

FILED

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HEARINGS UNIT
OFFICE OF
INSURANCE COMMISSIONER

STATEMENT REGARDING THE
ACQUISITION OF CONTROL OF OR MERGER WITH A DOMESTIC INSURER

REtitle Insurance Company
NAIC Number 50962

BEING ACQUIRED
BY

A10 Capital, LLC

Filed with the Insurance Department of the
State of Washington

Date: October 2, 2017

Name, Title, Address, and Telephone Number
of Individual to Whom Notices and Correspondence
Concerning this Statement Should be Addressed:

Ben Slaughter
General Counsel
800 West Main Street
Suite 1100
Boise, Idaho 83702
(208) 577-5078

ITEM 1. INSURER AND METHOD OF ACQUISITION

State the name and address of the domestic insurer to which this application relates and a brief description of how control is to be acquired.

**REtitle Insurance Company
130 West Railroad Avenue
Shelton, Washington 98584**

The applicant, A10 Capital, LLC ("A10"), intends to acquire control of the domestic insurer ("REtitle") by purchasing 100% of its outstanding shares of stock for cash pursuant to that certain Stock Purchase Agreement between REtitle and A10, dated July 25, 2017 (the "Stock Purchase Agreement"), a copy of which is attached hereto as Exhibit A. The closing of the Stock Purchase Agreement is conditioned on, among other things, approval of this application and the issuance of an Order terminating the State of Washington's Administrative Supervision of REtitle.

ITEM 2. IDENTIFY AND BACKGROUND OF THE APPLICANT

(a) State the name and address of the applicant seeking to acquire control over the insurer.

**A10 Capital, LLC
800 West Main Street
Suite 1100
Boise, Idaho 83702**

(b) If the applicant is not an individual, state the nature of its business operations for the past five years or for such lesser period as the person and any predecessors thereof shall have been in existence. Briefly describe the business intended to be done by the applicant and the applicant's subsidiaries.

Since its formation in 2007, A10 has been in the business of commercial real estate lending. Simultaneously upon acquiring REtitle, A10 intends to have REtitle resume its operations as a title insurance company (see Item 5 below for additional details).

(c) Furnish a chart or listing clearly presenting the identities of the inter-relationships among the applicant and all affiliates of the applicant. Indicate in the chart or listing the percentage of voting securities of each person which is owned or controlled by the applicant or by any other person. If control of any person is maintained other than by the ownership or control of voting securities, indicate the basis of the control. As to each person specified in such chart or listing indicate the type of organization (e.g., corporation, trust, partnership) and the state or other jurisdiction of domicile. If court proceedings involving a reorganization or liquidation are pending with respect to any such person, indicate which person, and set forth the title of the court, nature of proceedings and the date when commenced.

See attached Exhibit B.

ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT

On the biographical affidavit, include a third-party background check, and state the following with respect to all persons who are directors, executive officers or owners of ten percent or more of the voting securities of the applicant.

(a) Name and business address;

(b) Present principal business activity, occupation or employment including position and office held and the name, principal business and address of any corporation or other organization in which employment is carried on;

(c) Material occupations, positions, offices or employment during the last five years, giving the starting and ending dates of each and the name, principal business and address of any business corporation or other organization in which each occupation, position, office or employment was carried on; if any occupation, position, office or employment required licensing by or registration with any federal, state or municipal governmental agency, indicate the fact, the current status of the licensing or registration, and an explanation of any surrender, revocation, suspension or disciplinary proceedings in connection therewith;

(d) Whether or not the person has ever been convicted in a criminal proceeding (excluding minor traffic violations) during the last ten years and, if so, give the date, nature of conviction, name and location of court, and penalty imposed or other disposition of the case.

See attached Exhibit C, which contains biographical affidavits for the following:

Jerry Dunn, President of A10

Mark Klipsch, CFO of A10

David Bayley, President of REtitle

Dinah Chu, Comptroller/Assistant Treasurer of REtitle (anticipated)

Ben Slaughter, General Counsel and Secretary of REtitle (anticipated)

Ronald Frazier, Board Member (anticipated)

Kevin Lagerwey, Board Member (anticipated)

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

(a) Describe the nature, source and amount of funds or other considerations used or to be used in effecting the merger or other acquisition of control. If any part of the same is represented or is to be represented by funds or other consideration borrowed or otherwise obtained for the purpose of acquiring, holding or trading securities, furnish a description of the transaction, the names of the parties thereto, the relationship, if any, between the borrower and the lender, the amounts borrowed or to be borrowed, and copies of all agreements, promissory notes and security arrangements relating thereto.

A10 intends to use its own funds to purchase REtitle. The purchase price is \$875,000. A10 also intends to fund the minimum statutory capital requirement of \$4,000,000 (less REtitle's current balance), and any initial operating capital, with its own funds.

(b) Explain the criteria used in determining the nature and amount of the consideration.

The purchase price was determined through negotiations between A10 and REtitle and is intended to represent REtitle's fair market value. More specifically, it was based on REtitle's cash surplus, plus an additional amount to represent a reasonable estimate of the value of REtitle's license and seasoning as an insurance company.

(c) If the source of the consideration is a loan made in the lender's ordinary course of business and if the applicant wishes the identity of the lender to remain confidential, he or she must specifically request that the identity be kept confidential.

None of the consideration for the acquisition, or any of the capital infusion, is represented by a loan.

ITEM 5. FUTURE PLANS OF INSURER

Describe any plans or proposals which the applicant may have to declare an extraordinary dividend, to liquidate the insurer, to sell its assets to or merge it with any person or persons or to make any other material change in its business operations or corporate structure or management.

Pursuant to the Stock Purchase Agreement, and simultaneous with the closing of the same (which includes funding the necessary capital into REtitle), REtitle will enter into a plant lease agreement and agency agreement with long-time REtitle affiliate, Mason County Title Company (MCTC). Copies of those agreements are attached to the Stock Purchase Agreement as Exhibits B and C. These agreements will allow REtitle to immediately commence actively writing title insurance policies in Washington.

A10's plan is to then provide all necessary financial resources and to recruit and hire experienced agency administrative personnel, with the goal of expanding REtitle's title insurance business regionally in the Pacific Northwest, and then nationally. As part of this process: (1) A10 will file an application with the OIC to re-domesticate REtitle to A10's principal place of business in Idaho, while retaining its certificate of authority in the State of Washington; and (2) REtitle will request leave from the OIC to change its name from "REtitle Title Insurance Company," to "A10 Title Insurance Company." A10 hereby requests that the Commissioner provide conditional approval of these two actions as part of the approval of this Form A Application.

In addition to operating its title insurance business, REtitle will also engage in statutorily authorized investment activities.

REtitle's current president and owner, David Bayley, will remain as president of REtitle for the indefinite future.¹ Mr. Bayley will be supported by A10 staff during the initial months after the close of the Stock Purchase Agreement. In particular, A10 will supply REtitle with use of its in-house counsel and legal team, all of which is focused solely on real estate law and transactions, and A10's accounting staff (information regarding these key

¹ A10 is actively searching for an executive with significant experience in the title insurance industry to replace Mr. Bayley after approval of this Form A Application.

staff members is attached as Exhibit D). This commitment by A10 will allow REtitle to safely write new business at appropriate surplus-to-premium levels. In addition, a Board of Directors will be appointed by REtitle, which will initially consist of the following individuals:

Jerry Dunn, Chairman
Mark Klipsch
Jackie Cox
Ronald Frazier
Kevin Lagerwey

As the title business grows and accumulates operating income, REtitle will hire staff to fill all necessary roles for the company. A10 will continue supplying staffing support at no cost to REtitle until REtitle is capable of operating the business with its own resources.

As part of this Form A Application process, A10 requests the Commissioner schedule a statutory exam of REtitle as soon as possible after the close of the Stock Purchase Agreement and the investment by A10 of the necessary additional surplus capital into REtitle.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

State the number of shares of the insurer's voting securities which the applicant, its affiliates and any person listed in Item 3 plan to acquire, and the terms of the offer, request, invitation, agreement or acquisition, and a statement as to the method by which the fairness of the proposal was arrived at.

A10 intends to purchase 100% of REtitle's voting securities pursuant to the Agreement. The purchase price of \$875,000 was determined through negotiations between A10 and REtitle and is intended to represent REtitle's fair market value. More specifically, it was based on REtitle's cash surplus, plus an additional amount to represent a reasonable estimate of the value of REtitle's license and seasoning as an insurance company.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

State the amount of each class of any voting security of the insurer which is beneficially owned or concerning which there is a right to acquire beneficial ownership by the applicant, its affiliates or any person listed in Item 3.

Neither A10, its affiliates, or any person listed in Item 3 have a right to acquire a beneficial ownership in REtitle, except for A10's right to purchase 100% of REtitle's ownership interest pursuant to the Agreement.

ITEM 8. CONTRACTS, ARRANGEMENTS, OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER

Give a full description of any contracts, arrangements or understandings with respect to any voting security of the insurer in which the applicant, its affiliates or any person listed in Item 3 is involved, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of

profits, division of losses or profits, or the giving or withholding of proxies. The description must identify the persons with whom such contracts, arrangements or understandings have been entered into.

No such contracts, arrangements or understandings exist.

ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

Describe any purchases of any voting securities of the insurer by the applicant, its affiliates or any person listed in Item 3 during the twelve calendar months preceding the filing of this statement. Include in the description the dates of purchase, the names of the purchasers, and the consideration paid or agreed to be paid therefor. State whether any shares so purchased are hypothecated.

None.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

Describe any recommendations to purchase any voting security of the insurer made by the applicant, its affiliates or any person listed in Item 3, or by anyone based upon interviews or at the suggestion of the applicant, its affiliates or any person listed in Item 3 during the twelve calendar months preceding the filing of this statement.

None.

ITEM 11. AGREEMENTS WITH BROKER-DEALERS

Describe the terms of any agreement, contract or understanding made with any broker-dealer as to solicitation of voting securities of the insurer for tender and the amount of any fees, commissions or other compensation to be paid to broker-dealers with regard thereto.

None.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

- (a) Financial statements, exhibits, and three-year projections of the insurer(s) must be attached to this statement as an appendix, but list under this item the financial statements and exhibits so attached.

The following documents are attached as Exhibit E:

- 1. 2015 Form 9 Financial Statement of REtitle Insurance Company;**
- 2. 2016 Form 9 Financial Statement of REtitle Insurance Company; and**
- 3. 3-year NAIC UCAA pro forma financial projections for REtitle Insurance Company.**

- (b) The financial statements must include the annual financial statements of the persons identified in Item 2(c) for the preceding five fiscal years (or for such lesser period as the applicant and its affiliates and any predecessors thereof shall have been in existence), and similar information covering the period from the end of the person's last fiscal year, if the information is available. The statements must be prepared on either an individual basis,

or, unless the commissioner otherwise requires, on a consolidated basis if the consolidated statements are prepared in the usual course of business.

The annual financial statements of the applicant must be accompanied by the certificate of an independent public accountant to the effect that the statements present fairly the financial position of the applicant and the results of its operations for the year then ended, in conformity with generally accepted accounting principles or with requirements of insurance or other accounting principles prescribed or permitted under law. If the applicant is an insurer which is actively engaged in the business of insurance, the financial statements need not be certified, provided they are based on the annual statement of the person filed with the insurance department of the person's domiciliary state and are in accordance with the requirements of insurance or other accounting principles prescribed or permitted under the law and regulations of the state.

The following documents are attached as Exhibit F:

1. **Consolidated Financial Statements for A10 Capital Holdings, LLC for the preceding five fiscal years (includes financials for A10 Capital, LLC, which is wholly owned by A10 Capital Holdings, LLC).**
- (c) File as exhibits copies of all tender offers for, requests or invitations for, tenders of, exchange offers for, and agreements to acquire or exchange any voting securities of the insurer and (if distributed) of additional soliciting material relating thereto, any proposed employment, consultation, advisory or management contracts concerning the insurer, annual reports to the stockholders of the insurer and the applicant for the last two fiscal years, and any additional documents or papers required by Form A or WAC 284-18-300 or 284-18-320.

Other than the Stock Purchase Agreement, there are no documents or oral agreements of any kind regarding the exchange of any REtitle voting securities.

With respect to the annual reports, no such documents exist.

With respect to proposed employment, consultation, advisory or management contracts, no such documents exist. However, REtitle intends to retain David Bayley as President until a qualified President is recruited. Compensation for Mr. Bayley would be \$150 per hour plus reimbursement for expenses that are incurred as part of that job.

ITEM 13. AGREEMENT REQUIREMENTS FOR ENTERPRISE RISK MANAGEMENT

Applicant agrees to provide, to the best of its knowledge and belief, the information required by Form F within fifteen business days after the end of the month in which the acquisition of control occurs.

ITEM 14. SIGNATURE AND CERTIFICATION

SIGNATURE

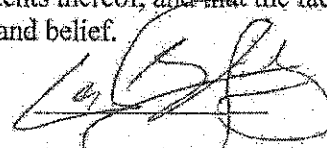
Under the requirements of RCW 48.31B.015, A10 Capital, LLC has caused this application to be duly signed on its behalf in the City of Boise and State of Idaho on the 2nd day of October, 2017.

A10 CAPITAL, LLC
a Delaware limited liability company

By: 
Name: Jerry Dunn
Title: Chief Executive Officer

CERTIFICATION

The undersigned deposes and says that (s)he has duly executed the attached application dated October 2, 2017, for and on behalf of A10 Capital, LLC; that he is the CEO of such company and that he is authorized to execute and file the instrument. Deponent further says that he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.


Printed Name: Ben Slaughter