

## **Summary of Order of Court Appointing Receiver**

The Order of Court Appointing Receiver was delivered to Judge Ward on November 5, 2012. As of this date, it has not been entered by the Court.

### **Background**

Effective November 6, 2012, Campbell & Levine, LLC is appointed as Receiver. The Receiver shall use its best efforts to maintain the status of certain Receivership Assets (defined in paragraph 24 of Order) as identifiable in trust funds. Within 15 days after the end of each calendar quarter, the Receiver shall provide a report to the Court regarding the wind-down of CENTAX and the Receivership Assets. Travelers will provide funding and assistance to the Receiver. The Order is divided into 3 Phases with respect to the funding of the Receiver:

### **Phase I**

- Receiver shall transfer all remaining electronic data related to the Act 32 Earned Income Tax to the successor tax collectors within 7 days;
- Receiver shall attempt to reconcile any monies remaining in CENTAX accounts related to Act 32 and transfer such funds;
- Receiver will coordinate the negotiation of an agreement allowing CENTAX to transfer the handling of 2011 and prior year Earned Income Tax returns to a successor tax collector;
- After processing of Non-Act 32 Earned Income Tax returns, Political Subdivisions' have a right to demand that the information related to the Non-Act 32 transfer be delivered to a chosen tax collector;
- Receiver is permitted to collect all relevant information associated with any Non-Act 32 activities previously transferred to successor tax collectors;
- Receiver will review CENTAX's Non-Act 32 bank accounts;
  
- Subject to any material disagreement, the Receiver shall direct all financial institutions within 7 days of the Effective Date to clear any checks related to Act 32 Clients and Non-Act 32 activities to the extent funds are available in the subject accounts;
  - o Receiver will re-issue checks, if necessary;
- Smart Devine will assist Travelers, and Travelers will pay Smart Devine its incurred costs; and
- Receiver will notify the Court when Phase I is complete.

### **Phase II**

- Receiver will perform inventory of Receivership Assets;
- Receiver will identify and file with the Court a list of creditors;
- Receiver will continue to reconcile all CENTAX accounts not previously reconciled;
- Smart Devine will continue to assist Travelers; and
- Receiver will notify the Court when Phase II is complete.

### **Phase III**

- Travelers is not obligated to provide the Receiver with any further assistance, financial or otherwise, after providing the Phase III funding;
- Smart Devine is not obligated to assist after completion of Phase II; and
- Within 10 business days after completion of Phase II, the Receiver shall provide the Court with written recommendations for the ultimate wind-down of CENTAX's operations.

**Distribution Priority**

- Receiver shall be paid at standard hourly rates;
- Receiver is authorized to recover any of its fees and expenses incurred from the Receivership Assets (except from amounts held in trust); and
- Subject to modification by the Receiver as approved by Court order, in the event of the unavailability of alternate funds from the operation of CENTAX or the proceeds of the Receivership Assets, the Receiver is authorized to withhold 1% of the total amount of any excess Non-Act 32 funds solely to pay for the Receiver's fees and expenses.

**Miscellaneous**

- Provisions regarding responsibility and/or liability;
- Termination provision;
- Release language;
- The stay ordered by this Court in its Orders dated September 26, 2012 and October 9, 2012 is hereby lifted to let the Receiver take any action authorized by this Order; and
- Within 3 days of the Effective Date, this Order will be served upon all parties, Intervenor and creditors of CENTAX and the Receiver shall issue a press release providing general notification of the entry of this Order.