

**IN THE COURT OF COMMON PLEAS  
FRANKLIN COUNTY, OHIO**

**MARY JO HUDSON,** )  
**SUPERINTENDANT OF** )  
**INSURANCE, OHIO DEPARTMENT** )  
**OF INSURANCE, IN HER** )  
**CAPACITY AS REHABILITATOR** )  
**OF THE GUARANTEE TITLE AND** )  
**TRUST COMPANY,** )

**Plaintiff,** )

v. )

**THE GUARANTEE TITLE AND** )  
**TRUST COMPANY** )

**Defendant** )

**Case No. 08 CVH 07 10725**

**JUDGE GUY L. REECE, II**

**FILED**  
**COMMON PLEAS COURT**  
**FRANKLIN CO. OHIO**  
**2008 AUG 18 AM 8:27**  
**CLERK OF COURTS**

**BRIEF OF REHABILITATOR IN SUPPORT OF  
AGENDA ITEM 2 - THE FAILURE OF CERTAIN THIRD PARTIES TO  
COOPERATE WITH THE REHABILITATOR**

The Plaintiff, Mary Jo Hudson, in her capacity as the rehabilitator (“Rehabilitator”) of Defendant, The Guarantee Title and Trust Company (“Guarantee”) submits this brief to make this Court aware of the events that occurred after August 11, 2008, and to request additional relief required to enforce and implement the Agreed Rehabilitation Order entered on July 28, 2008.

In violation of this Court’s Orders and the rehabilitator statute, Nations Holding Company, Inc., its and Guarantee’s owner Christopher M. Likens, its and Guarantee’s President Hiram Blomquist, Nations’ or Likens’ other owned affiliates, subsidiaries and their employees who work in the Meadowbrook Office Building that also houses Guarantee (collectively for purposes of this memorandum, “Nations”), have denied the Rehabilitator access to the books, records, documents, networks, servers, computers,

work spaces and employees of and pertaining to Guarantee and have interfered with the authority of the Rehabilitator to manage and control Guarantee.

Specifically, since August 13, 2008, Nations has:

1. prevented the Rehabilitator from accessing files on the computer network that either belong or pertain to Guarantee;
2. physically moved a computer and printer that it and/or Nations had designated for use by the Rehabilitator without informing the Rehabilitator of the move or its new location; and
3. restructured office space and changed passcodes to locked doors in order to lock the Rehabilitator out of work areas occupied by critical employees who work on Guarantee's financial, human resources and other non-claims matters.

The Rehabilitator does not know what Nations has done with these computer files for the past two days and can only assume that Nations has acted this way to hide its true dealings with Guarantee and other matters of and pertaining to Guarantee.

A prime example of Nations interference occurred on the afternoon of August 13 when a computer and printer suddenly disappeared from the Rehabilitator's work room at the Guarantee/Nations office. At approximately 3:00 pm, the Rehabilitator e-mailed David Huggins, Nations' and Guarantee's IT Technical Support Manager and asked what happened to the computer. (A copy of this e-mail string is attached as Exhibit A.)

Approximately 2 ½ hours later Huggins responded:

We were told that you were wanting to move up to the third floor and we were told that the move had to be done within 15 minutes. The computer and printer are up in the area by Sally and we are still waiting for the go ahead from your group on if you are ready for us to help move your laptops up there as well.

(See Exhibit A)

Apparently, Nations decided on its own to move the computer because the Rehabilitator never asked Nations to move it. Further, the Rehabilitator had no knowledge of the computer's whereabouts for 2 ½ hours and still does not know who at Nations ordered the move because no one the rehabilitator has asked (Sally Tracey, David Huggins and Larry Likens, Christopher M. Likens' brother who works for Nations and various other Likens owned companies, now claim they do not remember who gave the order. This is but one example of the culture of interference that is pervasive at Nations.

Nations actions have violated this Court's Agreed Order of Rehabilitation of July 28, 2008, Order of August 5, 2008, R.C. 3903.13(A), R.C. 3903.14 (A) and R.C. 3903.14(b). Therefore, the Rehabilitator requests this Court to order Nations, Likens and Blomquist to (1) immediately restore access to all work areas and files that Guarantee had access to on and before July 28, 2008, (2) grant the Rehabilitator comprehensive access to their network files in order to be able to review items related to Guarantee, including network files, emails, back-up tapes, and physical access to the personal computers of executives and other staff who worked on matters related to Guarantee, (3) turn over all Nations files that pertain to Guarantee and (4) warn Nations, Likens and Blomquist that this Court will hold them in contempt for any additional violations.

### **FACTS**

As a result of the co-mingled operations of Nations and Guarantee, the Rehabilitator requires the close cooperation of Likens, Blomquist, Nations and its employees, in order to gain access to all documents of and pertaining to Guarantee as specifically required by the Agreed Order of Rehabilitation, assess the financial condition of Guarantee and manage Guarantee's business. Instead of cooperating with the

Rehabilitator, Nations has instituted a culture of interference and has used its close relationship with Guarantee to place obstacles in the Rehabilitator's path, in particular when it comes to electronically stored information.

**1. Nations and Guarantee's operations and records are co-mingled.**

Nations and Guarantee are owned by the same person, Christopher M. Likens, have the same president, Hiram Blomquist, share the same physical locations, share employees, share computers and share computer networks. (See Exhibit C)(See also Letter of August 15, 2008 from Rehabilitator to Hiram Blomquist attached as Exhibit D.)

Nations employees work on or are responsible for several of Guarantee's functions. Nations employees operate Guarantee's accounting functions, payroll, employee benefits and claims administration.

The nature of the relationship between Nations and Guarantee is most readily apparent in their shared employees. For example, Linda Thomas and Brenda Jerome are technically Nations' Accounting Clerks, but they primarily work on reconciling Guarantee's escrow accounts. (See Exhibit D) Patrick Meyer is Nations' Senior Financial Analyst and also is responsible for Guarantee's statutory accounting. *Id.* Jared Ott is both Nations' and Guarantee's Human Resources Manager. *Id.* David Huggins is Nations' IT Technical Support Manager, but also manages networks and computers utilized by Guarantee. *Id.*

**2. Likens, Blomquist and Nations refuse to provide the Rehabilitator access to employees, computers and networks shared by Guarantee and Nations.**

Despite the fact that Linda Thomas, Brenda James, Patrick Meyer, Jared Ott and others work for both Guarantee and Nations, on August 13, 2008, Blomquist segregated

these employees from the Rehabilitator by changing the passcode to the work area that contains their cubicles and refusing to provide (or authorize the employees to provide) the Rehabilitator with the room's access code. (See Exhibits C and D) As a result, the Rehabilitator is now cut-off from critical employees of Guarantee (unless they agree to either open the door for the Rehabilitator or come downstairs to the Nations offices where the Rehabilitator's staff and the Missouri Department of Insurance are working) with its only access to the claims department through a single door. This restriction directly interferes with the Rehabilitator's authority and has the practical effect of transferring management and control of Guarantee's operations, employees and electronically stored records back to Blomquist and Nations.

The Rehabilitator sent an e-mail to Blomquist and Likens memorializing these events. (See Exhibit C) In response, Blomquist admitted that Nations locked out the Rehabilitator without any warning to, in part, force the Rehabilitator to move to a new location. *Id.*

**3. Nations moved the Rehabilitator's computer and printer without the Rehabilitator's permission.**

Additionally, on August 13, without consulting the Rehabilitator, the computer and printer used by the Rehabilitator mysteriously disappeared. At 3:07 pm the Rehabilitator sent an e-mail to David Huggins, Nations' and Guarantee's IT Technical Support Manager, and asked "What happened to the computer...?" (See Exhibit A)

Huggins responded 2 ½ hours later. Huggins wrote that he was told that the Rehabilitator wanted to move "up to the third floor and we were told that the move had to be done within 15 minutes." *Id.*

Huggins response is very odd, especially because the Rehabilitator never requested to move. It turn out that Blomquist suggested the movet in an email and, without waiting for a response, implemented the move in an attempt to segregate Guarantee's core operations from Nations.

The Rehabilitator responded: "This is news to me. Please advise who gave you these instructions and when they were given." *Id.* The Rehabilitator is still waiting for the name of the person who first gave the order.

**4. Nations denied the Rehabilitator access to Nations' files that pertain to Guarantee, such as Likens' and Blomquist's e-mails.**

Nations IT staff has refused to provide the Rehabilitator with the passwords required to access documents in Nations' possession that pertain to Guarantee. Nations alleges that this Court's Orders do not apply to Nations' property. This is completely contrary to Nations' position prior to and at the time Blomquist and Likens, with the benefit of experienced counsel, agreed to the terms of the Agreed Order of Rehabilitation ("Agreed Order").

Indeed, because of the intermingled nature of the companies, the Agreed Order specifically applies to Guarantee's parent companies, affiliated companies, and each of their directors, officers and employees, and states that these entities are: (1) specifically enjoined from destroying or disposing of any books and records of GTT and (2) specifically ordered to deliver to the Rehabilitator any and all books, records, computer information that pertains to GTT or is the property of GTT. (Agreed Rehabilitation Order, para. 12).

**5. The actions of Likens, Blomquists and Nations are highly suspect.**

It is not like the rehabilitation is brand new and nobody understands the rules. Likens, Blomquist, Nations and the Rehabilitator have worked together for several weeks. This Court placed Guarantee in rehabilitation on July 28 with the agreement of Blomquist as Guarantee's president. Further, the Department of Insurance placed Guarantee in supervision several months ago. As a result of this long standing working relationship, the recent actions of Likens, Blomquist and Nations to place documents, employees and information out of the Rehabilitator's reach are highly suspect. The Rehabilitator can only conclude that the recent actions of Likens, Blomquist and Nations have some nefarious purpose.

**THE REHABILITATOR HAS THE RIGHT TO EXERCISE CONTROL OVER ALL OF GUARANTEE'S ASSETS WITHOUT INTERFERENCE AND TO FORCE THIRD PARTIES TO PROVIDE HER WITH ALL DOCUMENTS PERTAINING TO GUARANTEE.**

The legislature enacted R.C. Chapter 3903 "for the specific purpose of protecting the interests of insureds, claimants, creditors, and the public generally, with minimum interference". *Fabe v. Prompt Finance, Inc.* (1994), 69 Ohio St.3d 268, 273, quoting R.C. 3903.02(D). To carry out this purpose the General Assembly has conferred upon the Rehabilitator and this Court broad discretionary and equitable powers relating to the rehabilitation of insurance companies. *Fabe v. Prompt Finance, Inc.* (1994), 69 Ohio St.3d 268, 273.

**1. The Rehabilitator Statute**

R.C. 3903.13(B) grants the Rehabilitator the authority to "take such action as he considers necessary or appropriate to reform and revitalize the insurer." Further, R.C. 3903.05 authorizes the Court to issue any order the Court "considers necessary and

proper to prevent" the transfer of property; interference with the rehabilitator, the withholding from the rehabilitator of books, accounts, documents or other records and "any other threatened or contemplated action that might lessen the value of the insurer's assets or prejudice the rights of policyholders, creditors, or shareholders \* \* \*." R.C. 3903.05(A)(2), (3), (10) and (11).

One of the purposes of rehabilitation is for a Rehabilitator, not its former management, to manage the company while the Rehabilitator assesses the company's financial condition and rehabilitation potential, or whether the company must be liquidated. As such, the obligations of the Rehabilitator include the duty to assess the existing and potential claims and liabilities by and against the company, which requires unfettered access to personnel and records in any medium related to Guarantee's executive, accounting, information technology, human resources and other corporate functions.

Finally, R.C. 3903.13(A) grants the Rehabilitator exclusive control over the assets of the insurance company and provides that "[t]he rehabilitator is vested by operation of law with the title to all property, contracts, and rights of action of the company as of the date of the entry of the judgment of the court order directing rehabilitation."

## **2. The Agreed Order of Rehabilitation.**

In accordance with its broad statutory powers, on July 28, 2008 this Court issued an Agreed Order Appointing Rehabilitator ("Order"). Mr. Blomquist, as president of Guarantee, signed the consent to be placed in rehabilitation after review and negotiation of the Complaint for Rehabilitation and the Order. He knows or should know the parameters of the Order.

Specifically, this Order grants the Rehabilitator broad powers including the authority to secure possession of all assets of Guarantee, wherever located, to direct and manage Guarantee's employees and to exclusively exercise all powers of Guarantee's officers and board of directors. (Order, para. 4, 7(a) and (b)) Further, the Order prohibited any person from suspending or terminating services provided to Guarantee for 90 days. (Order, para. 10) Finally, the Order required any person acting in concert with Guarantee to immediately deliverer to the Rehabilitator all documents, records, information, computers and discs **pertaining to Guarantee** and to disclose the whereabouts of such items. (Order, para. 12(b) and (c))

### **3. The Clarifying Order.**

On August 5, 2008, this Court issued an Order ("Clarifying Order") in hopes of halting actions taken (whether as an officer or employee of Guarantee, Nations, Reliant or anyone else) in contravention of the Order. The Clarifying Order enjoined all persons from "entering or remaining on real property leased to Guarantee without permission of the Rehabilitator."

### **NATIONS IS ON NOTICE OF AND SUBJECT TO THE ORDER AND THE CLARIFYING ORDER.**

Even though Nations is not a party to the present case, the Revised Code provides that, under certain circumstances, Nations is on notice of and subject to the Order and Clarifying Order. Pursuant to R.C. 3903.19(A) "third persons dealing with the interest of the insurer in other types of property are charged with. . . notice of the judgment ordering rehabilitation when the judgment is filed under Civil Rule 58. . ."

In this case, Nations is on Notice of the Order and Clarifying Order. First, the Clerk of Courts journalized the Order and Clarifying Order pursuant to Civil Rule 58.

Second, Nations deals with the interests of Guarantee on a daily basis as a result of the two companies co-mingled operations. Nations and Guarantee are both owned by Likens and share the same president. (See the Organizational Chart attached as Exhibit B.) Both companies also share work spaces, employees, computers and computer networks. Nations IT department operates Guarantee's computer network and computers. Finally, both Likens and Blomquist are on the service list for documents filed in this case. As a result, Nations is on notice of and subject to the Order and Clarifying Order.

### CONCLUSION

The Rehabilitator requests this Court to issue an Order which requires Nations to within one day:

1. Provide the Rehabilitator with all access codes required to enter any room in which any employee, information, document, file, electronic file or any other asset of Guarantee or of Nations that pertains to Guarantee is located.
2. Provide the Rehabilitator with all passwords required to access any part of any network, server, back-up file or other electronic storage media on which any information related to Guarantee is maintained. The Rehabilitator cannot precisely identify particular files of Nations that belong to or pertain to Guarantee until and unless she has this access.
3. Cease from attempting to manage, or direct any employee of Guarantee or any employee shared by Guarantee and Nations.
4. Cease from entering any area that is occupied by the Rehabilitator without prior permission from the Rehabilitator.

5. Cease from changing any password or access code that would affect the rehabilitator in any way, without the prior consent of the Rehabilitator.
6. Cease from moving, possessing, deleting or affecting in any manner any asset of or pertaining to Guarantee including tangible property, intangible property, computers, electronic files, electronic information and back-up files of Guarantee, Nations, Foreclosure Management, and all other affiliates doing business in the financial services and industry. .
7. Provide the Rehabilitator with all documents and information, no matter how they are stored or what form they exist in, that pertain or relate or belong to Guarantee.

Respectfully submitted,

**NANCY ROGERS**  
**Attorney General State of Ohio**

By Outside Counsel:  
KOHMAN, JACKSON & KRANTZ, LLP



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*Attorneys for Mary Jo Hudson,  
Superintendent, Ohio Department of  
Insurance, in her Capacity as Rehabilitator  
of Guarantee Title and Trust Company*

**CERTIFICATE OF SERVICE**

I hereby certify that a true and accurate copy of this Brief in Support of Agenda was sent to the following by regular U.S. Mail, postage prepaid and, where available, e-mail or facsimile this 15<sup>th</sup> day of August 2008.

Guarantee Title and Trust  
5470 West 95<sup>th</sup> Street  
Prairie Village, Kansas 66207

Nations Holding Company  
5470 West 95<sup>th</sup> Street  
Prairie Village, Kansas 66207

Robert Sullivan, Esq.  
Polsinelli Shalton Flanigan Suelthaus PC  
700 W. 47<sup>th</sup> Street - Suite 1000  
Kansas City, MO 64112  
rsullivan@polsinelli.com

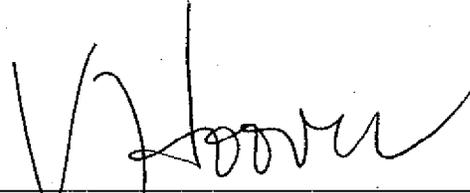
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Prairie Village, Kansas 66207

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Prairie Village, Kansas 66207  
clikens@nationsholding.com



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VALORIA C. HOOVER (0059596)  
Outside Counsel for Mary Jo Hudson,  
Superintendent, Ohio Department of  
Insurance, in her Capacity as Rehabilitator  
of Guarantee Title and Trust Company

-----Original Message-----

From: Richard Clayton [mailto:Richard.Clayton@ins.state.oh.us]  
Sent: Thursday, August 14, 2008 10:15 AM  
To: David Huggins  
Cc: dhorn@ohliq.com  
Subject: RE: Computer Sign On

David:

This is news to me. Please advise who gave you these instructions and when they were given. Thanks.

Rick

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From: David Huggins [mailto:dhuggins@nationsholding.com]  
Sent: Wed 8/13/2008 5:27 PM  
To: Richard Clayton  
Subject: RE: Computer Sign On

We were told that you were wanting to move up to the third floor and we were told that the move had to be done within 15 minutes. The computer and printer are up in the area by Sally and we are still waiting for the go ahead from your group on if you are ready for us to help move your laptops up there as well.

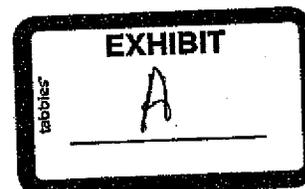
-----Original Message-----

From: Richard Clayton [mailto:Richard.Clayton@ins.state.oh.us]  
Sent: Wednesday, August 13, 2008 3:07 PM  
To: David Huggins  
Subject: RE: Computer Sign On

David:

What happened to the computer you provided us? The printer that was installed also disappeared. Please advise ASAP. Thanks.

Rick



**From:** Hi Blomquist [mailto:hib@nationsholding.com]  
**Sent:** Wed 8/13/2008 3:25 PM  
**To:** Brown, Kristen  
**Cc:** Thomson, Anne; Loomis, Lynda; Clayton, Rick; wmyers@ag.state.oh.us; Fred Lehr; Bob Sullivan  
**Subject:** RE:

Kristen – As I mentioned to you, the passcode change was made by Nations this morning in order to secure information it must protect as confidential. Passcode changes are made on a regular basis and are routine, as are reminders to every employee, when the changes are made, not to divulge the codes to non-employees. It was not Nations's intent to lock you out of the area, nor to withhold any information from you. It was, rather, to seek a better access solution for you to the GTT work area, which includes its claims files, information and employees. Until we could discuss that with you today, it was anticipated that you would continue to have complete access, whenever needed. My schedule prevented me from talking to you earlier this morning, and I again apologize to you for that. As you know, the new code is 2154. Neither Mr. Likens nor I had any intention of denying you access to GTT. We, rather, tried to explain our desire to reach a better arrangement for you.

Personnel on site from the Ohio DOI were, on the first day they arrived here months ago, provided with an office in the GTT area. Several weeks after that, they agreed to move to the temporary Nations space downstairs, where you are now, to accommodate the space requirements of the GTT claims department at the time. They stated, however, that they would have preferred to stay upstairs. It seems to us that it would be better for you and all involved if you were to move your office back to the GTT area, rather than remain in the temporary space which Nations has provided on the floor below. The available space upstairs is larger now, and Nations can easily partition the GTT area from the Nations work areas with a separate, pass-coded entrance, the code to which you alone set and control. This will put you in offices with the GTT staff, which should make your jobs easier and allow you more control.

It has always been, and will continue to be, our intent to cooperate with your Department through the resolution of this difficult situation. As we mentioned to you this morning, we are willing to assist in shipping all of GTT's property here to Ohio, at Nations's expense, if that would assist you in performing your duties. It would seem that it would, at the least, minimize the expenses of travel and lodging to the Kansas City area.

Please let me know if the above arrangements will be acceptable.

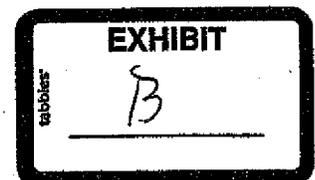
Hi Blomquist

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**From:** Brown, Kristen [mailto:KBrown@OHLIQ.com]  
**Sent:** Wednesday, August 13, 2008 1:04 PM  
**To:** hblomquist@gtitle.com; Chris Likens; Hi Blomquist  
**Cc:** Thomson, Anne; Loomis, Lynda; Clayton, Rick  
**Subject:**

Dear Mr. Likens and Mr. Blomquist:

This confirms our conversation today that, at your direction, the access codes (lock combinations) providing the Ohio Rehabilitator continued access to employees and documents of and pertaining to The Guarantee Title and Trust Company (GTT) have been changed effective today. You further directed GTT employees to withhold the combinations from the Ohio and Missouri Rehabilitators. You also have personally refused to provide the codes to the Rehabilitator, citing general privacy concerns; unspecified FTC regulations and the commingling of your various business operations. The Rehabilitator considers



these actions to be violations of the Agreed Rehabilitation Order, including paragraphs 7 and 12, and supporting statutes. Please provide the access codes to me on or before 2:00 p.m. today.

I will convey to the Chief Deputy Rehabilitator and outside counsel your proposal this afternoon that the Rehabilitator agree to modify the Rehabilitator's work area and access.

Kristen J. Brown, Esq.  
Deputy Rehabilitator

Annual Statement for the year 1997 of the **The Guarantee Title & Trust Company**  
**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
**PART 1 - ORGANIZATIONAL CHART**

**Christopher M. Likens**

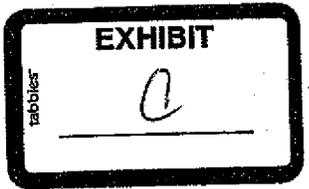
**Nations Holding Company, Inc. 49-1151732**

**Reliant Holding Company, Inc. 83-6368904**

- Nations Title Agency of Arizona, Inc. 86-1026505
- Nations Title Agency of the Carolinas, Inc. 62-1768218
- Nations Title Agency of Colorado, Inc. 75-3042552
- Nations Title Agency of Florida, Inc. 39-3690609
- Nations Title Agency of Georgia, Inc. 58-2572480
- Nations Title Agency of Illinois, Inc. 36-340704
- Nations Title Agency of Indiana, Inc. 35-1947606
- Nations Title Agency of Kentucky, Inc. 61-1321362
- Nations Title Agency of Louisiana, Inc. 72-1328872
- Nations Title Agency of Maryland, Inc. 80-1583303
- Nations of New York, Inc. 26-0014095
- Nations Title Agency, Inc. 48-1151105
- Nations Title Agency of Michigan, Inc. 38-3581100
- Nations Title Agency of Minnesota, Inc. 68-0341784
- Nations Title Agency of Missouri, Inc. 43-1752562

- Nations Title Agency of Ohio, Inc. 42-1336646
- Nations Title Agency of Oklahoma, Inc. 31-1464053
- Nations Title Agency of Tennessee, Inc. 73-1604864
- Texas Nations Title Agency, Inc. 62-1841149
- Nations Title Agency of Utah, Inc. 75-2948382
- Nations Title Agency of Wisconsin, Inc. 48-1308354
- Foreclosure Management Company 48-181731
- Trustee Management Company 02-0687600
- Nations Rec, Inc. 75-2994771
- Reliable Property Reports, Inc. 52-2402489
- Nations Signature Closers, Inc. 75-2994782
- Nations Valuation Services, Inc. 74-3001140
- Nations Real Estate Management & Sales, Inc. 32-2221829
- Nations Commercial & Business Sales, Inc. 20-1863201

- Guarantee Title Insurance Company (MO) 43-1759734 NAIC 50034
- The Guarantee Title and Trust Company (OH) 31-1196950 NAIC 50180
- GQent, Inc. (MD) 20-3211458



**Office of the Ohio Insurance Liquidator**

50 W. Town Street  
Third Floor, Suite 350  
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Mary Jo Hudson  
Rehabilitator

Telephone: 614/487-9200  
Fax: 614/487-9418

Via Email to [hblomquist@nationsholding.com](mailto:hblomquist@nationsholding.com); [hblomquist@gtitle.com](mailto:hblomquist@gtitle.com); [hib@gtitle.com](mailto:hib@gtitle.com)

August 15, 2008

Hiram E. Blomquist, Esq.  
President  
Nations Holding Company and The Guarantee Title and Trust Company  
3270 West 95<sup>th</sup> Street  
Prairie Village Kansas 66207

Re: *The Guarantee Title and Trust Company, in Rehabilitation*

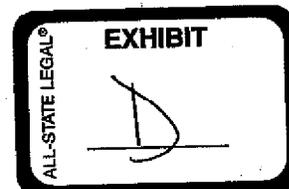
Dear Mr. Blomquist:

This will respond to your email of August 13, 2008 at 3:25 p.m.

The Agreed Rehabilitation Order enjoins The Guarantee Title and Trust Company ("GTT"), its affiliates including but not limited to Nations Holding Company ("Nations"), and others acting in concert with GTT in several respects. The Agreed Order provides in relevant part:

12. All officers, directors, trustees, employees or agents of Defendant Guarantee, or any other person, firm, association, partnership, corporation parent, holding company or other entity in charge of any aspect of Defendant's affairs, including, but not limited to, banks, savings and loans associations, financial or lending institutions, brokers, stock or mutual associations, or any parent, holding company, subsidiary or affiliated corporation or any other representative acting in concert with Defendant, shall cooperate with the Rehabilitator in the performance of her duties. The definition of cooperate shall include, but not be limited to, a duty to do the following...

- (b) Immediately deliver to, and immediately make available to, the Rehabilitator any books, accounts, documents, records, information, computers, tapes, discs, writings, any other recording of information, regardless of form, pertaining to, or the property of, Defendant Guarantee in the entity's possession, custody or control...



13. No member, officer, director, trustee, employee, partner, agent representative of Defendant Guarantee, or of Defendant's parent corporation, holding company or any other person acting in concert with Defendant Guarantee, shall obstruct or interfere with the Rehabilitation in the conduct of her duties as Rehabilitator, and these persons are hereby restrained, except under the express authorization of the Rehabilitator or by the further order of this Court, from doing, operating and conducting the business of insurance of Defendant Guarantee under any charter, permit, license, power of privilege, belonging to or heretofore issued by or to said Defendant Guarantee, and from in any manner conducting, doing or engaging in the business of insurance; from disposing of, using, transferring, selling, assigning, canceling, hypothecating or concealing in any manner or in any way, any books, records, equipment, money, accounts receivable, stocks (including the stock of Defendant Guarantee), bonds, assets, notes, funds or any property or other assets of Defendant Guarantee, whether real, personal or mixed or of any kind of nature, wherever situated including any claims or cause of action that Defendant Guarantee might have against any person, firm association or corporation, belonging to, owned by, in the possession of, or claimed by Defendant Guarantee; and disposing of any account, debt, deposit, share account, trust account, or any other asset owned, owed to, or held for the benefit of Defendant Guarantee or under any other name.

GTT is not in liquidation. GTT is in rehabilitation. One of the purposes of rehabilitation is for a Rehabilitator, not its former management, to manage the company while the Rehabilitator assesses the company's financial condition and rehabilitation potential, or whether the company must be liquidated. As such, the obligations of the Rehabilitator include the duty to assess the existing and potential claims and liabilities by and against the company. During this time, the company operations continue under the direction of the Rehabilitator, although the operations are curtailed due to the stay contemplated in the Agreed Order and August 5, 2008 clarifying order for purposes of maintaining the status quo so as not to further impair the financial condition of the company.

During the time you and others were in management control of GTT, you ran the primary operations of the company in Kansas. Our research of GTT operations to date shows that it took years for Kansas management to move the company from Cincinnati to Kansas. We certainly understand from your email that you prefer that the Rehabilitator leave the headquarters of the company she is charged with attempting to rehabilitate and move its operations back to Ohio. As I am sure you can appreciate from your own experience, that may not be prudent or feasible for several months, if at all during the rehabilitation period. We will however accept your offer to pay the costs to move the records and property of and pertaining to GTT to Ohio at the appropriate time, as determined by the Rehabilitator.

We have discussed the terms of the Agreed Rehabilitation Order with you and the personnel who work (or previously worked) on GTT and GTT-related matters. We have conducted meetings since the "first

day meetings" because of a need to specifically address those provisions of the Agreed Order divesting you of any and all management authority on matters pertaining to GTT. Indeed, a separate clarifying Order addressing you by name was entered on August 5, 2008 in hopes of halting actions taken (whether as an officer or employee of GTT, Nations, Reliant or anyone else) in contravention of the Agreed Order.

Our discussions and the Court's clarifying order have proven inadequate. Indeed, more egregious action has occurred since entry of the clarifying Order and the submission on August 11, 2008 of the Agenda for the Hearing on August 18, 2008.

Until Wednesday, Nations and GTT employees, transactions, documents, etc. were shared and commingled. Indeed, you will recall that the Deputy Rehabilitators asked you to arrange GTT employee meetings to occur on the first day the Deputy Rehabilitators arrived on site in Kansas. The employee meetings were arranged so that the Deputy Rehabilitators could review the Agreed Order and explain to affected personnel the change in management control and obligations under the Agreed Order. You arranged for the few employees who work on GTT claims (in addition to other matters for GTT and other affiliated companies) to attend the first day meeting: David Blomquist, Stefani Hepford, Robert Kennedy, Anjela Jasperse and Sally Tracey. You also informed us that we should meet with numerous other employees who are paid by Nations, but who also work on GTT and GTT related matters, including matters critical to the rehabilitation. You therefore arranged for us to have meetings with, among others:

1. Dave Fisher (Nations controller);
2. Theresa Skaggs (staff accountant, with whom the Rehabilitator is in daily contact and requires unfettered access);
3. Linda Thomas (Nations accounting clerk), who with Brenda Jerome (Nations accounting clerk), reconciles GTT escrow accounts;
4. Dominique Kinny (accounting clerk);
5. Keri Brenning (accounting clerk);
6. Patrick Meyer (Nations Sr. Financial Analyst) who is the most recent employee identified to the Rehabilitator as the person responsible for GTT accounting functions and premium tax records and reconciliations;
7. Chris Faoro (Assistant Treasurer and Secretary);
8. Kurt McLey (Nations General Counsel);
9. Jared Ott (Human Resources, who has responded to and processed all employee-related matters and requests for GTT prior to and during the rehabilitation);
10. Dave Huggins (IT Technical Support Manager for the computer programs and systems jointly utilized by GTT, Nations and other Likens-owned or controlled entities); and
11. you (identified as President of Nations and president of GTT).

Until Wednesday, the Rehabilitator, and the ODI examiners and supervisors before her, were afforded without objection unfettered access to these and other people working in the Meadowbrook Park offices, their work areas and requested records.

What this demonstrates is that GTT's operations, personnel and "work area" are not limited to the area you cordoned off on Wednesday. In addition to claims administration, GTT has payroll and employee benefits operations. Jared Ott, the human resources manager, and others jointly work for GTT and Nations, regardless of which company technically employs them. Indeed, we understand that an allocation is done every month to account for the cost of the shared employees. Similarly, Stefani Hepford, former corporate secretary for GTT, in actuality worked for, among other entities, GTT, GTI, Reliant Holding Company, Nations Holding Company and Foreclosure Management, Inc. GTT's newest accountant, Patrick Meyer, is also technically a Nations employee. David Huggins, the IT manager, is technically a Nations employee. The Rehabilitator is now locked out of the area on the third floor where most of these people work, except for Ms. Hepford who resigned last week and Mr. Huggins who works in a different part of the office complex. None of those individuals or their work product is located in the newly designated "GTT work area" or pertains to GTT.

Of particular concern is Mr. Huggins' and his staff's failure to fully cooperate with the IT needs of the Rehabilitator by, among other things, directing or acquiescing to directions from someone other than the Rehabilitator to move computer equipment from the Rehabilitator's work area without consultation with the Rehabilitator; and, refusing access to all computerized information and documents on the theory that it is "Nations only" and does not belong or pertain to GTT. Claims of corporate separation do not apply under the facts of these circumstances. The Agreed Order mandates that Nations turn over all records, including electronic data, of and pertaining to GTT and Nations dealings with GTT, wherever located. Further, as Nations operated as an agent of GTT, GTT has audit rights.

You claim incorrectly that that you may unilaterally change passcodes in order to restrict the Rehabilitator's access to offices because such changes are a regular occurrence for the purpose of securing confidential information. We are aware of the FTC Consent Order entered against Mr. Likens and several Nations companies in: *In the Matter of Nations Title Agency, Inc.*, et al. in File No. 0523117. Until Wednesday, Nations and GTT realized that the FTC Consent Order does not preempt the Agreed Order. Nor did Nations or GTT claim that the FTC Consent Order prevent the Ohio Department of Insurance ("ODI"), from having unrestricted access (including all passcodes and alarm codes) from approximately March-July 28, 2008 to all areas and people in the Meadowbrook Offices from which GTT, GTI, Reliant, Nations, Foreclosure Management, Piggy Bank Stock, Inc. and other companies operate, for purposes of ODI's examination and subsequent administrative supervision of GTT. Not once did Nations, GTT or any of the other various Likens-controlled companies that are operated out of the Meadowbrook Office Building change the passcodes or establish different passcodes for doors on the third floor based on allegedly completely separate, company-specific work areas and personnel.

Even if changing the passcodes had been a regular part of the business of Nations and GTT, that change cannot be made now without notice to the Rehabilitator or her approval, both of which you failed to do.

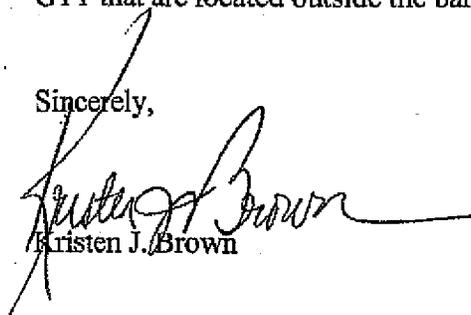
Contrary to your stated intention to cooperate, the actions on and after Wednesday, as summarized above, whether on behalf of GTT, Nations or one of the other many Likens-controlled enterprises,

Hiram E. Blomquist, Esq.  
August 15, 2008  
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have resulted in a continued lock out from August 13, 2008 to the present of essential areas, computers, employees, documents of and pertaining to GTT . We do not have "complete access whenever needed" because you directed that new walls be erected to create an artificial "GTT only work area" that did not previously exist. Your email fails to mention that you again changed the passcodes granting access to the accounting, human resources and other corporate functions of GTT that are located on the third floor with the claims department. You have not provided the Rehabilitator with these additional passcodes, and employees in the other areas have also declined to provide them. The Rehabilitator cannot have "complete access" without all of the passcodes necessary to access people and records of and pertaining to GTT's accounting, human resources and other corporate functions. As such, you have left us no choice but to seek judicial remedies to halt the ongoing violations of the Agreed Order and interference with the Rehabilitator.

The Ohio Deputy Rehabilitators are certainly willing to move to vacant areas of the third floor outside the newly "walled off" GTT work area or claims department. Like the single room we now have, the cubicle that the GTT employees cleared out for the Ohio and Missouri rehabilitators is insufficient to try to conduct a rehabilitation. The partitions must be removed and the passcodes to the areas that house all personnel who work on GTT and all records (electronic and hard copy) of and pertaining to GTT that are located outside the barriers you erected on August 13.

Sincerely,



Kristen J. Brown

cc: Christopher M. Likens, Esq. ([clikens@nationsholding.com](mailto:clikens@nationsholding.com))  
Anne Thomson, Chief Deputy Rehabilitator  
Rick Clayton, Deputy Rehabilitator