

FILE NO. 17CVS011692-910

1. Petitioner is the Commissioner of Insurance of the State of North Carolina and initiated this action in his official capacity on behalf of the State of North Carolina pursuant to N.C. Gen. Stat. §§ 58-30-15, 58-30-20, 58-30-22, 58-30-25, 58-30-71, 58-30-95, 58-30-100, 58-30-105, and Article 38 of Chapter 1 of the North Carolina General Statutes.

2. Respondent is a North Carolina limited liability company existing under the laws of the State of North Carolina.

3. On or about December 22, 2014, Cannon was licensed by the North Carolina Department of Insurance (“NCDOI”) as a special purpose captive insurance company under the North Carolina Captive Insurance Act to transact Fidelity & Surety Insurance.

4. Cannon’s license was limited to the surety bail bond business (judicial appearance bonds) written by or on behalf of members of Respondent’s parent, Premier Judicial Consultants, LLC (“Premier”).

5. On September 27, 2017, Petitioner filed a Verified Petition for an Order of Rehabilitation, a Seizure Order, an Order Appointing Receiver and Injunctive Relief.

6. On September 27, 2017, the Court entered a Seizure Order and Order Granting Injunctive Relief.

7. On January 2, 2018, the Court entered an Order Granting Petitioner’s Motion for Partial Summary Judgment for an Order of Rehabilitation, finding and concluding that there are no genuine issues of material fact and that the grounds for an Order of Rehabilitation exist as a matter of law.

8. On January 2, 2018, this Court entered an Order of Rehabilitation, Order Appointing Receiver, Order Granting Injunctive Relief and appointed Petitioner as the Rehabilitator of Cannon (“Order”).

9. Under the Order, the Commissioner, as Rehabilitator, is exercising his powers and duties as to Cannon in accordance with N.C. Gen. Stat. § 58-30-85.

10. Pursuant to N.C. Gen. Stat. § 58-30-100, “[t]he Commissioner may petition the Court for an order directing him to liquidate a domestic insurer . . . on the basis . . . that the insurer

is insolvent or that the insurer is in such condition that the further transaction of business would be hazardous, financial or otherwise, to its policyholders, its creditors, or the public.” N.C. Gen. Stat. § 58-30-100(2)-(3).

11. An insurance company is insolvent, if it “is unable to pay its obligations when they are due, or its admitted assets do not exceed its liabilities plus the greater of (i) any capital and surplus required by law for its organization; or (ii) the total par or stated value of its authorized and issued capital stock.” N.C. Gen. Stat. § 58-30-10(13).

12. Based on the uncontested facts set forth in the Verified Petition, Cannon is insolvent as defined under N.C. Gen. Stat. § 58-30-10(13) in that its liabilities exceed its admitted assets by at least \$3,180,933 and is in such a condition that the further transaction of business would be hazardous, financially or otherwise, to its policyholders, its creditors, or the public, or would be futile within the meaning of N.C. Gen. Stat. § 58-30-100(2) and (3).

13. Based upon the Rehabilitator’s Biannual Court Report of Cannon, as of June 30, 2025, the liabilities of Respondent, exceed its assets by at least by \$3,180,933.

14. Respondent is unable to pay its obligations when due and is insolvent within the meaning of N.C. Gen. Stat. § 58-30-10(13), as evidenced by Exhibit A of the Petition (the Affidavit of Jeffrey Trendel dated the 30th of September, 2025) and Exhibit B of the Petition (the Affidavit of Rick Kilpatrick dated the 30th day of September, 2025) due to Respondent’s known bond obligations and its inability to pay the obligations.

15. Sufficient grounds for the appointment of Petitioner as Liquidator of Respondent have been shown under the provisions of Article 30 of Chapter 58 of the North Carolina General Statutes.

16. The Petitioner is entitled to appointment as Liquidator of Respondent under the provisions of Article 30 of Chapter 58 of the North Carolina General Statutes.

17. Upon the entry of an Order of Liquidation, it is in the public's interest that this Court enter an injunction prohibiting the disposition, waste or impairment of the property of Respondent, or any unauthorized transaction of further business on behalf of Respondent, requiring the transfer of all property of Respondent to Petitioner, preventing interference with Petitioner or this proceeding, prohibiting the commencement or prosecution of any actions against Petitioner or Respondent, and prohibiting any party or person from obtaining preferences, judgments, attachments or other liens, or the initiation of any levy against Respondent or any of its general assets.

CONCLUSIONS OF LAW

1. Petitioner is the Commissioner of Insurance of the State of North Carolina and initiated this action in his official capacity on behalf of the State of North Carolina pursuant to N.C. Gen. Stat. §§ 58-30-15, 58-30-20, 58-30-22, 58-30-25, 58-30-95, 58-30-71, 58-30-100, 58-30-105, and Article 38 of Chapter 1 of the North Carolina General Statutes

2. Respondent is subject to the provisions of Article 30 of Chapter 58 of the North Carolina General Statutes.

3. Respondent is insolvent as defined pursuant to N.C. Gen. Stat. § 58-30-10(13).

4. Grounds for the entry of an Order of Liquidation and injunctive relief have been demonstrated by Petitioner.

5. The Petitioner is entitled to appointment as Liquidator of Respondent under the provisions of Article 30 of Chapter 58 of the North Carolina General Statutes.

6. Respondent is declared insolvent and placed under an Order of Liquidation.

NOW, THEREFORE, IT IS ORDERED, ADJUDGED AND DECREED as follows:

COMMISSIONER APPOINTED AS LIQUIDATOR

1. Mike Causey, Commissioner of Insurance of the State of North Carolina, including his successors in office is HEREBY APPOINTED as Liquidator of Respondent Cannon Surety, LLC, pursuant to the provisions of Article 30 of Chapter 58 of the North Carolina General Statutes and as Liquidator is vested with all duties, powers, authorities and obligations as are provided by Article 30 of Chapter 58 of the North Carolina Statutes.

TITLE OF ASSETS AND RECORDED NOTICE OF TITLE

2. This Order of Liquidation shall, by operation of law, vest title of all assets of Respondent in the Liquidator and the filing or recording of this Order with the Clerk of the Superior Court and the Register of Deeds of the county in which Respondent's principal office or place of business is located; or in the case of real estate, with the Register of Deeds of the county where the real property is located, shall impart the same notice as a deed, bill of sale, or other evidence of title duly filed or recorded with that Register of Deeds, would have imparted.

POSSESSION AND CONTROL OF ASSETS

3. As Liquidator, the Commissioner is hereby authorized, empowered and directed to take into his possession and control all property, stocks, bonds, securities, accounts, monies, accounts receivable, books, papers, records, microfilm, electronic files or electronic data, information technology programs, data base or data base programs, printouts and computations (both tangible and stored in memory), electronic, optical or magnetic storage devices or media, tapes, disks, or drives, and all other assets of any and all kinds and nature whatsoever belonging to Respondent, wherever located, to which the Liquidator may be entitled by virtue of Article 30 of Chapter 58 of

the North Carolina General Statutes, and to administer them under the general supervision of this Court.

OTHER POWERS OF LIQUIDATOR

4. The Liquidator shall be vested with such other duties, powers, authorities, and obligations as are provided by Article 30 of Chapter 58 of the North Carolina General Statutes and with the powers and duties of a receiver under all other applicable laws of the State of North Carolina.

APPOINTMENT OF SPECIAL DEPUTY LIQUIDATORS AND EMPLOYEES

5. Pursuant to N.C. Gen. Stat. § 58-30-120, the Commissioner is authorized to appoint one or more special deputy liquidators to act for the Liquidator in connection with this delinquency proceeding and the Liquidator or said special deputy liquidator(s) is/are authorized to employ and to discharge such counsel, clerks or assistants as the Liquidator or said special deputy liquidator(s) deems to be necessary, or to utilize State employees for said purposes if he has determined that the use of State employees to conduct certain aspects of the liquidation is the most cost effective method of administering the delinquency proceeding and that this action benefits the estate and its creditors; to fix the reasonable compensation for employees and agents, legal counsel, actuaries, accountants, appraisers, consultants, clerks or assistants or other such personnel, other than State employees, at customary rates, and to obtain such bonds, errors and omissions insurance, or excess liability insurance, in addition to that already provided for employees of the North Carolina Department of Insurance, as a reasonably prudent person charged with the duties would deem to be appropriate; and that all expenses in taking possession of and administering Respondent, its assets and property, and of conducting the delinquency proceedings against Respondent and otherwise dealing with its business and property, whether incurred by or at the direction of the

Liquidator or any special deputy liquidator(s), shall be paid out of the funds or assets of Respondent pursuant to N.C. Gen. Stat. § 58-30-120(a)(4) and considered class-one claims under N.C. Gen. Stat. § 58-30-220(1), all in accordance with Article 30 of Chapter 58 of the North Carolina General Statutes.

LIQUIDATOR'S EXPENSES

6. The Commissioner, acting as the Liquidator is authorized, empowered, and directed to incur such expenses for communication and traveling expenses for himself, his agents or attorneys as may be necessary in the proper administration of his duties as Liquidator and also to incur such other expenses as the Liquidator may deem advisable or necessary in order to properly conduct and perform his duties as Liquidator.

APPROVAL OF ADVANCE FROM RESPONDENT'S SPECIAL ACCOUNT

7. Because Respondent does not have sufficient cash or liquid assets to defray the anticipated costs and expenses of the liquidation and for the administration of Respondent's assets, the Commissioner, acting as the Liquidator is authorized, empowered, and directed to advance up to \$7,500.00 from Respondent's Special Deposit held on account to pay the anticipated administrative costs and expenses, including those related to giving notice to creditors of Respondent's liquidation and other costs. This Court authorization of the \$7,500.00 advancement from Respondent's Special Deposit is without prejudice to the extent the Liquidator returns for additional advancements, if needed. This authorized advancement, or any future advancements permitted by this Court, shall not in any way limit any power of the Commissioner to advance costs and expenses out of any appropriation for the maintenance of the Department pursuant to N.C. Gen. Stat. § 58-30-120(a)(4).

NOTIFICATION TO STATE AND FEDERAL REGULATORS

8. The Commissioner, acting as the Liquidator is authorized to notify state or federal regulators of this action, and to take any action relating to the licenses or certificates of Respondent as may be required to carry out the Order of Liquidation.

INJUNCTION AGAINST INTERFERENCE WITH LIQUIDATION

9. Injunctive relief pursuant to N.C. Gen. Stat. §§ 58-30-20 and 58-30-130 is HEREBY GRANTED prohibiting any person, firm, company, limited liability company, member, shareholder, agent, manager, trustee, officer, director, employee, third party administrator, economic interest holder, owner, or attorney from interfering in any manner with the property or assets of Respondent or with the Liquidator, his attorneys, or employees as defined by N.C. Gen. Stat. § 58-30-71(a)(2) in the performance of their duties, and further enjoining and restraining all from instituting or prosecuting any suit or other action against the Liquidator, his attorneys, or his employees as defined by N.C. Gen. Stat. § 58-30-71(a)(2), Respondent or Respondent's property or assets except by prior permission of the Court; a stay is HEREBY GRANTED prohibiting all persons, firms, corporations, limited liability companies, members, shareholders, agents, managers, trustees, officers, directors, employees, third party administrators, economic interest holders, owners, or attorneys with notice of this Court's Order from the obtaining of preferences, judgments, attachments, garnishments, or liens against Respondent or its property or assets, or the levying of execution or foreclosure against Respondent or its property or assets, until further order of the Court; Injunctive relief is HEREBY GRANTED enjoining and restraining Respondent, its trustees, officers, directors, managers, agents, employees, third party administrators, members, economic interest holders, owners, attorneys, and any other person with authority over or in charge of any segment of Respondent's affairs, and all other persons from the disposition, waste or

impairment of any of Respondent's property, assets, or records; Injunctive relief is HEREBY GRANTED enjoining the transaction of further business of Respondent, by its trustees, officers, directors, agents, managers, employees, third party administrators, members, economic interest holders, owners, attorneys, and all other persons, unless supervised and approved by the Liquidator or his agents or deputies, until further order of this Court; Injunctive relief is HEREBY GRANTED to order all such persons, companies, limited liability companies, members, shareholders, agents, managers, trustees, employees, officers, directors, third party administrators, economic interest holders, owners, or attorneys to transfer to the Liquidator any and all property or assets of Respondent wheresoever situated, and enjoin and restrain Respondent, its trustees, officers, directors, agents, managers, members, shareholders, third party administrators, economic interest holders, owners, employees, or attorneys, and all other persons from doing or permitting to be done anything which may allow or suffer the obtainment of preferences, judgments, attachments or other liens, or the initiation of a levy against Respondent or any of its property or assets, without prior permission of this Court.

STAY OF PENDING ACTIONS

10. Any and all pending actions against Respondent are hereby stayed effective as of the date of this Order.

INJUNCTION AGAINST ACTIONS BY CREDITORS

11. All creditors, including persons, firms, corporations, limited liability companies, members, shareholders, agents, managers, trustees, officers, directors, employees, third party administrators, economic interest holders, owners, or attorneys receiving actual notice of this Order are hereby stayed from the obtaining of preferences, judgments, attachments, garnishments,

or liens against Respondent or its property or assets, or the levying of execution or foreclosure against Respondent or its property or assets, until further order of this Court.

INJUNCTION AGAINST WASTE, TRANSACTION OF BUSINESS

12. Respondent, its trustees, officers, directors, agents, employees, members, officers, managers, economic interest holders, attorneys, third party administrators, and any other person with authority over or in charge of any segment of Respondent's affairs, and all other persons are hereby enjoined and restrained from the disposition, waste or impairment of any of Respondent's property, assets, or records or the transaction of further business unless supervised and approved by the Liquidator until further order of this Court, and all such persons are hereby required to transfer to the Liquidator any and all property or assets of Respondent wheresoever situated.

13. Respondent, its trustees, officers, directors, managers, agents, employees, members, economic interest holders, attorneys, third party administrators, and any other person with authority over or in charge of any segment of Respondent's affairs, are ordered to cooperate with the Liquidator as required by N.C. Gen. Stat. § 58-30-25.

INJUNCTION AGAINST ALLOWING OBTAINMENT OF PREFERENCES

14. Respondent, its trustees, officers, directors, managers, agents, employees, members, third party administrators, owners, economic interest holders, attorneys, and any other person with authority over or in charge of any segment of Respondent's affairs, are hereby enjoined and restrained from doing or permitting to be done anything which may allow or suffer the obtainment of preferences, judgments, attachments or other liens, or the initiation of a levy against Respondent or its property or assets, without prior permission of this Court.

ACCOUNTING AND REPORTING

15. Pursuant to N.C. Gen. Stat. § 58-30-105(e), the Liquidator shall make a quarterly report to the Wake County Superior Court and the Liquidator shall include in said report a statement of receipts and disbursements to date and a balance sheet, that one original be filed with the Clerk of Superior Court and a copy shall be submitted to the Judge presiding over the liquidation, that the requirement of this Order shall be satisfied by filing the accounting as provided and the Liquidator shall not be required to seek the Court's approval of said accounting, and that this accounting may be amended or supplemented in the Liquidator's discretion.

COMMISSIONER'S BOND

16. The official bond of the Petitioner, the Commissioner of Insurance of the State of North Carolina, shall be sufficient to serve for the faithful performance of his duties and obligations herein imposed.

EFFECTIVE DATE OF ORDER OF LIQUIDATION

17. This Order shall be effective as of the date it is filed.

BAR DATE FOR CLAIMS

18. This Court orders the bar date for claims to be forty-five (45) days after entry of the Liquidation Order.

19. The Court retains jurisdiction of this matter for the determination of such further matters in connection with this liquidation that may properly come before the Court.

IT IS SO ORDERED: 11/4/2025



THE HONORABLE A. GRAHAM SHIRLEY, II
Superior Court Presiding