



STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE

REPORT ON ORGANIZATIONAL EXAMINATION
OF THE
U.S. LAW SHIELD OF TENNESSEE, LLC
HOUSTON, TEXAS

AS OF
JANUARY 23, 2017

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Houston, Texas
April 25, 2017

Honorable Julie Mix McPeak
Commissioner
Tennessee Department of Commerce and Insurance
500 James Robertson Parkway
Nashville, Tennessee 37243

Dear Commissioner:

Pursuant to your instructions and in accordance with Tennessee Code Annotated ("Tenn. Code Ann.") § 56-43-101 and Tenn. Comp. R. & Regs. 0780-01-60, an organizational examination was made of the financial condition and affairs of:

U.S. LAW SHIELD OF TENNESSEE, LLC
1020 Bay Area Boulevard, Suite 220
Houston, Texas 77058-2628

hereinafter and generally referred to as the "Company", and a report thereon is submitted as follows:

INTRODUCTION

This examination was arranged by the Commissioner of the Tennessee Department of Commerce and Insurance (TDCI) and commenced on April 24, 2017. The examination was an "organizational examination" and was conducted by duly authorized representatives of the TDCI.

SCOPE OF EXAMINATION

This examination was conducted as of January 23, 2017, to determine if the Company has complied with the statutory and regulatory requirements to be issued a Certificate of Authority to establish and operate as a "Legal Services Company" according to the provisions of Tenn. Code Ann. § 56-43-101. The examination included the verification of assets and liabilities, and review of organizational documents and plan of operation.

The following documents and records of the Company were reviewed:

- (1) Articles of Organization for a Limited Liability Company (LLC);

- (2) Application Filing;
- (3) Minutes of the Members Meeting;
- (4) Biographical affidavits of all officers; and
- (5) Proposed Plan of Operation.

COMPANY HISTORY AND ORGANIZATION

The Company is a LLC based in Houston, Texas and is an affiliate of U.S. Law Shield LLP by common ownership. The Company was organized on September 23, 2014, but was not fully capitalized until January 2017.

The Company filed its Uniform Certificate of Authority Application (UCAA) for licensure with the TDCI on March 13, 2017, and paid the required application fee of \$500 prescribed by Tenn. Comp. R. & Regs. 0780-01-60.04.

Funds in the amount of \$100,000 were provided by the Company for capital and surplus before the Company was issued a Certificate of Authority to write legal insurance. Therefore, the minimum surplus requirements of Tenn. Comp. R. & Regs. 0780-01-60.05 were satisfied.

MANAGEMENT AND CONTROL

MANAGEMENT

Directors

As a LLC, the Company does not have a Board of Directors.

Officers

As provided for in the Minutes of the Members Meeting, the Company's business and affairs will be managed under the direction of the following three (3) officers:

<u>Name</u>	<u>Title</u>
Kirk Evans	President and Treasurer
David Donchez	Vice President
Darren Rice	Secretary

Biographical affidavits of all trustees and officers were reviewed for compliance with Tenn. Comp. R. & Regs. 0780-01-60, with no exceptions noted.

CONTROL

As a LLC, the Company is owned by its organizers.

AFFILIATED COMPANIES

The Company has affiliates by common ownership. However, per Tenn. Code Ann. § 56-43-111(e)(2), the Company is not subject to the Holding Company Act.

Organizational Chart

Texas Law Shield, LLP Darren Rice 100%	U.S. Law Shield of Oklahoma, LLC Darren Rice 70% Thomas Walker 30%	U.S. Law Shield of Colorado, LLC Darren Rice 70% Thomas Walker 30%
U.S. Law Shield Legal Expense Insurance Corporation Darren Rice 70% Thomas Walker 30%	U.S. Law Shield of Georgia, LLC Darren Rice 70% Thomas Walker 30%	U.S. Law Shield of Pennsylvania, LLC Darren Rice 70% Thomas Walker 30%
U.S. Law Shield of Missouri, LLC Darren Rice 70% Thomas Walker 30%	U.S. Law Shield of Ohio, LLC Darren Rice 100%	U.S. Law Shield of Virginia, Inc. (Inactive) Darren Rice 70% Thomas Walker 30%
U.S. Law Shield of Tennessee, LLC (Inactive) Darren Rice 70% Thomas Walker 30%	U.S. Law Shield of Georgia, LLC dba U.S. Law Shield of Kansas dba U.S. Law Shield of New Jersey Darren Rice 70% Thomas Walker 30%	U.S. Law Shield of Georgia, LLC dba U.S. Law Shield of North Carolina Darren Rice 70% Thomas Walker 30%

CORPORATE RECORDS

Charter

The Company is organized as a LLC and does not have a charter.

Bylaws

The Company is organized as a LLC and does not have bylaws.

Meeting Minutes

Minutes of the Members Meeting were reviewed and found to provide a summary of the actions approved.

PROPOSED PLAN OF OPERATION

The Company plans to offer a prepaid legal services plan to Tennessee residents who legally own, carry, and use firearms. For a monthly or annual fee, members of the plan ("plan members") in good standing will be entitled to certain legal services from licensed program attorneys, such as representation in civil and criminal proceedings, extending to and including trial, arising from the plan member's legal use of a firearm, without being charged any additional attorneys' fees.

The Company plans to advertise its product on radio, billboards, in newspapers, at gun stores, firearms classes, and gun shows. The Company also plans to utilize electronic media, including its website and email, as well as printed materials such as brochures, posters, and flyers to be supplied to and displayed at affiliated facilities.

The Company has not conducted any business to date.

STATUTORY DEPOSIT

The following table reflects the securities that comprise the Company's statutory deposit held by Chase Bank in accordance with Tenn. Comp. R. & Regs. 0780-01-60.05, as of May 17, 2017.

<u>Jurisdiction</u>	<u>Description</u>	<u>Par Value</u>	<u>Statement Value</u>	<u>Market Value</u>
Tennessee	Certificate of Deposit, 0.30%, issued 4/7/2017, due 4/7/2019, Certificate # 010-007-7520412	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>
Total		<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>

The securities are held pursuant to a tri-party Depository Agreement – General Deposit with the Company, the Commissioner of the TDCI, and JP Morgan Chase Bank (“Chase”). The Company signed the agreement on April 27, 2017, Chase signed the agreement on April 28, 2017, and the Commissioner signed the agreement on June 6, 2017.

FINANCIAL STATEMENTS

Here follows a statement of assets and liabilities as of January 23, 2017, as established by this organizational examination:

ASSETS

Cash	\$50,696
Statutory deposit (certificate of deposit)	<u>100,000</u>
Total admitted assets	<u>\$150,696</u>

LIABILITIES, SURPLUS, AND OTHER FUNDS

Liabilities	\$14,544
Additional paid-in capital	150,000
Retained earnings	(13,675)
Net Income	<u>(173)</u>
Total capital and surplus	<u>136,152</u>
Total liabilities, capital, and surplus	<u>\$150,696</u>

Surplus

The Company's surplus is in the form of cash and a long-term certificate of deposit held by Chase. The certificate of deposit is pledged to the Commissioner of the TDCI, as noted in the "Statutory Deposit" section of this report.

SUBSEQUENT EVENTS

None.

COMMENTS AND RECOMMENDATIONS

Comments

None.

Recommendations

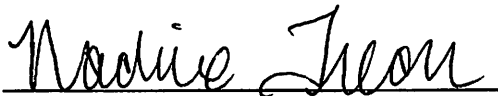
None.

CONCLUSION

Through this examination, it was determined that, as of January 23, 2017, the Company had admitted assets of \$150,696 and liabilities of \$14,544. Thus, there existed capital and surplus funds of \$136,152.

The courteous cooperation of the officers and employees of the Company and representatives of U.S. Law Shield of Tennessee, LLC extended during the course of the examination is hereby acknowledged.

Respectfully submitted,

A handwritten signature in black ink, reading "Nadine Treon", written over a horizontal line.

Nadine Treon, CFE
Examiner-in-Charge
Noble Consulting Services, Inc.

AFFIDAVIT

The undersigned deposes and states that she has duly executed the attached examination report of U.S. Law Shield of Tennessee, LLC, as of January 23, 2017, and dated July 12, 2017, on behalf of the Tennessee Department of Commerce and Insurance. Deponent further states she is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of her knowledge, information, and belief.

Nadine Treon

Nadine Treon, CFE
Examiner-in-Charge
Noble Consulting Services, Inc.

State New Jersey

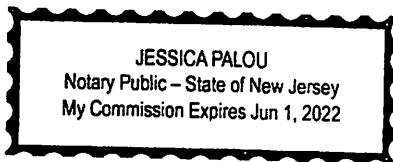
County Somerset

Subscribed to and sworn before me

this 1 day of Dec., 2017

Notary Jessie Palou

My Commission Expires: 06/01/2022



AFFIDAVIT

The undersigned deposes and states that she has duly executed the attached examination report of U.S. Law Shield of Tennessee, LLC, as of January 23, 2017, and dated July 12, 2017, on behalf of the Tennessee Department of Commerce and Insurance. Deponent further states she is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of her knowledge, information, and belief.



Leah Thomas, CFE, AIE, FLMI, MCM
Insurance Examiner, CFE
Tennessee Department of Commerce and
Insurance

State Tennessee

County Davidson

Subscribed to and sworn before me

this 5th day of December, 2017

Mindy C. Walker
(NOTARY)



My Commission Expires: 7.6.2020

EXHIBIT B



**FIREARMS LEGAL
DEFENSE PROGRAM**

December 11, 2017

E. Joy Little
Director of Financial Examinations/Chief Examiner
Tennessee Department of Commerce and Insurance
500 James Robertson Parkway
Nashville, TN 37243-1135

RE: Report of Examination – U.S. Law Shield of Tennessee, LLC

Dear Ms. Little:

We hereby acknowledge receipt of the final Report of Examination for **U.S. Law Shield of Tennessee, LLC**. By signing below, we indicate acceptance of the report, as transmitted, and without rebuttal.

Sincerely,

A handwritten signature in black ink, appearing to read "Kirk Evans", followed by a long horizontal line extending to the right.

**Kirk Evans
President**