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INSURANCE COMMISSIONER OF THE STATE OF CALIFORNIA  
11

12 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
13 **FOR THE COUNTY OF LOS ANGELES**  
14

15 INSURANCE COMMISSIONER OF THE  
STATE OF CALIFORNIA,

16 Applicant,

17 v.

18 GOLDEN STATE MUTUAL LIFE  
INSURANCE COMPANY, a California  
19 corporation,

20 Respondent.

Case No. BS123005  
The Hon. Joanne O'Donnell, Dept. 86

**MEMORANDUM OF POINTS AND  
AUTHORITIES IN SUPPORT OF  
LIQUIDATOR'S APPLICATION FOR  
ORDERS APPROVING  
DETERMINATIONS TO  
PROFESSIONALLY SHRED AND  
DESTROY GOLDEN STATE'S  
REMAINING RECORDS AND FILES**

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

Date: July 6, 2016  
Time: 9:30 a.m.  
Dent: 86

1 **I. INTRODUCTION.**

2 By this Application the Insurance Commissioner of the State of California in his statutory  
3 capacity as Liquidator ("Liquidator") of Golden State Mutual Life Insurance Company ("Golden  
4 State") requests the following Court Orders:

5 (1) An Order approving the Liquidator's determination to professionally shred and  
6 destroy Golden State's remaining records and files located at an off-site records storage facility;

7 (2) An Order approving the Liquidator's determination that the approximate cost of  
8 \$54,796.02 to professional shred and destroy Golden State's remaining records and files is a  
9 reasonable and necessary expense incurred for Golden State; and

10 (3) An Order authorizing the Liquidator to take any and all actions necessary to  
11 accomplish the purposes of the above requested Orders.

12 Golden State's remaining records and files to be shredded and destroyed consist of  
13 approximately 10,529 boxes containing closed claim files, closed benefit and personnel files,  
14 lapsed policy files, closed policy and annuity files, closed accounting and financial records,  
15 cancelled checks, closed legal files, and additional closed and unused company files and records.  
16 None of the above described files or records are needed by the Liquidator or any other known  
17 party, and for the past several years there has been no dependence on or retrieval of the records  
18 and files maintained at the storage facility. Further, Golden State's historical records have  
19 previously been transferred to UCLA Library pursuant to previously Court-approved agreement  
20 and Court Order.

21 The professional shredding and destruction of Golden State's remaining records and files  
22 is necessary to complete the closing of Golden State's liquidation, and the approximate cost of  
23 \$54,796.02 for such services is reasonable and necessary based on the number of boxes at issue  
24 and scope of work to be performed.

25 Notice of this application was provided in writing by U.S. Mail to all persons who have  
26 routinely been provided notice of the Liquidator's Court applications and to all persons and  
27 entities known to him that may have a substantial, unsatisfied claim that may be affected by this  
28 application and any Court Orders pertaining thereto, regardless of whether the persons or entities

are a party to this action or have appeared in it, in compliance with California Rules of Court Rule 3.1184(c). [Declaration of Michael R. Weiss ("Weiss Dec."), ¶ 3; and Proof of Service.]

**II. STATEMENT OF FACTS.**

**A. Status of Golden State's Liquidation.**

Golden State was a mutual life insurance company domiciled and existing under the laws of the State of California. On December 30, 2015, the Court granted the Liquidator's application requesting that Golden State's liquidation be terminated and that the Insurance Commissioner be discharged upon the Liquidator filing a Declaration of Compliance confirming receipt of final payment from the Los Angeles County Arts Commission for its purchase of Golden State's Art Collection and the Liquidator's payment of any remaining expenses incurred to close the liquidation. [Order (Ex. 1)] The Liquidator has received the final payment from the Los Angeles County Arts Commission for its purchase of Golden State's Art Collection. The Liquidator has not yet filed the Declaration of Compliance as he remains in the process of handling and paying remaining expenses incurred to close the liquidation. [Pearce Dec., ¶¶ 6-8.]

**B. Records and Files to be Shredded and Destroyed.**

As part of the Liquidator's closing of the liquidation, and as the Liquidator advised in his December 30, 2015 application to terminate the liquidation, the Liquidator is in the process of preparing to professionally shred and destroy Golden State's remaining records and files located at the off-site records storage facility. The majority of Golden State's in-force insurance and annuity contract records and files were previously transferred to IA American Life Insurance Company and are maintained in electronic format. The remaining records and files located at the off-site records storage facility consist of approximately 10,529 boxes containing closed claim files, closed benefit and personnel files, lapsed policy files, closed policy and annuity files, closed accounting and financial records, cancelled checks, closed legal files, and additional closed and unused company files and records. None of the files or records are needed by the Liquidator or any other known parties, and for the past several years there has been no dependence or retrieval of the records and files maintained at the storage facility. Further, Golden State's historical records have previously been transferred to UCLA Library pursuant to previously Court-approved

1 agreement and Court Order. [Pearce Dec., ¶ 9.]

2 The Liquidator provided notice of the intended destruction of said records and files to IA  
3 American Life Insurance Company (the solvent insurer who in 2010 assumed Golden State's in-  
4 force policies and annuity contracts) and The National Organization of Life and Health Insurance  
5 Guaranty Associations ("NOLHGA") (the insurance guaranty associations who assumed Golden  
6 State's policies not transferred to IA American), and neither IA American nor NOLHGA  
7 expressed any interest in copying or maintaining the files. [Pearce Dec., ¶ 10.]

8 The cost to professional shred and destroy the records and files is approximately  
9 \$54,796.02. [Pearce Dec., ¶ 11; Estimates (Ex. 2)] The professional shredding and destruction of  
10 Golden State's remaining records and files is necessary to complete the closing of Golden State's  
11 liquidation, and the approximate cost of \$54,796.02 for such services is reasonable and necessary  
12 based on the number of boxes at issue and scope of work to be performed. [Pearce Dec., ¶ 11.]

13 **C. Notice of this Application.**

14 Notice of this application was provided in writing by U.S. Mail to all persons who have  
15 routinely been provided notice of the Liquidator's Court applications and to all persons and  
16 entities known to him that may have a substantial, unsatisfied claim that may be affected by the  
17 this application and any Court Orders pertaining thereto, regardless of whether the persons or  
18 entities are a party to this action or have appeared in it, in compliance with California Rules of  
19 Court Rule 3.1184(c). Such persons include Golden State's Certificate of Contribution holders  
20 and, due to prior requests to receive copies of court filings in this matter, The National  
21 Organization of Life and Health Insurance Guaranty Associations ("NOLHGA") and its attorneys,  
22 Pension Benefit Guaranty Corporation, and Pitney Bowes, Inc. The above described persons and  
23 entities are listed on the Proof of Service filed concurrently herewith. [Weiss Dec., ¶ 3; Proof of  
24 Service.]

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1 **III. ARGUMENT.**

2 **A. The Orders Requested Herein Are Consistent with the Liquidator's**  
3 **Authorities and Discretion under the Court's Order Appointing Liquidator,**  
4 **the Insurance Code and Case Law.**

5 Impaired and insolvent insurance companies are precluded from seeking relief in  
6 bankruptcy. [11 U.S.C. § 109(b)(2) ("A person may be a debtor under chapter 7 of this title only  
7 if such person is not . . . a domestic insurance company").] Instead, California, like most states,  
8 has statutory proceedings subjecting impaired and insolvent insurers to orderly conservation,  
9 rehabilitation and/or liquidation by the Insurance Commissioner. California's statutory  
10 proceedings are codified in Insurance Code § 1010 *et seq.* [*Garamendi v. Golden Eagle Insurance*  
11 *Company* (2005) 128 Cal.App.4<sup>th</sup> 452 (Insurance conservation proceedings are special  
12 proceedings subject to the provisions of the California Insurance Code).]

13 The Insurance Commissioner exercises the state's police power with respect to the  
14 administration of insolvent insurance companies and enterprises. "In exercising this power, the  
15 Commissioner is vested with broad discretion (*Commercial Nat. Bank v. Superior Court*, [(1993)],  
16 14 Cal.App.4<sup>th</sup> [393] at p. 402.) This discretion is subject to statutory limitations [citation] and the  
17 requirement that the exercise of discretion be neither arbitrary nor improperly discriminatory.  
18 [Citation.]" [*In re Executive Life Insurance Company* (1995) 32 Cal.App.4<sup>th</sup> 344, 358.]

19 The trial court's review of the Commissioner's discretion is "not de novo." [*Id.*, at 358.]  
20 "The trial court reviews the Commissioner's actions under the abuse of discretion standard: was  
21 the action arbitrary, i.e., unsupported by a rational basis, or is it contrary to specific statute, a  
22 breach of the fiduciary duty of the conservator as trustee, or improperly discriminatory?" [*Id.*, at  
23 358; see also *Low v. Golden Eagle Ins. Co.* (2003) 110 Cal.App.4<sup>th</sup> 1532, 1544 (The Court's  
24 review of the actions of the Commissioner as Liquidator is limited to a review to determine if the  
25 proposed action is "arbitrary, i.e., unsupported by a rational basis, contrary to specific statute, or  
26 discriminatory.".)]

27 Here, the requested Court Orders are authorized and consistent with the Liquidator's  
28 authorities and discretion under the Court's prior Order Appointing Liquidator (Ex. 3), the

1 Insurance Code and California case law – all of which grants broad powers to the Commissioner  
2 as conservator and liquidator of insurance companies, as discussed below.

3 First, pursuant to the Order Appointing Liquidator, the Liquidator is “directed as  
4 Liquidator to liquidate and wind up the business of Golden State and to act in all ways and  
5 exercise all powers necessary for the purpose of carrying out [the liquidation]”, is “authorized ...  
6 to do such other acts as are necessary or expedient to collect, conserve, protect and/or liquidate  
7 Golden State’s assets, property and business,” is “authorized to take any and all action necessary  
8 to accomplish the purposes of [the Order Appointing Liquidator], and is authorized to employ  
9 special deputy commissioners, assistants, clerks and legal counsel, and to give to each of them  
10 those powers that the Liquidator deemed necessary. [Order Appointing Liquidator, ¶¶ 1, 2, 5, 14,  
11 15, 34 (Ex. 3) as authorized in Insurance Code §§ 1011, 1016, 1035(a), 1036 and 1037.]

12 Second, Insurance Code § 1037, entitled “Powers of commissioner as conservator or  
13 liquidator,” provides broad powers to the Insurance Commissioner as conservator and liquidator of  
14 insurance companies including the power to “abandon or otherwise dispose of or deal with”  
15 Golden State’s property. Insurance Code § 1037 states in pertinent part:

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

18 ...

19 (d) [Acquisition and disposition of property.] Shall have authority without  
20 notice, to acquire, hypothecate, encumber, lease, improve, sell, transfer, abandon,  
21 or otherwise dispose of or deal with, any real or personal property of that person at  
22 its reasonable market value, or, in cases other than acquisition, sale, or transfer on  
23 the basis of reasonable market value, upon such terms and conditions as the  
24 commissioner may deem proper. However, no transaction involving real or  
personal property shall be made where the market value of the property involved  
exceeds the sum of twenty thousand dollars (\$20,000) without first obtaining  
permission of the court, and then only in accordance with any terms that court may  
prescribe.

25 ....

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

1 Third, California case law supports the broad grant of powers accorded the Insurance  
2 Commissioner to transfer assets when he is conserving, rehabilitating, and/or liquidating insurance  
3 companies. In *Executive Life, supra*, the Court of Appeal stated that:

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

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

13 ...

14 ... The trial court reviews the Commissioner's actions under the abuse of  
discretion standard. (*Commercial Nat. Bank v. Superior Court, supra*, 14  
15 Cal.App.4th 393, 398): was the action arbitrary, i.e. unsupported by a rational basis,  
16 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 pp. 356  
17 and 358.)

18 **B. There Is Good Cause For The Requested Orders.**

19 Golden State's remaining records and files located at the off-site records storage facility  
20 consist of approximately 10,529 boxes containing closed claim files, closed benefit and personnel  
21 files, lapsed policy files, closed policy and annuity files, closed accounting and financial records,  
22 cancelled checks, closed legal files, and additional closed and unused company files and records.  
23 None of the files or records are needed by the Liquidator or any other known party, and for the  
24 past several years there has been no dependence on or retrieval of the records and files maintained  
25 at the storage facility. The Liquidator provided notice of the intended destruction of said records  
26 and files to IA American and NOLHGA, and neither IA American nor NOLHGA expressed any  
27 interest in copying or maintaining the files. The professional shredding and destruction of Golden  
28 State's remaining records and files is necessary to complete the closing of Golden State's

1 liquidation, and the approximate cost of \$54,796.02 for such services is reasonable and necessary  
2 based on the number of boxes at issue and scope of work to be performed. [Pearce Dec., ¶¶ 9-11.]

3 In sum, there is good cause for the Liquidator to shred and destroy Golden State's  
4 remaining records and files and for the Liquidator to incur \$54,796.02 for such shredding and  
5 destruction.

6 **IV. CONCLUSION**


7 There is good cause for the Court to grant this application. Accordingly, the Liquidator  
8 requests that the Court grant this application and issue the Orders requested herein.

9  
10 Respectfully submitted,

11 DATE: June 1, 2016

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DIANE S. SHAW  
Supervising Deputy Attorney General  
LISA W. CHAO  
Deputy Attorney General

15 LEWIS BRISBOIS BISGAARD & SMITH LLP

16  
17 By:   
18 MICHAEL R. WEISS  
19 Attorneys for Applicant  
20 Insurance Commissioner Of The  
21 State Of California  
22  
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**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 ("CLO") and have held that position since 2004. On behalf of the Insurance Commissioner, the CLO acts to rehabilitate and/or liquidate, under Court supervision, troubled insurance enterprises. The CLO operates as a fiduciary for the benefit of claimants, handling the property of the failed enterprises in a prudent, cost-effective, fair, timely and expeditious manner. The CLO currently oversees the conservation or liquidation of 18 insurance companies. The CLO's executives have extensive insurance industry and insurance conservation, rehabilitation and liquidation experience.

3. Starting on September 30, 2009, and continuing to the present, I have been and currently am the Senior 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"). I have over 25 years of experience in the insurance industry and insurance conservation, rehabilitation and liquidation experience. As the Senior Estate Trust Officer on behalf of the Conservator and now Liquidator of Golden State, I am knowledgeable about the financial affairs of Golden State and 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 Orders Approving Determinations To Professionally Shred And Destroy Golden State's Remaining Records And Files ("Application").

5. Based on my knowledge, supervision and management of 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

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1 include recording them, and my review of this Application and its supporting papers and  
2 documents, I state the following:

3         6.       Golden State was a mutual life insurance company domiciled and existing under  
4 the laws of the State of California. On December 30, 2015, the Court granted the Liquidator's  
5 application requesting that Golden State's liquidation be terminated and that the Insurance  
6 Commissioner be discharged upon the Liquidator filing a Declaration of Compliance confirming  
7 receipt of final payment from the Los Angeles County Arts Commission for its purchase of  
8 Golden State's Art Collection and the Liquidator's payment of any remaining expenses incurred to  
9 close the liquidation.

10       7.       Attached hereto and incorporated herein by this reference as Exhibit "1" is a true  
11 and correct copy of "Order Granting Liquidator's Application For Order Approving: (1)  
12 Liquidator's Determinations To Not Handle Claims In Priority Classes 2 – 9 And Not Undertake  
13 A Proof Of Claims Process; (2) Liquidator's Determinations To Terminate The Liquidation And  
14 Discharge The Liquidator; (3) Liquidator's Statement Of Assets And Liabilities; And (4)  
15 Liquidator's Expenses" dated December 30, 2015 ("Termination and Discharge Order").

16       8.       The Liquidator has received the final payment from the Los Angeles County Arts  
17 Commission for its purchase of Golden State's Art Collection. The Liquidator has not yet filed  
18 the Declaration of Compliance as my staff and I remain in the process of handling and paying  
19 remaining expenses incurred to close the liquidation.

20       9.       As part of the Liquidator's closing of the liquidation, my staff and I are in the  
21 process of preparing to professionally shred and destroy Golden State's remaining records and  
22 files located at the off-site records storage facility. The majority of Golden State's in-force  
23 insurance and annuity contract records and files were previously transferred to IA American Life  
24 Insurance Company and are maintained in electronic format. The remaining records and files  
25 located at the off-site records storage facility consist of approximately 10,529 boxes containing  
26 closed claim files, closed benefit and personnel files, lapsed policy files, closed policy and annuity  
27 files, closed accounting and financial records, cancelled checks, closed legal files, and additional  
28 closed and unused company files and records. None of the files or records are needed by the me

4840-8485-9439.1

1 or my staff, or any party known by me or my staff, and for the past several years there has been no  
2 dependence on or retrieval of the records and files maintained at the storage facility. Golden  
3 State's historical records have previously been transferred to UCLA Library pursuant to  
4 previously Court-approved agreement and Court Order.

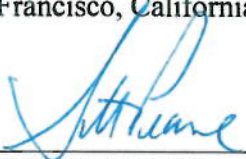
5 10. My staff provided notice of the intended destruction of said records and files to IA  
6 American Life Insurance Company (the solvent insurer who in 2010 assumed Golden State's in-  
7 force policies and annuity contracts) and The National Organization of Life and Health Insurance  
8 Guaranty Associations ("NOLHGA") (the insurance guaranty associations who assumed Golden  
9 State's policies not transferred to IA American). Neither IA American nor NOLHGA expressed  
10 any interest in copying or maintaining the files.

11 11. The cost to professional shred and destroy the records and files is approximately  
12 \$54,796.02, as shown by two estimates, true and correct copies of which attached hereto and  
13 incorporated herein as Exhibit "2." The professional shredding and destruction of Golden State's  
14 remaining records and files is necessary to complete the closing of Golden State's liquidation, and  
15 the approximate cost of \$54,796.02 for such services is reasonable and necessary based on the  
16 number of boxes at issue and scope of work to be performed.

17 12. Attached hereto and incorporated herein as Exhibit "3" is a true and correct copy of  
18 the Order Appointing Liquidator and Injunction in Aid of Liquidation dated January 28, 2011  
19 ("Order Appointing Liquidator").

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

22 Executed on this 26<sup>th</sup> day of May, 2016, at San Francisco, California.

23  
24   
25 SCOTT PEARCE

**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 Lewis Brisbois Bisgaard & Smith, LLP. I and Lewis Brisbois Bisgaard & Smith have been retained by the Insurance Commissioner of the State of California, in his capacity as Liquidator ("Liquidator") of Golden State Mutual Life Insurance Company ("Golden State"), to provide legal services concerning Golden State.

3. The Liquidator has provided written notice of this Application to all persons and entities known to the Liquidator or his staff that may have a substantial, unsatisfied claim that may be affected by this application and any Court Orders pertaining thereto, regardless of whether the persons or entities are a party to this action or have appeared in it, in compliance with California Rules of Court Rule 3.1184(c). Said persons and entities include Golden State's Certificate of Contribution holders, The National Organization of Life and Health Insurance Guaranty Associations and its attorneys, the Pension Benefit Guaranty Corporation and Pitney Bowes, Inc. The above described persons and entities are listed on the Proof of Service filed concurrently herewith. To maintain confidentiality, the names and addresses of Certificate of Contribution Holders are not listed on the Proof of Service.

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

Executed on this 1<sup>st</sup> day of June, 2016, at Los Angeles, California.



MICHAEL R. WEISS

EXHIBIT "1"



ORIGINAL

**FILED**  
Superior Court of California  
County of Los Angeles

DEC 30 2015

Sherri R. Carter, Executive Officer/Clerk  
By Amelia Valdez, Deputy

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**SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF LOS ANGELES**

INSURANCE COMMISSIONER OF THE  
STATE OF CALIFORNIA,

Applicant,

v.

GOLDEN STATE MUTUAL LIFE  
INSURANCE COMPANY, a California  
corporation,

Respondent.

Case No. BS123005

The Hon. Joanne O'Donnell, Dept. 86

**[PROPOSED] ORDER APPROVING:**

**(1) LIQUIDATOR'S DETERMINATIONS  
TO NOT HANDLE CLAIMS IN  
PRIORITY CLASSES 2 - 9 AND NOT  
UNDERTAKE A PROOF OF CLAIMS  
PROCESS;**

**(2) LIQUIDATOR'S DETERMINATIONS  
TO TERMINATE THE LIQUIDATION  
AND DISCHARGE THE LIQUIDATOR;**

**(3) LIQUIDATOR'S STATEMENT OF  
ASSETS AND LIABILITIES; AND**

**(4) LIQUIDATOR'S EXPENSES**

[Filed concurrently with Notice,  
Memorandum, Evidence and Proof of Service]

Date: November 20, 2015  
Time: 9:30 a.m.  
Dept: 86

**LEWIS  
BRISBOIS  
BISGAARD  
& SMITH LLP**  
ATTORNEYS AT LAW

4840-4873-0409.1

**[PROPOSED] ORDER GRANTING LIQUIDATOR'S APPLICATION AND APPROVING LIQUIDATOR'S  
DETERMINATIONS, STATEMENT OF ASSETS AND LIABILITIES, AND EXPENSES**

1 On November 20, 2015, in Department 86 of the Los Angeles Superior Court for the State  
2 of California, County of Los Angeles, located at 111 N. Hill Street, Los Angeles, California  
3 90012, the Honorable Joanne O'Donnell, Judge Presiding (the "Court"), held the hearing on the  
4 Liquidator's Notice Of Application And Application For Orders Approving: (1) Liquidator's  
5 Determinations To Not Handle Claims In Priority Classes 2 -- 9 And Not Undertake A Proof Of  
6 Claims Process; (2) Liquidator's Determinations To Terminate The Liquidation And Discharge  
7 The Liquidator; (3) Liquidator's Statement Of Assets And Liabilities; And (4) Liquidator's  
8 Expenses ("Application"), filed by Applicant Insurance Commissioner of the State of California in  
9 his capacity as Liquidator ("Liquidator") of Golden State Mutual Life Insurance Company  
10 ("Golden State").

11 Michael R. Weiss appeared on behalf of the Liquidator. Other appearances, if any, are  
12 noted in the record.

13 The Court, having read and considered the Liquidator's Application, the Notice,  
14 Memorandum of Points and Authorities, Declarations of Scott Pearce, Peter C. Kane and Michael  
15 R. Weiss, and evidence in support of the Application, and all documents and evidence submitted,  
16 and having heard and considered the arguments presented to the Court, and upon good cause  
17 shown,

18 IT IS HEREBY ORDERED that the Application is granted and that:

19 1. The Liquidator's determinations that Golden State possesses insufficient assets to  
20 permit distribution to creditors in Priority Classes 2 through 9 of Insurance Code § 1033 and,  
21 therefore, pursuant to Insurance Code § 1021(c)(1), the Liquidator will not handle claims against  
22 Golden State in those classes or undertake a proof of claims process (i.e., there will be no claims  
23 allowed or paid after Priority Class 1 Expenses of Administration), are approved;

24 2. The Liquidator's determinations that Golden State possesses insufficient assets to  
25 fully pay its expenses of administration in Priority Class 1 of Insurance Code § 1033 and,  
26 therefore, pursuant to Insurance Code § 1021(c)(2), it is necessary to terminate Golden State's  
27 liquidation and discharge the Liquidator, are approved;

28

1           3.       Golden State's liquidation is terminated and the Insurance Commissioner as  
2 Golden State's Liquidator is discharged upon the Liquidator filing a Declaration of Compliance  
3 confirming receipt of final payment from the Los Angeles County Arts Commission for its  
4 purchase of Golden State's Art Collection and the Liquidator's payment of any remaining  
5 expenses incurred to close the liquidation;

6           4.       The Liquidator's Statement of Assets and Liabilities dated as of August 31, 2015, is  
7 approved;

8           5.       The expenses incurred by the Liquidator to his appointed consultants and vendors  
9 for the period January 1, 2015 through August 31, 2015, and the Liquidator's estimates of his final  
10 expenses for the period September 1, 2015 through the termination of Golden State's liquidation,  
11 are approved; and

12          6.       The Liquidator is authorized to take any and all actions necessary to accomplish the  
13 purposes of the above requested Orders.

14  
15 DATED: DEC 30 2015

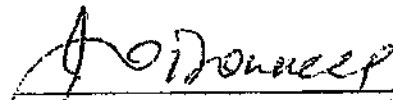
  
16 THE HONORABLE JOANNE O'DONNELL  
17 Los Angeles Superior Court Judge  
18  
19  
20  
21  
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EXHIBIT "2"



41099 Boyce Road, Fremont, CA 94538  
 Phone 510-623-9300 Fax 510-623-9517  
[www.grmdocumentmanagement.com](http://www.grmdocumentmanagement.com)

## Confidential Agreement

DATE	ACCOUNT NO.	P.O. NUMBER	AGREEMENT TERM	START DATE	BRANCH
3/3/2016	09100801/996		One Time Shred	TBD	San Francisco

### GRM INFORMATION MANAGEMENT SERVICES-CONFIDENTIAL SERVICE PROPOSAL FOR CERTIFIED SHREDDING SERVICES

COMPANY INFORMATION		CONTACT
Service Address	Invoice Address	<b>Mohammed Mojabi</b> <a href="mailto:mojabim@caclo.org">mojabim@caclo.org</a> 415-676-2169
<b>Conservation &amp; Liquidation Office</b> 425 3 <sup>rd</sup> Street San Francisco, CA 94107	Same	

### STANDARD SERVICES

QUANTITY	SERVICE DESCRIPTION	UNIT PRICE	TOTAL CHARGES
6,366.8 C.F.	Container Access	\$1.8375/ Cubic Foot	\$11,699.00
6,366.8 C.F.	Shredding Destruction	\$4.20/Cubic Foot	\$26,740.56
<i>Total Monthly Billing May Fluctuate Based Upon Services Rendered</i>		Estimated Destruction Fee	<b>\$38,439.56</b>

PLEASE SIGN AND RETURN BOTH PROPOSAL AND TERMS AND CONDITION COPIES FOR SIGNATURE BY GRM. A FULLY EXECUTED AGREEMENT WILL BE RETURNED TO YOU.

CUSTOMER: Conservation & Liquidation Office	GRM INFORMATION MANAGEMENT SERVICES
_____ Authorized Signature	_____ Authorized Signature
_____ Print Name	<del>Jeff Pauletti</del> Print Name
_____ Title/Date	<del>Account Manager 3/3/2016</del> Title/Date



PRICE QUOTE FOR: Estimate of destruction 4705 \*\* boxes based on standard size of 1.2 cubic feet per box (boxes at Iron Mountain)  
DATE: 3/7/2016

CUSTOMER INFORMATION					
Customer ID:		CALCO			
Case Number:		601521524-02			
Owning District		SS			
Quantity or Wt.		**5646 cubic feet			
Minimum Charge					
PRICING INFORMATION					
BILL CODE	DESCRIPTION	Rate	Unit of Measure	Quantity	Price
122	Retrieval box	\$1.397	cubic feet	5646	\$7,887.46
330	Destruction Shred	\$1.500	cubic feet	5646	\$8,469.00
					\$0.00
					\$0.00
					\$0.00
	Minimum Charge	\$0.000			\$0.00
TOTAL PRICE					\$16,356.46

\*\*Please note if box sizes are not standard 1.2 cubic feet and are larger, the price quote will differ.

Please note, final charges may be affected by the location, quantity, type and size of material, how the material is or will be stored, and labor time to complete. Quote does not include any

EXHIBIT "3"

ORIGINAL FILED

JAN 28 2011

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DEC 21 2010

DEPT 86

LOS ANGELES  
SUPERIOR COURT

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Attorneys for Applicant  
Insurance Commissioner of the State of California

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

INSURANCE COMMISSIONER OF THE  
STATE OF CALIFORNIA,

Applicant,

v.

GOLDEN STATE MUTUAL LIFE  
INSURANCE COMPANY, a California  
corporation,

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.)

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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**

5 THE HONORABLE ANN I. JONES  
6 Los Angeles Superior Court Judge