

SETTLEMENT AND RELEASE AGREEMENT

This Settlement and Release Agreement ("Agreement") is made by, between, and among the following undersigned parties: the Plaintiff Federal Deposit Insurance Corporation as Receiver for AmTrust Bank ("FDIC-R"); Schillinger & Coleman, P.A. ("Schillinger") (the "Settling Defendant"); and Travelers Casualty and Surety Company of America ("Travelers" or "Insurer") (each of the parties identified above may be referred to individually herein as "Party" and collectively as the "Parties").

RECITALS

WHEREAS:

Prior to December 4, 2009, AmTrust Bank ("AmTrust" or the "Bank") was a depository institution organized and existing under the laws of the United States.

On December 4, 2009, AmTrust was closed by the Office of Thrift Supervision ("OTS") and pursuant to 12 U.S.C. § 1821(c), the Federal Deposit Insurance Corporation was appointed Receiver. In accordance with 12 U.S.C. § 1821(d), the FDIC-R succeeded to all rights, titles, powers and privileges of the Bank, including those with respect to its assets.

Among the assets to which the FDIC-R succeeded were the Bank's claims, demands, and causes of action that are the subject of this Agreement.

On December 3, 2012, the FDIC-R filed a complaint for money damages against the Settling Defendant. Those claims for damages are now pending in the United States District Court for the Southern District of Florida in *Federal Deposit Insurance Corporation as Receiver for AmTrust Bank v. Schillinger & Coleman, P.A.*, Case No. 12-cv-62386 (the "Action"). The Settling Defendant has denied liability in the Action.

Travelers issued to Schillinger a lawyers professional liability insurance policy numbered

(b)(4) for the period October 1, 2012 to October, 1, 2013 (hereinafter, "Travelers Policy").

On July 17, 2013, Travelers filed a complaint for declaratory judgment and rescission of the Travelers Policy. That matter is now pending in the United States District Court for the Middle District of Florida in *Travelers Casualty and Surety Company of America v. Schillinger &*

Coleman, P.A. and Federal Deposit Insurance Corporation as Receiver for AmTrust Bank, Case No. 13-cv-01075 (the "Declaratory Action"). Schillinger and the FDIC-R have opposed the Declaratory Action.

On August 28, 2014 the Parties mediated the Action resulting in a settlement in principle of the claims asserted by the FDIC-R. That settlement in principle included, among other things, an agreement by Schillinger and Travelers to make payment to the FDIC-R of \$60,000 as follows: Schillinger - \$24,000.00, and Travelers Casualty and Surety Co. of America - \$36,000.00. That settlement in principle also included an agreement by the Settling Defendant and Travelers that the Travelers Policy shall be rescinded and declared null and void, and that the Settling Defendants and Travelers shall submit to the Court in that action a stipulated order for rescission, to which FDIC-R will not object.

The undersigned Parties deem it in their best interests to enter into this Agreement to avoid the uncertainty and expense of further litigation.

NOW, THEREFORE, in consideration of the promises, undertakings, payments, and releases stated herein, the sufficiency of which consideration is hereby acknowledged, the undersigned Parties agree, each with the other, as follows:

SECTION I: Payment to FDIC-R

A. As an essential covenant and condition to this Agreement, the Settling Defendant and Travelers, agree to pay the FDIC-R the sum of sixty thousand dollars (\$60,000) ("the Settlement Amount") as follows: \$24,000.00 to be paid by Schillinger (the "Schillinger Settlement Payment") and \$36,000.00 to be paid by Travelers (the "Travelers Settlement Payment") within thirty (30) days of the FDIC-R's execution of this Agreement, in settlement of the Action.

B. Schillinger shall deliver the Schillinger Settlement Payment to the FDIC-R by direct wire transfer into Welbaum Guernsey's Client Trust Account or by certified or cashier's check drawn upon a depository institution acceptable to FDIC-R. Travelers shall deliver the Travelers Settlement Payment to the FDIC-R by a settlement check drawn upon a depository

institution acceptable to FDIC-R. In the event that the Settlement Amount is not delivered to the FDIC-R (or its counsel) within the timeframe required in subsection A above, interest shall accrue on all unpaid amounts at the rate of 5% per annum from thirty (30) calendar days following the date the FDIC-R executes this Agreement until the date of payment.

C. If the FDIC-R does not receive the Settlement Amount in full on or before the date determined by subsection A above, then the FDIC-R, in its sole discretion, shall have the right against any Party that fails to pay its full portion of the Settlement Amount when due (the "Non-Paying Party") at any time prior to receipt of the Settlement Amount in full (including all accrued interest) to:

1. Extend the period of time for the Settlement Payment, including interest accruing from the date determined by subsection A above, through the date of payment at a rate calculated in accordance with 26 U.S.C. § 6621(a)(3); or
2. Enforce this Agreement, in which event the Non-Paying Party agrees to jurisdiction in United States District Court for the Southern District of Florida and to pay all of the FDIC-R's reasonable attorney's fees and costs expended in enforcing the terms of this Agreement; or
3. Terminate the Agreement and move to vacate any dismissal order, to which the Non-Paying Party agrees to consent and re-institute an action on the FDIC-R's claims. The Non-Paying Party further agrees to waive any defense based on any statute of limitations that would bar any of the FDIC-R's claims and waive all objections, defenses, claims or counterclaims, and covenant and agree not to assert any objections, defenses, claims or counterclaims that did not exist or were otherwise unavailable as of the date this Agreement was fully executed; and/or
4. Seek any other relief available to it in law or equity.

Any extension of time under Section I.C.1 for delivery of the Settlement Payment or acceptance of a portion of the Settlement Payment shall not prejudice the FDIC-R's rights to take any of the actions set forth in Section I.C.2 through I.C.4 at any time prior to receipt of

Settlement Payment (including all accrued interest) in full.

SECTION II: Stipulations and Dismissal

A. The Action

Within ten business days after the latter of (1) full execution of this Agreement by all of the Parties, and (2) receipt of the Settlement Payment, plus any accrued interest, the FDIC-R shall file a stipulation of dismissal of the Action, with prejudice, executed by the attorneys for all Parties hereto.

B. The Declaratory Action

Within ten business days after the execution of this Agreement by all the Parties, the Parties shall submit to the Court in the Declaratory Action an executed Stipulation, pursuant to which the Settling Defendant and Travelers shall stipulate and agree to the Court's declaration of rescission of the Policy and the FDIC-R will not object, and shall use their best efforts to obtain the entry of an Order for rescission and for dismissal of all causes of action and dismissal of all parties to the Declaratory Action, with each party bearing its own costs and attorneys' fees.

SECTION III: Releases

A. The FDIC-R's Releases.

Upon receipt of the Settlement Payment in full and except as provided in Section III.C., the FDIC-R, for itself and its successors and assigns, hereby releases and discharges:

1. The Settling Defendants and their respective heirs, executors, trustees, administrators, representatives, successors, and assigns, from any and all claims, demands, obligations, damages, actions, and causes of action, direct or indirect, in law or in equity, belonging to the FDIC-R, that arise from or relate to the causes of action alleged in the Action.
2. Travelers, its parents, subsidiaries, affiliates (including, without limitation, The Travelers Companies, Inc.), and reinsurers, and their respective employees, officers, directors, agents, representatives, successors and assigns, from any and all claims, demands, obligations, damages, actions and causes of action, direct or indirect, in law or in equity, that arise from or relate to the causes of action alleged in the Action. As part of this release of the

Insurer, the FDIC-R agrees that any interest it may have under the Travelers Policy is extinguished.

B. The Settling Defendant's Releases.

Effective simultaneously with the release granted in Section III.A. above, the Settling Defendant, on behalf of itself and its respective heirs, executors, trustees, administrators, agents, representatives, attorneys, successors, and assigns, hereby releases and discharges the FDIC-R, and its employees, officers, directors, representatives, attorneys, successors and assigns, from any and all claims, demands, obligations, damages, actions, and causes of action, direct or indirect, in law or in equity, that arise from or relate to the causes of action alleged in the Action.

C. Travelers' Release.

Effective simultaneously with the releases granted in Section III.A. above, Travelers, for itself and its successors and assigns, and on behalf of its parents, subsidiaries, affiliates (including, without limitation, The Travelers Companies, Inc.) and reinsurers, and their successors and assigns, hereby releases and discharges the FDIC-R, and its employees, officers, directors, agents, representatives, attorneys, successors, and assigns, from any and all claims, demands, obligations, damages, actions, and causes of action, direct or indirect, in law or in equity, that arise from or relate to the Travelers Policy.

D. Exceptions from Releases by FDIC-R.

1. Notwithstanding any other provision of this Agreement, the FDIC-R does not release, and expressly preserves fully and to the same extent as if this Agreement had not been executed, any claims or causes of action:

a. Against the Settling Defendant or any other person or entity for liability, if any, incurred as the maker, endorser or guarantor of any promissory note or indebtedness payable or owed by them to FDIC-R, the Bank, other financial institutions, or any other person or entity, including without limitation any such claims acquired by FDIC-R as successor in interest to the Bank or any person or entity other than Bank; and

b. Against any person or entity not expressly released by the FDIC-R

in this Agreement.

2. Notwithstanding any other provision of this Agreement, nothing in this Agreement shall be construed or interpreted as limiting, waiving, releasing, or compromising the jurisdiction and authority of the Federal Deposit Insurance Corporation in the exercise of its supervisory or regulatory authority or to diminish its ability to institute administrative enforcement or other proceedings seeking removal, prohibition, or any other relief it is authorized to seek pursuant to its supervisory or regulatory authority against any person.

3. Notwithstanding any other provision of this Agreement, this Agreement does not purport to waive, or intend to waive, any claims that could be brought by the United States through the Department of Justice, the United States Attorney's Office for any federal judicial district, or any other department or agency of the United States as defined by 18 U.S.C. § 6. In addition, the FDIC-R specifically reserves the right to seek court-ordered restitution pursuant to the relevant provisions of the Mandatory Victims Restitution Act, 18 U.S.C. §§ 3322 and 3663 et. seq., if appropriate.

SECTION IV: Representations and Acknowledgements

A. Authorized Signatories. All of the undersigned persons represent and warrant that they are Parties hereto or are authorized to sign this Agreement on behalf of the respective Party, and that they have the full power and authority to bind such Party to each and every provision of this Agreement. This Agreement shall be binding upon and inure to the benefit of the undersigned Parties and their respective heirs, executors, trustees, administrators, representatives, successors and assigns.

B. Advice of Counsel. Each Party hereby acknowledges that he, she, or it has consulted with and obtained the advice of counsel prior to executing this Agreement, and that this Agreement has been explained to that Party by his or her counsel.

SECTION V: Reasonable Cooperation

The Parties agree to cooperate in good faith to effectuate all the terms and conditions of this Agreement, including doing, or causing their agents and attorneys to do, whatever is

reasonably necessary to effectuate the signing, delivery, execution, filing, recording, and entry, of any documents necessary to conclude the Action and the Declaratory Action and to otherwise perform the terms of this Agreement.

SECTION VI: Other Matters

A. No Admission of Liability. The undersigned Parties each acknowledge and agree that the matters set forth in this Agreement constitute the settlement and compromise of disputed claims and defenses, that this Agreement is not an admission or evidence of liability or infirmity by any of them regarding any claim or defense, and that the Agreement shall not be offered or received in evidence by or against any Party except to enforce its terms.

B. Execution in Counterparts. This Agreement may be executed in counterparts by one or more of the Parties and all such counterparts when so executed shall together constitute the final Agreement, as if one document had been signed by all Parties; and each such counterpart, upon execution and delivery, shall be deemed a complete original, binding the Parties subscribed thereto upon the execution by all Parties to this Agreement.

C. Choice of Law. This Agreement shall be interpreted, construed and enforced according to applicable federal law, or in its absence, the laws of the State of Florida.

D. Notices. Any notices required hereunder shall be sent by registered mail, first class, return receipt requested, and by email, to the following:

If to the FDIC-R: Michael Jay Runc II, Esq.; Welbaum Guernsey, 901 Ponce de Leon Boulevard, Penthouse Suite, Coral Gables, FL 33134; telephone: (305) 441-8900; email:

(b)(6)

If to Schillinger: Michael T. Tomlin; Hinshaw & Culbertson LLP, 2525 Ponce de Leon Boulevard, 4th Floor, Coral Gables, FL 33134; telephone: (305) 358-7747; Email:

(b)(6)

If to Travelers: Christopher J. Bannon, Aronberg Goldgehn Davis & Garmisa, 330 North Wabash Avenue, Suite 1700, Chicago, IL 60611; telephone: (312) 755-3175; Email:

(b)(6)

E. Entire Agreement and Amendments. This Agreement constitutes the entire agreement and understanding between and among the undersigned Parties concerning the matters set forth herein and supersedes any prior agreements or understandings, except that the Settling Defendant and Travelers have entered into a Rescission Agreement and Release, which is not superseded by this Agreement. This Agreement may not be amended or modified, nor may any of its provisions be waived, except in writing signed by the Parties bound thereby, or by their respective authorized attorney(s), or other representative(s).

F. Titles and Captions. All section titles and captions contained in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

G. No Confidentiality. The undersigned Parties acknowledge that this Agreement shall not be confidential and will be disclosed pursuant to the Federal Deposit Insurance Corporation's applicable policies, procedures, and other legal requirements.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by each of them or their duly authorized representatives on the dates hereinafter subscribed.

FEDERAL DEPOSIT INSURANCE CORPORATION AS
RECEIVER FOR AMTRUST BANK

Date: 10/24/2014

BY:

(b)(6)

TITLE:

Counsel, Legal Division

PRINT NAME:

Samuel B. Lutz

SCHILLINGER & COLEMAN, P.A.

Date: _____

BY: _____

TITLE: _____

PRINT NAME: _____

TRAVELERS CASUALTY AND SURETY COMPANY
OF AMERICA

(b)(6) Date: 10-28-14

BY:

TITLE: Vsr. Claims Counsel


PRINT NAME: Jennifer L. Mansfield

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Date: 10/28/14

SCHILLINGER & COLEMAN, P.A.

BY:



(b)(6)

TITLE:

V.P.

PRINT NAME:

CHRISTOPHER COLEMAN

TRAVELERS CASUALTY AND SURETY COMPANY
OF AMERICA

Date: _____

BY: _____

TITLE: _____

PRINT NAME: _____

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