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SACRAMENTO COURTS  
DEPT. #54

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8 SUPERIOR COURT OF CALIFORNIA

9 COUNTY OF SACRAMENTO

10 INSURANCE COMMISSIONER OF THE  
STATE OF CALIFORNIA,

No. **00CS00370**

11 Applicant,

**ORDER APPOINTING  
CONSERVATOR AND  
RESTRAINING ORDER**  
[Insurance Code § 1011]

13 v.

14 CALIFORNIA COMPENSATION INSURANCE  
15 COMPANY, a California Corporation,

Hearing Date: **MARCH 6, 2000**  
Time: **2:45 PM**  
Dept.: **54**  
Trial Date: N/A

16 Respondent.

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The Verified Application of CHUCK QUACKENBUSH, the Insurance  
Commissioner of the State of California ("the Commissioner") for an Order Appointing the  
Commissioner Conservator of respondent California Compensation Insurance Company  
("CalComp"), having been filed herein, at it appearing to this Court from such verified application  
that the Commissioner has found CalComp to be in such a condition that its further transaction of  
business will be hazardous to the creditors and to the public, IT IS HEREBY ORDERED:

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

6 (2) that the Commissioner is authorized to take possession of all of CalComp's  
7 assets, books, records, and property, both real and personal, wheresoever situated;

8 (3) that title to all of said property and assets of CalComp, wheresoever situated,  
9 is vested in the Commissioner or his successor in office, in his official capacity as Conservator and  
10 all persons are enjoined from interfering with the Commissioner's possession and title thereto;

11 (4) that CalComp, its officers, directors, governors, agents and employees; are  
12 enjoined from transacting any of the business of CalComp, whether in the State of California or  
13 elsewhere, or from disposing of any or assisting any person in the transfer or alienation of the  
14 property or assets until further order of this court;

15 (5) that all persons are enjoined from instituting, prosecuting or maintaining any  
16 action at law or suit in equity, including but not limited to actions or proceedings to compel  
17 discovery or production of documents or testimony, matters in arbitration, against CalComp or  
18 against the Commissioner as Conservator, except matters before the Worker's Compensation  
19 Appeals Board, and from attaching, executing foreclosure upon, redeeming of or taking any other  
20 legal proceedings against any of the property of CalComp, and from doing any act interfering with  
21 the conduct of said business by the Commissioner, except after an order from this Court obtained  
22 after reasonable notice to the Commissioner.

23 (6) that CalComp and all officers, directors, agents and employees of CalComp,  
24 are directed to deliver to the Commissioner all assets, books, records, equipment and other property  
25 of CalComp, wheresoever situated;

26 (7) that the Commissioner is authorized to pay all reasonable costs of operating  
27 CalComp as Conservator (including direct and allocated direct costs, direct and allocated general and  
28 administrative costs and overhead, and other allocated costs) out of funds and assets of CalComp;

1 (8) that all funds and assets, including certificates of deposit, bank deposits and  
2 mutual fund shares, of CalComp in various financial depository institutions, including banks,  
3 savings and loan associations, industrial loan companies, mutual funds or stock brokerages, in the  
4 State of California or wheresoever situated, are vested in the Commissioner and subject to  
5 withdrawal upon his order only;

6 (9) that all persons who maintain records for CalComp, pursuant to written  
7 contract or any other agreement, are ordered to maintain such records and to deliver such records to  
8 the Commissioner upon his request;

9 (10) that all agents of CalComp and all brokers who have done business with  
10 CalComp are directed to make all remittances of funds collected by them or in their hands directly to  
11 the Commissioner as Conservator;

12 (11) that all persons having possession of any lists of policyholders of CalComp  
13 are ordered to deliver all such lists to the Commissioner as Conservator and all persons are enjoined  
14 from using any such lists or any information contained therein without the consent of the  
15 Conservator;

16 (12) that the Commissioner is authorized to initiate such equitable or legal actions  
17 or proceedings in this or other states as may appear to him necessary to carry out his functions as  
18 Conservator;

19 (13) that the Commissioner is authorized to appoint and employ special deputies,  
20 estate managers, other professionals, clerks and assistants and to give each of them such power and  
21 authority as may by him be deemed necessary, and the Commissioner is authorized to compensate  
22 these persons from the assets of CalComp as to him shall seem appropriate;

23 (14) that the Commissioner is authorized to divert, take possession of and secure  
24 all mail of CalComp, in order to screen such mail, and to effect a change in the rights to use any and  
25 all post office boxes and other mail collection facilities used by CalComp;

26 (15) that CalComp and its respective officers, directors, agents, servants,  
27 employees, successors, assigns, affiliates, and other persons or entities under their control and all  
28 persons or entities in active concert or participation with them, and each of them, are ordered to turn

1 over to the Commissioner records, documentation, charts and/or descriptive material of all funds,  
2 assets, property owned beneficially or otherwise, and all other assets of CalComp wherever situated,  
3 and all books and records of accounts, title documents and other documents in their possession or  
4 under their control, which relate, directly or indirectly, to assets or property of CalComp belonging to  
5 or now held by CalComp or any of them or to the business or operations of CalComp.

6 (16) that, except with leave of court issued after a hearing in which the  
7 Commissioner has received reasonable notice, all persons are enjoined from executing or issuing or  
8 causing the execution or issuance of any court attachment, subpoena, replevin, execution or other  
9 process for the purpose of impounding or taking possession of or interfering with or creating or  
10 enforcing a lien upon any property owned or in the possession of CalComp or its affiliates, or the  
11 Conservator appointed herein, wheresoever situated;

12 (17) that except by leave of court, obtained after reasonable notice to the  
13 Commissioner, all persons are enjoined from accelerating the due date of any obligation or claimed  
14 obligation; exercising any right of set-off; taking, retaining, retaking or attempting to retake  
15 possession of any real or personal property; withholding or diverting any rent or other obligation;  
16 doing any act or other thing whatsoever to interfere with the possession of or management by the  
17 Commissioner herein and of the property and assets, owned or controlled by CalComp or in the  
18 possession of CalComp or to in any way interfere with said Commissioner or to interfere in any  
19 manner during the pendency of this proceeding with the exclusive jurisdiction of this Court over  
20 CalComp;

21 (18) that any and all provisions of any agreement entered into by and between any  
22 third party and CalComp including, by way of illustration, but not limited to, the following types of  
23 agreements (as well as any amendments, assignments, or modifications thereto): financial guarantee  
24 bonds, promissory notes, loan agreements, security agreements, deeds of trust, mortgages,  
25 indemnification agreements, subrogation agreements, subordination agreements, pledge agreements,  
26 assignments of rents or other collateral, financial statements, letters of credit, leases, insurance  
27 policies, guaranties, escrow agreements, management agreements, real estate brokerage and rental  
28 agreements, servicing agreements, attornment agreements, consulting agreements, easement

1 agreements, license agreements, franchise agreements, or employment contracts that provide in any  
2 manner that selection, appointment or retention of a conservator, or trustee by any court, or entry of  
3 an order such as hereby made, shall be deemed to be, otherwise operate as a breach, violation, event  
4 of default, termination, event of dissolution, event of acceleration, insolvency, bankruptcy, or  
5 liquidation, shall be stayed, and the assertion of any and all rights, remedies relating thereto shall  
6 also be stayed and barred, except as otherwise ordered by the Court, and the Court shall retain  
7 jurisdiction over any cause of action that has arisen or may otherwise arise under any such provision;

8 (19) that the Commissioner is authorized to invest CalComp's assets in such a  
9 manner as to him may seem suitable for the best interest of CalComp's creditors which funds are not  
10 immediately distributable to CalComp's creditors. However no investment or reinvestment shall be  
11 made which exceeds the sum of \$100,000 without first obtaining permission of the court;

12 (20) that the Commissioner is authorized to pay for his costs in bringing and  
13 maintaining this action, and such other actions as are necessary to carry out his functions as  
14 Conservator, out of the funds and assets of CalComp; and,

15 (21) that, pursuant to Insurance Code section 1037(g), the Commissioner as  
16 Conservator is authorized to invest and reinvest all assets in a manner he deems to be in the best  
17 interest of the creditors of the estate, including investing and reinvesting assets through an  
18 investment pool consisting exclusively of assets from conserved estates. To the extent that the  
19 Commissioner invests and reinvests through such an investment pool, such investments and  
20 reinvestments may exceed \$100,000.

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DATED: March 6, 2000

JOE S. GRAY

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Judge of the Superior Court

1 BILL LOCKYER, Attorney General  
of the State of California  
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7 Attorneys for Applicant, Insurance Commissioner

8 SUPERIOR COURT OF CALIFORNIA  
9 COUNTY OF SACRAMENTO

10 INSURANCE COMMISSIONER OF THE	)	No. 00CS00370
11 STATE OF CALIFORNIA,	)	
12 Applicant,	)	<b>ORDER TRANSFERRING</b>
	)	<b>PROCEEDINGS</b>
13 v.	)	[Ins. Code §1040]
	)	Hearing Date: March 6, 2000
14 CALIFORNIA COMPENSATION INSURANCE	)	Time: 2:45 P.M.
15 COMPANY, a California Corporation,	)	Dept.: 54
16 Respondent.	)	Trial Date: N/A

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19 The motion of CHUCK QUACKENBUSH, Insurance Commissioner of the State of  
20 California ("the Commissioner"), as Conservator of Respondent California Compensation Insurance  
21 Company ("CalComp"), for an Order transferring the within proceedings to the Superior Court, Los  
22 Angeles County, came on for hearing in Department 54 of the above entitled court on March 6,  
23 2000, before Joe. S. Gray, Judge of the Superior Court. The Commissioner appeared through  
24 counsel, Bill Lockyer, Attorney General, by Steven J. Green, Deputy Attorney General.

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The Court, having considered the motion, and good cause appearing, HEREBY

ORDERS:

1. that the motion to transfer proceedings is GRANTED and the within action is TRANSFERRED to the Superior Court, County of Los Angeles; and,
2. the Clerk of the Court is directed to forthwith transfer the within action to the Superior Court, County of Los Angeles.

JOE S. GRAY

DATED: March 6, 2000

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JOE S. GRAY  
Judge of the Superior Court