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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**

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

**[APPLICATION NO. 2 - ARTWORKS]**

**NOTICE OF APPLICATION AND  
 APPLICATION FOR ORDERS  
 AUTHORIZING LIQUIDATOR TO SELL  
 CERTAIN WORKS OF ART TO AUSTIN  
 C. MOORE III AND BARBARA JOE  
 MOORE**

[Filed concurrently with Memorandum,  
 Evidence and Proposed Order]

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

1 **TO: (1) THE LOS ANGELES SUPERIOR COURT;**  
2 **(2) GOLDEN STATE MUTUAL LIFE INSURANCE COMPANY;**  
3 **(3) ALL PERSONS AND ENTITIES KNOWN TO THE CONSERVATOR TO**  
4 **HAVE A SUBSTANTIAL UNSATISFIED CLAIM THAT MAY BE AFFECTED**  
5 **BY THE REQUESTED COURT ORDERS; AND**  
6 **(4) ALL INTERESTED PARTIES,**

7 **PLEASE TAKE NOTICE** that on March 28, 2011, at 9:30 a.m., or as soon thereafter as  
8 the parties may be heard, in Department 86 of the Los Angeles Superior Court for the State of  
9 California, County of Los Angeles, located at 111 N. Hill Street, Los Angeles, California 90012  
10 (“Court”), Applicant Insurance Commissioner of the State of California, in his capacity as  
11 Liquidator (“Liquidator”) of Golden State Mutual Life Insurance Company (“Golden State”), will  
12 and hereby does apply to the Court and submit this application for the following Court Orders:

13 1. An Order authorizing the Liquidator to sell to Austin C. Moore III and Barbara Joe  
14 Moore (collectively, the “Moores”) the certain 121 works of art (“Works of Art”) owned by  
15 Golden State and identified in the Art Work Sale Agreement by and between the Liquidator and  
16 the Moores, pursuant to the terms of said Art Work Sale Agreement; and

17 2. An Order authorizing the Liquidator to take any and all actions necessary to  
18 accomplish the purposes of the Orders requested above.

19 **Grounds for Application**

20 In furtherance of his statutory duties, the Liquidator (when he was Golden State’s  
21 Conservator) commenced a Request for Proposals (“RFP”) process dated June 25, 2010, in which  
22 persons and entities interested in purchasing Golden State’s art collection including the Works of  
23 Art, removable murals and/or historical materials were required to submit proposals to the  
24 Conservator for the purchase of the Works of Art. As stated in the RFP, all proposals and  
25 prospective bidders were subject to strict financial and disclosure requirements to ensure the  
26 successful completion of any sales, and were evaluated based upon several factors including  
27 without limitation, (1) financial aspects of the proposal, including purchase price and terms of  
28 payment; (2) size, financial strength and professional reputation of bidder; (3) amount of the

1 collection bidder is willing to purchase; and (4) intended use and disposition of the items  
2 purchased.

3 As part of the RFP process, the Conservator commissioned and received two Appraisal  
4 Reports from a Certified Appraiser. The first Appraisal Report estimated the fair market value of  
5 the Works of Art, and the second Appraisal Report estimated the liquidation value of fourteen of  
6 the Works of Art. Fair market value is defined in the first Appraisal Report as “the price at which  
7 the property would change hands between a willing buyer and a willing seller, neither being under  
8 any compulsion to buy or sell and both having reasonable knowledge of relevant facts.”

9 Liquidation value is defined in the second Appraisal Report by the Appraisers Association of  
10 America as “the price realized in a sale situation under forced or limiting conditions and under  
11 time constraints.”

12 Because the Liquidator is obligated to sell the Works of Art in order to liquidate Golden  
13 State’s assets for distribution to Golden State’s creditors, the Liquidator commissioned the second  
14 Appraisal Report to determine the liquidation value for the removable murals and the highest  
15 valued 14 Works of Art. The Appraisal Report estimates the liquidation value of 14 of the 121  
16 Works of Art at a total of \$50,550.

17 The Moores and four others submitted proposals to purchase certain of the Works of Art.  
18 The Moores’ proposal includes all of the 121 Works of Art (excluding the removable murals and  
19 historical materials) and has a purchase price for the Works of Art of \$40,000. The Moores have  
20 deposited \$12,500 with the Liquidator as required by the RFP. Based on the second Appraisal  
21 Report and the results of the RFP, the Liquidator believes that the purchase price of \$40,000 is an  
22 appropriate liquidation value for the Works of Art.

23 The other four proposals submitted to the Conservator for the purchase of the Golden  
24 State’s Works of Art included (1) a proposal with a purchase price of \$1 for the “bust of William  
25 Nickerson Jr. and all the historical materials and artifacts”, (2) a similar proposal with a purchase  
26 price of \$300 for the William Nickerson Jr. bust and \$900 for certain historical materials, (3) a  
27 proposal with a purchase price of \$10,000 for 18 of the 121 Works of Art, and (4) a proposal to  
28

1 purchase all of the Work of Art for an unknown amount stated as “TBD” (meaning “to be  
2 determined”) and without the required 25% deposit.

3 The Liquidator will appear and seek the Orders requested herein authorizing the sale of the  
4 Works of Art to the Moores on the grounds that the sale of the Works of Art to the Moores is  
5 within the Liquidator’s discretion, is geared toward maximizing Golden State’s estate value and is  
6 in the best interests of Golden State’s creditors for the following reasons and other reasons  
7 discussed in the application and supporting documents:

8 1. The sale of the Works of Art to the Moores best complies with the RFP;

9 2. The Moores’ proposed purchase price of \$40,000 in total for the Works of Art is  
10 the highest price offered by any proposal to purchase the Works of Art;

11 3. The Moores’ proposal complies with the RFP including payment of the required  
12 25% of the proposed purchase price, thereby providing assurance that the sale will timely close  
13 after Court approval;

14 4. Golden State’s creditors will benefit from the payment of the \$40,000 purchase  
15 price for the Works of Art in that receipt of the sale’s proceeds will increase the money available  
16 for distribution to Golden State’s creditors in accordance with claim priority set forth in Insurance  
17 Code § 1033;

18 5. Continuing to hold the Works of Art in hope of getting a better price over time  
19 amounts to speculation in the art market, which is inconsistent with prudent management of the  
20 assets of Golden State in liquidation;

21 6. The other four proposals submitted to the Conservator through the RFP process are  
22 not superior to the Moores’ proposal, not geared toward maximizing Golden State’s estate value  
23 and not in the best interests of Golden State’s creditors. The proposals with a \$1 and \$300  
24 purchase price for the William Nickerson Jr. bust only, which has an appraised liquidation value  
25 of \$13,200, are unreasonably too low and negatively compromise the liquidation value of the  
26 entire Works of Art collection since the bust alone represents \$13,200 of the \$50,550 appraised  
27 liquidation value for the 14 highest valued process. The proposal with a \$10,000 purchase price  
28 for 18 of the 121 Works of Art did not comply with the RFP in that it did not include the required

1 25% deposit and therefore did not provide any assurance that the money would be paid and the  
2 transaction would be completed, and also is unreasonably too low and would negatively  
3 compromise the liquidation value of the entire Works of Art collection since the 18 Works of Art  
4 include 6 of the highest valued Works of Art with liquidation values totaling \$22,200. Finally,  
5 the proposal for the purchase of the entire art collection and the removable murals without  
6 specifying a purchase price and without the 25% deposit, does not comply with the RFP and does  
7 not provide any assurance that the purchase price would be paid and the transaction would be  
8 completed.

9 This application is based on this Notice, the Memorandum of Points and Authorities, the  
10 Evidence and the declarations of David E. Wilson and Michael R. Weiss filed concurrently with  
11 this Notice, the pleadings, documents and evidence submitted with the Liquidator's Application  
12 For Liquidator To Sell Two Murals To Smithsonian National Museum Of African American  
13 History And Culture, the pleadings and papers on file in this action, all documents and other  
14 evidence submitted in this action, and on such oral and/or documentary evidence and/or  
15 arguments which may be presented at the hearing on this application.

16 **Copies of Liquidator's Application and Supporting Evidence and Documents**

17 Copies of the Liquidator's Notice, Memorandum, Evidence and Proposed Order  
18 supporting this application, as well as all pleadings, documents and evidence submitted with the  
19 Liquidator's Application For Liquidator To Sell Two Murals To Smithsonian National Museum  
20 Of African American History And Culture, can be reviewed and downloaded at the Insurance  
21 Commissioner's Conservation & Liquidation Office's website at  
22 [www.caclo.org/GoldenStateMutual/RFPsSaleApplications](http://www.caclo.org/GoldenStateMutual/RFPsSaleApplications). You also can call the Conservation &  
23 Liquidation Office's toll-free telephone number 1-877-595-2379, ext. 5016, for assistance and to  
24 request that a copy of the application and supporting documents be mailed to you.

25 **Response or Opposition to Application**

26 Any response or opposition to this application shall be filed with the Court and served by  
27 mail or e-mail to Golden State's attorney Michael R. Weiss, with supporting evidence, on or  
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1 before March 15, 2011. The Liquidator shall file any replies, with supporting evidence, on or  
2 before March 21, 2011. The address for Golden State's attorney Michael R. Weiss for service is:


3 Michael R. Weiss  
4 Epstein Turner Weiss  
5 A Professional Corporation  
6 633 W. Fifth Street, Suite 3330  
7 Los Angeles, California 90071  
8 Telephone: (213) 861-7487  
9 Facsimile: (213) 861-7488  
10 Email: mrw@epsteinturnerweiss.com

11 No action is required on your part if you do not oppose the Liquidator's application to sell  
12 the Works of Art to the Moores.

13 DATE: February 22, 2011

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MARTA L. SMITH  
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18 By:   
19 MICHAEL R. WEISS  
20 Attorneys for Applicant  
21 INSURANCE COMMISSIONER OF THE  
22 STATE OF CALIFORNIA