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ORIGINAL FILED
Superior Court of California
County of Los Angeles

JUN 07 2023

David W. Stanton, Executive Officer/Clerk of Court

8 *Attorneys for Petitioner*
9 *Insurance Commissioner of the State of California*

Exempt from fees pursuant to Govt.
Code § 6103

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

11 CENTRAL DISTRICT

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14 **INSURANCE COMMISSIONER OF THE**
STATE OF CALIFORNIA,

Case No. 23STCP01915

15 Applicant,

~~[PROPOSED]~~ EX PARTE ORDER
16 APPOINTING INSURANCE
COMMISSIONER AS CONSERVATOR

17 v.

18 **CRUSADER INSURANCE COMPANY,**

Date: June 7, 2023_
Time: 8:30 a.m.
Dept.: 40

19 Respondent.

20 Trial Date: None
Action Filed: May 31, 2023

1 The Court, having reviewed the ex parte application and supporting papers of Petitioner
2 Ricardo Lara, in his capacity as Insurance Commissioner of the State of California
3 (Commissioner), for an order appointing him Conservator of Crusader Insurance Company
4 (Crusader) pursuant to Insurance Code section 1011, and good cause appearing, the Court finds
5 that the Commissioner has found, determined and adequately shown that Crusader is in such
6 condition that its further transaction of business will be hazardous to its policyholders, creditors,
7 and the public;

8 WHEREFORE IT IS HEREBY ORDERED that:

9 1. The Commissioner is appointed as Conservator (Conservator) of Crusader and
10 directed to conduct the business of Crusader or so much thereof as he deems appropriate; and he
11 is authorized, in his discretion, to pay or defer payment of some or all proper claims, expenses,
12 liabilities and obligations of Crusader, in whole or in part, accruing prior or subsequent to his
13 appointment as Conservator;

14 2. The Conservator is authorized to appoint and employ special deputies, estate
15 managers, other professionals, clerks and assistants and to give each of them such power and
16 authority as he may deem necessary and authorizing the Commissioner as Conservator to
17 compensate these persons from the assets of Crusader as he may deem appropriate. Joseph
18 Holloway is hereby appointed as Deputy Conservator empowered to carry out any and all duties
19 and exercise the authority of the Conservator granted herein and the Insurance Code. Scott
20 Pearce is hereby appointed as Conservation Manager empowered to carry out any and all duties
21 and exercise the authority of the Conservator and Deputy Conservator, and as may be delegated
22 by the Conservator and Deputy Conservator;

23 3. The Conservator is authorized to assume or reject, or to modify, any executory
24 contract, including without limitation, any lease, rental or utilization contract or agreement
25 (including any schedule to any such contract or agreement), and any license or other arrangement
26 for the use of computer software or business information systems, to which Crusader is a party or
27 as to which it agrees to accept an assignment of such contract; the Conservator is directed to
28 effect any such assumption or rejection or modification of any executory contract not later than

1 120 days after the date of this Order Appointing Conservator, unless such date is extended by
2 application to and further order of this Court; and all executory contracts that are not expressly
3 assumed by the Conservator shall be deemed rejected;

4 4. The Conservator is authorized to take possession of all of the assets of Crusader,
5 including books, records and property, both real and personal, accounts, safe deposit boxes, rights
6 of action, and all such assets as may be in the name of Crusader, wheresoever situated;

7 5. Title to all property and assets of Crusader, including deposits, securities,
8 contracts, rights of actions, books, records and other assets of every type and nature, and
9 including both those presently in Crusader's possession and those which may be discovered
10 hereafter, wheresoever situated, is vested in the Commissioner in his official capacity as

11 Conservator of Crusader and/or his successor in office, in his or her official capacity as
12 Conservator; and the Conservator is authorized to deal with the same in his own name as
13 Conservator or in the name of Crusader, and all persons are enjoined from interfering with the
14 Conservator's possession and title thereto;

15 6. The Conservator shall have all the powers of the directors, officers, and managers
16 of Crusader, whose authorities are suspended except as such powers may be redelegated by the
17 Conservator;

18 7. The Conservator is authorized to terminate compensation arrangements with
19 employees, to enter into new compensation arrangements with employees, including
20 arrangements containing retention incentives, and authorizing the Conservator to hire employees
21 on such terms and conditions as he deems reasonable;

22 8. Except upon the express authorization of the Conservator, Crusader, its officers,
23 directors, agents and employees are enjoined from transacting any of the business of Crusader,
24 whether in the State of California or elsewhere, or from disposing of, using, transferring, selling,
25 assigning, canceling, alienating, hypothecating, diminishing, impairing, waiving, limiting or
26 concealing in any manner or any way, or assisting any person in any of the foregoing, of the
27 property or assets of Crusader or property or assets in the possession of Crusader, of any nature or
28 kind, including intangible assets, tax assets and attributes, claims or causes of action, until further

1 order of this Court and further, such persons from are enjoined from obstructing or interfering
2 with the Conservator's conduct of his or her duties as Conservator;

3 9. All persons are enjoined from instituting, prosecuting, or maintaining any action at
4 law or suit in equity, and matters in arbitration, including but not limited to actions or proceedings
5 to compel discovery or production of documents or testimony and matters in arbitration, and from
6 attaching, executing upon, redeeming of or taking any other legal proceedings against any of the
7 property of Crusader, and from doing any act interfering with the conduct of said business by the
8 Conservator, except after an order from this Court obtained after reasonable notice to the
9 Conservator;

10 10. Crusader and all officers, directors, agents and employees of Crusader shall deliver
11 to, and immediately make available to, the Conservator all assets, books, records, accounts,
12 records, tax returns, information, computers, tapes, discs, writings, other recordings of
13 information, equipment and other property of Crusader, wheresoever situated, in said persons
14 custody or control and further, shall disclose verbally, or in writing if requested by the
15 Conservator, the exact whereabouts of the foregoing items if such items are not in the possession
16 custody or control of said persons;

17 11. All officers, directors, trustees, employees or agents of Crusader, or any other
18 person, firm, association, partnership, corporate parent, holding company, affiliate or other entity
19 in charge of any aspect of Crusader's affairs, either in whole or in part, and including but not
20 limited to banks, savings and loan associations, financial or lending institutions, brokers, stock or
21 mutual associations, or any parent, holding company, subsidiary or affiliated corporation or any
22 other representative acting in concert with Crusader, shall cooperate with the Conservator in the
23 performance of his or her duties;

24 12. The Conservator is authorized to pay out of the funds and assets of Crusader all
25 costs and fees incurred in preparing for, bringing and maintaining this action, including the
26 reasonable expenses incurred by the California Department of Insurance, the Special Examiner,
27 and or the Regulatory Services Group prior to the filing of this application, and for such other
28 actions and activities as are necessary to carry out his functions as Conservator. Such payments

1 may include reimbursements for third party advisory and consulting services incurred by a
2 member of the Regulatory Services Group in preparation for conservation of Crusader;

3 13. The Conservator is authorized to pay all reasonable costs of taking possession of
4 and conserving Crusader out of the funds and assets of Crusader;

5 14. The Conservator is authorized to pay all reasonable costs of operating Crusader as
6 Conservator (including direct and allocated direct costs, direct and allocated general and
7 administrative costs and overhead, and all other allocated costs) out of any and all funds and
8 assets of Crusader; and if there are insufficient funds, to pay for the costs out of the Insurance
9 Fund pursuant to section 1035;

10 15. All funds and assets, including certificates of deposit, bank accounts, and mutual
11 fund shares of Crusader, in various financial depository institutions, including but not limited to
12 banks, savings and loan associations, industrial loan companies, mutual funds or stock
13 brokerages, wheresoever situated, are vested in the Conservator and subject to withdrawal upon
14 his order only;

15 16. All persons who maintain records for Crusader, pursuant to written contract or any
16 other agreement, shall maintain such records and shall deliver to the Conservator such records
17 upon his request;

18 17. All agents of Crusader, and all brokers who have done business with Crusader,
19 shall make all remittances of all funds collected by them or in their hands that are payable to
20 Crusader directly to the Conservator;

21 18. All persons having possession of any lists of policyholders or escrow holders of
22 Crusader shall deliver such lists to the Conservator; and all persons are enjoined from using any
23 such lists or any information contained therein without the consent of the Conservator;

24 19. The Conservator is authorized to initiate such equitable or legal actions or
25 proceedings in this or other states as may appear necessary to him to carry out his functions as
26 Conservator;

27 20. The Conservator is authorized to divert, take possession of and secure all mail of
28 Crusader, in order to screen such mail, and to effect a change in the rights to use any and all post

1 office boxes and other mail collection facilities used by Crusader;

2 21. Crusader and its officers, directors, agents, servants, employees, successors,
3 assigns, affiliates, and other persons or entities under their control and all persons or entities in
4 concert or participation with Crusader, and each of them, shall turn over to Conservator all
5 records, documentation, charts and/or descriptive materials of all funds, assets, property (owned
6 beneficially or otherwise), and all other assets of Crusader wheresoever situated, and all books
7 and records of accounts, title documents and other documents in their possession or under their
8 control, which relate, directly or indirectly to assets or property owned or held by Crusader or to
9 the business or operations of Crusader;

10 22. Except upon further order of the Court issued after a hearing in which the
11 Conservator has received reasonable notice, all persons are enjoined from obtaining preferences,
12 judgments, attachments or other liens, or making any levy against Crusader or its assets or
13 property, and from executing or issuing or causing the execution or issuance of any court
14 attachment, subpoena, replevin, execution or other process for the purpose of impounding or
15 taking possession of or interfering with or creating or enforcing a lien upon any property or assets
16 owned or in the possession of Crusader or the Conservator, wheresoever situated, and from doing
17 any act interfering with the conduct of said business by the Conservator;

18 23. Except upon further order of the Court issued after a hearing in which the
19 Conservator has received reasonable notice, all persons are enjoined from accelerating the due
20 date of any obligation or claimed obligation; exercising any right of set-off; taking, retaining,
21 retaking or attempting to retake possession of any real or personal property; withholding or
22 diverting any rent or other obligation; doing any act or other thing whatsoever to interfere with
23 the possession of or management by the Conservator of the property and assets, owned or
24 controlled by Crusader or in the possession of Crusader or in any way interfering with the
25 Conservator or interfering in any manner during the pendency of this proceeding with the
26 exclusive jurisdiction of this Court over Crusader and its assets;

27 24. Any and all provisions of any agreement entered into by and between any third
28 party and Crusader, including by way of illustration, but not limited to, the following types of

1 agreements (as well as any amendments, assignments, or modifications thereto)—financial
2 guarantee bonds, promissory notes, loan agreements, security agreements, deeds of trust,
3 mortgages, indemnification agreements, subrogation agreements, subordination agreements,
4 pledge agreements, assignments of rents or other collateral, financial statements, letters of credit,
5 leases, insurance policies, guaranties, escrow agreements, management agreements, real estate
6 brokerage and rental agreements, servicing agreements, attorney agreements, consulting
7 agreements, easement agreements, license agreements, tax sharing agreements, franchise
8 agreements, or employment contracts that provide in any manner that selection, appointment or
9 retention of a conservator, receiver or trustee by any court, or entry of any order such as hereby
10 made, shall be deemed to be, or otherwise operate as, a breach, violation, event of default,
11 termination, event of dissolution, event of acceleration, insolvency, bankruptcy, or liquidation—
12 shall be stayed, and the assertion of any and all rights and remedies relating thereto shall also be
13 stayed and barred, except as otherwise ordered by this Court, and this Court shall retain
14 jurisdiction over any cause of action that has arisen or may otherwise arise under any such
15 provision;

16 25. The Conservator to invest and reinvest Crusader assets and funds in such a manner
17 as he deems suitable for the best interest of Crusader creditors. However, no investment or
18 reinvestment shall be made exceeding the sum of \$100,000 without first obtaining permission of
19 this Court, except the Conservator may make investments or reinvestments in excess of \$100,000,
20 but not exceeding \$5,000,000 per investment or reinvestment, without prior approval if such
21 investments or reinvestments are made pursuant to any provisions of the existing investment
22 guidelines and investment programs of Crusader that the Conservator determines are prudent and
23 appropriate to continue. Such investment guidelines shall be applicable only to non-pledged and
24 or unencumbered assets in the estate;

25 26. The Conservator is authorized to pay such priority liabilities during conservation
26 as the Commissioner, as statutory conservator, shall determine appropriate and to immediately
27 reserve against the full payment of such expenses; and
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27. All persons are enjoined from the waste of the assets of Crusader.

Dated: JUN 07 2023

DANIEL S. MURPHY
Hon. ~~Anne Richardson~~
Judge of the Superior Court