

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO: 152 OF 2007

BETWEEN:

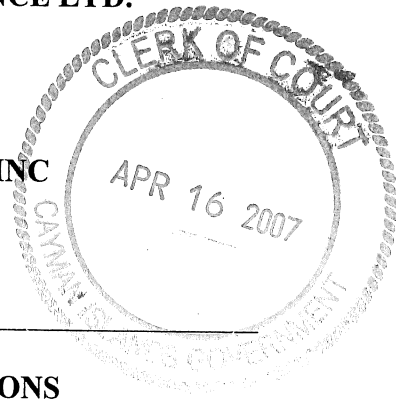
TEMPORARY SERVICES INSURANCE LTD.

Plaintiff

AND



INTERIM PERSONNEL OF W.N.Y. INC
(doing business as Spherion Staffing)



Defendant

WRIT OF SUMMONS

TO: Interim Personnel of W.N.Y. Inc, of 2150 Wehrle Drive, Williamsville, NY 14221,
United States of America.

THIS WRIT OF SUMMONS has been issued against you by the above-named Plaintiff in respect of the claim set out on the next page.

Within 28 days after the service of this Writ on you, counting the day of service, you must either satisfy the claim or return to the Court Office, P.O. Box 495GT, George Town, Grand Cayman, the accompanying Acknowledgment of Service stating therein whether you intend to contest these proceedings.

If you fail to satisfy the claim or to return the Acknowledgment within the time stated, or if you return the Acknowledgment without stating therein an intention to contest the proceedings, the Plaintiff may proceed with the action and judgment may be entered against you forthwith without further notice.

Issued this 16th day of April 2007

NOTE - This Writ may not be served later than 4 calendar months (or, if leave is required to effect service out of the jurisdiction, 6 months) beginning with the date of issue unless renewed by order of the Court.

IMPORTANT

Directions for Acknowledgment of Service are given with the accompanying form.

STATEMENT OF CLAIM

1 The Plaintiff is a Cayman Islands exempted limited insurance company which has its registered office at PO Box 10027APO, Grand Cayman, Cayman Islands and carries on business providing reinsurance for an insurance program written by United States licensed insurance companies for participants, or affiliated entities of participants, in the Plaintiff.

2 The Defendant is a company incorporated in the United States of America which has its registered office at 2150 Wehrle Drive, Williamsville, NY 14221, United States of America, and is doing business as "Spherion Staffing".

3 The Defendant is a shareholder of the Plaintiff, being the registered holder of 1 Common Share and 1 Preferred Share.

4 By a written agreement made between the Plaintiff and the Defendant, signed by the Plaintiff on 14 July 2004 and by the Defendant on 30 June 2004 ("**Shareholder Agreement**"), the Defendant agreed, amongst other things, that it would meet its financial obligations to the Plaintiff as determined by operation of the Plaintiff's Experience Rated Premium/Loss Formula ("**Experience Rated Formula**") attached as Exhibit F of the Plaintiff's information memorandum dated 1 October 2003 ("**Information Memorandum**").

4.1 The preamble to the Shareholder Agreement states:

"WHEREAS, the Shareholders and [the Plaintiff] are desirous that certain obligations and responsibilities incumbent upon each Shareholder be formalized to allow [the Plaintiff] to enforce such obligations and responsibilities; ..."

4.2 Clause 1.11 of the Shareholder Agreement states:

"Experience Rated Formula means the experience rated premium/loss formula developed by [the Plaintiff] as set out under the heading "Premium Calculation/Loss Distribution Rules" in Section II of Exhibit F to the Information Memorandum as they may be modified from time to time by the Directors."

4.3 Clause 1.12 of the Shareholder Agreement states:

"Experience Rated Premium Definitions means the words and expressions and their definitions as contained in Section I of Exhibit F, Experience Rated Premium/Loss Formula, to the Information Memorandum as they may be modified from time to time by the Directors and as they may be applied in the interpretation of the Experience Rated Formula."

4.4 Clause 1.13 of the Shareholder Agreement states:

"Federal Excise Tax means the amount of US federal excise tax withheld from [the Plaintiff] on premium ceded and associated with an Active Shareholder during a period."

4.5 Clause 1.25 of the Shareholder Agreement states:

"Shareholder means a person who is the registered holder of a Common Share and/or a Preferred Share ..."

4.6 Clause 1.26 of the Shareholder Agreement states:

"Shareholder Obligations means the financial obligations due from each holder of a Common Share (or its Insured affiliate) to [the Plaintiff], including, but not limited to, premium payments, additional premium assessment obligations (including IBNR reserve assessments), collateral for deductibles if required by a policy-issuing Program Insurer, losses, loss reserves, allocated loss adjustment expense, fixed costs (as estimated initially and as subsequently adjusted to reflect actual operating expenses), funding requirements arising from negative

investment returns, legal and administrative costs and charges generally recognized in insurance accounting, all as the same as may be determined by the Directors from time to time and whose determination of such obligations shall, absent manifest error, be final and binding on all parties. Shareholder obligations continue throughout an applicable policy year, even if coverage is terminated prior to year-end. Premium assessments made by the Directors for any policy year (in addition to the initial premium charged) are currently limited generally to an amount equal to 100% of the A Fund (as defined in the Experience Rated Formula as it may be modified by the Directors from time to time) portion of the premium paid by each Shareholder (or its Insured affiliates) to the policy-issuing Program Insurer for such policy year; C Fund calls may also be made if the security fund balance in the C Fund falls below specified levels (see Section 3.2 below). "

4.7 Clause 3.1 of the Shareholder Agreement states:

"Experience Rated Formula. The Shareholders and each of them hereby agree to be bound by the Experience Rated Formula with respect to the calculation of premiums and the distribution of losses and costs among the Class Fund, the obligations of Shareholders for assessments, and all related and dependent matters."

4.8 Clause 3.3 of the Shareholder Agreement states:

"Compliance. Each Shareholder hereby undertakes to satisfy and discharge the Shareholder Obligations in full when the same are due. Each Shareholder hereby undertakes to comply with the provisions of the Memorandum, Articles and all policies and procedures duly adopted by the Directors or the Shareholders. In addition, each Shareholder acknowledges and agrees with [the Plaintiff] that its shareholding is not an entitlement to have its risks (or its affiliates' risks) underwritten by [the Plaintiff] and that [the Plaintiff] will only underwrite risks where the Directors have determined that the claims experience, loss control procedures and results of the proposed insured are satisfactory."

5 Section I of the Experience Rated Formula, by which the Defendant is bound, contains definitions used in the calculation of contributions as follows:

1. **Experience Rated Premium:** *An individual shareholder insured's premium giving consideration to its past loss history as a determining factor in calculating its renewal premium.*
2. **A Fund Contribution:** *A portion of the individual shareholder insured's premium that is applied to the combined A Fund that is used to pay all "expected" losses (incurred losses, including those paid or for which reserves have been established and including allocated loss adjustment expenses) up to, currently, US\$75,000 per occurrence. ...*
3. **B Fund Contribution:** *A portion of the individual shareholder insured's premium that is applied to the combined B Fund that is used to pay all losses (incurred losses, including those paid or for which reserves have been established) individually above, currently, US\$75,000 up to a maximum of [the Plaintiff's] retention (currently US\$300,000), plus allocated loss adjustment expense. ...*
4. **C Fund Contribution:** *The current year portion of the individual shareholder insured's premium equal, generally, to 60% of the A Fund contribution (.6A) that is applied to pay all "expected" losses (incurred losses, including those paid or for which reserves have been established and including allocated loss adjustment expenses) in the A Fund layer which losses exceed the shareholder insured's A Fund contribution plus the 100% A Fund assessment. See Rule 7 (in Section II hereof) for a discussion of the A Fund premium assessment. ...*
6. **Fixed costs contribution ("FC"):** *The individual shareholder insured's portion of the fixed costs for [the Plaintiff] for the year's program. ... Fixed costs are estimated at the beginning of each policy year. If actual costs exceed the initial FC contributions, shareholder insureds may be assessed additional premium to fund such actual fixed costs as determined on audit. Additionally, if [Plaintiff] investment returns are negative for a policy year, additional premium may be*

assessed (subject to the item Section II, Rule 7 assessment limit of 100% of the A Fund amount.)"

6 Section II of the Experience Rated Formula provides for the calculation of A Fund assessments, as follows:

"6. An insured's initial premium is equal to its contributions to each Fund and to fixed costs shown as:

$$A + B + C + FC = \text{Initial Premium}$$

7. The maximum additional cost that can be assessed to a shareholder insured, as additional premium, due to unsatisfactory individual or group loss experience and shortfalls resulting from negative investment returns, is an amount equal to 100% of its original A Fund contribution for that policy year. ... Therefore, the expected maximum cost that a shareholder insured would pay for any policy year (assuming there is no C Fund call) is:

$$2A + B + C + \text{actual FC} = \text{Expected Maximum Cost}$$

10. If there is an assessment for an additional contribution to the A Fund, it will typically not be assessed until completion of the policy year and will be payable quarterly 50% in Year 2, 30% in Year 3 and 20% in Year 4. ... (Emphasis added).

7 The Plaintiff will rely on the said Shareholder Agreement and all documents incorporated thereby for their full meanings, terms and effect.

Outstanding A Fund assessments

8 The Defendant's original A Fund contributions for the policy years set out below were as follows:

8.1 US\$55,433.00 for the policy year 2002/03;

8.2 US\$66,717.00 for the policy year 2003/04;

- 8.3 US\$108,242.00 for the policy year 2004/05; and
- 8.4 US\$119,727.00 for the policy year 2005/06.
- 9 Pursuant to the provisions of the Experience Rated Formula, the Defendant's additional contributions to the A Fund for those underwriting years have been assessed and as at 1 February 2007 are in total US\$345,297.00, comprised as follows:
- 9.1 US\$53,265.00 for 2002/03;
- 9.2 US\$64,063.00 for 2003/04;
- 9.3 US\$108,242.00 for 2004/05; and
- 9.4 US\$119,727.00 for 2005/06.
- 10 The amounts assessed for and set out in paragraph 9 above may increase as further claims are made which affect the Defendant's or the group's loss experience for those policy years, or due to negative investment returns.
- 11 The Plaintiff has received payments totaling US\$118,569.00 from the Defendant via its broker, Lyons Companies ("**Broker**"), as follows, which have been applied to the respective assessments due:
- 11.1 US\$32,926.00 for the year 2002/03;
- 11.2 US\$29,261.00 for the year 2003/04; and
- 11.3 US\$43,400.00 for the year 2004/05.
- 12 Pursuant to the staged payment mechanism set out in paragraph 10 of Section II of the Experience Rated Formula, and taking into account the payments received from the Defendant set out in paragraph 11 above, the outstanding A Fund contributions due from the Defendant to the Plaintiff as at 1 February 2007 are US\$172,590.00 ("**Outstanding Contributions**") comprised as follows:
- 12.1 US\$20,339.00 for 2002/03

- 12.2 US\$34,802.00 for 2003/04
- 12.3 US\$48,606.00 for 2004/05; and
- 12.4 US\$68,843.00 for 2005/06.
- 13 The Plaintiff claims contractual interest of 1% per calendar month on the Outstanding Contributions, being a Shareholder Obligation as defined in the Shareholder Agreement, in an amount of US\$10,363.00 as at 1 February 2007, and as may further accrue. Alternatively, the Plaintiff claims interest pursuant to section 34 of the Judicature Law at such rates, for such periods and on such amounts as the Court thinks fit.
- 14 The Defendant is further liable to pay to the Plaintiff an amount equal to United States' federal excise tax as defined in clause 1.13 of the Shareholder Agreement, at the rate of 4% on the total of the Outstanding Contributions plus interest, as explained in the Information Memorandum, which states at page 26:
- "If a United States shareholder insured experiencing greater A Fund Losses than expected becomes subject to assessment in any amount up to 100 percent of its A Fund Contribution, the payment of the additional assessment by the United States shareholder insured to [the Plaintiff] would be subject to the FET [i.e. federal excise tax] at the 4% rate imposed on direct insurance premiums."*
- 15 On 23 January 2007, the Plaintiff sent to the Defendant via its Broker an invoice dated 1 February 2007 requiring payment of the then Outstanding Contributions plus an amount equal to federal excise tax. A copy of that invoice is attached as Appendix A. In breach of the Shareholder Agreement, the Defendant has failed and/or refused to pay the Outstanding Contributions, interest and federal excise tax demanded.

AND THE PLAINTIFF CLAIMS

- (1) Judgment against the Defendant in the sum of US\$172,590.00;
- (2) Interest of US\$10,363.00 as at 1 February 2007 and further contractual interest at the rate of 1% per month on the sum of US\$172,590.00 from 1 February 2007 until the date of judgment or earlier payment;
- (3) Alternatively, interest pursuant to the Judicature Law;
- (4) An amount equal to federal excise tax at the rate of 4% on the sum of the judgment debt and interest;
- (5) Costs; and
- (6) Such further or other relief as the Court deems fit.

Maples and Calder

MAPLES and CALDER
Attorneys-at-law for the Plaintiff

THIS WRIT was issued by Maples and Calder, attorneys for the Plaintiff whose address for service is PO Box 309GT, Uglan House, South Church Street, George Town, Grand Cayman. Cayman Islands. (Ref. EXD/615325/11089978)

Temporary Services Insurance Ltd.

2nd Floor, Genesis Building, George Town
 P O Box 10027APO, Grand Cayman, Cayman Islands
 Tel: (345) 946 2100; Fax: (345) 946 2110

Invoice # 105-1015037-200611
 Invoice Date February 1, 2007

Invoice to: Spherion Staffing - #1015037

	2001/02 U/W Year			2002/03 U/W Year			2003/04 U/W Year			2004/05 U/W Year			2005/06 U/W Year			TOTAL \$
	Date Due	Qtrs Due	\$	Date Due	Qtrs Due	\$	Date Due	Qtrs Due	\$	Date Due	Qtrs Due	\$	Date Due	Qtrs Due	\$	
Gross Assessment (Note 1)			12,982			53,265			64,063			108,242			119,727	358,279
Net Assessment			12,982			53,265			64,063			108,242			119,727	358,279
Payable																
50%	31-Dec-02	4	6,491	31-Dec-03	4	26,633	31-Dec-04	4	32,032	31-Dec-05	4	54,121	31-Dec-06	4	59,864	179,140
30%	31-Dec-03	4	3,895	31-Dec-04	4	15,980	31-Dec-05	4	19,219	31-Dec-06	4	32,473	31-Dec-07	1	8,980	80,545
20%	31-Dec-04	4	2,596	31-Dec-05	4	10,653	31-Dec-06	4	12,813	31-Dec-07	1	5,412	31-Dec-08	0	0	31,474
Assessments Now Due			12,982			53,265			64,063			92,006			68,843	291,159
Assessments Due by BOD Resolution			0			0			0			0			0	0
Cash Received																
Received in prior periods			12,982			32,926			29,261			43,400			0	118,569
Received this period			0			0			0			0			0	0
			12,982			32,926			29,261			43,400			0	118,569
Balance Outstanding			0			20,339			34,802			48,606			68,843	172,590
Finance Charges																
Charged in prior periods			0			830			1,527			1,263			1,997	5,617
Charged this period			0			610			1,044			1,296			1,796	4,746
Received			0			0			0			0			0	0
Now Due			0			21,779			37,373			51,165			72,636	182,953
															F.E.T @ 4%	7,318
															Total Due:	190,271

** Note: This invoice is based upon the financial statements to: June 30, 2006

Appendix A

DIRECTIONS FOR ACKNOWLEDGMENT OF SERVICE
OF WRIT OF SUMMONS

1. The accompanying form of Acknowledgment of Service should be completed by an Attorney acting on behalf of the Defendant or by the Defendant if acting in person.

After completion it must be delivered or sent by post to the Law Courts, P.O. Box 495G, George Town, Grand Cayman.

2. A Defendant who states in his Acknowledgment of Service that he intends to contest the proceedings must also serve a defence on the Attorney for the Plaintiff (or on the Plaintiff if acting in person).

If a Statement of Claim is indorsed on the Writ (i.e. the words "Statement of Claim" appear on the top of page 2), the Defence must be served within 14 days after the time for acknowledging service of the Writ, unless in the meantime a summons for judgment is served on the Defendant.

If the Statement of Claim is not indorsed on the Writ, the Defence need not be served until 14 days after a Statement of Claim has been served on the Defendant.

If the Defendant fails to serve his defence within the appropriate time, the Plaintiff may enter judgment against him without further notice.

3. A Stay of Execution against the Defendant's goods may be applied for where the Defendant is unable to pay the money for which any judgment is entered. If a Defendant to an action for a debt or liquidated demand (i.e. a fixed sum) who does not intend to contest the proceedings states, in answer to Question 3 in the Acknowledgment of Service, that he intends to apply for a stay, execution will be stayed for 14 days after his Acknowledgment, but he must, within that time, issue a Summons for a stay of execution, supported by an affidavit of his means. The affidavit should state any offer which the Defendant desires to make for payment of the money by instalments or otherwise.

See over for notes for guidance

Notes for Guidance

1. Each Defendant (if there are more than one) is required to complete an Acknowledgment of Service and return it to the Courts Office.
2. For the purpose of calculating the period of 28 days for acknowledging service, a writ served on the Defendant personally is treated as having been served on the day it was delivered to him.
3. Where the Defendant is sued in a name different from his own, the form must be completed by him with the addition in paragraph 1 of the words "sued as (the name stated on the Writ of Summons)".
4. Where the Defendant is a FIRM and an attorney is not instructed, the form must be completed by a PARTNER by name, with the addition in paragraph 1 of the description "Partner in the firm of (.....)" after his name.
5. Where the Defendant is sued as an individual TRADING IN A NAME OTHER THAN HIS OWN, the form must be completed by him with the addition in paragraph 1 of the description "trading as (.....)" after his name.
6. Where the Defendant is a LIMITED COMPANY the form must be completed by an Attorney or by someone authorised to act on behalf of the Company, but the Company can take no further step in the proceedings without an Attorney acting on its behalf.
7. Where the Defendant is a MINOR or a MENTAL PATIENT, the form must be completed by an Attorney acting for a guardian ad litem.
8. A Defendant acting in person may obtain help in completing the form at the Courts Office.

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO: OF 2007

BETWEEN:

TEMPORARY SERVICES INSURANCE LTD.

Plaintiff

AND

INTERIM PERSONNEL OF W.N.Y. INC
(doing business as Spherion Staffing)

Defendant

ACKNOWLEDGMENT OF SERVICE
OF WRIT OF SUMMONS

If you intend to instruct an Attorney to act for you, give him this form IMMEDIATELY.

Important. Read the accompanying directions and notes for guidance carefully before completing this form. If any information required is omitted or given wrongly, THIS FORM MAY HAVE TO BE RETURNED.

Delay may result in judgment being entered against a Defendant whereby he may have to pay the costs of applying to set it aside.

1. State the full name of the Defendant by whom or on whose behalf the service of the Writ is being acknowledged.

2. State whether the Defendant intends to contest the proceedings (tick appropriate box)
 yes no

3. If the claim against the Defendant is for a debt or liquidated demand, AND he does not intend to contest the proceedings, state if the Defendant intends to apply for a stay of execution against any judgment entered by the Plaintiff (tick box)
 yes no

Service of the Writ is acknowledged accordingly

(Signed).....

Attorney for

Please complete overleaf

Notes on address for service

Attorney: where the Defendant is represented by an attorney, state the attorney's place of business in the Cayman Islands. A Defendant may not act by a foreign attorney.

Defendant in person: where the Defendant is acting in person, he must give his post office box number and the physical address of his residence or, if he does not reside in the Cayman Islands, he must give an address in Grand Cayman where communications for him should be sent. In the case of a limited company, "residence" means its registered or principal office.

Indorsement by plaintiff's Attorney (or by plaintiff if suing in person) of his name, address and reference, if any, in the box below.

Maples and Calder
PO Box 309 GT
Ugland House
South Church Street
George Town
Grand Cayman

Ref: EXD/615325

Indorsement by defendant's Attorney (or by defendant if suing in person) of his name, address and reference, if any, in the box below.