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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.
25
26
27
28

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

**MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT OF
APPLICATION FOR SECOND ORDER
CONTINUING CLAIMS BAR DATE:
DECEMBER 31, 2013; AND
DECLARATIONS OF SCOTT PEARCE
AND MICHAEL R. WEISS**

[Filed concurrently with Notice, Proposed
Order and Proof of Service]

Date: July 20, 2012
Time: 1:30 p.m.
Dept: 86

1 **I. INTRODUCTION**

2 This Application seeks the Court's approval for Applicant Insurance Commissioner of the
3 State of California in his capacity as Liquidator ("Liquidator") of Golden State Mutual Life
4 Insurance Company ("Golden State") to continue the Claims Bar Date from its current date of
5 December 31, 2012, to a new date of December 31, 2013. Continuing the bar date also continues
6 the date for publication in newspapers of notice of the Claims Bar Date from June 30, 2012 to
7 June 30, 2013. The Claims Bar Date was previously continued from December 31, 2011 to
8 December 31, 2012 by Order dated September 28, 2011 for the same reasons set forth herein.
9 The Claims Bar Date is the date that claims against Golden State's assets must be filed with the
10 Liquidator.

11 This Application is necessary to conserve estate assets. Golden State's current estimated
12 net asset deficiency is at least \$8,693,400 as of December 31, 2011. Depending on the results of
13 the sales of Golden State's remaining real estate currently valued at approximately \$1,264,652,
14 the outcome of the quiet title action by Community Impact Development II, LLC ("CID")
15 regarding the murals currently valued at at least \$700,000 and set for trial on December 11, 2012,
16 and the outcome of the monument designation by the City of Los Angeles regarding the murals,
17 Golden State may not possess sufficient assets to permit significant distribution to certain priority
18 classes of claimants. As such, pursuant to Insurance Code § 1021(a), the Liquidator may decline
19 to handle claims from certain classes of claimants or decline to continue the liquidation.

20 Although the Liquidator has not made such determinations at this time, in the event such
21 determinations are made in the future, by this application the Liquidator presently seeks to avoid
22 the significant administrative costs of preparing and mailing proofs of claim packages to over
23 2,200 potential claimants, publishing notice in newspapers, and handling the returned proofs of
24 claim packages from claimants, which costs continue to be estimated to be at least \$71,851.

25 The requested continuance will permit the Liquidator additional time to evaluate whether
26 such determinations are necessary and thereby, in the interim, conserve and monetize assets for
27 claimants in Priority classes who may receive distributions. Without the continuance, the
28

1 Liquidator presently will need to handle the claims process and incur the necessary administrative
2 expenses to do so without firm knowledge there will be material assets to distribute.

3 As discussed below, there is good cause for the requested continuance of the Claims Bar
4 Date.

5 1. The continuance presently will avoid potentially unnecessary administrative
6 expenses associated with the claims process pending further information on the results of real
7 estate sales, CID's quiet title action regarding the murals set for trial on December 11, 2012, and
8 the City of Los Angeles monument designation of the murals.

9 2. There is no prejudice to any claimants or interested persons in Golden State's
10 estate. The only change in the claim administration process is that the Claims Bar Date and
11 newspaper publication of that date are continued for an additional twelve months to December 31,
12 2013, to avoid potentially unnecessary expenses.

13 3. The continuance is not expected to delay the claims process, as no distributions are
14 likely until the real estate is sold and the issues regarding the murals are resolved.

15 4. The orders requested herein are consistent with the Liquidator's authorities and
16 discretion under the Court's prior orders, the Insurance Code and case law.

17 Accordingly, the Court should grant this Application and authorize the continuance of the
18 Claims Bar Date to December 31, 2013.

19 **II. FACTUAL BACKGROUND.**

20 On January 28, 2011, this Court terminated the Insurance Commissioner's status as
21 Conservator, ordered and appointed the Insurance Commissioner to serve as Liquidator of Golden
22 State, and upon the Liquidator's request established December 31, 2011 as the Claims Bar Date.
23 (Declaration of Scott Pearce ("Pearce Dec."), ¶ 6; Order Appointing Liquidator, ¶ 32, Exhibit 1.)

24 On September 28, 2011, this Court granted the Liquidator's first application to continue
25 the Claims Bar Date to December 31, 2012. (Declaration of Michael R. Weiss ("Weiss Dec."), ¶
26 6; Order Granting Liquidator's Application For Order Continuing Claims Bar Date To December
27 31, 2012, Exhibit 2.)
28

1 The Insurance Commissioner was appointed Liquidator because Golden State was and
2 remains insolvent in that, as of September 30, 2010, Golden State's estimated liabilities of
3 \$9,291,895 exceeded its estimated remaining assets of \$5,721,154 by over \$3.5 million. (Pearce
4 Dec., ¶ 7; Order Appointing Liquidator, ¶ 32.)

5 The December 31, 2011 financials reflect an increase in the estimated net asset deficiency
6 to \$8,693,400, in that as of December 31, 2011 estimated liabilities are \$10,363,900 and
7 remaining estimated assets are \$1,670,500. The increase is due primarily to the addition of
8 estimated liabilities of at least \$2,212,900 owed to insurance guarantee associations for their
9 assumption of non-transferred policy obligations and at least \$5,124,800 owed to the Pension
10 Benefit Guarantee Corporation for its assumption of Golden State's un-funded pension
11 obligations. (Pearce Dec., ¶¶ 8-11; Exhibit 3.)

12 Since September 2010, the Commissioner in his capacity as Conservator and then as
13 Liquidator discontinued and shut down all operations conducted in Golden State's Los Angeles
14 home office, discontinued and shut down Golden State's then remaining seven district offices
15 located across the country, terminated all remaining employees, transitioned all affairs associated
16 with the conservation and now liquidation of Golden State to the Commissioner's Conservation
17 and Liquidation Office in San Francisco, completed the final accounting true up of the
18 Reinsurance Assumption Transaction with IA American Life Insurance Company and paid all
19 remaining amounts owed for IA American's assumption of Golden State's life insurance policies
20 and annuity contracts, completed the negotiation and approval of the transfer of Golden State's
21 Retirement Plan to the federal Pension Benefit Guaranty Corporation, completed the
22 decommission of Golden State's 401k Retirement program, quantified and negotiated the
23 transition of all non-assumed Class 2 policy liability to the National Organization of Life and
24 Health Guaranty Associations (NOLGHA), continued to defend Golden State's ownership and
25 control of its murals against the CID's claims and the monument designation by the City of Los
26 Angeles, listed for sale all seven district offices under local brokerage agreements, and has
27 scheduled and commenced preparations for Golden State's required financial filings and
28 disclosures such as an annual audit and the preparation of a tax return. (Pearce Dec., ¶ 12.)

Currently there are two categories of Golden State's assets to be liquidated by the Liquidator: (1) real estate valued at approximately \$1,264,700, and (2) artwork and murals whose value is estimated to be at least \$753,200. (Pearce Dec., ¶ 13.) The balance of the real estate remains for sale, and the sale of the artwork and murals is delayed pending resolution of the quiet title lawsuit recently commenced by CID and the monument designation by the City of Los Angeles, and further evaluation by the Liquidator of the value of the artwork and murals once confirmed to be Golden State's personal property. (Pearce Dec., ¶ 13.)

III. STATUTORY SCHEME.

A. Establishment of Claims Bar Date.

After issuance of an order to liquidate an insurer, the Liquidator establishes a claims bar date by which claimants are required to file their claims against the insurer, and thereafter publishes in newspapers notice of the claims bar date to the insurer's policyholders, creditors, shareholders and all other persons interested in the insurer's assets. (Insurance Code §§ 1021(a)¹ and 1022.) The notice is to be "published in a newspaper of general circulation ... in the county in which the proceeding is pending, and in the Counties of Alameda, Los Angeles, Sacramento, San Diego, San Francisco, and Santa Clara, not less than once a week for four consecutive weeks." (Insurance Code § 1022.)

B. Liquidator Can Decline To Handle Claims.

Notwithstanding the establishment of a claims bar date and newspaper publication, if the Liquidator determines that an insolvent insurer is not likely to possess sufficient assets to permit significant distribution to certain priority classes of claimants², then pursuant to Insurance Code §

¹ Insurance Code § 1021(a) states: "Upon the making of an order to liquidate the [insurer's business], the commissioner shall publish notice to [the insurer's] policyholders, creditors, shareholders, and all other persons interested in [the insurer's] assets. The order and the notice shall require claimants to file their claims with the commissioner, together with proper proofs thereof, within six months to one year, at the commissioner's discretion, after the date of first publication of such notice, in the manner specified in [§ 1010 et seq]."

² The distribution priorities are established in Insurance Code § 1033, which states that funds available are distributed in the following order:

(1) Expense of administration.

1021(a)³ the Liquidator may decline to handle certain claims from classes of claimants. Further, if the Liquidator determines that the insolvent insurer is not likely to possess sufficient assets to pay the administrative expenses to liquidate the insurer, then the Liquidator may decline to continue, and may abandon, the liquidation. By way of example only, if there are insufficient assets to pay claimants in Priorities 5 through 9, then using assets to handle such claims lessens assets available to pay claimants in Priorities 1 through 4; so the Liquidator could decide not to handle claims in Priority classes 5 through 9.

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(2) All claims of the California Insurance Guarantee Association or the California Life and Health Insurance Guarantee Association, and associations or entities performing a similar function in other states, together with claims for refund of unearned premiums and all claims under insurance and annuity policies or contracts, including funding agreements, of an insolvent insurer that are not covered claims.

....

(3) Claims having preference by the laws of the United States.

(4) Unpaid charges due under the provisions of Section 736.

(5) Taxes due to the State of California.

(6) Claims having preference by the laws of this state.

(7) Claims of creditors not included in paragraphs (1) to (6), inclusive.

(8) Certificates of contribution, surplus notes, or similar obligations, and premium refunds on assessable policies.

(9) The interests of shareholders or other owners in any residual value in the estate.

³ Insurance Code § 1021(c) states: “Notwithstanding the provisions of subdivision (a), both of the following apply:

(1) If the commissioner determines that the business subject to liquidation order possesses, or is likely to possess, insufficient assets to permit significant distribution to a person interested in those assets, the commissioner may decline to handle a claim submitted pursuant to subdivision (a), as long as the notice requirements of subdivision (a) and Section 1022 are observed.

(2) If the commissioner reasonably determines that the business subject to liquidation order possesses, or is likely to possess, insufficient assets to permit significant distribution of funds to pay the expenses of administration under this article, as provided in paragraph (1) of subdivision (a) of Section 1033, the commissioner may decline to continue, and may abandon, the insolvency proceeding upon providing notice pursuant to subdivision (a) and Section 1022.”

1 **IV. ARGUMENT**

2 **A. The Claims Bar Date And Newspaper Publication Should Be Continued To**
 3 **December 31, 2013.**

4 The Liquidator has not determined that Golden State will have insufficient assets to permit
 5 significant distribution to any person interested in Golden State's assets, and has not determined
 6 that Golden State is likely to possess insufficient assets to pay the administrative expenses to
 7 liquidate Golden State. (Pearce Dec., ¶ 14.) However, depending on the results of the sales of
 8 Golden State's remaining real estate, the outcome of the quiet title action by CID, and the
 9 outcome of the monument designation by the City of Los Angeles, such determinations are
 10 possible in light of Golden State's current estimated net asset deficiency of at least \$8,693,400
 11 and the anticipated administrative costs and expenses of these actions. (Pearce Dec., ¶ 14.)

12 Golden State's real estate is valued at approximately \$1,264,700. While the Liquidator
 13 closed the sale of two properties and has two more properties under contract, the remaining real
 14 estate remains slow to sell in the current economic environment and currently remains marketed
 15 for sale. And as the Court is aware, the murals are the subject of a quiet title lawsuit filed by CID
 16 in which CID seeks ownership of the murals. This lawsuit is set for trial on December 11, 2012.
 17 The murals also are the subject of a monument designation by the City of Los Angeles, which has
 18 caused Golden State to file a petition for writ of mandate proceeding, which is currently stayed
 19 pending a determination on CID's lawsuit. Therefore the sale of the murals is delayed pending
 20 final determination of these actions. The final realized value of the real estate and murals, as well
 21 as the artwork, will greatly impact the assets available for distribution to creditors and will impact
 22 the Liquidator's determinations of whether Golden State has sufficient assets to permit
 23 distributions to certain classes of claimants. (Pearce Dec., ¶¶ 8-15; Weiss Dec., ¶ 5.)

24 Because of the potential for such determinations, by this application the Liquidator seeks
 25 to presently avoid the significant administrative costs of preparing and mailing proofs of claim
 26 packages to over 2,200 potential claimants, publishing notice in numerous newspapers, and
 27 handling the returned proofs of claim packages and expected numerous inquiries from claimants.
 28 The cost to mail proofs of claim packages and handle the initial stages of the proof of claim

1 process is estimated by the Liquidator to be at least \$40,000, and the cost to publish notice in the
2 required newspapers is estimated by the Liquidator to be at least an additional \$31,851; for a total
3 of at least \$71,851 (Pearce Dec., ¶ 16; Weiss Dec., ¶ 3.)

4 For these reasons, the Claims Bar Date should be continued from its current date of
5 December 31, 2012 to December 31, 2013; which in turn will postpone the publication date to
6 June 30, 2013.

7 **B. There Is No Prejudice To Any Claimants Or Interested Persons In Golden**
8 **State's Estate.**

9 The only change in the claim administration process is that the Claims Bar Date and
10 newspaper publication of that date are continued for an additional twelve months to December 31,
11 2013, to avoid potentially unnecessary expenses. (Pearce Dec., ¶ 17.)

12 **1. The continuance is not expected to delay the claims process.**

13 The requested continuance of the Claims Bar Date and the newspaper publication is not
14 expected to delay the claims process because until the real estate is sold and the mural ownership
15 issues are resolved, no payments could be made to creditors in any event. It is currently unknown
16 when the remaining real estate will be fully sold. As to the murals, it is anticipated that resolution
17 of the mural ownership and monument designation issues could take up to two years to resolve
18 should the case proceed through appeal, with trial scheduled on December 11, 2012. Assuming it
19 is confirmed that the murals are Golden State's property and are permitted to be removed from
20 their current location, then the murals will still need to be marketed and any sale approved by the
21 Court, which will likely add additional time to this timeframe. (Pearce Dec., ¶ 18.)

22 Thus, it is anticipated that claimants will not recover any monies in the years 2012 or
23 2013; and therefore, there is no anticipated delay in the claims process. (Pearce Dec., ¶ 18.)

24 **2. The requested continuance is beneficial to claimants to avoid the**
25 **potentially unnecessary expenditure of Golden State's assets.**

26 As discussed above, if the Liquidator determines that an insolvent insurer is not likely to
27 possess sufficient assets to permit significant distribution to certain priority classes of claimants,
28 then the Liquidator may decline to handle certain claims from classes of claimants. For example

only, if there are insufficient assets to pay claimants in Priorities 5 through 9, then using assets to handle such claims lessens assets available to pay claimants in Priorities 1 through 4; so the Liquidator would seek not to do so.

Accordingly, the requested continuance will permit the Liquidator additional time to evaluate whether such determinations are necessary and thereby, in the interim, conserve and monetize assets for claimants in Priority classes who may receive distributions. Without the continuance, the Liquidator will presently need to handle the claims process and incur the necessary administrative expenses to do so without firm knowledge there will be material assets to distribute. (Pearce Dec., ¶ 19.)

C. The Orders Requested Herein Are Consistent With The Liquidator's Authorities And Discretion Under The Court's Orders, The Insurance Code And Case Law.

The requested Court Orders are authorized and consistent with the Liquidator's authorities and discretion under the Court's prior orders, the Insurance Code and California case law – all of which grants broad powers to the Insurance Commissioner as conservator and liquidator of insurance companies, as discussed below.

First, pursuant to the Order of Liquidation, the Liquidator is “authorized ... to do such other acts as are necessary or expedient to collect, conserve, protect and/or liquidate Golden State's assets, property and business.” (Order of Liquidation, ¶ 5.)

Second, Insurance Code § 1037, entitled “Powers of commissioner as conservator or liquidator,” provides broad powers to the Insurance Commissioner as conservator and liquidator of insurance companies, and state in pertinent part:

Upon taking possession of the property and business of any person in any proceeding under this article, the commissioner, exclusively and except as otherwise expressly provided by this article, either as conservator or liquidator:

(a) [Conservation of assets; conduct of business.] Shall have authority to collect all moneys due that person, and to do such other acts as are necessary or expedient to collect, conserve, or protect its assets, property, and business, and to carry on and conduct the business and affairs of that person or so much thereof as to him or her may seem appropriate.

1

2 [General powers.] The enumeration, in this article, of the duties, powers
3 and authority of the commissioner in proceedings under this article shall not be
4 construed as a limitation upon the commissioner, nor shall it exclude in any
5 manner his or her right to perform and to do such other acts not herein specifically
6 enumerated, or otherwise provided for, which the commissioner may deem
7 necessary or expedient for the accomplishment or in aid of the purpose of such
8 proceedings.

9 Third, California case law supports the broad grant of powers accorded the Insurance
10 Commissioner to transfer assets when he is conserving, rehabilitating, and/or liquidating
11 insurance companies. For instance, in *In Re Executive Life Insurance Company* (1995) 32
12 Cal.App.4th 344, the Court of Appeal stated that:

13 The Commissioner is an officer of the state (*Caminetti v. Pac.*
14 *Mutual L. Ins. Co.* (1943) 22 Cal.2d 344, 354 [139 P.2d 908]) who, when
15 he or she is a conservator, exercises the state's police power to carry
16 forward the public interest and to protect policyholders and creditors of the
17 insolvent insurer. (*Carpenter v. Pacific Mut. Life Ins. Co.* (1937) 10 Cal.2d
18 307, 330-331 [74 P.2d 761].)

19 In exercising this power, the Commissioner is vested with broad discretion.
20 (*Commercial Nat. Bank v. Superior Court* [(1993)] 14 Cal.App.4th [393] at p.
21 402.) This discretion is subject to statutory limitations (see *id.* at p. 409) and the
22 requirement that the exercise of discretion be neither arbitrary nor improperly
23 discriminatory. (*Carpenter v. Pacific Mut. Life Ins. Co.*, *supra*, 10 Cal.2d at p.
24 329.) The Commissioner as conservator of the insolvent insurer is also a trustee for
25 the benefit of all creditors and other persons interested in the insolvency estate.
26 ([Insurance Code] § 1057.)

27 (*In Re Executive Life*, *supra*, at p. 356.)

28 The Court concluded that:

. . . The trial court reviews the Commissioner's actions under the abuse of
discretion standard. (*Commercial Nat. Bank v. Superior Court*, *supra*, 14
Cal.App.4th 393, 398): was the action arbitrary, i.e. unsupported by a rational
basis, or is it contrary to specific statute, a breach of the fiduciary duty of the
conservator as trustee, or improperly discriminatory?

(*In Re Executive Life*, *supra*, at p. 358.)

1 **V. NOTICE OF THIS APPLICATION.**

2 The Liquidator is not aware of any persons or entities who will be adversely affected by
 3 this application. Nonetheless, the Liquidator has provided written notice of this application to
 4 Certificate of Contribution holders. Additionally, due to prior requests to receive copies of court
 5 filings in this matter, the Liquidator has provided notice of this application to The National
 6 Organization of Life and Health Insurance Guaranty Associations and its attorneys, Community
 7 Impact Development II, LLC, and Pitney Bowes, Inc. The above described persons and entities
 8 are listed on the Proof of Service filed concurrently herewith. (Weiss Dec., ¶ 4; and Proof of
 9 Service.)

10 **VI. CONCLUSION**

11 In sum, there is good cause for the Court to grant this application. Accordingly, the
 12 Liquidator requests that the Court grant this application and issue the following orders:

- 13 1. An Order authorizing the continuance of the Claims Bar Date to December 31,
 14 2013; and
 15 2. An Order authorizing the Liquidator to take any and all actions necessary to
 16 accomplish the purposes of the Orders requested above.

17
 18 DATE: May 24, 2012

KAMALA D. HARRIS
 Attorney General of California
 FELIX E. LEATHERWOOD
 W. DEAN FREEMAN
 Supervising Deputy Attorneys General
 LISA W. CHAO
 Deputy Attorney General

EPSTEIN TURNER WEISS
 A Professional Corporation

25 By: 

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

DECLARATION OF SCOTT PEARCE

I, Scott Pearce, declare as follows:

1. I 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 the Senior Estate Trust Officer for the Insurance Commissioner's Conservation & Liquidation Office. Starting on September 30, 2009, and continuing to the present, I have been and currently am the Estate Trust Officer on behalf of the Insurance Commissioner in his Statutory Capacity as Conservator ("Conservator") and then as Liquidator ("Liquidator") of Golden State Mutual Life Insurance Company ("Golden State").

3. As the Senior Estate Trust Officer on behalf of the Conservator and now Liquidator of Golden State, I am responsible for the supervision and management of matters pertaining to the conservation and liquidation of Golden State.

4. I have read the Liquidator's Application For Second Order Continuing The Claims Bar Date, Memorandum and Declaration of Michael R. Weiss.

5. Based on my supervision and management of all matters pertaining to Golden State, my experience, review and understanding of the events related to the conservation and now liquidation of Golden State, my and my staff's review of the files and records routinely maintained in the regular and ordinary course of business and believed to be entered contemporaneously by persons having knowledge of the events recorded and whose job duties include recording them, and my review of this application and its supporting papers and documents, I state the following:

Order of Liquidation for Golden State.

6. On January 28, 2011, this Court terminated the Insurance Commissioner's status as Golden State's Conservator, appointed the Insurance Commissioner to serve as Golden State's Liquidator ("Liquidator"), and issued an Order Appointing Liquidator and Injunction in Aid of Liquidation ("Order Appointing Liquidator"). Attached hereto and incorporated herein as Exhibit "1" is a true and correct copy of the Order Appointing Liquidator.

7. The Insurance Commissioner was appointed Liquidator because Golden State was and remains insolvent in that, as of September 30, 2010, Golden State's estimated liabilities of \$9,291,895 exceed its estimated remaining assets of \$5,721,154 by over \$3.5 million (\$5,721,154 in assets - \$9,291,895 in liabilities = -\$3,570,741). The current estimated net asset deficiency is \$8,693,400 as discussed below.

Retained Assets and Liabilities for Administration by Golden State's Estate.

8. As of December 31, 2011, assets retained by Golden State total approximately \$1,670,500 and include the following:

- a. Cash and cash equivalents of (\$346,400);
- b. Real estate valued at approximately \$1,264,700; and
- c. Artwork and murals whose value is at least \$753,200.

9. As of December 31, 2011, liabilities retained by Golden State currently are estimated to be at least approximately \$10,363,900 and include the following estimates of possible claims which may be asserted:

- a. Unclaimed funds payable of \$248,900;
- b. Accrued liabilities of \$333,100;
- c. Liabilities of \$2,212,900 to insurance guarantee associations for their assumption of non-transferred policy obligations;
- d. Pension Plan liability of \$5,124,800, which is the difference between the liability when the plan was terminated on December 31, 2010 and the plans assets at termination;
- e. Obligations under Certificates of Contribution including accrued interest of \$2,444,200; and
- f. Non-contractual liability to Golden State's policyholders as mutual owners of Golden State, who retain their § 1033 priority 9 rights.

Attached hereto and incorporated herein by this reference as Exhibit 3 is a true and correct copy of a Statement of Assets and Liabilities as of December 31, 2011 for Golden State.

10. The above estimates of potential liabilities which may be asserted against Golden State are not an admission that a particular liability or amount of the liability is actually due. Instead, the above estimates are listed only to establish the amount of possible liabilities which may be asserted against Golden State.

11. The December 31, 2011 financials reflect an increase in the estimated net asset deficiency to \$8,693,400, in that as of December 31, 2011 estimated liabilities are \$10,363,900 and remaining estimated assets are \$1,670,500. The increase is due primarily to the addition of estimated liabilities of at least \$2,212,900 owed to insurance guarantee associations for their assumption of non-transferred policy obligations and at least \$5,124,800 owed to the Pension Benefit Guarantee Corporation for its assumption of Golden State's un-funded pension obligations.

12. Since September 2010, the Commissioner in his capacity as Conservator and then as Liquidator discontinued and shut down all operations conducted in Golden State's Los Angeles home office, discontinued and shut down Golden State's then remaining seven district offices located across the country, terminated all remaining employees, transitioned all affairs associated with the conservation and now liquidation of Golden State to the Commissioner's Conservation and Liquidation Office in San Francisco, completed the final accounting true up of the Reinsurance Assumption Transaction with IA American Life Insurance Company and paid all remaining amounts owed for IA American's assumption of Golden State's life insurance policies and annuity contracts, completed the negotiation and approval of the transfer of Golden State's Retirement Plan to the federal Pension Benefit Guaranty Corporation, completed the decommission of Golden State's 401k Retirement program, quantified and negotiated the transition of all non-assumed Class 2 policy liability to the National Organization of Life and Health Guaranty Associations (NOLGHA), continued to defend Golden State's ownership and control of its murals against the CID's claims and the monument designation by the City of Los Angeles, listed for sale all seven district offices under local brokerage agreements, and has scheduled and commenced preparations for Golden State's required financial filings and disclosures such as an annual audit and the preparation of a tax return.

1 **Golden State's Assets Currently to be Liquidated**

2 13. Currently there are two categories of Golden State's assets to be liquidated by the
3 Liquidator: (1) real estate valued at approximately \$1,264,700, and (2) artwork and murals whose
4 value is estimated to be at least \$753,200. The remaining real estate remains listed for sale and is
5 slow to sell largely due to tight credit markets and the current depressed economic environment.
6 The sale of the artwork and murals is delayed pending resolution of the quiet title lawsuit recently
7 commenced by Community Impact Development II, LLC ("CID") and the monument designation
8 by the City of Los Angeles, and further evaluation by the Liquidator of the value of the artwork
9 and murals once confirmed to be Golden State's personal property.

10 **Determinations regarding Proof of Claim Process**

11 14. The Liquidator has not determined that Golden State will have insufficient assets
12 to permit significant distribution to any person interested in Golden State's assets, and has not
13 determined that Golden State is likely to possess insufficient assets to pay the administrative
14 expenses to liquidate Golden State. However, depending on the results of the sales of Golden
15 State's real estate, the outcome of the quiet title action by CID, and the outcome of the monument
16 designation by the City of Los Angeles, such determinations are possible in light of Golden
17 State's current estimated deficiency of at least \$8,693,400 and the anticipated administrative costs
18 and expenses of these actions.

19 15. The final realized value of the remaining real estate and murals, as well as the
20 artwork, will greatly impact the assets available for distribution to creditors and will impact the
21 Liquidator's determinations of whether Golden State has sufficient assets to permit significant
22 distribution to certain classes of claimants.

23 16. Because of the potential for such determinations, the Liquidator seeks to presently
24 avoid the significant administrative costs of preparing and mailing proofs of claim packages to
25 over 2,200 potential claimants, publishing notice in numerous newspapers, and handling the
26 returned proofs of claim packages and expected numerous inquiries from claimants. The cost to
27 mail proofs of claim packages and handle the proof of claim process is estimated to be at least
28 \$40,000. This estimated cost includes preparation and mailing of Proof of Claim packages and

1 forms, handling return mailings and locating updated addresses for potential claimants,
 2 administering and organizing received claim forms, handling and responding to telephone and
 3 letter inquiries from claimants, and other claim related administration tasks.

4 **The continuance is not expected to delay the claims process.**

5 17. The only change in the claim administration process is that the Claims Bar Date
 6 and newspaper publication of that date are continued for an additional twelve months to
 7 December 31, 2013, to avoid potentially unnecessary expenses.

8 18. The requested continuance of the Claims Bar Date and the newspaper publication
 9 is not expected to delay the claims process because until the balance of the real estate is sold and
 10 the mural ownership issues are resolved, no payments could be made to creditors. It is currently
 11 unknown when the remaining real estate will be fully sold. Assuming it is determined that the
 12 murals are Golden State's property and are permitted to be removed from their current location,
 13 then the murals will still need to be marketed and any sale approved by the Court, which will
 14 likely take additional time. Based on these factors, it is anticipated that creditors will not recover
 15 any monies in the years 2012 or 2013; and therefore, there is no anticipated delay in the claims
 16 process.

17 19. The requested continuance will permit the Liquidator additional time to evaluate
 18 whether such determinations are necessary and thereby, in the interim, conserve and monetize
 19 assets for claimants in Priority classes who may receive distributions. Without the continuance,
 20 the Liquidator will presently need to handle the claims process and incur the necessary
 21 administrative expenses to do so without firm knowledge there will be material assets to
 22 distribute.

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

25 Executed on this 22 day of May, 2012, at San Francisco, California.

26 
 27 SCOTT PEARCE
 28

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. I make this declaration in support of the Liquidator's Application For Second Order Continuing The Claims Bar Date ("Application").

3. Because the notice of the Claims Bar Date will need to be published in newspapers in six counties once a week for four consecutive weeks, on July 21 and 22, 2011, I contacted the following six newspapers to receive estimates for the publication of the required legal notice once a week for four consecutive weeks. The cost to publish notice in these newspapers is estimated as follows:

Los Angeles Times:	\$11,560.00
San Francisco Chronicle:	\$ 4,338.40
San Jose Mercury News:	\$ 4,226.00
Sacramento Bee	\$ 2,815.36
Oakland Tribune	\$ 1,654.32
San Diego Union Tribune	\$ 7,257.60

The total of these amounts is \$31,851.68. I understand that these costs remain the same at this time.

4. I am not aware of any persons or entities that may be adversely affected by this Application. Nonetheless, I and my staff provided written notice of this Application to Certificate of Contribution holders. Additionally, due to prior requests to receive copies of court filings in

1 this matter, I and my staff provided written notice of this Application to The National
 2 Organization of Life and Health Insurance Guaranty Associations and its attorneys, Community
 3 Impact Development II, LLC, and Pitney Bowes, Inc. The above described persons and entities
 4 are listed on the Proof of Service filed concurrently herewith.

5 5. The Golden State murals are the subject of a quiet title lawsuit filed by Community
 6 Impact Development (“CID”) in which CID seeks ownership of the murals. This lawsuit is
 7 scheduled for trial on December 11, 2012. The murals also are the subject of a monument
 8 designation by the City of Los Angeles, which has caused Golden State to file a petition for writ
 9 of mandate proceeding, which is currently stayed pending a determination on CID’s lawsuit.
 10 Therefore the sale of the murals is delayed pending final determination of these actions. It is
 11 currently anticipated that resolution of the mural ownership and monument designation issues
 12 could take up to two years to resolve should the case proceed through appeal.

13 6. On September 28, 2011, this Court granted the Liquidator’s first application to
 14 continue the Claims Bar Date to December 31, 2012. A true and correct copy of the Order
 15 Granting Liquidator’s Application For Order Continuing Claims Bar Date To December 31, 2012,
 16 is attached hereto and incorporated herein as Exhibit 2.

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

19 Executed on this 24 day of May, 2012, at Los Angeles, California.

20
 21 

22 MICHAEL R. WEISS
 23
 24
 25
 26
 27
 28

EXHIBIT 1

ORIGINAL FILED

JAN 28 2011

RECEIVED

LOS ANGELES
SUPERIOR COURT

DEC 21 2010

DEPT86

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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 2

1 KAMALA D. HARRIS
Attorney General of California
2 W. DEAN FREEMAN
Supervising Deputy Attorneys General
3 MARTA L. SMITH, State Bar No. 101955
Deputy Attorney General
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ORIGINAL FILED
OCT 17 2011
LOS ANGELES
SUPERIOR COURT

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13
14 Attorneys for Applicant
Insurance Commissioner of the State of California
15

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
INSURANCE COMPANY, a California
23 corporation,

24 Respondent.

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


**NOTICE OF ENTRY OF MINUTE
ORDER GRANTING APPLICATION FOR
ORDER CONTINUING CLAIMS BAR
DATE TO DECEMBER 31, 2012**

1 **PLEASE TAKE NOTICE**, hereby given, that on September 28, 2011, the Honorable
2 Ann I. Jones, Judge Presiding, in Department 86 of the above-entitled Court, entered the attached
3 Minute Order granting the Liquidator's Application For Order Continuing Claims Bar Date to
4 December 31, 2012. A true and correct copy of the Minute Order is attached hereto.

5 DATE: October 17, 2011

KAMALA D. HARRIS
Attorney General of California
W. DEAN FREEMAN
Supervising Deputy Attorneys General
MARTA L. SMITH
Deputy Attorney General

9 EPSTEIN TURNER WEISS
10 A Professional Corporation

11 By: 
12 MICHAEL R. WEISS
13 Attorneys for Applicant
14 INSURANCE COMMISSIONER OF THE
15 STATE OF CALIFORNIA

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

DATE: 09/28/11

DEPT. 86

HONORABLE ANN I. JONES

JUDGE

N. DIGIAMBATTISTA

DEPUTY CLERK

J HERNAND/COURTROOM ASST.

HONORABLE
#5

JUDGE PRO TEM

ELECTRONIC RECORDING MONITOR

NONE

Deputy Sheriff

C. CRUZ, CSR #9095

Reporter

9:30 am BS123005

Plaintiff MICHAEL B. WEISS (X)

Counsel MARTA SMITH (X)

STEVE POIZNER

Defendant BEATRICE LAWSON (X)

VS

Counsel

GOLDEN STATE MUTUAL LIFE INSURA
COMPANY

NATURE OF PROCEEDINGS:

APPLICATION OF APPLICANT, INSURANCE COMMISSIONER OF
THE STATE OF CALIFORNIA, FOR ORDER CONTINUING CLAIMS
BAR DATE TO DECEMBER 31, 2012

Matter comes on for hearing and is argued.

In order to determine whether Golden State is likely to have insufficient assets to permit significant distribution to any person interested in Golden State's assets and pay the administrative expenses to liquidate Golden State, such determinations depend on the results of the sales of Golden State's real estate, the outcome of the quiet title action by CID, and the outcome of the monument designation by the City of Los Angeles. The final realized value of the real estate, artwork, and murals will impact the assets available for distribution to creditors and will impact the liquidator's determinations of whether Golden State has sufficient assets to permit distributions to certain classes of claimants. Accordingly, the liquidator seeks to avoid significant administrative costs (estimated to be at least \$40,000.00) until these issues regarding the real estate and murals have been resolved.

There is no prejudice to any claimants or interested persons in Golden State's estate. First, the requested continuance of the claims bar date and the newspaper publication is not expected to delay the claims

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

DATE: 09/28/11

DEPT. 86

HONORABLE ANN I. JONES

JUDGE

N. DIGIAMBATTISTA

DEPUTY CLERK

J HERNAND/COURTROOM ASST.

HONORABLE

JUDGE PRO TEM

ELECTRONIC RECORDING MONITOR

#5

NONE

Deputy Sheriff

C. CRUZ, CSR #9095

Reporter

9:30 am BS123005

Plaintiff MICHAEL B. WEISS (X)

Counsel MARTA SMITH (X)

STEVE POIZNER

Defendant BEATRICE LAWSON (X)

VS

Counsel

GOLDEN STATE MUTUAL LIFE INSURA
COMPANY

NATURE OF PROCEEDINGS:

process because until the real estate is sold and the
mural ownership issues are resolved, no payments
could be made to creditors in any event. Accordingly,
the continuance will not result in a delay in the
claims process. Second, the requested continuance is
beneficial to claimants to avoid the potentially un-
necessary expenditure of Golden State's assets of
handling the claims process and incurring admini-
strative expenses without a firm knowledge of Golden
State's material assets to distribute. Third, the
liquidator has agreed to recognize and accept NOLHGA's
and CLHIGA's claims as one claim and accepting as
filed all claims on behalf of all certificate of
contribution holders without requiring them to file
proofs of claim in order to eliminate the expenses
of mailing and handling proofs of claims and reduce
Golden State's administrative expenses. Accordingly,
the court finds that continuation of the claims bar
date will not result in prejudice to claimants of
Golden State's estate.

Pursuant to paragraph five in the Order of Liquidation
and Insurance Code Section 1037, the liquidator is
granted authority to take actions necessary to
collect, conserve, protect and liquidate Golden
State's assets. The liquidator's request to continue
the claims bar date is, therefore, consistent with the
liquidator's authority and the Insurance Code as a
course of action calculated by the liquidator to
conserve the insurer's assets.

MINUTES ENTERED 09/28/11 COUNTY CLERK

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

DATE: 09/28/11

DEPT. 86

HONORABLE ANN I. JONES

JUDGE

N. DIGIAMBATTISTA

DEPUTY CLERK

J HERNAND/COURTROOM ASST.

HONORABLE

JUDGE PRO TEM

ELECTRONIC RECORDING MONITOR

#5 **B**

NONE

Deputy Sheriff

C. CRUZ, CSR #9095

Reporter

9:30 am

BS123005

Plaintiff

MICHAEL B. WEISS (X)

Counsel

MARTA SMITH (X)

STEVE POIZNER

Defendant

BEATRICE LAWSON (X)

VS

Counsel

GOLDEN STATE MUTUAL LIFE INSURA
COMPANY

NATURE OF PROCEEDINGS:

The liquidator has provided written notice of this application to the certificate of contribution holders, the National Organization of Life and Health Insurance Guaranty Association, CID, and Pitney Bowes, Inc. To date, no opposition has been filed.

Based on the foregoing, the court grants the Insurance Commissioner's application for an order continuing the claims bar date to December 31, 2012.

Order is signed and filed this date.

Counsel for moving party is to give notice.

PROOF OF SERVICE

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.

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

On **October 17, 2011**, I served the foregoing document described as **NOTICE OF ENTRY OF MINUTE ORDER GRANTING APPLICATION FOR ORDER CONTINUING CLAIMS BAR DATE TO DECEMBER 31, 2012** by placing [] the original [X] a true copy thereof (as indicated on the attached service list) enclosed in a sealed envelope(s) addressed as follows:


SEE ATTACHED SERVICE LIST

- [X] **By Mail.** I am readily familiar with the firm's practice of collection and processing correspondence for mailing. Under that practice, it would be deposited with the U.S. Postal Service on that same day with postage thereon fully prepaid at Los Angeles, California in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation or postage meter date is more than one day after date of deposit for mailing in affidavit.
- [] **By Fax.** I transmitted the foregoing document by telecopier transmission to the addressee(s) at the facsimile number(s) listed on the attached Service List, and received confirmation that the transmission was received at the facsimile number(s) listed on the attached Service List.
- [] **By Personal Service.** I caused such envelope(s) to be personally delivered via messenger service to the addressee(s) indicated on the attached Service List.
- [] **By Email.** I forwarded a copy of the above-described document(s) via e-mail to each of the individuals set forth above at the email addresses indicated therefor.
- [] **By Federal Express.** I caused such envelope(s) to be deposited at a facility regularly 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 **October 17, 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 Elmcroft Road
Stamford, CT 06926-0700

Certificate of Contribution Holders [Addresses not listed to maintain confidentiality]

EXHIBIT 3

996 Golden State Mutual Life Ins Co**STATEMENT OF ASSETS AND LIABILITIES**

As of December 31, 2011

(unaudited)

	Sep 30 2011	Dec 31 2011
ASSETS		
Cash and cash equivalents:		
Unrestricted	(167,500)	(149,600)
Participation in pooled investments, at market	(90,500)	(196,800)
Accrued investment income	(400)	(1,000)
Property and equipment, net of accumulated depreciation	1,486,600	1,264,700
Deposits and other assets	753,200	753,200
Total ASSETS	1,981,400	1,670,500
LIABILITIES		
Secured claims	248,900	248,900
Accrued administrative expenses (Class 1)	369,400	333,100
Claims against policies, including guaranty associations (Class 2), before distributions	2,212,900	2,212,900
Pension liabilities (Class 7)	5,124,800	5,124,800
Certificates of contribution (Class 8)	2,444,200	2,444,200
Total LIABILITIES	10,400,200	10,363,900
NET ASSETS (DEFICIENCY)	(8,418,800)	(8,693,400)