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THIS AGREEMENT, between SEABOARD SURETY COMPANY, with head office at New York, New York, (hereinafter called the company) and the STATE OF MINNESOTA, (hereinafter called the state),

WITNESSETH:

I. On September 10, 1936, the company entered into an agreement in writing with the state, whereby in consideration of an annual agreed premium to be and which has been paid by the state, the company agreed to indemnify the state in the amount of the coverage of such position therein named, against any loss caused by any employe of the state therein named, while occupying any position therein stated, by failure to faithfully perform the duties thereof, during his continuance in said employment and insured that such employes would each, during their continuance in said employment, perform the duties thereof without fraud, deceit or oppression, and pay over without delay to the officer or person entitled by law thereto, all moneys and property which should come into their hands by virtue thereof, which bond became effective on August 1, 1936, and ever since has been in full force. The said bond covered many individual employes in several divisions of the Department of Highways, including L. L. Allen, who was Assistant Maintenance Engineer against whose acts of commission and omission the state was insured and indemnified to the extent of Two Thousand Dollars (\$2000), for which the company and the state agreed in respect to the premium then paid and thereafter to be paid. The said bond also specifically covered J. T. Flanagan, who was Assistant Engineer, against

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...the state was insured and indemnified to the extent of Two Thousand Dollars (\$2000), for which the company and the state agreed in respect to the premium then paid and thereafter to be paid. Thereafter the said L. L. Allen became Maintenance Engineer in said Department of Highways and the parties hereto modified said bond so as to agree that said bond included said Allen as Maintenance Engineer and insured him as such to the extent of Two Thousand Dollars (\$2000).

2. On February 2, 1940, in the District Court of Ramsey County, Minnesota, in an action wherein M. G. Gullixson, J. M. O'Connell and William Thomas were named as plaintiffs, and N. W. Elsberg, L. L. Allen, J. T. Flanagan and others were named as defendants, and the State of Minnesota was named as intervenor, it was adjudged that the state recover from said defendants and each of them One Hundred Thirty-three Thousand One Hundred Forty-two and 61/100ths Dollars (\$133,142.61). Said judgment was recovered against said Allen and said Flanagan because of the misconduct of each of them in their said offices of employment by the state, and thereby said company became liable to the state to the extent of Four Thousand Dollars (\$4000), which is the total liability of said company because of the loss which resulted to the state as the result of the misconduct of said Allen and Flanagan.

3. Now, Therefore, for and in consideration of the sum of Four Thousand Dollars (\$4000) which said Company has paid to the State, the receipt whereof the State hereby acknowledges, the State, by and through the undersigned as its duly qualified and acting officials and representatives, does hereby release and forever discharge the said Seaboard

... the successors and assigns, from all causes of action or claims, suits or causes of action, suits, debts, sums of money, damages or claims whatsoever in law or in equity, which the State has or may have against said Company by reason of the misconduct of said L. L. Allen and/or J. T. Flanagan, and the obligation arising therefrom under said bond described in paragraph 1 hereof, whether as adjudged and decreed in the above described judgment entered on February 2, 1940, in the District Court of Ramsey County, Minnesota, in the action wherein M. G. Gallixson, J. M. O'Connell and William Thomas were named as plaintiffs, and N. W. Elsberg, L. L. Allen, J. T. Flanagan and others were named as defendants, or whether any misconduct of said Allen and/or Flanagan, within the terms and provisions of said bond, has been or may hereafter be adjudged or decreed in any other action heretofore maintained and concluded, or now pending, or which may hereafter be maintained, by the State or by any person or persons on behalf of and for the benefit of the State; and the State hereby accepts said payment as a full and complete release and discharge of any and all liability of said Company to the State, or to any person or persons claiming under or on behalf of the State which arose from any misconduct of said Allen and/or Flanagan during the term and time covered by said bond, the State hereby acknowledging that the Company has fulfilled all conditions of said bond as to the liability of said Company thereunder by reason of any misconduct of said Allen and/or Flanagan.

4. Such payment does not release said company from any liability under said bond for any misconduct of any other person insured therein except said Allen and Flanagan.

Further that the state release said Allen and Flanagan or either of them from any part of their full liability under said judgment except only to the extent of Four Thousand Dollars (\$4000), and as to that extent, the said Company is hereby subrogated to any and all rights of the State against said L. L. Allen and/or J. T. Flanagan, jointly or severally, by reason of said judgment, but only to the extent of Four Thousand Dollars (\$4000).

IN TESTIMONY WHEREOF, said company has caused this agreement to be executed by its attorneys thereunto duly authorized and the state has caused it to be executed by the Commissioner of Highways and the Attorney General.

Dated: June 4<sup>th</sup>, 1940.

SEABOARD SURETY COMPANY

By Smithfield Mackell Crown Moore  
Its Attorneys  
1100 First Natl-Soo Line Building  
Minneapolis, Minnesota

STATE OF MINNESOTA

By Wm. H. Brennan  
Commissioner of Highways

J. G. Burmeister  
Attorney General

Arthur C. Johnson  
Deputy Attorney General

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STATE OF MINNESOTA  
DEPARTMENT OF STATE  
FILED  
JUL 1 - 1940  
*Wickholm*  
Secretary of State