

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

ANGELO A. ALLECA, SUMMIT
WEALTH MANAGEMENT, INC.,
SUMMIT INVESTMENT FUND, LP,
ASSET DIVERSIFICATION FUND, LP,
and PRIVATE CREDIT
OPPORTUNITIES FUND, LLC

Defendants.

Civil Action No.
1:12-CV-3261-WSD

**NOTICE OF RECEIVER’S MOTION FOR APPROVAL OF
SETTLEMENT OF DISPUTED CLAIM AND SETTLEMENT
AGREEMENT, AND FOR ENTRY OF A BAR ORDER**

You may have received a previous Notice regarding this matter. This Notice replaces the one you received previously. This Notice contains important information regarding the Receiver’s Motion for Approval of Settlement of Disputed Claim and Settlement Agreement, and for Entry of Bar Order, including important dates and deadlines.

On September 12, 2012, Robert D. Terry was appointed by the Court as the Receiver for Summit Wealth Management, Inc. (“Summit”) and three investment entities created by Summit’s president (collectively, the “Summit Entities”). The

Summit Entities constitute the Receivership Estate. On May 21, 2015, the Receiver filed a Motion for Approval of Settlement of Disputed Claims and Settlement Agreement, and for Entry of Bar Order (the “Motion and Bar Order”), seeking Court approval of a proposed settlement of an insurance coverage dispute with Federal Insurance Company (“Federal”) (the “Settlement”). The Settlement concerns coverage extended to Summit for the liability of its directors, officers and employees under a policy of insurance issued by Federal (the “Policy”).¹ If the Court grants the Motion and Bar Order, Federal will make a cash payment to the Receivership Estate, and insurance coverage available to Summit will not be available to cover certain claims or potential claims which could be asserted against Summit or its employees.

If the Bar Order is entered, and you are a former employee of Summit, insurance coverage under the Policy to which you might otherwise have had access if a claim was or is hereafter made against you as a result of your employment by Summit (“Potential Coverage”), will not be available to pay the claim or to fund a legal defense of the claim. If you have a claim against Summit or a former employee, the Potential Coverage will not be available to satisfy the claim, if you are successful in asserting it, or to settle the claim.

¹ The “Policy” includes all Asset Management Protector insurance policies issued to Summit and/or NASI by Federal and all policies issued under policy number 8210-5886, including renewed policies issued under policy number 8210-5886 for 2008, 2009, 2010, 2011, and 2012.

A copy of all documents that constitute, or which are relevant to, the Motion and Bar Order, together with exhibits, are available in electronic format, at no cost to you, on the Receivership Estate's website at <http://www.swmreceivership.com>. You also may contact counsel for the Receiver at the address or telephone number shown below to request a copy of documents you want to review. The requested documents will be provided to you by email or regular mail at no cost to you.

The principal features of the Settlement are: (1) payment by Federal of the total sum of \$1,487,500.00 ("Settlement Consideration") to the Receivership Estate, and (2) the entry of a Bar Order preventing future claims under the Policy ("Bar Order"). The Bar Order is necessary under the Settlement. Federal's payment of the Settlement Consideration is conditioned on the entry of a bar order to prevent future claims being asserted against Federal after the Settlement Consideration is paid.

If the Bar Order is entered by the Court, any person insured under the Policy, all Summit investors, and all third parties will be enjoined from taking any action against Federal or under the Policy, including the commencement or continuation of any legal proceeding against Federal arising out of (1) the Policy, (2) the wrongful act of any person insured under the Policy, or (3) any advice,

recommendation, opinion or act by any person insured under the Policy who provided “Investment Adviser Services,” as that term is defined in the Policy.²

The Bar Order will not bar any Receivership Estate claimant from instituting or continuing claims against any person, including any person insured under the Policy, provided the claim does not seek payment of proceeds or the cost of defense under the Policy. The Bar Order also will not affect the right of any Receivership Estate claimant from participating in the claims process that will govern the distribution of Receivership Estate assets by the Receiver.

The Receiver believes the Settlement, including the entry of the Bar Order, is fair, reasonable and equitable, and in the best interest of the Receivership Estate and its claimants. The Settlement Consideration represents approximately 49.6% of the coverage limits under the Policy. The Receiver believes this is a fair amount to resolve the Estate’s claims, considering the following factors:

1. the existence of possible grounds for partial rescission, exclusions of claims, or the voiding of the Policy entirely;
2. the likelihood that, absent a settlement, the limits of liability that are determined to be applicable will be exhausted or substantially eroded by the payment of defense costs in individual claimants' litigation; and

² Nothing herein should be construed or intended to modify the terms of the proposed Bar Order. You should review the Bar Order carefully.

3. the pursuit of litigation to establish liability in excess of the Settlement

Consideration is not likely to be successful, taking into consideration attorneys' fees and other costs of litigation that would be required to be incurred.

Under the terms of the Settlement, the Receivership Estate will receive a significant recovery that will allow the Receiver to file a proposed plan for interim distribution to those persons with cognizable claims against the Estate. The Receiver believes the proposed Settlement is in the best interest of the Estate. The Settlement will maximize the amount of coverage to be used to pay claims and, significantly, will avoid the payment of insurance proceeds to pay defense costs.

Important Deadlines and Information Regarding Filing of Objections

Please review the following information carefully:

Deadline for Objections:

1. Objections to the proposed Settlement and entry of the Bar Order must be filed on or before September 11, 2015, in the Office of the Clerk of Court, United States District Court for the Northern District of Georgia, Richard B. Russell Federal Building, 2211 United States Courthouse, 75 Spring Street, S.W., Atlanta, Georgia 30303.

2. Each objection must contain the following information:
 - (a) The name of the person or entity making the objection and the person's or entity's contact information including addresses, telephone numbers and email addresses.
 - (b) If a claim was previously filed by the objector in this action, or in an arbitration proceeding, the caption of the case, the name of the court or the name of the arbitrators, the names of the plaintiff, and defendants, and the court or arbitration case number.
 - (c) A concise statement of the reasons why the Settlement should not be approved and the Bar Order entered; and
 - (d) Documentation or other evidence of upon which the person or entity making the objection relies in opposing the Settlement and Bar Order.

II. Opportunity to be Heard:

A hearing to consider objections to the Settlement and Bar Order and to consider approval of the Settlement will be held on October 9, 2015, at 10:00 a.m., in Courtroom 1705, Richard B. Russell Federal Building, 75 Spring Street, S.W., Atlanta, Georgia 30303.

III. Questions

You may contact counsel for the Receiver at the address or telephone number shown below if you have any questions or to request a copy of documents related to the Settlement, Motion, Bar Order, the establishment of the Receivership Estate, or the appointment of Mr. Robert D. Terry as Receiver.

/s/ J. Steven Parker
J. Steven Parker
Georgia Bar No. 562427
Counsel for Receiver

Parker MacIntyre
2987 Clairmont Road
Suite 200
Atlanta, GA 30329
Tel: 404/490-4060
Fax: 404/490-4058
jsparker@parkmac.com