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FILED  
KENNETH E. MARTONE  
Clerk of the Superior Court

JAN 31 1997

By: H. NOTTINGHAM-ADAMS, Deputy

SUPERIOR COURT OF CALIFORNIA  
COUNTY OF SAN DIEGO

INSURANCE COMMISSIONER OF THE STATE )  
OF CALIFORNIA, )  
 )  
 Applicant, )  
 )  
 v. )  
 )  
 GOLDEN EAGLE INSURANCE COMPANY, a )  
 California corporation, MESA )  
 REINSURANCE COMPANY, LTD., a )  
 foreign corporation, and DOES 1 )  
 through 1000, )  
 )  
 Respondents. )

CASE NO. 00797637

ORDERS:  
1) APPOINTING CONSERVATOR  
AND 2) RESTRAINING  
SPECIFIC ACTIVITIES

[Insurance Code §1011]

The verified Application for Order Appointing Conservator  
having been filed herein and it appearing to this Court from said  
Application that the Insurance Commissioner of the State of  
California (the "Commissioner") has found Golden Eagle Insurance  
Company ("Golden Eagle") and Mesa Reinsurance Company, Ltd. ("Mesa  
Re"), to be in such a condition that their further transaction of  
business will be hazardous to their policyholders, creditors and  
the public, and good cause appearing,  
/ / /

1 IT IS HEREBY ORDERED that:

2 (1) The Commissioner is appointed as Conservator of  
3 Golden Eagle and Mesa Re, and is directed as such to conduct the  
4 business of Golden Eagle and Mesa Re or so much thereof as to said  
5 Conservator may seem appropriate; and the Conservator is authorized  
6 as such Conservator, in his discretion, to pay or defer payment of  
7 all proper claims and all obligations against Golden Eagle and Mesa  
8 Re accruing prior to or subsequent to his appointment as  
9 Conservator;

10 (2) The Conservator is authorized to take possession of  
11 all of Golden Eagle's and Mesa Re's assets, books, records, and  
12 property, both real and personal, wheresoever situated;

13 (3) There is hereby vested in the Commissioner, and his  
14 successors in office, as Conservator title all of said property and  
15 assets of Golden Eagle and Mesa Re, wherever situated and enjoining  
16 all persons from interfering with the Conservator's possession and  
17 title thereto;

18 (4) Golden Eagle and Mesa Re, their officers, directors,  
19 governors, agents and employees are enjoined from transacting any  
20 of the business of Golden Eagle and Mesa Re or from disposing of  
21 any property or assisting any person in the transfer or alienation  
22 of the property or assets until further order of this Court;

23 (5) All persons are enjoined from instituting,  
24 prosecuting, or maintaining any action at law or suit in equity,  
25 including but not limited to matters in arbitration, against Golden  
26 Eagle and Mesa Re, or the Conservator, and from attaching,  
27 executing foreclosure upon, redeeming of or taking any other legal  
28 proceedings against any of the property of Golden Eagle and Mesa

1 Re, and from doing any act interfering with the conduct of said  
2 business by the Conservator, except after an order from this Court  
3 obtained after reasonable notice to the Conservator.

4 (6) Golden Eagle and Mesa Re, and all officers,  
5 directors, agents and employees of Golden Eagle and Mesa Re must  
6 deliver to the Conservator all assets, books, records, equipment  
7 and other property of Golden Eagle and Mesa Re, wherever situated;

8 (7) The Conservator is authorized to pay all reasonable  
9 costs of operating Golden Eagle and Mesa Re out of funds and assets  
10 of said respondents;

11 (8) All funds including certificates of deposit and bank  
12 accounts of Golden Eagle and Mesa Re in various banks in the State  
13 of California and in other banks wheresoever situated, are hereby  
14 vested in the Conservator and subject to withdrawal upon his order  
15 only;

16 (9) All agents of Golden Eagle and Mesa Re and all  
17 brokers who have done business with Golden Eagle and Mesa Re shall  
18 make all remittances of funds collected by them or in their hands  
19 directly to the Conservator;

20 (10) All persons having possession of any lists of  
21 policyholders of Golden Eagle and Mesa Re are ordered to deliver  
22 all such lists to the Conservator; that all persons are enjoined  
23 from using any such lists or any information contained therein  
24 without the consent of the Conservator;

25 (11) The Conservator is authorized to initiate such  
26 equitable or legal actions or proceedings in this or other states  
27 as may appear to him necessary to carry out his functions as  
28 Conservator;

1           (12) The Conservator is authorized to appoint and employ  
2 special deputy commissioners as his agents and to employ and  
3 empower clerks and assistants as Conservator deems necessary for  
4 this proceeding. The Conservator may fix and pay reasonable  
5 compensation to such persons in accordance with the Conservator's  
6 Conservation and Liquidation Offices organizational chart and  
7 employee positions and respective salary ranges. The Conservator  
8 may pay all reasonable expenses of taking possession of the insurer  
9 and conducting these proceedings out of the funds or assets of  
10 Golden Eagle and Mesa Re, subject to an accounting to and approval  
11 by the Court;

12           (13) The Conservator is authorized to pay for his costs  
13 in bringing and maintaining this action, and such other actions as  
14 are necessary to carry out his functions as Conservator, out of the  
15 funds and assets of Golden Eagle and Mesa Re;

16           (14) The Conservator is authorized to invest and  
17 reinvest, in such manner as the Conservator may deem suitable for  
18 the best interests of the creditors of Golden Eagle and Mesa Re,  
19 such portions of the funds and assets of Golden Eagle and Mesa Re  
20 in Applicant's possession which funds and assets are not  
21 immediately distributable to creditors; provided however, no  
22 investment or reinvestment shall be made which exceeds the sum of  
23 one hundred thousand dollars (\$100,000) without first obtaining  
24 permission of the court;

25           (15) The Conservator is authorized to appoint and employ  
26 under his hand and official seal, special deputy commissioners, as  
27 his agents, and to employ clerks and assistants and to give to each  
28 of them such powers as may by him be deemed necessary. The

1 compensation of special deputy commissioners, clerks, and  
2 assistants appointed to carry out sections 1010-1062 of the  
3 Insurance code and all expenses of bringing and maintaining this  
4 proceeding and taking possession of, conserving, conducting,  
5 liquidation, disposing of or otherwise dealing with the business  
6 and property of Golden Eagle and Mesa Re, shall be fixed by the  
7 Commissioner, subject to the approval of the court, and shall be  
8 paid as specified in Insurance Code section 1035. If the property  
9 of Golden Eagle and Mesa Re does not contain cash or liquid assets  
10 sufficient to defray the cost of the services required to be  
11 performed under the terms of sections 1010 through 1062 of the  
12 Insurance Code, the commissioner may at any time or from time to  
13 time pay the cost of those services out of the appropriation for  
14 the maintenance of the Department. Any amounts so paid shall be  
15 deemed expense of administration and shall be repaid to the fund  
16 out of the first available moneys in the estates;

17 (16) Karl L. Rubinstein has been so appointed as a  
18 Special Deputy Insurance Commissioner, and he is hereby appointed  
19 as Deputy Conservator. The Conservator, the Deputy Conservator and  
20 all of their consultants (and partners, shareholders or members of  
21 such consultants), agents, employees and officers shall be deemed  
22 public officers within the meaning of Insurance Code Section 1059  
23 and other applicable law and, further, shall have no personal  
24 liability of any kind or nature for any of their acts or omissions  
25 pursuant to these proceedings or in connection therewith or related  
26 thereto.

27 (17) Notwithstanding the requirements of Labor Code  
28 Section 200 through 203, the Commissioner shall have 14 days from

1 the date of this Order to pay earned and unpaid wages ("Wages")  
2 that are required to be paid by said sections upon the discharge or  
3 resignation of an employee, except that nothing herein shall  
4 shorten the time period set forth in Section 202. Labor Code  
5 Sections 203, 203.1, 203.5 and 216 shall not apply to Conservator  
6 or Golden Eagle for the nonpayment of Wages during said 14-day  
7 period. Nothing contained in this Order shall affect the priority  
8 of claims set forth in Insurance Code Section 1033 and nothing  
9 herein shall obligate the Conservator to pay wages in the event  
10 that Golden Eagle and Mesa Re not have sufficient assets.

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Dated: JAN 30 1997

WILLIAM H. KENNEDY  
JUDGE OF THE SUPERIOR COURT