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

18  
19 INSURANCE COMMISSIONER OF THE  
STATE OF CALIFORNIA,

20 Applicant,

21 v.

22 GOLDEN STATE MUTUAL LIFE  
23 INSURANCE COMPANY, a California  
corporation,

24 Respondent.

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

**MEMORANDUM IN SUPPORT OF  
APPLICATION FOR ORDERS  
APPROVING LIQUIDATOR'S  
DETERMINATIONS TO NOT HANDLE  
CLAIMS IN PRIORITY CLASSES 2  
THROUGH 9 AND TO NOT  
UNDERTAKE A PROOF OF CLAIMS  
PROCESS; AND DECLARATIONS OF  
SCOTT PEARCE AND MICHAEL WEISS**

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

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1 **I. INTRODUCTION**

2 This Application seeks Court approval of the Liquidator's determinations pursuant to  
3 Insurance Code § 1021(c) to (1) not handle claims against the assets of insolvent Golden State  
4 Mutual Life Insurance Company ("Golden State") from claimants in distribution priority classes 2  
5 through 9 under Insurance Code § 1033 (i.e., no claims after Priority Class 1 Expenses of  
6 Administration), and (2) not further undertake a proof of claims process in Golden State's  
7 liquidation proceeding. The Liquidator is Applicant Insurance Commissioner of the State of  
8 California ("Liquidator"). Court approval is appropriate because the above determinations are  
9 within the Liquidator's statutory authority and broad discretion, and are reasonable steps to take  
10 based upon the following facts.

11 Golden State was a mutual life insurance company domiciled and existing under the laws  
12 of the State of California. Prior to 2009, Golden State experienced financial difficulties when its  
13 assets and investments proved inadequate to support the reserves it required to meet its  
14 obligations.

15 On September 30, 2009, Los Angeles Superior Court Judge David P. Yaffe appointed the  
16 Insurance Commissioner to serve as Golden State's Conservator due to Golden State's financial  
17 impairment. On September 2, 2010, after receiving Court approval, the Conservator and IA  
18 American Life Insurance Company closed an Assumption Reinsurance Agreement which resulted  
19 in the successful transfer to solvent insurer IA American of Golden State's in-force insurance  
20 policies and annuity contracts at a premium (a substantial benefit to Golden State's  
21 policyholders). This transaction involved the transfer to IA American of approximately \$71  
22 million in reserve liability and approximately \$60 million in Golden State's assets including  
23 Golden State's commercial mortgage portfolio, bond portfolio, stock portfolio and other assets.  
24 Golden State retained certain real estate assets and troubled mortgage assets, as well as Golden  
25 State's art work (including two historical murals).

26 Thereafter, on January 28, 2011, Los Angeles Superior Court Judge Ann I. Jones  
27 terminated the Insurance Commissioner's status as Conservator and ordered and appointed the  
28 Insurance Commissioner to serve as Golden State's Liquidator. The Insurance Commissioner

1 was appointed to serve as Golden State's Liquidator because Golden State was insolvent in that,  
 2 as of September 30, 2010, Golden State's estimated liabilities exceeded its estimated remaining  
 3 assets by over \$3.5 million ("Order of Liquidation"). The Order of Liquidation, among other  
 4 things, placed Golden State into liquidation, vested title to Golden State's assets in the  
 5 Liquidator, directed the Liquidator to liquidate and wind up Golden State's business, and  
 6 provides the Liquidator with broad discretion and authorities to complete Golden State's  
 7 liquidation.

8 As part of the Court's Order of Liquidation, the Court established December 31, 2011 as  
 9 the first Claims Bar Date. The Claims Bar Date is the date that claims against the assets of  
 10 Golden State must be filed with the Liquidator. California Insurance Code §§ 1021-1024.  
 11 Thereafter, on September 28, 2011, July 20, 2012 and December 6, 2013, the Court granted the  
 12 Liquidator's three applications to continue the Claims Bar Date to December 31, 2012,  
 13 December 31, 2013 and December 31, 2014, respectively. The Claims Bar Date was continued  
 14 three times because Golden State's estimated net asset deficiency increased to at least  
 15 \$9,000,000 such that it was unlikely Golden State would possess sufficient assets for  
 16 distribution and, therefore, it was premature for the Liquidator to commence a claims handling  
 17 process.

18 At this time, as of December 31, 2014, Golden State's estimated net asset deficiency is at  
 19 least \$9,845,436. Golden State's remaining assets proved inadequate to meet its remaining  
 20 obligations. Further, as of December 31, 2014, and pursuant to the authorities set forth in  
 21 Insurance Code § 1035(a) and the Court's Order of Liquidation, Golden State has received  
 22 \$716,841 in administrative expense funding from the California Department of Insurance's  
 23 Insurance Fund to pay Golden State's liquidation administrative expenses. The Insurance Fund  
 24 contains monies appropriated for the maintenance of the Department which pursuant to Insurance  
 25 Code § 1035(a) can be used to pay an insolvent insurer's expenses of administration for the  
 26 insurer's conservation and liquidation. The \$716,841 received by Golden State to pay Golden  
 27 State's administrative expenses is an unpaid Priority Class 1 Expense of Administration against  
 28 Golden State's remaining assets. Golden State's remaining assets, however, total only \$416,607

as of December 31, 2014. The asset amount of \$416,607 consists of Golden State's remaining real estate currently valued at approximately \$150,000, Golden State's remaining Art Collection currently valued at \$40,000, and Golden State's remaining cash investments and investment income currently valued at \$226,607 [ $\$150,000 + \$40,000 + \$226,607 = \$416,607$ ].

Based on Golden State's current net asset deficiency and the current valuations of Golden State's remaining real estate and Art Collection, the Liquidator has determined that Golden State will never possess sufficient assets to permit any distribution of money to any priority classes of claimants other than Priority Class 1 Expenses of Administration as set forth in Insurance Code § 1033(a)(1), because the current remaining asset value of \$416,607 is less than the Priority Class 1 liability of \$716,841 owed to the Insurance Fund, resulting in a current deficiency to the Insurance Fund of \$300,324. This means that there are no assets to permit distribution of money to Priority Classes 2 through 9 such that Priority Classes 2 through 9 will not receive any money from Golden State's estate.

Based on this deficiency, the Liquidator has therefore further determined that pursuant to Insurance Code § 1021(c)(1) he will not handle claims against Golden State's assets from claimants in distribution Priority Classes 2 through 9 under Insurance Code § 1033 (i.e., no claims after Priority Class 1 Expenses of Administration), and will not undertake a proof of claims valuation process in the Golden State liquidation. In addition, although not part of this application, the Liquidator anticipates that once Golden State's remaining real estate and Art Collection are sold, then the Liquidator will likely decline to continue the liquidation in accordance with Insurance Code § 1021(c)(2) and apply for a Court Order approving the discontinuance and closure of Golden State's liquidation.

The known claimants in Priority Classes 2 through 9 who will not receive any money from Golden State's estate include:

1. Insurance guaranty associations including The National Organization of Life and Health Insurance Guaranty Associations having Priority Class 2 liabilities of at least \$1,664,205 for their assumption of non-transferred policy obligations;

2. The Pension Benefit Guaranty Corporation having a Priority Class 7 liability of \$5,127,622 for its acceptance of Golden State's Pension Plan;
3. Pitney Bowes, Inc. having a Priority Class 7 liability of unknown amount; and
4. Certificate of Contribution holders having Priority Class 7 liabilities including accrued interest of \$2,444,234.

Notice of this application and the requested Orders is being provided to these claimants.

It is necessary to not handle a proof of claims process because the Liquidator estimates that the administrative costs of handling a claims process would be at least \$75,000. This amount includes preparing and mailing proofs of claim packages to over 2,200 potential claimants, publishing notice in newspapers, and handling the returned proofs of claim packages from claimants. Conducting a proof of claim process would only serve to increase Golden State's administrative expenses, and thereby only increase Golden State's current deficiency to the Insurance Fund. The proofs of claims would go unpaid, and thus no reason exists to incur further expenses to adjust them.

In sum, there is good cause for the Court to grant this Application. The Liquidator's determinations are appropriate based on the facts discussed herein and within the Liquidator's statutory authority and broad discretion pursuant to the Order of Liquidation, Insurance Code §§ 1021 and 1037 and case law including *In Re Executive Life Insurance Company* (1995) 32 Cal.App.4th 344, discussed below.

## **II. FACTUAL BACKGROUND.**

Golden State was a mutual life insurance company domiciled and existing under the laws of the State of California. On September 30, 2009, Los Angeles Superior Court Judge David P. Yaffe appointed the Insurance Commissioner to serve as Golden State's Conservator due to Golden State's financial impairment. (Declaration of Scott Pearce ("Pearce Dec."), ¶ 6.)

On September 2, 2010, after receiving Court approval, the Conservator and IA American Life Insurance Company ("IA American") closed an Assumption Reinsurance Agreement which

1 resulted in the successful transfer to solvent insurer IA American all of Golden State's in-force  
 2 insurance policies and annuity contracts (a substantial benefit to Golden State's policyholders)  
 3 and the transfer to IA American of approximately \$71 million in reserve liability and  
 4 approximately \$60 million in Golden State's assets including Golden State's commercial  
 5 mortgage portfolio, bond portfolio, stock portfolio and other assets. (Pearce Dec., ¶ 7.)

6 On January 28, 2011, Los Angeles Superior Court Judge Ann I. Jones terminated the  
 7 Insurance Commissioner's status as Conservator and ordered and appointed the Insurance  
 8 Commissioner to serve as Golden State's Liquidator. The Insurance Commissioner was  
 9 appointed to serve as Golden State's Liquidator because Golden State was and remains insolvent  
 10 in that, as of September 30, 2010, Golden State's estimated liabilities of \$9,291,895 exceeded its  
 11 estimated remaining assets of \$5,721,154 by over \$3.5 million. The Order of Liquidation,  
 12 among other things, placed Golden State into liquidation, vested title to Golden State's assets in  
 13 the Liquidator, directed the Liquidator to liquidate and wind up Golden State's business, and  
 14 provides the Liquidator with broad discretion and authorities to complete Golden State's  
 15 liquidation. (Pearce Dec., ¶¶ 8-9; Order of Liquidation, Exhibit 1.)

16 Also on January 28, 2011, as part of the Court's Order of Liquidation, the Court  
 17 established December 31, 2011 as the first Claims Bar Date. The Claims Bar Date is the date that  
 18 claims against the assets of Golden State must be filed with the Liquidator. On September 28,  
 19 2011, July 20, 2012 and December 6, 2013, the Court granted the Liquidator's first, second and  
 20 third applications to continue the Claims Bar Date to December 31, 2012, December 31, 2013 and  
 21 December 31, 2014, respectively. The Claims Bar Date was continued from December 31, 2011  
 22 to December 31, 2014, because Golden State's estimated net asset deficiency was increased to at  
 23 least \$9,000,000 such that it was unlikely Golden State would ever possess sufficient assets for  
 24 distribution and, therefore, it was premature for the Liquidator to commence a claims handling  
 25 process. (Order of Liquidation, ¶ 32, Exhibit 1; Declaration of Michael R. Weiss ("Weiss Dec."),  
 26 ¶ 5; Orders Granting Liquidator's Application For Order Continuing Claims Bar Date, Exhibits 2-  
 27 4.)



Golden State's financial statements as of December 31, 2014 establish an estimated net asset deficiency of \$9,845,436, in that as of December 31, 2014 estimated liabilities are \$10,262,042 and remaining estimated assets are \$416,607. As of December 31, 2014, Golden State has received \$716,841 from the California Department of Insurance's Insurance Fund to pay Golden State's liquidation administrative expenses. The \$716,841 received by Golden State to pay Golden State's administrative expenses is an unpaid Priority Class 1 Expense of Administration against Golden State's remaining assets. (Pearce Dec., ¶¶ 10-14; Exhibit 5.)

The Liquidator began a process of realizing upon Golden State's remaining assets, but the sums on hand and expected to be recovered through this process will not suffice to justify a proof of claim process. Currently there are two categories of Golden State's assets to be liquidated by the Liquidator: (1) real estate now valued at approximately \$150,000, and (2) artwork commonly known as Golden State's Art Collection whose value is estimated to be at least \$40,000. In addition, Golden State's assets include remaining cash investments and investment income currently valued at \$226,607. The three assets total the \$416,607 reflected as Golden State's remaining assets. The real estate is under contract and the Art Collection remains for sale. The Liquidator has received an offer from the County of Los Angeles through its Los Angeles County Arts Commission ("County") for the Liquidator to sell Golden State's Art Collection to the County for \$65,000. (Pearce Dec., ¶¶ 15-16.)

Based on Golden State's current net asset deficiency and the current valuations of Golden State's remaining real estate and Art Collection, the Liquidator has determined that Golden State will never possess sufficient assets to permit any distribution of money to any priority classes of claimants other than Priority Class 1 Expenses of Administration as set forth in Insurance Code § 1033(a)(1), because the current remaining asset value of \$416,607 is less than the Priority Class 1 liability of \$716,841 owed to the Insurance Fund, resulting in a current deficiency to the Insurance Fund of \$300,324. Based on this deficiency, the Liquidator has therefore further determined that pursuant to Insurance Code § 1021(c)(1) he will not handle claims against Golden State's assets from claimants in distribution Priority Classes 2 through 9 under Insurance Code §

1 1033 (i.e., no claims after Priority Class 1 Expenses of Administration), and will not undertake a  
2 proof of claims process in the Golden State liquidation. (Pearce Dec., ¶¶ 17-18.)

3 The known claimants in Priority Classes 2 through 9 who will not receive any money from  
4 Golden State's estate include:

- 5 1. Insurance guaranty associations including The National Organization of  
6 Life and Health Insurance Guaranty Associations having Priority Class 2  
7 liabilities of at least \$1,664,205 for their assumption of non-transferred  
8 policy obligations;
- 9 2. The Pension Benefit Guaranty Corporation having a Priority Class 7  
10 liability of \$5,127,622 for its acceptance of Golden State's Pension Plan;
- 11 3. Pitney Bowes, Inc. having a Priority Class 7 liability of unknown amount;  
12 and
- 13 4. Certificate of Contribution holders having Priority Class 7 liabilities  
14 including accrued interest of \$2,444,234. (Pearce Dec., ¶ 19.)

15 Notice of this application and the requested Orders was provided to these claimants.  
16 (Weiss Dec., ¶ 4; Proof of Service.)

17 It is necessary to not handle a proof of claims process because the Liquidator estimates  
18 that the administrative costs of handling a claims process would be at least \$75,000. This amount  
19 includes preparing and mailing proofs of claim packages to over 2,200 potential claimants,  
20 publishing notice in newspapers, and handling the returned proofs of claim packages from  
21 claimants. Conducting a proof of claim process would only serve to increase Golden State's  
22 administrative expenses, and thereby only increase Golden State's current deficiency to the  
23 Insurance Fund. (Pearce Dec., ¶ 20; Weiss Dec., ¶ 3.)

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1 **III. STATUTORY SCHEME.**

2 **A. Establishment of Claims Bar Date.**

3 After issuance of an order to liquidate an insurer, the Liquidator establishes a claims bar  
 4 date ("Claims Bar Date") by which claimants to the insolvent insurer's assets are required to file  
 5 their claims against the insurer, and thereafter the Liquidator publishes in newspapers notice of  
 6 the Claims Bar Date to the insurer's policyholders, creditors, shareholders and all other persons  
 7 interested in the insurer's assets. (Insurance Code §§ 1021(a) and 1022.) The notice is to be  
 8 "published in a newspaper of general circulation ... in the county in which the proceeding is  
 9 pending, and in the Counties of Alameda, Los Angeles, Sacramento, San Diego, San Francisco,  
 10 and Santa Clara, not less than once a week for four consecutive weeks." (Insurance Code §  
 11 1022.)

12 Specifically, Insurance Code § 1021, entitled "Notice to claimants," states in pertinent  
 13 part:

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

21 Insurance Code § 1022, entitled "Publication of notice," states in pertinent part:

22 The notice shall be published in newspapers of general circulation in geographic  
 23 areas pertinent to the liquidation. The notice shall reference a source, either the  
 24 liquidated company's or the liquidator's Internet Web site, where ongoing  
 25 information for creditors shall be provided. A copy of the notice, accompanied by  
 26 an affidavit of due publication, including a statement of the date of publication,  
 27 shall be filed with the clerk of the court.

28 **B. Liquidator Can Decline to Handle Claims and/or Decline to Continue and  
 Abandon the Liquidation.**

Notwithstanding the establishment of a Claims Bar Date, if the Liquidator determines that  
 an insolvent insurer is not likely to possess sufficient assets to permit significant distribution to

certain priority classes of claimants, then pursuant to Insurance Code § 1021(c)(1) the Liquidator may decline to handle certain claims from classes of claimants. Further, pursuant to Insurance Code § 1021(c)(2), if the Liquidator determines that the insolvent insurer is not likely to possess sufficient assets to pay the administrative expenses to liquidate the insurer, then the Liquidator may decline to continue, and may abandon, the liquidation.

By way of example only, if there are insufficient assets to pay claimants in Priorities 5 through 9, then using assets to handle such claims lessens assets available to pay claimants in Priorities 1 through 4; so the Liquidator is authorized to decide not to handle claims in Priority classes 5 through 9. And if there are insufficient assets to pay an insolvent insurer's expenses of administration, then the Liquidator is authorized to decide not to continue with the liquidation and to close the insolvent insurer's estate.

Specifically, Insurance Code § 1021(c), Subsections (1) and (2) states:

Notwithstanding the provisions of subdivision (a), both of the following apply:

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

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

Insurance Code § 1033(a) provides the distribution priorities for insolvent insurers, which states in pertinent part that funds available are distributed in the following order:

(a) Claims allowed in a proceeding under this article shall be given preference in the following order:

(1) Expense of administration.

(2) All claims of the California Insurance Guarantee Association or the California Life and Health Insurance Guarantee Association, and associations or entities performing a similar function in other states, together with claims for refund of unearned premiums and all claims under insurance and annuity policies or

contracts, including funding agreements, of an insolvent insurer that are not covered claims.

....

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

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

(5) Taxes due to the State of California.

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

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

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

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

Additionally, pursuant to Insurance Code § 1017(a), the Liquidator at any time during the liquidation may apply for an order dissolving the insolvent insurer. Insurance Code § 1017, entitled "Order dissolving corporation," states in Subsection (a) "In the commissioner's application for an order for the liquidation of a domestic corporation, or at any time thereafter, the commissioner may apply for, and the court shall make, an order dissolving the corporation."

#### **IV. ARGUMENT**

##### **A. Court Approval of the Liquidator's Determinations to Not Handle Claims From Claimants in Distribution Priority Classes 2 through 9 and to Not Undertake a Proof of Claims Process, are Appropriate.**

As of December 31, 2014, Golden State's estimated net asset deficiency is at least \$9,845,436. Further, as of December 31, 2014, Golden State has received \$716,841 in administrative expense funding from the California Department of Insurance's Insurance Fund to pay Golden State's liquidation administrative expenses. The \$716,841 received by Golden State to pay Golden State's administrative expenses is an unpaid Priority Class 1 Expense of Administration against Golden State's remaining assets. Golden State's remaining assets, however, total only \$416,607 as of December 31, 2014. The asset amount of \$416,607 consists of Golden State's remaining real estate currently valued at approximately \$150,000, Golden State's remaining Art Collection currently valued at \$40,000, and Golden State's remaining cash

1 investments and investment income currently valued at \$226,607 [ $\$150,000 + \$40,000 +$   
 2  $\$226,607 = \$416,607$ ]. (Pearce Dec., ¶¶ 10-14, Exhibit 5.)

3 Based on Golden State's current net asset deficiency and the current valuations of Golden  
 4 State's remaining real estate and Art Collection, the Liquidator has determined that Golden State  
 5 will never possess sufficient assets to permit any distribution of money to any priority classes of  
 6 claimants other than Priority Class 1 Expenses of Administration as set forth in Insurance Code §  
 7 1033(a)(1), because the current remaining asset value of \$416,607 is less than the Priority Class 1  
 8 liability of \$716,841 owed to the Insurance Fund, resulting in a current deficiency to the  
 9 Insurance Fund of \$300,324. Based on this deficiency, the Liquidator has therefore further  
 10 determined that pursuant to Insurance Code § 1021(c)(1) he will not handle claims against Golden  
 11 State's assets from claimants in distribution Priority Classes 2 through 9 under Insurance Code §  
 12 1033 (i.e., no claims after Priority Class 1 Expenses of Administration), and will not undertake a  
 13 proof of claims process in the Golden State liquidation. (Pearce Dec., ¶¶ 15-18.)

14 It is necessary to forego conducting a proof of claims process because the Liquidator  
 15 estimates that the administrative costs of handling a claims process would be at least \$75,000.  
 16 This amount includes preparing and mailing proofs of claim packages to over 2,200 potential  
 17 claimants, publishing notice in newspapers, and handling the returned proofs of claim packages  
 18 from claimants. The cost to mail proofs of claim packages and handle the initial stages of the  
 19 proof of claim process is estimated by the Liquidator to be at least \$40,000, and the cost to  
 20 publish notice in the required newspapers is estimated by the Liquidator to be at least an  
 21 additional \$35,000; for a total of at least \$75,000. Conducting a proof of claim process would  
 22 only increase the administrative expense to Golden State, and thereby only increase Golden  
 23 State's current deficit to the Insurance Fund. (Pearce Dec., ¶ 20; Weiss Dec., ¶ 3.)

24 In sum, given the financial impairment of Golden State, there is good cause for the Court  
 25 to grant this Application. The Liquidator's determinations are appropriate based on the facts  
 26 discussed herein and within the Liquidator's statutory authority and broad discretion pursuant to  
 27 the Order of Liquidation, Insurance Code §§ 1021 and 1037 and case law including *In Re*  
 28 *Executive Life Insurance Company* (1995) 32 Cal.App.4th 344, discussed below.

**B. The Orders Requested Herein Are Consistent with the Liquidator's Authorities and Discretion under the Court's Order of Liquidation, the Insurance Code and Case Law.**

The requested Court Orders are authorized and consistent with the Liquidator's authorities and discretion under the Court's prior Order of Liquidation (Ex. 1 hereto), the Insurance Code and California case law – all of which grants broad powers to the Insurance Commissioner as conservator and liquidator of insurance companies, as discussed below.

First, pursuant to the Order of Liquidation attached hereto as Exhibit 1, the Liquidator is “directed as Liquidator to liquidate and wind up the business of Golden State and to act in all ways and exercise all powers necessary for the purpose of carrying out [the liquidation]”, is “authorized ... to do such other acts as are necessary or expedient to collect, conserve, protect and/or liquidate Golden State's assets, property and business,” and is “authorized to take any and all action necessary to accomplish the purposes of [the Order of Liquidation]. (Order of Liquidation, Ex. 1, ¶¶ 2, 5, 34; as authorized in Insurance Code §§ 1011, 1016, 1037 General Powers.)

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

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

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

....

[General powers.] The enumeration, in this article, of the duties, powers and authority of the commissioner in proceedings under this article shall not be 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

1 necessary or expedient for the accomplishment or in aid of the purpose of such  
2 proceedings.

3 Further, Insurance Code § 1021(c)(1) states that “If the [Liquidator] determines that the  
4 business subject to liquidation order possesses, or is likely to possess, insufficient assets to permit  
5 significant distribution to a person interested in those assets, the [Liquidator] may decline to  
6 handle a claim submitted pursuant to [Section 1021(a).”

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

11 The Commissioner is an officer of the state (*Caminetti v. Pac.*  
12 *Mutual L. Ins. Co.* (1943) 22 Cal.2d 344, 354 [139 P.2d 908]) who, when  
13 he or she is a conservator, exercises the state's police power to carry  
14 forward 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].)

15 In exercising this power, the Commissioner is vested with broad discretion.  
16 (*Commercial Nat. Bank v. Superior Court* [(1993)] 14 Cal.App.4th [393] at p.  
17 402.) This discretion is subject to statutory limitations (see *id.* at p. 409) and the  
18 requirement that the exercise of discretion be neither arbitrary nor improperly  
discriminatory. (*Carpenter v. Pacific Mut. Life Ins. Co.*, *supra*, 10 Cal.2d at p.  
19 329.) 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.  
20 ([Insurance Code] § 1057.)

21 ...

22 . . . The trial court reviews the Commissioner's actions under the abuse of  
23 discretion standard. (*Commercial Nat. Bank v. Superior Court*, *supra*, 14  
24 Cal.App.4th 393, 398): was the action arbitrary, i.e. unsupported by a rational  
25 basis, or is it contrary to specific statute, a breach of the fiduciary duty of the  
conservator as trustee, or improperly discriminatory? (*In Re Executive Life*, *supra*,  
26 at pp. 356 and 358.)



**V. NOTICE OF THIS APPLICATION.**

The Liquidator has provided written notice of this application to Certificate of Contribution holders, The National Organization of Life and Health Insurance Guaranty Associations and its attorneys, Pension Benefit Guaranty Corporation and its attorney, and Pitney Bowes, Inc. The above described persons and entities are listed on the Proof of Service filed concurrently herewith. (Weiss Dec., ¶ 4; and Proof of Service.)

**VI. CONCLUSION**

There is good cause for the Court to grant this application. Accordingly, the Liquidator requests that the Court grant this application and issue the following orders:

1. An Order approving the Liquidator's determination pursuant to Insurance Code § 1021(c) to not handle claims against the assets of insolvent Golden State Mutual Life Insurance Company ("Golden State") from claimants in distribution Priority Classes 2 through 9 under Insurance Code § 1033 (i.e., no claims after Priority Class 1 Expenses of Administration), which includes not handling the claims and making no payments to:

- a. Insurance guaranty associations including The National Organization of Life and Health Insurance Guaranty Associations having Priority Class 2 liabilities of at least \$1,664,205 for their assumption of non-transferred policy obligations;
- b. The Pension Benefit Guaranty Corporation having a Priority Class 7 liability of \$5,127,622 for its acceptance of Golden State's Pension Plan;
- c. Pitney Bowes, Inc. having a Priority Class 7 liability of unknown amount; and
- d. Certificate of Contribution holders having Priority Class 7 liabilities including accrued interest of \$2,444,234.

2. An Order approving the Liquidator's determination pursuant to Insurance Code § 1021(c) to not undertake a proof of claims process in Golden State's liquidation proceeding; and

1           3.       An Order authorizing the Liquidator to take any and all actions necessary to  
2 accomplish the purposes of the Orders requested above.

3  
4       DATE: February 18, 2015

KAMALA D. HARRIS  
Attorney General of California  
DIANE S. SHAW  
W. DEAN FREEMAN  
Supervising Deputy Attorneys General  
LISA W. CHAO  
Deputy Attorney General

EPSTEIN TURNER WEISS  
A Professional Corporation

5  
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11       By: 

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

**DECLARATION OF SCOTT PEARCE**

I, Scott Pearce, declare as follows:

1. I have personal knowledge of the facts and circumstances set forth in this declaration, and if called upon to do so, I could and would competently testify thereto.

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

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

4. I have read the Liquidator's Application For Orders Approving Liquidator's Determinations To Not Handle Claims In Priority Classes 2 Through 9 And To Not Undertake A Proof Of Claims Process, and Declaration of Michael R. Weiss.

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

**Order of Liquidation for Golden State.**

6. Golden State was a mutual life insurance company domiciled and existing under the laws of the State of California. On September 30, 2009, Los Angeles Superior Court Judge David P. Yaffe appointed the Insurance Commissioner to serve as Golden State's Conservator due to Golden State's financial impairment.

7. On September 2, 2010, after receiving Court approval, the Conservator and IA American Life Insurance Company (“IA America”) closed an Assumption Reinsurance Agreement which resulted in the successful transfer to solvent insurer IA American all of Golden State’s in-force insurance policies and annuity contracts (a substantial benefit to Golden State’s policyholders) and to transfer to IA American of approximately \$71 million in reserve liability and approximately \$60 million in Golden State’s assets including Golden State’s commercial mortgage portfolio, bond portfolio, stock portfolio and other assets. Golden State retained certain assets, including its art collection (and historical murals), and certain real estate and troubled loan assets. Although the Liquidator has realized substantial sums from those retained assets, the asset proceeds will nonetheless not suffice to justify processing proofs of claims in this estate.

8. On January 28, 2011, Los Angeles Superior Court Judge Ann I. Jones terminated the Insurance Commissioner’s status as Conservator and ordered and appointed the Insurance Commissioner to serve as Golden State’s Liquidator, and issued an Order Appointing Liquidator and Injunction in Aid of Liquidation (“Order of Liquidation”). Attached hereto and incorporated herein as Exhibit “1” is a true and correct copy of the Order of Liquidation.

9. The Liquidator was appointed Liquidator because Golden State was and remains insolvent in that, as of September 30, 2010, Golden State’s estimated liabilities of \$9,291,895 exceed its estimated remaining assets of \$5,721,154 by over \$3.5 million (\$5,721,154 in assets - \$9,291,895 in liabilities = \$-3,570,741). The Order of Liquidation, among other things, placed Golden State into liquidation, vested title to Golden State’s assets in the Liquidator, directed the Liquidator to liquidate and wind up Golden State’s business, and provides the Liquidator with broad discretion and authorities to complete Golden State’s liquidation.

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

10. The current estimated net asset deficiency as of December 31, 2014, is \$9,845,436 as discussed below. Attached hereto and incorporated herein as Exhibit “5” is a true and correct summary of Golden State’s assets and liabilities as of December 31, 2014.

1           11.     As of December 31, 2014, assets retained by Golden State total approximately  
2     \$416,607 and include the following:

- 3                 a.     Cash and cash equivalents of \$226,607;  
4                 b.     Real estate valued at approximately \$150,000; and  
5                 c.     Artwork whose value is at least \$40,000.

6           12.     As of December 31, 2014, liabilities retained by Golden State currently are  
7     estimated to be at least approximately \$10,262,042 and include the following estimates of  
8     possible claims which may be asserted:

- 9                 a.     Unclaimed funds payable of \$257,017;  
10                b.     Accrued liabilities of \$768,965;  
11                c.     Liabilities of \$1,664,205 to insurance guarantee associations for their  
12                    assumption of non-transferred policy obligations;  
13                d.     Pension Plan liability of \$5,127,622, which is the difference between the  
14                    liability when the plan was terminated on December 31, 2010 and the plans  
15                    assets at termination;  
16                e.     Obligations under Certificates of Contribution including accrued interest of  
17                    \$2,444,234; and  
18                f.     Non-contractual liability to Golden State's policyholders as mutual owners  
19                    of Golden State, who retain their § 1033 priority 9 rights. (See Exhibit 5.)

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

24           14.     As of December 31, 2014, and pursuant to the Order of Liquidation and Insurance  
25     Code § 1035(a), Golden State has received \$716,841 from the California Department of  
26     Insurance's Insurance Fund to pay Golden State's liquidation administrative expenses. The  
27     Insurance Fund contains monies appropriated for the maintenance of the Department which  
28     pursuant to Insurance Code § 1035(a) can be used to pay an insolvent insurer's expenses of

administration for the insurer's conservation and liquidation. The \$716,841 received by Golden State to pay Golden State's administrative expenses is an unpaid Priority Class 1 Expense of Administration against Golden State's remaining assets in Golden State's liquidation proceeding.

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

15. The Liquidator began a process of realizing upon Golden State's remaining assets, but the sums on hand and expected to be recovered through this process will not suffice to justify a proof of claim process. The Liquidator previously liquidated or transferred most of Golden State's assets. The remaining assets are unlikely to generate proceeds sufficient to justify a proof of claims process. Currently there are two categories of Golden State's assets to be liquidated by the Liquidator: (1) real estate valued at approximately \$150,000, and (2) artwork commonly known as Golden State's Art Collection whose value is estimated to be at least \$40,000. In addition, Golden State's assets include remaining cash investments and investment income currently valued at \$226,607. These three assets total the \$416,607 reflected as Golden State's remaining assets. The real estate is under contract and the Art Collection remains for sale.

16. The Liquidator has received an offer from the County of Los Angeles through its Los Angeles County Arts Commission ("County") for the Liquidator to sell Golden State's Art Collection to the County for \$65,000.

#### **Determinations regarding Proof of Claim Process**

17. Based on Golden State's current net asset deficiency and the current valuations of Golden State's remaining real estate and Art Collection, the Liquidator has determined that Golden State will never possess sufficient assets to permit any distribution of money to any priority classes of claimants other than Priority Class 1 Expenses of Administration as set forth in Insurance Code § 1033(a)(1), because the current remaining asset value of \$416,607 is less than the Priority Class 1 liability of \$716,841 owed to the Insurance Fund, resulting in a current deficiency to the Insurance Fund of \$300,324. Based on this deficiency, the Liquidator has therefore further determined that pursuant to Insurance Code § 1021(c)(1) he will not handle claims against Golden State's assets from claimants in distribution Priority Classes 2 through 9

1 under Insurance Code § 1033 (i.e., no claims after Priority Class 1 Expenses of Administration),  
2 and will not undertake a proof of claims process in the Golden State liquidation.

3 18. In addition, the Liquidator anticipates that once Golden State's remaining real  
4 estate and Art Collection are sold, then the Liquidator will likely decline to continue the  
5 liquidation in accordance with Insurance Code § 1021(c)(2) and apply for a Court Order  
6 approving the discontinuance and closure of Golden State's liquidation.

7 19. The claimants known to the Liquidator in Priority Classes 2 through 9 who will not  
8 receive any money from Golden State's estate include:

- 9 a. Insurance guaranty associations including The National Organization of  
10 Life and Health Insurance Guaranty Associations having Priority Class 2  
11 liabilities of at least \$1,664,205 for their assumption of non-transferred  
12 policy obligations;
- 13 b. The Pension Benefit Guaranty Corporation having a Priority Class 7  
14 liability of \$5,127,622 for its acceptance of Golden State's Pension Plan;
- 15 c. Pitney Bowes, Inc. having a Priority Class 7 liability of unknown amount;  
16 and
- 17 d. Certificate of Contribution holders having Priority Class 7 liabilities  
18 including accrued interest of \$2,444,234. (Pearce Dec., ¶ 19.)

19 20. It is necessary to not handle a proof of claims process because the Liquidator  
20 estimates that the administrative costs of handling a claims process would be at least \$75,000.  
21 This amount includes preparing and mailing proofs of claim packages to over 2,200 potential  
22 claimants, publishing notice in newspapers, and handling the returned proofs of claim packages  
23 from claimants. The cost to mail proofs of claim packages and handle the initial stages of the  
24 proof of claim process is estimated by the Liquidator to be at least \$40,000, and the cost to  
25 publish notice in the required newspapers is estimated by the Liquidator to be at least an  
26 additional \$35,000; for a total of at least \$75,000. Conducting a proof of claim process would  
27 only serve to increase Golden State's administrative expenses, and thereby only increase Golden  
28 State's current deficiency to the Insurance Fund.

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

3 Executed on this 17<sup>th</sup> day of February, 2015, at San Francisco, California.

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6 SCOTT PEARCE  
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**DECLARATION OF MICHAEL R. WEISS**

I, Michael R. Weiss, declare as follows:

1. I am over 18 years of age and have personal knowledge of the facts and circumstances set forth in this declaration, and if called upon to do so, I could and would competently testify thereto.

2. I am an attorney licensed to practice law in the State of California, and am a partner with the law firm Epstein Turner Weiss, A Professional Corporation. I and Epstein, Turner Weiss have been retained by the Insurance Commissioner of the State of California, in his capacity as Conservator and then as Liquidator of Golden State Mutual Life Insurance Company ("Golden State"), to provide legal services concerning Golden State.

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

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

The total of these amounts is \$31,851.68. On September 23, 2013, I contacted the Los Angeles Times and San Francisco Chronicle and confirmed that the above costs remain approximately the same. Similarly, on February 13, 2015, I again contacted the Los Angeles Times and confirmed that the above cost remains approximately the same. Based on these three telephone calls, I understand that the above costs remain approximately the same for all six newspapers at this time.

4. I and my staff provided written notice of this Application to Certificate of Contribution holders, The National Organization of Life and Health Insurance Guaranty

1 Associations and its attorneys, Pension Benefit Guaranty Corporation and its attorney, and Pitney  
2 Bowes, Inc. The above described persons and entities are listed on the Proof of Service filed  
3 concurrently herewith.

4 5. On September 28, 2011, July 20, 2012 and December 6, 2013, this Court granted  
5 the Liquidator's first, second and third applications to continue the Claims Bar Date to December  
6 31, 2012, December 31, 2013 and December 31, 2014. True and correct copies of the Orders  
7 Granting Liquidator's Application For Order Continuing Claims Bar Date are attached hereto and  
8 incorporated herein as Exhibits 2, 3 and 4.

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

11 Executed on this 18<sup>th</sup> day of February, 2015, at Los Angeles, California.

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14 MICHAEL R. WEISS  
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# **EXHIBIT 1**

ORIGINAL FILED

JAN 28 2011

RECEIVED

LOS ANGELES  
SUPERIOR COURT

DEC 21 2010

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

16 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
17 FOR THE COUNTY OF LOS ANGELES

18  
19 INSURANCE COMMISSIONER OF THE  
STATE OF CALIFORNIA,

20 Applicant,

21 v.

22 GOLDEN STATE MUTUAL LIFE  
23 INSURANCE COMPANY, a California  
corporation,

24 Respondent.

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

~~[PROPOSED]~~ ORDER OF LIQUIDATION  
AND ORDERS AND INJUNCTIONS IN  
AID OF LIQUIDATION FOR GOLDEN  
STATE MUTUAL LIFE INSURANCE  
COMPANY

Date: January 28, 2011  
Time: 9:30 a.m.  
Dept: 86

1 On January 28, 2011, in Department 86 of the above-entitled Court, the Honorable Ann I.  
2 Jones, Judge Presiding (the "Court"), the Court held the hearing on the Court's Order to Show  
3 Cause and the Motion For Order Of Liquidation And Orders And Injunctions In Aid Of  
4 Liquidation For Golden State Mutual Life Insurance Company, filed by Applicant Steve Poizner,  
5 Insurance Commissioner of the State of California, in his capacity as Conservator ("Conservator")  
6 of Golden State Mutual Life Insurance Company in Conservation ("Golden State"). Deputy  
7 Attorney General Marta L. Smith and attorney Michael R. Weiss appeared on behalf of the  
8 Conservator. Other appearances, if any, are noted in the record.

9 The Court, having read and considered the Conservator's Notice of Order to Show Cause  
10 and Motion, Memorandum of Points and Authorities in support of the Motion, the Declarations of  
11 David E. Wilson and Michael R. Weiss, and all documents and evidence submitted, and having  
12 heard and considered the arguments presented to the Court, and upon good cause shown,

13 IT IS HEREBY ORDERED that the Conservator's Motion is granted and that:

14 **A. Liquidation, Administration and Operation**

15 1. As of September 30, 2010, Golden State is insolvent and remains insolvent today,  
16 and it would be futile for the Commissioner to proceed as Conservator; and therefore, sufficient  
17 grounds exist in accordance with Insurance Code § 1016 for entry of an order of liquidation of  
18 Golden State. (Insurance Code § 1016.)

19 2. The Commissioner's status as Conservator is terminated, he is appointed  
20 Liquidator of Golden State as set forth in Insurance Code § 1016, and he is directed as Liquidator  
21 to liquidate and wind up the business of Golden State and to act in all ways and exercise all  
22 powers necessary for the purpose of carrying out this Order. (Insurance Code § 1016.)

23 3. Title to all of the assets of Golden State, wheresoever situated, shall remain vested  
24 in the Commissioner, now as Liquidator, or his successor in office, in his official capacity as  
25 such, including without limitation real and personal property, deposits, certificates of deposit,  
26 bank accounts, mutual funds, securities, contracts, rights of actions, books, records and other  
27 assets of any and every type and nature, wheresoever situated, presently in Golden State's  
28

1 possession and/or those which may be discovered hereafter. (Insurance Code §§ 1011, 1016 and  
2 1037 General Powers.)

3 4. All funds and assets, including without limitation deposits, certificates of deposit,  
4 bank accounts, securities, and mutual fund shares of Golden State, in various financial depository  
5 institutions, including without limitation banks, savings and loan associations, industrial loan  
6 companies, mutual funds and/or stock brokerages, wheresoever situated, are subject to withdrawal  
7 only upon direction or order by the Liquidator. (Insurance Code §§ 1011, 1016 and 1037 General  
8 Powers.)

9 5. The Liquidator is authorized to collect all moneys due to Golden State, and to do  
10 such other acts as are necessary or expedient to collect, conserve, protect and/or liquidate Golden  
11 State's assets, property and business. (Insurance Code § 1037(a).)

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

16 7. The Liquidator is authorized to compound, compromise or in any other manner  
17 negotiate settlements of claims against Golden State upon such terms and conditions as the  
18 Liquidator shall deem to be most advantageous to the estate of Golden State. (Insurance Code §  
19 1037(c).)

20 8. The Liquidator is authorized, without permission of the court and without notice,  
21 to acquire, hypothecate, encumber, lease, improve, sell, transfer, abandon, or otherwise dispose of  
22 or deal with, any real or personal property of Golden State at its reasonable market value, or, in  
23 cases other than acquisition, sale, or transfer on the basis of reasonable market value, upon such  
24 terms and conditions as the Liquidator may deem proper, provided the market value of the  
25 property involved does not exceed the sum of twenty thousand dollars (\$20,000). (Insurance  
26 Code § 1037(d).)

27 9. The Liquidator is authorized to transfer to a trustee or trustees, under a voting trust  
28 agreement, the stock of Golden State heretofore or hereafter issued to the Liquidator in

1 connection with a rehabilitation or reinsurance agreement, or any other proceeding under  
2 Insurance Code § 1010 *et seq.* (Insurance Code § 1037(e).)

3       10. The Liquidator is authorized, for the purpose of executing and performing any of  
4 the powers and authority conferred upon the Liquidator under Insurance Code § 1010 *et seq.*, in  
5 the name of Golden State or in the Liquidator's own name, to initiate, prosecute and/or defend any  
6 and all suits and other legal proceedings, legal or equitable, and to execute, acknowledge and  
7 deliver any and all deeds, assignments, releases and other instruments necessary and proper to  
8 effectuate any sale of any real and personal property or other transaction in connection with the  
9 administration, liquidation or other disposition of the assets of Golden State, in this or other states  
10 as may appear to him necessary to carry out his functions as Liquidator. (Insurance Code §  
11 1037(f) and 1037 General Powers.)

12       11. The Liquidator is authorized to divert, take possession of and secure all mail of  
13 Golden State and to effect a change in the rights to use any and all post office boxes and other  
14 mail collection facilities used by Golden State. (Insurance Code §§ 1011 and 1037 General  
15 Powers.)

16       12. The Liquidator is authorized, without permission of the court and without notice,  
17 to invest and reinvest, in such manner as the Liquidator may deem suitable for the best interests of  
18 the policyholders and/or creditors of Golden State, such portions of the funds and assets of  
19 Golden State in his possession as do not exceed the amount of the reserves required by law to be  
20 maintained by Golden State as reserves for life insurance policies, annuity contracts,  
21 supplementary agreements incidental to life business, and reserves for non-cancelable disability  
22 policies, and which funds and assets are not immediately distributable to creditors, provided the  
23 investment or reinvestment to be made does not exceed the sum of one hundred thousand dollars  
24 (\$100,000), except that the Liquidator, without permission of the court and without notice, may  
25 make investments or reinvestments in excess of \$100,000, but not exceeding \$5,000,000 per  
26 investment or reinvestment, if such investments or reinvestments are part of Golden State's  
27 existing investments or are made pursuant to the investment guidelines of the Commissioner's  
28 Conservation & Liquidation Office including investments and reinvestments through an

1 investment pool consisting exclusively of assets from conserved and/or liquidating estates.  
2 (Insurance Code § 1037(g) and General Powers.)

3 13. The Liquidator is authorized, in his discretion, without permission of the court and  
4 without notice, to pay or defer payment of some or all claims, expenses, liabilities and/or  
5 obligations of Golden State, in whole or in part, accruing prior and/or subsequent to his  
6 appointment as Liquidator. (Insurance Code §§ 1011 and 1037 General Powers.)

7 14. The Liquidator is authorized to appoint and employ under his hand and official  
8 seal, special deputy commissioners and/or legal counsel, as his agents, and to employ clerks  
9 and/or assistants, and to give to each of them those powers that the Liquidator deems necessary.  
10 (Insurance Code §§ 1035(a) and 1036.)

11 15. The Liquidator is authorized to fix the costs of employing special deputy  
12 commissioners, legal counsel, clerks, and/or assistants, and all expenses of taking possession of,  
13 conserving, conducting, liquidating, disposing of, or otherwise dealing with the business and  
14 property of Golden State, subject to the approval of the court, and to pay such costs out of the  
15 assets of Golden State to the Liquidator and others including without limitation expenses, expense  
16 allocations, administrative costs, administrative overhead, and costs incurred and/or allocated by  
17 the Conservation & Liquidation Office, and if there are insufficient funds to pay such costs, then  
18 to pay such costs out of the Insurance Fund pursuant to Insurance Code § 1035. (Insurance Code  
19 §§ 1035(a), 1036 and 1037 General Powers.)

20 16. The Liquidator is authorized to assume or reject, or to modify, any executory  
21 contract, including without limitation, any lease, rental or utilization contract or agreement  
22 (including any schedule to any such contract or agreement), and any license or other arrangement  
23 for the use of computer software of business information systems, to which Golden State is a  
24 party or as to which Golden State agrees to accept an assignment of such contract, not later than  
25 120 days of the date of the Order Appointing Conservator, unless such date is extended by  
26 application to and further order of this Court, and if not expressly assumed by the Conservator  
27 within that time then such executory contract is deemed rejected. (Insurance Code § 1037  
28 General Powers.)



1        17.     The Liquidator is authorized to terminate compensation arrangements with  
2 employees, to enter into new compensation arrangements with employees including arrangements  
3 containing retention incentives, and to hire employees on such terms and conditions as he deems  
4 reasonable. (Insurance Code § 1037 General Powers.)

5        18.     The Liquidator is vested with all the powers of the directors, officers and managers  
6 of Golden State, whose authorities are suspended except as such powers may be re-delegated by  
7 the Liquidator. (Insurance Code § 1037 General Powers.)

8            **B.     Injunctions and Other Orders**

9        19.     Except upon the express authorization of the Liquidator, all persons are hereby  
10 enjoined, including without limitation Golden State and its officers, directors, agents, servants,  
11 and employees, from the transaction of Golden State's business or disposition of its property  
12 including without limitation from disposing of, using, transferring, selling, assigning, canceling,  
13 alienating, hypothecating or concealing in any manner or any way, or assisting any person in any  
14 of the foregoing, of the property or assets of Golden State or property or assets in the possession  
15 of Golden State, of any nature or kind, including without limitation claims or causes of action,  
16 until further order of this Court and further, enjoining such persons from obstructing or interfering  
17 with the Liquidator's conduct of his or her duties as Liquidator. (Insurance Code §§ 1011, 1020  
18 and 1037.)

19        20.     All persons are enjoined from instituting or prosecuting or maintaining any action  
20 at law or suit in equity including without limitation actions or proceedings to compel discovery or  
21 production of documents or testimony, and matters in arbitration, and from obtaining or  
22 attempting to attain preferences, judgments, foreclosures, attachments or other liens of any kind  
23 or nature, against Golden State, its assets, or the Liquidator, and from attaching, executing upon,  
24 foreclosing upon, redeeming of, making levy upon, or taking any other legal proceedings against  
25 any of the property and/or assets of Golden State, and from doing any act interfering with the  
26 conduct of said business by the Liquidator, except after an order from this Court obtained after  
27 reasonable notice to the Liquidator. (Insurance Code §§ 1011, 1020 and 1037 General Powers.)  
28

1           21. All persons are enjoined from the sale or deed for nonpayment of taxes or  
2 assessments levied by any taxing agency of property and/or assets of Golden State. (Insurance  
3 Code § 1020(f).)

4           22. Except with leave of court issued after a hearing in which the Liquidator has  
5 received reasonable and statutory notice, all persons are enjoined from accelerating the due date  
6 of any obligation or claimed obligation, exercising any right of set-off, taking, retaining, retaking  
7 or attempting to retake possession of any real or personal property, withholding or diverting any  
8 rent or other obligation, and doing any act or other thing whatsoever to interfere with the  
9 possession of or management by the Liquidator of the property and assets, owned or controlled,  
10 by Golden State or in the possession of Golden State or in any way interfering with the Liquidator  
11 or interfering in any manner during the pendency of this proceeding with the exclusive  
12 jurisdiction of this Court over Golden State. (Insurance Code §§ 1020 and 1037 General Powers.)

13           23. All persons are enjoined from the waste of the assets of Golden State. (Insurance  
14 Code § 1020.)

15           24. Golden State and all officers, directors, agents and employees of Golden State are  
16 ordered to deliver to, and immediately make available to, the Liquidator all assets, books,  
17 accounts, records, information, computers, tapes, discs, writings, other recordings of information,  
18 equipment and other property of Golden State, wheresoever situated, in said person's custody or  
19 control and further, and are directed the aforesaid to disclose verbally, or in writing if requested  
20 by the Liquidator, the exact whereabouts of the foregoing items if such items are not in the  
21 possession, custody or control of said persons. (Insurance Code §§ 1011, 1016, 1020 and 1037  
22 General Powers.)

23           25. Golden State and all officers, directors, trustees, employees or agents of Golden  
24 State, or any other person, firm, association, partnership, corporate parent, holding company,  
25 affiliate or other entity in charge of any aspect of Golden State's affairs, either in whole or in part,  
26 and including but not limited to banks, savings and loan associations, financial or lending  
27 institutions, brokers, stock or mutual associations, or any parent, holding company, subsidiary or  
28 affiliated corporation or any other representative acting in concert with Golden State, are ordered

1 to cooperate with the Liquidator in the performance of his or her duties. (Insurance Code § 1037  
2 General Powers.)

3 26. All persons who maintain records for Golden State, pursuant to written contract or  
4 any other agreement, are ordered to maintain such records and to deliver to the Liquidator such  
5 records upon his request. (Insurance Code §§ 1020 and 1037 General Powers.)

6 27. All agents of Golden State, and all brokers who have done business with Golden  
7 State, are ordered to make all remittances of all funds collected by them or in their hands directly  
8 to the Liquidator. (Insurance Code §§ 1020 and 1037 General Powers.)

9 28. All persons having possession of any lists of policyholders, escrow holders,  
10 mortgages or mortgagees of Golden State are ordered to deliver such lists to the Liquidator and all  
11 persons are enjoined from using any such lists or any information contained therein without the  
12 consent of the Liquidator. (Insurance Code §§ 1020 and 1037 General Powers.)

13 29. Golden State and its officers, directors, agents, servants, employees, successors,  
14 assigns, affiliates, and other persons or entities under their control and all persons or entities in  
15 concert or participation with Golden State, and each of them, are ordered to turn over to the  
16 Liquidator all records, documentation, charts and/or descriptive materials of all funds, assets,  
17 property (owned beneficially or otherwise), and all other assets of Golden State wherever situated,  
18 and all books and records of accounts, title documents and other documents in their possession or  
19 under their control, which relate, directly or indirectly, to assets or property owned or held by  
20 Golden State or to the business or operations of Golden State. (Insurance Code §§ 1020 and 1037  
21 General Powers.)

22 30. Any and all provisions of any agreement entered into by and between any third  
23 party and Golden State, including by way of illustration, but not limited to, the following types of  
24 agreements (as well as any amendments, assignments, or modifications thereto), are stayed, and  
25 the assertion of any and all rights and remedies relating thereto are also stayed and barred, except  
26 as otherwise ordered by this Court, and this Court shall retain jurisdiction over any cause of action  
27 that has arisen or may otherwise arise under any such provision: financial guarantee bonds,  
28 promissory notes, loan agreements, security agreements, deeds of trust, mortgages,

1 indemnification agreements, subrogation agreements, subordination agreements, pledge  
2 agreements, assignments of rents or other collateral, financial statements, letters of credit, leases,  
3 insurance policies, guaranties, escrow agreements, management agreements, real estate brokerage  
4 and rental agreements, servicing agreements, attorney agreements, consulting agreements,  
5 easement agreements, license agreements, franchise agreements, or employment contracts that  
6 provide in any manner that selection, appointment or retention of a conservator, receiver or trustee  
7 by any court, or entry of any order such as hereby made, shall be deemed to be, or otherwise  
8 operate as, a breach, violation, event of default, termination, event of dissolution, event of  
9 acceleration, insolvency, bankruptcy, or liquidation. (Insurance Code §§ 1020 and 1037 General  
10 Powers).

11 C. **Creditors and Setting of Claims Bar Date**

12 31. The rights and liabilities of claimants, policyholders, shareholders, members and  
13 all other persons interested in the assets of Golden State are fixed as of the date of entry of this  
14 Order. (Insurance Code § 1019.)

15 32. Any and all claims against Golden State, including without limitation those claims  
16 which in any way affect or seek to affect any of the assets of Golden State, wherever or however  
17 such assets may be owned or held, must be filed no later than December 31, 2011 (the "Claims  
18 Bar Date"), together with proper proofs thereof, in accordance with the provisions of Insurance  
19 Code § 1010 *et seq.* including without limitation Insurance Code § 1023. The proof of claim must  
20 be timely filed on the form provided by the Liquidator, together with proper proofs thereof, and  
21 must be supplemented with such further information as the Liquidator requests, in accordance  
22 with Insurance Code § 1023(f). Except for persons deemed to have filed claims against Golden  
23 State in accordance with the provisions of Insurance Code § 1010 *et seq.* including without  
24 limitation Insurance Code § 1024 and § 1025.5, any claims not filed by the Claims Bar Date shall  
25 be conclusively deemed forever waived. (Insurance Code § 1024.)

26 //

27 //

28 //

1           33.    For such other and further relief as may be proper or necessary.

2           34.    The Liquidator is authorized to take any and all action necessary to accomplish the  
3 purposes of this Order and the Orders requested herein.

4 DATED: \_\_\_\_\_

1-28-11

**ANN I. JONES**

\_\_\_\_\_  
THE HONORABLE ANN I. JONES  
Los Angeles Superior Court Judge

## **EXHIBIT 2**

1 KAMALA D. HARRIS  
Attorney General of California  
2 W. DEAN FREEMAN  
Supervising Deputy Attorneys General  
3 MARTA L. SMITH, State Bar No. 101955  
Deputy Attorney General  
4 300 South Spring Street, Room 1702  
5 Los Angeles, California 90013  
6 Telephone: (213) 897-2483  
Facsimile: (213) 897-5775  
7 E-mail: [Marta.Smith@doj.ca.gov](mailto:Marta.Smith@doj.ca.gov)

**ORIGINAL FILED**  
OCT 17 2011  
LOS ANGELES  
SUPERIOR COURT

8 MICHAEL R. WEISS, State Bar No. 180946  
9 EPSTEIN TURNER WEISS  
A Professional Corporation  
10 633 W. Fifth Street, Suite 3330  
Los Angeles, California 90071  
11 Telephone: (213) 861-7487  
12 Facsimile: (213) 861-7488  
Email: [mrw@epsteinturnerweiss.com](mailto:mrw@epsteinturnerweiss.com)

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

15  
16 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
17 **FOR THE COUNTY OF LOS ANGELES**

18 INSURANCE COMMISSIONER OF THE  
19 STATE OF CALIFORNIA,

20 Applicant,

21 v.

22 GOLDEN STATE MUTUAL LIFE  
INSURANCE COMPANY, a California  
23 corporation,

24 Respondent.

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


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

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

5 DATE: October 17, 2011

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

9 EPSTEIN TURNER WEISS  
10 A Professional Corporation

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



# SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

DATE: 09/28/11

DEPT. 86

HONORABLE ANN I. JONES

JUDGE

N. DIGIAMBATTISTA

DEPUTY CLERK

J HERNAND/COURTROOM ASST.

HONORABLE  
#5

JUDGE PRO TEM

ELECTRONIC RECORDING MONITOR

NONE

Deputy Sheriff

C. CRUZ, CSR #9095

Reporter

9:30 am BS123005

Plaintiff MICHAEL B. WEISS (X)

Counsel MARTA SMITH (X)

STEVE POIZNER

Defendant BEATRICE LAWSON (X)

VS

Counsel

GOLDEN STATE MUTUAL LIFE INSURA  
COMPANY

## NATURE OF PROCEEDINGS:

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

Matter comes on for hearing and is argued.

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

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

<p>MINUTES ENTERED 09/28/11 COUNTY CLERK</p>
--

# SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

DATE: 09/28/11

DEPT. 86

HONORABLE ANN I. JONES

JUDGE

N. DIGIAMBATTISTA

DEPUTY CLERK

J HERNAND/COURTROOM ASST.

HONORABLE

JUDGE PRO TEM

ELECTRONIC RECORDING MONITOR

#5

NONE

Deputy Sheriff

C. CRUZ, CSR #9095

Reporter

9:30 am BS123005

Plaintiff MICHAEL B. WEISS (X)

Counsel MARTA SMITH (X)

STEVE POIZNER

Defendant BEATRICE LAWSON (X)

VS

Counsel

GOLDEN STATE MUTUAL LIFE INSURA  
COMPANY

## NATURE OF PROCEEDINGS:

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

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

# SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

DATE: 09/28/11

DEPT. 86

HONORABLE ANN I. JONES

JUDGE

N. DIGIAMBATTISTA

DEPUTY CLERK

J HERNAND/COURTROOM ASST.

HONORABLE

JUDGE PRO TEM

ELECTRONIC RECORDING MONITOR

#5 **B**

NONE

Deputy Sheriff

C. CRUZ, CSR #9095

Reporter

9:30 am

BS123005

Plaintiff

MICHAEL B. WEISS (X)

Counsel

MARTA SMITH (X)

STEVE POIZNER

Defendant

BEATRICE LAWSON (X)

VS

Counsel

GOLDEN STATE MUTUAL LIFE INSURA  
COMPANY

## NATURE OF PROCEEDINGS:

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

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

Order is signed and filed this date.

Counsel for moving party is to give notice.

**PROOF OF SERVICE**

STATE OF CALIFORNIA )  
COUNTY OF LOS ANGELES ) ss.

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

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


**SEE ATTACHED SERVICE LIST**

- [X] **By Mail.** I am readily familiar with the firm's practice of collection and processing correspondence for mailing. Under that practice, it would be deposited with the U.S. Postal Service on that same day with postage thereon fully prepaid at Los Angeles, California in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation or postage meter date is more than one day after date of deposit for mailing in affidavit.
- [ ] **By Fax.** I transmitted the foregoing document by telecopier transmission to the addressee(s) at the facsimile number(s) listed on the attached Service List, and received confirmation that the transmission was received at the facsimile number(s) listed on the attached Service List.
- [ ] **By Personal Service.** I caused such envelope(s) to be personally delivered via messenger service to the addressee(s) indicated on the attached Service List.
- [ ] **By Email.** I forwarded a copy of the above-described document(s) via e-mail to each of the individuals set forth above at the email addresses indicated therefor.
- [ ] **By Federal Express.** I caused such envelope(s) to be deposited at a facility regularly maintained by FedEx at 633 West Fifth Street, Los Angeles, California 90071, with arrangements made for payment in full of the required charges, to the party(ies) listed on the attached Service List.

Executed on **October 17, 2011**, at Los Angeles, California.

[X] (State) I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

[ ] (Federal) I am employed by a member of the Bar of the State of California. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

  
Angela Muse

*Insurance Commissioner v. Golden State Mutual Life Ins. Co.*

**LASC Case No. BS 123005  
[Dept. 86]**

**SERVICE LIST**

---

Elmira R. Howard  
Anderson, McPharlin & Conners LLP  
444 South Flower Street, 31st Floor  
Los Angeles, CA 90071-2901

Lisa Von Eschen  
Abelson Herron LLP  
333 South Grand Avenue, Suite 1550  
Los Angeles, California 90071  
Counsel for Community Impact Development/ Dudley Ventures

Pension Benefit Guaranty Corporation  
Attn: Jon Chatalian  
1200 K Street NW  
Washington D.C. 20005

NOLHGA  
13873 Park Center Rd Ste 329  
Herndon, VA 20171-3247

Frank O'Loughlin  
Rothgerber Johnson & Lyons, LLP  
One Tabor Center, Suite 3000  
1200 17th Street  
Denver, Colorado 80202-5855

Stephen Wayne  
Assistant General Counsel  
Pitney Bowes, Inc.  
1 Elmcroft Road  
Stamford, CT 06926-0700

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

## **EXHIBIT 3**

CONFORMED COPY  
SUPERIOR COURT OF CALIFORNIA  
COUNTY OF LOS ANGELES

JUL 30 2012

John A. Clarke, Executive Officer/Clerk  
BY Trudi Massarotti, Deputy

1 KAMALA D. HARRIS  
2 Attorney General of California  
3 FELIX E. LEATHERWOOD  
4 W. DEAN FREEMAN  
5 Supervising Deputy Attorneys General  
6 LISA W. CHAO, State Bar No. 198536  
7 Deputy Attorney General  
8 300 South Spring Street, Room 1702  
9 Los Angeles, California 90013  
10 Telephone: (213) 897-2481  
11 Facsimile: (213) 897-5775  
12 E-mail: [Lisa.Chao@doj.ca.gov](mailto:Lisa.Chao@doj.ca.gov)

9 MICHAEL R. WEISS, State Bar No. 180946  
10 EPSTEIN TURNER WEISS  
11 A Professional Corporation  
12 633 W. Fifth Street, Suite 3330  
13 Los Angeles, California 90071  
14 Telephone: (213) 861-7487  
15 Facsimile: (213) 861-7488  
16 Email: [mrw@epsteinturnerweiss.com](mailto:mrw@epsteinturnerweiss.com)

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

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

19 INSURANCE COMMISSIONER OF THE  
20 STATE OF CALIFORNIA,

21 Applicant,

22 v.

23 GOLDEN STATE MUTUAL LIFE  
24 INSURANCE COMPANY, a California  
25 corporation,

26 Respondent.

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


**NOTICE OF ENTRY OF MINUTE  
ORDER GRANTING APPLICATION FOR  
SECOND ORDER CONTINUING  
CLAIMS BAR DATE TO DECEMBER 31,  
2013**

1       **PLEASE TAKE NOTICE**, hereby given, that on July 20, 2012, the Honorable Ann I.  
2 Jones, Judge Presiding, in Department 86 of the above-entitled Court, entered the attached Minute  
3 Order granting the Liquidator's Application For Second Order Continuing Claims Bar Date to  
4 December 31, 2013. A true and correct copy of the Minute Order is attached hereto.

5 DATE: July 30, 2012

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

EPSTEIN TURNER WEISS  
A Professional Corporation

11 By:   
12 MICHAEL R. WEISS  
13 Attorneys for Applicant  
14 INSURANCE COMMISSIONER OF THE  
15 STATE OF CALIFORNIA  
16  
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18  
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28



SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

DATE: 07/20/12

DEPT. 86

HONORABLE ANN I. JONES

JUDGE

N DIGIAMBATTISTA

DEPUTY CLERK

HONORABLE  
#6

JUDGE PRO TEM

T MASSAROTTI/COURTROOM ASST

ELECTRONIC RECORDING MONITOR

NONE

Deputy Sheriff

VERONICA PORRAS/CSR 12703 Reporter

1:30 pm

BS123005

Plaintiff

Counsel

MICHAEL R. WEISS (x)

STEVE POIZNER

VS

Defendant

GOLDEN STATE MUTUAL LIFE INSURA  
COMPANY

Counsel

NO APPEARANCE

\*Rel to BC462745 denied\*

NATURE OF PROCEEDINGS:

APPLICATION OF PETITIONER, INSURANCE COMMISSIONER OF  
THE STATE OF CALIFORNIA, FOR SECOND ORDER CONTINUING  
CLAIMS BAR DATE

Matter comes on for hearing.

The application is unopposed and is granted. The  
claims bar date is extended to December 31, 2013.

Moving party is to give notice.

**PROOF OF SERVICE**

STATE OF CALIFORNIA )  
COUNTY OF LOS ANGELES ) ss.

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


On **July 30, 2012**, I served the foregoing document described as **NOTICE OF ENTRY OF MINUTE ORDER GRANTING APPLICATION FOR SECOND ORDER CONTINUING CLAIMS BAR DATE TO DECEMBER 31, 2013** by placing [ ] the original [X] a true copy thereof (as indicated on the attached service list) enclosed in a sealed envelope(s) addressed as follows:

**SEE ATTACHED SERVICE LIST**

- [X] **By Mail.** I am readily familiar with the firm's practice of collection and processing correspondence for mailing. Under that practice, it would be deposited with the U.S. Postal Service on that same day with postage thereon fully prepaid at Los Angeles, California in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation or postage meter date is more than one day after date of deposit for mailing in affidavit.
- [ ] **By Fax.** I transmitted the foregoing document by telecopier transmission to the addressee(s) at the facsimile number(s) listed on the attached Service List, and received confirmation that the transmission was received at the facsimile number(s) listed on the attached Service List.
- [ ] **By Personal Service.** I caused such envelope(s) to be personally delivered via messenger service to the addressee(s) indicated on the attached Service List.
- [ ] **By Email.** I forwarded a copy of the above-described document(s) via e-mail to each of the individuals set forth above at the email addresses indicated therefor.
- [ ] **By Federal Express.** I caused such envelope(s) to be deposited at a facility regularly maintained by FedEx at 633 West Fifth Street, Los Angeles, California 90071, with arrangements made for payment in full of the required charges, to the party(ies) listed on the attached Service List.

Executed on **July 30, 2012**, at Los Angeles, California.

- [X] (State) I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.
- [ ] (Federal) I am employed by a member of the Bar of the State of California. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

  
Angela Muse

*Insurance Commissioner v. Golden State Mutual Life Ins. Co.*

**LASC Case No. BS 123005**  
**[Dept. 86]**

**SERVICE LIST**

---

Elmira R. Howard  
Anderson, McPharlin & Conners LLP  
444 South Flower Street, 31st Floor  
Los Angeles, CA 90071-2901

Lisa Von Eschen  
Abelson Herron LLP  
333 South Grand Avenue, Suite 1550  
Los Angeles, California 90071

NOLHGA  
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Herndon, VA 20171-3247

Frank O'Loughlin  
Rothgerber Johnson & Lyons, LLP  
One Tabor Center, Suite 3000  
1200 17th Street  
Denver, Colorado 80202-5855

Stephen Wayne  
Assistant General Counsel  
Pitney Bowes, Inc.  
1 Elmcroft Road  
Stamford, CT 06926-0700

Pension Benefit Guaranty Corporation  
Attn: Jon Chatalian  
1200 K Street NW  
Washington D.C. 20005

Stephen J. Chazen  
Law Offices of Stephen J. Chazen  
15303 Ventura Blvd., Suite 900  
Sherman Oaks, CA 91423

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

## **EXHIBIT 4**

**ORIGINAL FILED**  
DEC - 6 2013  
**LOS ANGELES  
SUPERIOR COURT**

KAMALA D. HARRIS  
Attorney General of California  
FELIX E. LEATHERWOOD  
W. DEAN FREEMAN  
Supervising Deputy Attorneys General  
LISA W. CHAO, State Bar No. 198536  
Deputy Attorney General  
300 South Spring Street, Room 1702  
Los Angeles, California 90013  
Telephone: (213) 897-2481  
Facsimile: (213) 897-5775  
E-mail: [Lisa.Chao@doj.ca.gov](mailto:Lisa.Chao@doj.ca.gov)

MICHAEL R. WEISS, State Bar No. 180946  
EPSTEIN TURNER WEISS  
A Professional Corporation  
633 W. Fifth Street, Suite 3330  
Los Angeles, California 90071  
Telephone: (213) 861-7487  
Facsimile: (213) 861-7488  
Email: [mrw@epsteinturnerweiss.com](mailto:mrw@epsteinturnerweiss.com)

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. Robert H. O'Brien, Dept. 86

**[PROPOSED] ORDER GRANTING  
LIQUIDATOR'S APPLICATION FOR  
THIRD ORDER CONTINUING CLAIMS  
BAR DATE TO DECEMBER 31, 2014**

Date: December 6, 2013

Time: 1:30 p.m.

Dept: 86

**[PROPOSED] ORDER GRANTING LIQUIDATOR'S APPLICATION FOR THIRD ORDER  
CONTINUING CLAIMS BAR DATE TO DECEMBER 31, 2014**

1 On December 6, 2013, 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 Robert H. O'Brien, Judge Presiding (the "Court"), held the hearing on the  
4 Application For Third Order Continuing Claims Bar Date ("Application"), filed by Applicant  
5 Insurance Commissioner of the State of California in his capacity as Liquidator ("Liquidator") of  
6 Golden State Mutual Life Insurance Company ("Golden State").

7 Attorney Michael R. Weiss appeared on behalf of the Liquidator. Other appearances, if  
8 any, are noted in the record.

9 The Court, having read and considered the Liquidator's Application, the Notice,  
10 Memorandum of Points and Authorities, Declarations of Scott Pearce and Michael R. Weiss, and  
11 evidence in support of the Application, 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 Application is granted and that:

14 1. The Claims Bar Date is continued from its current date of December 31, 2013, to a  
15 new date of December 31, 2014; and

16 2. The Liquidator is authorized to take any and all actions necessary to accomplish  
17 the purposes of this Order.

18  
19 DATED: 12-6-13

Robert H. O'Brien  
THE HONORABLE ROBERT H. O'BRIEN  
Los Angeles Superior Court Judge

## **EXHIBIT 5**

## STATEMENT OF ASSETS AND LIABILITIES

As of December 31, 2014

	Dec 31 2013A	Sep 30 2014	Dec 31 2014A
<b>ASSETS</b>			
Participation in pooled investments, at market	318,200	261,800	226,600
Receivable from affiliates	-	-	-
Property and equipment, net of accumulated depreciation	225,000	166,400	150,000
Deposits and other assets	50,000	50,000	40,000
<b>Total Available Assets</b>	<b>592,600</b>	<b>478,800</b>	<b>416,600</b>
<b>LIABILITIES</b>			
Secured claims	257,000	257,000	257,000
Accrued administrative expenses	769,000	769,000	769,000
Claims against policies, including guaranty associations, before distributions	1,664,200	1,664,200	1,664,200
California and Federal claims having preference	5,127,600	5,127,600	5,127,600
All other claims	2,444,200	2,444,200	2,444,200
<b>Total Liabilities</b>	<b>10,262,000</b>	<b>10,262,000</b>	<b>10,262,000</b>
<b>NET ASSETS (DEFICIENCY)</b>	<b>(9,669,400)</b>	<b>(9,783,200)</b>	<b>(9,845,400)</b>

	<u>2013</u>	<u>2014 ytd</u>
<b>ADMIN EXPENSES</b>		
Legal expenses	358,300	58,300
Consultants and temps	76,800	45,800
Office expenses	74,700	38,000
Allocated overhead expenses	168,500	94,300
	<b>678,300</b>	<b>236,400</b>

Conservation Date	9/30/2009
Target Close Date	2015
Assets as % of Liabilities	4%



996 **996 Golden State Mutual Life Ins Co**

STATEMENT OF ASSETS AND LIABILITIES

As of December 31, 2014

	Dec 31 2013A	Sep 30 2014	Dec 31 2014A
<b>ASSETS detail</b>			
Cash and Investments			
12001 Participation in Pooled Investment	318,219	261,842	226,588
Cash and Investments	318,219	261,842	226,588
13015 Accrued Int & Div Receivable	(644)	601	19
Other Receivables			
13010 Agents Balance	65,181	65,181	65,181
13011 Allow Uncoll Agent Balance Acct	(65,181)	(65,181)	(65,181)
Other Receivable	(0)	(0)	(0)
14005 Land/Bldg For Sale/Post Liq	225,000	166,416	150,000
17003 Other Assets	50,000	50,000	40,000
<b>Total Available Assets</b>	<b>592,575</b>	<b>478,859</b>	<b>416,607</b>
<b>LIABILITIES detail</b>			
Secured Claims			
22001 Unclaimed Funds Payable	257,017	257,017	257,017
Secured Claims	257,017	257,017	257,017
Class 1: Payables and Accrued Expenses			
22003 Accts Pay to Insurance Fund	716,841	716,841	716,841
22005 Other General Liability	52,125	52,125	52,125
25001 Due To/From Intercompany Acct	0	(0)	(0)
Class 1 Liabilities	768,965	768,965	768,965
Class 2: Losses, Reserves and non-IGA Claims			
28006 Liability Due to GAs	1,664,205	1,664,205	1,664,205
Class 2 Liabilities before Distributions	1,664,205	1,664,205	1,664,205
Class 3, 5 & 6: Calif and Federal claims			
27002 Fed Tax Payable-Pre Liq	2,790	2,790	2,790
27004 Payable to Employees	5,124,832	5,124,832	5,124,832
Class 3, 5 & 6 Liabilities	5,127,622	5,127,622	5,127,622
30008 Certificates of Contribution - Class 8	2,444,234	2,444,234	2,444,234
<b>Total Liabilities</b>	<b>10,262,042</b>	<b>10,262,042</b>	<b>10,262,042</b>
<b>NET ASSETS (DEFICIENCY)</b>	<b>(9,669,467)</b>	<b>(9,783,183)</b>	<b>(9,845,436)</b>

Distributions this period  
[No distributions this period]

Distributions liquidation to date  
[No distributions to date]