

# Exhibit A

Exhibit A

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION

SECURITIES AND EXCHANGE	)	
COMMISSION,	)	
	)	
Plaintiff,	)	
	)	
v.	)	Civil Action No. 1:12-CV-3261-WSD
	)	
ANGELO A. ALLECA, SUMMIT	)	
WEALTH MANAGEMENT, INC.,	)	
SUMMIT INVESTMENT FUND,	)	
LP, ASSET DIVERSIFICATION	)	
FUND, LP, and PRIVATE CREDIT	)	
OPPORTUNITIES FUND, LLC,	)	
	)	
Defendants.	)	

**COMPROMISE SETTLEMENT AND POLICY RELEASE AGREEMENT**

This COMPROMISE SETTLEMENT AND POLICY RELEASE AGREEMENT (the "Agreement") is made by and among, on the one hand, Summit Wealth Management, Inc. ("Summit"), Summit Investment Fund LP, Asset Class Diversification Fund, LP, and Private Credit Opportunities Fund, LLC (collectively, the "Receivership Entities"), by and through their receiver, Robert D. Terry ("Receiver"), as well as National Advisory Services, Inc. ("NASI"), and, on the other hand, Federal Insurance Company ("Federal"). (Collectively, the Receivership Entities, the Receiver, NASI, and Federal, will be referred to as the "Parties").

**1. DEFINITIONS**

- 1.1** "Bar Order" shall mean an order or judgment by the Court that permanently bars and enjoins any and all Receivership Entities, Insureds, Investors, and Third Parties from commencing or continuing any judicial, administrative, arbitration, or other proceeding and/or asserting or prosecuting any claims

against any of the Federal Parties arising out of, in connection with, or relating to any of the Policies, or arising out of or relating to any **Wrongful Act** as defined in any of the Policies, or arising out of or relating to any advice, recommendation, opinion, or act by any of the **Insureds** in providing **Investment Adviser Services** as defined in the Policies. Without limiting the generality of the foregoing, to constitute a Bar Order for purposes of triggering Federal's payment obligation herein, (i) the order or judgment must be final and not subject to further appeal or any pending collateral challenge; and (ii) the order or judgment must be binding on all Parties, Receivership Entities, Insureds, Investors, and Third Parties. A Bar Order in a form approved by the Parties is attached as Exhibit B.

- 1.2 "Claim Bar Notice" shall mean the written notice given by the Receiver of his filing of a motion seeking approval of this Agreement and the entry of a Bar Order (as defined below) to be sent to all persons believed by the Receiver to be Insureds or in the Receiver's good faith judgment potentially qualify as Insureds under the Policies whose names and addresses are known to the Receiver; and to those Third Parties known to the Receiver who have filed a lawsuit or arbitration claim against any Insured or potential Insured, and also posted in its entirety with appropriate identification on the website established by the Receiver in connection with this action, to provide notice to potential claimants and other parties. Such Claim Bar Notice shall include copies of said motion seeking approval of this Agreement (without exhibits) and the proposed Bar Order. A Claim Bar Notice in a form approved by the Parties is attached as Exhibit A.
- 1.3 "Coverage Claims" shall refer to and include any and all claims, rights, actions, or causes of action for indemnity, payment, reimbursement, or any other alleged damages or **Loss** claimed under any of the Policies, as defined herein, all claims for attorney's fees, expert and consulting costs, and all other fees and expenses claimed as **Defense Costs** under any of the Policies, plus any and all other existing or potential claims, actions, or causes of action asserted or which could have been asserted against Federal pursuant to any of the Policies, relating in any way to any of the Underlying Claims.
- 1.4 The "Federal Parties" shall include Federal Insurance Company, its parents, subsidiaries, and all affiliated companies, all predecessor or successor entities, and all their respective present and former employees, officers, directors, general and limited partners, members, administrators,

shareholders, insurers, reinsurers, agents, attorneys, adjusters, and other representatives.

- 1.5 “Insured” and “Insureds” shall include any and all persons and entities meeting the definition of **Insured** under any of the Policies, as well as their respective successors and assigns.
- 1.6 “Investments” refers to those certain transactions in which any persons or entities (whether legal or equitable), at the encouragement and direction of an Insured and/or others related to the Insured, placed their money in the care of an Insured.
- 1.7 “Investors” shall include any and all persons, entities, trustees, estates, or other organization that has or may allege any claim or assert any damages against any Insured arising from any Investments, or that has or may allege damages arising from any provision of **Investment Advisor Services**, as that term is defined under one or more of the Policies, and each of their respective heirs, beneficiaries, assigns, representatives, agents, trustees, relations by blood and marriage, or other related and/or affiliated individuals or entities.
- 1.8 The “Policies” shall include all Asset Management Protector<sup>SM</sup> insurance policies (which erode by payment of defense costs) issued to Summit and/or NASI by Federal and all such policies issued under Policy number 8210-5886, including, but not limited to, the Asset Management Protector<sup>SM</sup> insurance policy bearing that Policy number with a Policy Period of August 17, 2008 to August 17, 2009 (“2008 Policy”), the Asset Management Protector<sup>SM</sup> insurance policy bearing that Policy number with a Policy Period of August 17, 2009 to August 17, 2010 (“2009 Policy”), the Asset Management Protector<sup>SM</sup> insurance policy bearing that Policy number with a Policy Period of August 17, 2010 to August 17, 2011 (“2010 Policy”), the Asset Management Protector<sup>SM</sup> insurance policy bearing that Policy number with a Policy Period of August 17, 2011 to August 17, 2012 (“2011 Policy”), and the Asset Management Protector<sup>SM</sup> insurance policy bearing that Policy number with a Policy Period of August 17, 2012 to August 17, 2013 (“2012 Policy”).
- 1.9 “Potential Receiver Claims” shall include all claims and potential claims planned or contemplated by or within the rights of, the Receiver or his

designee, against any individual or entity that may qualify as an **Insured** under any of the Policies, including but not limited to, all potential direct or indirect claims, as well as all claims that potentially could be brought by the Receiver on behalf of any Investor or on behalf of any other individuals or entities that may have any claim or potential claim to assert any damages against any Insured.

- 1.10** “Receivership Entities” shall include Summit, Summit Investment Fund LP, Asset Class Diversification Fund, LP, and Private Credit Opportunities Fund, LLC, all of their parent and subsidiary entities and their respective divisions and affiliates, and all of their respective officers, directors, agents, employees, adjusters, investigators, attorneys, representatives, reinsurers, successors, and assigns, and any other individuals or entities potentially claiming rights as or on behalf of any Insured under the Policies as defined therein.
- 1.11** “Released Claims” shall refer to and include, collectively, all claims, demands, rights, actions, and causes of action of any kind and nature whatsoever, whether known or unknown at the present time, including causes of action in tort, contract, pursuant to statute, or on any other basis at law or in equity, which the Receiver, or any of the Receivership Entities, or which any Insured or Investor for which the Receiver has authority, may have had, or now has, or may hereafter have against any of the Federal Parties, directly or indirectly, for all losses, damages, injuries, expenses, costs, charges, defense costs, defense expenses, consulting fees, indemnities, consequential damages, penalties, interest, punitive damages, bad faith claims, attorneys’ fees, and all other liabilities, losses, or damages of any kind or nature whatsoever, whether known or unknown at the present time, arising out of, resulting or to result from, or otherwise relating in any way to the Underlying Claims, or to the Coverage Claims, or to the Policies, or to the discharge of any duties by any of the Federal Parties, whether such duties arise under any of the Policies or pursuant to any applicable law, including without limitation the statutory or common laws regulating or relating to insurance in any state. The release of the Federal Parties from the Released Claims is not intended as a release of the claims or potential claims of the Receiver against any Third Party or any Insured or potential Insured, and shall not act as such.

- 1.12** “Third Parties” shall include all individuals and entities other than the Receivership Entities, the Insureds, and the Federal Parties, who have had any connection with the Insureds or with any Insured associated with any Investments and/or any of the Receivership Entities, and each of their respective heirs, beneficiaries, assigns, representatives, agents, officers, directors, shareholders, members, predecessors, successors, employees, affiliates, assigns, attorneys, trustees, relations by blood or marriage, and other related and/or affiliated entities.
- 1.13** “Underlying Claims” shall refer to and include the Potential Receiver Claims, and all other claims, demands, rights, actions, and causes of action of any kind and nature whatsoever, whether known or unknown at the present time, brought by or on behalf of, or by right of, any Third Party that may have any claim or potential claim to assert any damages against any Insured, arising out of the operation of the Receivership Entities, or the Investments, or the relationship between the Receivership Entities and any Investor, or the relationship between any Insured and any Investor.

## **2. RECITALS**

- 2.1** In reliance upon an application for insurance signed by Angelo Alleca, Summit’s CEO, Federal issued the 2008 Policy to Summit, with a policy limit of liability of \$1 million.
- 2.2** Federal renewed Summit’s Policy in 2009 and 2010, maintaining the policy limit of liability at \$1 million.
- 2.3** Federal renewed Summit’s Policy in 2011. The 2011 Policy was issued in the name of NASI as a holding company for Summit. In addition, and in reliance upon a “limits increase letter” or “warranty letter,” Federal also issued an increased Limit of Liability of an additional \$1 million, for a total policy limit of liability of \$2 million under the 2011 Policy.
- 2.4** Federal renewed the Policy issued to NASI and Summit in 2012, and, in addition, and in reliance upon a “limits increase letter” or “warranty letter,” Federal also issued an increased Limit of Liability of an additional \$1 million, for a total policy Limit of Liability of \$3 million under the 2012 Policy.

- 2.5** In connection with each policy limit increase for the 2011 Policy and the 2012 Policy, Summit and/or NASI submitted to Federal a letter that confirmed that “no person proposed for coverage under this Policy is aware of any facts or circumstances which he or she has reason to suppose might give rise to a future claim.” (The “Increased Limit Letters” or “Warranty Letters”). Separately, each letter also stated, “It is further agreed that if such facts or circumstances exist, whether or not disclosed, any claim or action arising from them is excluded from this “proposed coverage.” (The “Increased Limit Exclusions.”)
- 2.6** On September 18, 2012, the Securities and Exchange Commission instituted an enforcement action alleging that Summit and its Chief Executive Officer, Angelo Alleca (“Alleca”), had instituted and implemented a Ponzi scheme to defraud investors, beginning as early as 2006 (The “Enforcement Action”).
- 2.7** In the course of discovery by the SEC in the Enforcement Action, direct evidence of fraud by Alleca was identified in deposition testimony.
- 2.8** On September 19, 2012, Robert D. Terry was appointed as the Receiver of Summit, Summit Investment Fund LP, Asset Class Diversification Fund, LP, and Private Credit Opportunities Fund, LLC.
- 2.9** The Receiver, on behalf of Summit, made a claim under the 2012 Policy.
- 2.10** Following his appointment, and after conducting a pre-suit investigation, the Receiver engaged in negotiations with Federal regarding, among other things, the Coverage Claims and the liability of Federal relating to the Underlying Claims to the extent such claims relate to Federal.
- 2.11** Federal contests the Receiver’s position regarding the Coverage Claims and regarding any liability of Federal relating to the Underlying Claims.
- 2.12** Federal has continuously reserved its rights and defenses under the Policies to limit or deny coverage for all Claims under the terms of the respective Policies or pursuant to applicable law.
- 2.13** The Parties acknowledge the complexity of the multiple coverage issues related to the eroding limits Policies, the policy exclusions potentially

triggered by the Underlying Claims and the Coverage Claims, the significant costs that would accompany any attempt to resolve these issues through litigation, and the likelihood that a significant portion and potentially all of the limits of any Policy ultimately deemed applicable to any Underlying Claim or Coverage Claim would be exhausted by the payment of Defense Costs, resulting in no funds being available for indemnity to claimants, regardless of the ultimate determination made on the coverage issues.

- 2.14** Federal and the Receiver have engaged in extensive settlement discussions in an attempt to settle all Coverage Claims within the scope of the Receiver's authority.
- 2.15** After participating in extensive negotiations, the Receiver and Federal, to avoid the potential costs and uncertainties attendant to litigation, and without Federal admitting any fault, liability, or coverage whatsoever, reached an agreement-in-principle, subject to the execution and final Court approval of this Agreement to settle all claims amicably.
- 2.16** Given Federal's intent to defend vigorously against any Claims asserted against it by the Receiver, or asserted against it by or on behalf of or by right of any Insured, and the likelihood that claim litigation would significantly erode the limits of liability of the Policies, and the risks inherent in litigation and the expenses that would likely result from protracted litigation, the Receiver has concluded that it is in the best interest of the Receivership Estate to avoid litigation that will deplete the assets of the Receivership Estate and that the terms of this Agreement will provide more benefit to the Receivership Estate than any recovery that might be achieved through litigation.
- 2.17** Recognizing the coverage issues under the Policies, the Receiver desires and intends by this Agreement to enter into final compromise and settlement of all actual or potential claims against Federal relating to the Underlying Claims, the Coverage Claims, or to the Policies, and to fully and finally terminate any and all obligations of Federal.
- 2.18** Each Party agrees and acknowledges that he or it will receive reasonable consideration in exchange for agreeing to the obligations under the terms and conditions of this Agreement.



- 2.19** The Receiver acknowledges that part of the consideration of this Agreement for Federal is an accord and satisfaction of any Coverage Claim or other claims it may have against Federal.

### **3. AGREEMENT AND POLICY RELEASE**

NOW, THEREFORE, the Parties, for and in consideration of the mutual promises, covenants, warranties, and payment contained herein, the receipt, adequacy and sufficiency of which is hereby acknowledged, by and through their authorized representatives with express authority to enter into this Agreement, do hereby covenant and agree as follows:

- 3.1 Recitals.** For purposes of this Agreement, the Parties acknowledge the accuracy of the foregoing recitals incorporated into this Agreement.

- 3.2 Court Approval.** The Parties agree and acknowledge that this Agreement is contingent upon and shall be effective and binding on the Parties only after entry of a Final Order<sup>1</sup> (or Orders) of the Court in the Enforcement Action, and the occurrence of each of the following (the “Settlement Contingencies”):

- a. the approval of the settlement and terms of this Agreement; and
- b. the entry by the Court of a Final Order approving and entering a Bar Order in the form attached as Exhibit B (or an alternative form agreed to by Federal in writing), containing an injunction and a permanent bar of the prosecution against Federal or any of the Federal Parties of any and all claims of any kind and nature, including all direct, indirect, or derivative claims in regard to any and all matters arising out of or in any way related to the Coverage Claims, the Policies, the Underlying Claims, or to the discharge of any duties by Federal, whether arising out of the Policies or pursuant to applicable law (collectively, the “Barred Claims”).

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<sup>1</sup> “Final Order” (or Orders) of the Court, for purposes of this Agreement, means an Order (or Orders) that has not been reversed, stayed, modified or amended, and as to which the time to appeal or seek reconsideration or rehearing thereof has expired; or (i) in the event a motion for reconsideration or rehearing is filed, such motion shall have been denied by an order of the Court and all means for reconsideration or further appeal have expired; or (ii) in the event an appeal is filed, that appeal has been dismissed, or the order affirmed and all means for reconsideration or further appeal have expired.

- 3.3 Effective Date.** The Effective Date shall be the date that the Final Order described in Paragraph 3.2, above, becomes final and not subject to further appeal, even though the Bar Order set forth in Paragraph 3.2 shall be in effect between the date the Order is signed and the Effective Date.
- 3.4 Payment.** Within ten (10) business days of the Effective Date, Federal shall deliver to the Receiver ONE MILLION, FOUR HUNDRED AND EIGHTY SEVEN THOUSAND, FIVE HUNDRED DOLLARS (\$1,487,500.00), in a manner designated by the Receiver.
- 3.5 Release of Federal Under All Policies.** With effect from the Effective Date, and delivery of the Payment described in paragraph 3.4, the Receiver, having received and acknowledged the above-stated consideration in compromise of all damages, expenses, liabilities, and losses that are claimed or could be claimed against any of the Federal Parties as a result of or relating in any way to the Released Claims, and therefore on behalf of himself, his successors and assigns, as well as on behalf of the Receivership Entities and all Insureds and Investors for which the Receiver has authority, does hereby release, acquit, and forever discharge the Federal Parties from the Released Claims, and from all obligations arising out of or relating in any way to the Policies.

With respect to the Released Claims, the Receiver, individually and on behalf of the Receivership Entities and Insureds and Investors for which he has authority, acknowledges that he and they may have sustained damages, expenses, and losses which are presently unknown to them, and that additional damages, expenses, and losses presently unknown or unsuspected by some or all of them may arise in the future, and that this Release has been negotiated and agreed upon despite this realization. Being fully advised, Receiver expressly waives any rights any person or entity for which he has authority may have under any statute or common law principle which would limit the effect of the foregoing release to those claims actually known or suspected to exist at the time of the execution of this Release. It is the express purpose and intention of this Release that the Federal Parties be fully released and finally discharged from any and all obligations, contractual or otherwise, associated in any way with the respective Policies, both now and in the future.

**3.6 Retained Jurisdiction.** The Parties agree that the Court shall retain jurisdiction to enforce the terms of this Agreement, the Approval Order and the Bar Order. For the avoidance of doubt, the Parties agree that in the event that the Settlement Contingencies are not satisfied or specifically waived in writing by Federal, then Federal shall have no obligation to make the payment described in paragraph 3.4, above, and this Agreement will be null and void and wholly unenforceable, and the Parties will be restored to their respective rights and positions as they existed prior to the signing of this Agreement.

**3.7 Approval Process.** Within thirty (30) days of the execution of this Agreement, the Receiver shall file a motion in the Enforcement Action seeking the Court's approval of this Agreement and entry of a Bar Order, as described in Paragraph 3.2. The Receiver shall serve by regular, first-class United States mail, a copy of a Claim Bar Notice, the proposed Bar Order, and the motion seeking approval of the settlement (without exhibits) on the persons and entities as required by Paragraph 1.2. The Receiver shall post this Agreement, the motion seeking its approval (and all exhibits thereto), the proposed Bar Order, and the Claim Bar Notice on the website established by the Receiver in connection with this action.

- a. The entry of a Bar Order in the form attached as Exhibit B (or a form agreed to by Federal in writing) and Court approval of this Agreement are conditions precedent to Federal's obligations under this Agreement. This Agreement shall not become effective unless and until the Court approves this Agreement and a Bar Order has been entered by the Court as provided in Paragraph 3.2.
- b. Nothing in this Agreement or the Bar Order is intended to or shall impair in any way the rights of the Insureds or Investors to participate in the claims process for the Receiver's ultimate plan of distribution for the Receivership Estate, to receive distributions of Receivership assets pursuant to the ultimate plan of distribution, or to pursue claims against any Insureds. The Parties acknowledge that claims against Insureds currently are stayed by reason of the Court's Modified Order Appointing Receiver.

- c. Federal will not be liable for any attorney's fees or costs incurred by the Receiver or by any Insureds, Investors, or other claimants in finalizing and implementing the terms of this Agreement, or in making claims against the Receiver or the settlement funds, including without limitation those attorney's fees and costs related to any motions filed with the Court in the Enforcement Action or with respect to the Bar Order.

If the Court enters a Bar Order in accordance with Paragraph 3.2 that becomes a Final Order as defined in this Agreement, then the terms of this Agreement shall become binding on the Parties, and Federal shall transfer the payment to the Receiver in accordance with the terms of this Agreement. If the Court rejects the Receiver's motion for approval, or if no Bar Order is entered and becomes final, then the Agreement shall terminate immediately upon the entry of an order denying the Receiver's motion seeking approval, and Federal shall have no obligation to make the payment described in paragraph 3.4 above, nor shall any of the Federal Parties have any obligations under this Agreement.

- 3.8 No Admissions.** The Receiver and Federal agree that this Agreement is entered into for the purpose of compromising disputed claims and that the giving and receiving of the consideration and covenants provided for herein shall not be construed as an admission of any liability or wrongdoing of any kind by the Receiver or Federal.
- 3.9 Governing Law and Forum Selection.** This Agreement in all respects shall be interpreted, enforced and governed by and under the laws of the State of Georgia, without regard to the choice of law or conflict laws of any jurisdiction. The Receiver and Federal agree that the United States District Court for the Northern District of Georgia, Atlanta Division, shall have exclusive jurisdiction over all issues related to this Agreement.
- 3.10 Independent Legal Representation and Advice.** The Receiver and Federal warrant and represent that, in executing this Agreement, they have relied upon legal advice from their attorneys of choice, that the terms of this Agreement, and its consequences, have been completely read and explained by their attorneys, and that they fully understand the terms of this Agreement. Further, this Agreement has been circulated for editing by counsel for all parties and therefore shall be deemed to have been drafted jointly by the parties;

accordingly, any rule pertaining to the construction of contracts to the effect that ambiguities are to be resolved against the drafting party shall not apply to the interpretation of this Agreement. The undersigned individuals signing this Agreement warrant and represent that they have full authority to execute this Agreement.

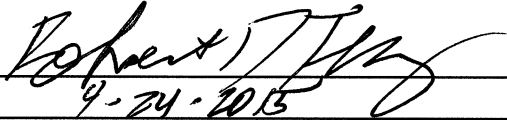
- 3.11 Entire Agreement.** This Agreement constitutes the entire agreement between the Parties hereto and may not be amended or modified except by a written agreement signed by all Parties.
- 3.12 Costs, Fees, and Expenses.** Each Party shall bear its own costs, fees, and expenses (including all attorney's fees and any other legal or accounting fee or expense) incurred in connection with this Agreement and the transactions contemplated thereby.
- 3.13 Counterparts.** Each of the undersigned Parties agrees that multiple copies of the signature pages of this Agreement may be distributed to the undersigned parties for signature, such signature pages to be returned to counsel for the Receiver, to be assembled into multiple copies of this Agreement, each of which shall be deemed to be one and the same instrument.

**[SIGNATURE PAGES FOLLOW]**

IN WITNESS WHEREOF, the Parties have signed and acknowledged this Agreement below.

**RECEIVER, ROBERT D. TERRY**

As Receiver for Summit Wealth Management, Inc., Summit Investment Fund, LP, Asset Class Diversification Fund, LP and Private Credit Opportunities Fund, LLC

By: 

Date: 9-24-2013

Dates and Docket Number of Orders Establishing Authority: September 24, 2012 (Docket # 9); November 23, 2012 (Docket # 27)

**NATIONAL ADVISORY SERVICES, INC.**

By: 

Name: Angelo Alleca

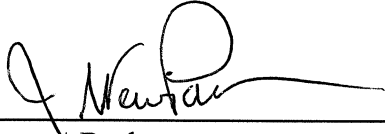
Title: President

Date: 3-19-2015

**FEDERAL INSURANCE COMPANY**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title or Citation of Authority: \_\_\_\_\_  
Date: \_\_\_\_\_

APPROVED AS TO FORM:



\_\_\_\_\_  
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***Attorney for Receiver***

\_\_\_\_\_  
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***Attorneys for Federal Insurance Company***

**FEDERAL INSURANCE COMPANY**

By: Hugh D. Spears  
Name: Hugh D. Spears  
Title or Citation of Authority: Assistant Vice President  
Date: April 14, 2015

APPROVED AS TO FORM:

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*Attorneys for Federal Insurance Company*



**FEDERAL INSURANCE COMPANY**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title or Citation of Authority: \_\_\_\_\_  
Date: \_\_\_\_\_

APPROVED AS TO FORM:

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*Attorneys for Federal Insurance Company*

# Exhibit B

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA

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SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

ANGELO A. ALLECA, SUMMIT  
WEALTH MANAGEMENT, INC.,  
SUMMIT INVESTMENT FUND, LP,  
ASSET DIVERSIFICATION FUND, LP,  
and PRIVATE CREDIT  
OPPORTUNITIES FUND, LLC

Defendants.

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Civil Action No.  
1:12-CV-3261-WSD

**NOTICE OF RECEIVER’S MOTION FOR APPROVAL OF  
SETTLEMENT OF DISPUTED CLAIM AND SETTLEMENT  
AGREEMENT, AND FOR ENTRY OF A BAR ORDER**

On May 21, 2015, Receiver Robert D. Terry (“Receiver”) filed a Motion for Approval of Settlement of Disputed Claims and Settlement Agreement, and for Entry of Bar Order (the “Motion”), seeking Court approval of a proposed settlement (the “Settlement”) with Federal Insurance Company (“Federal”). If the Court grants the Motion, certain claims or potential claims you may have will be barred.

A copy of the Motion and all exhibits to the Motion are enclosed. A Memorandum of Law in Support of the Motion is also enclosed, without exhibits. A copy of all documents relevant to the Motion, including all exhibits to the Memorandum, are available in electronic format at no cost on the Receivership Estate's website at <http://www.swmreceivership.com>. Additionally, if you contact counsel for the Receiver at the address or telephone number shown below and request a copy of the exhibits to the Memorandum, they will be provided to you at no cost.

The principal features of the Settlement Agreement are: (1) payment by Federal of the total sum of \$1,487,500.00 ("Settlement Consideration") to the Receivership Estate, and (2) the entry of a Bar Order foreclosing future claims under the Policy ("Bar Order"). The settlement is expressly contingent on the development of a bar order mechanism in a form acceptable to Federal (and Court approval of that mechanism) to protect Federal from further claims by those claiming rights under the Policy. The Bar Order is necessary to give effect to the Settlement Agreement, since Federal contends that in the absence of a settlement it could obtain a declaratory judgment of no coverage or limited coverage in an amount less than the Settlement Consideration.

As stated in the Motion and Memorandum, the Receiver believes that the Settlement, including the entry of a claims Bar Order is fair, equitable and

reasonable, and in the best interest of the Receivership Estate and its claimants.

The Settlement Consideration is an amount representing approximately 49% of the full limits of liability of the insurance policies at issue. The Receiver believes this amount fairly resolves the Estate's claims in light of the following factors:

- (1) the existence of possible grounds for partial rescission, exclusions of claims, or the voiding of the policies entirely;
- (2) the likelihood that, absent a settlement, the limits of liability that are determined to be applicable will be exhausted or substantially eroded by the payment of defense costs in individual claimants' litigation; and
- (3) the pursuit of litigation in order to establish a greater liability is not likely to yield a better result, taking into consideration attorneys' fees and other costs of litigation.

Under the terms of the Settlement Agreement, the Receivership Estate would receive a significant recovery that would allow the Receiver to file a proposed plan for interim distribution to claimants against the estate. The Receiver believes the proposed Settlement is in the best interests of the Estate and provides a favorable recovery without the burden and large expense of protracted litigation against Federal. The Settlement would also maximize the amount of coverage to be used to pay claims and, significantly, would avoid the wasting of insurance dollars potentially available to claimants to be used instead for payment of defense costs.

Please refer to the enclosed Memorandum of Law in support of the Motion for additional information.

Also enclosed is a copy of the proposed Bar Order, which was a necessary condition of the Settlement in order to secure the settlement amount. If the Bar Order is signed by the Court, all persons insured under the applicable policies, all Summit investors, and all third parties will be enjoined from taking any adverse action against the Insurance Company and/or the policies, including the commencement or continuation of any legal proceeding against the Insurance Company or the policies arising out of (1) the policies, (2) the wrongful act of any Insured, or (3) any advice, recommendation, opinion or act by any insured under the policies or in providing “Investment Adviser Services” for others as defined in the policies.<sup>1</sup>

Nothing in the Bar Order will impair the rights of any Receivership Estate claimant from instituting or continuing any claims against any person, including any Insured under the Policy, or against any third parties, except insofar as any such claim is sought to be collected through the proceeds of the Policies. Likewise, nothing in the Bar Order will impair the rights of any Receivership

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<sup>1</sup> Nothing herein shall be construed to modify the terms of the proposed Bar Order. You are encouraged to review the Bar Order carefully.

Estate claimant from participating in the claims process associated with the ultimate distribution of Estate assets at the conclusion of the Receivership.

Please direct all questions to the undersigned.

Dated: May 21, 2015

/s/ J. Steven Parker

J. Steven Parker

*Counsel for Receiver*

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Atlanta, GA 30329  
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Fax: 404/490-4058  
[jsparker@parkmac.com](mailto:jsparker@parkmac.com)

# Exhibit C



Exhibit C

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION**

<b>SECURITIES AND EXCHANGE</b>	)	
<b>COMMISSION,</b>	)	
	)	
<b>Plaintiff,</b>	)	
	)	
<b>v.</b>	)	<b>Civil Action No. 1:12-CV-3261-</b>
	)	<b>WSD</b>
<b>ANGELO A. ALLECA, SUMMIT</b>	)	
<b>WEALTH MANAGEMENT, INC.,</b>	)	
<b>SUMMIT INVESTMENT FUND,</b>	)	
<b>LP, ASSET DIVERSIFICATION</b>	)	
<b>FUND, LP, and PRIVATE</b>	)	
<b>CREDIT OPPORTUNITIES</b>	)	
<b>FUND, LLC,</b>	)	
	)	
<b>Defendants.</b>		

**[PROPOSED] ORDER APPROVING SETTLEMENT OF DISPUTED  
CLAIMS AND SETTLEMENT AGREEMENT  
AND ENTERING BAR ORDER**

This matter came before the Court for hearing on \_\_\_\_\_, 2015 (the “Hearing”) upon the Receiver’s Motion for Approval of Settlement of Disputed Claims and Settlement Agreement and for Entry of Bar Order (the “Motion”). The Court has reviewed the Motion, the Compromise Settlement and Policy Release

Agreement (“Agreement”)<sup>1</sup> attached to the Motion as Exhibit A, the Claim Bar Notice attached to the Motion as Exhibit B, and the proposed Order Approving Settlement of Disputed Claims and Settlement Agreement and for Entry of Bar Order attached to the Motion as Exhibit C and has considered the record in this case, the arguments of counsel at the Hearing on the Motion, any objections to the Motion, evidence adduced in support of the Motion, and such further evidence as has been presented to the Court. The Court finds that the Receiver provided due and proper notice of the Motion, the Agreement, and the Hearing on the Motion by direct notice to Insureds and potential Insureds where known to the Receiver, to Third Parties known to the Receiver who have filed a lawsuit or arbitration claim against any Insured or potential Insured, and by posting the motion and exhibits in their entirety on the website established by the Receiver in this action.

The Court further finds, consistent with general equitable principles and in accordance with this Court’s equitable jurisdiction, that the entry of this order is reasonable and justified under the facts and circumstances of this case, and is a necessary requirement of the Parties, without which the settlement and compromise contained in the Agreement would not have been entered into by the Parties.

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<sup>1</sup> Unless otherwise stated herein, capitalized terms shall have the same meaning as provided in the Agreement.

Based upon the foregoing, it is hereby, **ORDERED:**

1. The Motion is **GRANTED**.
2. The settlement between the Receiver and Federal Insurance Company (“Federal”), as specifically provided for in the Agreement attached to the Motion as Exhibit A, is hereby **APPROVED**.
3. The Agreement is hereby **APPROVED**.
4. The Receiver’s request for the entry of the Bar Order is **GRANTED** as set forth below.
5. Except as otherwise provided herein, any and all persons, including without limitation Summit Wealth Management, Inc., Summit Investment Fund LP, Asset Class Diversification Fund, LP, Private Credit Opportunities Fund, LLC, National Advisory Services, Inc., and any of their current or former employees or agents, and all other persons falling under the definition of “Insured” under any of the Policies issued by Federal that are the subject of this Settlement, and each of their heirs, successors, and assigns (collectively, the “Insureds”), plus all “Investors” (as that term is defined in the Agreement), and all “Third Parties” (as that term is defined in the Agreement), are all, separately and severally, except as provided in Paragraph 6 of this Order, hereby enjoined and restrained from:

(a) the filing, commencing, conducting, supporting or continuing in any manner, any suit, action, or other proceeding (including, without limitation, any proceeding in any judicial, arbitral, administrative, or other forum) that directly, indirectly, derivatively, or in any other form or manner, is adverse to or against the interests of Federal Insurance Company, with regard to any matter (i) arising out of or relating to any of the Policies, (ii) arising out of or relating to any “Wrongful Act” (as defined in the Policies) by any Insured, or (iii) arising out of or relating to any advice, recommendation, opinion, or act by any Insured in providing “Investment Adviser Services” (as defined in the Policies); and from

(b) enforcing, levying, or employing legal process, whether pre- or post-judgment, and against attaching, garnishing, sequestering (including any prejudgment attachment, garnishment or sequestration), and from bringing proceedings supplementary to execution, collection, or otherwise seeking any recovery against Federal Insurance Company by any means or in any manner, with regard to any claim, (i) arising out of or relating to or alleged to be covered under any of the Policies, (ii) arising out of or relating to any alleged Wrongful Act (as defined in the Policies) by any Insured, or (iii) arising out of or relating to any advice, recommendation,

opinion, or act by any Insured in providing Investment Adviser Services (as defined in the Policies); and from

(c) bringing or participating in any action brought by any person or entity seeking recovery, contribution, reimbursement, and/or indemnity in any form from Federal Insurance Company, with regard to any claim, (i) arising out of or relating in any way to, or alleged to be covered under, any of the Policies, (ii) arising out of or relating to any Wrongful Act (as defined in the Policies) by any Insured, or (iii) arising out of or relating to any advice, recommendation, opinion, or act by any Insured in providing Investment Adviser Services (as defined in the Policies).

6. The scope of the Bar Order set forth in paragraph 4 above is limited to those claims against Federal Insurance Company arising out of, resulting or to result from, or in any way connected with the Receivership Entities, including but not limited to the operations of the Receivership Entities, or with regard to any and all claims relating or allegedly relating in any way to any of the Policies. The Bar Order is not intended to, and shall not, bar or impair Third Party claims against any Insureds, except insofar as any such claim is sought to be collected through the proceeds of any of the Policies. All previous Orders entered with respect to any such claims remain in effect unless expressly modified by the present Order.

7. Any and all liability of Federal under any of the Policies shall, effective upon the receipt by the Receiver of the Payment consideration described in the Agreement, be fully and finally extinguished.

8. The rights of the Insureds and of the Investors and Third Parties to participate in the claims process for the Receiver's ultimate plan of distribution for the Receivership Estate shall not be impaired by this Order.

9. The Court shall have and retain jurisdiction over all matters related to the administration, interpretation, effectuation, or enforcement of this Order, the Agreement, and any related disputes.

10. There being no just reason for delay, this Order is, and is intended to be, a final, appealable decision of the Court within the meaning of Rule 54(b) of the Federal Rules of Civil Procedure.

11. The Clerk of Court shall promptly serve copies of this Order upon all parties to this SEC action.

**IT IS SO ORDERED this \_\_\_\_ day of \_\_\_\_, 2015.**

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**The Honorable William S. Duffey**  
**United States District Judge**