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13 in his Capacity as Conservator of Majestic Insurance  
Company

**EXEMPT from filing fees per Govt.  
Code § 6103**

14  
15 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
16 CITY AND COUNTY OF SAN FRANCISCO  
17

18 DAVE JONES, INSURANCE  
19 COMMISSIONER OF THE STATE OF  
20 CALIFORNIA,

Applicant,

21 v.

22 MAJESTIC INSURANCE COMPANY, and  
23 DOES 1-50, inclusive,

24 Respondents.

Case No. CPF-11-511261

**NOTICE OF ENTRY OF ORDER  
APPROVING REHABILITATION  
PLAN**

1 TO ALL PARTIES OF INTEREST:

2 PLEASE TAKE NOTICE that the Court in the above-captioned case entered the attached  
3 Order Approving Rehabilitation Plan on June 2, 2011.

4 Dated: June 2, 2011.

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11 By: Thomas J. Welsh (by signature)  
12 THOMAS J. WELSH  
13 Attorneys for Applicant Dave Jones,  
14 Insurance Commissioner of the State of  
15 California in his Capacity as Conservator of  
16 Majestic Insurance Company  
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18 DAVE JONES, INSURANCE  
19 COMMISSIONER OF THE STATE OF  
CALIFORNIA,

20 Applicant,

21 v.

22 MAJESTIC INSURANCE COMPANY, and  
23 DOES 1-50, inclusive,

24 Respondents.  
25

Case No. CPF-11-511261

**[PROPOSED] ORDER APPROVING  
REHABILITATION PLAN**

**Date:** June 2, 2011  
**Time:** 9:30 a.m.  
**Dept:** 301  
**Judge:** Hon. Peter J. Busch

**EXEMPT from filing fees per Govt. Code  
§ 6103**

26 This Court, having considered the Motion for an Order Approving Rehabilitation Plan for  
27 Majestic Insurance Company ("Majestic")<sup>1</sup> of Insurance Commissioner Dave Jones, as  
28

<sup>1</sup> All capitalized terms, to the extent not defined in this Order, have the meanings set forth in the Motion.

ENDORSED  
FILED  
San Francisco County Superior Court

JUN 02 2011

CLERK OF THE COURT  
BY: MARJORIE SCHWARTZ-SCOTT  
Deputy Clerk

1 Conservator of Majestic; having conducted a hearing on June 2, 2011, to consider the Motion for  
2 Order Approving the Rehabilitation Plan (the "Hearing"); having considered the pleadings, filings  
3 and evidence in this proceeding, including all matters and information adduced by the  
4 Conservator in support of the Rehabilitation Plan; having considered all objections and comments  
5 provided by persons interested in the Rehabilitation Plan, including the New York State Workers'  
6 Compensation Board's Objection to the Proposed Rehabilitation Plan for Majestic Insurance  
7 Company and the Plaintiffs Contractors' Objection to Rehabilitation Plan for Majestic Insurance  
8 Company; the matter having been fully argued, briefed and submitted and GOOD CAUSE  
9 appearing therefor:

10 **IT IS THEREFORE FOUND, DETERMINED AND ORDERED AS FOLLOWS:**

11 **Notice, Opportunity to be Heard and Consent to Jurisdiction**

12 1. The Conservator has provided proper, timely and adequate notice of the Hearing,  
13 the Motion and all related matters to all parties entitled to such notice, including policyholders,  
14 contract holders, creditors, the shareholder of Majestic and all other interested parties entitled to  
15 notice.

16 2. All interested persons had a full and fair opportunity to present any comments,  
17 suggestions, objections or other matters relating to the Rehabilitation Plan as detailed in the  
18 Conservator's Motion and the documents filed in support thereof.

19 3. All persons and entities filing objections have consented to the exclusive  
20 jurisdiction of the Court on matters relating to Majestic and its assets.

21 **Overruling of Objections and Approval of Rehabilitation Plan**

22 4. All objections to the Rehabilitation Plan are hereby overruled.

23 5. Based upon the Motion and the evidence adduced in support thereof, this Court  
24 finds that the Rehabilitation Plan, the Rehabilitation Agreement, and the accompanying  
25 Rehabilitation Transaction Agreements are fair, just and equitable to policyholders, creditors and  
26 the shareholder of Majestic, as well as other interested parties, and do not discriminate unfairly in  
27 favor of or against any class of policyholder, creditor or shareholder.

28 ///

1           6.       All provisions of the Rehabilitation Plan are within the sound discretion of the  
2 California Insurance Commissioner acting as Conservator of Majestic. No provision of the  
3 Rehabilitation Plan, Rehabilitation Agreement or Rehabilitation Transaction Agreements  
4 referenced therein violates any requirement of law and all requirements of due process have been  
5 met.

6           7.       The Rehabilitation Plan and its accompanying Rehabilitation Transaction  
7 Agreements are hereby fully and finally approved and enforceable in accordance with the  
8 foregoing and in accordance with their provisions, said provisions being hereby incorporated into  
9 this Order Approving Rehabilitation Plan.

10          8.       All transactions contemplated by the Rehabilitation Plan, Rehabilitation  
11 Agreement and Rehabilitation Transaction Agreements may be immediately consummated,  
12 closed or performed upon entry of this Order. The Conservator and the respective parties to the  
13 foregoing agreements are hereby authorized to do all acts and sign all ancillary agreements and  
14 other documents reasonably necessary to close the transactions contemplated by such agreements,  
15 including, but not limited to, the transfer of assets, the execution of bills of sale, execution of  
16 documents of title, the entry into contracts and the payment of such fees and expenses as may be  
17 necessary or appropriate to the closing of the contemplated transactions. The Conservator is  
18 expressly authorized to take all actions, pay all expenses and execute all documents he deems  
19 necessary or appropriate in order to effectuate the consummation of the transactions contemplated  
20 by and approved in this Order without further approval of this Court. To the extent the  
21 Conservator believes it to be necessary, he may negotiate and propose modifications to the Court  
22 with respect to Rehabilitation Plan which are consistent with the intent and spirit of the  
23 Rehabilitation Plan.

24          9.       All other provisions of the Motion, to which reference is hereby made for further  
25 detail, are hereby found to be reasonable and are in all things approved.

26       **Continuing Jurisdiction of the Court and Continuation of Injunctions**

27          10.       All executory portions of the Rehabilitation Transaction Agreements are also  
28 hereby approved and made valid in the event of a future insolvency of Majestic.

1           11.     This Court shall retain jurisdiction of this action to supervise the implementation  
2 of the Rehabilitation Plan, to resolve disputes in the manner provided for in the Rehabilitation  
3 Plan, to adjudicate all third party claims, to make any orders or findings necessary to implement  
4 this Order or the Rehabilitation Plan.

5           12.     All prior injunctions and other orders of this Court, except to the extent expressly  
6 modified herein, are reaffirmed and remain in full force and effect. All powers and authority  
7 granted to the Conservator by this Order are in addition to and not in limitation of the powers of  
8 the Conservator under the California Insurance Code and the applicable case law.

9           13.     The Conservator is expressly authorized to do all things necessary or appropriate  
10 to carry out the provisions of the Rehabilitation Plan, Rehabilitation Agreement and  
11 Rehabilitation Transaction Agreements.

12           14.     All third parties, including, without limitation, banks, savings and loan  
13 associations, depositories, custodians, securities issuers, third party lenders or mortgage holders,  
14 landlords and transfer agents, are instructed to use their best efforts and to cooperate with the  
15 Conservator to ensure that the asset transfers authorized herein are accomplished.

16           **Provisions Regarding Majestic in Conservation**

17           15.     This Order is not an order of liquidation for Majestic. The Conservator may seek  
18 an order to liquidate Majestic at such time as the Conservator determines such liquidation is  
19 advisable. Such application for an order of liquidation shall be made to this Court, and may be  
20 made on an *ex parte* basis, subject to subsequent notice and a hearing before this Court.

21           16.     The California Insurance Guarantee Association's obligations and the obligations  
22 of similar guaranty associations in other states (which guaranty associations shall be collectively  
23 referred to as "CIGA") shall not be affected by this Order.

24           17.     The Conservator is authorized to use the assets of Majestic to satisfy liabilities of  
25 Majestic not assumed by AmTrust North America, Inc. ("AmTrust") or an affiliate of AmTrust  
26 pursuant to the Rehabilitation Agreement or Rehabilitation Transaction Agreements, in the order  
27 of priority established in Insurance Code Section 1033.

28     ///



1           **PROOF OF SERVICE BY FEDERAL EXPRESS AND ELECTRONIC SERVICE**

2           I am more than eighteen years old and not a party to this action. My business address is  
3           Orrick, Herrington & Sutcliffe LLP, 400 Capitol Mall, Suite 3000, Sacramento, California  
4           95814-4497. On June 2, 2011, I served the following document(s):

5           **NOTICE OF ENTRY OF ORDER APPROVING REHABILITATION PLAN**

6           on the interested parties in this action by transmitting electronically to the email addresses set  
7           forth below and by placing true and correct copies thereof in sealed package(s) designated by  
8           Federal Express for that purpose, with such package(s) addressed for delivery as follows:

9           Craig S. Bloomgarden  
10          Manatt, Phelps & Phillips, LLP  
11          11355 West Olympic Boulevard  
12          Los Angeles, CA 90064-1614  
13          Phone: (310) 312-4000  
14          Email: cbloomgarden@manatt.com

                  Attorney for New York State Workers'  
                  Compensation Board

13          David R. Pfalzgraf, Jr.  
14          Daniel E. Sarzynski  
15          Charles D.J. Case  
16          Rupp, Baase, Pfalzgraf, Cunningham &  
17          Coppola LLC  
18          1600 Liberty Building  
19          Buffalo, NY 14202  
20          Phone: (716) 854-3400  
21          Email: pfalzgraf@ruppbaase.com

                  Attorneys for New York State Workers'  
                  Compensation Board

18          Glen A. Van Dyke  
19          Van Dyke Law Group  
20          12277 Soaring Way, Suite 206  
21          Truckee, CA 96161  
22          Phone: (530) 587-2130  
23          Email: gvandyke@vandykelawgroup.com

                  Attorney for Mark Tanner Construction, Inc.,  
                  Doc Gelso Construction, Inc., Mt. Lincoln  
                  Construction, Inc. and Sierra Paint & Chemical,  
                  Inc.

21          Linda J. Clark  
22          Hiscock & Barclay, LLP  
23          50 Beaver Street  
24          Albany, NY 12207  
25          Phone: (518) 429-4241  
26          Email: lclark@hblaw.com

                  Attorney for Former Members of Group Self-  
                  Insurance Workers' Compensation Trust  
                  Administered by an Affiliate of Majestic  
                  Insurance Company

25                 On the date indicated above, I delivered the sealed package(s) to an authorized courier or  
26          driver authorized by Federal Express to receive documents, with the delivery fees paid or  
27          provided for by the sender.

28          /////



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On the date indicated above, I deposited the sealed package(s) in a box or other facility regularly maintained by Federal Express for delivery of documents, with the delivery fees paid or provided for by the sender.

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

Executed on June 2, 2011, at Sacramento, California.

\_\_\_\_\_  
Jeanette Ponce

OHS WEST:261160322.1