



NEWS RELEASE

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OXENDINE ORDERS CRIMINAL INVESTIGATION INTO BUSINESS PRACTICES OF SEUS CEO FAIN

Atlanta – Insurance Commissioner John Oxendine announced today that he has directed his Fraud Unit to begin a criminal investigation into the business practices of former Chief Executive Officer of Southeastern U.S. Insurance, Inc. (SEUS) M. Clark Fain, III.

The investigation follows an October 27 order signed by Fulton County Superior Court Judge Thomas R. Campbell, Jr., ordering SEUS into liquidation and naming Oxendine as the liquidator.

"After reviewing financial transactions made by the company, I find no other recourse but to open a criminal investigation into the actions of Mr. Fain," Oxendine said. "I can only compare the bookkeeping methods of the company to those of Enron."

Department analysts became suspicious of SEUS when they learned that the company had engaged in a questionable transaction regarding a hunting club that it owned in Seminole County. At Oxendine's insistence, SEUS unwound the transaction. However, the department also discovered that the company was overstating assets while significantly understating liabilities.

"Indications are that this is a case of corporate greed," Oxendine said. "The questionable accounting engaged in by the company ultimately has a huge negative impact on the lives of decent, innocent citizens."

Under the consent order of liquidation, Oxendine's office took over the operation of the workers compensation insurer and is authorized to sell off its assets to pay claims. The order also banned further business by the company.

SEUS had approximately 209 workers compensation policyholders at the time of the liquidation. The company was first licensed in November 2001 as a captive insurer.

Anyone who has more information concerning this case can contact Commissioner Oxendine's office at 1-800-656-2298.

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