

EXHIBIT E

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Insurance Commissioner of the State of California
13 in his Capacity as Conservator of Majestic Insurance
Company

**EXEMPT from filing fees per Govt.
Code § 6103**

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15 SUPERIOR COURT OF THE STATE OF CALIFORNIA
16 CITY AND COUNTY OF SAN FRANCISCO
17

18 DAVE JONES, INSURANCE
19 COMMISSIONER OF THE STATE OF
CALIFORNIA,

20 Applicant,

21 v.

22 MAJESTIC INSURANCE COMPANY, and
23 DOES 1-50, inclusive,

24 Respondents.
25

Case No. CPF-11-511261

**STIPULATION OF LLOYD T.
WHITAKER AS LIQUIDATING
TRUSTEE OF THE EMBARCADERO
LIQUIDATING TRUST AND
INSURANCE COMMISSIONER DAVE
JONES AS CONSERVATOR OF
MAJESTIC INSURANCE COMPANY
TO ORDER APPROVING
CONSERVATION TRUST
AGREEMENT AND PURCHASE AND
SALE AGREEMENT**

**Date: February 20, 2013
Time: 9:30 a.m.
Dept.: Dept. 302
Judge: Hon. Marla J. Miller**

1 **WHEREAS**, on April 21, 2011, Majestic Insurance Company (“Majestic”) was placed
2 into Conservation and Insurance Commissioner Dave Jones was appointed Conservator (the
3 “Conservator”) of Majestic in conservation; and

4 **WHEREAS**, on April 29, 2011, Embarcadero Insurance Holdings, Inc. (“Embarcadero”),
5 the sole shareholder of Majestic, and five affiliated entities filed *Voluntary Petitions* for relief
6 under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the
7 “Bankruptcy Code”), with the United States Bankruptcy Court for the Southern District of New
8 York (the “Bankruptcy Court”); and

9 **WHEREAS**, on April 27, 2012, the Bankruptcy Court entered the *Order Confirming*
10 *First Amended Joint Plan of Liquidation* (the “Confirmation Order”), which, amongst other
11 things, confirmed the *First Amended Joint Plan of Liquidation of Majestic Capital, Ltd., Majestic*
12 *USA Capital, Inc., Compensation Risk Managers, LLC, Compensation Risk Managers of*
13 *California, LLC, Eimar, LLC and Embarcadero Insurance Holdings, Inc.* (the “Plan”) pursuant to
14 Section 1129 of the Bankruptcy Code and appointed Lloyd T. Whitaker as the Liquidating
15 Trustee (the “Liquidating Trustee”) of the Liquidating Trusts to be formed in accordance with the
16 Plan; and

17 **WHEREAS**, on May 21, 2012, the Liquidating Trustee filed the *Notice of (I) Occurrence*
18 *of Effective Date, (II) Rejection Claims Bar Date, and (III) Administrative Claims Bar Date*,
19 which identified the date on which the Plan became effective as May 18, 2012 (the “Effective
20 Date”); and

21 **WHEREAS**, pursuant to the Plan and the Confirmation Order, the Embarcadero
22 Liquidating Trust was created as of the Effective Date and the Liquidating Trustee was appointed
23 as the Liquidating Trustee thereof; and

24 **WHEREAS**, on the Effective Date, all assets of Embarcadero were transferred to and
25 vested in the Embarcadero Liquidating Trust; as such, Embarcadero’s interest in the shares of
26 Majestic is property of the Embarcadero Liquidating Trust; and

27 **WHEREAS**, the Conservator has entered into an agreement (the “Purchase and Sale
28 Agreement”), pending the Court’s approval, to sell certain of Majestic’s corporate assets –

1 including Majestic’s corporate shell, charter documents including the articles of incorporation and
2 bylaws of company, certificates of authority, pledged assets in the amount of \$3,780,000 related
3 to the certificates of authority (the “Pledged Surplus”), and newly issued stock in Majestic – to
4 California General Insurance Services, LLC (“CGIS”); and

5 **WHEREAS**, execution of the Purchase and Sale Agreement will require the cancellation
6 of all outstanding Majestic stock and the issuance of new Majestic stock to be purchased by
7 CGIS; and

8 **WHEREAS**, as consideration for the purchase of Majestic’s corporate assets, CGIS will
9 pay the Conservator an amount equal to the sum of the Pledged Surplus plus an additional
10 \$500,000; and

11 **WHEREAS**, the Conservator has entered into a Conservation Trust Agreement, pending
12 the Court’s approval, which creates a Conservation Trust for the collection and management of all
13 assets and liabilities of Majestic remaining after execution of the Purchase and Sale Agreement;
14 and

15 **WHEREAS**, the Conservation Trust Agreement provides for the issuance of a Trust
16 Certificate by the Conservator to the Embarcadero Liquidating Trust evidencing the Embarcadero
17 Liquidating Trust’s “fully allowed and non-contestable Class 9 (shareholder) claim” in the
18 conservation; and

19 **WHEREAS**, the Liquidating Trustee, on behalf of the Embarcadero Liquidating Trust,
20 has agreed to accept the Trust Certificate in lieu of the cancelled Majestic stock as evidence of
21 this status, subject to the terms and conditions set forth herein; and

22 **WHEREAS**, the Conservator and the Liquidating Trustee, on behalf of the Embarcadero
23 Liquidating Trust, have agreed that \$500,000 of the purchase price paid by CGIS pursuant to the
24 Purchase and Sale Agreement shall be placed in a segregated account within the Conservation
25 Trust (the “Segregated Funds”); and

26 **WHEREAS**, the Conservator and the Liquidating Trustee, on behalf of the Embarcadero
27 Liquidating Trust, have agreed that the presentation and adjudication of the Embarcadero
28

1 Liquidating Trust's claim to the Segregated Funds will be deferred until all claims against
2 Majestic are resolved; and

3 **WHEREAS**, the Segregated Funds shall be unavailable for distribution to creditors of
4 Majestic unless and until it is determined that either (1) the Majestic estate has sufficient funds to
5 pay all priority creditors' allowed claims in full and to make a distribution to the Embarcadero
6 Liquidating Trust, in which case the Segregated Funds, together with any interest earned thereon,
7 and any other amounts then due to the Embarcadero Liquidating Trust, will be distributed to the
8 Liquidating Trustee, on behalf of the Embarcadero Liquidating Trust, as part of the distribution
9 on the Embarcadero Liquidating Trust's Class 9 claim, or (2) the Majestic estate lacks funds
10 sufficient to pay all priority creditors' allowed claims in full, in which case the Liquidating
11 Trustee, on behalf of the Embarcadero Liquidating Trust, and the Conservator shall set a briefing
12 schedule and hearing date in order to resolve the Embarcadero Liquidating Trust's claim to the
13 Segregated Funds.

14 **NOW, THEREFORE**, California Insurance Commissioner Dave Jones, in his role as
15 Conservator of Majestic, and Lloyd T. Whitaker, in his role as the Liquidating Trustee of the
16 Embarcadero Liquidating Trust, through their respective counsel, hereby stipulate to the entry of
17 an order in *Jones v. Majestic*, Case No. CPF-11-511261, substantially in the form of the Proposed
18 Order Approving Conservation Trust Agreement and Purchase And Sale Agreement submitted by
19 the Conservator:

- 20 (1) Approving the Purchase and Sale Agreement;
- 21 (2) Approving the Conservation Trust Agreement;
- 22 (3) Approving the cancellation of all issued and outstanding shares of Majestic and the
23 issuance of new Majestic stock to be purchased by CGIS; and
- 24 (4) Approving the creation of the Segregated Fund within the Conservation Trust.

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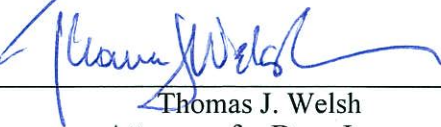
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Dated: January 23, 2013.

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By: 

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Insurance Commissioner for the State of
California in his Capacity as Conservator
Of Majestic Insurance Company

Dated: January __, 2013.

MICHELMAN & ROBINSON, LLP

John A. Sebastinelli
Attorneys for Lloyd T. Whitaker in his capacity as
the Liquidating Trustee of the Embarcadero
Liquidating Trust

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Dated: January __, 2013.

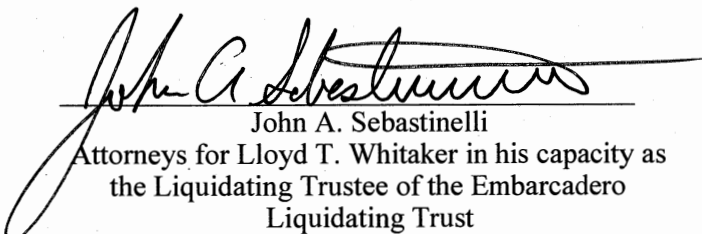
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Dated: January 22, 2013.

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Liquidating Trust

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