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7 *Attorneys for Applicant*
8 *Dave Jones, Insurance Commissioner of the State of*
California, in his Capacity as Conservator of
9 *Majestic Insurance Company*

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA

11 COUNTY OF SAN FRANCISCO

12
13
14 **DAVE JONES, INSURANCE**
15 **COMMISSIONER OF THE STATE OF**
16 **CALIFORNIA,**

17 Applicant;

18 v.

19 **MAJESTIC INSURANCE COMPANY, and**
20 **DOES 1-50-, inclusive,**

21 Respondents.
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ENDORSED
FILED
San Francisco County Superior Court

NOV 08 2013

CLERK OF THE COURT
BY: RONNIE OTERO
Deputy Clerk

Case No. CPF-11-511261

**NOTICE OF HEARING ON
APPLICATION AND APPLICATION
FOR ORDER APPROVING PAYMENT
OF CONSERVATOR'S
ADMINISTRATIVE EXPENSES AND
PROFESSIONAL FEES**

Date: December 17, 2013
Time: 9:30 a.m.
Dept: 302
Judge: Hon. Marla Miller

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1 TO ALL INTERESTED PARTIES AND THEIR ATTORNEYS OF RECORD:

2 PLEASE TAKE NOTICE that on December 17, 2013 at 9:30 a.m. or as soon thereafter as
3 the matter may be heard in Department 302 of the Superior Court of California for the City and
4 County of San Francisco, California, Insurance Commissioner Dave Jones ("Conservator"), in his
5 capacity as Conservator of the Majestic Insurance Company in Conservation ("Majestic"), will
6 and hereby does apply to the Court for an Order approving and ratifying payments made in 2012
7 for: (1) administrative costs and expenses, including vendor payments and state agency attorney
8 fees, in the total amount of \$1,752,260.54 incurred as part of the Majestic conservation and
9 rehabilitation proceeding, and (2) professional service fees in the total amount of \$81,768.56 for
10 legal services rendered to the Conservator by the law firm of Orrick, Herrington & Sutcliffe LLP
11 ("Orrick").

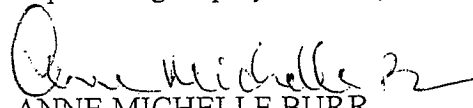
12 The application is made pursuant to Insurance Code sections 1035 and 1036, which
13 authorize the Conservator to pay expenses incurred in the administration of insolvent insurers,
14 including the compensation of attorneys, pursuant to court approval.

15 This application is based on this notice, the provisions of the California Insurance Code,
16 including Insurance Code sections 1035 and 1036, the attached points and authorities, the
17 declarations of David Wilson and Thomas J. Welsh in support thereof, and the complete file and
18 records of this case.

19
20 Dated: November 8, 2013

Respectfully Submitted,

21
22 KAMALA D. HARRIS
23 Attorney General of California
24 JOYCE E. HEE
25 Supervising Deputy Attorney General

26 
27 ANNE MICHELLE BURR
28 Deputy Attorney General
Attorneys for Applicant Insurance
Commissioner

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Prior to the Conservator's placement of Majestic into conservation, Majestic had been subject to multiple lawsuits filed in California and New York alleging damages in excess of \$500 million, which could have endangered Majestic's ability to continue operating as an insurer, to the detriment of its policyholders and creditors. (See, Declaration of David Wilson in Support of Application for Order Approving Payment of Conservator's Administrative and Professional Fees ("Wilson Decl."), ¶ 2.) In order to protect the policyholders from any adverse consequences of the pending litigation, on April 21, 2011, and pursuant to Insurance Code section 1011(d), the Commissioner obtained a court order placing Majestic into conservation. (Wilson Decl., ¶ 3.) Thereafter, the Conservator successfully oversaw and implemented the Rehabilitation Plan for Majestic Insurance Company by transferring all of Majestic's policies and related claims to the A rated insurer, Technology Insurance Company, an AmTrust affiliate, thereby protecting the interests of Majestic policyholders and its claimants from the adverse consequences of Majestic's insolvency in the event that plaintiffs in the pending litigation were successful in asserting their damage claims. (Wilson Decl., ¶ 3.)

As the Conservator of Majestic, Insurance Commissioner Dave Jones' primary responsibilities are to collect and marshal all of Majestic's available assets, to manage Majestic for the benefit of its policyholders, shareholders, creditors, and employees, and to prepare and execute a plan for Majestic's rehabilitation. (Ins. Code, § 1037.) To achieve these goals, the Conservator, through his Conservation and Liquidation Office ("CLO"), has appointed a deputy conservator assistant, utilized facilities and information technology, and contracted with vendors and professionals.

The payment of expenses incurred in administering the Majestic conservation estate is governed by Insurance Code sections 1035 and 1036¹. Specifically, section 1035 authorizes the Conservator to pay the salaries of the special deputy conservators and employees and all other

¹ All further statutory references to the Insurance Code shall be by section number only.

1 expenses necessary to carry out the functions of the management of an insolvent insurer. Section
2 1036 empowers the Commissioner to employ and compensate legal counsel to advise the
3 Conservator on estate business, and to prosecute and defend actions on behalf of the estate. The
4 expenses incurred for these purposes are entitled to Class 1 priority status over and above all
5 other expenses of the estate pursuant to section 1033(a)(1).

6 While sections 1035 and 1036 require the Conservator to seek the Court's approval of
7 estate expenses, these statutory provisions do not set forth any specific approval procedures, and
8 thus defer to the discretion of the Conservator and the Court to establish the procedures that are
9 reasonable given the particular needs of the estate. Accordingly, the Conservator applies herein
10 for this Court's approval of the payment of administrative expenses and fees incurred during
11 conservation and after the Rehabilitation Period. The application covers expenses paid in 2012
12 which were not included in the Order Approving Payment of Conservator's Administrative and
13 Professional Fees and Examination Fees issued August 10, 2012.

14 This Application seeks the Court's approval of administrative and legal expenses incurred
15 by the Majestic estate and paid in 2012 totaling \$1,834,029.10. This amount includes
16 administrative and operating expenses pursuant to section 1035 in the amount of \$1,752,260.54,
17 comprised of CLO invoiced expenses of \$1,161,918.29 and third-party direct vendor payments of
18 \$590,342.25, plus legal fees and expenses for counsel outside of California state service pursuant
19 to section 1036 in the amount of \$81,768.56. (Wilson Decl., ¶ 26.) The administration expenses
20 were incurred in connection with the implementation and closure of the Rehabilitation Plan for
21 Majestic, the proposed sale of Majestic's corporate shell, licenses and statutory deposits for
22 \$500,000.00 plus the value of the statutory deposits, the preparation and filing of quarterly
23 statutory statements and year ending financial statements, the preparation of tax returns, and the
24 review and adjudication of the various claims submitted against the estate.²

25 Now that the Rehabilitation Plan has been successfully closed and fully implemented, the
26 Conservator anticipates that the expenses of administration will be incurred at a lower level as the

27 ² This application does not request approval of day to day expenses incurred by Majestic for its
28 employees, rent, utilities and other ordinary expenses.

1 remaining aspects of the conservation proceeding are completed. That activity will be comprised
2 primarily of the administration and resolution of all remaining non-policyholder claims, the
3 collection and liquidation of contingent assets, the management of the estate and its assets, and
4 the ultimate distributions of the company's assets to holders of allowed general creditor claims
5 and equity interests.

6 **II. ARGUMENT**

7 **A. General Operating And Administrative Expenses**

8 The Majestic estate's administrative fees and expenses generally concern the Conservator's
9 efforts to discharge his duties to Majestic's policyholders and creditors to marshal and manage
10 Majestic's assets, to direct the operations of Majestic while it is in conservation, to implement the
11 approved Rehabilitation Plan for Majestic, to solicit buyers for Majestic's corporate shell with its
12 licenses and statutory deposits, to prepare statutory financial statements, and to review and
13 adjudicate various proofs of claim filed by the vendors and litigants seeking damages from the
14 estate. The ongoing expenses incurred as a result of the administration of the Majestic
15 conservation estate are paid out of estate assets pursuant to section 1035, which authorizes the
16 Conservator to pay the salaries of the special deputy conservators and employees and all other
17 expenses necessary to carry out the functions of the management of an insolvent insurer.

18 Majestic's general estate operating and administrative expenses fall into two categories: (1)
19 estate operating expenses, which consist of CLO operating expenses and third-party vendor
20 related expenses, and (2) legal fees incurred by attorneys outside of state service who provided
21 professional services in the development of the plan for the sale of Majestic's corporate shell
22 (together with its licenses and statutory deposits and without its liabilities), the preparation of the
23 related transactional documentation, and the preparation of the application for approval of the sale
24 (to be addressed in Part B, below).

25 **1. The CLO Operating Expenses.**

26 The Majestic estate's operating expenses incurred in the administration of the estate by the
27 CLO for the period in question include services provided by CLO's personnel that are charged to
28 the estate on an hourly rate calculated each month times the total number of hours that CLO

1 personal provided services to the Majestic estate, together with professional fees for services
2 provided by third party vendors and CLO contractors.

3 The CLO's hourly rate charged to the Majestic estate for services provided in any given
4 month by CLO employees is a blended rate based on the CLO's operational expenses calculated
5 as follows: total CLO employees personnel expenses for a given month divided by the total
6 number of employee labor hours plus CLO monthly facility expenses divided by the total number
7 of labor hours for CLO employees and CLO contractors using CLO facilities for a given month to
8 arrive at hourly rate for CLO employees providing services to the Majestic estate. Facility
9 expenses are non-estate specific expenses and include office supplies, rent, utilities and other
10 occupancy expenses. (Wilson Decl., ¶ 6.)

11 The Conservator also utilized the services of CLO retained contractors to provide support
12 and services that are paid by the CLO and charged to the Majestic estate at the hourly rate agreed
13 to by the contractors who provided services to the CLO and the estates overseen by the Insurance
14 Commissioner. (Wilson Decl., ¶ 7.)

15 The Conservator has been represented by the California Attorney General as the lead
16 litigation counsel on the commencement of the conservation proceeding and the approval of the
17 Rehabilitation Plan. In addition, the Conservator receives legal services for non-litigation related
18 matters from the Commissioner's Legal Division of the California Department of Insurance.
19 Both the Commissioner's agency attorneys and the Attorney General's Office bill the
20 Conservator for estate-related legal services provided to the Majestic estate at an hourly rate set
21 by the state agencies. The expense of these state-employed attorneys is not required to be
22 separately approved pursuant to section 1036. These expenses are paid by the CLO and billed to
23 the Majestic estate on a monthly basis as part of Majestic's estate expenses. (Wilson Decl., ¶ 8.)

24 Fees for outside legal services are discussed in detail in Part B, below.

25 During 2012, the Majestic estate paid a total of \$1,161,918.29 for CLO personnel, CLO
26 contractor expenses and state-employed attorneys' fees. The expenses incurred based on the
27

28

CLO hourly rate for each month³ and its contractors along with their related expenses are as follows:

| | | |
|-----------------------------|---|-----------------|
| Nov. 1 – Nov. 31, 2011: | 346.25 hours at the rate of \$186.68/hr | \$ 64,638.19 |
| Nov. 1 – Nov. 31, 2011: | INS Consultants, Inc. 159 hrs @ \$160/hr | 25,440.00 |
| | INS Consultants, Inc. travel & expenses | 6,723.39 |
| | State Employee Legal Fees | <u>4,796.50</u> |
| | CLO November Billing ⁴ Subtotal | \$ 101,597.98 |
| Dec. 1 – Dec. 31, 2011: | 308.30 hrs. at the rate of \$211.76/hr | \$ 65,284.24 |
| Dec. 1 – Dec. 31, 2011: | INS. Consultants, Inc. 78 hrs @ \$160 | 12,480.00 |
| | INS Consultants, Inc. travel & expenses | 5,261.70 |
| | State Employee Legal Fees | <u>1,615.00</u> |
| | CLO December Billing ⁵ Subtotal | \$ 84,640.94 |
| Jan. 1 – January 31, 2012: | 583.98 hours at the rate of \$170.41/hr | \$ 99,517.47 |
| Jan. 1 – January 31, 2012: | INS Consultants, Inc. 158 hrs @ \$160/hr | 25,280.00 |
| | INS Consultants, Inc. travel and expenses | 5,887.08 |
| | State Employee Legal Fees | <u>6,872.00</u> |
| | CLO January Billing ⁶ Subtotal | \$137,556.55 |
| Feb. 1 – February 29, 2012: | 404.28 hrs at the rate of \$174.40 per hour | \$ 70,507.27 |
| Feb. 1 – February 29, 2012: | INS Consultants, Inc. 153 hrs @ \$160/hr | 24,480.00 |
| | INS Consultants, Inc. travel and expenses | 5,778.90 |
| | State Employee Legal Fees | <u>5,105.50</u> |
| | CLO February Billing ⁷ Subtotal | \$105,871.67 |

³ See Exhibit A attached to the Wilson Declaration for calculation of CLO personnel monthly hours Rate.

⁴ Wilson Decl., ¶9.

⁵ Wilson Decl., ¶10.

⁶ Wilson Decl., ¶11.

⁷ Wilson Decl., ¶12.

| | | |
|----|---|-----------------|
| 1 | March 1 - March 31, 2012: 337.05 hrs at the rate of \$160.83/hour | \$ 54,207.06 |
| 2 | March 1 - March 31, 2012: INS Consultants, Inc. 162 hrs @ \$160/hr | 25,920.00 |
| 3 | INS Consultants, Inc. travel and expenses | 7,695.20 |
| 4 | State Employee Legal Fees | <u>2,812.50</u> |
| 5 | CLO March Billing ⁸ Subtotal | \$ 90,634.76 |
| 6 | April 1 - April 30, 2012: 346.48 hrs at the rate of \$170.13 | \$ 58,947.73 |
| 7 | April 1 - April 30, 2012: INS Consultants, Inc. 146 hrs @ \$160/hr | 23,360.00 |
| 8 | INS Consultants, Inc. travel and expenses | 6,621.88 |
| 9 | State Employee Legal Fees | <u>2,513.50</u> |
| 10 | CLO April Billing ⁹ Subtotal | \$ 91,443.11 |
| 11 | May 1 - May 31, 2012: 395.29 hours at the rate of \$162.98/hour | 64,423.15 |
| 12 | May 1 - May 31, 2012: INS Consultants, Inc. 151 hrs @ \$160/hr | 24,160.00 |
| 13 | INS Consultants, Inc. travel and expenses | 7,719.78 |
| 14 | State Employee Legal Fees | <u>4,466.50</u> |
| 15 | CLO May Billing ¹⁰ Subtotal | \$100,769.43 |
| 16 | June 1 - June 30, 2012: 322.16 hrs at the rate of \$180.21 per hour | \$ 58,056.84 |
| 17 | June 1 - June 30, 2012: INS Consultants, Inc. 152 hrs @ \$160/hour | 24,320.00 |
| 18 | INS Consultants, Inc. travel and expenses | 6,992.74 |
| 19 | State Employee Legal Fees | <u>1,997.50</u> |
| 20 | CLO June Billing ¹¹ Subtotal | \$ 91,367.08 |
| 21 | July 1 - July 31, 2012: 334.43 hrs at the rate of \$184.40 per hour | \$ 61,668.49 |
| 22 | July 1 - July 31, 2012: INS Consultants, Inc. 151 hrs @ \$160/hr | 24,160.00 |
| 23 | INS Consultants, Inc. travel and expenses | 7,226.50 |
| 24 | State Employee Legal Fees | <u>1,876.50</u> |
| 25 | CLO July Billing ¹² Subtotal | \$ 94,931.49 |

⁸ Wilson Decl., ¶13.

⁹ Wilson Decl., ¶14.

¹⁰ Wilson Decl., ¶15.

¹¹ Wilson Decl., ¶16.

| | | |
|----|---|-----------------|
| 1 | August 1 - August 31, 2012: 235.18/hrs at the rate of \$145.58 per hour | 34,238.21 |
| 2 | August 1 - August 31, 2012: INS Consultants, Inc. 174 hrs@160/hr | 27,840.00 |
| 3 | INS Consultants, Inc. travel & expenses | 7,889.70 |
| 4 | State Employee Legal Expenses | <u>1,256.50</u> |
| 5 | CLO August Billing ¹³ Subtotal | \$ 71,224.41 |
| 6 | Sept. 1 - Sept. 30, 2012: 132.47 hours at the rate of \$203.51/hr | \$ 26,958.32 |
| 7 | Sept. 1 - Sept. 31, 2012: INS Consultants, Inc. 164 hrs @ \$160/hr | 26,240.00 |
| 8 | INS Consultants, Inc. travel & expenses | 7,157.40 |
| 9 | State Employee Legal Fees | <u>2,408.50</u> |
| 10 | CLO September Billing ¹⁴ Subtotal | \$ 62,764.22 |
| 11 | Oct. 1 - Oct. 31, 2012: 178.91 hrs. at the rate of \$175.08/hr | \$ 31,323.87 |
| 12 | Oct. 1 - Oct. 31, 2012: INS. Consultants, Inc. 170 hrs @ \$160 | 27,200.00 |
| 13 | INS Consultants, Inc. travel & expenses | 8,460.13 |
| 14 | State Employee Legal Fees | <u>1,460.50</u> |
| 15 | CLO October Billing ¹⁵ Subtotal | \$ 68,444.50 |
| 16 | Nov. 1 - November 31, 2012: 188.08 hours at the rate of \$209.69/hr | \$ 39,438.47 |
| 17 | Nov. 1 - November 31, 2012: INS Consultants, Inc. 105 hrs @ \$160/hr | 16,800.00 |
| 18 | | 16,800.00 |
| 19 | INS Consultants, Inc. travel and expenses | 3,388.68 |
| 20 | State Employee Legal Fees | <u>1,045.00</u> |
| 21 | CLO November Billing ¹⁶ Subtotal | \$ 60,672.15 |
| 22 | Total | \$ 1,161,918.29 |

(...continued)

¹² Wilson Decl., ¶ 17.

¹³ Wilson Decl., ¶ 18

¹⁴ Wilson Decl., ¶ 19

¹⁵ Wilson Decl., ¶ 20

¹⁶ Wilson Decl., ¶ 21

Accordingly, the total CLO operating expenses incurred by the Majestic estate for CLO personnel, contractors, state employees, and related travel and expenses for which the Conservator is seeking approval of is \$1,161,918.29. (Wilson Decl., ¶ 26.)

2. The Third-Party Vendor Operating Expenses.

In addition to CLO operating expenses, the Conservator has also incurred third-party vendor related operating expenses for the Majestic conservation, which are directly paid from estate assets. These expenses are primarily for Majestic vendors and consultants retained by the Conservator specifically for the administration of the Majestic estate. For the relevant period, payments made to the vendors through December 31, 2012 totaled \$590,342.25 (See Exhibit B attached to the Wilson Declaration).

Majestic's Vendor Related Operating Expenses include:

a. Accounting Services

| | |
|--|-------------|
| Automatic Data Processing | \$ 3,359.99 |
| Crown Business Solutions | 11,411.25 |
| D'Arcangelo & Co., LLP | 14,320.00 |
| David Piper | 58,917.50 |
| Larson & Rosenberger, LLP | 63,000.00 |
| State of California, Department of Finance | 3,830.00 |
| Majestic USA Capital | 25,470.80 |
| PriceWaterhouseCoopers | 540.00 |

b. Investment Expenses

| | |
|---|-----------|
| Bank of Albuquerque | 202.85 |
| California State Treasurer's Office | 5,380.00 |
| Commonwealth of Virginia | 364.00 |
| General Re- NEAM | 53,244.56 |
| State of California – Department of Insurance | 270.00 |
| State Street | 48,883.63 |
| The Bank of Mellon | 500.00 |

| | | |
|----|---|------------|
| 1 | U. S. Bank N. A. | 487.50 |
| 2 | Union Bank | 184.00 |
| 3 | Wells Fargo Bank | 750.00 |
| 4 | c. <u>State Assessments, Fees, Licenses and Taxes</u> | |
| 5 | Alaska Division of Insurance | 2,733.00 |
| 6 | Arizona Department of Insurance | 1,533.00 |
| 7 | Commonwealth of Virginia Department of Insurance | 2,570.00 |
| 8 | Comptroller of Public Accounts | 633.00 |
| 9 | CT Corporation | 1,988.00 |
| 10 | Florida Department of Revenue | 1,750.00 |
| 11 | Idaho Industrial Commission | 3,125.00 |
| 12 | Illinois State Treasurer | 964.00 |
| 13 | Industrial Commission of Arizona | 633.10 |
| 14 | National Association of Insurance | 7,364.00 |
| 15 | Nevada Division of Insurance | 5,856.00 |
| 16 | New Mexico Public Regulation | 800.00 |
| 17 | Oregon Department of Consumer & Business | 1,650.00 |
| 18 | State of California Department of Insurance | 144,802.27 |
| 19 | State of Hawaii, Dept. of Commerce | 2,025.00 |
| 20 | Utah Insurance Department | 575.00 |
| 21 | Workers Occupational Safety | 100.00 |
| 22 | d. <u>Legal Fees and Expenses for Majestic's pending litigation</u> | |
| 23 | Knutson Compton & Associates | 330.00 |
| 24 | Law Offices of Glassberg, Pollak | 248.00 |
| 25 | Law Offices of Andre Hassid | 1,260.39 |
| 26 | The Law Offices of Steve Levy | 75.00 |
| 27 | Van Dinter & Associates | 2,125.00 |
| 28 | Liffey Thames Group, LLC | 2,446.35 |

| | | |
|----|---|--------------|
| 1 | e. Other Professional Consulting Fees | |
| 2 | McKinney, Cynthia A. | 10,818.48 |
| 3 | Law Offices of Paula M. Weaver | 55,945.00 |
| 4 | f. <u>Delivery, record Retrieval and Storage Expenses</u> | |
| 5 | Federal Express | 1,150.33 |
| 6 | United parcel Service | 683.99 |
| 7 | GRM/Simmba Information Management | 310.80 |
| 8 | Iron Mountain – Los Angeles | 6,937.74 |
| 9 | g. <u>Miscellaneous</u> | |
| 10 | Copymat | 540.56 |
| 11 | Majestic USA Capital | 68.64 |
| 12 | Insurance Journal | 1,530.00 |
| 13 | Nevada Legal Press | 30.00 |
| 14 | A. M. Best Company, Inc. | 3,785.00 |
| 15 | Verizon Wireless, NY | 717.03 |
| 16 | California State Treasurer's Office | 80.00 |
| 17 | First National Bank of Alaska | 750.00 |
| 18 | McCarthy, Burgess & Wolff | 3,130.74 |
| 19 | Fidelity Investments Institution | 1,125.00 |
| 20 | Malleolo Administrators, LLC | 1,460.76 |
| 21 | Fonner Insurance Agency | 18,099.00 |
| 22 | Cor-O-Van Moving & Storage Co | 1,040.92 |
| 23 | 1099 Pro. Inc. | 399.22 |
| 24 | Copy-Mat | 1,040.92 |
| 25 | Crothers, Jennelle | <u>61.30</u> |
| 26 | | \$590,342.25 |

1 Accordingly, the CLO operating expenses, and the third-party vendor related operating
2 expenses for the Majestic conservation paid by the Majestic estate in 2012 for which the
3 Conservator is seeking approval totals \$1,752,260.54.

4 **B. PROFESSIONAL AND LEGAL FEES AND EXPENSES**

5 **1. Majestic's Conservation and Retention of Outside Legal Counsel**

6 The Conservator was represented by the law firm of Orrick, Herrington & Sutcliffe LLP
7 ("Orrick") in connection with the negotiation, preparation, court approval and closing of the
8 Rehabilitation Plan. Thereafter, Orrick was retained to assist in the review and analysis of certain
9 proof of claims with complex legal issues, provided technical legal assistance in the termination
10 of Majestic's 401(k) plan, drafted a new 401(k) plan, attended to tax issues related thereto, and
11 provided assistance related to legal issues regarding audit penalties on 2008 – 2010 workers'
12 compensation claims. Additionally, the Conservator elected to sell the Majestic Insurance
13 Company shell, together with its certificates of authority and statutory deposits, and retained
14 Orrick to assist in its sale. In connection therewith, Orrick assisted the Conservator on legal
15 matters including but not limited to: (a) assisting in developing a Request For Proposal for sale of
16 the Majestic Insurance company shell; and (b) assisting the Conservator in negotiating and
17 preparing the terms of sale of Majestic Insurance Company shell to prospective buyer. (See,
18 Declaration of Thomas J. Welsh in support of Conservator's Application for Order Approving
19 Conservator's Payment of Administrative Expenses and Professional Fees ("Welsh Decl."), ¶ 3
20 and Exhibit A attached thereto.)

21 To carry out these multiple functions, the Conservator required the assistance and advice of
22 legal counsel. Generally, non-litigation legal services are provided to the Conservator by and/or
23 under the direction of the Commissioner's Department of Insurance attorneys. In addition, the
24 Attorney General's Office provides the litigation services needed by the Conservator. However,
25 to address the aforementioned specialized legal issues, the Conservator continued to need the
26 services of legal counsel with expertise in the areas of insurance, corporate law, real estate,
27 bankruptcy, reinsurance, employment, and taxation.

1 In this regard, and pursuant to section 1036, the Conservator, through his Special Deputy
2 Insurance Commissioner and the Attorney General's Office, retained outside legal counsel at
3 outset of the conservation proceeding to assist with many specialty areas of law¹⁷. Members of
4 Orrick have worked closely with and have advised the Conservator and his staff on complex legal
5 matters and have continued to report regularly to the Conservator throughout the conservation
6 proceedings.

7 **2. Fees for Legal Services Provided to the Conservator**

8 A schedule of all legal fees and expenses incurred by the Conservator for work performed
9 on behalf of the Majestic estate is attached to the Welsh Decl. as Exhibit A. The Conservator
10 hired Orrick to provide outside advice and assistance in general estate administration matters,
11 including providing tax advice and assistance in terminating 401(k) benefit plans and adopting a
12 new 401(k) plan, providing legal support and analysis related to audit and penalty assessments by
13 the Department of Industrial Relations and AmTrust's responsibility for same, provide advice
14 related to proof of claims of bankrupt parent entities submitting claims, and provide services
15 related to drafting various agreements related to the ultimately successful proposed sale of
16 Majestic's corporate shell with certificates of authority and statutory deposits and preparation of
17 Trust Agreement to administer estate once sale of corporate shell is concluded. (Wilson Decl., ¶
18 23.)

19 **3. Review and Approval of Legal Services Bills by the Conservator**

20 The CLO has strict guidelines governing the hiring and compensation of private law firms
21 that perform services in conservation and liquidation matters. Those guidelines require, *inter*
22 *alia*, that outside law firms submit monthly bills describing each task performed, the date the task
23 was performed, and the time expended on each task (reported in increments of tenths of an hour).
24 With respect to disbursements, i.e. expenses incurred by the law firms, the CLO requires that
25 invoices contain an itemization of disbursements by category.
26

27 ¹⁷ The Conservator obtained the written consent of the Attorney General to retain outside counsel.
28

1 When the Conservator receives invoices for legal services, his staff carefully reviews the
2 invoices in order to determine whether they comply with the CLO's guidelines and whether the
3 fees and expenses sought are reasonable, necessary, accurate, and appropriate. Outside law firms
4 are only paid the amounts sought in their invoices after the invoices have been carefully reviewed
5 and approved. The procedures established by the CLO are intended to ensure that no
6 unreasonable or unnecessary fees or expenses are approved and paid. The personnel who review
7 the legal bills have regular contact with the outside attorneys, regularly see the attorneys' work
8 product, and are knowledgeable about the legal work being performed by the law firms. (Wilson
9 Decl., ¶ 25.)

10 The Conservator's staff has reviewed the invoices submitted by Orrick in this application
11 and has approved the amounts sought by Orrick as reasonable, necessary, accurate, appropriate,
12 and in the best interest of Majestic.

13 **4. Payment for Legal Services Owed to Orrick**

14 Orrick has provided legal services to the Conservator and to Majestic in connection with the
15 issues and matters set forth above. Due to the small size of Majestic and the relatively short
16 duration of Orrick's involvement as outside counsel, the Conservator does not believe that an in
17 camera review of Orrick's bills for its work on the Majestic conservation will be necessary, but
18 stands ready to provide for such review if the Court deems it appropriate. Summaries of the
19 invoices for work performed by Orrick for the Conservator with relation to the Majestic
20 conservation are attached as Exhibit A to the Welsh Declaration. These invoices have been
21 prepared for this application and accurately reflect the fees and expenses charged and the
22 activities conducted. Based on the Conservator's careful management of Orrick, and the CLO's
23 stringent review and approval process, the Conservator has determined that the fees incurred by
24 and paid to Orrick for its services are reasonable and appropriate, and thus should be approved by
25 the Court.

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III. CONCLUSION

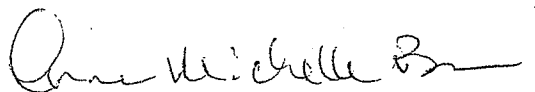
WHEREFORE, the Conservator respectfully requests that the Court issue an Order:

1. Approving the Conservator's payment for general operating and administrative expenses in the total amount of \$1,752,260.54 for services rendered to the Majestic estate and paid in 2012;
2. Approving the Conservator's payment of professional fees and expenses to Orrick, Herrington and Sutcliffe, LLP in the total amount of \$81,788.34 for legal services provided to the Conservator for the Majestic estate and paid in 2012; and
3. Authorizing the Conservator to take any and all action necessary to accomplish the purposes of the Order prayed for herein.

Dated: November 8, 2013

Respectfully Submitted,

KAMALA D. HARRIS
Attorney General of California
JOYCE E. HEE
Supervising Deputy Attorney General


ANNE MICHELLE BURR
Deputy Attorney General
Attorneys for Applicant
Dave Jones, Insurance Commissioner of
the State of California, in his Capacity as
Conservator of Majestic Insurance
Company

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Insurance Commissioner of the State of California
8

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
10 COUNTY OF SAN FRANCISCO
11
12

13 **DAVE JONES, INSURANCE**
14 **COMMISSIONER OF THE STATE OF**
15 **CALIFORNIA,**

16 Applicant,

17 v.

18 **MAJESTIC INSURANCE COMPANY, and**
19 **DOES 1-50, inclusive,**

20 Respondents.

Case No. CPF-11-511261

**[PROPOSED] ORDER APPROVING
PAYMENT OF CONSERVATOR'S
ADMINISTRATIVE EXPENSES AND
PROFESSIONAL FEES**

Date: December 17, 2013
Time: 9:30 a.m.
Dept: 302
Judge: Hon. Marla Miller

21 California Insurance Commissioner Dave Jones ("Conservator"), as Conservator of
22 Majestic Insurance Company ("Majestic") has applied for an Order approving payment of
23 expenses of administration and professional fees paid in 2012. The Court having considered the
24 Conservator's Application, the Declaration of David Wilson and the Declaration of Thomas J.
25 Welsh in support of the Conservator's Application, and good cause appearing therefore:

26 IT IS ORDERED that:

27 (1) The Conservator's payments in 2012 for general operating and administrative
28

1 expenses in the total amount of amount of \$1,752,260.54 for services rendered to the Majestic
2 estate is approved.

3 (2) The Conservator's payment of professional fees and expenses to Orrick, Harrington
4 and Sutcliffe, LLP in the total amount of \$81,768.56 for legal services provided to the
5 Conservator for the Majestic estate from December 2011 through October 31, 2012 is approved;
6 and

7 (3) The Conservator is authorized to take any and all action necessary to accomplish the
8 purposes of the Order prayed for herein.

9
10
11 Dated: _____, 2012.

12 _____
13 Judge of the Superior Court
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1 KAMALA D. HARRIS
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ENDORSED
FILED
San Francisco County Superior Court

NOV 08 2013

CLERK OF THE COURT

BY: RONNIE OTERO
Deputy Clerk

7 Attorneys for Applicant
8 *Dave Jones, Insurance Commissioner of the State of*
9 *California in his Capacity as Conservator of*
Majestic Insurance Company

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
11 COUNTY OF SAN FRANCISCO

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14
15 **DAVE JONES, INSURANCE**
16 **COMMISSIONER OF THE STATE OF**
CALIFORNIA,

17 Applicant,

18 v.

19 **MAJESTIC INSURANCE COMPANY, and**
20 **DOES 1-50-, inclusive,**

21 Respondents.

Case No. CPF-11-511261

**DECLARATION OF DAVID WILSON
IN SUPPORT OF APPLICATION FOR
ORDER APPROVING PAYMENT OF
CONSERVATOR'S
ADMINISTRATIVE EXPENSES AND
PROFESSIONAL FEES**

Judge: Hon. Marla Miller
Dept.: 302
Time: 9:30 a.m.
Date: December 17, 2013:

22
23 I, David Wilson, declare:

24 1. I am the Chief Executive Officer and Special Deputy Insurance Commissioner of
25 the Conservation & Liquidation Office ("CLO") of the California Department of Insurance
26 ("CDI"), and have held this position since 2005, when I was appointed as CEO of the CLO by the
27 California Insurance Commissioner and confirmed by the California State Senate. I am the
28

1 Court-appointed Deputy Conservator of Majestic Insurance Company. In the foregoing
2 capacities I am knowledgeable about the financial affairs of Majestic. I make this declaration in
3 support of the Insurance Commissioner Dave Jones' Application for Order Approving Payment
4 of Conservator's Administrative Expenses and Professional Fees. The following facts are known
5 by me to be true and correct and of my own personal knowledge, except to those which I have
6 expressed as being based upon my information and belief, and if called upon to testify thereto I
7 would and could competently do so.

8 2. Prior to the filing of the Commissioner's Petition to conserve Majestic Insurance
9 Company ("Majestic"), Majestic Insurance Company was subject to multiple lawsuits filed in
10 California and New York alleging damages in excess of \$500 million that could endanger
11 Majestic's ability to continue operating as an insurer, to the detriment of its policyholders and
12 creditors. In particular, the New York State Compensation Board in the matter of *New York*
13 *Worker's Compensation Board vs. Compensation Risk Managers, et al*, State of New York:
14 Supreme Court of Albany, Index Number 10288-09, alleged damages of \$472 million against
15 Majestic, and the Contractors Access Program of California in the matter of *Contractors Access*
16 *Program of California vs. Majestic Capital Ltd, et al*, San Francisco Superior Court case number
17 CGC-10-506422, alleged damages in excess of \$38 million as to Majestic.

18 3. In order to protect the policyholders from any adverse consequences of the pending
19 litigation, on April 21, 2011, and pursuant to Insurance Code section 1011(d), the Commissioner
20 obtained a court order placing Majestic into conservation. Thereafter, the Conservator
21 successfully oversaw and implemented the Rehabilitation Plan for Majestic Insurance Company
22 by transferring all of Majestic's policies and related claims to the A rated insurer, Technology
23 Insurance Company, an AmTrust affiliate, thereby protecting the interests of Majestic
24 policyholders and its claimants from the adverse consequences of Majestic's insolvency in the
25 event that plaintiffs in the pending litigation were successful in asserting their damage claims.

26 4. As of June 30, 2013, the Majestic estate had over \$13 million in assets available to
27 pay all future expenses of administration and still have sufficient assets available to distribute and
28

1 pay in full all California Insurance Code section 1033 claims through Class 7, with any remaining
2 assets to the estate's shareholders or other owners in the residual value of the estate.

3 5. CLO employees and contractors were used to oversee the continuing operations of
4 the Majestic estate, close down and transfer Majestic's insurance operations, secure Majestic's
5 financial and policy data, and provide general oversight and other technical and financial support
6 as deemed appropriate in the oversight of the estate.

7 6. Services provided by the CLO are billed based on a blended hourly rate for the hours
8 that each employee provided services to the Majestic estate. The blended hourly rate is calculated
9 as follows: total CLO employees personnel expenses for a given month are divided by the total
10 number of employee labor hours worked plus CLO monthly facility expenses divided by the total
11 number of labor hours for CLO employees and CLO contractors using CLO facilities for a given
12 month to arrive at hourly rate that is charged to the Majestic estate for CLO employees providing
13 services to the Majestic estate. Facility expenses are non-estate specific expenses and include
14 office supplies, rent, utilities and other occupancy expenses. Attached hereto as Exhibit "A" is
15 the spreadsheet calculating the CLO hourly rate charged to the Majestic estate for the months of
16 November 2011 through November 2012.

17 7. As part of the CLO's monthly billing, any CLO contractor-provided services, along
18 with related travel and expenses, are paid by the CLO and charged to the Majestic estate at the
19 hourly rate agreed to by the contractor who provided services to the CLO and the estates overseen
20 by the Insurance Commissioner. INS Consultant is the only CLO contractor paid for services
21 provided to the Majestic estate in 2012.

22 8. The Conservator has been represented by the California Attorney General as the lead
23 litigation counsel on the commencement of the conservation proceeding and the approval of the
24 Rehabilitation Plan, and continues to be represented by the California Attorney General. In
25 addition, the Conservator receives legal services for non-litigation related matters from the
26 Commissioner's Legal Division of the California Department of Insurance. Both the
27 Commissioner's attorneys and the Attorney General's Office bill the estate for legal services
28

1 provided to the Majestic estate at an hourly rate set by the state agencies. The expense of these
2 state-employed attorneys is not required to be separately approved pursuant to Insurance Code
3 section 1036. These expenses are paid by the CLO and billed to the Majestic estate on a monthly
4 basis and included as part of the expenses paid by the CLO and reimbursed by the estate.

5 9. For the period of November 1 through November 30, 2011, the total amount billed by
6 the CLO for services provided and paid by the Majestic estate total \$101,597.98. In addition to
7 providing continued oversight of the Majestic estate, the services provided during the month of
8 November included, but were not limited to, extensive work related to arranging for the closure
9 of Majestic's offices in order to transition its operations to the CLO, marshalling bank assets and
10 investments, working on employee severance related matters, inputting proofs of claims into CLO
11 data base, and arranging for the retention of Majestic digital records and paper records. The CLO
12 billing to the Majestic estate encompasses payment to the CLO for services provided by CLO
13 employees, the CLO's contractor INS Consultant, and legal services provided by California state
14 employees together with related travel and expenses.

15 10. For the period of December 1 through December 31, 2011, the total amount billed by
16 the CLO for services provided and paid by the Majestic estate total \$84,640.94. In addition to
17 providing continued oversight of the Majestic estate, the services provided during the month of
18 December included continuing to work on transitioning Majestic operations to the CLO, work on
19 severance issues for employees not transferring to AmTrust (buyer of Majestic's insurance
20 operations), continued work on transferring accounting and financial records to CLO, continued
21 work on employee severance related matters including termination of Majestic employee benefit
22 plans and 401(k) plan, continued inputting proofs of claims into CLO database and continued
23 process of retaining Majestic's digital records and paper files. The CLO billing to the Majestic
24 estate encompasses payment to the CLO for services provided by CLO employees, the CLO's
25 contractor INS Consultant, and legal services provided by California state employees together
26 with related travel and expenses.

1 11. For the period of January 1 through January 31, 2012, the total amount billed by the
2 CLO for services provided and paid by the Majestic estate total \$137,556.55. In addition to
3 providing continued oversight of the Majestic estate, the services provided during the month of
4 January included extensive work related to closing all of Majestic's business offices, transferring
5 the offices that remained open to the control of AmTrust and its subsidiary Technology Insurance
6 Company, continued inputting proofs of claims into CLO database and transitioning all of
7 Majestic's remaining business operations, files, etc. over to CLO's offices, continued work on
8 terminating Majestic 401(k) plan, adopting new 401(k) plan, and transferring Majestic employee
9 401(k) participant assets to the new 401(k) plan. The CLO billing to the Majestic estate
10 encompasses payment to the CLO for services provided by CLO employees, the CLO's
11 contractor INS Consultant, and legal services provided by California state employees together
12 with related travel and expenses.

13 12. For the period of February 1 through February 29, 2012, the total amount billed by
14 the CLO for services provided and paid by the Majestic estate total \$105,871.67. In addition to
15 providing continued oversight of the Majestic estate, the services provided during the month of
16 February included inputting of deemed filed claims for severance payments and extensive work
17 related to evaluating Proof of Claims submitted by various individuals and entities, and
18 coordinating and overseeing the financial audit of Majestic's books and records. The CLO billing
19 to the Majestic estate encompasses payment to the CLO for services provided by CLO
20 employees, the CLO's contractor INS Consultant, and legal services provided by California state
21 employees together with related travel and expenses.

22 13. For the period of March 1 through March 31, 2012, the total amount billed by the
23 CLO for services provided and paid by the Majestic estate total \$90,634.76. In addition to
24 providing continued oversight of the Majestic estate, the services provided during the month of
25 March included extensive work related to Annual Statement Preparation for year ending 2011,
26 commencing the evaluation of large complex Proof of Claims and drafting requests for further
27 information to support said claims, and work on Premium Audit Collections (workers'
28

1 compensation premiums usually have three reviews related to audit of employment records, etc).
2 The CLO billing to the Majestic estate encompasses payment to the CLO for services provided by
3 CLO employees, the CLO's contractor INS Consultant, and legal services provided by California
4 state employees together with related travel and expenses.

5 14. For the period of April 1 through April 30, 2012, the total amount billed by the CLO
6 for services provided and paid by the Majestic estate total \$91,443.11. In addition to providing
7 continued oversight of the Majestic estate, the services provided during the month of April
8 included work on issues related to policy audit penalties related to 2008-2010 workers'
9 compensation claims, extensive work related to reviewing and analysis of documentation related
10 to the underwriting of an excess policy for the Contractor's Access Program which submitted an
11 \$8 million proof of claim for unjust enrichment, compilation of financial data necessary for filing
12 tax returns, continued evaluation of large complex Proof of Claims and drafting requests for
13 further information to support said claims, and work on reviewing an Equal Employment
14 Opportunity claim submitted by a former employee of Majestic. The CLO billing to the Majestic
15 estate encompasses payment to the CLO for services provided by CLO employees, the CLO's
16 contractor INS Consultant, and legal services provided by California state employees together
17 with related travel and expenses.

18 15. For the period of May 1 through May 2012, the total amount billed by the CLO for
19 services provided and paid by the Majestic estate total \$100,769.43. In addition to providing
20 continued oversight of the Majestic estate, the services provided during the month of May
21 included extensive work related to resolving issues concerning policy audit penalties related to
22 2008-2010 workers' compensation claims, continued evaluation of large complex Proofs of
23 Claim, reviewing and analyzing documentation and records for possible errors and omissions
24 claims, preparing escheat reports, and preparing quarterly statutory financial statement for quarter
25 ending March 2012 for filing with the regulatory agencies in the states that Majestic was doing
26 business. The CLO billing to the Majestic estate encompasses payment to the CLO for services
27 provided by CLO employees, the CLO's contractor INS Consultant, and legal services provided

1 by California state employees together with related travel and expenses.

2 16. For the period of June 1 through June 30, 2012, the total amount billed by the CLO
3 for services provided and paid by the Majestic estate total \$91,367.08. In addition to providing
4 continued oversight of the Majestic estate, the services provided during the month of June
5 included, but were not limited to, reviewing and analyzing the potential for sale of Majestic
6 corporate shell with licenses and statutory deposits for the benefit of the estate, continued
7 evaluation of large complex Proof of Claims and drafting requests for further information to
8 support said claims, and continued auditing employers with workers' compensation policies
9 issued by Majestic for additional premium and recovery of same. The CLO billing encompasses
10 payment to the CLO for services provided by CLO employees, the CLO's contractor INS
11 Consultant, and legal services provided by California state employees together with related travel
12 and expenses.

13 17. For the period of July 1 through July 31, 2012, the total amount billed by the CLO for
14 services provided and paid by the Majestic estate total \$94,931.49. In addition to providing
15 continued oversight of the Majestic estate, services provided during the month of July included,
16 but were not limited to, continued arranging for the solicitation and sale of Majestic's corporate
17 shell with licenses and statutory deposits, continued evaluation of large complex Proof of Claims
18 and drafting requests for further information to support said claims, and continued analysis,
19 review and defense of the pending Equal Employment Opportunity Commission claim. The
20 billing encompasses payment to the CLO for services provided by CLO employees, the CLO's
21 contractor INS Consultant, and legal services provided by California state employees together
22 with related travel and expenses.

23 18. For the period of August 1 through August 31, 2012, the total amount billed by the
24 CLO for services provided and paid by the Majestic estate total \$71,224.41. In addition to
25 providing continued oversight over the Majestic estate, services provided included, but were not
26 limited to, preparing documentation for and finalizing quarterly statutory financial statements for
27 quarter ending June 2012 for filing with the regulatory agencies in the states that Majestic was

1 doing business, continued reviewing and analyzing of potential error and omission claims and
2 discuss same with counsel for bankrupt parent corporation and its affiliates, continued
3 implementing and overseeing process to sell Majestic's corporate shell with licenses and
4 statutory deposits, continued evaluation of large complex Proof of Claims and drafting requests
5 for further information to support said claims, and continued auditing employers' employment
6 records related to workers' compensation policies issued by Majestic for additional premium and
7 recovery of same. The billing encompasses payment to the CLO for services provided by CLO
8 employees, the CLO's contractor INS Consultant, and legal services provided by California state
9 employees together with related travel and expenses.

10 19. For the period September 1 through September 30, 2012, the total amount billed by
11 the CLO for services provided and paid by the Majestic estate total \$62,764.22. In addition to
12 providing continued oversight over the Majestic estate, services provided included, but were not
13 limited to, working on terms and conditions for sale of Majestic corporate shell with licenses and
14 statutory deposits and meeting with prospective buyer, continued auditing employers'
15 employment records related to workers' compensation policies issued by Majestic for additional
16 premium and recovery of same, further work on analyzing claim and supporting documentation
17 and work with retained expert in analyzing Contractors Access Program \$8 million claim, and
18 continued evaluation of other large complex Proof of Claims and drafting requests for further
19 information to support said claims. The billing encompasses payment to the CLO for services
20 provided by CLO employees, the CLO's contractor INS Consultant, and legal services provided
21 by California state employees together with related travel and expenses.

22 20. For the period of October 1 through October 31, 2012, the total amount billed by the
23 CLO for services provided and paid by the Majestic estate total \$68,444.50. In addition to
24 providing continued oversight over the Majestic estate, services provided included reviewing
25 financials for the preparation of Majestic's Annual Statement, continued evaluation of Proofs of
26 Claims submitted by various vendors and continued auditing of employers' employment records
27 related to workers' compensation policies issued by Majestic for additional premium and
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1 recovery of same, and continued evaluation of large complex Proof of Claims and drafting
2 requests for further information to support said claims. The billing encompasses payment to the
3 CLO for services provided by CLO employees, the CLO's contractor INS Consultant, and legal
4 services provided by California state employees together with related travel and expenses.

5 21. For the period of November 1 through November 30, 2012, the total amount billed by
6 the CLO for services provided and paid by the Majestic estate total \$60,672.15. In addition to
7 providing continued oversight over the Majestic estate, services provided included, but were not
8 limited to, preparing escheat reports, auditing all of Majestic's 401K employee accounts and
9 continued auditing employers' employment records related to workers' compensation policies
10 issued by Majestic for additional premium and recovery of same, and continued evaluation of
11 large complex Proof of Claims and drafting requests for further information to support said
12 claims. The billing encompasses payment to the CLO for services provided by CLO employees,
13 the CLO's contractor INS Consultant, and legal services provided by California state employees
14 together with related travel and expenses.

15 22. The Conservator was required to pay various third-party vendors that provided
16 professional or technical services, including accounting services and consulting services related to
17 Majestic's prior insurance and business operations, as well as payment of state assessments,
18 license fees, taxes, computer maintenance and software services, record retrieval expenses,
19 insurance policy records, copying and other miscellaneous expenses and legal services related to
20 pending lawsuits paid in 2012 and which were not included in the Conservator's prior application.
21 Additionally, the Conservator was required to incur storage fees, shipping fees and other expenses
22 related to the oversight of the Majestic estate and maintenance of its licenses. Before payments
23 were made, it was determined that the payments were necessary to the administration of the estate
24 and maintaining the licenses and statutory deposits for the Majestic estate. Payments to third-
25 party vendors totaling \$590,342.25 were made directly from the Majestic accounts for services
26 provided and listed by category. Attached hereto as Exhibit B is the list of third-party vendors
27 who provided services to the Conservator during the referenced time period and the amounts paid.

23. At the commencement of the conservation proceeding, the Conservator retained Orrick, Herrington and Sutcliffe ("Orrick") to provide outside advice and assistance in preparing and implementing the successful rehabilitation plan. Orrick continued to provide legal advice regarding technical legal issues related to terminating 401(k) benefit plans and adopting a new 401(k) plan, provided legal support and analysis related to audit and penalty assessments by the Department of Industrial Relations and AmTrust's responsibility for same, provided advice related to proof of claims of bankrupt parent entities submitting claims, and provided legal services related to the drafting of the Request For Proposal and Sale, assisted in negotiating terms of sale, and drafted Term Sheet for sale of Majestic's corporate shell with certificates of authority and statutory deposits which were ultimately sold in 2013 for \$500,000.00, plus the value of the statutory deposits.

24. In conjunction with the legal services provided by Orrick to the Conservator, Orrick billed and the Conservator paid \$81,768.56 in 2012. The services provided are outlined in the Declaration of Tom Welsh submitted in support of the Conservator's Application.

25. Before authorizing payment for the services provide by Orrick, I or my staff reviewed the billings for its reasonableness and to confirm that the services provided were within the scope of the legal services requested. Based on my or my staff's review, the legal fees and expenses incurred and charged are determined to be reasonable and related to the legal services provided. After determining that the billings for legal services provided were reasonable and within the scope of engagement, I authorized payment of the full amount billed and request the Court to approve payment thereof. Payment was made directly from the Majestic accounts.

26. This application seeks approval of the payments made in 2012 for CLO operating expenses in the amount of \$1,161,918.29, for payment of \$590,342.25 to the various third-party vendors that provided services to the Majestic estate, for total administrative expenses of \$1,752,260.54; and for attorneys' fees billed and paid to the Orrick Herrington and Sutcliffe law firm in the amount of \$81,768.56.

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1 27. The Insurance Commissioner in his capacity as conservator of Majestic Insurance
2 Company seeks approval of the foregoing expenses for payments made in 2012 by the Majestic
3 estate for services provided. The total administrative expenses and Insurance Code section 1036
4 legal expenses for which the Conservator seeks court approval totals \$1,834,029.10.

5 28. The Conservator's Application for Order Approving Payment of Conservator's
6 Administrative and Professional Fees does not include other operating expenses paid by the
7 Majestic estate for payroll, employee severance, rent, utilities and other ongoing operational
8 expenses that were incurred and paid by the estate prior to closure of Majestic's offices and
9 transfer of its operation to the CLO.

10 Executed this 14 day of November, 2013.

11 I declare under penalty of perjury under the laws of the State of California that the
12 foregoing is true and correct.

13 
14 David E. Wilson

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EXHIBIT A

Conservation Liquidation Office
Rates November 2011 to November 2012

Source:
XX.70001

| | Nov-11 | Dec-11 | Jan-12 | Feb-12 | Mar-12 | Apr-12 | May-12 | Jun-12 | Jul-12 | Aug-12 | Sep-12 | Oct-12 | Nov-12 | 13 Month Total |
|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------------------|
| Department Expense | | | | | | | | | | | | | | |
| 11-Executive | 178,858 | 170,704 | 191,695 | 170,896 | 175,098 | 156,230 | 167,970 | 193,316 | 157,036 | 159,406 | 179,893 | 212,579 | 194,941 | 2,308,620 |
| 21-ETB | 72,775 | 66,620 | 66,826 | 75,729 | 75,735 | 69,768 | 67,764 | 72,447 | 64,909 | 71,631 | 71,831 | 77,486 | 81,588 | 935,108 |
| 31-IT | 166,753 | 146,971 | 161,873 | 160,231 | 169,130 | 160,122 | 146,480 | 160,984 | 224,771 | 134,434 | 171,116 | 161,705 | 148,468 | 2,113,040 |
| 32-ACTNG | 121,867 | 112,645 | 110,214 | 115,658 | 126,340 | 113,095 | 115,466 | 115,571 | 113,138 | 112,137 | 118,760 | 114,693 | 117,691 | 1,507,276 |
| 33-REINS | 85,037 | 82,472 | 74,947 | 80,896 | 79,098 | 79,749 | 80,570 | 79,414 | 76,002 | 78,772 | 78,399 | 82,408 | 84,248 | 1,042,011 |
| 41-ADM. | 31,423 | 29,675 | 29,338 | 30,680 | 30,019 | 28,993 | 29,419 | 29,537 | 30,992 | 28,657 | 30,467 | 32,038 | 33,155 | 394,393 |
| 42-Claims | 67,619 | 61,845 | 63,045 | 63,696 | 61,655 | 58,964 | 56,052 | 61,273 | 61,993 | 60,786 | 62,460 | 56,746 | 54,357 | 790,490 |
| 43-HR | 6,621 | 5,309 | 7,233 | 6,962 | 5,481 | 5,256 | 6,601 | 5,596 | 5,659 | 6,380 | 9,674 | 6,495 | 6,294 | 83,560 |
| Total Dept Expenses | 730,953 | 676,242 | 705,170 | 704,747 | 722,555 | 672,178 | 670,322 | 718,138 | 734,499 | 652,202 | 722,599 | 744,151 | 720,742 | 9,174,499 |
| Facilities Expenses | | | | | | | | | | | | | | |
| 62 | 141,055 | 125,413 | 130,193 | 123,631 | 126,687 | 126,733 | 123,063 | 138,747 | 151,284 | 121,105 | 111,914 | 125,998 | 121,879 | 1,667,702 |
| Total Expenses | 872,007 | 801,655 | 835,363 | 828,379 | 849,242 | 798,911 | 793,385 | 856,885 | 885,782 | 773,307 | 834,513 | 870,149 | 842,621 | 10,842,201 |

Source:
JDE
92002

Source:
JDE
92001

| Month | Total Dept Exp | Total Dir. Hrs | Facility Exp | Contractor Hrs | Total Exp | Dir + Cont Hrs | Hrly Rate |
|--------|-------------------|-------------------|-----------------|-------------------|-----------|-------------------|-----------|
| Nov-11 | \$730,953 | 4,643.26 | 141,055 | 177.75 | 872,007 | 4,821.01 | \$ 186.68 |
| Dec-11 | \$676,242 | 3,763.01 | 125,413 | 150.25 | 801,655 | 3,913.26 | \$ 211.76 |
| Jan-12 | \$705,170 | 4,843.50 | 130,193 | 401.75 | 835,363 | 5,245.25 | \$ 170.41 |
| Feb-12 | \$704,747 | 4,704.75 | 123,631 | 319.15 | 828,379 | 5,023.90 | \$ 174.40 |
| Mar-12 | \$722,555 | 5,190.76 | 126,687 | 666.35 | 849,242 | 5,857.10 | \$ 160.83 |
| Apr-12 | \$672,178 | 4,645.00 | 126,733 | 340.00 | 798,911 | 4,985.00 | \$ 170.13 |
| May-12 | \$670,322 | 4,823.00 | 123,063 | 306.10 | 793,385 | 5,129.10 | \$ 162.98 |
| Jun-12 | \$718,138 | 4,727.51 | 138,747 | 174.50 | 856,885 | 4,902.01 | \$ 180.21 |
| Jul-12 | \$734,499 | 4,772.26 | 151,284 | 190.05 | 885,782 | 4,962.31 | \$ 184.40 |
| Aug-12 | \$652,202 | 5,271.50 | 121,105 | 268.75 | 773,307 | 5,540.25 | \$ 145.58 |
| Sep-12 | \$722,599 | 4,076.99 | 111,914 | 190.75 | 834,513 | 4,266.74 | \$ 203.51 |
| Oct-12 | \$744,151 | 4,938.00 | 125,998 | 230.50 | 870,149 | 5,168.50 | \$ 175.08 |
| Nov-12 | \$720,742 | 3,983.26 | 121,879 | 180.75 | 842,621 | 4,174.01 | \$ 209.69 |

EXHIBIT B

Majestic's Vendor Related Operating Expenses

| | |
|---|-------------|
| a. <u>Accounting Services</u> | |
| Automatic Data Processing | \$ 3,359.99 |
| Crown Business Solutions | 11,411.25 |
| D'Arcangelo & Co., LLP | 14,320.00 |
| David Piper | 58,917.50 |
| Larson & Rosenberger, LLP | 63,000.00 |
| State of California, Department of Finance | 3,830.00 |
| Majestic USA Capital | 25,470.80 |
| PriceWaterhouseCoopers | 540.00 |
| b. <u>Investment Expenses</u> | |
| Bank of Albuquerque | 202.85 |
| California State Treasurer's Office | 5,380.00 |
| Commonwealth of Virginia | 364.00 |
| General Re- NEAM | 53,244.56 |
| State of California – Department of Insurance | 270.00 |
| State Street | 48,883.63 |
| The Bank of Mellon | 500.00 |
| U. S. Bank N. A. | 487.50 |
| Union Bank | 184.00 |
| Wells Fargo Bank | 750.00 |
| c. <u>State Assessments, Fees, Licenses and Taxes</u> | |
| Alaska Division of Insurance | 2,733.00 |
| Arizona Department of Insurance | 1,533.00 |
| Commonwealth of Virginia Department of Insurance | 2,570.00 |
| Comptroller of Public Accounts | 633.00 |
| CT Corporation | 1,988.00 |
| Florida Department of Insurance | 1,750.00 |
| Idaho Industrial Commission | 3,125.00 |
| Illinois State Treasurer | 964.00 |
| Industrial Commission of Arizona | 633.10 |
| National Association of Insurance | 7,364.00 |
| Nevada Division of Insurance | 5,856.00 |
| New Mexico Public Regulation | 800.00 |
| Oregon Department of Consumer & Business | 1,650.00 |
| State of California Department of Insurance | 144,802.27 |
| State of Hawaii, Dept. of Commerce | 2,025.00 |
| Utah Insurance Department | 575.00 |
| Workers Occupational Safety | 100.00 |
| d. <u>Legal Fees and Expenses for Majestic's pending litigation</u> | |
| Knutson Compton & Associates | 330.00 |
| Law Offices of Glassberg, Pollak | 248.00 |
| Law Offices of Andre Hassid | 1,260.19 |
| The Law Offices of Steve Levy | 75.00 |
| Van Dinter & Associates | 2,125.00 |
| Liffey Thames Group, LLC | 2,446.35 |
| e. <u>Other Professional Consulting Fees</u> | |
| McKinney, Cynthia A. | 10,818.48 |
| Law Offices of Paula M. Weaver | 55,945.00 |

| | | |
|----|--|--------------|
| f. | <u>Delivery, record Retrieval and Storage Expenses</u> | |
| | Federal Express | 1,150.33 |
| | United parcel Service | 683.99 |
| | GRM/Simmba Information Management | 310.80 |
| | Iron Mountain – Los Angeles | 6,937.74 |
| g. | <u>Miscellaneous</u> | |
| | Copymat | 1,975.05 |
| | Majestic USA Capital | 68.64 |
| | Insurance Journal | 1,530.00 |
| | Nevada Legal Press | 30.00 |
| | A. M. Best Company, Inc. | 3,785.00 |
| | Verizon Wireless, NY | 717.03 |
| | California State Treasurer's Office | 80.00 |
| | First National Bank of Alaska | 750.00 |
| | McCarthy, Burgess & Wolff | 3,130.74 |
| | Fidelity Investments Institution | 1,125.00 |
| | Malleolo Administrators, LLC | 1,460.76 |
| | Fonner Insurance Agency | 18,099.00 |
| | Cor-O-Van Moving & Storage Co | 1,040.92 |
| | 1099 Pro. Inc. | 399.22 |
| | Copy-Mat | 1,040.92 |
| | Crothers, Jennelle | 61.30 |
| | Total | \$590,342.25 |

Conservation Liquidation Office
Rates November 2011 to November 2012

Source:
XX.70001

| | Nov-11 | Dec-11 | Jan-12 | Feb-12 | Mar-12 | Apr-12 | May-12 | Jun-12 | Jul-12 | Aug-12 | Sep-12 | Oct-12 | Nov-12 | 13 Month Total |
|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------------------|
| Department Expense | | | | | | | | | | | | | | |
| 11-Executive | 178,858 | 170,704 | 191,695 | 170,896 | 175,098 | 156,230 | 187,970 | 193,316 | 157,036 | 159,406 | 179,893 | 212,579 | 194,941 | 2,308,620 |
| 21-ETB | 72,775 | 66,620 | 66,826 | 75,729 | 75,735 | 69,768 | 67,764 | 72,447 | 64,909 | 71,631 | 71,831 | 77,486 | 81,588 | 935,108 |
| 31-IT | 166,753 | 146,971 | 161,873 | 160,231 | 169,130 | 160,122 | 146,480 | 160,984 | 224,771 | 134,434 | 171,116 | 161,705 | 148,468 | 2,113,040 |
| 32-ACTNG | 121,867 | 112,645 | 110,214 | 115,658 | 126,340 | 113,095 | 115,468 | 115,571 | 113,138 | 112,137 | 118,760 | 114,693 | 117,691 | 1,507,276 |
| 33- REINS | 85,037 | 82,472 | 74,947 | 80,896 | 79,098 | 79,749 | 80,570 | 79,414 | 76,002 | 78,772 | 78,399 | 82,408 | 84,248 | 1,042,011 |
| 41- ADM. | 31,423 | 29,675 | 29,338 | 30,680 | 30,019 | 28,993 | 29,419 | 29,537 | 30,992 | 28,657 | 30,467 | 32,038 | 33,155 | 394,393 |
| 42- Claims | 67,619 | 61,845 | 63,045 | 63,696 | 61,655 | 58,964 | 56,052 | 61,273 | 61,993 | 60,786 | 62,460 | 56,746 | 54,357 | 790,490 |
| 43- HR | 6,621 | 5,309 | 7,233 | 6,962 | 5,481 | 5,256 | 6,601 | 5,596 | 5,659 | 6,380 | 9,674 | 6,495 | 6,294 | 83,560 |
| Total Dept Expenses | 730,953 | 676,242 | 705,170 | 704,747 | 722,555 | 672,178 | 670,322 | 718,138 | 734,499 | 652,202 | 722,599 | 744,151 | 720,742 | 9,174,499 |
| Facilities Expenses | | | | | | | | | | | | | | |
| 62 | 141,055 | 125,413 | 130,193 | 123,631 | 126,687 | 126,733 | 123,063 | 138,747 | 151,284 | 121,105 | 111,914 | 125,998 | 121,879 | 1,667,702 |
| Total Expenses | 872,007 | 801,655 | 835,363 | 828,379 | 849,242 | 798,911 | 793,385 | 856,885 | 885,782 | 773,307 | 834,513 | 870,149 | 842,621 | 10,842,201 |

Source:
JDE
92002

Source:
JDE
92001

| Month | Total Dept Exp | Total Dir. Hrs | Facility Exp | Contractor Hrs | Total Exp | Dir + Cont Hrs | Hrly Rate |
|--------|-------------------|-------------------|-----------------|-------------------|-----------|-------------------|-----------|
| Nov-11 | \$730,953 | 4,643.26 | 141,055 | 177.75 | 872,007 | 4,821.01 | \$ 188.68 |
| Dec-11 | \$676,242 | 3,763.01 | 125,413 | 150.25 | 801,655 | 3,913.26 | \$ 211.76 |
| Jan-12 | \$705,170 | 4,843.50 | 130,193 | 401.75 | 835,363 | 5,245.25 | \$ 170.41 |
| Feb-12 | \$704,747 | 4,704.75 | 123,631 | 319.15 | 828,379 | 5,023.90 | \$ 174.40 |
| Mar-12 | \$722,555 | 5,190.75 | 126,687 | 666.35 | 849,242 | 5,857.10 | \$ 160.83 |
| Apr-12 | \$672,178 | 4,645.00 | 126,733 | 340.00 | 798,911 | 4,985.00 | \$ 170.13 |
| May-12 | \$670,322 | 4,823.00 | 123,063 | 306.10 | 793,385 | 5,129.10 | \$ 162.98 |
| Jun-12 | \$718,138 | 4,727.51 | 138,747 | 174.50 | 856,885 | 4,902.01 | \$ 180.21 |
| Jul-12 | \$734,499 | 4,772.26 | 151,284 | 190.05 | 885,782 | 4,962.31 | \$ 184.40 |
| Aug-12 | \$652,202 | 5,271.50 | 121,105 | 268.75 | 773,307 | 5,540.25 | \$ 145.58 |
| Sep-12 | \$722,599 | 4,075.99 | 111,914 | 190.75 | 834,513 | 4,266.74 | \$ 203.51 |
| Oct-12 | \$744,151 | 4,938.00 | 125,998 | 230.50 | 870,149 | 5,168.50 | \$ 175.08 |
| Nov-12 | \$720,742 | 3,983.26 | 121,879 | 180.75 | 842,621 | 4,174.01 | \$ 209.69 |

1 KAMALA D. HARRIS
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3 ANNE MICHELLE BURR (State Bar No. 158302)
Deputy Attorney General
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San Francisco, California 94102-7004
5 Telephone: (415) 703-1403
Facsimile: (415) 703-5480
6 Email: AnneMichelle.Burr@doj.ca.gov

7 Attorneys for Applicant
8 *Dave Jones, Insurance Commissioner of the State of*
9 *California in his Capacity as Conservator of*
Majestic Insurance Company

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
11 COUNTY OF SAN FRANCISCO
12
13
14

15 **DAVE JONES, INSURANCE**
16 **COMMISSIONER OF THE STATE OF**
CALIFORNIA,

17 Applicant,

18 v.

19 **MAJESTIC INSURANCE COMPANY, and**
20 **DOES 1-50-, inclusive,**

21 Respondents.
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ENDORSED
FILED
San Francisco County Superior Court

NOV 08 2013

CLERK OF THE COURT
BY: RONNIE OTERO
Deputy Clerk

Case No. CPF-11-511261

**DECLARATION OF THOMAS J.
WELSH IN SUPPORT OF
APPLICATION FOR ORDER
APPROVING PAYMENT OF
CONSERVATOR'S
ADMINISTRATIVE EXPENSES AND
PROFESSIONAL FEES**

Judge: Hon. Marla Miller
Dept.: 302
Time: 9:30 a.m.
Date: December 17, 2013:

1 **DECLARATION OF THOMAS J. WELSH IN SUPPORT OF**
2 **APPLICATION FOR ORDER APPROVING PAYMENT OF**
3 **ADMINISTRATIVE AND PROFESSIONAL FEES AND EXPENSES.**

4 I, Thomas J. Welsh, declare:

5 1. I am a partner with the law firm of Orrick, Herrington & Sutcliffe LLP ("Orrick"),
6 counsel to California Insurance Commissioner Dave Jones, in his capacity as conservator of
7 Majestic Insurance Company ("Majestic") in the above captioned action. I am a member of the
8 State Bar of California, and I am admitted to practice before the Courts of the State of California.
9 I have personal knowledge of the facts contained in this declaration and, if called as a witness,
10 would testify to the facts contained herein.

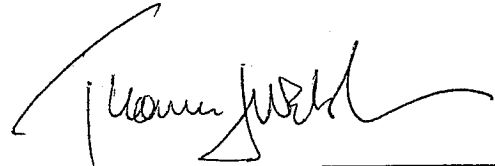
11 2. On April 21, 2011, the date on which the Commissioner was formally appointed
12 by the Court as statutory conservator of Majestic ("Conservator"), Orrick was retained as counsel
13 to the Conservator to assist in the formulation, approval and implementation of a comprehensive
14 plan of rehabilitation and wind-up for Majestic.

15 3. Attached hereto as Exhibit A is an accurate summary of the legal services
16 performed by Orrick, including aggregate legal service hours and aggregate attorneys' fees
17 incurred by the Conservator for legal services from December 1, 2011 through and including
18 October 31, 2012. Exhibit A also includes a summary of the reimbursable expenses incurred by
19 Orrick during this period.

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Executed this 7th day of November, 2013, at Sacramento, California.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.



Thomas J. Welsh

EXHIBIT A



**Summary of Attorneys' Fees as
Counsel to Insurance Commissioner, as Statutory Conservator of
Majestic Insurance Company
(December 1, 2011 – October 31, 2012)**

| Service Month | Total Hours | Total Fees & Disbursements | Summary of Services |
|---------------|-------------|----------------------------|---|
| December 2011 | 6.10 | \$2,806.00 | Advice and services to Insurance Commissioner, as Conservator of Majestic Insurance Co., related to: <ul style="list-style-type: none">• Communications re form of Severance Agreement and 401(k) and benefit plan termination issues.• Review of materials relating to termination of benefit plans.• Attend to termination of 401(k) Plan. |
| January 2012 | 24.80 | \$11,408.00 | Advice and services to Insurance Commissioner, as Conservator of Majestic Insurance Co., related to: <ul style="list-style-type: none">• Attend to termination of 401(k) Plan and draft resolutions approving same.• Attend to new 401(k) Plan Adoption Agreement.• Review of Special Tax Notice to be distributed to participants receiving distributions from termination of 401(k) Plan.• Attend to Separation Agreement and Tax Reporting.• Attend to audit requirements under 401(k) Plan and tax reporting and withholding obligations for post-termination severance payments. |
| February 2012 | 0.00 | \$0.00 | <ul style="list-style-type: none">• No services provided in February 2012. |



**Summary of Attorneys' Fees as
Counsel to Insurance Commissioner, as Statutory Conservator of
Majestic Insurance Company
(December 1, 2011 – October 31, 2012)**

| Service Month | Total Hours | Total Fees & Disbursements | Summary of Services |
|---------------|-------------|----------------------------|---|
| March 2012 | 32.50 | \$15,066.69 | Advice and services to Insurance Commissioner, as Conservator of Majestic Insurance Co., related to: <ul style="list-style-type: none">• Letter to auditor.• Attend to fee application materials.• Meeting regarding administration of Class 7 and Proof of Claims.• Preparation of outline regarding legal standards for administration and judicial review of Proof of Claims determinations application to Class 7 claims.• Preparation of template for Conservator summaries.• Review of Bankruptcy Plan Disclosure Statement. |
| April 2012 | 23.70 | \$10,902.00 | Advice and services to Insurance Commissioner, as Conservator of Majestic Insurance Co., related to: <ul style="list-style-type: none">• Review of closing agreements regarding liability for fines resulting from audit.• Review of Department of Industrial Relations audit penalties on 2008-2010 workers' compensation claims.• Review of disclosure statement for plan of liquidation and Rehabilitation Plan agreements.• Communications re liability for audit fines under agreements with Amtrust.• Review of Renewal Rights and Asset Purchase Agreement and Loss Portfolio Transfer and Quota Share Reinsurance Agreement re liability for audit fines.• Review of employee personnel files. |



**Summary of Attorneys' Fees as
Counsel to Insurance Commissioner, as Statutory Conservator of
Majestic Insurance Company
(December 1, 2011 – October 31, 2012)**

| Service Month | Total Hours | Total Fees & Disbursements | Summary of Services |
|----------------------|--------------------|---------------------------------------|--|
| May 2012 | 4.30 | \$1,978.00 | Advice and services to Insurance Commissioner, as Conservator of Majestic Insurance Co., related to: <ul style="list-style-type: none">• Review of filed complaint.• Communications re Department of Industrial Relations penalties and filed proof of claims.• Review of Proofs of Claim and related documents to begin analysis process. |
| June 2012 | 38.40 | \$17,680.73 | Advice and services to Insurance Commissioner, as Conservator of Majestic Insurance Co., related to: <ul style="list-style-type: none">• Review of Proof of Claims forms.• Review of bankruptcy disclosure re Embarcadero and Proof of Claims.• Preparation of declaration in support of Fee Application.• Review of closing agreements re assumption of lease.• Meeting re Shell sale options and process, Proof of Claim review and litigation strategy.• Assist with filing of Commissioner's fee application. |
| July 2012 | 6.90 | \$3,297.14 | Advice and services to Insurance Commissioner, as Conservator of Majestic Insurance Co., related to: <ul style="list-style-type: none">• Review of revised form of Request for Proposal for sale of shell.• Finalize claim letters.• Communications re entitlement to proceeds from sale of shell.• Communications re audit fines and penalties. |



**Summary of Attorneys' Fees as
Counsel to Insurance Commissioner, as Statutory Conservator of
Majestic Insurance Company
(December 1, 2011 – October 31, 2012)**

| Service Month | Total Hours | Total Fees & Disbursements | Summary of Services |
|----------------|-------------|----------------------------|--|
| August 2012 | 10.20 | \$4,692.00 | Advice and services to Insurance Commissioner, as Conservator of Majestic Insurance Co., related to: <ul style="list-style-type: none">• Review of Letter of Credit documents and UCC and UCP provisions relating to draw on Letter of Credit and communications re same.• Preparation of Indemnity Agreement.• Review of documents in preparation for meeting with potential acquirer.• Review of Rehabilitation Agreement and ancillary agreements for terms re transfer of benefits of Letter of Credit. |
| September 2012 | 9.30 | \$4,278.00 | Advice and services to Insurance Commissioner, as Conservator of Majestic Insurance Co., related to: <ul style="list-style-type: none">• Meeting with bidder for shell and follow-up meeting on process and claims to proceeds.• Communication re sale of shell Request for Proposal.• Preparation for and meeting with shell purchasers.• Preparation of Term Sheet. |
| October 2012 | 21.00 | \$9,660.00 | Advice and services to Insurance Commissioner, as Conservator of Majestic Insurance Co., related to: <ul style="list-style-type: none">• Review of Rehabilitation Plan documents.• Preparation of Term Sheet with Purchaser.• Attention to auditors' inquiry re 2011 partial termination and full vesting.• Attention to 401(k) Plan termination issues and partial termination issues.• Review of Term Sheet, AmTrust agreements and additional background materials. |



O R R I C K

**Summary of Attorneys' Fees as
Counsel to Insurance Commissioner, as Statutory Conservator of
Majestic Insurance Company
(December 1, 2011 – October 31, 2012)**

| Service Month | Total Hours | Total Fees & Disbursements | Summary of Services |
|--------------------------|------------------------|---|--|
| | | | <ul style="list-style-type: none">• Preparation of Trust Agreement.• Research of insurance code provisions relevant to Conservation Trust Agreement.• Preparation of Conservation Trust Agreement. |

1 KAMALA D. HARRIS
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2 JOYCE E. HEE
Supervising Deputy Attorney General
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7 *Attorneys for Applicant*
8 *Dave Jones, Insurance Commissioner of the State of*
9 *California in his Capacity as Conservator of*
Majestic Insurance Company

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA

11 COUNTY OF SAN FRANCISCO

12 CIVIL DIVISION

13
14 DAVE JONES, INURANCE
15 COMMISSIONER OF THE STATE OF
16 CALIFORNIA

Applicant,

17 v.
18

19 MAJESTIC INSURANCE COMPANY, and
20 DOES 1-50, inclusive,

21 Respondents.
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ENDORSED
FILED

San Francisco County Superior Court

NOV 08 2013

CLERK OF THE COURT

BY: RONNIE OTERO
Deputy Clerk

Case No. CPF-11-511261

DECLARATION OF SERVICE

DECLARATION OF SERVICE

Case Name: Dave Jones, Insurance Commissioner of the State of California v. Majestic Insurance Company, and Does 1-50-inclusive

No.: CPF-11-511261

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar, at which member's direction this service is made. I am 18 years of age or older and not a party to this matter; my business address is: 455 Golden Gate Avenue, Suite 11000, San Francisco, CA 94102-7004. I am familiar with the business practice at the Office of the Attorney General for collection and processing of correspondence for mailing with the United States Postal Service. In accordance with that practice, correspondence placed in the internal mail collection system at the Office of the Attorney General is deposited with the United States Postal Service with postage thereon fully prepaid that same day in the ordinary course of business.

On November 8, 2013, I served the attached:

NOTICE OF HEARING ON APPLICATION AND APPLICATION FOR ORDER APPROVING PAYMENT OF CONSERVATOR'S ADMINISTRATIVE EXPENSES AND PROFESSIONAL FEES;

DECLARATION OF DAVID WILSON IN SUPPORT OF APPLICATION FOR ORDER APPROVING PAYMENT OF CONSERVATOR'S ADMINISTRATIVE EXPENSES AND PROFESSIONAL FEES;

DECLARATION OF THOMAS J. WELSH IN SUPPORT OF APPLICATION FOR ORDER APPROVING PAYMENT OF CONSERVATOR'S ADMINISTRATIVE EXPENSES AND PROFESSIONAL FEES; and

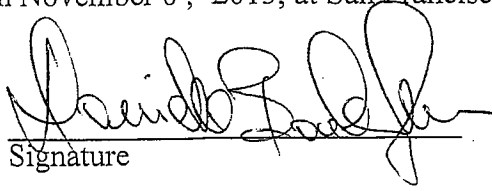
[PROPOSED] ORDER APPROVING PAYMENT OF CONSERVATOR'S ADMINISTRATIVE EXPENSES AND PROFESSIONAL FEES

by placing a true copy thereof enclosed in a sealed envelope in the internal mail collection system at the Office of the Attorney General at 455 Golden Gate Avenue, Suite 11000, San Francisco, CA 94102-7004, addressed as follows:

SEE ATTACHED SERVICE LIST

I declare under penalty of perjury under the laws of the State of California the foregoing is true and correct and that this declaration was executed on November 8, 2013, at San Francisco, California.

Danielle Bouilly-Chinn


Signature

SERVICE LIST

Linda J. Clark
Hiscock & Barclay, LLP
50 Beaver Street
Albany, NY 12207

*Attorney for Former Members of Group Self-
Insurance Workers' Compensation Trust
Administered by an Affiliate of Majestic
Insurance Company*

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