

# **EXHIBIT 1**

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**FILED**  
SUPERIOR COURT OF CALIFORNIA  
COUNTY OF LOS ANGELES

SEP 3 0 2009

John A. Clarke, Executive Officer/Clerk  
By *Connie L. Hudson* Deputy  
CONNIE L. HUDSON

7 Attorneys for Applicant Insurance Commissioner  
8 of the State of California

9 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA  
10 FOR THE COUNTY OF LOS ANGELES

11  
12 INSURANCE COMMISSIONER OF THE  
13 STATE OF CALIFORNIA,

CASE NO. **BS123005**

14 Applicant,

*ce*  
~~PROPOSED~~ ORDER APPOINTING  
CONSERVATOR AND RESTRAINING  
ORDER

15 v.

16 GOLDEN STATE MUTUAL LIFE  
INSURANCE, a California corporation,

17 Respondent.

Assigned For All Purposes To the Honorable  
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1 The verified Application of the Insurance Commissioner of the State of California ("the  
2 Commissioner") having been filed herein and it appearing to this Court from said Application that  
3 the Commissioner has (1) found Golden State Mutual Life Insurance Company ("Golden State")  
4 to be in such condition that its further transaction of business will be hazardous to its  
5 policyholders, creditors, and the public; and (2) found that said insurer does not comply with the  
6 requirements for the issuance to it of a certificate of authority,

7 **IT IS HEREBY ORDERED** that:

8 1. The Commissioner is appointed as Conservator (hereinafter "Conservator") of  
9 Golden State and directed him to conduct the business of Golden State or so much thereof as he  
10 may deem appropriate (Insurance Code §§ 1011 and 1037(a));

11 2. Title to all of the assets of Golden State, wheresoever situated, is vested in the  
12 Conservator or his or her successor in office, in his official capacity as such, including without  
13 limitation deposits, certificates of deposit, bank accounts, mutual funds, securities, contracts,  
14 rights of actions, books, records and other assets of any and every type and nature, wheresoever  
15 situated, presently in Golden State's possession or control those which may be discovered  
16 hereafter (Insurance Code § 1011);

17 3. All funds and assets, including without limitation deposits, certificates of deposit,  
18 bank accounts, securities, and mutual fund shares of Golden State, in various financial depository  
19 institutions, including without limitation banks, savings and loan associations, industrial loan  
20 companies, mutual funds and/or stock brokerages, wheresoever situated, are subject to  
21 withdrawal only upon direction or order by the Conservator (Insurance Code §§ 1011 and 1037  
22 General Powers);

23 4. The Conservator is authorized forthwith to take possession of all of Golden State's  
24 books, records, property, real and personal, and assets including without limitation accounts, safe  
25 deposit boxes, rights of actions and all assets as may be in the name of Golden State, wheresoever  
26 situated (Insurance Code § 1011);

27 5. The Conservator is authorized to collect all moneys due to Golden State, and to do  
28 such other acts as are necessary or expedient to collect, conserve, or protect Golden State's assets,

1 property, and business (Insurance Code § 1037(a));

2 6. The Conservator is authorized to collect all debts due and claims belonging to  
3 Golden State and to have the authority to sell, compound, compromise, or assign, for the purpose  
4 of collection upon such terms and conditions as the Conservator deems best, any bad or doubtful  
5 debts (Insurance Code § 1037(b));

6 7. The Conservator is authorized to compound, compromise or in any other manner  
7 negotiate settlements of claims against Golden State upon such terms and conditions as the  
8 Conservator shall deem to be in the best interest of the estate of Golden State (Insurance Code §  
9 1037(c));

10 8. The Conservator is authorized to acquire, hypothecate, encumber, lease, improve,  
11 sell, transfer, abandon, or otherwise dispose of or deal with, any real or personal property of  
12 Golden State at its reasonable market value, or, in cases other than acquisition, sale, or transfer on  
13 the basis of reasonable market value, upon such terms and conditions as the Conservator may  
14 deem proper, provided the market value of the property involved does not exceed the sum of  
15 twenty thousand dollars (\$20,000) (Insurance Code § 1037(d));

16 9. The Conservator, for the purpose of executing and performing any of the powers  
17 and authority conferred upon the Conservator under Insurance Code § 1010 *et seq.*, in the name of  
18 Golden State or in the Conservator's own name, is authorized to initiate, prosecute, and/or defend  
19 any and all suits and other legal proceedings, legal or equitable, and to execute, acknowledge and  
20 deliver any and all deeds, assignments, releases and other instruments necessary and proper to  
21 effectuate any sale of any real and personal property or other transaction in connection with the  
22 administration, liquidation or other disposition of the assets of Golden State, in this or other states  
23 as may appear to him necessary to carry out his functions as Conservator (Insurance Code §  
24 1037(f) and 1037 General Powers);

25 10. The Conservator is authorized to divert, take possession of and secure all mail of  
26 Golden State and to effect a change in the rights to use any and all post office boxes and other  
27 mail collection facilities used by Golden State (Insurance Code §§ 1011 and 1037 General  
28 Powers);



1           11.     The Conservator is authorized to invest and reinvest, in such manner as the  
2 Conservator may deem suitable for the best interests of the policyholders and creditors of Golden  
3 State, such portions of the funds and assets of Golden State in his possession as do not exceed the  
4 amount of the reserves required by law to be maintained by Golden State as reserves for life  
5 insurance policies, annuity contracts, supplementary agreements incidental to life business, and  
6 reserves for noncancellable disability policies, provided the investment or reinvestment to be  
7 made does not exceed the sum of one hundred thousand dollars (\$100,000), except that the  
8 Conservator may make investments or reinvestments in excess of \$100,000, but not exceeding  
9 \$5,000,000 per investment or reinvestment, if such investments or reinvestments are in  
10 compliance with Golden State's existing investment guidelines (Attached as Exhibit 2 to the  
11 Application and incorporated by reference herein) or are made pursuant to the investment  
12 guidelines of the Commissioner's Conservation & Liquidation Office (Attached as Exhibit 3 to  
13 the Application and incorporated by reference herein) including investments and reinvestments  
14 through an investment pool consisting exclusively of assets from conserved and/or liquidating  
15 estates (Insurance Code § 1037(g) and General Powers);

16           12.     The Conservator is authorized, in his discretion, to pay or defer payment of some  
17 or all claims, expenses, liabilities and/or obligations of Golden State, in whole or in part, accruing  
18 prior and/or subsequent to his appointments as Conservator; to establish a 90-day moratorium on  
19 surrenders of and withdrawals from life insurance policies and annuities; to develop and  
20 implement a procedure for surrenders of and withdrawals from life insurance policies and  
21 annuities due to hardship (Insurance Code §§ 1011 and 1037 General Powers);

22           13.     The Conservator is authorized to appoint and employ under his hand and official  
23 seal, special deputy commissioners and/or legal counsel, as his agents, and to employ clerks  
24 and/or assistants, and to give to each of them those powers that the Conservator deems necessary  
25 (Insurance Code §§ 1035(a) and 1036);

26           14.     The Conservator is authorized to fix the costs of employing special deputy  
27 commissioners, legal counsel, clerks, and/or assistants, and all expenses of taking possession of,  
28 conserving, conducting, liquidating, disposing of, or otherwise dealing with the business and

1 property of Golden State, subject to the approval of the court, and to pay such costs out of the  
2 assets of Golden State to the Conservator and others including without limitation expenses,  
3 expense allocations, administrative costs, administrative overhead, and costs incurred and/or  
4 allocated by the Conservation & Liquidation Office, and if there are insufficient funds to pay such  
5 costs, then to pay such costs out of the Insurance Fund pursuant to Insurance Code § 1035  
6 (Insurance Code §§ 1035(a), 1036 and 1037 General Powers);

7 15. The Conservator is authorized to assume or reject, or to modify, any executory  
8 contract, including without limitation, any lease, rental or utilization contract or agreement  
9 (including any schedule to any such contract or agreement), and any license or other arrangement  
10 for the use of computer software of business information systems, to which Golden State is a  
11 party or as to which Golden State agrees to accept an assignment of such contract, not later than  
12 120 days of the date of the Order Appointing Conservator, unless such date is extended by  
13 application to and further order of this Court, and if not expressly assumed by the Conservator  
14 within that time then such executory contract is deemed rejected (Insurance Code § 1037 General  
15 Powers);

16 16. The Conservator is authorized to terminate compensation arrangements with  
17 employees, to enter into new compensation arrangements with employees including arrangements  
18 containing retention incentives, and to hire employees on such terms and conditions as he deems  
19 reasonable (Insurance Code § 1037 General Powers);

20 17. The Conservator is granted all the powers of the directors, officers and managers  
21 of Golden State, whose authorities are suspended except as such powers may be redelegated in  
22 writing by the Conservator (Insurance Code § 1037 General Powers);

23 18. Except upon the express authorization of the Conservator, Golden State and its  
24 officers, directors, agents, servants, and employees are enjoined from the transaction of Golden  
25 State's business or disposition of its property including without limitation from disposing of,  
26 using, transferring, selling, assigning, canceling, alienating, hypothecating or concealing in any  
27 manner or any way, or assisting any person in any of the foregoing, of the property or assets of  
28 Golden State or property or assets in the possession of Golden State, of any nature or kind,



1 including without limitation claims or causes of action, until further order of this Court and  
2 further, such persons are enjoined from obstructing or interfering with the Conservator's conduct  
3 of his or her duties as Conservator (Insurance Code §§ 1011, 1020 and 1037);

4 19. All persons are enjoined from instituting or prosecuting or maintaining any action  
5 at law or suit in equity including without limitation actions or proceedings to compel discovery or  
6 production of documents or testimony, and matters in arbitration, and from obtaining or  
7 attempting to attain preferences, judgments, foreclosures, attachments or other liens of any kind  
8 or nature, against Golden State, its assets, or the Conservator, and from attaching, executing upon,  
9 foreclosing upon, redeeming of, making levy upon, or taking any other legal proceedings against  
10 any of the property and/or assets of Golden State, and from doing any act interfering with the  
11 conduct of said business by the Conservator, except after an order from this Court obtained after  
12 reasonable notice to the Conservator (Insurance Code §§ 1011, 1020 and 1037 General Powers);

13 20. Enjoining the sale or deed for nonpayment of taxes or assessments levied by any  
14 taxing agency of property and/or assets of Golden State (Insurance Code § 1020(f));

15 21. Except with leave of court issued after a hearing in which the Conservator has  
16 received reasonable notice, all persons are enjoined from accelerating the due date of any  
17 obligation or claimed obligation, exercising any right of set-off, taking, retaining, retaking or  
18 attempting to retake possession of any real or personal property, withholding or diverting any rent  
19 or other obligation, and doing any act or other thing whatsoever to interfere with the possession of  
20 or management by the Conservator of the property and assets, owned or controlled, by Golden  
21 State or in the possession of Golden State or in any way interfering with the Conservator or  
22 interfering in any manner during the pendency of this proceeding with the exclusive jurisdiction  
23 of this Court over Golden State (Insurance Code §§ 1020 and 1037 General Powers);

24 22. All persons are enjoined from the waste of the assets of Golden State (Insurance  
25 Code § 1020);

26 23. Golden State and all officers, directors, agents and employees of Golden State are  
27 ordered to deliver to, and immediately make available to, the Conservator all assets, books,  
28 records, accounts, information, computers, tapes, discs, writings, other recordings of information,

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1 equipment and other property of Golden State, wheresoever situated, in said persons custody or  
2 control and further, directing the aforesaid to disclose verbally, or in writing if requested by the  
3 Conservator, the exact whereabouts of the foregoing items if such items are not in the possession  
4 custody or control of said persons (Insurance Code §§ 1011, 1020 and 1037 General Powers);

5 24. All officers, directors, trustees, employees or agents of Golden State, or any other  
6 person, firm, association, partnership, corporate parent, holding company, affiliate or other entity  
7 in charge of any aspect of Golden State's affairs, either in whole or in part, and including but not  
8 limited to banks, savings and loan associations, financial or lending institutions, brokers, stock or  
9 mutual associations, or any parent, holding company, subsidiary or affiliated corporation or any  
10 other representative acting in concert with Golden State, are ordered to cooperate with the  
11 Conservator in the performance of his or her duties (Insurance Code § 1037 General Powers);

12 25. All persons who maintain records for Golden State, pursuant to written contract or  
13 any other agreement, are ordered to maintain such records and to deliver to the Conservator such  
14 records upon his request (Insurance Code §§ 1020 and 1037 General Powers);

15 26. All agents of Golden State, and all brokers who have done business with Golden  
16 State, are ordered to make all remittances of all funds collected by them or in their hands directly  
17 to the Conservator (Insurance Code §§ 1020 and 1037 General Powers);

18 27. All persons having possession of any lists of policyholders, escrow holders,  
19 mortgages or mortgagees of Golden State are ordered to deliver such lists to the Conservator and  
20 all persons are enjoined from using any such lists or any information contained therein without  
21 the consent of the Conservator (Insurance Code §§ 1020 and 1037 General Powers);

22 28. Golden State and its officers, directors, agents, servants, employees, successors,  
23 assigns, affiliates, and other persons or entities under their control and all persons or entities in  
24 concert or participation with Golden State, and each of them, are ordered to turn over to the  
25 Conservator all records, documentation, charts and/or descriptive materials of all funds, assets,  
26 property (owned beneficially or otherwise), and all other assets of Golden State wherever  
27 situated, and all books and records of accounts, title documents and other documents in their  
28 possession or under their control, which relate, directly or indirectly to assets or property owned

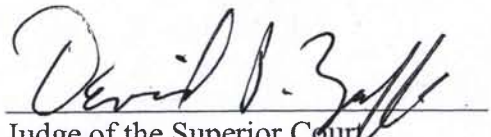




1 or held by Golden State or to the business or operations of Golden State (Insurance Code §§ 1020  
2 and 1037 General Powers);

3 29. Any and all provisions of any agreement entered into by and between any third  
4 party and Golden State, including by way of illustration, but not limited to, the following types of  
5 agreements (as well as any amendments, assignments, or modifications thereto), shall be stayed,  
6 and the assertion of any and all rights and remedies relating thereto shall also be stayed and  
7 barred, except as otherwise ordered by this Court, and this Court shall retain jurisdiction over any  
8 cause of action that has arisen or may otherwise arise under any such provision: financial  
9 guarantee bonds, promissory notes, loan agreements, security agreements, deeds of trust,  
10 mortgages, indemnification agreements, subrogation agreements, subordination agreements,  
11 pledge agreements, assignments of rents or other collateral, financial statements, letters of credit,  
12 leases, insurance policies, guaranties, escrow agreements, management agreements, real estate  
13 brokerage and rental agreements, servicing agreements, attorney agreements, consulting  
14 agreements, easement agreements, license agreements, franchise agreements, or employment  
15 contracts that provide in any manner that selection, appointment or retention of a conservator,  
16 receiver or trustee by any court, or entry of any order such as hereby made, shall be deemed to be,  
17 or otherwise operate as, a breach, violation, event of default, termination, event of dissolution,  
18 event of acceleration, insolvency, bankruptcy, or liquidation (Insurance Code §§ 1020 and 1037  
19 General Powers).

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22 Dated: SEP 30 2009

  
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Judge of the Superior Court

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**DECLARATION OF SERVICE BY E-MAIL AND OVERNIGHT COURIER**

Case Name: **Insurance Commissioner v. Golden State Mutual Life Insurance Co.**

No.:

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar, at which member's direction this service is made. I am 18 years of age or older and not a party to this matter; my business address is: 300 South Spring Street, Suite 1702, Los Angeles, CA 90013. I am familiar with the business practice at the Office of the Attorney General for collection and processing of correspondence for overnight mail with the **FEDERAL EXPRESS** overnight mail service. In accordance with that practice, correspondence placed in the internal mail collection system at the Office of the Attorney General is deposited with the overnight courier that same day in the ordinary course of business.

On **September 28, 2009**, I served the attached **[PROPOSED] ORDER APPOINTING CONSERVATOR AND RESTRAINING ORDER** by transmitting a true copy via electronic mail. In addition, I placed a true copy thereof enclosed in a sealed envelope, in the internal mail system of the Office of the Attorney General, for overnight delivery, addressed as follows:

Michael L. Rosenfield, Esq.  
Barger & Wolen LLP  
633 W. 5th Street  
Forty-Seventh Floor  
Los Angeles, California 90071-2045  
Phone: (213) 614-7321  
Fax: (213) 614-7399  
**E-mail Address:** mrosenfield@bargerwolen.com

I declare under penalty of perjury under the laws of the State of California the foregoing is true and correct and that this declaration was executed on **September 28, 2009**, at Los Angeles, California.

Veronica James  
Declarant

  
Signature



I certify that this is a true and correct copy of the  
original of order on file in this office consisting  
of 9 pages. JOHN A. CLARKE, Executive Officer/Clerk of the  
Superior Court of California, County of Los Angeles.

Date: SEP 30 2009 By: Jessica Le, Deputy

Jessica Le