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SACRAMENTO COURTS
DEPT. #54

7 Attorneys for Applicant, Insurance Commissioner

8 SUPERIOR COURT OF CALIFORNIA
9 COUNTY OF SACRAMENTO

10 INSURANCE COMMISSIONER OF THE
STATE OF CALIFORNIA,

No.

11 Applicant,

13 v.

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

14 COMBINED BENEFITS 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 Combined Benefits Insurance Company
("Combined"), having been filed herein, at it appearing to this Court from such verified application
that the Commissioner has found Combined 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 Combined directed as
2 such to conduct the business of Combined 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 Combined accruing prior to or subsequent to his
5 appointment as Conservator;

6 (2) that the Commissioner is authorized to take possession of all of Combined'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 Combined, 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 Combined, its officers, directors, governors, agents and employees, are
12 enjoined from transacting any of the business of Combined, 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 Combined 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 Combined, 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 Combined and all officers, directors, agents and employees of Combined,
24 are directed to deliver to the Commissioner all assets, books, records, equipment and other property
25 of Combined, wheresoever situated;

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1 (7) that the Commissioner is authorized to pay all reasonable costs of operating
2 Combined as Conservator (including direct and allocated direct costs, direct and allocated general
3 and administrative costs and overhead, and other allocated costs) out of funds and assets of
4 Combined;

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

10 (9) that all persons who maintain records for Combined, pursuant to written
11 contract or any other agreement, are ordered to maintain such records and to deliver such records to
12 the Commissioner upon his request;

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

16 (11) that all persons having possession of any lists of policyholders of Combined
17 are ordered to deliver all such lists to the Commissioner as Conservator and all persons are enjoined
18 from using any such lists or any information contained therein without the consent of the
19 Conservator;

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

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

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

4 (15) that Combined and its respective officers, directors, agents, servants,
5 employees, successors, assigns, affiliates, and other persons or entities under their control and all
6 persons or entities in active concert or participation with them, and each of them, are ordered to turn
7 over to the Commissioner records, documentation, charts and/or descriptive material of all funds,
8 assets, property owned beneficially or otherwise, and all other assets of Combined wherever situated,
9 and all books and records of accounts, title documents and other documents in their possession or
10 under their control, which relate, directly or indirectly, to assets or property of Combined belonging
11 to or now held by Combined or any of them or to the business or operations of Combined.

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

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

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1 (18) that any and all provisions of any agreement entered into by and between any
2 third party and Combined including, by way of illustration, but not limited to, the following types of
3 agreements (as well as any amendments, assignments, or modifications thereto): financial guarantee
4 bonds, promissory notes, loan agreements, security agreements, deeds of trust, mortgages,
5 indemnification agreements, subrogation agreements, subordination agreements, pledge agreements,
6 assignments of rents or other collateral, financial statements, letters of credit, leases, insurance
7 policies, guaranties, escrow agreements, management agreements, real estate brokerage and rental
8 agreements, servicing agreements, attornment agreements, consulting agreements, easement
9 agreements, license agreements, franchise agreements, or employment contracts that provide in any
10 manner that selection, appointment or retention of a conservator, or trustee by any court, or entry of
11 an order such as hereby made, shall be deemed to be, otherwise operate as a breach, violation, event
12 of default, termination, event of dissolution, event of acceleration, insolvency, bankruptcy, or
13 liquidation, shall be stayed, and the assertion of any and all rights, remedies relating thereto shall
14 also be stayed and barred, except as otherwise ordered by the Court, and the Court shall retain
15 jurisdiction over any cause of action that has arisen or may otherwise arise under any such provision;

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

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

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

DATED: March 6, 2000

JOE S. GRAY

Judge of the Superior Court

1 BILL LOCKYER, Attorney General
of the State of California
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11 Applicant,

12 v.

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15 COMBINED BENEFITS INSURANCE
COMPANY, a California Corporation,

16 Respondent.

) No. 00CS00371

) **ORDER TRANSFERRING**
) **PROCEEDINGS**
) [Ins. Code §1040]

) Hearing Date: March 6, 2000
) Time: 2:45 P.M.
) Dept.: 54
) 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 Combined Benefits Insurance
21 Company ("Combined"), 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

JOE S. GRAY
Judge of the Superior Court