

STATE OF MICHIGAN
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT
INGHAM COUNTY

R. KEVIN CLINTON, COMMISSIONER
OF THE OFFICE OF FINANCIAL AND
INSURANCE REGULATION,

Petitioner,

v

AMERICAN FELLOWSHIP MUTUAL
INSURANCE COMPANY,

Respondent.

Case No. 12-1173-CR

HON. WILLIAM E. COLLETTE

[IN LIQUIDATION]

Christopher L. Kerr (P57131)
Assistant Attorney General
Attorney for Petitioner
Corporate Oversight Division
P. O. Box 30755
Lansing, MI 48909
(517) 373-1160

**EX PARTE PETITION FOR APPROVAL OF COMPENSATION OF
JUDGMENT COLLECTION LEGAL COUNSEL**

R. Kevin Clinton, Director of the Michigan Department of Insurance and
Financial Services,¹ as Liquidator of American Fellowship Mutual Insurance
Company (the "Liquidator"), by and through his attorneys, Bill Schuette, Attorney
General, and Christopher L. Kerr, Assistant Attorney General, petitions this Court

¹ Pursuant to Executive Order No. 2013-1 effective March 18, 2013, the Michigan
Office of Financial and Insurance Regulation ("OFIR") was renamed the Michigan
Department of Insurance and Financial Services ("DIFS") and all the authority,
powers, duties, functions, and responsibilities of the former Commissioner of OFIR
were transferred to the newly-created position of the Director of DIFS.

pursuant to MCL 500.8121(1)(b) to approve the compensation to be paid to the law firms Rich & Campbell, P.C. and Roosen Varchetti & Olivier, PLLC in connection with their employment as outside legal counsel who will assist with the collection of a judgment entered and outstanding in favor of American Fellowship Mutual Insurance Company (“American Fellowship”). In support of this Ex Parte Petition, the Liquidator states as follows:

1. On June 12, 2013, this Court entered an Order placing American Fellowship into Liquidation, appointing the Commissioner/Director as Liquidator, and appointing James Gerber as Special Deputy Liquidator of American Fellowship.

2. MCL 500.8121(1)(b) authorizes the Liquidator “[t]o employ employees and agents, legal counsel, actuaries, accountants, appraisers, consultants, and such other personnel as he or she considers necessary to assist in the liquidation.”

3. MCL 500.8121(1)(c) further authorizes the Liquidator to fix, with the Court’s approval, the reasonable compensation of any employees and agents, legal counsel, actuaries, accountants, court’s appraisers, and consultants that he employs.

4. In addition, MCL 500.8121(1)(f) authorizes the Liquidator “[t]o collect all debts and money due and claims belonging to” American Fellowship.

5. Under the Liquidation Order and MCL 500.8121(1)(a), the Special Deputy Liquidator possesses all the powers of the Liquidator granted under Chapter 81 of the Insurance Code, subject to the supervision and direction of the Liquidator and this Court. (Liquidation Order, p 12, ¶ 20.)

6. The Liquidator and Special Deputy Liquidator have decided to retain two law firms, Rich & Campbell, P.C. and Roosen Varchetti & Olivier, PLLC, to pursue the collection of a judgment entered in favor of American Fellowship and against judgment debtors Care Torrice and Michael Torrice in Macomb County Circuit Court Case No. 06-5409-CK (the "Macomb Lawsuit").

7. Rich & Campbell, P.C. represented American Fellowship in the Macomb Lawsuit even before the company entered receivership, and has continued to do so (at the direction of the Special Deputy Liquidator) since the company entered receivership. Accordingly, the firm has extensive knowledge of the facts of this case and the activities of the judgment debtors.

8. To more aggressively pursue collection of the judgment, Rich & Campbell, P.C. has recommended petitioning the Macomb County Circuit Court for the appointment of Roosen Varchetti & Olivier, PLLC as post-judgment receiver in the Macomb Lawsuit to secure assets of the judgment debtors that could be used to pay the outstanding judgment. The Liquidator and Special Deputy Liquidator agree with this recommendation, as Roosen Varchetti & Olivier, PLLC are experienced debt collection attorneys who represent local, national, and international clients in collection matters throughout the State of Michigan. (See Exhibit A, Roosen Varchetti & Olivier, PLLC Website Materials and Attorney Biographies.)

9. The Liquidator and Special Deputy Liquidator have fixed the compensation of these law firms pursuant to the terms contained in their respective

Contingent Fee Agreements attached as Exhibit B, and request the Court to approve this compensation pursuant to MCL 500.8121(1)(c).

10. Specifically, both firms have agreed to provide their post-judgment collection services on a contingent fee basis, thereby limiting American Fellowship's payment obligation to reimbursement for actual, approved collection expenses incurred and deduction of the agreed-to contingent fee percentages from any net recovery collected. (Exhibit B.) If and when amounts are collected on the judgment, Rich & Campbell, P.C. is entitled to retain 24% and Roosen Varchetti & Olivier, PLLC is entitled retain 19% of any net recovery, after first deducting all collection expenses. (*Id.*) The remaining amount collected, or 57% of any net recovery, will be paid to American Fellowship for the benefit of its policyholders and creditors.

11. Pursuant to MCL 500.8121(1)(d) and Paragraph 22 of the Liquidation Order, and upon the Court's approval, any compensation payable to these law firms beyond amounts recovered shall be paid from the available funds and assets of American Fellowship. Although it is not expected to occur, in the event that American Fellowship does not possess sufficient cash or liquid assets to pay this compensation, the Liquidator may advance (but is not required to advance) the necessary amounts out of DIFS funds, which shall be repaid out of the first available money of American Fellowship.

12. The Liquidator and Special Deputy Liquidator have determined that the employment of Rich & Campbell, P.C. and Roosen Varchetti & Olivier, PLLC, together with the compensation to be paid to them in exchange for their collection

services, are necessary and appropriate for the effective and efficient administration of this liquidation proceeding and will assist in providing the maximum protection to creditors, policyholders, and the public.

13. Providing personalized notice of this Ex Parte Petition and any resulting Order to all parties that may have an interest in this matter is impossible at this time because the liquidation claims submission process remains ongoing and all such parties have not been identified. In any event, attempting to identify and personally notify every possible interested party would be time-intensive and costly to American Fellowship's Liquidation Estate. For these reasons, the Liquidator requests this Court to authorize and ratify service of this Ex Parte Petition and any resulting Order by posting electronic copies on the DIFS website, www.michigan.gov/difs, under the section "Who We Regulate" and the subsection "American Fellowship Mutual." Service in this manner is reasonably calculated to give interested parties actual notice of these proceedings and is otherwise reasonable under the circumstances.

WHEREFORE, for the reasons stated above, the Liquidator respectfully requests this Court to approve the compensation to be paid to Rich & Campbell, P.C. and Roosen Varchetti & Olivier, PLLC, as fixed by the Liquidator in the attached Contingent Fee Agreements, in connection with their employment as judgment collection legal counsel. In addition, the Rehabilitator requests the Court to authorize and ratify service of this Ex Parte Petition and any resulting Order by

posting electronic copies on the "American Fellowship Mutual" section of the DIFS website.

Respectfully submitted,

Bill Schuette
Attorney General

A handwritten signature in black ink, appearing to read "Christopher Kerr", written over the typed name below.

Christopher L. Kerr (P57131)
Assistant Attorneys General
Attorneys for Petitioner
Corporate Oversight Division
P. O. Box 30755
Lansing, MI 48909
(517) 373-1160

Dated: September 6, 2013

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This is an attempt to collect a debt. Any information obtained will be used for that purpose. This communication is from a debt collector.

Roosen, Varchetti & Olivier, PLLC takes great pride in being Michigan's premier collection law firm. We represent local, national and international clients in courts throughout the state and associate with counsel throughout the country to effectuate swift, cost effective debt collection. Our incredible success stems from understanding our client's need to quickly and efficiently collect their outstanding debt through aggressive, team-oriented collection specialists that benefit from state-of-the-art collection software and over 75 years of combined collection experience. We are proud members of the American Lawyers Quarterly, The General Bar, National List, Forwarders List, Wright-Holmes List, and the Commercial Bar.

If you need the expertise of one of our lawyers or have a question about our firm please call or e-mail. We are proud to be the leader in advancing aggressive new legal collection practices and are ready to give you the attention and personal service received by all of our clients.

Why a Collection Law Firm?

Why use an attorney or law firm that specializes in collections?

- Lowers your contingency fee rate.
- Allows you to maintain a good rapport with your customers and clients.
- A letter from an attorney lets debtors know that you are serious about collecting the debt, and that swift action is imminent if the debt is not resolved.
- Using an attorney is more cost effective than pursuing the debtor internally, thereby freeing up your available resources to service valuable clients.
- Contact from a law office has a much greater impact on even the most habitual debtor. Attorney involvement is difficult to ignore, and can mean serious consequences that most debtors want to avoid.

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Procuring and Enforcing Judgments

As a full-service law firm, Roosen, Varchetti & Olivier, PLLC. uses innovative and cost-effective legal methods to collect delinquent receivables. We litigate accounts throughout the entire state of Michigan.

For litigation outside of Michigan, we have developed a network of forwarding attorneys who have proven to work as hard as we do while complying with each of our client's requirements. Forwarded accounts are centralized, monitored and billed through our home office in Clinton Township, Michigan. Clinton Township is a northern suburb of Detroit.

Roosen, Varchetti & Olivier, PLLC. has developed customized collection programs to handle all aspects of debt collection, including, but not limited, to the following portfolios:

- Early-outs
- Pre-chargeoff
- Primary
- Secondary
- Tertiary
- Judgment enforcement

The following components allow us to individualize our workplan and provide our clients with impressive recoveries.

- A professional staff of debt collectors, skip tracers and asset locators;
- Strategic account scoring and data mining;
- Credit bureau reporting;
- Extensive high volume processing capabilities;
- Advanced skip tracing techniques utilizing proprietary software which draws upon numerous data services;
- Night and weekend staff;
- Professional on-site training for our staff.

Bankruptcy Proceedings

Limited solely to creditor's rights, our bankruptcy department represents a variety of creditors and handles a substantial number of bankruptcy challenge matters.

Foreclosure Proceedings

In addition to the collection of unsecured debt, Roosen, Varchetti & Olivier, PLLC. also handles the collection of debt secured by real property. Our foreclosure department works quickly and diligently to enforce our client's security interest. Additionally, our bankruptcy department is ready to assist our client should a bankruptcy petition be filed during the foreclosure proceedings.

Attorney Biographies

RVO is a nationally recognized debt collection law firm structured to offer many different types of creditor representation. We take an active role working with you to implement strategies and programs to help you manage your business. The partner biographies are as follows:

Richard Roosen:

Richard is the senior partner of RVO's Litigation & Defense practice. He obtained his Juris Doctor from the Detroit College of Law. His practice involves consumer finance litigation, commercial banking, business-to-business litigation, commercial real estate litigation and medical litigation. Richard has represented many large and small banks as well as debt buyers at the trial and appellate level. Although primarily representing creditors and businesses in commercial and banking disputes; he has experience in credit card debt, auto deficiency, real-estate deficiency, student loans and medical debt. Richard's accomplishments include an A.V. rating in Martindale-Hubbell. He is an active member of the State Bar of Michigan, Michigan Creditors Bar Association, National Association of Retail Collection Attorneys, Commercial Law League of America, International Law League of America and the Catholic Central Shamrock Bar Association.

Lynn Olivier:

Lynn is a partner of RVO's Consumer Litigation Collection Practice. Her responsibilities include all consumer recovery activities for the Firm, including but not limited to consumer credits cards, debt buyer accounts, insurance subrogation, auto deficiency, healthcare, collateral recovery/replevins and retail accounts. Lynn received a B.A. from Michigan State University and a J.D. from Detroit College of Law. Lynn was sole practitioner of Olivier *and* Olivier, P.C. prior to partnering with Roosen, Varchetti & Olivier in 2006. Lynn's accomplishments include her representation of the Plaintiff in *Credigy Receivables, Inc. v Townsley*, No. 280027 (Mich. App. 10/16/2008) (Mich. App 2008) and *Credigy Receivables, Inc. v Townsley*, 760 NW2d 469, 483 Mich. 896 (Mich 2009). Lynn won at the District Court, Circuit Court, Court of Appeals as well as the Supreme Court. The case made good law for the State of Michigan holding the use of a credit card creates a binding contract between the issuer and the user. Lynn is a member of the State Bar of Michigan, Michigan Creditors Bar Association, Past member of the MCBA Legislative Committee and the National Association of Retail Collection Attorneys where she previously served on both the By-laws and Legislative Committee.

Paul Varchetti:

Paul is the Managing Partner of RVO. Paul has the responsibility for directing the core business management of all departments as well as primary oversight of the Firm's shared services/corporate functions. He received a B.S. from Michigan State University and a J.D. from the University of Detroit Mercy. Paul was previously a solo practitioner in Consumer Collections and most notably in Probate Estate planning and Will/Trust contested litigation. He has additional concentrations in medical debt, credit card debt, automobile deficiency and student loans. Over the years, he has accumulated extensive collection litigation experience, managing cases of varying size and degree of difficulty. Paul is a member of the State Bar of Michigan, Michigan Creditors Bar Association, Commercial Law League of America, Italian American Bar Association and the National Association of Retail Collection Attorneys.

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RICH & CAMPBELL P.C.

ATTORNEYS AT LAW

Kenneth A. Rich
Douglas S. Campbell

30665 NORTHWESTERN HIGHWAY, SUITE 201
FARMINGTON HILLS, MI 48334
PHONE (248) 406-8000 FAX (248) 406-8001
richandcampbell.com

Thomas S. Roeder
Ryan C. Moloney

CONTINGENT FEE AGREEMENT

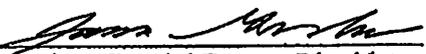
This agreement is made between American Fellowship Mutual Insurance Company ("American Fellowship") and Rich & Campbell, P.C. for purposes of post-judgment collection proceedings against Judgment Debtors Care Torrice and Michael Torrice in Macomb County Circuit Court Case No.: 06-5409-CK (the "Macomb Lawsuit"). American Fellowship retains Rich & Campbell, P.C. to act as attorneys for American Fellowship with regard to collecting on the Judgment in the Macomb Lawsuit, and agrees that Rich & Campbell, P.C. shall be paid on a contingent fee basis of 24% of any net recovery collected, after first deducting any costs of collection including fees and costs incurred by any court appointed receiver (such fees/costs being directly deducted by the receiver from the sums he collects). Additionally, any collection costs incurred by Rich & Campbell, P.C. (motion fees, filings, mileage, postage, etc.) will be paid by American Fellowship; however, Rich & Campbell, P.C. shall not incur any significant collection costs without first obtaining American Fellowship's prior approval.

The parties understand and agree that this agreement is entered into within the context of the Liquidation of American Fellowship, and is therefore conditioned on and subject to the express prior approval of the judge overseeing the Liquidation, the Honorable William E. Collette of the Ingham County, Michigan, Circuit Court (the "Liquidation Court"). Approval of this agreement by the Liquidation Court is a condition precedent to its enforceability, and if the Liquidation Court does not approve this agreement it is null and void.

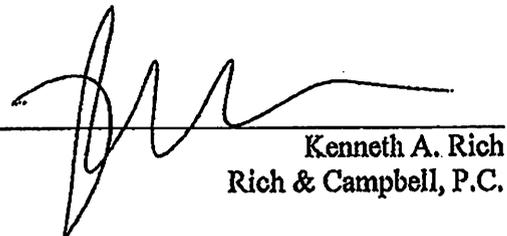
This agreement shall be governed by the laws of the State of Michigan, and any dispute arising under this agreement shall be litigated in the Liquidation Court.

The parties additionally acknowledge and agree that this is the full and final agreement of the parties, that any and all prior or contemporaneous agreements are null and void, and that this agreement may only be amended, modified, or supplemented by a duly executed writing signed by both parties.

Dated: 7/26/13


James Gerber, Special Deputy Liquidator
On Behalf of American Fellowship
Mutual Insurance Company

Dated: 7/22/13


Kenneth A. Rich
Rich & Campbell, P.C.

CONTINGENT FEE AGREEMENT

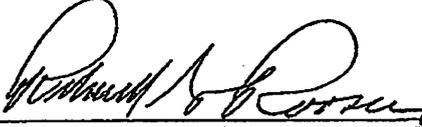
This agreement is made between American Fellowship Mutual Insurance Company ("American Fellowship") and Roosen Varchetti & Oliver, PLCC ("Roosen"). American Fellowship agrees to have its attorneys, Rich & Campbell, P.C., petition the Court in Macomb County Circuit Court Case No.: 06-5409-CK (the "Macomb Lawsuit") to have Roosen appointed as Receiver for the purposes of securing real, personal, and other tangible and intangible assets belonging to Judgment Debtors Care Torrice and Michael Torrice in the Macomb Lawsuit. American Fellowship understands and agrees that Roosen will retain 19% of any net recovery it collects on the Judgment in the Macomb Lawsuit, after first deducting the costs and expenses that it incurs as Receiver.

The parties understand and agree that this agreement is entered into within the context of the Liquidation of American Fellowship, and is therefore conditioned on and subject to the express prior approval of the judge overseeing the Liquidation, the Honorable William E. Collette of the Ingham County, Michigan, Circuit Court (the "Liquidation Court"). Approval of this agreement by the Liquidation Court is a condition precedent to its enforceability, and if the Liquidation Court does not approve this agreement it is null and void.

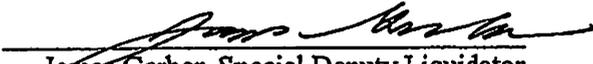
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The parties additionally acknowledge and agree that this is the full and final agreement of the parties, that any and all prior or contemporaneous agreements are null and void, and that this agreement may only be amended, modified, or supplemented by a duly executed writing signed by both parties.

Dated: August 1, 2013


Richard G. Roosen (P35222)
On Behalf of Roosen Varchetti & Oliver, P.C.

Dated: August 5, 2013


James Gerber, Special Deputy Liquidator
On Behalf of American Fellowship
Mutual Insurance Company