of the Insurance Companies through improper distributions; (viii) Poe Management's, the Poe Investment Entities' and/or the Limited Partners' repeated attempts to conceal from OIR, policyholders and others the details regarding the premium and/or interest transfers by disguising the distributions, for example, despite Florida law and insurance standards providing otherwise.

512. The transfers consisted of the tax refund and tax assets described in paragraphs 368 through 376 above, and the dividends and distributions made to the individual defendants as described in paragraph 503 above.

513. The transfers were made with actual intent to hinder, delay or defraud present or future creditors of the Insurance Companies, including, without limitation, their policyholders and members of the public who are assessed by FIGA for the unpaid debts of the Insurance Companies.

514. In the alternative, the transfers were made without the Insurance Companies' receiving a reasonably equivalent value in exchange for the transfers, and the Insurance Companies:

a) Were engaged or were about to engage in a business or one or more transactions for which the remaining assets of the Insurance Companies were unreasonably small in relation to the business or transaction(s); or, in the alternative,

b) The defendants intended to incur, or believed or reasonably should have believed the Insurance Companies would incur, debts beyond their abilities to pay as they became due.

515. The transfers were to insiders of the Insurance Companies.

516. The Insurance Companies were insolvent or became insolvent shortly after the transfers were made.

517. The transfers occurred shortly before or shortly after substantial debt was incurred.

518. More specifically, the foregoing factors as enumerated in Section 726.105 manifested themselves in the conduct of the transferees as follows: one or more of Poe Management, the Poe Investment Entities and/or the Limited Partners is either the transferee or a subsequent transferee of the premium and/or interest transfers and/or was merely a conduit for the premium and/or interest transfers, thereby resulting in one or more of Poe Management, the Poe Investment Entities and/or the Limited Partners being liable to disgorge the premium and/or interest transfers as an initial transferee.

519. The transfers were to individuals and/or entities the Insurance Companies considered as insiders or that otherwise was an insider of the Insurance Companies under applicable law.

520. At some point during the time of the premium transfers, Poe Management, the Poe Investment Entities and/or the Limited Partners knew or had reason to know they were going to be sued by the Insurance Companies on behalf of its policyholders.

521. Pursuant to the premium transfers by Poe Management, the Poe Investment Entities and/or the Limited Partners, the Insurance Companies removed property from the reach of its non-insider creditors.

522. The Insurance Companies did not receive reasonably equivalent value and/or fair consideration from Poe Management, the Poe Investment Entities and/or the Limited Partners in exchange for the premium transfers as a result thereof.

523. The Insurance Companies and Poe Management, the Poe Investment Entities and/or the Limited Partners knew or should have known that it was going to incur debts beyond their ability to pay at the time of the premium transfers.

524. The premium transfers were against Florida law and Poe Management's, the Poe Investment Entities' and/or the Limited Partners' duties and obligations to the Insurance Companies.

525. Poe Management, the Poe Investment Entities and/or the Limited Partners were engaged in various fraudulent schemes at the time of the premium transfers, including the draining of the Insurance Companies through improper distributions.

526. Poe Management, the Poe Investment Entities and/or the Limited Partners repeated attempts to conceal from OIR, policyholders and others the details regarding the

premium transfers by disguising the distributions, for example, despite Florida law and insurance standards providing otherwise

527. As a result of the above, the Receiver can avoid the premium transfers pursuant to the Act and Section 726.105, and recover the funds that are the subject of the premium transfers for the benefit of the estate of the Insurance Companies.

528. The Receiver seeks avoidance of the following fraudulent and/or voidable transfers from Poe Management, the Poe Investment Entities and/or the Limited Partners that were made in the form of shareholder distributions during the relevant times in 2004 and 2005 including, but not limited to the distributions referenced in paragraph 483 above.

529. The premium funds that are the subject of this action constituted transfers of an interest in property of the Insurance Companies within four (4) years prior to the date of liquidation.

WHEREFORE, the Receiver demands judgment against Defendants, Poe Senior, individually and as trustee of the Charles E. Poe Trust and the William F. Poe Foundation, Poe Junior, Charles E., Michelle P., Eric P., Peggy P., Keren P., Marilyn P., Janice P., Wurdeman, Meder, Krzesinski, Dollar, Romerill, Abreu, the Poe Investment Entities and the Limited Partners as follows: (i) determining that the premium transfers were fraudulent and avoiding the premium transfers for the benefit of the Insurance Companies' estate under Section 726.105, Florida Statutes and/or other applicable law; (ii) entering judgment in favor of the Receiver and against Poe Management, the Poe Investment Entities and/or the Limited Partners for the amount of the premium transfers, together with prejudgment and post-judgment interest and costs; and (iii) for any further relief the Court deems appropriate.

**COUNT IV – AVOIDANCE OF FRAUDULENT TRANSFERS AND/OR
VOIDABLE TRANSFERS - §726.106, FLORIDA STATUTES**

**(AS TO POE SENIOR, individually and as trustee of the
CHARLES E. POE TRUST and the WILLIAM F. POE FOUNDATION, POE JUNIOR,
CHARLES E., MICHELLE P., ERIC P., PEGGY P., KEREN P., MARILYN P., JANICE
P., WURDEMAN, MEDER, KRZESINSKI, DOLLAR, ROMERILL, ABREU, the POE
INVESTMENT ENTITIES and the LIMITED PARTNERS)**

530. The Receiver repeats and realleges the allegations in paragraphs 1 through 481 and 494 through 503 above as if fully set forth herein.

531. This is an action to avoid and recover the fraudulent transfers of premium funds in accordance with Section 726.106, Florida Statutes and/or other applicable law.

532. Pursuant to this Section and Sections 631.155, 631.261, 631.262, the Receiver may avoid any transfer of premium and interest of the Insurance Companies in property to Poe Management, the Poe Investment Entities and the Limited Partners as directors, officers, employees, stockholders, members, subscribers, affiliates, managing general agents, or insider or any relative, or any obligation incurred by the Insurance Companies that is voidable under applicable law by any present creditor.

533. The transfers herein complained of were made without the Insurance Companies receiving a reasonably equivalent value in exchange for the transfers, and each of them.

534. The Insurance Companies were insolvent at the time of the transfers, and each of them.

535. In the alternative, the Insurance Companies became insolvent as a result of the transfers, or each of them.

536. As to transfers made to insiders for antecedent debts, the Insurance Companies were insolvent at the time of the transfer(s).

537. As to transfers made to insiders for antecedent debts, the insiders had reasonable cause to believe that the Insurance Companies were insolvent.

538. To the extent any transfer is avoided under these sections, then the Receiver may recover the property transferred or the value of the property from the initial transferee or any immediate or mediate transferee.

539. The premium funds that are the subject of this action constituted transfers of an interest in property of the Insurance Companies within four (4) years prior to the date of liquidation.

540. As a result of the above, the Receiver can avoid the premium transfers pursuant to the Act and Section 726.106 and/or other applicable state law, and recover the funds that are the subject of the premium transfers for the benefit of the estate of the Insurance Companies.

541. The Receiver seeks avoidance of the following fraudulent and/or voidable transfers from Poe Management, the Poe Investment Entities and the Limited Partners that were made in the form of shareholder distributions during the relevant times in 2004 and 2005 including, but not limited to the distributions referenced in paragraph 503 above.

542. In addition, the Receiver seeks avoidance of the following fraudulent and/or voidable transfers from PFIC that were made in the form of capital contributions to PFIC by the Limited Partners during the relevant times in 2004 and 2005 including, but not limited to:

Defendant	Date of Transfer	Amount of Transfer
Poe Senior	2004	\$3,093,426.68
Poe Senior	2005	\$2,063,217.92
Charles E. Poe Trust	2004	\$971,000.00

Charles E. Poe Trust	2005	\$729,480.00
Marilyn P.	2004	\$850,000.00
Marilyn P.	2005	\$681,200.00
Keren P.	2004	\$1,186,000.00
Keren P.	2005	\$604,400.00
Janice P.	2004	\$1,126,000.00

WHEREFORE, the Receiver demands judgment against Defendants, Poe Senior, individually and as trustee of the Charles E. Poe Trust and the William F. Poe Foundation, Poe Junior, Charles E., Michelle P., Eric P., Peggy P., Keren P., Marilyn P., Janice P., Wurdeman, Meder, Krzesinski, Dollar, Romerill, Gough, Abreu, the Poe Investment Entities and the Limited Partners as follows: (i) determining that the premium transfers were fraudulent and avoiding the premium transfers for the benefit of the Insurance Companies' estate under Section 726.106, Florida Statutes and/or other applicable law; (ii) entering judgment in favor of the Receiver and against Poe Management, the Poe Investment Entities and the Limited Partners for the amount of the premium transfers, together with prejudgment and post-judgment interest and costs; and (iii) for any further relief the Court deems appropriate.

COUNT V - §631.157(1)(b) ACTION
(AS TO POE MANAGEMENT, the POE INVESTMENT ENTITIES
and the LIMITED PARTNERS)

543. The Receiver repeats and realleges the allegations in paragraphs 1 through 481 above as if fully set forth herein.

544. This is an action by the Receiver for triple damages against Poe Management pursuant to Section 631.157(1)(b), Florida Statutes.

545. At all relevant times, Poe Management, the Poe Investment Entities and the Limited Partners was engaged in the business of insurance, was or acted as an officer, director, agent or employee of any person engaged in the business of insurance and/or was involved in a transaction relating to the conduct of affairs of such a business, other than as an insured or beneficiary under an insurance policy.

546. At all relevant times, Poe Management, the Poe Investment Entities and the Limited Partners willfully obtained or used funds, assets or property, including premium funds, of the Insurance Companies in a manner wherein the funds, assets or property, including premium funds, obtained or used jeopardized the safety and soundness of the Insurance Companies and/or was the significant cause of the Insurance Companies being placed in receivership.

WHEREFORE, the Receiver demands judgment against Defendants, Poe Senior, Poe Junior, Charles E., Charles W., Michelle P., Eric P., Peggy P., Keren P., Marilyn P., Janice P., Wurdeman, Meder, Krzesinski, Dollar, Romerill, Gough, Abreu, Guice, Kacprowski, the Poe Investment Entities and the Limited Partners, for triple the full amount of any funds, assets, or property obtained or used, including the premium funds, plus prejudgment interest on the original amount, attorneys' fees and costs, and such further relief this Court deems appropriate.

COUNT VI - §631.157(2)(a) ACTION
**(AS TO DEFENDANTS POE SENIOR, POE JUNIOR, MEDER, WURDEMAN,
CHARLES E., GOUGH, AND KRZESINSKI FOR MISREPORTING)**

547. The Receiver repeats and realleges the allegations in paragraphs 1 through 481 above as if fully set forth herein.

548. This is an action by the Receiver for triple damages against Poe Management pursuant to Section 631.157(2)(a), Florida Statutes.

549. At all relevant times, Defendants, Poe Senior, Poe Junior, Meder, Wurdeman, Charles E., Gough and Krzesinski, engaged in the business of insurance, were or acted as an officer, director, agent or employee of any person engaged in the business of insurance and/or was involved in a transaction relating to the conduct of affairs of such a business, other than as an insured or beneficiary under an insurance policy.

550. At all relevant times, Defendants, Poe Senior, Poe Junior, Meder, Wurdeman, Charles E., Gough and Krzesinski, had actual knowledge or such constructive knowledge as should have been obtained through reasonable inquiry by a person in that position, and misrepresented a material fact in any book, report, or statement of the Insurance Companies, including, but not limited to, the 2004 and 2005 Annual Statements and the Quarterly Financial Statements for 2005 and 2006 submitted to the OIR as follows:

- a. the agents balance receivable in the December 31, 2004 annual statement for SFIC was overstated;
- b. the loss and LAE reserves in the December 31, 2004 annual statement for SFIC were understated;
- c. the deferred tax asset in the December 31, 2004 annual statement for SFIC was overstated;
- d. the surplus in the December 31, 2004 annual statement for SFIC was overstated;
- e. the reported incurred losses for the 2004 accident year were understated in the December 31, 2004 annual statement;
- f. the agents balance receivable in the March 31, 2005 quarterly statement for SFIC was overstated;

- g. the loss and LAE reserves in the March 31, 2005 quarterly statement for SFIC were understated;
- h. the deferred tax asset in the March 31, 2005 quarterly statement for SFIC was overstated;
- i. the surplus in the March 31, 2005 quarterly statement for SFIC was overstated;
- j. the agents balance receivable in the June 30, 2005 quarterly statement for SFIC was overstated;
- k. the loss and LAE reserves in the June 30, 2005 quarterly statement for SFIC were understated;
- l. the deferred tax asset in the June 30, 2005 quarterly statement for SFIC was overstated;
- m. the surplus in the June 30, 2005 quarterly statement for SFIC was overstated;
- n. the agents balance receivable in the September 30, 2005 quarterly statement for SFIC was overstated;
- o. the loss and LAE reserves in the September 30, 2005 quarterly statement for SFIC were understated;
- p. the deferred tax asset in the September 30, 2005 quarterly statement for SFIC was overstated;
- q. the Citizens assessment receivable in the September 30, 2005 quarterly statement for SFIC was overstated;
- r. the surplus in the September 30, 2005 quarterly statement for SFIC was overstated;

- s. the agents balance receivable in the December 31, 2005 annual statement for SFIC was overstated;
- t. the loss and LAE reserves in the December 31, 2005 annual statement for SFIC were understated;
- u. the deferred tax asset in the December 31, 2005 annual statement for SFIC was overstated;
- v. the Citizens assessment receivable in the December 31, 2005 annual statement for SFIC was overstated;
- w. the surplus in the December 31, 2005 annual statement for SFIC was overstated;
- x. overstatement of expected reinsurance recoveries in the December 31, 2005 annual statement;
- y. the deferred tax asset in the March 31, 2006 quarterly statement for SFIC is overstated;
- z. the Citizens assessment receivable in the March 31, 2006 quarterly statement for SFIC is overstated;
- aa. the surplus in the March 31, 2006 quarterly statement for SFIC is overstated;
- bb. the agents balance receivable in the December 31, 2004 annual statement for APIC was overstated;
- cc. the loss and LAE reserves in the December 31, 2004 annual statement for APIC were understated;
- dd. the deferred tax asset in the December 31, 2004 annual statement for APIC was overstated;

- ee. the agents balance receivable in the March 31, 2005 quarterly statement for APIC was overstated;
- ff. the loss and LAE reserves in the March 31, 2005 quarterly statement for APIC were understated;
- gg. the deferred tax asset in the March 31, 2005 quarterly statement for APIC was overstated;
- hh. the agents balance receivable in the June 30, 2005 quarterly statement for APIC was overstated;
- ii. the loss and LAE reserves in the June 30, 2005 quarterly statement for APIC were understated;
- jj. the deferred tax asset in the June 30, 2005 quarterly statement for APIC was overstated;
- kk. the agents balance receivable in the September 30, 2005 quarterly statement for APIC was overstated;
- ll. the loss and LAE reserves in the September 30, 2005 quarterly statement for APIC were understated;
- mm. the deferred tax asset in the September 30, 2005 quarterly statement for APIC was overstated;
- nn. the Citizens assessment receivable in the September 30, 2005 quarterly statement for APIC was overstated;
- oo. the agents balance receivable in the December 31, 2005 annual statement for APIC was overstated;

- pp. the loss and LAE reserves in the December 31, 2005 annual statement for APIC were understated;
- qq. the deferred tax asset in the December 31, 2005 annual statement for APIC was overstated;
- rr. the Citizens assessment receivable in the December 31, 2005 annual statement for APIC was overstated;
- ss. the Citizens takeout bonus receivable in the December 31, 2005 annual statement for APIC was overstated;
- tt. the agents balance receivable in the March 31, 2006 quarterly statement for APIC was overstated;
- uu. the deferred tax asset in the March 31, 2006 quarterly statement for APIC was overstated;
- vv. the Citizens assessment receivable in the March 31, 2006 quarterly statement for APIC was overstated;
- ww. the Citizens takeout bonus receivable in the March 31, 2006 quarterly statement for APIC was overstated;
- xx. the agents balance receivable in the December 31, 2004 annual statement for FPPIC was overstated;
- yy. the loss and LAE reserves in the December 31, 2004 annual statement for FPPIC were understated;
- zz. the deferred tax asset in the December 31, 2004 annual statement for FPPIC was overstated;

- aaa. the surplus in the December 31, 2004 annual statement for FPPIC was overstated;
- bbb. the agents balance receivable in the March 31, 2005 quarterly statement for FPPIC was overstated;
- ccc. the loss and LAE reserves in the March 31, 2005 quarterly statement for FPPIC were understated;
- ddd. the deferred tax asset in the March 31, 2005 quarterly statement for FPPIC was overstated;
- eee. the agents balance receivable in the June 30, 2005 quarterly statement for FPPIC was overstated;
- fff. the loss and LAE reserves in the June 30, 2005 quarterly statement for FPPIC were understated;
- ggg. the deferred tax asset in the June 30, 2005 quarterly statement for FPPIC was overstated;
- hhh. the agents balance receivable in the September 30, 2005 quarterly statement for FPPIC was overstated;
- iii. the loss and LAE reserves in the September 30, 2005 quarterly statement for FPPIC were understated;
- jjj. the deferred tax asset in the September 30, 2005 quarterly statement for FPPIC was overstated;
- kkk. the agents balance receivable in the December 31, 2005 annual statement for FPPIC was overstated;

- lll. the loss and LAE reserves in the December 31, 2005 annual statement for FPPIC were understated;
- mmm. the deferred tax asset in the December 31, 2005 annual statement for FPPIC was overstated;
- nnn. the Citizens assessment receivable in the December 31, 2005 annual statement for FPPIC was overstated;
- ooo. the surplus in the December 31, 2005 annual statement for FPPIC was overstated;
- ppp. the agents balance receivable in the March 31, 2006 quarterly statement for FPPIC was overstated;
- qqq. the deferred tax asset in the March 31, 2006 quarterly statement for FPPIC was overstated;
- rrr. the Citizens assessment receivable in the March 31, 2006 quarterly statement for FPPIC was overstated; and
- sss. the surplus in the March 31, 2006 quarterly statement for FPPIC was overstated.

551. The misreporting by the Defendants, Poe Senior, Poe Junior, Meder, Wurdeman, Charles E., Gough and Krezensinski, was with the intent to deceive the Insurance Companies' creditors, policyholders and/or members of the public, the OIR and/or any agent or examiner appointed by the DFS and the OIR to examine the affairs of the person or the Insurance Companies, concerning the financial condition or solvency of such business.

552. The misreporting by the Defendants, Poe Senior, Poe Junior, Meder, Wurdeman, Charles E., Gough and Krezensinski, jeopardized the safety and soundness of the Insurance

Companies and/or was a significant cause of the Insurance Companies being placed in receivership and/or incurring additional losses it would otherwise not have.

553. Assets or property were reported to the OIR as being available to the Insurance Companies as admitted assets when in fact such assets were unavailable to the Receiver for payment of the obligations of the Insurance Companies at the time of the receivership proceeding and entry of the Receivership Orders.

WHEREFORE, the Receiver demands judgment against Defendants, Poe Senior, Poe Junior, Meder, Wurdeman, Charles E., Gough and Krezensinski, for triple the full amount of any asset misreported, plus prejudgment interest on the original amount, attorneys' fees and costs, and such further relief this Court deems appropriate.

COUNT VII – ALTER EGO LIABILITY FOR AGGRAVATION OF INSOLVENCY
(AS TO POE MANAGEMENT, PIH AND POE INVESTMENT ENTITIES)

554. The Receiver repeats and realleges the allegations in paragraphs 1 through 481 above as if fully set forth herein.

555. At all times material to this action, PIH, the Poe Investment Entities and Poe Management were the alter egos of PFG, PIM, P&A, and MCS, all legal entities that managed the Insurance Companies.

556. PIH, the Poe Investment Entities and Poe Management had the same duties and obligations as PFG, PIM, P&A, and MCS (hereafter, the "Managing Entities") had to the Insurance Companies, to their policyholders, and to the creditors of the Insurance Companies and state regulators.

557. At all times material, the Managing Entities were mere instrumentalities used by PIH, the Poe Investment Entities and Poe Management to engage in improper conduct and/or

unlawful conduct, including fraud and the knowing and wrongful artificial prolonging of the life of the Insurance Companies after they were impaired or insolvent.

558. PIH, the Poe Investment Entities and Poe Management, through their alter egos, the Managing Entities, engaged in the aforesaid improper conduct to, *inter alia*, hinder, delay or defraud the policyholders and/or creditors of the Insurance Companies, and/or OIR and/or other state regulators, and/or members of the public who are assessed by FIGA for the unpaid debts of the Insurance Companies.

559. By means of the improper conduct, PIH, the Poe Investment Entities and Poe Management, through their alter egos, the Managing Entities, so managed the Insurance Companies as to conceal and deepen the insolvency and the amount of liabilities of the Insurance Companies worsened, thus allowing them to operate past the point where insurance regulators would have permitted them to operate as insurance companies had the true state of affairs been known.

560. Millions of dollars of unfunded liabilities for claims insured by the Insurance Companies would have been avoided and/or mitigated had PIH, the Poe Investment Entities and Poe Management acted in accordance with the obligations and duties of the Insurance Companies and the Managing Entities and its own fiduciary duties to the policyholders, the creditors and the Insurance Companies.

WHEREFORE, the Receiver demands the entry of an order and/or judgment against Defendants, PIH, Poe Senior, Poe Junior, Charles E., Charles W., Michelle P., Eric P., Peggy P., Keren P., Marilyn P., Janice P., Wurdeman, Meder, Krzesinski, Dollar, Romerill, Gough, Abreu, Guice, Kacprowski and the Poe Investment Entities as alter egos of the PFG, PIM, P&A, and MCS and the Insurance Companies at all times material to this action, piercing the corporate veil

and disregarding the separate existence between the Managing Entities and the individual defendants, holding the individual defendants liable with the Managing Entities for the deepening of the insolvencies of the Insurance Companies, and for such further relief that this Court deems appropriate.

**COUNT VIII – TURNOVER OF PROPERTY OF
THE INSURANCE COMPANIES AND DEMAND FOR AN ACCOUNTING
(AS TO POE INVESTMENT ENTITIES AND LIMITED PARTNERS)**

561. The Receiver repeats and realleges the allegations in paragraphs 1 through 481 above as if fully set forth herein.

562. This is an action for turnover of property of the estate of the Insurance Companies pursuant to the Receivership Orders and Section 631.154, Florida Statutes, and a demand for an accounting of all transactions and business dealings between the Poe Investment Entities and the Limited Partners relating to the subject of this action that is set forth below.

563. The funds that are the subject of this action are the approximately \$26 million that PII held in trust on behalf of the Insurance Companies for purposes of investments as authorized by the OIR as of December 2003.

564. The Receiver demands an accounting from PII of these funds as of December 2003 to the date of the liquidation proceedings for the Insurance Companies.

565. Furthermore, the Receiver demands an accounting from PFIC and the Limited Partners relating to the approximately \$23 million that PFIC paid to Wachovia Bank in 2005.

566. Upon information and belief, a portion of the \$23 million that PII invested for the benefit of the Insurance Companies was used to pay down the Wachovia loans by PFIC that PFIC and the Limited Partners guaranteed, for the benefit of the guarantors and not to pay claims against the Insurance Companies.

567. Upon information and belief, portions of the distributions made to Poe Management, PFIC and/or the Limited Partners referenced in paragraph 503 above were used to pay down the Wachovia loans by PFIC that PFIC and the Limited Partners guaranteed, for the benefit of the guarantors and not to pay claims against the Insurance Companies.

568. Upon information and belief, these funds that are the subject of the paydown of the Wachovia loan by PFIC and the Limited Partners are property of the Insurance Companies' estate and the Receiver is entitled to immediate turnover of such property and/or an accounting in regard to such property.

569. Given the nature of these transfers and funds at issue and the facts and circumstances surrounding such transfers as alleged above, it is necessary and appropriate for the Poe Investment Entities and the Limited Partners to provide a complete and full accounting of all transactions between them in relation to this action, including but not limited to, the nature of the transfers, the transfer of all funds between them relating to same, the transfer or disposition of all funds out of the Poe Investment Entities and the Limited Partners relating to the subject of this action, and the current location of all property that relates to the transfers and/or funds.

WHEREFORE, the Receiver demands entry of an order and/or judgment against the Poe Investment Entities and the Limited Partners: (i) ordering the Poe Investment Entities and the Limited Partners to give a full and complete account to the Receiver regarding the status, use and current location of such funds and assets as requested above; (ii) ordering the Poe Investment Entities and the Limited Partners to turnover to the Receiver all funds and other things of value that are the subject of the paydown of the Wachovia loan that were used from assets of the Insurance Companies; (iii) entering a judgment for the value of the assets that comprise such funds and other things of value; and (iv) for any other relief the Court deems appropriate.

COUNT IX – NEGLIGENT MISREPRESENTATION CLAIMS
(AS TO POE MANAGEMENT AND PIH)

570. The Receiver repeats and realleges the allegations in paragraphs 1 through 481 above as if fully set forth herein.

571. Poe Management and/or PIH each had an affirmative duty to exercise reasonable care to disclose material, accurate and complete information to the policyholders and creditors of the Insurance Companies and OIR, based upon the special relationship of trust and confidence and/or their fiduciary relationship to the Insurance Companies.

572. The conduct, acts or omissions of Poe Management and/or PIH, include, but are not limited to, negligent misrepresentation(s) as to: (a) the financial condition of the Insurance Companies, (b) the status of the loss and LAE reserves for the Insurance Companies, and (c) the use of the NOL of the Insurance Companies; and (d) the status, relationship and pecuniary interests of the various corporations, persons and entities involved as provided for in paragraphs 368 through 376 and 547 through 553 above.

573. As a result of such negligent misrepresentation(s) and/or omissions by Poe Management and/or PIH, the Insurance Companies have been harmed in an amount to be proven at trial.

574. Poe Management and/or PIH knew or should have known that the statements were false given the totality of Defendants' illegal and fraudulent scheme designed to make false representations with knowledge of the truth and/or reckless and/or negligent disregard and intent that the policyholders, the creditors and/or the OIR would rely upon the statements thereof.

575. The policyholders, the creditors and/or OIR reasonably and justifiably relied upon one or more of such representations to their detriment as evidenced by the fact that the Insurance

Companies continued to write insurance policies and/or conduct insurance business in the state and/or continued conducting business in this state in the manner that occurred.

576. As a result of such negligent misrepresentation(s) and/or omissions and/or concealments by Poe Management and/or PIH, the Insurance Companies, the policyholders, and the creditors have incurred monetary damages, plus accrued interest, attorney's fees, and costs.

WHEREFORE, the Receiver demands judgment against Defendants, PIH, Poe Senior, Poe Junior, Charles E., Charles W., Michelle P., Eric P., Peggy P., Keren P., Marilyn P., Janice P., Wurdeman, Meder, Krzesinski, Dollar, Romerill, Gough, Abreu, Guice and Kacprowski, jointly and severally, for treble damages, consequential, incidental and special damages, interest, attorney's fees and costs, and for such further relief as this Court deems just and proper.

COUNT X – FRAUD BY MISREPRESENTATION
(AS TO PIH AND POE MANAGEMENT)

577. The Receiver repeats and realleges the allegations in paragraphs 1 through 481 above as if fully set forth herein.

578. Poe Management and/or PIH made false and/or misleading statements to the policyholders, the creditors of the Insurance Companies and OIR, including, but not limited to (a) the financial condition of the Insurance Companies; (b) the status of the loss and LAE reserves for the Insurance Companies; (c) the use of the NOL of the Insurance Companies; and (d) the status, relationship and pecuniary interests of the various corporations, persons and entities involved as provided for in paragraphs 368 through 376 and 547 through 553 above.

579. Poe Management and/or PIH made these statements with the knowledge that they were false and/or with reckless disregard for the truth.

580. Poe Management and/or PIH made these statements with the intent to hinder, delay or defraud a creditor of the Insurance Companies, including its policyholders, and with

intent that the policyholders and/or creditors of the Insurance Companies and/or OIR would rely upon the statements in order to prolong the life of the Insurance Companies and drain it of premiums, thereby deepening the insolvency and the amount of liabilities of the Insurance Companies.

581. The policyholders and creditors of the Insurance Companies and OIR reasonably and justifiably relied upon one or more of such representations to their detriment as represented by the fact that the Insurance Companies continued to write insurance policies and/or provide insurance coverage in the state without additional state supervision and/or in the manner which occurred.

582. As a result of such false and/or misleading statements by Poe Management and/or PIH, the policyholders and creditors of the Insurance Companies and the Insurance Companies have incurred monetary damages, plus accrued interest, attorney's fees, and costs.

WHEREFORE, the Receiver demands judgment against Defendants, PIH, Poe Senior, Poe Junior, Charles E., Charles W., Michelle P., Eric P., Peggy P., Keren P., Marilyn P., Janice P., Wurdeman, Meder, Krzesinski, Dollar, Romerill, Gough, Abreu, Guice and Kacprowski, jointly and severally, for treble damages, consequential, incidental and special damages, interest, attorney's fees and costs, and for such further relief as this Court deems just and proper.

COUNT XI – FRAUD BY CONCEALMENT
(AS TO PIH AND POE MANAGEMENT)

583. The Receiver repeats and realleges the allegations in paragraphs 1 through 481 above as if fully set forth herein.

584. Poe Management and/or PIH had a duty to the policyholders, and/or the creditors of the Insurance Companies and/or OIR, to speak and disclose regarding the impaired and/or insolvent condition of the Insurance Companies. Such required disclosures included, but were

not limited to, (a) making accurate representations of the financial condition of the Insurance Companies to State regulators, (b) making accurate representations regarding the status of the loss and LAE reserves for the Insurance Companies, (c) making accurate representations of the use of the NOL of the Insurance Companies, and (d) making accurate representations of the status, relationship and pecuniary interests of the various corporations, persons and entities involved.

585. Poe Management and/or PIH concealed and/or had a duty to disclose the true financial condition, status of the loss portfolios, inadequacy of reserves, and misuse of tax assets with the knowledge that the Insurance Companies were financially impaired.

586. Poe Management and/or PIH concealed the true financial condition, status of the loss portfolios, inadequacy of reserves, and misuse of tax assets as provided in paragraphs 368 through 376 and 547 through 553 above with the knowledge that they had a duty to disclose them.

587. Poe Management and/or PIH concealed the true financial condition, status of the loss portfolios, inadequacy of reserves, and misuse of tax assets with the knowledge that the impression as to their soundness conveyed by their silence was false.

588. Poe Management and/or PIH concealed the true financial condition of the Insurance Companies with the malicious and/or wrongful intent to hinder, delay or defraud a creditor of the Insurance Companies, including its policyholders, and with intent that the policyholders and/or creditors of the Insurance Companies and/or OIR would rely upon the statements in order to prolong the life of the Insurance Companies and drain it of premiums, thereby deepening the insolvency and the amount of liabilities of the Insurance Companies.

589. The policyholders and/or creditors of the Insurance Companies and/or OIR reasonably and justifiably relied upon the false impression of soundness conveyed by Poe Management and PIH's silence to their detriment as represented by the fact that the Insurance Companies continued to write policies and/or provide insurance coverage in the state without additional state supervision and/or in the manner which occurred.

590. As a result of such concealment by Poe Management and/or PIH, the policyholders and creditors of the Insurance Companies and the Insurance Companies have incurred monetary damages, plus accrued interest, attorney's fees, and costs.

WHEREFORE, the Receiver demands judgment against Defendants, PIH, Poe Senior, Poe Junior, Charles E., Charles W., Michelle P., Eric P., Peggy P., Keren P., Marilyn P., Janice P., Wurdeman, Meder, Krzesinski, Dollar, Romerill, Gough, Abreu, Guice and Kacprowski, jointly and severally, for treble damages, consequential, incidental and special damages, interest, attorney's fees and costs, and for such further relief as this Court deems just and proper.

COUNT XII - CONSTRUCTIVE FRAUD
(AS TO PIH AND POE MANAGEMENT)

591. The Receiver repeats and realleges the allegations in paragraphs 1 through 481 as if fully set forth herein.

592. Poe Management and/or PIH were in a position to manage, and did manage, the Insurance Companies at all times material to this action.

593. Poe Management and/or PIH directly and/or through their alter egos, the Managing Entities, engaged in the aforesaid improper conduct to, *inter alia*, hinder, delay or defraud the policyholders and/or creditors of the Insurance Companies, and/or OIR and/or other state regulators, and/or members of the public who are assessed by FIGA for the unpaid debts of the Insurance Companies.

594. By means of the improper conduct, Poe Management and/or PIH directly and/or through their alter egos, the Managing Entities, so managed the Insurance Companies as to wrongfully conceal and deepen the insolvency and the amount of liabilities of the Insurance Companies as provided in paragraphs 547 through 553 above, thus allowing them to operate past the point where insurance regulators would have permitted them to operate or in that same manner operate as insurance companies had the true state of affairs been known.

595. Millions of dollars of unfunded liabilities for claims insured by the Insurance Companies would have been avoided and/or mitigated had Poe Management acted in accordance with the obligations and duties of the Insurance Companies and/or the Poe Affiliates and/or its own fiduciary duties to the policyholders, and/or the creditors and/or the Insurance Companies.

596. Poe Management and/or PIH knowingly, intentionally and recklessly artificially prolonged the life of the Insurance Companies after they were impaired or insolvent as they had a vested interest to continue the premium flow.

597. By reason of the control positions Poe Management and/or PIH occupied vis-à-vis the Insurance Companies, they were not left to act of their free will in the manner that insurance companies normally operate. Instead, they were operated for the benefit of Poe Management and/or PIH, as a depository of premium dollars that they could drain at will.

598. PIH and Poe Management directly and/or through their alter egos, the Managing Entities, engaged in the aforesaid improper conduct to, *inter alia*, hinder, delay or defraud the policyholders and creditors of the Insurance Companies, the OIR and other state regulators, and members of the public who are assessed by FIGA for the unpaid debts of the Insurance Companies.

599. By means of the improper conduct, Poe Management and/or PIH directly and/or through their alter egos, the Managing Entities, so managed the Insurance Companies as to conceal and deepen the insolvency and the amount of liabilities of the Insurance Companies, thus allowing them to operate past the point where insurance regulators would have permitted them to operate as insurance companies had the true state of affairs been known.

600. Millions of dollars of unfunded liabilities for claims insured by the Insurance Companies would have been avoided and/or mitigated had PIH and Poe Management acted in accordance with the obligations and duties of the Insurance Companies and/or the Poe Affiliates and/or its own fiduciary duties to the policyholders, and/or the creditors and/or the Insurance Companies.

601. The foregoing constitutes constructive fraud under Florida law.

WHEREFORE, the Receiver demands judgment against Defendants, Poe Senior, Poe Junior, Charles E., Charles W., Michelle P., Eric P., Peggy P., Keren P., Marilyn P., Janice P., Wurdeman, Meder, Krzesinski, Dollar, Romerill, Gough, Abreu, Guice, Kacprowski, Poe Insurance Holdings, jointly and severally, for damages, consequential, incidental and special damages, interest, attorney's fees and costs, and for such further relief as this Court deems just and proper.

COUNT XIII - CONSTRUCTIVE TRUST
(AS TO ALL DEFENDANTS)

602. The Receiver repeats and realleges the allegations in paragraphs 1 through 481 as if fully set forth herein.

603. Poe Management, PIH, the Poe Investment Entities and the Limited Partners, individually, in concert and/or as agents of one another, took possession of monies which had

been paid by policyholders of the Insurance Companies, as and for premiums for insurance coverage provided by the Insurance Companies.

604. The monies were paid with the express intent that they be used to purchase insurance and maintain it in force, not for the purpose of providing an improper fund for private distribution to Poe Management and/or affiliates.

605. Defendants instead caused the Insurance Companies' funds to be transferred to accounts within their dominion and control.

606. Defendants received, and have held and hold such monies impressed with a trust for and on behalf of the Insurance Companies as monies representing premiums collected from the insureds.

607. Furthermore, because Defendants were officers, directors, owners and/or parent companies and/or affiliates and/or investment managers of the Insurance Companies, the parties had a confidential relationship of trust resulting in fiduciary duties owed by Defendants to the Insurance Companies.

608. The Insurance Companies are entitled to recovery of all such premium funds held by any of the Defendants, because of their fraudulent and willful actions, plus damages, accrued interest, and costs.

609. As a result of Defendants' fraudulent scheme, the Insurance Companies are entitled to a constructive trust over all Defendants' assets to the extent of the damages it suffered due to Defendants' fraudulent conduct.

WHEREFORE, the Receiver requests the imposition of a constructive trust upon all funds received by Defendants, PIH, the Poe Investment Entities and the Limited Partners, Poe Senior, Poe Junior, Charles E., Charles W., Michelle P., Eric P., Peggy P., Keren P., Marilyn P.,

Janice P., Wurdeman, Meder, Krzesinski, Dollar, Romerill, Gough, Abreu, Guice and Kacprowski, jointly and severally, as a result of their fraud and conversion and/or substitute assets owned by Defendants, and for such further relief as this Court deems just and proper.

COUNT XIV – UNJUST ENRICHMENT CLAIM
(AS TO ALL DEFENDANTS)

610. The Receiver repeats and realleges the allegations in paragraphs 1 through 481 above as if fully set forth herein.

611. Defendants knowingly and for their benefit have retained premiums and/or monies from the Insurance Companies and prolonged the life of the Insurance Companies to extract improper fees, which allowed Defendants to retain millions of dollars of premium monies and/or monies on the policies issued by the Insurance Companies.

612. Defendants voluntarily accepted and retained the benefits of the continued insurance business of the Insurance Companies, the policies issued by the Insurance Companies and premiums collected thereunder.

613. Defendants have been unjustly enriched by their wrongful conduct, misrepresentations, acts and omissions at the direct expense, loss and detriment of the Insurance Companies, and it would be inequitable for Defendants to retain such benefit without paying the Insurance Companies for the value thereof.

614. The Insurance Companies are entitled to recovery of all such monies wrongfully obtained, withheld, or secreted away by one or more of the Defendants, plus accrued interest, treble damages, attorney's fees and costs.

WHEREFORE, the Receiver, demands judgment against Defendants, PIH, the Poe Investment Entities and the Limited Partners, Poe Senior, Poe Junior, Charles E., Charles W., Michelle P., Eric P., Peggy P., Keren P., Marilyn P., Janice P., Wurdeman, Meder, Krzesinski,

Dollar, Romerill, Gough, Abreu, Guice and Kacprowski, jointly and severally, for consequential, treble, incidental and special damages, interest, attorney's fees and costs, and for such further relief as this Court deems just and proper.

COUNT XV - BREACH OF FIDUCIARY DUTY CLAIMS
(AS TO PIH AND POE MANAGEMENT)

615. The Receiver repeats and realleges the allegations in paragraphs 1 through 481 above as if fully set forth herein.

616. PIH was the parent holding company for the Insurance Companies and Poe Management were officers, directors and/or owners of the Insurance Companies.

617. Because the Insurance Companies were a subsidiary of PIH and Poe Management were officers, directors and/or owners of the Insurance Companies in that they controlled its operations, the parties had a confidential relationship and one of trust.

618. Based on this relationship, Defendants, PIH and Poe Management, each owed a fiduciary duty to the Insurance Companies, its policyholders and creditors to exercise the utmost care, and to act in good faith and in the best interests of the Insurance Companies.

619. Defendants, PIH and Poe Management, however, individually, in concert and/or as agents of one another, *inter alia*, took possession of monies which had been paid by the policyholders of the Insurance Companies, as and for premiums for property and casualty insurance coverage provided by the Insurance Companies, drained the Insurance Companies of the premium funds, and fraudulently and willfully converted the premium dollars for their benefit as provided in paragraphs 494 through 503 above and to the detriment of the Insurance Companies in violation of their fiduciary duties owing to the Insurance Companies.

620. As a result of such breach of fiduciary duty, the Receiver has incurred monetary damages, plus accrued interest, attorney's fees, and costs.

WHEREFORE, the Receiver, demands judgment against Defendants, PIH, Poe Senior, Poe Junior, Charles E., Charles W., Michelle P., Eric P., Peggy P., Keren P., Marilyn P., Janice P., Wurdeman, Meder, Krzesinski, Dollar, Romerill, Gough, Abreu, Guice and Kacprowski, jointly and severally, for consequential, treble, incidental and special damages, interest, attorney's fees and costs, and for such further relief as this Court deems just and proper.

COUNT XVI -BREACH OF FIDUCIARY DUTY
PURSUANT TO §626.561, FLORIDA STATUTES
(AS TO PIH AND POE MANAGEMENT)

621. The Receiver repeats and realleges the allegations in paragraphs 1 through 481 above as if fully set forth herein.

622. PIH was the parent holding company for the Insurance Companies and Poe Management were officers, directors and/or owners of the Insurance Companies.

623. Because the Insurance Companies were a subsidiary of PIH and Poe Management were officers, directors and/or owners of the Insurance Companies in that they controlled its operations, the parties had a confidential relationship and one of trust. Based on this relationship, Defendants, PIH and Poe Management, each owed a fiduciary duty to the Insurance Companies, its policyholders and creditors to exercise the utmost care, and to act in good faith and in the best interests of the Insurance Companies.

624. Defendants, PIH and Poe Management, however, individually, in concert and/or as agents of one another, *inter alia*, took possession of monies which had been paid by the policyholders of the Insurance Companies, as and for premiums for property and casualty insurance coverage provided by the Insurance Companies, drained the Insurance Companies of the premium funds and/or monies, and fraudulently and willfully converted the premium dollars and/or monies for their benefit as provided in paragraphs 494 through 503 above and to the

detriment of the Insurance Companies in violation of their fiduciary duties owing to the Insurance Companies.

625. As a result of such breach of fiduciary duty, the Receiver has incurred monetary damages, plus accrued interest, attorney's fees, and costs.

WHEREFORE, the Receiver, demands judgment against Defendants, PIH, Poe Senior, Poe Junior, Charles E., Charles W., Michelle P., Eric P., Peggy P., Keren P., Marilyn P., Janice P., Wurdeman, Meder, Krzesinski, Dollar, Romerill, Gough, Abreu, Guice and Kacprowski, jointly and severally, for consequential, treble, incidental and special damages, interest, attorney's fees and costs, and for such further relief as this Court deems just and proper.

**COUNT XVII -CONVERSION, COMMON LAW
AND PURSUANT TO §626.561, FLORIDA STATUTES
(AS TO ALL DEFENDANTS)**

626. The Receiver repeats and realleges the allegations in paragraphs 1 through 481 and 494 through 503 above as if fully set forth herein.

627. Defendants wrongfully exercised dominion and control over monies representing premium dollars and/or monies that were rightfully to go to the Insurance Companies pursuant to Florida law.

628. Defendants did not have a legal right or any ownership interest to the monies representing premium dollars and/or monies belonging to the Insurance Companies.

629. Following the liquidation, the Insurance Companies demanded that the monies be turned over to the Insurance Companies and Defendants refused.

630. As a result, the Insurance Companies have incurred monetary damages, plus accrued interest, attorney's fees and costs, and is entitled to judgment.

WHEREFORE, Plaintiff, the Receiver, demands judgment against Defendants, PIH, the Poe Investment Entities, the Limited Partners, Poe Senior, Poe Junior, Charles E., Charles W., Michelle P., Eric P., Peggy P., Keren P., Marilyn P., Janice P., Wurdeman, Meder, Krzesinski, Dollar, Romerill, Gough, Abreu, Guice and Kacprowski, jointly and severally, for consequential, incidental and special damages, interest, attorney's fees and costs, and for such further relief as this Court deems just and proper.

COUNT XVIII - VIOLATION OF FLORIDA'S DECEPTIVE AND UNFAIR TRADE PRACTICES ACT, §§501.201-213, FLORIDA STATUTES
(AS TO ALL DEFENDANTS)

631. The Receiver repeats and realleges the allegations in paragraphs 1 through 481, 494 through 503 and 547 through 553 above as if fully set forth herein.

632. The conduct, acts or omissions of Defendants and each of them, constitute unfair or deceptive acts or practices in the conduct of trade or commerce, which impact the public interest and which have resulted in injury to the business and/or property of the Insurance Companies, its policyholders and its creditors and members of the public who are assessed by FIGA for the unpaid debts of the Insurance Companies in violation of Florida's Deceptive and Unfair Trade Practices Act.

633. As a result, the Insurance Companies, its policyholders and its creditors have incurred monetary damages, plus accrued interest, attorney's fees and costs, and are entitled to judgment.

WHEREFORE, the Receiver, demands judgment against Defendants, Defendants, PIH, the Poe Investment Entities, the Limited Partners, Poe Senior, Poe Junior, Charles E., Charles W., Michelle P., Eric P., Betty, Peggy P., Keren P., Marilyn P., Janice P., Wurdeman, Meder, Krzesinski, Dollar, Romerill, Gough, Abreu, Guice and Kacprowski, jointly and severally, for

consequential, incidental and special damages, interest, attorney's fees and costs, and for such further relief as this Court deems just and proper.

COUNT XIX - CIVIL CONSPIRACY
(AS TO ALL DEFENDANTS)

634. The Receiver repeats and realleges the allegations in paragraphs 1 through 481, 494 through 503 and 547 through 553 above as if fully set forth herein.

635. Since 2004, Defendants have continuously through the present, knowingly and willfully agreed, combined, and conspired to engage in conduct for and/or in furtherance of an unlawful purpose and/or through and by unlawful means, and have entered into an express or implied agreement to accomplish the common design or conspiracy, by knowingly and willingly making false representations to the policyholders and creditors of the Insurance Companies, and/or OIR and/or other state regulators in furtherance of and as part of a fraudulent scheme to control, take control of and/or continue to control the Insurance Companies' premium dollars and/or monies with the intent to fraudulently convert such monies for their own personal use to the detriment of the Insurance Companies and with the knowing and willful intent of breaching its duties to the policyholders, and/or the creditors and/or the Insurance Companies.

636. All actions of Defendants in furtherance of the conspiracy were committed willfully, intentionally, knowingly, maliciously and with reckless disregard for the rights of the Insurance Companies, its policyholders or its creditors. Each defendant is liable, jointly and severally, for all acts committed by any co-conspirator in furtherance of the conspiracy pursuant to Florida law.

637. As a direct result of the Defendants' fraudulent actions, the Insurance Companies, its policyholders and its creditors have been injured and are entitled to damages, plus accrued interest, attorney's fees and costs.

WHEREFORE, the Receiver, demands judgment against Defendants, PIH, the Poe Investment Entities, the Limited Partners, Poe Senior, Poe Junior, Charles E., Charles W., Michelle P., Eric P., Peggy P., Keren P., Marilyn P., Janice P., Wurdeman, Meder, Krzesinski, Dollar, Romerill, Gough, Abreu, Guice and Kacprowski, jointly and severally, for consequential, incidental and special damages, interest, attorney's fees and costs, and for such further relief as this Court deems just and proper.

COUNT XX - ILLEGAL DISTRIBUTIONS WHILE INSOLVENT

(AS TO POE SENIOR, individually and as trustee of the CHARLES E. POE TRUST and the WILLIAM F. POE FOUNDATION, POE JUNIOR, CHARLES E., MICHELLE P., ERIC P., PEGGY P. KEREN P., MARILYN P., JANICE P., WURDEMAN, MEDER, KRZESINSKI, DOLLAR, ROMERILL, ABREU, the POE INVESTMENT ENTITIES, and the LIMITED PARTNERS)

638. The Receiver repeats and realleges the allegations of Paragraphs 1 through 481 and 494 through 503 as though fully set forth herein.

639. The above-mentioned Poe Management, the Poe Investment Entities and the Limited Partners directly and/or through their alter egos, the Managing Entities, received distributions from premium funds derived from the Insurance Companies.

640. Poe Management, the Poe Investment Entities and the Limited Partners, through their alter egos, the Managing Entities, received distributions from premium funds and/or monies that they were managing for the Insurance Companies as provided in paragraphs 494 through 503.

641. Poe Management, the Poe Investment Entities and the Limited Partners, through their alter egos, the Managing Entities, received distributions from premium funds and/or monies that were property of the Insurance Companies.

642. Both the Insurance Companies and the Managing Entities were insolvent at the time of one or more of the distributions.

643. Neither the Insurance Companies nor the Managing Entities, after giving one or more of the distributions effect, were able to pay their debts as they became due in the usual course of their business.

644. Distributions under such conditions are prohibited by Section 607.06041(3)(a) of the Florida Corporation Act.

645. The Receiver, on behalf of the Insurance Companies, is entitled to recover the illegal and prohibited distributions from Poe Management, the Poe Investment Entities, the Limited Partners and its non-bankrupt affiliates that received such distributions.

WHEREFORE, the receiver demands judgment against Poe Senior, Poe Junior, Charles E., Michelle P., Eric P., Peggy P., Keren P., Marilyn P., Janice P., Wurdeman, Meder, Krzesinski, Dollar, Romerill, Abreu, the Poe Investment Entities and the Limited Partners, jointly and severally, for consequential, incidental and special damages, interest, attorney's fees and costs, and for such further relief as this Court deems just and proper.

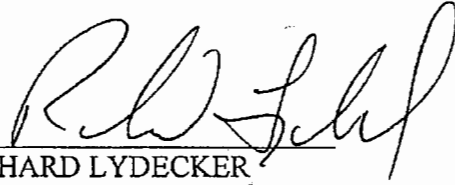
JURY DEMAND

Plaintiff, the Florida Department of Financial Services, as Receiver in liquidation of Atlantic Preferred Insurance Company, Florida Preferred Property Insurance Company and Southern Family Insurance Company, and on behalf of the policyholders, creditors, and other claimants of the Insurance Companies, demands trial by jury of all the issues raised.

Respectfully submitted,

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