

STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

FORM A

STATEMENT REGARDING THE
ACQUISITION OF CONTROL OR MERGER WITH DOMESTIC INSURER

USA UNDERWRITERS

BY

FATEH ALCHY and NASEM (NICK) ISSAK

Applicants

Filed with the Insurance Department of
The State of Michigan

INSURANCE EVALUATION
DIVISION

AUG 19 2015

RECEIVED

Dated: January 1, 2015

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

Scott Najor, Esq
812 South Main Street
2nd Floor
Royal Oak, MI 48067
Telephone: 248-268-8230
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ScottNajor@gmail.com

Fateh Alchy and Nasem (Nick) Issak (collectively the "Applicants") hereby file this application regarding the ownership and control of USA Underwriters (hereafter referred to as the "Corporation"), an insurance company registered with the Department of Insurance and Financial Services.

ITEM 1. 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.

The domestic insurer is USA Underwriters (the "Corporation"), 812 South Main Street, 2nd Floor, Royal Oak, MI 48067. All stock of the Corporation is owned by USA Underwriters, LLC (hereafter referred to as the "Holding Company"), a Michigan Entity formed under the Michigan Department of Licensing and Regulatory Affairs. Control of Corporation is going to be procured by entering into a Member Purchase Agreement, which is included in this filing. The Corporation has 458,704 shares of issued and outstanding stock. The proxy voting rights of the Corporation are going to be distributed by a Proxy Agreement as follows:

- Anthony Yousif will hold 252,289 proxy voting rights of stock (approximately 55%)
- Hani Kassab, Jr. will hold 91,740 proxy voting rights of stock (approximately 20%)
- Fateh Alchy will hold 45,870 proxy voting rights of stock (approximately 10%)
- Nasem (Nick) Issak will hold 45,870 proxy voting rights of stock (approximately 10%)
- Ronnie Kassab will hold 22,935 proxy voting rights of stock (approximately 5%)

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

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

Fateh Alchy
812 South Main Street
2nd Floor
Royal Oak, MI 48067

Nasem (Nick) Issak
11530 East 10 Mile Road
Warren, MI 48089

(b) If the applicant is not an individual, state the nature of its business operations for the past 5 years or for such lesser period as such person and any predecessors thereof shall have been in existence. Describe the business intended to be done by the applicant and the applicant's subsidiaries.

The applicants are individuals.

(c) Furnish a chart or listing clearly presenting the identities of the interrelationships among the applicant and all affiliates of the applicant, including the ultimate controlling person(s). No affiliate need be identified if its total assets are equal to less than ½ of 1% of the total assets of the ultimate controlling person affiliated with the applicant. Indicate in such chart or listing the percentage of voting securities of each such person which is owned or controlled by the applicant or by any other such person. If control of any person is maintained other than by the ownership or control of voting securities, indicate the basis of such control. As to each person specified in such chart or listing indicate the type of organization (e.g. corporation, trust, partnership), primary business (e.g. holding company, insurance agency, manufacturer) 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.

<u>Name</u>	<u>Type</u>	<u>Proxy Voting Rights</u>
Anthony Yousif	Individual	55%
Hani Kassab, Jr.	Individual	20%
Fateh Alchy	Individual	10%
Nasem (Nick) Issak	Individual	10%
Ronnie Kassab	Individual	5%

The ultimate controlling persons are Anthony Yousif, Hani Kassab, Jr, Fateh Alchy and Nasem (Nick) Issak. These people hold 10% or more control over the Corporation.

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

Regarding FATEH ALCHY

State the following with respect to 1) the applicant if she or he is an individual 2) if the applicant is not an individual, all persons who are, or who have been selected to be, directors, executive officers (or others who perform or will perform functions appropriate

to those positions), or owners of 10% or more of the voting securities of the applicant, and, 3) in all instances where individuals will be the direct or indirect source of funding for the acquisition:

- 1) Fateh is a male individual
- 2) N/A
- 3) Fateh will directly fund the acquisition

(a) Name and business address:

Fateh Alchy
812 South Main Street
2nd Floor
Royal Oak, MI 48067

(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 such employment is carried on:

L.A. Insurance Agency Franchising, Finance controller and business development, management of accounting and finance, developed and operated over 60 startup insurance agencies, financial forecasting and premium reconciliation, research and development.

(c) All occupations, positions, offices or employment during the last 5 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 such occupation, position, office or employment was carried on; if any such occupation, position, office or employment required licensing by or registration with any federal, state or municipal governmental agency, indicate such fact, the current status of such licensing or registration, and an explanation of any surrender, revocation, suspension or disciplinary proceedings in connection therewith.

See Resume on file with the Department.

(d) Whether or not such person has ever been convicted in a criminal proceeding (excluding minor traffic violations) during the last 10 years and, if so, give the date, nature of conviction, name and location of court, and penalty imposed or other disposition of the

case. Whether or not such person has had any civil judgments against the person resulting in \$25,000 or more in civil fines or penalties or injunctive or other equitable relief.

No.

(e) Upon the request of the Commissioner, individuals shall provide fingerprint cards pursuant to Section 249a for state, multi-state, and federal criminal history record checks.

The finger print card is already on file with the Commissioner.

Regarding NASEM (NICK) ISSAK

State the following with respect to 1) the applicant if she or he is an individual 2) if the applicant is not an individual, all persons who are, or who have been selected to be, directors, executive officers (or others who perform or will perform functions appropriate to those positions), or owners of 10% or more of the voting securities of the applicant, and, 3) in all instances where individuals will be the direct or indirect source of funding for the acquisition:

- 1) Nick is a male individual
- 2) N/A
- 3) Nick will directly fund the acquisition

(a) Name and business address:

Nasem (Nick) Issak
11530 East 10 Mile Road
Warren, MI 48089

(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 such employment is carried on:

See Resume on file with the Department.

(c) All occupations, positions, offices or employment during the last 5 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 such occupation, position, office or employment was carried on; if any such occupation, position, office or employment required licensing by or registration with any federal, state or municipal governmental agency, indicate such fact, the current status of such licensing or registration, and an explanation of any surrender, revocation, suspension or disciplinary proceedings in connection therewith.

See Resume on file with the Department.

(d) Whether or not such person has ever been convicted in a criminal proceeding (excluding minor traffic violations) during the last 10 years and, if so, give the date, nature of conviction, name and location of court, and penalty imposed or other disposition of the case. Whether or not such person has had any civil judgments against the person resulting in \$25,000 or more in civil fines or penalties or injunctive or other equitable relief.

No.

(e) Upon the request of the Commissioner, individuals shall provide fingerprint cards pursuant to Section 249a for state, multi-state, and federal criminal history record checks.

The finger print card is already on file with the Commissioner.

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. Describe any transaction where funds were or are to be obtained for such purpose, including any pledge of the insurer's stock or pledge of the stock of any of its subsidiaries or controlling affiliates. 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.

The applicants are going to pay cash for their membership interest in the Holding Company and their proxy voting rights in the Corporation. The membership interest in the Holding Company is going to be based on a total Purchase Price of \$5,000,000. Each Applicant/Member will pay their proportionate share of \$5,000,000 according to their member sharing ratio.

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

Anthony Yousif has already contributed \$4,000,000 into the Corporation and Hani Kassab, Jr. has already contributed \$1,000,000 into the Corporation. Therefore, the Applicants/Members will pay the following amounts as consideration for their interest in the Corporation:

Fateh Alchy: \$500,000 for approximately 10% interest in the Corporation

Nasem (Nick) Issak: \$500,000 for approximately 10% interest in the Corporation

(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, the applicant must specifically request that the identity be kept confidential.

N/A

ITEM 5. FUTURE PLANS FOR INSURER

(a) Describe any plans or proposals which the applicant may have for the insurer to declare a dividend, (whether or not extraordinary), to liquidate the insurer, to sell its assets, to merge it with any person or persons, or to make any other material change in its business operations or corporate structure or management.

No such plans or proposals are anticipated in the near future.

b) Provide a 5 year business plan which describes the types of business to be written by the insurer, marketing plan, projected direct, assumed, ceded, and net written premiums by line, pro-forma statutory balance sheets and income statements. Also, describe proposed changes to the insurer's reinsurance program (if any), amount, timing, and type of capital contributions (if any), proposed changes to the insurer's executive officers and directors, and compliance plan with the "books and records in Michigan" requirement of Section 5256.

Purpose

This policy statement provides guidance to the Corporation's management and Board with respect to the prudent investment of available assets.

Overview

The Corporation is an insurance company authorized to do business in the State of Michigan. The Company is required to maintain a minimum level of capital and is regulated by the Michigan Department of Insurance and Financial Services. The capital reserve is designed to protect the ability of the Corporation to pay any and all claims made by those customers who have a valid insurance policy written by the Corporation. Therefore, the Investment portfolio must have sufficient liquidity to meet these obligations.

Investment Objectives, Return

The first goal of the investment portfolio is to provide a contribution to operating funds in the event of negative cash flow from operations. In addition, the portfolio should maintain purchasing power through modest capital appreciation. The investment portfolio should strive for an investment return of 6% per annum.

Risk and Liquidity

As mentioned above, the critical purpose of the investment portfolio is to support the ability to pay valid claims to insured parties in a timely manner. Therefore, preservation of capital and availability of liquidity are of primary importance. Portfolio objectives are best accomplished with a diversified portfolio primarily committed to relatively moderate volatility and high liquidity.

Time Horizon

The portfolio has a long term time horizon because its purpose is to support the ongoing operations of the Corporation.

Taxes

The Corporation has a significant net operating loss carry forward so taxes should not be a major factor with respect to making investment decisions in the short to medium term. Tax exempt securities should be kept to a minimum during the period that the net operating loss is being utilized. Sale of assets should be based on market considerations rather than tax considerations.

Asset Allocation

The asset allocation will recognize the following factors:

- 1) A commitment to high quality fixed-income securities as a source of low volatility
- 2) A commitment to equities as a source of capital appreciation
- 3) A commitment to diversified asset classes such as real estate investment trusts and senior notes of highly rated U. S. Corporations

The overall target asset classification is:

Bonds and Bond Funds	61%
Equities	7%
Real Estate Investment Trusts and Senior Notes	32%

Investment Manager

The Corporation has selected the Grous, Grill, Christon, Hirschberg Group from the New York office of Duetsche Bank Securities, Inc. as investment advisor. This organization was carefully chosen by the Board of Directors based on their experience with investing for insurance companies.

Responsibility

The Board is responsible for overseeing the invested assets and the investment process. The Board will review the investment portfolio on at least a quarterly basis and hold conference calls with the investment advisor on a regular basis. The portfolio will be rebalanced as needed.

The Board will evaluate the performance of the investment advisor and will have discretion to terminate the investment advisor for any reason including those listed below:

- Failure to comply with stated guidelines
- Significant deviation from the advisors stated investment philosophy and or process
- Loss of key personnel
- Failure to achieve performance objectives specified in the manager’s guidelines over reasonable measurement periods
- A change in asset allocation policy that necessitates a shift of assets to a different investment style.

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.

The Holding Company holds all 458,704 share of stock in the Corporation. The proxy voting rights of the Corporation are going to be distributed by a Proxy Agreement as follows:

- Anthony Yousif will hold 252,289 proxy voting rights of stock (approximately 55%)
- Hani Kassab, Jr. will hold 91,740 proxy voting rights of stock (approximately 20%)
- Fateh Alcy will hold 45,870 proxy voting rights of stock (approximately 10%)
- Nasem (Nick) Issak will hold 45,870 proxy voting rights of stock (approximately 10%)

- Ronnie Kassab will hold 22,935 proxy voting rights of stock (approximately 5%)

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.

Other than as set forth in the Application (including all Exhibits hereto), neither the Applicants, its affiliates, nor any person listed in Item 3 of this Application beneficially owns or has a right to acquire beneficial ownership of the voting securities of the Corporation.

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. Such description shall identify the persons with whom the contracts, arrangements or understanding have been entered into.

Except as set forth in the Agreement and the exhibits thereto, neither the Applicants, its affiliates, nor any person listed in Item 3 is a party to any contract, arrangement or understanding with respect to any voting securities of the Corporation, including, but not limited to transfer of any securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies, with the exception those already listed.

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 12 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.

During the twelve (12) calendar months preceding the filing of his Application, neither the Applicants, its affiliates, nor any person listed in Item 3 has purchased any voting securities of the Corporation.

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 12 calendar months preceding the filing of this statement.

During the twelve (12) calendar months preceding the filing of this Application, there have been no recommendations to purchase any voting securities of Corporation by the Applicants, its affiliates or any person listed on Item 3 of this Application or by anyone based upon interviews or at the suggestion of the Applicant, its affiliates or any person listed in Item 3.

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.

The Applicants have made no agreements, contracts or understandings with any broker-dealers as to the solicitation of voting securities of the Corporation for tender.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial statements and exhibits shall be attached to this statement as an appendix, but list under this item the financial statements and exhibits so attached.

See statements on file with the Department.

(b) The financial statements shall include the audited annual financial statements of the persons (both corporate and individual) identified in Item 2(c), including individuals who are applying to be the ultimate controlling persons, for the preceding 5 fiscal years (or for such lesser period as such applicant and its affiliates and any predecessors thereof shall have been in existence), and similar information covering the period from the end of such

person's last fiscal year as of a date not earlier than 90 days prior to the filing of the statement. The statements may be prepared on either an individual basis, or, unless the Commissioner otherwise requires, on a consolidated basis if consolidated statements are prepared in the usual course of business. The consolidated financial statements shall include the consolidating work sheets.

The annual financial statements of the applicant corporate entity shall be accompanied by the certificate of an independent public accountant to the effect that such statements present fairly the financial positions 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 financial statements of Anthony Yousif, Hani Kassab, Jr., Fateh Alchy and Nasem Issak are already on file with the Department of Insurance.

(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, managing general agent, controlling producer, or management contracts concerning the insurer, annual reports and proxy statements to the stockholders of the insurer and the applicant for the last two fiscal years, and any additional documents or papers required Form A forms and instructions Section 4 and 6.

See attachments.

ITEM 13. SIGNATURE AND CERTIFICATION

Signature and certification required as follows:

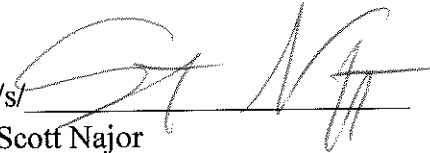
SIGNATURE

Pursuant to the requirements of Section 1311 of the Insurance Code of 1956, as amended, **USA Underwriters**, has caused this application to be duly signed on its behalf in the City of Royal Oak and State of Michigan on the 1st day of January, 2015.

(SEAL) USA UNDERWRITERS
By: ANTHONY YOUSIF, CEO

Attest:

Subscribed and sworn to before me,
a Notary Public in and for Oakland County,
this 1st day of January, 2015

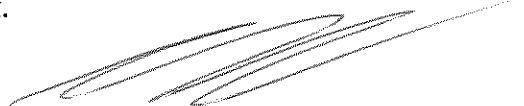
/s/ 

Scott Najor
Notary Public, State of Michigan
County of Oakland
My Commission Expires 12-15-2019
Acting in the County of Oakland



CERTIFICATION

The undersigned deposes and says that he has duly executed the attached application dated January 1, 2015, for and on behalf of **USA Underwriters**; that he is the Attorney of such company and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.



/s/ _____
Anthony Yousif
CEO
Chairman of the Board

ITEM 13. SIGNATURE AND CERTIFICATION

Signature and certification required as follows:

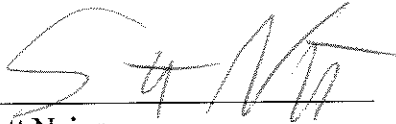
SIGNATURE

Pursuant to the requirements of Section 1311 of the Insurance Code of 1956, as amended, **USA Underwriters**, has caused this application to be duly signed on its behalf in the City of Royal Oak and State of Michigan on the 1st day of January, 2015.

(SEAL) USA UNDERWRITERS
By: HANI KASSAB, JR., PRESIDENT

Attest:

Subscribed and sworn to before me,
a Notary Public in and for Oakland County,
this 1st day of January, 2015

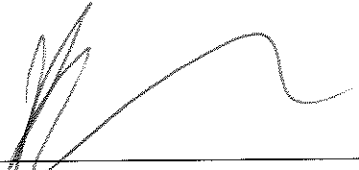
/s/ 

Scott Najor
Notary Public, State of Michigan
County of Oakland
My Commission Expires 12-15-2019
Acting in the County of Oakland



CERTIFICATION

The undersigned deposes and says that he has duly executed the attached application dated January 1, 2015, for and on behalf of **USA Underwriters**; that he is the Attorney of such company and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.

/s/ 

Hani Kassab, Jr.
President
Member of the Board