

**Far West Insurance Co.  
In Liquidation**

**Amwest Surety Insurance Co.  
In Liquidation**

5230 Las Virgenes Road  
Calabasas, California 91302

## **NOTICE**

TO: All Contractual Bail Agents of Far West Insurance Company, a Nebraska Insurer  
and Amwest Surety Insurance Company, a Nebraska Insurer

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Please be advised that Far West Insurance Company ("Far West") became the subject of an Order of Liquidation, Declaration of Insolvency, and Injunction entered by the District Court of Lancaster County, Nebraska on Friday, November 9, 2001 under case number CI 01-4133 ("Order"). The Court found that Far West is insolvent and appointed L. Tim Wagner, Director of Insurance of the State of Nebraska, as liquidator of Far West to liquidate the business of Far West (the "Liquidator"). Attached is a true and correct copy of the Order for your reference. The liquidation will be administered at the offices of Far West by a Special Deputy Liquidator.

### Cancellation of All Policies, including Bail Bonds and Other Non-Cancellable Business

By issuance of the Order and pursuant to the terms of Neb. Rev. Stat. 44-4819, **all bail bonds shall continue in force until the earliest of:**

- (1) Sunday, December 9, 2001 at 11:59 P.M. CST;
- (2) The exoneration of the bail bond;
- (3) The date the bail bond has been replaced.

Concerning outstanding bail bonds issued by Amwest Surety Insurance Company ("Amwest"), those bonds were previously reinsured by Far West and became obligations of Far West under the terms of that Reinsurance Agreement. You are hereby notified that the obligations and liability of Amwest and Far West are terminated by this notice of cancellation of those bonds effective December 9, 2001.

**In short, all Far West and Amwest bail bonds will be cancelled no later than 11:59 P.M. CST, December 9, 2001. Note that this date may not be extended. It is established as a matter of law.**

As a result, we urge you to immediately obtain replacement bail bonds for your clients (the defendants) or facilitate the uninterrupted release of the defendants by other means. The Liquidator cannot assist you in replacing cancelled bail bonds. However, if you do pay the premium for a replacement bond, you may file a proof of claim with the Liquidator for premium attributable to replacement of such bonds, net of commission. This claim must be filed in accordance with the Proof of Claim process described below. At this time, the Liquidator cannot make any representation as to an amount, if any, that will ultimately be approved or paid on this or any other type of claim.

Within fifteen days of your receipt of this Notice you are required to notify all of your agents (Far West and Amwest sub-agents), all defendants and the Courts where each bail bond is on file, of the Order of Liquidation and this Notice of Cancellation. Your notice of the liquidation and cancellation must be sent by first class-mail and include the name and address of Far West/Amwest, your name and address, the Court case number and the power number of the bail bond(s) being cancelled or replaced. Further, you are required to file a report with the Liquidator showing your compliance with this notice requirement. Please note on the address of the envelope, Attention Liquidator, "Court Division Report of Compliance" and mail the report to this office at the address below.

The terms of your agent contract with Far West and Amwest continue to be in full force and effect and therefore you remain liable for all bonds written pursuant to said contract. As such, you continue to be empowered to file motions, return collateral, and undertake all other responsibilities as a Far West/Amwest agent in a manner consistent with your contractual obligations and statutory provisions. You also continue to be liable for all bail bonds irrespective of the pending cancellation of the bail bonds.

Agents in California, Arizona and Nevada are ordinarily required to have in place a license bond in order to maintain their bail license. **Agents in those states are advised that these Far West license bonds are also being cancelled effective December 9, 2001.** We urge you to work with your surety company to immediately cause a new bond to be placed with your state's Department of Insurance so as to avoid any lapse of your licensure.

The Liquidator will implement a claim process and adopt a Proof of Claim form (POC). All persons reasonably expected to present claims will be provided a POC. Claims will be subject to adjudication by the Liquidator. The POC bar date for Far West (last day for filing a timely POC) is September 30, 2002. All communications should be directed to the Court Division at the address set forth below. You may wish to contact your state insurance guaranty association to determine whether bail bond judgments are considered a covered claim by your guaranty association.

The Liquidator acknowledges the difficulty of the task at hand. However, it is essential that you cooperate with the Liquidator during the liquidation process. Failure to provide the Liquidator with a report of compliance carries a \$1,000 fine and may result in suspension of your insurance license. Moreover, failure to cooperate with the liquidation process, including enforcement of the cancellation provision, is a violation of law that will result in more severe penalties. Those penalties include criminal sanction, monetary penalties of \$10,000 and suspension or revocation of your insurance license.

Any inquiries may be directed to the Court Division at 5230 Las Virgenes Road, Calabasas, California 91302. You may call us toll free at (800) 423-2245 or call direct at (818) 871-3400. Additionally, Far West Insurance Company's web site ([www.FarWestBonds.com](http://www.FarWestBonds.com)) is a source for news and will be updated periodically regarding the ongoing liquidation.



4. Grounds exist under Neb. Rev. Stat. §44-4817 (Reissue 1998) authorizing the director to request an order to liquidate Far West and for the court to enter an Order of Liquidation pursuant to Neb. Rev. Stat. §44-4818.

5. The immediate appointment of a liquidator is necessary to protect the creditors, claimants and policyholders of Far West and it is in their best interest and in the best interests of the public that an Order of Liquidation be entered appointing the Director as Liquidator of Far West pursuant to Neb. Rev. Stat. §44-4818.

6. Under Neb. Rev. Stat. §44-4805 (1), the court is authorized to grant injunctions and other orders which are necessary and proper to prevent any actions that might lessen the value of Far West's assets, prejudice the rights of its policyholders, creditors and shareholders or prejudice the administration of any proceeding involving Far West under the Nebraska Insurers Supervision, Rehabilitation and Liquidation Act of 1989 ("Liquidation Act"), Neb. Rev. Stat. §44-4801 *et seq.*

7. In order that Far West's assets not lessen in value, that the rights of Far West's policyholders, creditors and shareholders are not prejudiced and that the administration of proceedings involving Far West under the Liquidation Act are not prejudiced, it is necessary and proper for the court to grant injunctive relief and other orders as provided for under Neb. Rev. Stat. §44-4805.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that;

1. Far West is insolvent, which is a criteria for liquidation under Neb. Rev. Stat. §44-4817.

2. An Order of Liquidation is entered under Neb. Rev. Stat. §44-4818 authorizing the liquidation of Far West.

3. L. Tim Wagner, Director of Insurance for the State of Nebraska, and any successor in office, is appointed Liquidator of Far West pursuant to Neb. Rev. Stat. §44-4818.

4. The Liquidator is authorized and directed to forthwith take possession and control of the assets of Far West and administer them under the general supervision of this court. The Liquidator is directed to exercise any and all rights of Far West in connection with any collateral or other assets being held for the benefit of Far West by any person or entity. Pursuant to Neb. Rev. Stat. §44-4818, the Liquidator shall be vested by operation of law with title to all of the property, contracts, and rights of action and all of the books and records of Far West, wherever located, as of the entry of this Order of Liquidation.

5. The Liquidator shall have, exercise and be subject to all of the rights, powers and duties of a Liquidator under Neb. Rev. Stat. §44-4801 *et seq.*

6. All officers, managers, directors, trustees, owners, employees, or agents of Far West shall cooperate with the Liquidator as required by Neb. Rev. Stat. §44-4806.

7. The Liquidator shall file financial reports and accounting with this court pursuant to Neb. Rev. Stat. §44-4818 (5) for the period ending December 31, 2001, and at least annually thereafter. Such reports shall include at a minimum the assets and liabilities of Far West and all funds received or disbursed by the Liquidator during the current period, and shall be submitted to this court for approval without necessity of a hearing.


8. Far West, its directors, officers, managers, agents, employees, and all other persons and legal entities, except the Liquidator of Far West, are hereby enjoined from:

- A. Engaging in further transactions of Far West business;
- B. Transferring Far West's property;
- C. Interfering with the Liquidator, his employees and assistants or with proceedings involving Far West under the Liquidation Act;
- D. Wasting of Far West's assets;
- E. Dissipating or transferring bank accounts of Far West;
- F. The institution or further prosecution of any actions or proceedings;
- G. Obtaining preferences, judgments, attachments, garnishments, or liens against Far West, its assets or its policyholders;
- H. Levying execution against Far West, its assets or its policyholders;
- I. Making any sale or deed for nonpayment of taxes or assessments which would lessen the value of the assets of Far West;
- J. Withholding from the Liquidator any books, accounts, documents or other records relating to the business of Far West; and
- K. Any other threatened or contemplated action that might lessen the value of Far West assets or that might prejudice the rights of policyholders, creditors or shareholders or the administration of any proceeding involving Far West under the Nebraska Insurers Supervision, Rehabilitation and Liquidation Act of 1989.

9. This court shall retain jurisdiction of this matter for the purpose of granting such other and further relief as shall be just and equitable and the Liquidator shall apply to this court for further instructions as necessary.

Dated this 9<sup>th</sup> day of November, 2001.

26-639-10.9

  
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District Judge  
JOHN A. COLBORN

**IN THE DISTRICT COURT OF LANCASTER COUNTY, NEBRASKA**

**--CERTIFICATE--**

I, Kelly Moore Guenzel Handlos , Clerk of the District Court of Lancaster County, Nebraska, do hereby certify that the foregoing is a full and correct copy/copies of the original instrument(s) duly filed and of record in this Court. This Certificate, which bears the seal of the District Court of Lancaster County, Nebraska, was signed,

on NOV 09 2001 ----- 20 -----



Kelly Moore Guenzel Handlos  
Clerk of the District Court

By Karen Kampkas -----  
Deputy