

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

ANITA G. FOX, DIRECTOR OF THE MICHIGAN
DEPARTMENT OF INSURANCE AND
FINANCIAL SERVICES,

Petitioner,

CASE No. 19-504-CR

HON. WANDA M. STOKES

[IN REHABILITATION]

v

PAVONIA LIFE INSURANCE COMPANY OF MICHIGAN,

Respondent.

**ORDER GRANTING IN-PART BUYER ASPIDA HOLDCO, LLC'S
MOTIONS FOR EMERGENCY RELIEF IN THE FORM OF SPECIFIC
PERFORMANCE AND TO SEAL CONFIDENTIAL MATERIALS**

**At a session of said Court held on the
10th day of July, 2020.**

Present: Honorable Wanda M. Stokes

This matter comes before the Court on the June 22 and July 1, 2020 Motions of Aspida Holdings, LLC (“Aspida” or “Buyer”) for Emergency Relief in the Form of Specific Performance, the July 1, 2020 Motion of Aspida to Seal Confidential Materials, and Rehabilitator’s brief in support of Aspida’s Motions for Emergency Relief, asking the Court grant relief requested therein. The July 1, 2020 Motions followed the Court’s June 29, 2020 Amended Order Extending Deadline For Closing Stock Purchase Agreement Only, which allowed the closing to take place *on or before* July 31, 2020. The Court granted an extension due to delays that were likely to result from the COVID-19 pandemic and the State Executive Order restrictions. The Court having reviewed the pleadings of the parties and exhibits submitted, having heard oral argument, and being otherwise

fully advised in the premises:

The Court hereby finds as follows:

1. The circumstances described in the Motion present an emergency requiring judicial relief pursuant to MCL 500.8105 and Sec. 14.14 of the Stock Purchase Agreement (“SPA”) that forms an integral part of the Rehabilitation Plan, which the Court approved on June 25, 2020;

2. The Court has jurisdiction of the parties, including Mr. Greg Lindberg, and the subject matter;

3. Seller GBIG Holdings, Inc., by or through its ultimate controlling person Mr. Lindberg (collectively “Seller”), has taken actions they are contrary to pursuing closing as described in the SPA, including Sections 7.01(a) and (ee), 7.03(a), and 8.09(a);

4. During the hearing, the Seller described other acts or omissions that are in violation of the Rehabilitation Order entered on July 9, 2019, including paras. 18, 19 and 21, Michigan law, including MCL 500.8105 and 8106, and the Rehabilitator is entitled to relief pursuant to par. 22.

5. The Court is satisfied that the Buyer is prepared to close as outlined in the SPA, and the Rehabilitator is prepared to proceed with full implementation of the Rehabilitation Plan.

6. To avoid any unnecessary delay or jeopardize the protection of Pavonia and its subsidiary GBIG, LLC (collectively, the “Pavonia Entities”), along with their policyholders and staff, this court orders closing to take place on or before July 14, 2020.

7. Good cause exists for the court to clarify any covenants and obligations under the Stock Purchase Agreement, and to specifically enforce such covenants and obligations; and

8. Notwithstanding cost overruns documentation that may have been disclosed, the Court finds no reason to further delay closing of the transactions in the Stock Purchase Agreement.

9. Any efforts by any party to delay the sale are in violation of the Rehabilitation Order, the Plan of Rehabilitation and Michigan law as aforesaid; and

10. The Rehabilitator has plenary authority over the Pavonia Entities under Chapter 81 of the Michigan Insurance Code, the Rehabilitation Order that the Court entered on July 9, 2019, and the Order Approving the Plan of Rehabilitation that the Court entered on July 25, 2020.

IT IS THEREFORE ORDERED THAT Buyers' Specific Performance Motions are **GRANTED IN-PART**, and the Court orders as follows:

1. Closing under the terms of the Stock Purchase Agreement approved by this Court on June 25 and 29, shall take place on or before July 14, 2020.

2. The Seller is compelled to specifically perform its SPA obligations in accordance with SPA Articles II and III, and Sec's 7.01(a) and (ee), 7.03(a), and 8.09(a), without posting of a bond or other security, and to close the transaction by 5:00 p.m. EDT on Tuesday, July 14, 2020 in accordance with Articles II and III, and to deliver to Buyer before such time the Estimated Closing Statement and such other closing deliverables as are required to be delivered by Seller under the SPA in connection with Closing; and

3. Mr. Lindberg, Seller, and their affiliates, associates, agents, and representatives, shall otherwise comply with Sections 7.01 and 8.09 of the SPA without breach or violation; and

4. Mr. Lindberg, Seller, and their affiliates, associates, agents and representatives, pursuant to SPA Sec. 8.09, shall produce to the Michigan Department of

Insurance and Financial Services and Buyer any offer that either or any of them has provided, solicited, made, received or receives, including, without limitation, offers with respect to or that would or may involve Pavonia's stock, including, but not limited to, any pledge, transfer, sale, or recapitalization, and any similar transaction to anyone other than Buyer on or before 5:00 pm, EDT, Monday, July 13, 2020.

5. The Seller is entitled to documents explaining current cost overruns. Buyer shall immediately provide to Seller all such records not previously provided since June 19, 2020. Seller may petition this Court with a list of specific cost overrun documents outstanding no later than 5:00 pm on July 10th, 2020. if such records are not received for review.

6. In the event that the parties to the SPA do not close on the transaction by the deadline ordered by the Court, the Court affirms the Rehabilitator's authority to execute all necessary documentation and take all necessary actions on behalf of Seller to consummate the closing on the transaction as soon thereafter as possible.

7. Any party that wishes to address the authority of the Rehabilitator referenced in Paragraph 6 may submit to the Court a response of **no more than 5 pages** within 48 hours of the issuance of this Order.

8. Failure of any party to comply with this Order shall result in sanctions allowed by law and the provisions of the various agreements and orders.

IT IS FURTHER ORDERED THAT Buyer's Motion to Seal is GRANTED, and the Court hereby orders that the Redacted Verified Brief of Buyer in Support of its Motion for Emergency Relief in the Form of Specific Performance shall be filed with the Clerk, and the full copy of the Brief is and shall remain sealed from public disclosure. The Court further instructs the parties that the redacted information shall be considered attorneys' eyes only and may not be

shared with Mr. Lindberg, his affiliates, associates, agents, and representatives. This Order shall not preclude counsel for Mr. Lindberg from viewing the sealed document.

IT IS SO ORDERED.

In accordance with MCR 2.602(A)(3), the Court finds that this order does not resolve the last pending claim and does not close the case.

7/10/2020

Date:

Wanda M. Stokes

Honorable Wanda M. Stokes

PROOF OF SERVICE

I hereby certify that I provided a true copy of the above order to each attorney of record, or to the parties, by hand delivery, email, or by placing a true copy in a sealed envelope, addressed to each, with full postage prepaid and placing said envelope in the United States mail, on July 10, 2020.



Courtney L. Ware
Law Clerk/Court Officer