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16 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
17 **FOR THE COUNTY OF LOS ANGELES**

18
19 INSURANCE COMMISSIONER OF THE
STATE OF CALIFORNIA,

20 Applicant,

21 v.

22 GOLDEN STATE MUTUAL LIFE
23 INSURANCE COMPANY, a California
corporation,

24 Respondent.

Case No. BS123005
Assigned to Hon. Ann I. Jones, Dept. 86

**COMBINED REPLY MEMORANDUM IN
SUPPORT OF APPLICATION NOS. 1, 2
AND 3 FOR ORDERS RE MURALS, ART
AND GSM ARCHIVAL COLLECTION**

Date: March 28, 2011
Time: 9:30 a.m.
Dept: 86

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I.

INTRODUCTION

This Reply addresses the objections the Liquidator received from Community Impact Development II, LLC ("CID"), Bishop Roy S. Petitt and Bennie Petitt ("Bishop Petitt"), Los Angeles Conservancy, and Golden State Mutual Legacy Foundation ("GSMLF") in response to the Liquidator's Applications Nos. 1, 2 and 3 to sell Golden State's Murals to the Smithsonian Institution, to sell Golden State's art collection to Austin C. Moore III and Barbara Joe Moore ("Moore"), and to transfer Golden State's Archival Collection to the UCLA Library.¹

Numerous documents have been submitted; yet the path through the documents is clear:

1. CID is not a bona fide purchaser of the Murals. There is a widely known exception to bona fide purchaser status where, as here, the owner has a tenant in possession. Under this exception, CID was on notice of the Golden State's rights, as tenant, to certain interests and assets at the Building. CID's failure to inquire into those rights is dispositive of its ownership claim because it means the 2005 Purchase Agreement which excludes the "removable murals" from the Building's sale is binding on CID and, thus, CID does not have a colorable claim to the Murals.
2. The Liquidator's proposed sales to the Smithsonian and the Moore, and the transfer of the GSM Archival Collection to the UCLA Library, are within the Liquidator's discretion and should be approved.
3. The Liquidator is not enjoined to sell and remove the Murals. To the contrary, it is CID, the Los Angeles Conservancy and the City of Los Angeles who are enjoined pursuant to the Insurance Code and the Court's Order of Liquidation from any end-run attempt around this Court to take the Murals through a landmark application.
4. GSMLF's Objections are without merit because (a) GSMLF has no standing to object, (b) its proposals were properly rejected as non-complying and financially

¹ In support of the Applications, the Liquidator received a letter from Ivan Abbott Houston on behalf of the "Houston Family", expressing their happiness with the sale of the Murals to the Smithsonian and the transfer of the historical materials to the UCLA Library. (Reply Ex. 1)

deficient (see below timeline), and (c) the Murals and Archival Collection cannot be sold to GSMLF because the Conservator's former consultant involved in the RFP and current "consulting attorney", Joshua Solomon, now is GSMLF's attorney and is believed its Interim Executive Director in violation of Government Code § 1090, Rules of Professional Conduct, the RFP and his consulting agreements, all of which prohibit such conflicts of interest and self-dealing.

5. GSMLF's assertion that the Liquidator cannot transfer the Archival Collection because the items belong to someone else, is baseless.

These conclusions establish that the Liquidator's three Applications should be granted.

II.

RESPONSE TO OBJECTIONS

A. CID HAS NO COLORABLE CLAIM TO THE MURALS.

1. Long standing California law establishes that Golden State's tenancy in the Building when CID purchased the Building provided "notice" to CID of all facts that would be disclosed to it by inquiry; and therefore CID is not a bona fide purchaser of the Murals.

"Generally, possession of the property by a tenant or vendee imparts notice to subsequent parties of the occupant's interest in the premises and of any facts that would be disclosed by a reasonable investigation. When a person inspects premises that are leased, and he or she knows that the tenant has attached certain fixtures, the law implies notice of any right the tenant may or may not have to remove the fixtures." (Miller and Starr, 2011 California Real Estate 3d, Chapter 17, § 17:57, entitled "Subsequent parties; notice of prior interests".)

In *Beverly Hills Nat. Bank & Trust v. Seres* (1946) 76 Cal.App.2d 255, 262-263, the Court held "It is well settled that the purchaser of real property has constructive notice of the rights of persons in possession and takes title subject thereto" and that "It was [the purchaser's] duty to know who was in possession of the property before making the purchase, and his purchase without ascertaining the fact must be regarded as the strongest evidence of bad faith on his part." (See also *Asisten v. Underwood* (1960) 183 Cal.App.2d 304, 309, holding that purchaser of real

property who knew that plaintiff lived at property was not a bona fide purchaser because he made no inquiry to the plaintiff of plaintiff's rights, stating **"It is the general rule that possession of real property is constructive notice to any intending purchaser or encumbrancer of the property of all the rights and claims of the person in possession which would be disclosed by inquiry. This rule is extended to the case of a grantor remaining in possession after execution and delivery of a deed to his vendee and a subsequent purchaser of the same property must inquire into the equitable rights of the original vendor."** (Emphasis added.)

CID admits, through its President and CEO, that it did not inquire of Golden State – its tenant in possession – whether the Murals are owned by Golden State, that it had the opportunity to do so, and that it just "assumed" it acquired the Murals, stating in deposition:

Q: ... At any point in time, did anyone tell you that the purchase of the building includes the murals?

A: I don't believe so.

Q: At any point in time did anybody tell you that the purchase of the building does not come with the murals?

A: No. (Harrower Depo. pp. 42:25-43:9, Reply Ex. 2)

Q: ... [D]o you recall any conversations about the two murals in the lobby?

A: I don't specifically. I do recall a conversation about artwork and that Larkin [Teasley, Golden State's President at the time] had said something to the effect of selling some of the artwork, the collection. I didn't pay terribly much attention at the time because it – my intention was strictly the lease really, not whether they were selling artwork or not. So I wasn't paying much attention. (Harrower Depo. pp. 49:6-14, Reply Ex. 2)

Q: Do you remember anybody telling you that the murals were included in the sale of the building to CID II?

A: ... I'm using the word "assumption" carefully. Not in my own best interest, but in the interest of trying to be truthful here. I assumed they were. They never said they were. They never said they weren't. I just made the assumption.

Q: Okay. But you're not aware of anybody saying to anybody at CID II – and it doesn't have to be you. If you're aware of anybody saying to anybody else at CID II that the murals are included in the sale of the building?

A: The only conversation that I was party to where this came up – and this is a grey area for me, which is why I'm bringing it up again – is the meeting where we had with Larkin Teasley where he said he was selling artwork. Did he say at that meeting he was selling the murals? I don't remember. I don't want to say yes and I don't want to say no because I don't remember. Dexter Henderson was with me at that meeting. He may have a recollection. And again, I'm trying to do my very best here to be open and forthcoming with you. You know, artwork is artwork. I don't – I don't remember murals coming up. (Harrower. pp. 77:8-78:10, Reply Ex. 2)

CID concedes it did not make any inquiry, as it has submitted no contrary evidence. CID also does not dispute the authenticity of the 2005 Purchase Agreement, which expressly provides that after the sale of the Building Golden State “shall retain title to and possession of, all personal property owned by [Golden State], whether located on or about the Building or the Land or otherwise, including ... **artwork (including removable murals).**” (Emphasis added, Purchase Agreement, p. 1, Reply Ex. 3.) Despite the hints of protestation in its opposition, CID also cannot credibly argue that the Murals are not artwork. Even Mr. Harrower, as quoted above, states the Murals are “artwork.” In sum, the 2005 Purchase Agreement maintaining the Murals as Golden State’s personal property is valid and binding on CID.

Further, in CID’s 2009 Agreement of Purchase and Sale through which CID purchased the Building, CID agreed that the property it was purchasing “specifically” excludes “any items of personal property owned by tenants at or on the Real Property.” (Agreement, p. 3, Article 2.1.3, Reply Ex. 4.) This provision of CID’s purchase agreement constitutes an admission of CID’s notice and duty to inquire as to Golden State’s property. CID’s admitted failure to inquire mandates that its ownership claim to the Murals fails as a matter of law.

CID’s citation to Commercial Code § 2107 for the proposition that it had no notice of the agreement because the agreement was never recorded, is without merit. Section 2107, subd. (3) merely provides that the “contract for sale *may be executed and recorded* in the same manner as a document transferring an interest in land.” There is no requirement that the agreement be recorded before it becomes binding. (*Cone v. Western Trust & Savings Bank* (1937) 21 Cal.App.2d 176, 179 (“An agreement that property shall ‘retain its personal character or be removable as personalty, even though affixed to the land, is valid.’”)).

2. This Court has jurisdiction to confirm Golden State owns the Murals.

CID raises the threshold issue of whether its ownership claim justifies further proceedings prior to approval of the sale. It does not. CID has the burden of proof to establish its claim that it is a bona fide purchaser and that it lacked notice. (*Manig v. Bachman* (1954) 127 Cal.App.2d 216, 223.) The undisputed evidence is that CID had notice of Golden State’s possession of the Building as tenant, had notice of Golden State’s ownership of the Murals, and had notice in its

own purchase agreement that it did not acquire Golden State's "personal property" through its purchase of the Building. Based on this evidence, it is long-settled California law that CID cannot be a bona fide purchaser. Accordingly, CID loses as a matter of law.

This determination – that CID loses as a matter of law – can be made within this Court's summary jurisdiction, because CID is before the Court as an objector, the Murals are assets in Golden State's estate, and CID's competing ownership claim is not colorable based on undisputed facts. (*Gillespie v. Cal. Std. Indem. Co.* (1989) 212 Cal.App.3d 1351, 1356-1358 (The Court has summary jurisdiction over assets within its jurisdiction, unless a colorable claim sufficient to require a plenary trial is presented); *Maloney v. Rhode Island Ins. Co.* (1953) 115 Cal. App.2d 238, 249-251 (The Court handling the liquidation of an insurer has "general jurisdiction over even third parties to determine questions relating to the claims of the insolvent insurance company which has been taken over by the insurance commissioner"); and Ins. Code § 1057.)

Alternatively, in the event the Court finds CID has a colorable claim, the Court should set the issues raised by CID for a plenary hearing before the Court on an expeditious schedule.

3. The Murals are not fixtures to the Building.

Because the 2005 Purchase Agreement is dispositive, CID's assertion that the Murals are fixtures owned by CID is without merit as a matter of law. In addition, for the reasons discussed in the Application, the Murals are not fixtures. (See Memo, § III.C.3, p. 22.) Further, CID submits no evidence they are fixtures. CID's assertion that Golden State intended to make the Murals fixtures is negated by Golden State's expressed intent in its 2005 Purchase Agreement that the Murals are Golden State's personal property excluded from the Building's sale. Such expressed intent is controlling. CID's assertion that the Murals are "extremely difficult to remove" because removal would cost \$18,500 per Mural, does not mean removal is difficult. All it means is that proper removal costs money – which is a cost to be borne by the Smithsonian.

B. THE LIQUIDATOR IS WITHIN HIS DISCRETION IN ACCEPTING THE SMITHSONIAN'S AND MOORES' PROPOSALS.

"The trial court reviews the Commissioner's actions under the abuse of discretion standard. [Citation]: was the action arbitrary, i.e. unsupported by a rational basis, or is it contrary

1 to specific statute, a breach of the fiduciary duty of the conservator as trustee, or improperly
2 discriminatory?" (*In Re Executive Life Insurance Company* (1995) 32 Cal.App.4th 344, 358.)

3 Bishop Pettit expresses the understandable desire that the RFP generate purchase prices
4 for the Murals and artworks higher than it did. The Liquidator shares Bishop Pettit's desire for
5 higher prices. However, this desire is not sufficient to deny the Liquidator's Applications.

6 First, as discussed in the Application, the Smithsonian's \$750,000 proposal exceeds the
7 appraised liquidation value in the second Appraisal Report for the Murals of \$700,000 and is
8 equal to the price offered by the other highest priced proposal that complied with the RFP. The
9 Conservator commissioned and received an Appraisal Report dated July 28, 2010, for Golden
10 State's art collection including the Murals and artworks from Certified Appraiser Eric Hanks.
11 The Appraisal Report evaluated the fair market value of the Murals and artworks at "the price at
12 which the property would change hands between a willing buyer and a willing seller, neither
13 being under any compulsion to buy or sell and both having reasonable knowledge of relevant
14 facts," which was \$2.5 million per Mural for a total of \$5 million for both Murals. Here,
15 however, the Liquidator is obligated to sell the Murals and artworks in order to liquidate Golden
16 State's assets for distribution to Golden State's creditors. To estimate the liquidation value of the
17 Murals and artworks, the Conservator commissioned and received a second Appraisal Report
18 dated October 8, 2010, from Mr. Hanks which appraised the Murals and art at liquidation value --
19 \$350,000 per Mural for a total of \$700,000.

20 Although the Smithsonian's \$750,000 purchase price for the Murals and the Moores'
21 \$40,000 purchase price for the artworks are not the over \$5 million market value estimated in the
22 first Appraisal Report, after 14 months no one bid anywhere near \$5 million. The Liquidator is
23 obligated to sell the Murals and art in order to liquidate Golden State's assets for distribution to
24 creditors. Continuing to hold the Murals and artworks in hope of getting a better price over time
25 or to permit a capital campaign as requested by GSMLF, amounts to speculation in the art market,
26 which is inconsistent with prudent management of the assets of Golden State in liquidation.
27 GSMLF's reference to the other \$750,000 proposal as a reason to deny the Mural Application is
28 irrelevant. The bidder did not object to this Application and has received its 25% deposit.

Second, the Smithsonian's financial strength and its written confirmation of authorized funds to purchase the Murals, assures the Liquidator and Golden State's creditors that upon the Court's approval the Smithsonian will be able to pay the \$750,000 purchase price and complete the purchase. Contrary to GSMLF's assertion, the Liquidator did not eliminate the financial assurance requirement for the Smithsonian. Rather, in accordance with the Liquidator's authority in the RFP to "take any other action that the Conservator deems appropriate," he permitted the Smithsonian to satisfy the requirement based on its reputation and written confirmation that it has authorized the funds necessary to purchase the Murals. (*Cypress Security, LLC v. City and County of San Francisco* (2010) 184 Cal.App.4th 1003 (In light of successful bidder's good credit standing, its failure to submit a properly certified financial statement was immaterial).)

Third, the Smithsonian's intention to display the Murals as signature pieces in its new NMAAHC Museum with Smithsonian-wide programs enjoying an annual visitorship of over 30 million people, assures the long-term preservation and public display of the Murals. GSMLF's proposal to hunt for donors so it can provide access to the Murals in CID's private building pales in comparison to the assured public display of the Murals within the Smithsonian Institution.

Finally, GSMLF's assertion that liquidations take years and the Liquidator is not "under forced conditions or time constraints," misunderstands Golden State's financial situation. All of Golden State's in-force life, health and disability insurance policies and annuity contracts have been transferred to IA American Life Insurance Company. Golden State's estimated liabilities of \$9,291,895 exceed its estimated remaining assets of \$5,721,154 by over \$3.5 million as of September 30, 2010. Delay is not in anyone's interest except GSMLF and CID.

In sum, the determinations to sell the Murals to the Smithsonian and the artworks to the Moores are within the Liquidator's discretion and appropriate.

C. THE LIQUIDATOR IS NOT ENJOINED TO REMOVE THE MURALS; RATHER IT IS CID, THE LA CONSERVANCY AND THE CITY WHO ARE ENJOINED TO IMPOSE LANDMARK STATUS ON THE MURALS.

The Order of Liquidation, as well as the earlier Order Appointing Conservator, bar CID's, the Conservancy's and the City's efforts outside this Court to apply other processes to levy upon

1 or impair Golden State's assets. (*W.J. Jones & Son, Inc. v. Independence Indem. Co.* (1942) 52
 2 Cal.App.2d 374, 378-379.) Specifically, pursuant to Insurance Code § 1020 entitled
 3 "Injunctions" and the Order of Liquidation, the City of Los Angeles Cultural Heritage
 4 Commission, CID and the Los Angeles Conservancy are enjoined and prohibited from taking or
 5 attempting to take possession of Golden State's assets including the Murals and from "doing any
 6 act or other thing whatsoever to interfere with the possession of or management by the Liquidator
 7 of" Golden State's assets, including attempting to impose landmark status on the Murals. (Order
 8 of Liquidation, ¶¶ 20-23, Reply Ex. 5.)

9 The Liquidator was not given notice of the landmark application or the actions taken, and
 10 neither the Court nor the Liquidator have authorized any person or entity to apply for landmark
 11 status for the Murals. CID's attempted end-run to the City around the Court's conservation and
 12 liquidation orders violates said orders and is a red herring which should be ignored by the Court
 13 for purposes of approving the Liquidator's sale Applications. CID's involvement with the
 14 Conservancy is confirmed as the Conservancy's Objection was served by CID's attorneys
 15 Abelson & Herron.

16 In addition, the LA Conservancy's Objection should be overruled because (1) the
 17 Conservancy has no standing to object because it does not own the Murals and is not a creditor or
 18 policyholder of Golden State, and (2) it is untimely, as it was filed with the Court on March 18,
 19 2011 (after the March 15 deadline) and received by the Liquidator's counsel on March 21.

20 **D. GSMLF'S OBJECTION TO THE MURAL APPLICATION IS WITHOUT MERIT.**

21 Nowhere in GSMLF's Objections does GSMLF state what it wants. Although it states
 22 that the Applications should be denied or an evidentiary hearing held, GSMLF does not state that
 23 it is ready and able to buy the Murals, does not state that anyone else is ready and able to pay
 24 more than the Smithsonian's \$750,000, and does not state what should happen to the Murals if the
 25 Application is denied. Instead, it appears GSMLF just wants to terminate the sale, so that the
 26 Murals can simply stay in the Building indefinitely to the benefit of GSMLF while it undertakes a
 27 capital campaign to raise money to purportedly buy the Murals and other items, and to CID's
 28

benefit given GSMLF's Mission Statement recites that the Murals, art and Archival Collection will be housed in CID's Building – all to the detriment of Golden State's creditors.

As discussed below, GSMLF's Objection should be overruled because (1) it has no standing to object, (2) the Liquidator did not abuse his discretion in rejecting GSMLF's proposal and selecting the Smithsonian's proposal, and (3) the involvement in GSMLF by the Liquidator's former consultant and attorney Joshua Solomon mandates that GSMLF cannot buy the Murals.

1. GSMLF has no standing to object to the Applications.

GSMLF only possesses a rejected offer, which has been held to be insufficient for standing to object to the selected bidder. *In re Pacific Standard Life Insurance Company* (1992) 9 Cal.App.4th 1197, 1203, after the Superior Court appointed the California Insurance Commissioner as conservator of financially troubled Pacific Standard Life Insurance Company, a Texas insurer offered to buy a major asset of Pacific Standard. The Superior Court instead authorized sale of the asset to another buyer on terms more profitable to Pacific Standard. The Texas insurer appealed. The Court of Appeal dismissed the appeal, holding that the Texas insurer was not an "aggrieved party" entitled to appeal because as a prospective purchaser who was outbid, the Texas insurer had no interest in the sale, stating:

Nor did [the Texas insurer] become an aggrieved party with the right to appeal by objecting to judicial consideration of the offer of [the approved bidder]. . . [The Texas insurer's] only possible role or interest was to make an offer for [the asset]. That role or interest ended with the court's authorization to sell [the asset] to another suitor. [Citation.] Having no immediate, pecuniary, and substantial interest that was injured, [the Texas insurer] has no standing to appeal. [Citation.]

(*Pacific Standard, supra*, 9 Cal.App.4th at 1203; see also *Estate of Cahoon* (1980) 101 Cal.App.3d 434, 437, holding unsuccessful bidder had only a prospective interest that terminated with approval of another bid, leaving no interest sufficient to support standing as an aggrieved party.)

Here, just like the Texas insurer, GSMLF was outbid, in that it's non-complying and financially unsupported proposal (discussed below) was not superior to the Smithsonian's proposal. GSMLF only possesses a rejected offer, which has been held to be an insufficient for standing. As such, GSMLF has no standing to object to the sale of the Murals to the Smithsonian or the transfer of the Archival Collection to the UCLA Library.

1 **2. The Liquidator did not abuse his discretion in rejecting GSMLF's Proposal.**

2 The trial court reviews the Liquidator's actions under the abuse of discretion standard.
3 Here, the Liquidator's decision to reject GSMLF's proposal was not an abuse of discretion,
4 arbitrary, improperly discriminatory or a breach of his duties.

5 GSMLF is not a creditor of Golden State; rather it is a bidder who submitted a non-
6 complying proposal in response to the Liquidator's Request for Proposals ("RFP") and, when
7 asked to cure the deficiencies in its proposal, refused to do so stating "GSMLF requests that the
8 CLO consider our proposal as an alternative to the RFP" and "GSMLF did not intend to 'comply'
9 with the RFP." As shown in the below timeline, and contrary to GSMLF's assertion that the
10 Liquidator is operating at "fire sale" speed, the Liquidator has attempted to sell the Murals for
11 over a year since November 2009 and extended the RFP deadline to submit complying proposals
12 on at least three occasions over a six month period, due to continuing interest in Golden State's
13 artwork and Murals and in a concerted effort to provide all bidders, including GSMLF, with
14 sufficient opportunities to submit a complying proposal and to correct proposal deficiencies.

15 GSMLF's proposal did not comply with the RFP in that (1) it did not identify the person
16 or persons authorized to contractually bind GSMLF, (2) it did not include payment of the required
17 25% of its \$1 million proposed purchase price, which is \$250,000, and (3) it did not provide
18 financial assurance of its ability to timely pay the \$1,000,000 purchase price in that its proposal
19 expressly stated that GSMLF intends to undertake a "capital campaign" to raise the \$1,000,000
20 purchase price. (October 29, 2010 Proposal, Reply Ex. 6.)

21 In a final effort to evaluate and clarify GSMLF's proposal, the Conservator sent GSMLF a
22 letter requesting that it correct the above deficiencies by November 22, 2010, by submitting to the
23 Conservator (1) the name, address and telephone number of the person or persons authorized to
24 contractually bind GSMLF, (2) the required payment of \$250,000, and (3) written proof of
25 GSMLF's financial ability to timely pay the \$1,000,000 proposed purchase price. The
26 Conservator advised that such proof would include financial statements, personal guarantee(s),
27 letter(s) of credit and/or other instruments or documents sufficient to establish GSMLF's financial
28 strength to complete the purchase. (November 10, 2010 Letter, Reply Ex. 7.) In its written

1 response, GSMLF did not include the required \$250,000 payment, did not provide proof of
 2 financial ability to pay the purchase price, advised that it “did not intend to comply with RFP”,
 3 and advised that it needed “12 months” to raise the \$1 million purchase price. (Nov. 22, 2010
 4 Letter, Reply Ex. 8.) The complete timeline of events is as follows:

<u>DATE</u>	<u>TIMELINE OF KEY EVENTS IN RFP PROCESS</u>
5 Sept. 30, 2009	Insurance Commissioner appointed Conservator
6 Nov. 2009–Feb 2010	Conservator extends existing Sales Agreement with Swann Galleries to sell the Murals with a reserve price of \$2.2 million. Swann Galleries unable to sell the Murals (Wilson Dec., ¶ 21 and Swann Galleries Sales Agreement, App. Ex. 13)
7 June 25, 2010	Conservator issues RFP to sell Golden State’s artwork, Murals and historical records (App. Ex. 14)
8 July 30, 2010	First deadline to submit proposals to purchase artwork, Murals and/or historical records (App. Ex. 14)
9 Aug. 9, 2010	Letter from Conservator extending deadline to submit proposals to August 31, 2010 (App. Ex. 15)
10 Aug. 31, 2010	Second deadline to submit proposals. Golden State Mutual Foundation (predecessor to GSMLF) submitted non-complying proposal with a \$1 million purchase price, and then withdrew the proposal (App. Ex. 15)
11 Oct. 7, 2010	Letter from GSMLF to Conservator requesting Conservator to support its soon-to-be-submitted proposal that will replace the withdrawn proposal by Golden State Mutual Foundation (Reply Ex. 9)
12 Oct. 14, 2010	Letter from Conservator encouraging all bidders and known prospective bidders, including GSMLF, to “ remove any contingencies imposed by them on their proposals and ensure that their proposals fully comply with the RFP’s instructions including payment of 25% of the proposed purchase price for each item” by October 29, 2010 (App. Ex. 16)
13 Oct. 29, 2010	Final deadline for bidders to remove contingencies on their proposals (App. Ex. 16)
14 Oct. 29, 2010	GSMLF submits non-complying proposal , in that it (1) did not identify the person or persons authorized to contractually bind GSMLF, (2) did not include payment of the required 25% of its \$1 million proposed purchase

price, which is \$250,000, and (3) did not provide financial assurance of its ability to timely pay the \$1,000,000 purchase price (Reply Ex. 6)

Nov. 10, 2010 **Letter from Conservator to GSMLF requesting it to correct deficiencies in its proposal and comply with RFP by no later than November 22, 2010** (Reply Ex. 7)

Nov. 22, 2010 **Additional deadline** for GSMLF to correct deficiencies in its proposal (Reply Ex. 7)

Nov. 22, 2010 **Conservator receives letter from GSMLF, in which it did not include the required \$250,000 payment, did not provide proof of financial ability to pay any of the purchase price, advised that it "did not intend to comply with RFP", and advised that it needed "12 months" to raise the \$1 million purchase price** (Reply Ex. 8)

Jan. 31, 2011 Liquidator rejects GSMLF's non-complying proposal (Reply Ex. 10)

The Liquidator's statutory charge is, among other things, to protect Golden State's creditors and to marshal and monetize Golden State's assets for distribution to Golden State's creditors pursuant to Insurance Code § 1010 *et seq.* Due to the deficiencies in GSMLF's proposal, the uncertainty of a capital campaign by a then-unformed entity to raise \$1 million, and unwillingness of its members to provide any assurance of the ability to pay for the Murals, the Liquidator determined that GSMLF's proposal was not in the best interests of Golden State's creditors and does not further the Liquidator's statutory obligation to protect Golden State's creditors. This determination was not an abuse of discretion, was not arbitrary, was not improperly discriminatory and was not a breach of any duty.

3. The Murals can not be sold to GSMLF because the Conservator's former consultant, attorney Joshua Solomon, now is a GSMLF attorney and Interim Executive Director in violation of Government Code § 1090, Rules of Professional Conduct, the RFP and his Consulting Agreements.

Joshua Solomon, a licensed attorney, was a consultant for Golden State's Conservator from November 1, 2009 through September 30, 2010, and currently is a consultant for the Insurance Commissioner as Receiver of Frontier Pacific Insurance Company. (Consulting Agreements, Reply Exs. 11 and 12, and website and State Bar website, Reply Exs. 13, 14) As

1 part of his duties for the Conservator, Mr. Solomon helped write the RFP, was the Conservator's
 2 contact person for the RFP who coordinated bidders' inspections of the Murals, artworks and
 3 Archival Collection, and accepted and reviewed the bid proposals. (RFP, pp. 5-7, App. Ex. 14)

4 Mr. Solomon now represents GSMLF as an attorney concerning its proposal to purchase
 5 the Murals and has advised that he is "considering accepting the position of Interim Executive
 6 Director of GSMLF," (and has accepted that position (Reply Ex. 15)), with the primary goal to
 7 raise money for GSMLF to purchase the Murals. (Letter from Solomon, Reply Ex. 16) It also
 8 now appears that Mr. Solomon helped to establish GSMLF and was working with GSMLF
 9 against the Conservator in September 2010 while he was simultaneously employed by the
 10 Conservator to process RFP proposals, and has disclosed to GSMLF other bidders' proposals and
 11 the Liquidator's non-public information concerning the RFP process received by Mr. Solomon as
 12 part of his duties as the Conservator's consultant. He did all this, apparently in the hope of
 13 steering the Murals, artworks and historical materials to his future \$15 million foundation so that
 14 he can have the job of Executive Director to curate the Murals, art and Archival Collection.

15 (GSMLF's Statement of Facts, Reply Ex. 17)

16 Mr. Solomon's conduct and disclosures of non-public information are confirmed in the
 17 Statement of Facts submitted by GSMLF in its Objection to the UCLA Application, and in
 18 GSMLF's Exhibits 6 and 7, which are the non-public proposal and a letter from Heritage Gallery.
 19 (GSMLF's Statement of Facts, Reply Ex. 17.) Specifically, in the Statement of Facts, Mr.
 20 Solomon discloses non-public information learned by him during his work for the Conservator on
 21 the RFP and admits that he was part of the "collaborative group" forming GSMLF in September
 22 2010 – when he still worked for the Conservator. (Statement of Facts, p. 2, last item, Reply 17.)

23 Mr. Solomon's attempted self-dealing and representation of GSMLF violate numerous
 24 statutes and Rules of Professional Responsibility:

25 1. **It violates Government Code § 1090**, which prohibits state government
 26 consultants such as Mr. Solomon from being "financially interested" in any contract he
 27 participates in creating. (See *California Housing Finance Agency v. Hanover* (2007) 148
 28 Cal.App.4th 682, 690, which held statute applies to public agency's independent contractor.)

2. **It violates California Rules of Professional Conduct, Rule 3-300**, which prohibits an attorney such as Mr. Solomon from entering “into a business transaction with a client; or knowingly acquir[ing] an ownership, possessory, security, or other pecuniary interest adverse to a client,” without the client's informed written consent. Mr. Solomon has not satisfied the Rule’s requirements, yet still represents the Insurance Commissioner as a “consulting attorney” on Frontier Pacific and was Golden State’s Conservator’s former consultant during his “collaboration” with GSMLF (Consulting Agreements and Website, Reply Ex. 11-14.)

3. **It violates California Insurance Code § 1035.2**, which expressly provides that governmental conflict of interest statutes apply to CLO contractors.

4. **It violates the RFP**, which requires disclosure of any relationships, current or past, with the Conservator’s staff or representatives and a “written waiver” by the Liquidator.

5. **It violates his consulting agreements**, which prohibit such conflicts of interest and disclosure of information. (Reply Exs. 11 and 12.)

In October 2010, prior to learning of any of Mr. Solomon’s extensive involvement with GSMLF and after he ceased consulting for the Conservator, the Conservator’s counsel advised Mr. Solomon in writing that he is prohibited from disclosing confidential information and interfering with the Conservator’s duties. (Reply Ex. 18.) He disregarded this advice, in that Mr. Solomon acknowledges his conflicts and then disregards them in his February 22, 2011 letter on his attorney letterhead on behalf of GSMLF. (Solomon Letter, p. 3, Reply Ex. 16.).

It is hard to find a more clear conflict of interest and violation of Government Code § 1090 and Rule 3-300. Mr. Solomon’s involvement with GSMLF is an independent basis to overrule GSMLF’s Objections and raises serious questions about his and GSMLF’s use of the Liquidator’s non-public information and materials inappropriately obtained.

E. GSMLF’S OBJECTION TO THE UCLA APPLICATION IS WITHOUT MERIT.

GSMLF’s assertion that the Liquidator is transferring to UCLA Library property that belongs to GSMLF “as a third party beneficiary” of the Nickersons, is baseless. The Nickersons have not submitted an objection to the transfer, and GSMLF has not submitted any evidence to support its “third party beneficiary” claim or interest in the GSM Archival Collection.

1 The Liquidator's transfer of materials to the UCLA Library is not an abuse of discretion.
 2 As stated in the RFP and agreed to by all bidders as part of their participation in the RFP, the
 3 Liquidator is authorized to "[a]ccept bids based upon factors other than the highest price." Here,
 4 UCLA Library's proposal benefits Golden State's estate and creditors because (1) the UCLA
 5 Library has previously, at its cost, provided a team of trained and experienced cataloging
 6 professionals, who listed, reviewed, boxed, and readied Golden State's historical materials for
 7 transfer, which is now referenced as the 123 box GSM Archival Collection, at an estimated cost
 8 to UCLA of at least \$20,000, and (2) the UCLA Library has agreed to bear the cost and
 9 responsibility of transferring, preserving and providing public access to the collection, thereby
 10 eliminating the potential of such expenses to Golden State's estate.

11 As stated in GSMLF's October 29, 2010 letter, GSMLF's proposal for the materials was
 12 essentially the same thing, which was for the UCLA Library to "be immediately asked to put
 13 together a team" for the preservation and public accessibility of the historical materials, and then
 14 "UCLA will determine which materials are appropriate for its collection and subject to review by
 15 GSMLF will become the caretaker in perpetuity of all the appropriate Historical Materials."
 16 (Reply Ex. 6). Yet, GSMLF's proposal included using Golden State's offices – offices that the
 17 Liquidator intended to and did vacate by December 31, 2010. Combined with the uncertainty of
 18 GSMLF proposal to purchase the Murals and unwillingness of its members to provide any
 19 assurance of the ability to pay for the Murals, the choice of UCLA Library was appropriate.

20 In sum, GSMLF's Objections to the UCLA Application should be overruled.

21 III.

22 CONCLUSION

23 There is good cause for the Court to grant the three Applications and authorize the
 24 Liquidator to sell the Murals to the Smithsonian, to sell the 121 works of art to the Moores, and to
 25 enter into the Archival Materials Agreement with the UCLA Library and to transfer to the UCLA
 26 Library all of Golden State's right, title and interest in the GSM Archival Collection. In addition,
 27 the Court should award the Liquidator his costs against CID.

1 DATE: March 21, 2011
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KAMALA D. HARRIS
Attorney General of California
FELIX LEATHERWOOD
W. DEAN FREEMAN
Supervising Deputy Attorneys General
MARTA L. SMITH
Deputy Attorney General

EPSTEIN TURNER WEISS
A Professional Corporation

By: 

MICHAEL R. WEISS
Attorneys for Applicant
INSURANCE COMMISSIONER OF THE
STATE OF CALIFORNIA

DECLARATION OF MICHAEL R. WEISS

I, Michael R. Weiss, declare as follows:

1. I am over 18 years of age and have personal knowledge of the facts and circumstances set forth in this declaration, and if called upon to do so, I could and would competently testify thereto.

2. I am an attorney licensed to practice law in the State of California, and am a partner with the law firm Epstein Turner Weiss, A Professional Corporation. I and Epstein Turner Weiss have been retained by the Insurance Commissioner of the State of California, in his capacity as Conservator ("Conservator") and then as Liquidator ("Liquidator") of Golden State Mutual Life Insurance Company ("Golden State"), to provide legal services concerning Golden State.

3. Attached hereto and incorporated herein as Exhibit 1 is a true and correct copy of a letter from Ivan Abbott Houston to me dated March 7, 2011.

4. Attached hereto and incorporated herein as Exhibit 2 are true and correct copies of excerpts from the Deposition Transcript of Norman Harrower taken on November 2, 2010, in this matter.

5. Attached hereto and incorporated herein as Exhibit 3 is a true and correct copy of pertinent portions of the Purchase Agreement dated March 31, 2005, produced by Community Impact Development II, LLC ("CID") in this matter pursuant to subpoena.

6. Attached hereto and incorporated herein as Exhibit 4 is a true and correct copy of pertinent portions of the Agreement of Purchase and Sale dated April 11, 2008, produced by CID in this matter pursuant to subpoena.

7. Attached hereto and incorporated herein as Exhibit 5 is a true and correct copy of the Order of Liquidation entered by this Court on January 28, 2011.

8. Attached hereto and incorporated herein as Exhibit 6 is a true and correct copy of a letter from Golden State Mutual Legacy Foundation ("GSMLF") to Scott Pearce dated October 29, 2010.

9. Attached hereto and incorporated herein as Exhibit 7 is a true and correct copy of a

1 letter from me to John E. Brown on behalf of GSMLF dated November 10, 2010.

2 10. Attached hereto and incorporated herein as Exhibit 8 is a true and correct copy of a
3 letter from GSMLF to Scott Pearce dated November 22, 2010.

4 11. Attached hereto and incorporated herein as Exhibit 9 is a true and correct copy of a
5 letter from GSMLF to Scott Pearce dated October 7, 2010.

6 12. Attached hereto and incorporated herein as Exhibit 10 is a true and correct copy of
7 a letter from David E. Wilson to GSMLF dated January 31, 2011.

8 13. Attached hereto and incorporated herein as Exhibit 11 is a true and correct copy of
9 a Letter of Engagement by the Liquidator and Joshua B. Solomon dated November 3, 2009.
10 Joshua Solomon, a licensed attorney, was a consultant for Golden State's Conservator from
11 November 1, 2009 through September 30, 2010.

12 14. Attached hereto and incorporated herein as Exhibit 12 is a true and correct copy of
13 an independent Contractor Agreement by the Insurance Commissioner as Receiver of Frontier
14 Pacific Insurance Company and Joshua B. Solomon dated February 7, 2009.

15 15. Attached hereto and incorporated herein as Exhibit 13 is a true and correct copy of
16 a printout from the website of The Bar of California, which I printed on March 17, 2011, which
17 shows that Joshua Solomon is an active California attorney.

18 16. Attached hereto and incorporated herein as Exhibit 14 is a true and correct copy of
19 a printout from the website of www.frontierpacificinsurance.com, which I printed on March 17,
20 2011, in which Joshua Solomon states he is a "Consulting Attorney" for Frontier Pacific
21 Insurance Company in liquidation.

22 17. Attached hereto and incorporated herein as Exhibit 15 is a true and correct copy of
23 an email from John Brown with GSMLF.

24 18. Attached hereto and incorporated herein as Exhibit 16 is a true and correct copy of
25 a letter from Joshua Solomon to me dated February 22, 2011.

26 19. Attached hereto and incorporated herein as Exhibit 17 is a true and correct copy of
27 a Statement of Facts attached to GSMLF's Objection to the Liquidator's Application to Enter
28 Archival Materials Agreement And Transfer Materials to UCLA Library.

1 20. Attached hereto and incorporated herein as Exhibit 18 is a true and correct copy of
2 a letter from me to Joshua Solomon dated October 4, 2010.

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

5 Executed on this 21st day of March, 2011, at Los Angeles, California.

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7

8 MICHAEL R. WEISS
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EXHIBIT 1



Ivan J. Houston, CLU
Chairman of the Board

Ivan Abbott Houston
President & CEO

Gloria Potts
Corporate Secretary

Board of Directors

Duke E. Roberts

Preston E. Howard

Herman A. Hendricks

Kathleen Houston-Berryman

Gloria A. Potts

Ivan Abbott Houston

Ivan J. Houston

Havon L. McLeod, II

Founded 1974

Norman O. Houston
Francis A. Kornegay
Ernest Shell

March 7, 2011

Michael R. Weiss
Epstein Turner Weill
633 W. Fifth Street, Suite 3330
Los Angeles, California 900711

Dear Mr. Weiss:

On behalf of the Houston Family, most of whom are former GSM employees, GSM Policy Holders, GSM Certificate of Contribution Owners, and all descendents of Norman O. Houston, GSM Organizer, I wish to express our happiness with the eventual sale of the historical murals to the Smithsonian National Museum of African American History and Culture.

My grandfather, Norman O. Houston, commissioned those works for Golden State Mutual. In fact, one of the figures in the mural is that of William T. Shorey, the "Black Ahab", a whaling captain out of San Francisco, and my aunt's godfather. My grandfather would be so proud that the murals will still be in the public domain as a signature piece of the NMAAHC Museum, while highlighting a much forgotten history of California for the benefit of the rest of the nation.

The Houston's are equally glad that the other historical materials will be transferred to the UCLA library here in Los Angeles. This will provide bookends to the archives already in their possession and again keep in the public domain. Finally an important part of Los Angeles history that can be fully realized.

Of course we are sad about the demise of Golden State Mutual, but if this is the final determination, we couldn't ask for a better outcome of its legacy.

Sincerely,

A handwritten signature in black ink, appearing to read "Ivan A. Houston", written in a cursive style.

Ivan Abbott Houston
President & Chief Executive Officer

Cc: Scott Pearce, Chief Estate Trust Officer

"Planting the Seeds to Grow Our Own"

419 North Larchmont Boulevard, #99
Los Angeles, California 90004
www.gsmf.org email: education@gsmf.org

Office: 213-483-3980 Fax: 213-483-3980
GSMF is a tax exempt 501(C)(3)
Tax ID No. 23-7418846

EXHIBIT 2

In The Matter Of:

INSURANCE COMMISSIONER OF THE STATE OF CALIFORNIA

v.

GOLDEN STATE MUTUAL LIFE INSURANCE COMPANY

HARROWER III - PMK, NORMAN - Vol. 1

November 2, 2010

(PMK OF GENESIS LA AND CID II)

MERRILL CORPORATION

LegalLink, Inc.

20750 Ventura Boulevard
Suite 205
Woodland Hills, CA 91364
Phone: 818.593.2300
Fax: 818.593.2301

1 Q Okay. Do you recall what that -- other than
2 the murals being a subject, what the subject of the
3 conversation was?

4 A The subject of the conversation was that
5 historic nature of the building and its contents as part
6 of a legacy to that community, not that we felt that the
7 building was the greatest building for the tenant
8 because it certainly wasn't, but it had this historic
9 impact, and therefore, we felt it's architect and the
10 artwork and the building, the murals were an important
11 factor in what we were trying to accomplish here, which
12 was to renovate, to bring back the old neighborhood and
13 to make everybody there proud of what was going on
14 again. That was the context of it.

15 Q Was the conversation something to the effect
16 of, "Look at these murals, how great they are"? Is that
17 kind of the context?

18 A No. I think it was more of the history of the
19 building itself.

20 Q Okay. Not specific to the murals, more like
21 the whole building?

22 A Well, the architect of the building, the
23 tenant, its involvement in the history of that location,
24 and the artwork that was there.

25 Q Okay. At any point in time, did anyone tell

1 you the murals come with the building, with the purchase
 2 of the building? Let me ask a better question.

3 At any point in time, did anyone tell you that
 4 the purchase of the building includes the murals?

5 A I don't believe so.

6 Q At any point in time did anybody tell you that
 7 the purchase of the building does not come with the
 8 murals?

9 A No.

10 Q Who were the people when Morgan Stanley came
 11 out? I realize that's an entity. Who were the people
 12 with Morgan Stanley if you recall?

13 A Ricardo Rodriguez. I could get you the other
 14 names. I don't remember offhand. I'm sorry. I just
 15 forgot their names. They're no longer with Morgan
 16 Stanley. But I could certainly get the names of who
 17 came out if you like.

18 Q The --

19 A There were several. I think two others. I
 20 just have to go back and dig up their names for you. If
 21 you would like me to, I would be happy to do that.

22 Q Okay. I would request through counsel if that
 23 could be provided after the deposition.

24 It's 11:00 o'clock. Are we thinking of taking
 25 a break?

1 three conversations held in his conference room towards
2 that end. And as I said, before we could consummate
3 anything, you all took over.

4 Q "You all" meaning the Insurance Commissioner?

5 A The Insurance Commissioner.

6 Q But do you have any or do you recall any
7 conversations about the two murals in the lobby?

8 A I don't specifically. I do recall a
9 conversation about artwork and that Larkin had said
10 something to the effect of selling some of the artwork,
11 the collection. I didn't pay terribly much attention at
12 the time because it -- my intention was strictly the
13 lease really, not whether they were selling artwork or
14 not. So I wasn't paying much attention.

15 Q Right.

16 A But I do recall there was some mention of
17 selling artwork.

18 Q Do you recall if by the word "artwork" that
19 included the murals?

20 A I don't recall.

21 Q You don't know one way or the other?

22 A No, I don't recall. I just remember the word
23 "artwork" sticks out in my head.

24 Q This is in the 2007, 2008 time period?

25 A Yeah. Towards the end of that. More towards

1 A Yeah.

2 Q Okay. Are you aware of any -- let's make sure
3 we -- subsequent to the purchase of the building, are
4 you aware of anybody informing CID II that the murals
5 were a fixture to the building?

6 A I don't remember anyone telling me that they
7 were a fixture of the building.

8 Q Do you remember anybody telling you that the
9 murals were included in the sale of the building to
10 CID II?

11 MS. VON ESCHEN: Asked and answered.

12 MR. WEISS: That may be.

13 THE WITNESS: I'm using the word "assumption"
14 carefully. Not in my own best interest, but in the
15 interest of trying to be truthful here. I assumed they
16 were. They never said they were. They never said they
17 weren't. I just made that assumption.

18 BY MR. WEISS:

19 Q Okay. But you're not aware of anybody saying
20 to anybody at CID II -- and it doesn't have to be you.
21 If you're aware of anybody saying to anybody else at CID
22 II that the murals are included in the sale of the
23 building?

24 A The only conversation that I was party to where
25 this came up -- and this is a gray area for me, which is

1 why I'm bringing it up again -- is the meeting where we
2 had with Larkin Teasley where he said he was selling
3 artwork. Did he say at that meeting he was selling the
4 murals? I don't remember. I don't want to say yes and
5 I don't want to say no because I don't remember. Dexter
6 Henderson was with me at that meeting. He may have a
7 recollection. And again, I'm trying to do my very best
8 here to be open and forthcoming with you. You know,
9 artwork is artwork. I don't -- I don't remember murals
10 coming up.

11 Q Okay. Not with respect to the conservator's
12 request for proposal, but are you aware in the 2007
13 through 2009 time period that the murals were listed for
14 sale with an art gallery?

15 A No.

16 Q Listed for sale with anybody?

17 A I don't know.

18 Q It's not in those pages.

19 A No, I don't remember.

20 Q Okay.

21 A I mean, I learned subsequently in all of this.
22 I don't remember who told me, but at that point in time,
23 no.

24 Q In that 2007 to 2009 period before the
25 conservator took over the insurance company, are you

REPORTER'S CERTIFICATE

STATE OF CALIFORNIA)
) ss.
COUNTY of LOS ANGELES)

I, Anna M. Horton, Certified Shorthand
Reporter for the State of California, hereby certify:

THAT the witness named in the foregoing
deposition was duly sworn by me to testify the truth,
the whole truth and nothing but the truth;

THAT said deposition was written by me in
stenotype and was thereafter reduced to printed matter
under my direction and supervision, and I hereby declare
that said deposition is a full, true and correct
transcript of my shorthand notes so taken.

I FURTHER CERTIFY that I am in no way
interested in the outcome of said action.

IN WITNESS WHEREOF, I have hereunto subscribed
my name this 14th day of November, 2010.

ANNA M. HORTON, RPR, CSR 6950

EXHIBIT 3

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (this "Agreement") is made and entered into as of this 31 day of MARCH, 2005 (the "Effective Date"), by and between EN REALTY ASSOCIATES, LLC, a Florida limited liability company ("Purchaser"), and GOLDEN STATE MUTUAL LIFE INSURANCE COMPANY, a California corporation ("Seller").

IN CONSIDERATION of the agreements set forth below, Seller and Purchaser hereby agree as follows:

1. Purchase and Sale.

Seller agrees to sell and convey to Purchaser, and Purchaser agrees to purchase from Seller, on the terms and conditions set forth in this Agreement, the Property. The term "Property" shall mean, collectively: (a) that certain parcel of land located in Los Angeles, California, and more particularly described on Exhibit A attached hereto (the "Land"), together with all of Seller's right, title and interest in all rights, easements and interests appurtenant thereto including, without limitation, any streets or other public ways adjacent to the Land and any development rights, water or mineral rights owned by Seller; (b) all improvements located on the Land, including, but not limited to, a building of approximately 54,236 rentable square feet (the "Building"), and all other structures, systems, and utilities associated with, and utilized by Seller in the ownership and operation of the Building (all such improvements, together with the Building, being referred to herein as the "Improvements"), (c) all fixtures and equipment required for the use, operation and maintenance of the Building ("Equipment"), (d) all service contracts and agreements, all warranties and guaranties relating to the Property and all permits, certificates of occupancy and other certificates, licenses, approvals and entitlements for or used in connection with the Property (the "Intangible Property"). The Property shall not include, and Seller shall retain title to and possession of, all personal property owned by Seller, whether located on or about the Building or the Land or otherwise, including furniture, office equipment, files and business records, business licenses and franchises, artwork (including removable murals), trademarks and service marks, tradenames owned or used by Seller.

2. Purchase Price.

(a) The purchase price of the Property shall be SEVEN MILLION SEVENTY THOUSAND AND NO/100 DOLLARS (\$7,070,000.00) (the "Purchase Price"). The Purchase Price shall be paid to Seller at Closing (as defined below), plus or minus adjustments hereunder, in the manner set forth in Paragraph 2(b).

(b) The Purchase Price shall be paid as follows:

(i) Within three (3) business days after the mutual execution and delivery of this Agreement, Purchaser shall deposit FIFTY THOUSAND AND NO/100 DOLLARS (\$50,000.00) (the "Initial Deposit"), with First American Title Insurance Company at 520 North Central Avenue, Glendale CA 91203 ("Title Company"), who shall act as escrow holder under this Purchase Agreement, to secure Purchaser's performance hereunder. Within three (3) business days after expiration of the Inspection Period, hereinafter defined, Purchaser shall deposit with Title Company an additional Deposit (the "Additional Deposit") in the amount of

EXHIBIT 4

AGREEMENT OF PURCHASE AND SALE

This Agreement of Purchase and Sale ("Agreement") is made and entered into by and between Buyer and Seller.

RECITALS:

A. Defined terms are indicated by initial capital letters. Defined terms shall have the meaning set forth herein, whether or not such terms are used before or after the definitions are set forth.

B. Buyer desires to purchase the Property and Seller desires to sell the Property, all upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual terms, provisions, covenants and agreements set forth herein, as well as the sums to be paid by Buyer to Seller, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Buyer and Seller agree as follows:

ARTICLE 1

BASIC INFORMATION

1.1 Certain Basic Terms. The following defined terms shall have the meanings set forth below:

1.1.1 Seller: West Adams Investment Trust.

1.1.2 Buyer: COMMUNITY IMPACT DEVELOPMENT I, LLC, a Delaware limited liability company.

1.1.3 Purchase Price: \$14,500,000.

1.1.4 Earnest Money: (i) \$250,000 (the "Initial Earnest Money") to be deposited in accordance with Section 3.1 below, and (ii) to be increased by \$250,000 (the "Additional Earnest Money") in accordance with Section 3.1 below to \$500,000 (in the aggregate), plus interest thereon (collectively, the "Earnest Money").

1.1.5 Title Company: First American Title Insurance Company
520 North Central Ave.
Glendale, CA 91203
Attention: Anthony Rivera
Telephone: (818) 242-5800 x5589
Facsimile: (818) 242-0877

1.1.6 Escrow Agent: North American Title
21800 Burbank Blvd. Suite 100
Woodland Hills, CA. 91367
Attention: Mike Mahoney
Telephone: (800) 668-4853
Facsimile: (818) 836-8118

1.1.7 Broker: Daron Campbell – RE/MAX Commercial

1.1.8 Effective Date: The date on which this Agreement is executed by the latter to sign of Buyer or Seller, as indicated on the signature page of this Agreement.

1.1.9 Title and Survey Review Period: The period beginning on the Effective Date and ending on July 14, 2008.

1.1.10 Inspection Period: The period beginning on the Effective Date and ending on July 14, 2008.

1.1.11 Closing Date: The date that is ninety (90) days after the expiration or earlier waiver of the Inspection Period.

1.2 Closing Costs. Closing costs shall be allocated and paid as follows:

Cost	Responsible Party
PTR required to be delivered pursuant to <u>Section 5.1</u>	Seller
Premium for ALTA Standard Coverage Owner's Policy of Title Insurance required to be delivered pursuant to <u>Section 5.5</u>	Buyer
Premium for any costs of Title Policy attributable to ALTA Extended Coverage and any endorsements desired by Buyer, any inspection fee charged by the Title Company, tax certificates, and any other nominal Title Company charges	Buyer
Costs of any revisions, modifications or recertifications of the Existing Survey	Buyer
Costs for UCC Searches	Buyer
Recording Fees	Buyer
Any county and city documentary transfer taxes	Buyer
Any escrow fee charged by Escrow Agent for holding the Earnest Money or conducting the Closing	50% Seller/50% Buyer
Real Estate Sales Commission to Broker	Seller
All other closing costs, expenses, charges and fees	In accordance with the custom in Los Angeles County, California (except each party shall pay its own

1.3 Notice Addresses:

Seller: West Adams Investment Trust
14724 Ventura Blvd. Suite 600,
Sherman Oaks, CA 91403
Attention: Joe Haydel
Facsimile: 818-907-8484

Buyer: COMMUNITY IMPACT
DEVELOPMENT I, LLC
c/o DVD CID I, LLC
2930 East Camelback Road
Suite 215
Phoenix, AZ 85016
Attention: James D. Howard, Jr.
Facsimile: 602-468-2775

Copy to: Allen, Matkins, Leck, Gamble
Mallory & Natsis LLP
515 South Figueroa Street,
Ninth Floor
Los Angeles, California
90071-3398
Attention: Michael J. Kiely
Telephone: (213) 622-5555
Facsimile: (213) 620-8816

ARTICLE 2

PROPERTY

2.1 Subject to the terms and conditions of this Agreement, Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the following property (collectively, the "Property"):

2.1.1 Real Property. The land described in Exhibit A attached hereto (the "Land"), together with (i) all improvements located thereon ("Improvements"), (ii) all and singular the rights, benefits, privileges, easements, tenements, hereditaments, and appurtenances thereon or in anywise appertaining thereto, and (iii) without warranty, all right, title, and interest of Seller, if any, in and to all strips and gores and any land lying in the bed of any street, road or alley, open or proposed, adjoining such Land (collectively, the "Real Property").

2.1.2 Leases. All of Seller's right, title and interest, without warranty, in all leases, license agreements and other occupancy agreements of the Real Property, including leases and license agreements which may be made by Seller after the Effective Date and prior to Closing as permitted by this Agreement (collectively, the "Leases").

2.1.3 Tangible Personal Property. All of Seller's right, title and interest, without warranty, in the equipment, machinery, furniture, furnishings, supplies and other tangible personal property, if any, owned by Seller and now or hereafter located in and used in connection with the operation, ownership or management of the Real Property, but specifically excluding any items of personal property owned by tenants at or on the Real Property and further excluding any items of personal property owned by third parties and leased to Seller under disclosed leases (collectively, the "Tangible Personal Property").

2.1.4 Intangible Personal Property. All of Seller's right, title and interest, if any, without warranty, in all intangible personal property related to the Real Property and the Improvements, including, without limitation, all to the extent assignable: all trade names and trade marks associated with the Real Property and the Improvements, including the name of the Real Property; the plans and specifications and other architectural and engineering drawings for the Improvements, if any; warranties, if any; contract rights related to the construction, operation or management of the Real Property including maintenance, service, construction, supply and equipment rental contracts, if any but not including Leases (collectively, the "Service Contracts") (but Seller's right, title and interest therein shall only be assigned to the extent Seller's obligations thereunder are expressly agreed to be assumed by Buyer pursuant to this Agreement, it being acknowledged and agreed that Seller shall cause all Service Contracts to be terminated prior to the Closing except as expressly provided in Section 4.7 below); governmental permits, approvals and licenses, if any; telephone exchange numbers; development rights, agreements and applications, signage applications, rights and permits, water rights and water stock; but excluding all proprietary information of Seller and its managing agent including computer software and related licenses and appraisals, marketing plans, business plans, property appraisals, and other internally-generated information reasonably intended by Seller to remain confidential or proprietary (collectively, the "Intangible Personal Property").

2.1.5 Security Deposits. All of Seller's right, title and interest in and to all refundable security deposits of tenants of the Real Property held and not applied by Seller pursuant to the terms of the applicable Leases (collectively, the "Security Deposits").

ARTICLE 3

EARNEST MONEY

3.1 Deposit and Investment of Earnest Money. Within two (2) business days after the Effective Date, Buyer shall deposit with Escrow Agent the Initial Earnest Money in cash by wire transfer to Escrow Agent of immediately available U.S. federal funds. If upon the expiration of the Inspection Period, this Agreement is still in force and effect, Buyer shall, within two (2) business days following the last day of the Inspection Period, deposit with Escrow Agent the Additional Earnest Money, if any, as specified in Section 1.1.4 above. Escrow Agent shall invest the Earnest Money in government insured interest-bearing accounts satisfactory to Seller and Buyer, shall not commingle the Earnest Money with any funds of Escrow Agent or others, and shall promptly provide Buyer and Seller with confirmation of the investments made. Such account shall have no penalty for early withdrawal, and Buyer accepts all risks with regard to such account.

3.2 Failure to Deposit. If Buyer fails to timely deposit the Earnest Money within the time periods required, Seller may terminate this Agreement by prior written notice to Buyer, in which event the parties hereto shall have no further rights or obligations hereunder, except for rights and obligations which, by their terms, survive the termination hereof.

3.3 Disposition of Earnest Money. If the Closing occurs, the Earnest Money shall be applied as a credit to the Purchase Price at Closing. The Initial Earnest Money (and upon the expiration of the Inspection Period if Buyer has not theretofore terminated this Agreement

EXHIBIT 5

ORIGINAL FILED

JAN 28 2011

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LOS ANGELES
SUPERIOR COURT

DEC 21 2010

DEPT86

1 EDMUND G. BROWN JR.
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14 Attorneys for Applicant
15 Insurance Commissioner of the State of California

16 SUPERIOR COURT OF THE STATE OF CALIFORNIA
17 FOR THE COUNTY OF LOS ANGELES

18 INSURANCE COMMISSIONER OF THE
19 STATE OF CALIFORNIA,

20 Applicant,

21 v.

22 GOLDEN STATE MUTUAL LIFE
23 INSURANCE COMPANY, a California
corporation,

24 Respondent.

Case No. BS123005
Assigned to Hon. Ann I. Jones, Dept. 86

~~PROPOSED~~ ORDER OF LIQUIDATION
AND ORDERS AND INJUNCTIONS IN
AID OF LIQUIDATION FOR GOLDEN
STATE MUTUAL LIFE INSURANCE
COMPANY

Date: January 28, 2011
Time: 9:30 a.m.
Dept: 86

1 On January 28, 2011, in Department 86 of the above-entitled Court, the Honorable Ann I.
2 Jones, Judge Presiding (the "Court"), the Court held the hearing on the Court's Order to Show
3 Cause and the Motion For Order Of Liquidation And Orders And Injunctions In Aid Of
4 Liquidation For Golden State Mutual Life Insurance Company, filed by Applicant Steve Poizner,
5 Insurance Commissioner of the State of California, in his capacity as Conservator ("Conservator")
6 of Golden State Mutual Life Insurance Company in Conservation ("Golden State"). Deputy
7 Attorney General Marta L. Smith and attorney Michael R. Weiss appeared on behalf of the
8 Conservator. Other appearances, if any, are noted in the record.

9 The Court, having read and considered the Conservator's Notice of Order to Show Cause
10 and Motion, Memorandum of Points and Authorities in support of the Motion, the Declarations of
11 David E. Wilson and Michael R. Weiss, and all documents and evidence submitted, and having
12 heard and considered the arguments presented to the Court, and upon good cause shown,

13 IT IS HEREBY ORDERED that the Conservator's Motion is granted and that:

14 **A. Liquidation, Administration and Operation**

15 1. As of September 30, 2010, Golden State is insolvent and remains insolvent today,
16 and it would be futile for the Commissioner to proceed as Conservator; and therefore, sufficient
17 grounds exist in accordance with Insurance Code § 1016 for entry of an order of liquidation of
18 Golden State. (Insurance Code § 1016.)

19 2. The Commissioner's status as Conservator is terminated, he is appointed
20 Liquidator of Golden State as set forth in Insurance Code § 1016, and he is directed as Liquidator
21 to liquidate and wind up the business of Golden State and to act in all ways and exercise all
22 powers necessary for the purpose of carrying out this Order. (Insurance Code § 1016.)

23 3. Title to all of the assets of Golden State, wheresoever situated, shall remain vested
24 in the Commissioner, now as Liquidator, or his successor in office, in his official capacity as
25 such, including without limitation real and personal property, deposits, certificates of deposit,
26 bank accounts, mutual funds, securities, contracts, rights of actions, books, records and other
27 assets of any and every type and nature, wheresoever situated, presently in Golden State's
28

1 possession and/or those which may be discovered hereafter. (Insurance Code §§ 1011, 1016 and
2 1037 General Powers.)

3 4. All funds and assets, including without limitation deposits, certificates of deposit,
4 bank accounts, securities, and mutual fund shares of Golden State, in various financial depository
5 institutions, including without limitation banks, savings and loan associations, industrial loan
6 companies, mutual funds and/or stock brokerages, wheresoever situated, are subject to withdrawal
7 only upon direction or order by the Liquidator. (Insurance Code §§ 1011, 1016 and 1037 General
8 Powers.)

9 5. The Liquidator is authorized to collect all moneys due to Golden State, and to do
10 such other acts as are necessary or expedient to collect, conserve, protect and/or liquidate Golden
11 State's assets, property and business. (Insurance Code § 1037(a).)

12 6. The Conservator is authorized to collect all debts due and claims belonging to
13 Golden State and to have the authority to sell, compound, compromise, or assign, for the purpose
14 of collection upon such terms and conditions as the Liquidator deems best, any bad or doubtful
15 debts. (Insurance Code § 1037(b).)

16 7. The Liquidator is authorized to compound, compromise or in any other manner
17 negotiate settlements of claims against Golden State upon such terms and conditions as the
18 Liquidator shall deem to be most advantageous to the estate of Golden State. (Insurance Code §
19 1037(c).)

20 8. The Liquidator is authorized, without permission of the court and without notice,
21 to acquire, hypothecate, encumber, lease, improve, sell, transfer, abandon, or otherwise dispose of
22 or deal with, any real or personal property of Golden State at its reasonable market value, or, in
23 cases other than acquisition, sale, or transfer on the basis of reasonable market value, upon such
24 terms and conditions as the Liquidator may deem proper, provided the market value of the
25 property involved does not exceed the sum of twenty thousand dollars (\$20,000). (Insurance
26 Code § 1037(d).)

27 9. The Liquidator is authorized to transfer to a trustee or trustees, under a voting trust
28 agreement, the stock of Golden State heretofore or hereafter issued to the Liquidator in

1 connection with a rehabilitation or reinsurance agreement, or any other proceeding under
2 Insurance Code § 1010 *et seq.* (Insurance Code § 1037(e).)

3 10. The Liquidator is authorized, for the purpose of executing and performing any of
4 the powers and authority conferred upon the Liquidator under Insurance Code § 1010 *et seq.*, in
5 the name of Golden State or in the Liquidator's own name, to initiate, prosecute and/or defend any
6 and all suits and other legal proceedings, legal or equitable, and to execute, acknowledge and
7 deliver any and all deeds, assignments, releases and other instruments necessary and proper to
8 effectuate any sale of any real and personal property or other transaction in connection with the
9 administration, liquidation or other disposition of the assets of Golden State, in this or other states
10 as may appear to him necessary to carry out his functions as Liquidator. (Insurance Code §
11 1037(f) and 1037 General Powers.)

12 11. The Liquidator is authorized to divert, take possession of and secure all mail of
13 Golden State and to effect a change in the rights to use any and all post office boxes and other
14 mail collection facilities used by Golden State. (Insurance Code §§ 1011 and 1037 General
15 Powers.)

16 12. The Liquidator is authorized, without permission of the court and without notice,
17 to invest and reinvest, in such manner as the Liquidator may deem suitable for the best interests of
18 the policyholders and/or creditors of Golden State, such portions of the funds and assets of
19 Golden State in his possession as do not exceed the amount of the reserves required by law to be
20 maintained by Golden State as reserves for life insurance policies, annuity contracts,
21 supplementary agreements incidental to life business, and reserves for non-cancelable disability
22 policies, and which funds and assets are not immediately distributable to creditors, provided the
23 investment or reinvestment to be made does not exceed the sum of one hundred thousand dollars
24 (\$100,000), except that the Liquidator, without permission of the court and without notice, may
25 make investments or reinvestments in excess of \$100,000, but not exceeding \$5,000,000 per
26 investment or reinvestment, if such investments or reinvestments are part of Golden State's
27 existing investments or are made pursuant to the investment guidelines of the Commissioner's
28 Conservation & Liquidation Office including investments and reinvestments through an

1 investment pool consisting exclusively of assets from conserved and/or liquidating estates.
2 (Insurance Code § 1037(g) and General Powers.)

3 13. The Liquidator is authorized, in his discretion, without permission of the court and
4 without notice, to pay or defer payment of some or all claims, expenses, liabilities and/or
5 obligations of Golden State, in whole or in part, accruing prior and/or subsequent to his
6 appointment as Liquidator. (Insurance Code §§ 1011 and 1037 General Powers.)

7 14. The Liquidator is authorized to appoint and employ under his hand and official
8 seal, special deputy commissioners and/or legal counsel, as his agents, and to employ clerks
9 and/or assistants, and to give to each of them those powers that the Liquidator deems necessary.
10 (Insurance Code §§ 1035(a) and 1036.)

11 15. The Liquidator is authorized to fix the costs of employing special deputy
12 commissioners, legal counsel, clerks, and/or assistants, and all expenses of taking possession of,
13 conserving, conducting, liquidating, disposing of, or otherwise dealing with the business and
14 property of Golden State, subject to the approval of the court, and to pay such costs out of the
15 assets of Golden State to the Liquidator and others including without limitation expenses, expense
16 allocations, administrative costs, administrative overhead, and costs incurred and/or allocated by
17 the Conservation & Liquidation Office, and if there are insufficient funds to pay such costs, then
18 to pay such costs out of the Insurance Fund pursuant to Insurance Code § 1035. (Insurance Code
19 §§ 1035(a), 1036 and 1037 General Powers.)

20 16. The Liquidator is authorized to assume or reject, or to modify, any executory
21 contract, including without limitation, any lease, rental or utilization contract or agreement
22 (including any schedule to any such contract or agreement), and any license or other arrangement
23 for the use of computer software of business information systems, to which Golden State is a
24 party or as to which Golden State agrees to accept an assignment of such contract, not later than
25 120 days of the date of the Order Appointing Conservator, unless such date is extended by
26 application to and further order of this Court, and if not expressly assumed by the Conservator
27 within that time then such executory contract is deemed rejected. (Insurance Code § 1037
28 General Powers.)

1 17. The Liquidator is authorized to terminate compensation arrangements with
2 employees, to enter into new compensation arrangements with employees including arrangements
3 containing retention incentives, and to hire employees on such terms and conditions as he deems
4 reasonable. (Insurance Code § 1037 General Powers.)

5 18. The Liquidator is vested with all the powers of the directors, officers and managers
6 of Golden State, whose authorities are suspended except as such powers may be re-delegated by
7 the Liquidator. (Insurance Code § 1037 General Powers.)

8 **B. Injunctions and Other Orders**

9 19. Except upon the express authorization of the Liquidator, all persons are hereby
10 enjoined, including without limitation Golden State and its officers, directors, agents, servants,
11 and employees, from the transaction of Golden State's business or disposition of its property
12 including without limitation from disposing of, using, transferring, selling, assigning, canceling,
13 alienating, hypothecating or concealing in any manner or any way, or assisting any person in any
14 of the foregoing, of the property or assets of Golden State or property or assets in the possession
15 of Golden State, of any nature or kind, including without limitation claims or causes of action,
16 until further order of this Court and further, enjoining such persons from obstructing or interfering
17 with the Liquidator's conduct of his or her duties as Liquidator. (Insurance Code §§ 1011, 1020
18 and 1037.)

19 20. All persons are enjoined from instituting or prosecuting or maintaining any action
20 at law or suit in equity including without limitation actions or proceedings to compel discovery or
21 production of documents or testimony, and matters in arbitration, and from obtaining or
22 attempting to attain preferences, judgments, foreclosures, attachments or other liens of any kind
23 or nature, against Golden State, its assets, or the Liquidator, and from attaching, executing upon,
24 foreclosing upon, redeeming of, making levy upon, or taking any other legal proceedings against
25 any of the property and/or assets of Golden State, and from doing any act interfering with the
26 conduct of said business by the Liquidator, except after an order from this Court obtained after
27 reasonable notice to the Liquidator. (Insurance Code §§ 1011, 1020 and 1037 General Powers.)
28

1 21. All persons are enjoined from the sale or deed for nonpayment of taxes or
2 assessments levied by any taxing agency of property and/or assets of Golden State. (Insurance
3 Code § 1020(f).)

4 22. Except with leave of court issued after a hearing in which the Liquidator has
5 received reasonable and statutory notice, all persons are enjoined from accelerating the due date
6 of any obligation or claimed obligation, exercising any right of set-off, taking, retaining, retaking
7 or attempting to retake possession of any real or personal property, withholding or diverting any
8 rent or other obligation, and doing any act or other thing whatsoever to interfere with the
9 possession of or management by the Liquidator of the property and assets, owned or controlled,
10 by Golden State or in the possession of Golden State or in any way interfering with the Liquidator
11 or interfering in any manner during the pendency of this proceeding with the exclusive
12 jurisdiction of this Court over Golden State. (Insurance Code §§ 1020 and 1037 General Powers.)

13 23. All persons are enjoined from the waste of the assets of Golden State. (Insurance
14 Code § 1020.)

15 24. Golden State and all officers, directors, agents and employees of Golden State are
16 ordered to deliver to, and immediately make available to, the Liquidator all assets, books,
17 accounts, records, information, computers, tapes, discs, writings, other recordings of information,
18 equipment and other property of Golden State, wheresoever situated, in said person's custody or
19 control and further, and are directed the aforesaid to disclose verbally, or in writing if requested
20 by the Liquidator, the exact whereabouts of the foregoing items if such items are not in the
21 possession, custody or control of said persons. (Insurance Code §§ 1011, 1016, 1020 and 1037
22 General Powers.)

23 25. Golden State and all officers, directors, trustees, employees or agents of Golden
24 State, or any other person, firm, association, partnership, corporate parent, holding company,
25 affiliate or other entity in charge of any aspect of Golden State's affairs, either in whole or in part,
26 and including but not limited to banks, savings and loan associations, financial or lending
27 institutions, brokers, stock or mutual associations, or any parent, holding company, subsidiary or
28 affiliated corporation or any other representative acting in concert with Golden State, are ordered

1 to cooperate with the Liquidator in the performance of his or her duties. (Insurance Code § 1037
2 General Powers.)

3 26. All persons who maintain records for Golden State, pursuant to written contract or
4 any other agreement, are ordered to maintain such records and to deliver to the Liquidator such
5 records upon his request. (Insurance Code §§ 1020 and 1037 General Powers.)

6 27. All agents of Golden State, and all brokers who have done business with Golden
7 State, are ordered to make all remittances of all funds collected by them or in their hands directly
8 to the Liquidator. (Insurance Code §§ 1020 and 1037 General Powers.)

9 28. All persons having possession of any lists of policyholders, escrow holders,
10 mortgages or mortgagees of Golden State are ordered to deliver such lists to the Liquidator and all
11 persons are enjoined from using any such lists or any information contained therein without the
12 consent of the Liquidator. (Insurance Code §§ 1020 and 1037 General Powers.)

13 29. Golden State and its officers, directors, agents, servants, employees, successors,
14 assigns, affiliates, and other persons or entities under their control and all persons or entities in
15 concert or participation with Golden State, and each of them, are ordered to turn over to the
16 Liquidator all records, documentation, charts and/or descriptive materials of all funds, assets,
17 property (owned beneficially or otherwise), and all other assets of Golden State wherever situated,
18 and all books and records of accounts, title documents and other documents in their possession or
19 under their control, which relate, directly or indirectly, to assets or property owned or held by
20 Golden State or to the business or operations of Golden State. (Insurance Code §§ 1020 and 1037
21 General Powers.)

22 30. Any and all provisions of any agreement entered into by and between any third
23 party and Golden State, including by way of illustration, but not limited to, the following types of
24 agreements (as well as any amendments, assignments, or modifications thereto), are stayed, and
25 the assertion of any and all rights and remedies relating thereto are also stayed and barred, except
26 as otherwise ordered by this Court, and this Court shall retain jurisdiction over any cause of action
27 that has arisen or may otherwise arise under any such provision: financial guarantee bonds,
28 promissory notes, loan agreements, security agreements, deeds of trust, mortgages,

1 indemnification agreements, subrogation agreements, subordination agreements, pledge
2 agreements, assignments of rents or other collateral, financial statements, letters of credit, leases,
3 insurance policies, guaranties, escrow agreements, management agreements, real estate brokerage
4 and rental agreements, servicing agreements, attorney agreements, consulting agreements,
5 easement agreements, license agreements, franchise agreements, or employment contracts that
6 provide in any manner that selection, appointment or retention of a conservator, receiver or trustee
7 by any court, or entry of any order such as hereby made, shall be deemed to be, or otherwise
8 operate as, a breach, violation, event of default, termination, event of dissolution, event of
9 acceleration, insolvency, bankruptcy, or liquidation. (Insurance Code §§ 1020 and 1037 General
10 Powers).

11 C. **Creditors and Setting of Claims Bar Date**

12 31. The rights and liabilities of claimants, policyholders, shareholders, members and
13 all other persons interested in the assets of Golden State are fixed as of the date of entry of this
14 Order. (Insurance Code § 1019.)

15 32. Any and all claims against Golden State, including without limitation those claims
16 which in any way affect or seek to affect any of the assets of Golden State, wherever or however
17 such assets may be owned or held, must be filed no later than December 31, 2011 (the "Claims
18 Bar Date"), together with proper proofs thereof, in accordance with the provisions of Insurance
19 Code § 1010 *et seq.* including without limitation Insurance Code § 1023. The proof of claim must
20 be timely filed on the form provided by the Liquidator, together with proper proofs thereof, and
21 must be supplemented with such further information as the Liquidator requests, in accordance
22 with Insurance Code § 1023(f). Except for persons deemed to have filed claims against Golden
23 State in accordance with the provisions of Insurance Code § 1010 *et seq.* including without
24 limitation Insurance Code § 1024 and § 1025.5, any claims not filed by the Claims Bar Date shall
25 be conclusively deemed forever waived. (Insurance Code § 1024.)

26 //

27 //

28 //

1 33. For such other and further relief as may be proper or necessary.

2 34. The Liquidator is authorized to take any and all action necessary to accomplish the
3 purposes of this Order and the Orders requested herein.

4 DATED: _____

1-28-11

ANN I. JONES

THE HONORABLE ANN I. JONES
Los Angeles Superior Court Judge

EXHIBIT 6

GOLDEN STATE MUTUAL LEGACY FOUNDATION

[IN ORGANIZATION]

6100 Center Drive, Suite 1200
Los Angeles, California 90045
310-568-8500

October 29, 2010

Scott Pearce, Chief Estate Trust Officer
1999 West Adams Boulevard
Los Angeles, California 90018-3514

RE: Proposal for the purchase of Golden State Mutual Life Insurance Company
Historical Murals.

Dear Mr. Pearce:

The Golden State Mutual Legacy Foundation (GSMLF) , as currently represented by its steering committee, respectfully submits this proposal to replace the proposal submitted on September 23, 2010 in response to the extended Request for Proposals distributed by the California Conservation & Liquidation Office (CLO) for the sale of the Art and Historical materials of Golden State Mutual Life Insurance Company (GSM). GSMLF has an interest in purchasing the Murals of Golden State Mutual Life Insurance Company.

GSMLF offers One million dollars (\$1,000,000.00) for the Murals, but is willing to enter into negotiations with the CLO to ensure it is the winning bidder, and/or to meet the CLO's financial requirements for GSM. Depending on the final figure, GSMLF may require time to develop and implement a capital campaign.

Based on the limited information available, GSMLF believes that all of GSM's liabilities, including fully funding the pension plan, paying all debts to vendors and covering the CLO's operating overhead through completion of its efforts can be financed by the existing cash and the liquidation of GSM's remaining assets not including the murals. This would leave only settling the accounts of the Certificate holders, who could be paid a pro rata share on their accounts using existing resources, with the balance to be paid upon the completion of the GSMLF capital campaign.

The Plan for the Murals will be as follows:

- GSMLF will own the Murals; and
- The murals will remain in their present location as part of the GSM building's permanent art collection.

GSMLF believes it can obtain the support of the Certificate holders, and that it will have support of the building owners to safeguard the Murals in order to allow time for a capital campaign. GSMLF's mission is the preservation and conservation of the history of Golden State Mutual Life Insurance Company. GSMLF has access not only to African American business and educational leaders, but it also has connections with local, state

and national elected officials, as well as many local captains of commerce. In bringing together the nonprofit, business and philanthropic resources of the family of GSM's founder, William Nickerson, Jr., the California African American Museum, the South Central Los Angeles Regional Center, and the Golden State Mutual Life Insurance Alumni Association, GSMLF is further strengthened in its capacity to complete a capital campaign on a timely basis and has, in the interest of this collection and its community, is poised to do so.

For further contact: John E. Brown
The Bedford Group
6100 Center Drive, Suite 1200
Los Angeles, CA 90045
310-568-8500 office
310-568-1021 fax
310-428-9059 mobile
Jbrown@thebedfordgroup.com

GSMLF looks forward to working with you to create a definitive agreement for approval by the Court.

Respectfully submitted by the Golden State Mutual Legacy Foundation for the benefit of the community.

Sincerely,

John Brown
Steering Committee Member
Golden State Mutual Legacy Foundation

cc: Van Nickerson, The William Nickerson Jr. Project – The Legacy
Austin C. Moore III, President, Golden State Mutual Life Insurance Alumni Association
Charmaine Jefferson, Executive Director, California African American Museum
Susan Anderson, Curator Collecting Los Angeles, UCLA Library
Dexter A. Henderson, Executive Director, South Central Los Angeles Regional Center
Joseph B. Holloway, Jr., Consultant, Conservation and Liquidation Office
David E. Wilson, CEO and Special Deputy Insurance Commissioner

EXHIBIT 7

DAVID B. EPSTEIN
JONATHAN M. TURNER
MICHAEL R. WEISS
GAIL E. WISE
ROBYN L. IKEHARA
SHIVA S. DAVOUDIAN

LAW OFFICES OF
EPSTEIN TURNER WEISS
A Professional Corporation
633 West Fifth Street, Suite 3330
Los Angeles, California 90071
Telephone: (213) 861-7487
Fax: (213) 861-7488

November 10, 2010

VIA E-MAIL & FEDERAL EXPRESS

John E. Brown
The Bedford Group
6100 Center Drive, Suite 1200
Los Angeles, CA 90045
Jbrown@thebedfordgroup.com

*Re: Proposal by Golden State Mutual Legacy Foundation for the Purchase of GSM's
Two Removable Murals*

Dear Mr. Brown:

This office represents the Insurance Commissioner of the State of California in his statutory capacity as Conservator ("Conservator") of Golden State Mutual Life Insurance Company in Conservation ("GSM"). The Conservator is in receipt of the Proposal dated October 29, 2010, submitted by the Golden State Mutual Legacy Foundation ("Foundation") for the purchase of GSM's two removable murals. The Conservator appreciates your continuing interest in and Proposal to purchase the murals.

The Proposal, however, does not comply with the Conservator's Request for Proposals ("RFP") dated June 25, 2010, or his letters dated August 9 and October 14, 2010, extending the RFP deadline to submit proposals to October 29, 2010, and requiring that all proposals comply with the RFP instructions including removing any contingencies and submitting payment of the required 25% of the proposed purchase price. Specifically, the Proposal does not comply with the RFP for the following reasons:

1. The Proposal does not include payment of \$250,000, which is the required 25% of the Foundation's \$1,000,000 proposed purchase price;
2. The Proposal does not identify the person or persons authorized to contractually bind the Foundation; and
3. The Proposal does not provide assurance that the Foundation has sufficient funds to timely pay the \$1,000,000 proposed purchase price, as it appears from the Proposal that the Foundation intends to undertake a capital campaign to raise the proposed \$1,000,000.

In a final effort to evaluate and clarify the Foundation's Proposal, the Conservator requests that the Foundation correct the above-listed deficiencies **no later than November 22,**

EPSTEIN TURNER WEISS, P.C.

John E. Brown

November 10, 2010

Page 2

2010, by submitting to the Conservator (1) the name, address and telephone number of the person or persons authorized to contractually bind the Foundation, (2) the required payment of \$250,000, and (3) written proof of the Foundation's financial ability to timely pay the \$1,000,000 proposed purchase price. Such proof would include financial statements, personal guarantee(s), letter(s) of credit and/or other instruments or documents sufficient to establish the Foundation's financial strength to complete the purchase.

Please be advised that the failure to provide the requested information and payment by November 22, 2010, may most likely, in the Conservator's sole discretion, result in the rejection of the Foundation's Proposal. The Conservator does not by this letter waive any of his rights.

Please give me or Scott Pearce a call should you wish to discuss this letter.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Michael R. Weiss", with a stylized flourish at the end.

MICHAEL R. WEISS

MRW:aym

G:\GRP\CASES\204-410-04\Correspondence\2010\111010 Brown.doc

TRANSMISSION VERIFICATION REPORT

TIME : 11/10/2010 12:35
 NAME : EPSTEIN TURNER WEISS
 FAX : 213-8617488
 TEL : 213-8617487
 SER. # : BROF7J661479

DATE, TIME 11/10 12:35
 FAX NO./NAME 13105681021
 DURATION 00:00:30
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 RESULT OK
 MODE STANDARD
 EOM

DAVID B. EPSTEIN
 JONATHAN M. TURNER
 MICHAEL R. WEISS
 GAIL E. WISE
 ROBYN L. Ikehara
 SHIVA S. DAVOUDIAN

LAW OFFICES OF
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 Telephone: (213) 861-7487
 Fax: (213) 861-7488

**TELEPHONE FACSIMILE TRANSMITTAL
 COVER PAGE**

November 10, 2010

Recipient	Facsimile Number	Telephone Number
JOHN E. BROWN THE BEDFORD GROUP	(310) 568-1021	

FROM: Michael R. Weiss

SUBJECT: Golden State Mutual Life Insurance Company

FILE NO.: 204-410-04

PAGES INCLUDING COVER PAGE: 3

MESSAGE: Please see attached correspondence dated today's date. Thank you.

Privacy Notice: This message is intended only for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential or exempt from disclosure under applicable Federal or State law. If the reader of this message is not the intended recipient or the employee or agent responsible for delivery of the message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited.

EXHIBIT 8

GOLDEN STATE MUTUAL LEGACY FOUNDATION

6100 Center Drive, Suite 1200
Los Angeles, California 90045
310-568-8500

November 22, 2010

HAND DELIVERED

Scott Pearce, Chief Estate Trust Officer
1999 West Adams Boulevard
Los Angeles, California 90018-3514

RE: Response to letter dated November 10, 2010 regarding Proposal for the purchase of Golden State Mutual Life Insurance Company Historical Murals.

Dear Mr. Pearce:

The Golden State Mutual Legacy Foundation (GSMLF) submits this letter in response to the letter from Michael R. Weiss, dated November 10, 2010.

In the aforementioned letter, it was clearly stated that the GSMLF proposal did not comply with the RFP. GSMLF requests that the CLO consider our proposal as an alternative to the RFP. GSMLF did not intend to "comply" with the RFP. It intended to provide the CLO with the highest return for Golden State Mutual Life Insurance Company's Historical Murals. The GSMLF proposal presents an opportunity for the CLO to deviate from its current path of liquidating assets at a distressed price.

We remain steadfast in our request for the CLO to accept our proposal as written, and give us an opportunity to raise the funds. We cannot move forward with a capital campaign without knowing that GSMLF will own the Murals if successful. It is our understanding that the highest "complying" bidder may be willing to leave their deposit in place as a backup while GSMLF raises the amount in its proposal. If this is the case, there can be no harm whatsoever to the Estate (there will be no cost embodied in leaving the murals in place). There is only the benefit of the additional money it will receive. Naturally, all parties would only have to agree on how much time GSMLF would be allowed to raise the funds.

GSMLF can raise the funds in twelve (12) months and would be half way through the process if given the opportunity when the CLO elected to issue an RFP.

As an alternative suggestion, the CLO could consider if there is a way to give the murals to the certificate holders, and the certificate holders could then negotiate a sale or other financial transaction to make themselves whole. This would certainly assist in closing the Estate swiftly, it may help to satisfy the certificate holders and would remove some of the burden of addressing the community's concerns from the CLO's shoulders

We know it is within your authority to support a proposal that is not just the highest bid which conforms with your RFP. In it, you expressly reserve the right to reject any and all bids received. The fact that the highest conforming bid maybe willing to wait in the wings further extends your freedom in this situation, and provides us with the time to raise

whatever funds are necessary. If the CLO is not willing to support some alternative that benefits the community, we will oppose your closing plan and ask the Court to do so.

Once again, GSMLF offers One Million Dollars (\$1,000,000.00) for the Murals, and is willing to enter into negotiations with the CLO to complete this process. GSMLF will require time to develop and implement a capital campaign.

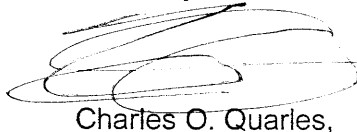
The person authorized to represent GSMLF:

Charles O. Quarles
The Bedford Group
6100 Center Drive, Suite 1200
Los Angeles, CA 90045
310-568-8500 office
310-568-1021 fax
cquarles@thebedfordgroup.com

GSMLF looks forward to working with you to create a definitive agreement for approval by the Court.

Respectfully submitted by the Golden State Mutual Legacy Foundation for the benefit of the community.

Sincerely,



Charles O. Quarles,
President
The Bedford Group

cc: Van Nickerson, The William Nickerson Jr. Project – The Legacy
Austin C. Moore III, President, Golden State Mutual Life Insurance Alumni Association
Charmaine Jefferson, Executive Director, California African American Museum
Susan Anderson, Curator Collecting Los Angeles, UCLA Library
Dexter A. Henderson, Executive Director, South Central Los Angeles Regional Center
Joseph B. Holloway, Jr., Consultant, Conservation and Liquidation Office
Michael R. Weiss, Epstein Turner Weiss
David E. Wilson, CEO and Special Deputy Insurance Commissioner
Barry Leigh Weissman, SNR Denton LLP
Darry Sragow, SNR Denton LLP

EXHIBIT 9

GOLDEN STATE MUTUAL LEGACY FOUNDATION

6100 Center Drive, Suite 1200
Los Angeles, California 90045
310-568-8500

October 7, 2010

Scott Pearce, Chief Estate Trust Officer
1999 West Adams Boulevard
Los Angeles, California 90018-3514

RE: Golden State Mutual Life Insurance Art and Historical Materials

Dear Mr. Pearce;

A number of individuals and institutions have come together to organize a community collaborative into a legal organization. The collaborative held a meeting on September 30, 2010 to adopt a name, select a steering committee, and support the proposal submitted on its behalf on September 23rd 2010. The collaborative wants your support of its proposal versus the other proposals that maybe under consideration.

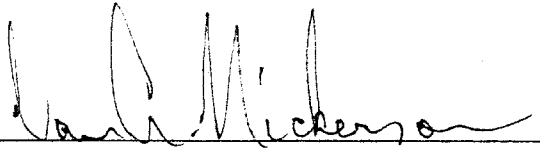
The collaborative selected the name Golden State Mutual Legacy Foundation (GSMLF). The Steering committee is identified by the signatures to this letter and the GSMLF proposal is currently in your possession. GSMLF writes to ask that its proposal be given primary consideration if no other proposal accounts for all of the Collection, and if no other proposal keeps all of the Art and Historical Materials in Los Angeles.

GSMLF would like to cooperate with your team to discuss price and to determine how the timing issue to complete a capital campaign can be resolved. The collaborative understands that other bidders are on hold, that liabilities, general creditors and vendors have to be paid. We further understand there is a cost associated with keeping the conservation or liquidation of Golden State Mutual Life Insurance Company (GSM) open.

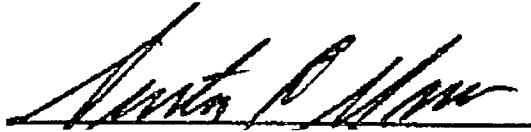
In an effort of cooperation, GSMLF will move swiftly in naming a Board of Directors, selecting a Fund Development committee, and approving a business plan that includes a fund development plan. GSMLF is organized solely to preserve and conserve of the history of Golden State Mutual Life Insurance Company. GSM is truly a remarkable and unique business story that we believe should be shared with our residents, particularly our youth, for generations to come. The collaborative has explored every sensible option to keep this collection intact and in this area for the benefit and enjoyment of the entire community.

Working together GSMLF is the best solution for your office and we look forward to working with you to create a definitive agreement for approval by the Court. A response of receipt of this communications within the next few days, will be appreciated.

Sincerely,
The Steering Committee



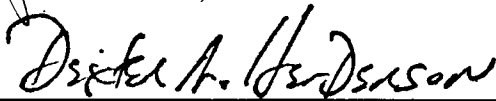
Van A. Nickerson
Chairman of Steering Committee
The William Nickerson Jr. Project – The Legacy



Austin Moore
President, Golden State Life Alumni Association



John E. Brown
Associate of The Bedford Group



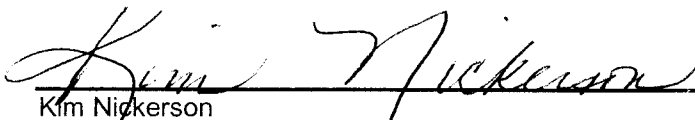
Dexter Henderson
CEO of South Central Los Angeles Regional Center



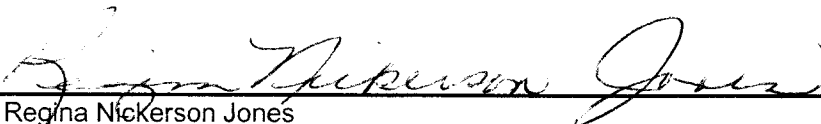
Charmaine Jefferson
Executive Director, California African American Museum



Rha Nickerson
The William Nickerson Jr. Project – The Legacy



Kim Nickerson
The William Nickerson Jr. Project – The Legacy



Regina Nickerson Jones
The William Nickerson Jr. Project – The Legacy

EXHIBIT 10

Our Mission

On behalf of the Insurance Commissioner, the CLO acts to rehabilitate and/or liquidate, under Court supervision, troubled insurance enterprises. The CLO operates as a fiduciary for the benefit of claimants, handling the property of the failed enterprises in a prudent, cost-effective, fair, timely, and expeditious manner.



CONSERVATION & LIQUIDATION OFFICE

P.O. Box 26894
San Francisco, California
94126-0894
Tel: 415.676.5000
Fax: 415.676.5002
www.caclo.org

January 31, 2011

VIA E-MAIL & U.S. MAIL

Charles O. Quarles
John E. Brown
The Bedford Group
6100 Center Drive, Suite 1200
Los Angeles, CA 90045
Cquarles@thebedfordgroup.com
Jbrown@thebedfordgroup.com

*Re: Rejection of Proposal by Golden State Mutual Legacy Foundation for the
Purchase of GSM's Two Removable Murals*

Dear Mr. Quarles and Mr. Brown:

This letter is to advise you and the Golden State Mutual Legacy Foundation ("Foundation") that the Insurance Commissioner of the State of California in his statutory capacity as Conservator and now Liquidator ("Liquidator") of Golden State Mutual Life Insurance Company ("GSM") has rejected the Proposal dated October 29, 2010, submitted by the Foundation to purchase GSM's two removable murals.


As detailed in the letter dated November 10, 2010, to Mr. Brown from Michael R. Weiss, the Foundation's Proposal did not comply with the Conservator's Request for Proposals ("RFP") dated June 25, 2010, or the Conservator's letters dated August 9 and October 14, 2010. The November 10 letter provided the Foundation with additional time through November 22, 2010, to correct the Proposal's deficiencies. However, as of today's date and as confirmed by the Foundation's letter dated November 22, 2010, to Scott Pearce, the Foundation has not corrected and does not intend to correct any of the Proposal's deficiencies.

While the Liquidator appreciates the Foundation's interest in the murals, due to GSM's estimated financial deficiency, the Liquidator is not able to delay the sale of the Murals for twelve months while the Foundation undertakes a capital campaign to raise \$1 million.

For your information, the selected proposal was submitted by the Smithsonian National Museum of African American History and Culture ("Smithsonian"), in Washington D.C. The Smithsonian intends to display the murals in its National Museum of African American History and Culture located on The National Mall, Constitution Avenue, NW, between 14th and 15th Street. The Liquidator will provide the Foundation with notice of the application for approval of the purchase of the murals by the Smithsonian as well as the hearing date on the application.

The Liquidator greatly appreciates the Foundation's proposal and its interest in the murals. Please contact Scott Pearce at (415) 676-5013 should you wish to discuss this letter.

Very truly yours,

A handwritten signature in black ink, appearing to read "David E. Wilson". The signature is fluid and cursive, with the first name "David" and last name "Wilson" being the most legible parts.

David E. Wilson
Chief Executive Officer and
Special Deputy Insurance Commissioner

EXHIBIT 11

Our Mission

On behalf of the Insurance Commissioner, the CLO acts to rehabilitate and/or liquidate, under Court supervision, troubled insurance enterprises. The CLO operates as a fiduciary for the benefit of claimants, handling the property of the failed enterprises in a prudent, cost-effective, fair, timely, and expeditious manner.



CONSERVATION & LIQUIDATION OFFICE

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www.cclo.org

LETTER OF ENGAGEMENT

November 3, 2009

Mr. Joshua B. Solomon
1016 Pier Avenue, #1
Santa Monica, CA 90405

RE: CLO CONTRACT NO. 0900-11068

Dear Mr. Solomon:

The Insurance Commissioner of the State of California, in his capacity under Article 14 of Chapter 1, Part 2, Division 1 of the California Insurance Code as the statutory receiver, conservator and liquidator of insurance companies in receivership, conservation and liquidation (solely in such capacity, "Receiver") manages the affairs of Golden State Mutual Life Insurance Company ("GSM") through his Conservation and Liquidation Office ("CLO"). Please consider this letter an acceptance of your offer to provide the Receiver with the services detailed below.

SCOPE OF SERVICES: Contractor will perform system and application administration as well as on-site support for the GSM office located at 1999 West Adams Blvd. Los Angeles, CA as requested and directed by CLO Network Operations.

TERM OF AGREEMENT: The term of this agreement for services will commence on November 1, 2009 and terminate on October 31, 2010. The Receiver may, in the Receiver's sole discretion, terminate at any time on 7 days' notice.

AMOUNT DUE FOR SERVICES RENDERED: For full and satisfactory performance of services under this agreement, the Receiver shall pay Contractor \$100 per hour.

If travel is required, Contractor shall follow the CLO's Travel and Business Expense Policy, which is attached.

CONTRACT MANAGER: The Receiver has designated Mohammed Mojabi as Contract Manager with respect to this Agreement. Mr. Mojabi is located at 425 Market Street, 23rd floor, San Francisco, CA 94105. He may be reached at (415) 676-2169 or at fax number (415) 676-5002.

MODIFICATION OF CONTRACT: Any modification of the scope of work to be performed under this contract must be agreed to in writing by both parties.

CONFLICT OF INTEREST: Contractor agrees to disclose any conflict that may exist prior to executing this agreement

CONFIDENTIAL INFORMATION: Confidential information is defined as all information disclosed to Contractor which relates to the Receiver's past, present and future activities, as well as activities under this contract. Contractor shall hold all such information in trust and confidence. Upon cancellation or expiration of this agreement, Contractor will return to the Receiver all written or descriptive materials which contain such confidential information.

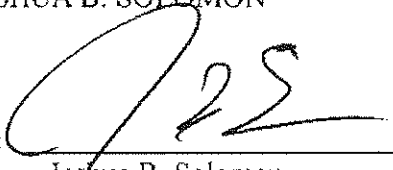
This Agreement contains the entire agreement and understanding between Contractor and the Receiver and supersedes any prior or contemporaneous written or oral agreements between them respecting the subject matter hereof.

JOSHUA B. SOLOMON

Date:

11/4/2009

By:


Joshua B. Solomon

STEVE POIZNER, Insurance Commissioner
solely in his capacity as statutory
receiver/conservator/liquidator

Date:

11/13/2009

By:



David E. Wilson
Special Deputy Insurance Commissioner

EXHIBIT 12



CONSERVATION & LIQUIDATION OFFICE
P.O. Box 26894
San Francisco, CA 94126-0894
Tel: 415.676.5000 Fax: 415.676.5002
www.cacio.org

INDEPENDENT CONTRACTOR AGREEMENT

CONTRACT NO. 0600-11068

RECITALS

WHEREAS, the Insurance Commissioner of the State of California, in his capacity under Article 14 of Chapter 1, Part 2, Division 1 of the California Insurance Code as the statutory receiver, conservator, and liquidator of Frontier Pacific Insurance Company ("FPIC") (solely in such capacity, "Receiver"), manages the affairs of FPIC through his Conservation and Liquidation Office ("CLO"); and

WHEREAS, Joshua B. Soloman, Esq. ("Contractor"), is a professional experienced in rendering the Services (as defined in Section 2 hereof); and

WHEREAS, the Receiver desires to enter into an agreement ("Agreement") with Contractor to provide such services needed and requested by the Receiver;

NOW, THEREFORE, in consideration of the promises and of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Receiver and the Contractor agree as follows:

TERMS AND CONDITIONS

1. CONFLICT OF INTEREST

A. Contractor represents and warrants to the Receiver that neither Contractor nor any of Contractor's partners or employees has a conflict of interest with the interests of the Receiver or the Estates, or with the interest of any person having interests in the assets or operations of any insurer in conservation or liquidation under the Receiver, except for such interests that have been disclosed in writing to the Receiver and to which the Receiver has not objected.

B. Contractor represents and warrants that Contractor and Contractor's partners and employees (as applicable) shall promptly disclose to the Receiver any conflict of interest, potential conflict of interest, or appearance of conflict of interest of any person having interests in the assets or operations of the insurers in conservation or liquidation under the Receiver that arise during, or in connection with, Contractor's performance of this

Agreement. Contractor further agrees that such matters shall be resolved to the satisfaction of the Receiver.

C. Throughout the term of this Agreement, Contractor shall submit to the Receiver at least annually on the anniversary of the effective date hereof a statement disclosing any actual, potential, or apparent conflict of interest, or certifying that no such actual, potential, or apparent conflict of interest exists with respect to this Agreement.

D. In addition to the requirement in paragraph 1C above, if the Scope of Services as described in paragraph 2A below includes consulting services, then Contractor agrees to comply with the requirements of California Insurance Code Section 1035.2 (Conflict-of Interest and financial disclosure requirements) and California Code of Regulations, Title 10, Section 2698.99.

2. SCOPE OF SERVICES TO BE PROVIDED

A. Contractor shall provide services and expertise pertaining to the FPIC Estate in the discipline of suretyship, including, but not limited to, analyzing claims, updating databases, developing procedures, resolving challenges to the actions of the Receiver, analyzing Estate liability in connection with collateral held or collected Receiver on behalf of the Estate, advising the Receiver with regard to the disposition of said collateral, and providing support to the Attorney General's Office in connection with the Estate

B. Contractor shall provide other support to the Receiver as requested.

3. INDEPENDENT CONTRACTOR

A. The Receiver and Contractor agree that (i) the status of Contractor is solely that of an independent contractor and not an employee or agent of the Receiver or the State of California and (ii) that all employees of Contractor who perform pursuant to this contract are employees of Contractor and not the employees of the Receiver or the State of California. Contractor acknowledges and agrees that, as an independent contractor you and your employees are not eligible for any employee benefits offered by the Receiver to its employees.

B. The Receiver and Contractor agree that Contractor shall be responsible for payment of all remuneration payable to Contractor's employees, if any, and all taxes imposed on an employer with respect to such employees, including without limitation those imposed under federal and state withholding laws. All of Contractor's employees, if any, shall be considered and shall be treated as common law employees of Contractor and not as employees of the Receiver for purposes of Section 401(a) of the Internal Revenue Code.

4. TERM

A. This Agreement will commence November 1, 2005 continue until June 30, 2006, unless otherwise terminated. In the event this Agreement is executed after November 1, 2005, its terms and conditions shall retroactively commence on November 1, 2005.

B. The term of this Agreement may be extended for an additional period of time by written agreement signed by the Receiver and Contractor.

C. This Agreement may be terminated by the Receiver upon the transmission to the Contractor of written notice five (5) calendar days prior to the termination date for any of the following reasons:

(1) failure to competently perform, or nonperformance or breach, of the terms of the Agreement; or

(2) breach of fiduciary duties under this Agreement.

D. Notwithstanding subparagraphs 4 (A) and 4 (B) herein, this Agreement may be terminated by the Receiver without advance notice for acts of dishonesty or disloyalty of the Contractor related to the operations of the Estates or the Receiver.

E. Notwithstanding subparagraphs 4 (A) and 4 (B) herein, this Agreement may be terminated by either the Receiver or the Contractor for any reason whatsoever, upon 15 (fifteen) days' written notice to the other party at the address specified in Paragraph 20 (NOTICES").

F. In the event that this Agreement is terminated, Contractor shall cooperate with the Receiver and shall provide reasonable access to the Receiver, including the right to make copies thereof, of Contractor's working papers, data, schedules and other records pertaining to work performed under this Agreement.

G. In the event that this Agreement is terminated for any reason, Contractor shall be entitled to payment for all fees earned for services fully performed through the date of the termination of this Agreement. The Receiver agrees to cooperate fully with Contractor in providing all relevant information on a timely basis and in paying all bills promptly upon receipt.

5. COMPENSATION

A. Compensation for services rendered by Contractor under Agreement shall be paid from the assets of the Estates, in accordance with the requirements of the California Insurance Code.

B. For full and satisfactory performance of Services under this Agreement, the Receiver shall pay Contractor \$100.00 per hour. The Receiver shall also provide and

maintain workspace for Contractor that includes telephone service with voicemail, a computer workstation and Internet access.

C. Except as set forth in paragraph 5 (D) below, the hourly rate set forth above shall cover any and all indirect expenses incurred by Contractor in performing this Agreement, including any home office overhead, internal administration, facsimile transmission costs and preparation of billings.

D. Paragraph 5 (C) notwithstanding, the Receiver shall reimburse Contractor for all reasonable expenses incurred in connection with Contractor's work for Receiver, including, but not limited to, telephone service and installation (excluding cellular), remote computer access, travel expenses following CLO Travel Policy guidelines (attached as Appendix A), parking and incidentals. Reimbursement for expenses other than those incurred monthly by Contractor (parking, telephone service, etc.) shall only be reimbursed if the expenditure is pre-approved by Receiver.

E. Contractor shall submit original itemized invoices, which refer to the CLO's contract number, on a monthly basis and such invoices shall be addressed to the attention of the CLO's Accounts Payable Department. Contractor shall also maintain books, records, documents, and other evidence necessary to support its claims for compensation.

F. Total payment for services for full and complete performance of this Agreement shall equal the hourly rate enumerated in subparagraph 5(B) hereof, plus such expenses as are permitted pursuant to subparagraph 5 (D) hereof.

6. DOCUMENT RETENTION

Contractor shall retain all Contractor's files and records pertaining or related to the services performed pursuant to this Agreement for five (5) years after such time as the services under this Agreement are concluded and payment is rendered hereunder. Contractor further agrees to notify the Receiver at least 60 days prior to the expiration of said five-year period. At that time the Receiver shall request either (i) transmission of the files or records to the Receiver or such person as the Receiver designates, or (ii) that the Contractor shall retain the files for such further period as requested by the Receiver.

7. OWNERSHIP OF DATA, DOCUMENTS AND PROPERTY

A. The Receiver shall have access to, and unlimited right to reproduce, distribute for the Receiver and utilize in any manner, all returns, schedules, exhibits, audits, reports, examinations, data and files created, utilized or prepared by the Contractor in performing this Agreement. The foregoing shall include the right to authorize others to use or reproduce such matters.

B. Contractor agrees that the Receiver reserves the title to any property purchased or financed from the proceeds of this contract if such property is not fully consumed in the performance of this Agreement.

8. CONFIDENTIALITY

A. During the term of this Agreement and at all times thereafter, Contractor agrees to hold all Confidential Information in trust and confidence and not to use or disclose such information to third parties without the prior written consent of the Receiver. Upon termination or expiration of this Agreement, Contractor will return to the Receiver all written, electronic, or descriptive matter that contains any such Confidential Information. For the purposes of this subparagraph, "Confidential Information" means all information disclosed to Contractor which relates to past, present, and future activities and operations of the Receiver and the Estates, including without limitation communications among the Receiver and the Contractor, and all information with respect to the Services rendered under this Agreement. Contractor agrees that the Receiver's computer systems, software and ancillary systems are proprietary to, and the sole property of, the Receiver and are specifically covered by this confidentiality provision.

B. Contractor shall, during and after the expiration of this Agreement, upon reasonable notice, furnish such information and proper assistance to the Receiver as may reasonably be required by the Receiver in connection with any litigation in which the Receiver or the CLO may become a party.

C. With respect to the covenants contained in this section, Contractor agrees that any remedy at law for any breach of said covenants is not exclusive but alone will be inadequate and, therefore, the Receiver shall be entitled to specific performance or any other mode of injunctive and/or equitable relief to enforce any rights hereunder or any other relief a court might award.

D. The provisions of this Paragraph 7 shall survive the termination of this agreement, whether by normal expiration or otherwise, for a period of five (5) years.

9. INDEMNITY AND INSURANCE

A. The Contractor and [Contractor's officers, directors, partners,] employees and agents agree to indemnify and hold harmless the Commissioner, his Special Deputy Commissioners, officers, employees, and the CLO (each, an "Indemnified Party") from all claims, demands, losses, damage, liability (joint or several) and expenses and costs that may be made against, imposed on, or incurred by, such Indemnified Party including any and all liabilities, fines, penalties and consequences from any noncompliance or violations of applicable laws, ordinances, codes and regulations, including without limitation the laws described in Paragraph 11 hereof, or due to loss of or damage to any property of or injuries to or death of any person, to the extent caused by or resulting from the negligent act or omission of the Contractor or its employee in connection with the rendering of services under this Agreement, or arising out of workers' compensation claims, unemployment compensation claims, or disability claims of Contractor's employees or claims under such similar laws or obligations, except to the extent caused by the negligent act or omission of such Indemnified Party.

B. Contractor certifies that Contractor has no employees. Should Contractor hire any employees, Contractor shall notify the Contract Manager or the Receiver in writing of such within five (5) working days. Contractor shall, at that time, at Contractor's own cost and expense, procure and keep in full force and effect during the life of this contract, workers' compensation insurance with statutory limits including employers' liability insurance with a minimum of not less than in the amount of one millions (\$1,000,000) dollars bodily injury for each accident/ one million (\$1,000,000) bodily injury disease aggregate and neither the Contractor nor Contractor's carrier shall be entitled to recover any cost, settlements or expenses of workers' compensation claims arising out of this contract. The policy must note that the Receiver will receive a 30 day written notice of cancellation and 10 day written notice of non-payment of premium.]

C. If Contractor hires any employees, Contractor shall provide proof of workers' compensation insurance coverage to Receiver.

10. ASSIGNMENT AND SUBCONTRACTING

A. No performance of this Agreement or any portion thereof may be assigned, delegated or subcontracted without the prior express written consent of the Receiver.

B. The Contractor shall submit any proposed subcontract or assignment to the Receiver for approval prior to implementation. Upon termination of any subcontract, the Receiver shall be notified immediately. Whenever the Contractor is authorized to subcontract or assign, all the terms of this Agreement shall be included in such subcontract or assignment including without limitation terms required by Paragraph 10 hereof.

C. Any attempt by the Contractor to assign or subcontract any performance of this Agreement without the express written consent of the Receiver shall be void and shall constitute a breach of this Agreement.

11. EXAMINATION AND AUDIT

A. The Contractor agrees that this contract shall be subject to examination and audit. The contracting parties shall be subject to the examination and audit of the California Bureau of State Audits for a period of three (3) years after final payment under the contract. The examination shall be confined to those matters connected with the performance of the contract, including, but not limited to, the costs of administering the contract. The Contractor further agrees to place in any subcontract with respect to this Agreement in excess of \$10,000 and which will be paid from the funds of the insurer in conservation or liquidation, a provision which states as follows: "The contracting parties shall be subject to the examination and audit of the California Bureau of State Audits for a period of three years after final payment under this Agreement."

B. For the purposes of Minority, Women and Disabled Veteran Business Enterprise audit, the Contractor agrees that the Receiver, or his delegate, will have the right to

review, obtain, and copy all records pertaining to performance of this Agreement. The Contractor agrees to provide the Receiver with any relevant information requested and shall permit the Receiver, or his delegate, access to Contractor's premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, and accounts and other material that may be relevant to a matter under investigation for the purpose of determining compliance with California Public Contract Code Section 10115, et seq., and California Code of Regulations, Title 2, Section 1896.60, et seq.

12. GOVERNING LAW; COMPLIANCE WITH LAWS

A. This Agreement shall be governed and construed pursuant to the laws of the State of California.

B. The Contractor shall comply with the Fair Labor Standards Act, California Occupational Safety and Health Act, Americans with Disabilities Act, Title VII of the Civil Rights Act, Age Discrimination in Employment Act, Immigration Reform and Controls Act, Family and Medical Leave Act, and any and all other federal, state and local laws, statutes, ordinances, rules, regulations, codes, orders and/or programs including but not limited to identification and procurement of required permits, certificates, approvals and inspections, labor and employment obligations, affirmative action, wage and hour laws and any other laws which subsequently become applicable under this Agreement specifically including, but not limited to, compliance with federal and state tax laws imposed on the Contractor with respect to Contractor's employees. Contractor acknowledges that employees of Contractor rendering services hereunder are not eligible for any employee benefits offered by the Receiver to any employees thereof.

C. During the performance of this Agreement, the Contractor and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, sexual orientation, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status or denial of family care leave. The Contractor and subcontractors shall comply with the provisions of Fair Employment and Housing Act (Government Code, Section 12900, et seq.) and the applicable regulations promulgated thereunder. The Contractor and its subcontractors, if any, shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

D. The Contractor shall observe and comply with all other applicable laws, ordinances, codes and regulations of governmental agencies, including federal, state, municipal and local governing bodies having jurisdiction over the scope of services or any part thereof, including all provisions of the Occupational Safety and Health Act of 1979 and all amendments thereto, and all applicable federal, state, municipal and local safety regulations. All services performed by the Contractor must be in accordance with these laws, ordinances, codes and regulations.

13. MODIFICATION

This Agreement may not be modified, except as set forth in writing signed by the Receiver and the Contractor or their authorized designees.

14. SEVERABILITY

If any term, provision, covenant or condition of this Agreement shall be held to be invalid, unenforceable or void, the remainder of this Agreement and such term, provision or condition as applied to other persons, places and circumstances shall remain in full force and effect.

15. CONSTRUCTION

The headings and captions of this Agreement are provided for convenience only and are intended to have no effect in construing or interpreting the Agreement. The language in all parts of this Agreement shall be in all cases construed according to its fair meaning and not strictly for or against the Receiver or the Contractor.

16. RIGHTS CUMULATIVE

The rights and remedies provided by this Agreement are cumulative, and the exercise of any right or remedy by either party hereto (or by its successor), whether pursuant to this Agreement, to any other agreement, or to law, shall not preclude or waive its right to exercise any or all other rights and remedies.

17. NONWAIVER

No failure or neglect of either party hereto in any instance to exercise any right, power or privilege hereunder or under law shall constitute a waiver of any other right, power or privilege or of the same right, power or privilege in any other instance. All waivers by either party hereto must be contained in a written instrument signed by the party to be charged and, in the case of the Receiver, by an authorized representative of the Receiver.

18. FUTURE ASSISTANCE

The Contractor shall, during the term of this Agreement and after termination of this Agreement, upon reasonable notice, furnish such information and proper assistance to the Receiver as may reasonably be required by the Receiver in connection with any litigation in which any insurer in conservation or liquidation with the Receiver may become a party.

19. CONTRACT MANAGER

The Receiver has designated the notice party named in Paragraph 19 hereof as the Contract Manager with respect to this Agreement. The Receiver may, in the Receiver's

sole discretion, change the Contract Manager from time to time and will notify the Contractor in writing of such change.

20. NOTICES

Any notice or other communication required or permitted to be given to the parties may be given by (a) personal delivery thereof, (b) delivery via United States first class mail, registered or certified, with postage prepaid, (c) facsimile transmission with a confirmation receipt retained by the sender, or (d) by overnight delivery service. Notice shall be deemed to be given on the date of personal delivery, facsimile transmission, deposit in the United States mail, or deposit with an overnight delivery service. Notices served other than by personal delivery shall be addressed as follows:

TO CONTRACTOR:

Joshua B. Soloman, Esq.
1016 Pier Avenue, #1
Santa Monica, CA 90405
Ph: 310-396-8222
Fax: 323-653-0669

TO RECEIVER:

Conservation & Liquidation Office
Attn: Willard Roberts
425 Market Street, 23rd Floor
San Francisco, CA 94105
Fax: 415-676-5002

21. ENTIRE AGREEMENT

This Agreement contains the entire agreement and understanding between the Contractor and the Receiver and supersedes any prior or contemporaneous written or oral agreements between them respecting the subject matter hereof.

Date:

2/1/2006

By:

JOSHUA B. SOLOMAN, ESQ.

Joshua B. Soloman

JOHN GARAMENDI, Insurance
Commissioner, as statutory
Conservator/Liquidator

Date:

2/7/06

By:

David E. Wilson

Special Deputy Insurance Commissioner

Our Mission

On behalf of the Insurance Commissioner, the CLO acts to rehabilitate and/or liquidate, under Court supervision, troubled insurance enterprises. The CLO operates as a fiduciary for the benefit of claimants, handling the property of the failed enterprises in a prudent, cost-effective, fair, timely, and expeditious manner.



CONSERVATION & LIQUIDATION OFFICE

P.O. Box 26894
San Francisco, California
94126-0894
Tel: 415.676.5000
Fax: 415.676.5002
www.caclo.org

June 26, 2009

Mr. Joshua B. Solomon
1016 Pier Avenue, #1
Santa Monica, CA 90405

Re: **AMENDMENT 8 TO CLO CONTRACT NO. 0600-11068**

Dear Mr. Solomon:

By this letter, the California Insurance Commissioner modifies the original contract referenced above.

Section 2 ("SCOPE OF SERVICES TO BE PROVIDED") shall change to add:

C. Contractor shall assist the Commissioner by acting as Project Manager, under the direction of the CLO Operations Officer, in the closing of the Fremont Indemnity Company office located at 660 South Figueroa Street, Los Angeles. Duties will include, but not be limited to, providing IT System support and maintenance and facilities administration to inventory equipment and coordinate the sale, donation or destruction of assets.

Section 4 ("TERM") reads:

"This Agreement will commence November 1, 2005 and continue until June 30, 2009, unless otherwise terminated. In the event this Agreement is executed after November 1, 2005, its terms and conditions shall retroactively commence on November 1, 2005."

Section 4 ("TERM") shall change to read:

"This Agreement will commence November 1, 2005 and continue until December 31, 2009, unless otherwise terminated. In the event this Agreement is executed after November 1, 2005, its terms and conditions shall retroactively commence on November 1, 2005."

Amendment 8 to CLO
Contract No. 0600-11068

CNT-07 03.14.07

1 of 2

EXHIBIT 13

ATTORNEY SEARCH

Joshua Ben Solomon - #172237

Current Status: Active

This member is active and may practice law in California.

See below for more details.

Profile Information

The following information is from the official records of The State Bar of California.

Bar Number:	172237		
Address:	1016 Pier Ave Unit 1 Santa Monica, CA 90405 Map it	Phone Number:	(310) 396-8231
		Fax Number:	Not Available
		e-mail:	jsolomon@frontierpacificinsurance.com
County:	Los Angeles	Undergraduate School:	Univ of California at Los Angeles; CA
District:	District 7		
Sections:	None	Law School:	Loyola Law School; Los Angeles CA

Status History

Effective Date	Status Change
Present	Active
5/6/1996	Active
1/1/1996	Inactive
12/1/1994	Admitted to The State Bar of California

Explanation of member status

Actions Affecting Eligibility to Practice Law

Disciplinary and Related Actions

Overview of the attorney discipline system.

This member has no public record of discipline.

Administrative Actions

This member has no public record of administrative actions.

[Start New Search >](#)

EXHIBIT 14

Frontier Pacific Insurance Company was taken over by the California Department of Insurance on September 7, 2001. For information, visit the California Conservation & Liquidation Office's page regarding Frontier Pacific Insurance Company



For information about or assistance with Frontier Pacific surety claims, please contact Joshua Solomon, Consulting Attorney at jsolomon@frontierpacificinsurance.com

EXHIBIT 15

Forwarded Message ----

From: John Brown <jbrown@thebedfordgroup.com >

To: susana645@sbcglobal.net

Sent: Thu, March 3, 2011 6:08:26 PM

Subject: Golden State Mutual Legacy Foundation

Hello Susan,

I am having trouble clearly defining Joshua's role as interim executive director. Joshua appears to be expanding his role to include being a spokesperson for all interested parties. For example, Legacy has to respond to the court on the proposed sale of the murals and historical materials. Its response must present a remedy that reflects Legacy's mission and will result in Legacy having ownership of the murals and control of the disposition of the historical materials.

I would love to sit down with you and discuss my perspective, and then have you discuss with Joshua his strategy, so that we can both gain from your insight.

Let me know if you are available for breakfast or lunch meeting next week.

Regards

JOHN BROWN

The Bedford Group

6100 Center Drive, Suite 1200

Los Angeles, CA 90045

Tel: (310) 568-8500

Fax: (310) 348-1446

EXHIBIT 16

Joshua B. Solomon, Esq.

Phone/Fax: 310-396-8231
Cellular: 310-435-2878

1016 PIER AVENUE
UNIT 1
SANTA MONICA, CALIFORNIA 90405

e-mail: joshua@jsolomonlaw.com

February 22, 2011

Michael R. Weiss, Esq.
EPSTEIN/TURNER/WEISS
633 West Fifth Street, Suite 3330
Los Angeles, CA 90071

Re: Revisions/Additions to GSMLF's Proposal to Purchase GSM's Murals & Historical Materials.

Dear Michael:

Because you stressed the importance of getting something to you in writing before the start of business today, I must present this proposal with the proviso that its terms are subject to the final approval of the Golden State Mutual Legacy Foundation ("GSMLF"). This being said, I want to emphasize that its provisional nature should not be interpreted as an indication that GSMLF cannot or will not perform. I have discussed the essential elements of the proposal revisions I will present with several of the key players within the organization, and all have agreed to moving forward as described herein.

Introduction/Background:

Before delving into the details of what GSMLF proposes, I think that it is important to try one more time to dispense with the pervasive misapprehension that the Legacy Foundation has already been given ample opportunity to perform, and simply failed to do so. This canard was contrived and so oft repeated that everyone on the Liquidator's side of the table – from the new administration at the Department of Insurance, to you, yourself – seems to accept it as fact. The problem is, it is based upon a false assumption, and/or a gross misunderstanding of what GSMLF is willing and able to do.

Simply put, GSMLF has never been in the position to raise funds for this purchase because it has never had anything to raise funds for. As I have tried to impress upon you and others many times, GSMLF stands ready, willing and able to mount a capital campaign and to solicit donations to raise the money necessary to purchase the Golden State murals and historical materials. It cannot do so, however, without a commitment from the CLO that some amount-certain will secure its recommendation of the sale to the Court. The idea that GSMLF could go out and solicit donations based on *the possibility* of securing these materials is patently absurd – as is expecting anyone to put forth any effort on that front without knowing that the amount they raise will be adequate.

Please remember that I have been prohibited from disclosing that GSMLF's \$1 million offer was the highest figure on the table. Its members knew only that they had to come up with at least that amount, and perhaps considerably more if they were asked to make good on the overbid provision. It is unreasonable to presume that anyone would set up a non-profit foundation, and go through all the expense and effort of raising even the required deposit on \$1 million when faced with the possibility that they may have to close up shop and return all of the donations because the CLO got a better offer.

The CLO's refusal to negotiate with the Legacy Foundation and/or its forebears has never made any sense to me. It is the CLO's fiduciary duty to marshal assets and avoid waste when it takes over an insolvent insurer. Its failure to capitalize on this opportunity would appear to be a gross breach of this duty which can only be explained if one views the situation with extreme myopia. In this situation, a guaranteed \$750,000.00 is better than the possibility of receiving \$1 million only if you ignore the bigger picture – one which is complex and fraught with potential additional costs.

From the beginning, selling the Collection to the Legacy Foundation would have allowed the CLO to short-circuit Community Impact Development's ("CID") claim to the murals, thereby avoiding the cost involved in fighting over their ownership. The building owners are primarily concerned with keeping the murals in place, not with who actually owns them. We all know the relative strengths and weaknesses of each side's position on this topic. Nevertheless, no one can blame CID for taking its shot. It is also entirely reasonable for the CLO to be confident that it will prevail in this dispute. There is no excuse, however, for allowing it to go on unnecessarily. This alone, however, may not add enough value to GSMLF's original proposal to have justified pursuing it. Avoiding the other entirely foreseeable objections that are pending almost certainly would, however.

As things stand today, it is safe to assume that some or all of the following persons and/or entities will file formal objections if the CLO tries to have the sale of the murals to the Smithsonian for \$750,000.00 approved by the Court:

- The holders of GSM's certificates of contribution.
- The Pension Benefit Guaranty Corporation.
- The Los Angeles Conservancy.
- GSMLF.

There may be others, of course, including Community Impact Development (if the CLO cannot resolve that dispute beforehand). I mention only the most obvious and/or known contenders.

In my opinion, the results of the RFP process will not guaranty that the Court will support the Liquidator's current course. The difference between FMV and the Smithsonian's offer is too great, and a sale at liquidation value is not justifiable under the circumstances – the determining factor being whether the seller is under pressure to dispose of an item swiftly, or if there is time to find the "right" buyer. While I understand that the CLO does not have an unlimited amount of time to complete this process, it does have the ability to wait for a reasonable period. With a claims bar date of December 31, 2011, and everything in storage or otherwise secured, it is difficult to argue that these assets must be sold immediately.

Irrespective of all this, I am sure you will agree that avoiding any and all objections entirely is preferable to responding to them. GSMLF's original proposal was designed with this in mind. By accounting for and accommodating the interests and needs of CID, CAAM, UCLA, the Golden State Alumni, etc., it offered a global solution that addressed most or all of the practical concerns relating to the Collection. Its only shortcoming was the Foundation's inability to pay in full within the time allotted in the RFP. That shortcoming remains, but what the Legacy Foundation is now prepared to offer should more than offset any inconvenience this creates.

Proposal Revisions:

As I told you when we last spoke, I am considering accepting the position of Interim Executive Director of GSMLF. There being no Foundation without funding, my primary role would be to raise money to get GSMLF off the ground. I believe you are aware that the Foundation hopes to build an endowment of at least \$15 million. After the purchase of GSM's art and historical materials, the endowment will provide for ongoing stewardship, new acquisitions and educational programs. At this juncture, I face the same problem John Brown has faced for the past six or seven months, however. Without a commitment from the CLO, I cannot even begin the process of raising capital. The art collection is only a part of the whole. If GSMLF fails to secure the murals and historical materials, it will lack critical portions of the "legacy," around which the Foundation will be built. Fortunately, I am now in the position to offer voluntarily what GSMLF expected the CLO to extract through negotiation – a considerably higher payment than any other bidder.

When I was first approached regarding the E/D position, my initial reaction was to look at possible conflicts of interest. I have never lost sight of or abandoned my responsibilities as a CLO contractor and fiduciary, and was concerned that this might interfere with GSMLF's goals. I determined it does so only if obtaining the remaining materials had to be accomplished while spending as little money as possible. Happily, such is not the case. In fact, in a fundamental way, certain objectives of GSMLF are aligned with those of the CLO.

While GSMLF represents many interests, it is at its core a community based organization. At the heart of that community are the former employees of Golden State, the Company's investors and their families. As the liquidation of GSM unfolds, it is becoming clear to all involved that an investment in the assets of the Company provides a direct benefit to the remaining creditors. While it may not be possible at this point to make everyone whole, there can be little doubt that giving the Estate more than \$750,000.00 for the murals and historical materials benefits the community. It is also an opportunity the CLO is duty-bound to explore.

Although the final details will have to be worked out and agreed to by both sides, I offer the following changes and/or additions to the Golden State Mutual Legacy Foundation's proposal:

- The maximum purchase price for the murals and historical materials will be based upon the actual needs of the Estate, up to a limit of \$4 million. *(Please note that \$4 million is the amount most members GSMLF believe is FMV. I have not disclosed the actual figure from the appraisal. Although this sum could be sufficient to cover all liabilities, GSMLF may agree to increase its offer if it can be established that FMV is higher than \$4 million.)*
- The CLO will give GSMLF one year in which to raise the required capital.
- During this one-year period, GSMLF will make a good-faith effort to raise the maximum purchase price.
- Recognizing that GSMLF may not be able to raise the maximum purchase price within the allotted time, the parties will agree to a minimum purchase price which exceeds the current accepted offer of \$750,000.00.
- Recognizing that GSMLF may not be able to raise the minimum purchase price, the parties will work cooperatively to secure a backup proposal in the amount of \$750,000.00.

The foregoing represents only a broad outline of new terms that, coupled with its original offer, make GSMLF's proposal for the purchase of the Golden State murals and historical materials viable and compelling. The Legacy Foundation is prepared to discuss and commit to more specific terms, including designated fund raising landmarks, assumption of certain costs, etc. The basic components of this proposal (significantly higher return without additional risk to the Estate) alone make it worthy of further exploration by the CLO, however.

I respectfully suggest that representatives of GSMLF and the CLO meet to discuss this matter before the Liquidator recommends acceptance of anyone's proposal(s) for the purchase of the GSM murals and historical materials to the Court.

Very truly yours,

Joshua B. Solomon, Esq.



EXHIBIT 17

Golden State Mutual Art Collection Liquidation

Statement of Facts

- In November 2009, Joshua Solomon was brought in by the California Department of Insurance Conservation and Liquidation Office (CLO) to liquidate assets of Golden State Mutual (GSM)
- Solomon began getting rid of trash, identifying purchasers for certain assets of value
- For example, non-sensitive papers from Golden State were used in the movie *Dinner for Schmucks*
- In his search throughout the building, Solomon found documents and artifacts tied to the history of GSM, the founding families (Nickersons, Houstons and Beavers) and employees of Golden State
- Solomon contacted the founding families alerting them of what he was finding
- In January 2010, Solomon was asked to work on getting artwork of Golden State Mutual sold
- Included in the artwork are two large murals, painted by Charles Alston and Hale Woodruff, depicting African-American history in California, and smaller pieces and sculptures
- GSM's art collection can largely be attributed to William Pajaud, artist and art curator for GSM
- In attempting to place a value on the art collection, the CLO obtained appraisals for certain pieces
- The CLO will not release the appraisal for the fair market value of the murals
- Independent appraisals by Swann Auction Galleries of New York and Eric Hanks, Director of M. Hanks Gallery, placed fair market value of the murals between \$3.5 million and \$5.5 million
- In the Conservator's Status Report and Application for Approval of Estate Administrative Matters and Declaration of David E. Wilson (CEO of the CLO and Special Deputy Insurance Commissioner) in Support of Application, the State estimated the value of the murals to be between \$2.2 million and \$4 million, with a "***minimum reserve sale price of \$2.2 million***" (page 8)

- Merriam-Webster's Dictionary of Law defines reserve price as "a price announced at an auction as the lowest that will be considered"¹
- In the Notice of Application and Application for Orders Authorizing Liquidator to Sell Two Murals to Smithsonian National Museum of African American History and Culture, the State cites an appraisal report from an unspecified certified appraiser estimating the liquidation value for the murals as \$700,000 (page 2)
- In May 2010, Solomon, in an attempt to salvage the artwork and history of GSM, began searching for potential buyers
- Solomon's search led him to Charles Quarles and John Brown
- Brown has an immediate interest in the larger happenings of Golden State Mutual because of its history as black insurance company
- Brown began working to get North Carolina Mutual involved in an attempt to salvage GSM
- In June 2010, CLO sent out Request for Proposal applications for the artwork and historical materials, with July 31st as the deadline for applications
- Susan Anderson, Curator for UCLA Library's "Collecting Los Angeles" project, got a meeting with Mark Ridley-Thomas, who agreed to send a letter to the CLO to extend time for the RFP process
- With the assistance of interested parties and under the name of Golden State Minority Foundation, a scholarship foundation run by the Houston family (descendants of organizer Norman Houston), Brown authored a proposal for the artwork, murals and historical artifacts (collectively referred to as "materials") that included a 13 step Plan outlining who would be responsible for preserving and displaying the materials
- A short time later, the Houstons withdrew Golden State Minority Foundation as the sponsor organization for the proposal for the materials
- A collaborative group, including Joshua Solomon, Charmaine Jefferson of California African American Museum (CAAM), Celes King IV, Susan Anderson of UCLA, Kingsley Jones, Dexter Henderson of South Central Los Angeles Regional Center (SCLARC), the Nickerson family represented by Van Nickerson, Rha Nickerson, Kim Nickerson and Regina Nickerson Jones, Austin Moore, President of the Golden State Mutual Alumni (former employees of GSM), a Ed Maddox of Mark Ridley-Thomas's office, Carolyn Trader, and John Brown, started working to keep the artwork in the Los Angeles community

¹ reserve price. (n.d.). Merriam-Webster's Dictionary of Law. Retrieved March 04, 2011, from Dictionary.com website: [http://dictionary.reference.com/browse/reserve price](http://dictionary.reference.com/browse/reserve+price)

- This group decided to create Golden State Mutual Foundation (GSMF) for the purpose of preserving the artwork
- A steering committee of GSMF was created in September 2010
- GSMF submitted the Plan for the materials previously submitted by Golden State Minority Foundation under the Golden State Mutual Foundation name
- GSMF was asked by the CLO to resubmit its proposal as separate proposals for the murals, artwork and artifacts
- On September 30, 2010, the Steering Committee changed the name from “Golden State Mutual Foundation” to “Golden State Mutual Legacy Foundation”
- GSMLF met with the Scott Pearce, Chief Estate Trust Officer representing the CLO, and informed him that GSMF could not raise money and submit a precise bid without a commitment from the CLO that GSMLF will receive the materials
- GSMLF submitted a revised proposal of \$1 million for the murals
- On October 28, 2010, Austin and Barbara Moore and GSMLF executed a Memorandum of Understanding substantially reflecting GSMLF’s plan for the artwork and historical artifacts
- On October 29, 2010, the Moores submitted a proposal of \$50,000 for the artwork and historical artifacts; GSMLF endorses the Moores’s proposal
- GSMLF, represented by John Brown, met with CLO Senior Estate Trust Officer Scott Pearce in person, and David Wilson and Joe Holloway by phone on November 22, 2010
- Brown informed them he could put \$50,000 down and raise \$1 million in twelve months if provided with a commitment from the CLO that GSMLF will own the murals after that time
- CLO weighed GSMLF’s offer and ultimately rejected it
- On December 9, 2010 The Moores are asked by the CLO to resubmit their proposal as a proposal for only the artwork and are told the CLO is not in a position to “sell or transfer” the historical artifacts
- The Moores revised their proposal to \$40,000 for the artwork and reserved \$10,000 to submit a proposal for the historical artifacts

- The CLO never informed the Moores about a change in its position to sell or transfer the historical artifacts and Moores have never received an opportunity to submit a bid for them
- CDI II, which has purchased the Golden State Mutual Building, offered to purchase the murals on GSMLF's behalf
- CDI II is currently in litigation with the CLO to keep the murals from being sold because it wants to keep the murals in the GSM Building
- CDI II's offer to purchase the murals was rejected by the CLO without a counteroffer
- In January, John Brown learned through Charmaine Jefferson of CAAM that the Smithsonian will be awarded the murals for a bid of \$750,000
- In November 2010, the Smithsonian's bid was \$500,000 and it increased its bid after the CLO decided to negotiate with the Smithsonian – exactly what it wouldn't do with GSMLF

EXHIBIT 18

DAVID B. EPSTEIN
JONATHAN M. TURNER
MICHAEL R. WEISS
GAIL E. WISE
ROBYN L. IKEHARA
SHIVA S. DAVOUDIAN

LAW OFFICES OF
EPSTEIN TURNER WEISS

A Professional Corporation
633 W. Fifth Street, Suite 3330
Los Angeles, California 90071
Telephone: (213) 861-7487
Fax: (213) 861-7488

October 4, 2010

VIA E-MAIL AND U.S. MAIL

Joshua B. Solomon
1016 Pier Avenue, #1
Santa Monica, CA 90405

Re: *Golden State Mutual Life Insurance Company in Conservation*

Dear Joshua:

As you are aware, this office represents the Insurance Commissioner of the State of California as Conservator (hereinafter "Conservator") of Golden State Mutual Life Insurance Company ("Golden State"). The Conservator has been advised that earlier today you contacted Susan Anderson with UCLA Library and that you may be working with Austin Moore concerning his organization's efforts to purchase Golden State's Art Collection and/or Historical Materials.

Please keep in mind that pursuant to your Letter of Engagement dated November 3, 2009, a copy of which is enclosed, you have received confidential information from the Conservator and/or Golden State that you are required to continue to hold in trust and confidence and not disclose to persons or entities not affiliated with the Conservator. In accordance with this requirement, please do not discuss any confidential information concerning the Conservator, Golden State or Golden State's Art Collection and/or Historical Materials with Susan Anderson, Austin Moore or any other person or entity not affiliated with the Conservator.

Please also keep in mind that pursuant to the Order Appointing Conservator And Restraining Order, a copy of which is enclosed, Golden State's agents and employees, present and former, are enjoined from interfering with the Conservator's conduct of his duties, and all persons are enjoined from the waste of Golden State's assets.

Feel free to contact me should you have any questions or concerns regarding this letter.

Yours very truly,



MICHAEL R. WEISS

MRW:aym
Enclosures
G:\GRP\CASES\204-410-04\Correspondence\2010\100410 Solomon.doc

Our Mission

On behalf of the Insurance Commissioner, the CLO acts to rehabilitate and/or liquidate, under Court supervision, troubled insurance enterprises. The CLO operates as a fiduciary for the benefit of claimants, handling the property of the failed enterprises in a prudent, cost-effective, fair, timely, and expeditious manner.



P.O. Box 26894
San Francisco, California
94126-0894
Tel: 415.676.5000
Fax: 415.676.5002
www.caclo.org

CONSERVATION & LIQUIDATION OFFICE

LETTER OF ENGAGEMENT

November 3, 2009

Mr. Joshua B. Solomon
1016 Pier Avenue, #1
Santa Monica, CA 90405

RE: CLO CONTRACT NO. 0900-11068

Dear Mr. Solomon:

The Insurance Commissioner of the State of California, in his capacity under Article 14 of Chapter 1, Part 2, Division 1 of the California Insurance Code as the statutory receiver, conservator and liquidator of insurance companies in receivership, conservation and liquidation (solely in such capacity, "Receiver") manages the affairs of Golden State Mutual Life Insurance Company ("GSM") through his Conservation and Liquidation Office ("CLO"). Please consider this letter an acceptance of your offer to provide the Receiver with the services detailed below.

SCOPE OF SERVICES: Contractor will perform system and application administration as well as on-site support for the GSM office located at 1999 West Adams Blvd. Los Angeles, CA as requested and directed by CLO Network Operations.

TERM OF AGREEMENT: The term of this agreement for services will commence on November 1, 2009 and terminate on October 31, 2010. The Receiver may, in the Receiver's sole discretion, terminate at any time on 7 days' notice.

AMOUNT DUE FOR SERVICES RENDERED: For full and satisfactory performance of services under this agreement, the Receiver shall pay Contractor \$100 per hour.

If travel is required, Contractor shall follow the CLO's Travel and Business Expense Policy, which is attached.

CONTRACT MANAGER: The Receiver has designated Mohammed Mojabi as Contract Manager with respect to this Agreement. Mr. Mojabi is located at 425 Market Street, 23rd floor, San Francisco, CA 94105. He may be reached at (415) 676-2169 or at fax number (415) 676-5002.

MODIFICATION OF CONTRACT: Any modification of the scope of work to be performed under this contract must be agreed to in writing by both parties.

CONFLICT OF INTEREST: Contractor agrees to disclose any conflict that may exist prior to executing this agreement

CONFIDENTIAL INFORMATION: Confidential information is defined as all information disclosed to Contractor which relates to the Receiver's past, present and future activities, as well as activities under this contract. Contractor shall hold all such information in trust and confidence. Upon cancellation or expiration of this agreement, Contractor will return to the Receiver all written or descriptive materials which contain such confidential information.

This Agreement contains the entire agreement and understanding between Contractor and the Receiver and supersedes any prior or contemporaneous written or oral agreements between them respecting the subject matter hereof.

JOSHUA B. SOLOMON

Date: 11/4/2009

By: 

Joshua B. Solomon

STEVE POIZNER, Insurance Commissioner
solely in his capacity as statutory
receiver/conservator/liquidator

Date: 11/13/2009

By: 

David E. Wilson

Special Deputy Insurance Commissioner

EDMUND G. BROWN JR.
 Attorney General of the State of California
 W. DEAN FREEMAN
 Supervising Deputy Attorney General
 FELIX LEATHERWOOD
 Supervising Deputy Attorney General
 MARTA L. SMITH, State Bar No. 101955
 Deputy Attorney General
 300 South Spring Street, Room 1702
 Los Angeles, California 90013
 Telephone: (213) 897-2480
 Fax: (213) 897-5775

Attorneys for Applicant Insurance Commissioner
 of the State of California

FILED
 SUPERIOR COURT OF CALIFORNIA
 COUNTY OF LOS ANGELES

SEP 30 2009

John A. Clarke, Executive Officer/Clerk
 By *Connie L. Hudson* Deputy
 CONNIE L. HUDSON

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
 FOR THE COUNTY OF LOS ANGELES

INSURANCE COMMISSIONER OF THE
 STATE OF CALIFORNIA,

Applicant,

v.

GOLDEN STATE MUTUAL LIFE
 INSURANCE, a California corporation,

Respondent.

CASE NO. **BS123005**

ce
~~PROPOSED~~ ORDER APPOINTING
 CONSERVATOR AND RESTRAINING
 ORDER

Assigned For All Purposes To the Honorable

1 The verified Application of the Insurance Commissioner of the State of California ("the
2 Commissioner") having been filed herein and it appearing to this Court from said Application that
3 the Commissioner has (1) found Golden State Mutual Life Insurance Company ("Golden State")
4 to be in such condition that its further transaction of business will be hazardous to its
5 policyholders, creditors, and the public; and (2) found that said insurer does not comply with the
6 requirements for the issuance to it of a certificate of authority,

7 **IT IS HEREBY ORDERED** that:

8 1. The Commissioner is appointed as Conservator (hereinafter "Conservator") of
9 Golden State and directed him to conduct the business of Golden State or so much thereof as he
10 may deem appropriate (Insurance Code §§ 1011 and 1037(a));

11 2. Title to all of the assets of Golden State, wheresoever situated, is vested in the
12 Conservator or his or her successor in office, in his official capacity as such, including without
13 limitation deposits, certificates of deposit, bank accounts, mutual funds, securities, contracts,
14 rights of actions, books, records and other assets of any and every type and nature, wheresoever
15 situated, presently in Golden State's possession or control those which may be discovered
16 hereafter (Insurance Code § 1011);

17 3. All funds and assets, including without limitation deposits, certificates of deposit,
18 bank accounts, securities, and mutual fund shares of Golden State, in various financial depository
19 institutions, including without limitation banks, savings and loan associations, industrial loan
20 companies, mutual funds and/or stock brokerages, wheresoever situated, are subject to
21 withdrawal only upon direction or order by the Conservator (Insurance Code §§ 1011 and 1037
22 General Powers);

23 4. The Conservator is authorized forthwith to take possession of all of Golden State's
24 books, records, property, real and personal, and assets including without limitation accounts, safe
25 deposit boxes, rights of actions and all assets as may be in the name of Golden State, wheresoever
26 situated (Insurance Code § 1011);

27 5. The Conservator is authorized to collect all moneys due to Golden State, and to do
28 such other acts as are necessary or expedient to collect, conserve, or protect Golden State's assets,

1 property, and business (Insurance Code § 1037(a));

2 6. The Conservator is authorized to collect all debts due and claims belonging to
3 Golden State and to have the authority to sell, compound, compromise, or assign, for the purpose
4 of collection upon such terms and conditions as the Conservator deems best, any bad or doubtful
5 debts (Insurance Code § 1037(b));

6 7. The Conservator is authorized to compound, compromise or in any other manner
7 negotiate settlements of claims against Golden State upon such terms and conditions as the
8 Conservator shall deem to be in the best interest of the estate of Golden State (Insurance Code §
9 1037(c));

10 8. The Conservator is authorized to acquire, hypothecate, encumber, lease, improve,
11 sell, transfer, abandon, or otherwise dispose of or deal with, any real or personal property of
12 Golden State at its reasonable market value, or, in cases other than acquisition, sale, or transfer on
13 the basis of reasonable market value, upon such terms and conditions as the Conservator may
14 deem proper, provided the market value of the property involved does not exceed the sum of
15 twenty thousand dollars (\$20,000) (Insurance Code § 1037(d));

16 9. The Conservator, for the purpose of executing and performing any of the powers
17 and authority conferred upon the Conservator under Insurance Code § 1010 *et seq.*, in the name of
18 Golden State or in the Conservator's own name, is authorized to initiate, prosecute, and/or defend
19 any and all suits and other legal proceedings, legal or equitable, and to execute, acknowledge and
20 deliver any and all deeds, assignments, releases and other instruments necessary and proper to
21 effectuate any sale of any real and personal property or other transaction in connection with the
22 administration, liquidation or other disposition of the assets of golden State, in this or other states
23 as may appear to him necessary to carry out his functions as Conservator (Insurance Code §
24 1037(f) and 1037 General Powers);

25 10. The Conservator is authorized to divert, take possession of and secure all mail of
26 Golden State and to effect a change in the rights to use any and all post office boxes and other
27 mail collection facilities used by Golden State (Insurance Code §§ 1011 and 1037 General
28 Powers);

1 11. The Conservator is authorized to invest and reinvest, in such manner as the
2 Conservator may deem suitable for the best interests of the policyholders and creditors of golden
3 State, such portions of the funds and assets of Golden State in his possession as do not exceed the
4 amount of the reserves required by law to be maintained by Golden State as reserves for life
5 insurance policies, annuity contracts, supplementary agreements incidental to life business, and
6 reserves for noncancellable disability policies, provided the investment or reinvestment to be
7 made does not exceed the sum of one hundred thousand dollars (\$100,000), except that the
8 Conservator may make investments or reinvestments in excess of \$100,000, but not exceeding
9 \$5,000,000 per investment or reinvestment, if such investments or reinvestments are in
10 compliance with Golden State's existing investment guidelines (Attached as Exhibit 2 to the
11 Application and incorporated by reference herein) or are made pursuant to the investment
12 guidelines of the Commissioner's Conservation & Liquidation Office (Attached as Exhibit 3 to
13 the Application and incorporated by reference herein) including investments and reinvestments
14 through an investment pool consisting exclusively of assets from conserved and/or liquidating
15 estates (Insurance Code § 1037(g) and General Powers);

16 12. The Conservator is authorized, in his discretion, to pay or defer payment of some
17 or all claims, expenses, liabilities and/or obligations of Golden State, in whole or in part, accruing
18 prior and/or subsequent to his appointments as Conservator; to establish a 90-day moratorium on
19 surrenders of and withdrawals from life insurance policies and annuities; to develop and
20 implement a procedure for surrenders of and withdrawals from life insurance policies and
21 annuities due to hardship (Insurance Code §§ 1011 and 1037 General Powers);

22 13. The Conservator is authorized to appoint and employ under his hand and official
23 seal, special deputy commissioners and/or legal counsel, as his agents, and to employ clerks
24 and/or assistants, and to give to each of them those powers that the Conservator deems necessary
25 (Insurance Code §§ 1035(a) and 1036);

26 14. The Conservator is authorized to fix the costs of employing special deputy
27 commissioners, legal counsel, clerks, and/or assistants, and all expenses of taking possession of,
28 conserving, conducting, liquidating, disposing of, or otherwise dealing with the business and

1 property of Golden State, subject to the approval of the court, and to pay such costs out of the
2 assets of Golden State to the Conservator and others including without limitation expenses,
3 expense allocations, administrative costs, administrative overhead, and costs incurred and/or
4 allocated by the Conservation & Liquidation Office, and if there are insufficient funds to pay such
5 costs, then to pay such costs out of the Insurance Fund pursuant to Insurance Code § 1035
6 (Insurance Code §§ 1035(a), 1036 and 1037 General Powers);

7 15. The Conservator is authorized to assume or reject, or to modify, any executory
8 contract, including without limitation, any lease, rental or utilization contract or agreement
9 (including any schedule to any such contract or agreement), and any license or other arrangement
10 for the use of computer software of business information systems, to which Golden State is a
11 party or as to which Golden State agrees to accept an assignment of such contract, not later than
12 120 days of the date of the Order Appointing Conservator, unless such date is extended by
13 application to and further order of this Court, and if not expressly assumed by the Conservator
14 within that time then such executory contract is deemed rejected (Insurance Code § 1037 General
15 Powers);

16 16. The Conservator is authorized to terminate compensation arrangements with
17 employees, to enter into new compensation arrangements with employees including arrangements
18 containing retention incentives, and to hire employees on such terms and conditions as he deems
19 reasonable (Insurance Code § 1037 General Powers);

20 17. The Conservator is granted all the powers of the directors, officers and managers
21 of Golden State, whose authorities are suspended except as such powers may be redelegated in
22 writing by the Conservator (Insurance Code § 1037 General Powers);

23 18. Except upon the express authorization of the Conservator, Golden State and its
24 officers, directors, agents, servants, and employees are enjoined from the transaction of Golden
25 State's business or disposition of its property including without limitation from disposing of,
26 using, transferring, selling, assigning, canceling, alienating, hypothecating or concealing in any
27 manner or any way, or assisting any person in any of the foregoing, of the property or assets of
28 Golden State or property or assets in the possession of Golden State, of any nature or kind,

1 including without limitation claims or causes of action, until further order of this Court and
2 further, such persons are enjoined from obstructing or interfering with the Conservator's conduct
3 of his or her duties as Conservator (Insurance Code §§ 1011, 1020 and 1037);

4 19. All persons are enjoined from instituting or prosecuting or maintaining any action
5 at law or suit in equity including without limitation actions or proceedings to compel discovery or
6 production of documents or testimony, and matters in arbitration, and from obtaining or
7 attempting to attain preferences, judgments, foreclosures, attachments or other liens of any kind
8 or nature, against Golden State, its assets, or the Conservator, and from attaching, executing upon,
9 foreclosing upon, redeeming of, making levy upon, or taking any other legal proceedings against
10 any of the property and/or assets of Golden State, and from doing any act interfering with the
11 conduct of said business by the Conservator, except after an order from this Court obtained after
12 reasonable notice to the Conservator (Insurance Code §§ 1011, 1020 and 1037 General Powers);

13 20. Enjoining the sale or deed for nonpayment of taxes or assessments levied by any
14 taxing agency of property and/or assets of Golden State (Insurance Code § 1020(f));

15 21. Except with leave of court issued after a hearing in which the Conservator has
16 received reasonable notice, all persons are enjoined from accelerating the due date of any
17 obligation or claimed obligation, exercising any right of set-off, taking, retaining, retaking or
18 attempting to retake possession of any real or personal property, withholding or diverting any rent
19 or other obligation, and doing any act or other thing whatsoever to interfere with the possession of
20 or management by the Conservator of the property and assets, owned or controlled, by Golden
21 State or in the possession of Golden State or in any way interfering with the Conservator or
22 interfering in any manner during the pendency of this proceeding with the exclusive jurisdiction
23 of this Court over Golden State (Insurance Code §§ 1020 and 1037 General Powers);

24 22. All persons are enjoined from the waste of the assets of Golden State (Insurance
25 Code § 1020);

26 23. Golden State and all officers, directors, agents and employees of Golden State are
27 ordered to deliver to, and immediately make available to, the Conservator all assets, books,
28 records, accounts, information, computers, tapes, discs, writings, other recordings of information,

cl

1 equipment and other property of Golden State, wheresoever situated, in said persons custody or
2 control and further, directing the aforesaid to disclose verbally, or in writing if requested by the
3 Conservator, the exact whereabouts of the foregoing items if such items are not in the possession
4 custody or control of said persons (Insurance Code §§ 1011, 1020 and 1037 General Powers);

5 24. All officers, directors, trustees, employees or agents of Golden State, or any other
6 person, firm, association, partnership, corporate parent, holding company, affiliate or other entity
7 in charge of any aspect of Golden State's affairs, either in whole or in part, and including but not
8 limited to banks, savings and loan associations, financial or lending institutions, brokers, stock or
9 mutual associations, or any parent, holding company, subsidiary or affiliated corporation or any
10 other representative acting in concert with Golden State, are ordered to cooperate with the
11 Conservator in the performance of his or her duties (Insurance Code § 1037 General Powers);

12 25. All persons who maintain records for Golden State, pursuant to written contract or
13 any other agreement, are ordered to maintain such records and to deliver to the Conservator such
14 records upon his request (Insurance Code §§ 1020 and 1037 General Powers);

15 26. All agents of Golden State, and all brokers who have done business with Golden
16 State, are ordered to make all remittances of all funds collected by them or in their hands directly
17 to the Conservator (Insurance Code §§ 1020 and 1037 General Powers);

18 27. All persons having possession of any lists of policyholders, escrow holders,
19 mortgages or mortgagees of Golden State are ordered to deliver such lists to the Conservator and
20 all persons are enjoined from using any such lists or any information contained therein without
21 the consent of the Conservator (Insurance Code §§ 1020 and 1037 General Powers);

22 28. Golden State and its officers, directors, agents, servants, employees, successors,
23 assigns, affiliates, and other persons or entities under their control and all persons or entities in
24 concert or participation with Golden State, and each of them, are ordered to turn over to the
25 Conservator all records, documentation, charts and/or descriptive materials of all funds, assets,
26 property (owned beneficially or otherwise), and all other assets of Golden State wherever
27 situated, and all books and records of accounts, title documents and other documents in their
28 possession or under their control, which relate, directly or indirectly to assets or property owned

1 or held by Golden State or to the business or operations of Golden State (Insurance Code §§ 1020
2 and 1037 General Powers);

3 29. Any and all provisions of any agreement entered into by and between any third
4 party and Golden State, including by way of illustration, but not limited to, the following types of
5 agreements (as well as any amendments, assignments, or modifications thereto), shall be stayed,
6 and the assertion of any and all rights and remedies relating thereto shall also be stayed and
7 barred, except as otherwise ordered by this Court, and this Court shall retain jurisdiction over any
8 cause of action that has arisen or may otherwise arise under any such provision: financial
9 guarantee bonds, promissory notes, loan agreements, security agreements, deeds of trust,
10 mortgages, indemnification agreements, subrogation agreements, subordination agreements,
11 pledge agreements, assignments of rents or other collateral, financial statements, letters of credit,
12 leases, insurance policies, guaranties, escrow agreements, management agreements, real estate
13 brokerage and rental agreements, servicing agreements, attorney agreements, consulting
14 agreements, easement agreements, license agreements, franchise agreements, or employment
15 contracts that provide in any manner that selection, appointment or retention of a conservator,
16 receiver or trustee by any court, or entry of any order such as hereby made, shall be deemed to be,
17 or otherwise operate as, a breach, violation, event of default, termination, event of dissolution,
18 event of acceleration, insolvency, bankruptcy, or liquidation (Insurance Code §§ 1020 and 1037
19 General Powers).

20
21
22 Dated: SEP 30 2009


Judge of the Superior Court

DECLARATION OF SERVICE BY E-MAIL AND OVERNIGHT COURIER

Case Name: **Insurance Commissioner v. Golden State Mutual Life Insurance Co.**

No.:

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: 300 South Spring Street, Suite 1702, Los Angeles, CA 90013. I am familiar with the business practice at the Office of the Attorney General for collection and processing of correspondence for overnight mail with the **FEDERAL EXPRESS** overnight mail 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 overnight courier that same day in the ordinary course of business.

On **September 28, 2009**, I served the attached **[PROPOSED] ORDER APPOINTING CONSERVATOR AND RESTRAINING ORDER** by transmitting a true copy via electronic mail. In addition, I placed a true copy thereof enclosed in a sealed envelope, in the internal mail system of the Office of the Attorney General, for overnight delivery, addressed as follows:

Michael L. Rosenfield, Esq.
Barger & Wolen LLP
633 W. 5th Street
Forty-Seventh Floor
Los Angeles, California 90071-2045
Phone: (213) 614-7321
Fax: (213) 614-7399
E-mail Address: mrosenfield@bargerwolen.com

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 **September 28, 2009**, at Los Angeles, California.

Veronica James
Declarant


Signature



I certify that this is a true and correct copy of the
original of order on file in this office consisting
of 1 pages. JOHN A. CLARKE, Executive Officer/Clerk of the
Superior Court of California, County of Los Angeles.

Date: SEP 30 2009

By: Jessica Le

Jessica Le

1 **PROOF OF SERVICE**

2 **STATE OF CALIFORNIA**)
 3 **COUNTY OF LOS ANGELES**) ss.

4 I am employed in the County of Los Angeles, State of California. I am over the
 5 age of 18 and not a party to the within action; my business address is 633 West Fifth Street, Suite
 6 3330, Los Angeles, California 90071.

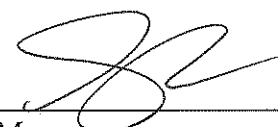
7 On **March 21, 2011**, I served the foregoing document described as **COMBINED**
 8 **REPLY MEMORANDUM IN SUPPORT OF APPLICATION NOS. 1, 2 AND 3 FOR**
 9 **ORDERS RE MURALS, ART AND GSM ARCHIVAL COLLECTION** by placing [] the
 10 original [X] a true copy thereof (as indicated on the attached service list) enclosed in a sealed
 11 envelope(s) addressed as follows:

12 **SEE ATTACHED SERVICE LIST**

- 13 [] **By Mail.** I am readily familiar with the firm's practice of collection and processing
 14 correspondence for mailing. Under that practice, it would be deposited with the U.S.
 15 Postal Service on that same day with postage thereon fully prepaid at Los Angeles,
 16 California in the ordinary course of business. I am aware that on motion of the party
 17 served, service is presumed invalid if postal cancellation or postage meter date is more
 18 than one day after date of deposit for mailing in affidavit.
- 19 [] **By Fax.** I transmitted the foregoing document by telecopier transmission to the
 20 addressee(s) at the facsimile number(s) listed on the attached Service List, and received
 21 confirmation that the transmission was received at the facsimile number(s) listed on the
 22 attached Service List.
- 23 [] **By Personal Service.** I caused such envelope(s) to be personally delivered via messenger
 24 service to the addressee(s) indicated on the attached Service List.
- 25 [X] **By Email. (for counsel)** I forwarded a copy of the above-described document(s) via e-mail
 26 to each of the individuals set forth above at the email addresses indicated therefor.
- 27 [X] **By Federal Express.** I caused such envelope(s) to be deposited at a facility regularly
 28 maintained by FedEx at 633 West Fifth Street, Los Angeles, California 90071, with
 arrangements made for payment in full of the required charges, to the party(ies) listed on
 the attached Service List.

Executed on **March 21, 2011**, at Los Angeles, California.

- [X] (State) I declare under penalty of perjury under the laws of the State of California that the
 foregoing is true and correct.
- [] (Federal) I am employed by a member of the Bar of the State of California. I declare
 under penalty of perjury under the laws of the United States of America that the foregoing
 is true and correct.


 Angela Muse

Insurance Commissioner v. Golden State Mutual Life Ins. Co.

LASC Case No. BS 123005
[Dept. 86]

SERVICE LIST

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1 Pension Benefit Guaranty Corporation
2 Attn: Jon Chatalian
3 1200 K Street NW
4 Washington D.C. 20005

4 Ivan Abbott Houston
5 Golden State Minority Foundation
6 419 N. Larchmont Blvd., #98
7 Los Angeles, CA 90004

7 NOLHGA
8 13873 Park Center Rd Ste 329
9 Herndon, VA 20171-3247

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13 Sharon Farb
14 UCLA Library
15 A1540B Charles E. Young Research Library
16 Box 951575
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17 UCLA Library Archives
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19 Box 951575
20 Los Angeles, California 90095-1575
21 ATTN: Susan Anderson

20 Smithsonian Institution
21 *National Museum of African American*
22 *History & Culture*
23 MRC 509 P.O. Box 37012
24 Washington DC 20013-7012
25 ATTN: Jacquelyn Days Serwer
26 Michele Gates Moresi

25

26

27

28