

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

LESLIE A. NEWMAN, Commissioner of the)
Tennessee Department of Commerce and Insurance,)

Petitioner,)

v.)

No. 10-507-III

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, SR., LINDA)
KIRKPATRICK, RICHARD H.)
BACHMAN, KRISTY WRIGHT,)
WILLIAM M. WORTHY, II, and)
COLIN YOUELL,)

Respondents.)

LESLIE A. NEWMAN,)
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.)

**ANSWER OF WILLIAM M. WORTHY II TO LIQUIDATOR'S PETITION TO
RECOVER DAMAGES**

For Answer to the Liquidator's Petition to Recover Damages, the defendant William M. Worthy II ("Worthy") states as follows:

1. The allegations of paragraph 1 of the Petition are admitted except that it is denied that this was a proper case for appointment of a liquidator.

2. Worthy is without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 2 concerning which of his addresses are known to Liquidator.

3. Worthy is without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 3 except that it is admitted that he is married to Caroline H. Worthy.

4. The allegations of paragraph 4 do not apply to Worthy and do not require a response.

5. The allegations of paragraph 5 are denied.

6. The allegations of paragraph 6 are denied.

7. The allegations of paragraph 7 are denied.

8. The allegations of paragraph 8 are denied.

9. The allegations of paragraph 9 are admitted.

10. The allegations of paragraph 10 are admitted.

11. It is admitted that Worthy authorized SDS to remit net insurance premiums to Mr. Ehli.

12. It is admitted that SDS transferred monies to EZPay for the agreed coverage and for related charges/expenses, but Worthy is without knowledge or information sufficient to form a belief as to the truth of the allegations concerning the dates or amounts of those transfers.

13. It is admitted that Worthy provided a new account name to SDS to which to make wire transfers but denied that all of the transfers were for insurance coverage.

14. It is admitted that SDS made transfers to the referenced Nationwide account.

15. The allegations of paragraph 15 are denied.

16. It is denied that none of the funds were used to purchase insurance coverage or that the defendants used all the funds for their own purposes and benefit.

17. The allegations of paragraph 17 are denied. Although there was no insurance policy or product approved by the Department of Commerce and Insurance, Beema, through its authorized representative, Colin Youell, agreed to provide certain insurance coverage.

18. The allegations of paragraph 18 are admitted except that Worthy is without knowledge or information sufficient to form a belief as to the truth of the allegation concerning the precise name of the account.

19. The allegations of paragraph 19 are denied except that it is admitted that some claims were paid. Beema was never presented with claims for payment.

20. It is admitted that Worthy and the ATA entities/SDS had disagreements.

21. It is admitted that a copy of the Amended Order to Cease and Desist is attached to the Petition as Exhibit 8. Worthy does not admit the accuracy of the findings of the Amended Order.

22. The allegations of paragraph 22 are denied.

23. Worthy incorporates herein by reference his responses to paragraphs 1-22 of the Petition.

24. The allegations of paragraph 24 are denied.

25. The allegations of paragraph 25 are denied.

26. Worthy incorporates herein by reference his responses to paragraphs 1-25 of the Petition.

27. It is admitted that, on behalf of SEIA, Worthy represented that he was a representative of Beema and SAA and that Beema agreed to meet any calls for claims cash when proper documentation was sent to substantiate claims being due and payable. It is denied that proper documentation was ever sent.

28. The allegations of paragraph 28 are denied.

29. The allegations of paragraph 29 are denied.

30. The allegations of paragraph 30 are denied.

31. Worthy incorporates herein by reference his responses to paragraphs 1-30 of the Petition.

32. The allegations of paragraph 32 are denied.

33. All allegations of the Petition that have not been admitted, denied or explained are hereby specifically denied.

34. The Petition fails to state a claim upon which relief can be granted.

35. This Court lacks jurisdiction over the subject matter of this action.

36. This Court lacks personal jurisdiction over Worthy.

37. Worthy alleges the defense of insufficiency of process.

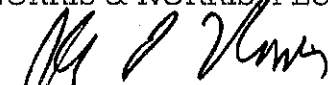
38. Worthy alleges the defense of insufficiency of service of process.

39. Plaintiff has failed to join persons that are needed for the just adjudication of this matter, namely Beema and Colin Youell.

40. The insurance coverage to be provided by Beema was never intended to pay claims in the first instance but was to be in the nature of reinsurance. SDS was to pay good and valid claims, and in the event of a shortfall, Beema would provide coverage. Worthy believes and alleges that all valid claims arising during the time that Beema had the coverage have been paid and that Liquidator, who is seeking losses allegedly incurred by the ATA entities/SDS, has no right of recovery against Worthy.

WHEREFORE, Worthy prays that the Petition be dismissed, that he be awarded his costs and that he be awarded such other and further relief to which he may be entitled.

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*Attorney for Respondent, William
M. Worthy II*

CERTIFICATE OF SERVICE

I hereby certify that on the 22 day of March, 2011, a copy of the foregoing Answer has been sent by U.S. Mail, first class, postage prepaid to:

Robert M. Garfinkle, Esq.
Phillip G. Young, Jr., Esq.
Garfinkle, McLemore & Young PLLC
2000 Richard Jones Road, Suite 250
Nashville, Tennessee 37215



John L. Norris