

**STATE OF MICHIGAN  
IN THE CIRCUIT COURT FOR THE COUNTY OF INGHAM**

In re:

Finlandia University,  
a Michigan nonprofit corporation,

Petitioner.

Case No. 23-185-CB

Hon. **JOYCE DRAGANCHUK**

v.

Dana Nessel, Michigan Attorney General,

Nominal Defendant.

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**ORDER APPOINTING RECEIVER**

At a session of said Court held in the City of Lansing,  
Ingham County, Michigan on April 5, 2023

Present: Honorable **JOYCE DRAGANCHUK**  
Circuit Court Judge

This matter having come before the Court upon Finlandia University's *Motion for Judicial Supervision of Dissolution and for Appointment of Receiver* and the associated *Brief in Support*; the Court having reviewed the Complaint and the Motion; and the Court being fully advised in the premises:

The Court finds as follows:

A. Petitioner, Finlandia University ("Finlandia"), is a Michigan nonprofit corporation and public charity that operates a private university located at 601 Quincy Street Hancock, MI 49930.

B. Finlandia filed its original Articles of Incorporation on June 10, 1938 with the State of Michigan.

C. On March 10, 2023, Finlandia's Board of Directors passed a resolution to seek judicially-supervised dissolution and appoint a receiver to oversee the wind-up of the university ("Resolution").

D. The Resolution requires the wind-up of the business and affairs of Finlandia and the appointment of a receiver to oversee the process.

E. At the end of this current school year, Finlandia will cease operations due to insolvency.

F. Finlandia has filed a complaint and a motion for judicial supervision of dissolution and to appoint a receiver over its affairs.

G. The Court finds good cause to appoint a receiver over Finlandia as set forth in the Complaint and *Motion for Judicial Supervision of Dissolution and for Appointment of Receiver*.

WHEREFORE, IT IS HEREBY ORDERED that:

1. Finlandia's *Motion for Appointment of Receiver* is granted as set forth in this Order.
2. **Appointment of Receiver and the Receivership Property.**
  - A. Patrick O'Keefe and the firm of O'Keefe and Associates Consulting, LLC are appointed Receiver of the Receivership Property (defined below in section 6). The Receiver's duty to act as receiver is subject to the written acceptance and approval of the terms of this Order.
  - B. As of the date of entry of this Order, the Receiver is authorized and directed to take immediate possession and full control of the Receivership Property and to take such other actions as the Receiver deems reasonable and appropriate to take possession of, to exercise full control over, to prevent waste, and to preserve, secure and safeguard the Receivership Property.
  - C. The Receiver shall take possession of and receive from all depositories, banks, brokerages, and otherwise, any money on deposit in such institutions as belonging to Finlandia. The Receiver may indemnify the institution upon whom such demand is made and is empowered to open or close any such accounts. The Receiver shall deposit monies and funds collected and received in connection with the Receivership Property at federally-insured banking institutions or savings associations with offices in this State.

D. Finlandia and all of its agents, contract counter-parties, creditors, employees, and former employees, are ordered to cooperate with the Receiver in all of the following pertaining to the Receivership Property (but only to the extent that such items are in their possession, custody, or control, and only to the extent that such documents exist):

- i. All keys, including keys for vending, passwords, and combinations.
- ii. All school and student records.
- iii. All financial records.
- iv. A current aged account receivable/delinquency report.
- v. An aged listing of all trade payable and other payables.
- vi. Documents identifying and summarizing all pending litigation (excluding this action).
- vii. All on-site employee payroll records and employee files and applications.
- viii. All documents, books, records and computer files, all passwords needed to access Finlandia's e-mail accounts and all other records concerning the Income, and operation and management of the school.
- ix. A list of utilities and utility accounts.
- x. An inventory of all equipment, furniture, vehicles, and supplies.
- xi. The petty cash fund, if any.
- xii. Year-end operating statements for the previous fiscal year and year-to-date operating statements for the current fiscal year.

- xiii. All insurance policies on the Receivership Property and their terms.
- xiv. All computer equipment, software, management files, equipment, furniture, supplies, and all passwords needed to access all software and computer files maintained in the on-site management office(s) (and all off-site financial records).
- xv. Such other records pertaining to the management of the Receivership Property as may be reasonably requested by the Receiver.

E. No person may remove any personal property belonging to Finlandia or any employee or leased employee from the premises without the Receiver's prior approval.

F. Receiver may add Receiver as additional insured and as the loss payee on all insurance related to the operation and management of the Receivership Property including, but not limited to, fire extended coverage, auto and van coverage, property damage, liability, fidelity, errors and omission, and workers compensation, and modifying the policies if deemed appropriate by the Receiver, but subject to Court-approval for any modification to insurance. All persons other than the Receiver are prohibited from cancelling, reducing, or modifying any and all insurance coverage in existence with respect to the Receivership Property.

**3. Receiver's Duties and Authority.**

A. The Receiver shall be vested with and shall discharge the following authority, powers, and duties:

- i. To maintain, secure, and preserve the Receivership Property.
- ii. To change any and all locks to the school building.
- iii. To assume control over the Receivership Property and to collect and receive all cash, cash on hand, checks, cash equivalents, credit card receipts, demand deposit accounts, bank accounts, cash management or other financial accounts, bank or other deposits and all other cash collateral (all whether now existing or later arising); current and past due earnings, revenues, rent, issues and profits, accounts or accounts receivable (all whether unpaid, accrued, due or to become due); all claims for State/Federal Aid and Grants, and all other gross income derived with respect to the Receivership Property, regardless of whether earned before or after entry of this Order (collectively "Income").
- iv. To prepare and maintain complete books, records, and financial reports of the Receivership Property.
- v. To maintain a separate account with a federally-insured banking institution or saving association with offices in this State in the Receiver's own name, as Receiver, from which the Receiver shall disburse all authorized payments as provided in this Order.
- vi. To receive and endorse checks pertaining to the Receivership Property either in the Receiver's name, or in Finlandia's name.
- vii. The Receiver shall not be responsible for the preparation and filing of any tax returns for Finlandia (including income, personal

property, commercial activity, gross receipts, sales and use, or other tax returns) other than to provide Finlandia with information in the Receiver's possession that may be necessary for Finlandia to prepare and file its returns. Finlandia shall provide to the Receiver any information needed to file any tax returns related to the Receivership Property.

viii. To apply the Income as follows:

1. To the Receiver's approved fees and expenses;
2. To the Receiver's attorney fees and expenses;
3. To the current fees and expenses that are reasonably necessary to the wind up and dissolution of Finlandia;
4. To the attorneys' fees of Trustees, Directors, Officers or Managers of Finlandia insofar as such fees arise out of their actions as such and insofar as Finlandia's indemnification provisions so permit.
5. Any surplus to be held pending further order of the Court.

ix. To effectuate the final wind-up and dissolution of Finlandia.

Notwithstanding the above, Receiver shall have no responsibility or obligation to hire any former or current employees of Finlandia, but may choose to do so if Receiver deems it appropriate and helpful to effectuate Receiver's responsibilities under this Order.

4. **Receiver's Authority.**

- A. In carrying out the duties contained in this Order, the Receiver is authorized, but not required to:
- i. To enforce, amend, or terminate any existing contract affecting the Receivership Property.
  - ii. To reject any leases or unexpired contracts of the Finlandia that are burdensome to the Receivership Property.
  - iii. To execute, cancel, modify, renegotiate, or abrogate all services, maintenance or other contracts relating to the operations of the Receivership Property, but subject to Court-approval for execution of contracts in excess of \$10,000.
  - iv. To enter into negotiations for the sale of any real property contained within the Receivership Property.
  - v. To sell personal property contained in the Receivership Property.
  - vi. To act as commercially reasonable.
  - vii. To employ attorneys, accountants, agents, and other professionals as the Receiver may from time to time deem appropriate on such terms and conditions as the Receiver deems appropriate.
  - viii. To borrow funds for purposes relating to the operations of the Receivership Property and to issue receiver certificates for that borrowing.
  - ix. Move this Court to abandon or to surrender all or part of the Receivership Property. For any part of Receivership Property that



the Receiver decides to abandon or to surrender, the Receiver shall have no further obligation for any such property once it has been abandoned or surrendered, with Court approval.

- x. Solicit claims from creditors of Finlandia, object to such claims if advisable, and distribute available monies to holders of allowed claims. Creditors of Finlandia are not and shall not be parties to this action except upon a petition to this Court for permission to bring a claim.

**5. Extent of Receiver's Authority.**

- A. Although the Receiver shall have possession and control of the Receivership Property, the Receiver shall not take title to the Receivership Property.
- B. The Receiver shall be permitted to operate Finlandia through the conclusion of the 2022-2023 school year, including through necessary teach-out periods and wage payments to instructional staff pursuant to their contracts with the university (e.g., August 2023) and for as long after as necessary to effectuate the winding up and liquidation of Finlandia's affairs.
- C. Without limiting or expanding the foregoing, the Receiver is authorized to exercise all powers and authority generally available under the laws of the State of Michigan that may be incidental to the powers described in this Order or reasonably necessary to accomplish the purpose of this Receivership. The Receiver shall have such additional powers that are provided by law and that the Court may from time to time direct or

confer.

- D. The Receiver shall, during the pendency of this action, have the right to apply to this Court for further instructions or directions.
- E. The authority granted to the Receiver is self-executing unless the action requires Court-approval. The Receiver is authorized to act on behalf of, and in Finlandia's name (or the Receiver's name) as the Receiver deems appropriate without further order of this Court and without personal recourse against the Receiver.

**6. Receivership Property.**

- A. "Receivership Property" means and includes all of the following:
  - i. All tangible and intangible real and personal property used or useable in connection with the operations of the university or for the payment of its creditors.
  - ii. All Income.
  - iii. All trade fixtures or tenant improvements of every kind or nature located in or upon or attached to or used or intended to be used in connection with the operation of the school that are not the property of the landlord (to the full extent of Finlandia's interest in such).
  - iv. All permits, licenses, leases, other contracts and other intangible property pertaining to the Receivership Property and the operations of Finlandia.
  - v. All books, records, accounts, or documents which in any way

relate to the Receivership Property and Income.

- vi. All claims against insurance policies and/or causes of action belonging to Finlandia.

7. **Receiver Compensation, Reports, Accounting, and Bond**

- A. The Receiver's compensation shall be billed on a monthly basis and subject to Court-approval. The Receiver's rate is \$650 per hour, while rates for Directors range from \$300-\$470 per hour, Associates range from \$250-\$290 per hour, Analysts range from \$150-\$240 per hour, and Interns are \$140 per hour. The Receiver has agreed to work at a 15% nonprofit discount on the fair market value rate, and therefore shall be compensated at an hourly rate of \$552.50. Additional staff at the Receiver's office, O'Keefe LLC, may be necessary from time to time, which time shall be billed at a 15% discount.
- B. The Receiver shall provide counsel for Finlandia (the "Notice Parties") a copy of the Receiver's monthly itemized statement. The Receiver's general office administration, accounting, and overhead shall not be charged against the Income or Receivership Property.
- C. Except as otherwise provided in an order of this Court authorizing the retention of a particular professional, the Receiver may seek interim payment of compensation and reimbursement of expenses in accordance with the following procedures:
  - i. No earlier than the fifteenth (15th) day of each month following the month for which compensation is sought, the Receiver may file an

application with this Court for interim allowance of compensation for services rendered and reimbursement of expenses incurred during the preceding month (a "Monthly Fee Application") and serve such Monthly Fee Application on the Notice Parties. The first Monthly Fee Application may cover all fees and expenses incurred up to and including the month for which such Monthly Fee Application is filed.

- ii. Each Notice Party will have ten (10) business days after service of a Monthly Fee Application to object (the "Objection Deadline"). If no objections are raised before the Objection Deadline, the Receiver may file a certificate of no objection with this Court, after which the Receiver shall be authorized to pay the requested fees and costs. If any Notice Party objects to a Monthly Fee Application, it must, on or before the expiration of the Objection Deadline, file with this Court and serve on the Receiver and, each other Notice Party a written objection (the "Objection") so as to be received on or before the Objection Deadline. Any Objection shall identify with specificity the objectionable fees and expenses, including the amount of such objected to fees and expenses, and the basis for such Objection. Thereafter, the objecting party and the Receiver, as applicable, may attempt to resolve the Objection on a consensual basis. If the parties are unable to reach a resolution within twenty (20) days after service of the Objection, the Receiver may either: (i) file a response to the Objection and set the matter for hearing with the Court; or (ii) forego

payment of the objected to amount until the time at which the Receiver seeks final approval of its fees and expenses.

- D. Within thirty (30) days of the completion of the Receiver's duties and obligation under this Order, or the resignation or dismissal of the Receiver, the Receiver shall:
- i. File a final application with this Court for final approval of fees and expenses incurred during the pendency of this receivership (the "Final Receivership Fee Application"); and
  - ii. Serve the Final Receiver Fee Application on the Notice Parties. Each Notice Party will have fifteen (15) business days after the service of a final Receiver Fee Application to object, and if no objections are raised prior to the expiration of such time period, the Receiver may file a certificate of no objection with this Court, after which the Receiver shall be authorized to pay all fees and expenses set forth in the Final Receiver Fee Application that are still due and outstanding.
  - iii. If an objection is received with respect to a Final Receiver Fee Application, the Receiver may file a response to such objection and this Court shall promptly set a hearing to consider the Final Receiver Fee Application.
  - iv. The Receiver's compensation shall be paid (i) first from the Income from the Receivership Property and (ii) next, by Finlandia, but only to the extent that the Income is insufficient to pay the Receiver's compensation.

- v. Nothing in this Order shall require the Receiver to advance funds other than from Income without a bond or security for payment satisfactory to the Receiver.
- vi. With all due speed, the Receiver shall file with the Court an inventory of the Receivership Property.
- vii. By the fifteenth (15th) day of each calendar month, the Receiver shall prepare financial reports including an income and expense restatement on a monthly basis pertaining to the operations of the Receivership Property during the prior month ("Receiver's Report"). The Receiver shall submit the Receiver's Report to the Notice Parties and to the Court, The Receiver shall furnish to counsel for the Notice Parties any additional information regarding the Receivership Property as required by law and as may be reasonably requested by them, but the Receiver is authorized to request instructions from this Court should any party request information or documents which would be unduly burdensome or expensive to produce, or to annoy or harass or for other improper purposes.
- viii. The Receiver shall post a surety bond from an insurance company license to do business in this State in the amount of \$10,000. The cost of the bond is an expense of the Receivership.

**8. Court-approval.**

- A. Whenever this Order uses the term “subject to Court-approval” or “Court-approval,” such approval shall not be deemed given except by a specific order from this Court.

**9. Term and Financial Accounting**

- A. This Receivership shall continue until further order of the Court.
- B. The Receiver will serve until further order of the Court. Finlandia or the Receiver, at any time, may move for termination of this Order. In the event such relief is granted, the Court thereupon shall discharge the Receiver and terminate the Receivership.

**10. General Provisions**

- A. No person or entity shall file suit against the Receiver or the Receivership Property, or take other action against the Receiver or the Receivership Property, without an order of this Court permitting the suit or action provided, however, that no prior court order is required to file a motion in this action to enforce any provision of this Order or any other order of this Court in this action.
- B. The Receiver and its employees, agents, and attorneys shall have no personal liability in connection with any liabilities, obligations, liens, or amounts owed to any of Finlandia’s creditors because of its duties as Receiver. Nothing in this Order shall grant any rights to creditors or general unsecured creditors, whose rights shall be solely determined in accordance with Michigan law.

- C. Any creditor, assignee, beneficiary, grantee, or any other person or entity with an interest in any debt, agreement, contract, or other like instrument shall not file suit against the Receiver or the Receivership Property, or take other action against the Receiver or the Receivership Property, without an order of this Court permitting the suit or action.
- D. The receiver and its employees, agents, and attorneys shall have no personal liability, and they shall have no claim asserted against them relating to the Receiver's duties under this Order, except for claims due to their gross negligence, gross or willful misconduct, malicious acts, and/or the failure to comply with this Court's orders, which may only be brought in this Court. In no event shall the Receiver have any liability for any act, conduct or event relating to Finlandia, to the education of any current or former student, or to Finlandia's operation of its university, that occurred before the Receiver's appointment.
- E. The Receiver and its employees, agents and attorneys shall have no personal liability for the education of any of the current or former students of the school, and no claim shall be made against any of them relating to the education of the students.
- F. Finlandia and all of its agents, contract counter-parties, creditors, employees, former employees, and all those in active participation or concert with them who receive notice of this Order, and all those having claims against the Receivership Property who receive notice of this Order are hereby enjoined from, and shall not:



- i. **Commit Waste:** Commit or permit any waste on all or any part of the Receivership Property or suffer or commit or permit any action on all or any part of the Receivership Property in violation of law, or remove, transfer, encumber or otherwise dispose of any of the Receivership Property.
- ii. **Collect Income:** Demand, collect, receive, discount, or in any other way divert or use any of the Income.
- iii. **Terminate any Utility Service:** Terminate or withhold any electric, gas, water, sewer, telephone, Internet or other utility or quasi-utility services relating to the Receivership Property, require any deposit or otherwise interfere with the continued operations of the Receivership Property.
- iv. **Interfere with the Receiver:** Directly or indirectly interfere in any manner with the discharge of the Receiver's duties under this Order or the Receiver's possession of any operation or management of the Receivership Property.
- v. **Transfer or Encumber the Receivership Property:** Expend, disburse, transfer, assign, sell, convey, devise, pledge, mortgage, create a security interest in, encumber, conceal or in any manner whatsoever dispose of the whole or any part of any of the Receivership Property including, but not limited to, the Income without Court-approval.
- vi. **Impair the Receivership Property:** Do any act that will, or which

will tend to impair, defeat, divert, prevent, or prejudice the preservation of the Receivership Property, including the Income.

- G. The Receiver shall faithfully discharge the Receiver's duties, and obey the Court's orders.
- H. The Receiver is subject to the personal jurisdiction of the Court.
- I. The Receiver's duty to act as Receiver is subject to the Receiver's written acceptance and approval of the terms of this Order. Upon acceptance, the Receiver shall be bound by each and every term contained in this Order and each and every obligation of the Receiver imposed by this Order.

**11. Amendment of Order**

- A. This Order may be amended for cause after a motion or hearing. This Order may also be amended by order agreed to by Finlandia and the Receiver and approved by the Court.

IT IS SO ORDERED.

Dated: April 5, 2023

  
Circuit Court Judge

D-33417