

FILED

IN THE CHANCERY COURT OF THE STATE OF TENNESSEE  
TWENTIETH JUDICIAL DISTRICT, DAVIDSON COUNTY

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**CHLORA A. LINDLEY-MYERS,** )  
Special Deputy Commissioner of Commerce and Insurance )  
For the State of Tennessee, )

Petitioner, )

v. )

**SMART DATA SOLUTIONS, LLC,** a Tennessee )  
limited liability company, **AMERICAN TRADE** )  
**ASSOCIATION, INC,** an Indiana nonprofit )  
corporation with its principal place of business )  
in Tennessee, **AMERICAN TRADE** )  
**ASSOCIATION, LLC,** an Arkansas limited )  
liability company, **SERVE AMERICA** )  
**ASSURANCE,** a corporation with an unknown )  
location, **BART S. POSEY SR., ANGIE POSEY,** )  
**OBED W. KIRKPATRICK, RICHARD H.** )  
**BACHMAN, WILLIAM M. WORTHY,** and )  
**COLIN YOUELL,** )

Respondents. )

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**CHLORA A. LINDLEY-MYERS** )  
Special Deputy Commissioner of )  
Commerce and Insurance for the State )  
of Tennessee, in her official Capacity as )  
Statutory Liquidator of Smart Data Solutions, )  
LLC, American Trade Association, Inc., )  
American Trade Association, LLC, and )  
Serve America Assurance, )  
Plaintiff, )

v. )

**WILLIAM M. WORTHY, II,** )  
**CAROLINE H. WORTHY,** )  
**SOUTHEAST INSURANCE ADVISORS, LLC,** )  
and **NATIONWIDE ADMINISTRATORS, LLC,** )  
Defendants. )

No. 10-507-III

**Petition for Damages v.**  
**William Worthy, Caroline**  
**Worthy, Southeast**  
**Insurance Advisors &**  
**Nationwide Administrators**

**COPY**

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**NOTICE OF VOLUNTARY DISMISSAL WITHOUT PREJUDICE  
OF THIRD PARTY ACTION AGAINST  
WILLIAM M. WORTHY, II**

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Special Deputy Commissioner Chlora A. Lindley-Myers of the Tennessee Department of Commerce and Insurance, as the statutory Liquidator of Smart Data Solutions, LLC (“SDS”), American Trade Association, Inc., American Trade Association, LLC (collectively referred to as “ATA”), and Serve America Assurance (“SAA”), along with her appointed Special Deputy Liquidator Jeanne Barnes Bryant, has determined pursuant to Tenn. Code Ann. § 56-9-310(a)(14) that it would be unprofitable at this time to continue to prosecute the remaining claims pending against William M. Worthy, II, in the Liquidator’s *Petition to Recover Damages from William M. Worthy, II, Caroline H. Worthy, Southeast Insurance Advisors, LLC, and Nationwide Administrators, LLC* (“Petition”), which is a third party recovery action that was filed within this receivership. Pursuant to Tenn. R. Civ. P. 41.01, the Liquidator hereby provides written notice of voluntary dismissal without prejudice of the remaining claims pending against William M. Worthy, II, in the Petition, and respectfully requests that the Court enter an order of voluntary dismissal. A proposed order of voluntary dismissal is being filed contemporaneously herewith.

**Background**

On May 20, 2010, the Court placed SDS, ATA, and SAA into receivership pursuant to the Insurers Rehabilitation and Liquidation Act, Tenn. Code Ann. §§ 56-9-101, *et seq.* On September 30, 2010, the Liquidator filed within the receivership action the *Petition to Recover Damages from William M. Worthy, II, Caroline H. Worthy, Southeast Insurance Advisors, LLC, and Nationwide Administrators, LLC.*, alleging in part that fraudulent transfers were made from

SDS to William M. Worthy/Nationwide Administrators, LLC in violation of Tenn. Code Ann. § 56-9-315 and that the respondents committed fraud and conversion. On March 22, 2011, William M. Worthy, II, filed an answer to the Petition. On May 5, 2011, this Court entered an Order of Judgment by Default against Caroline H. Worthy, Southeast Insurance Advisors, LLC, and Nationwide Administrators, LLC. The action remains active against William M. Worthy, II. On or around June 26, 2013, William M. Worthy, II, was indicted by the U.S. Government in part for his activities and involvement with SDS, ATA, and/or SAA and the sale of unauthorized insurance.

Upon determining pursuant to her statutory authority that all of the known estate assets that are available and profitable to pursue have been marshaled into the estate, the Liquidator has filed a motion contemporaneously herewith requesting that the Court approve the final distribution of the SDS/ATA/SAA assets to the approved Class 2 claimants.

#### **Analysis**

Pursuant to Tenn. Code Ann. § 56-9-310(a)(14), the Liquidator has the authority “to prosecute and institute in the name of the insurer, or in the liquidator’s own name, any and all suits and other legal proceedings, in this state or elsewhere, and abandon the prosecution of claims the liquidator deems unprofitable to pursue further.” This consideration is generally an economic one regarding whether the pursuit of the legal proceedings will be profitable in terms of maximizing the estate assets for the benefit of the claimants. The Liquidator has determined that it would not be profitable at this time to keep the Liquidation open and to continue to incur administrative expenses while the criminal proceedings are pending against William M. Worthy.

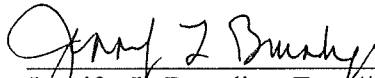
The criminal proceedings against William M. Worthy will likely delay the Liquidator’s ability to obtain a judgment against William M. Worthy in this Petition and, if successful, will

further delay the Liquidator's ability to collect the judgment in a timely manner. These delays will cause the Liquidator to continue to incur administrative expenses for the receivership and will deplete the assets of the SDS/ATA/SAA liquidation estate. Thus, it is not feasible, prudent, or justified to maintain the litigation.

For these reasons, the Liquidator in the reasonable exercise of her discretion has determined that at this time all of the assets that it would be profitable to pursue have been marshaled into the estate and reduced to liquidity. With the likely delays that will result from the criminal proceedings against William M. Worthy, II, the Liquidator has determined that it is not profitable pursuant to Tenn. Code Ann. § 56-9-310(a)(14) to continue to prosecute the Petition against William Worthy and to deplete the assets of the estate by incurring additional administrative expenses. Therefore, pursuant to Tenn. R. Civ. P. 41.01, the Liquidator provides written notice of voluntary dismissal without prejudice of the remaining claims pending against William M. Worthy, II, in the Petition, and respectfully requests that the Court enter an order of voluntary dismissal. A proposed order of voluntary dismissal is being filed contemporaneously herewith for the Court's consideration.

Respectfully submitted,

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*Special Counsel for the Liquidator and Special  
Deputy Liquidator*

**CERTIFICATE OF SERVICE**

I hereby certify this the 27<sup>th</sup> day of June, 2014, that a true and exact copy of the foregoing has been served by U.S. mail, postage pre-paid, and/or via email as indicated, to the parties and interested entities listed on the attached service list.

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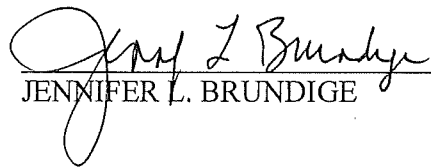
**Individual Respondents:**

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