

IN THE SUPERIOR COURT FOR THE DISTRICT OF COLUMBIA
Civil Division

DISTRICT OF COLUMBIA,
a Municipal Corporation,

Petitioner,

v.

OCEAN RISK RETENTION GROUP,
INC.

Respondent.

Civil Action No.: 13-6110 2

Judge: Wright

Calendar No.: 15

Next Event: Status 4/7/15 at 9:30 am

PRAECIPE
NOTICE OF FILING OF LIQUIDATOR'S FOURTH STATUS REPORT

The District of Columbia, at the request of and on behalf of Chester A. McPherson, Acting Commissioner of the District of Columbia Department of Insurance, Securities and Banking, as Liquidator of Ocean Risk Retention Group, Inc. ("Ocean"), and his Special Deputy Liquidator, Robert H. Myers, Jr., by and through the Office of the Attorney General for the District of Columbia, files the attached Liquidator's Fourth Status Report.

Respectfully Submitted,

KARL A. RACINE
Attorney General for the District of Columbia

ELLEN A. EFROS
Deputy Attorney General
Public Interest Division

/s/ Michael A. Stern
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Acting Chief, Civil Enforcement Section

/s/ E. Louise R. Phillips
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CERTIFICATE OF SERVICE

I hereby certify that on this 1st day of April, 2015, a copy of the foregoing was filed and served by email or CaseFileXpress upon:

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**SUPERIOR COURT OF THE DISTRICT OF COLUMBIA
CIVIL DIVISION**

DISTRICT OF COLUMBIA,
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OCEAN RISK RETENTION GROUP,
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Next Event: April 7, 2015 Status
Conference

LIQUIDATOR'S FOURTH STATUS REPORT

Chester A. McPherson, Acting Commissioner of the Department of Insurance, Securities and Banking ("DISB"), as Liquidator of Ocean Risk Retention Group, Inc. ("Ocean"), by and through Robert H. Myers, Jr. as Special Deputy to the Liquidator, respectfully submits this status report. This report provides an update on the status of Ocean's liquidation, supplementing the First Status Report filed on September 20, 2013, the Second Status Report filed on April 3, 2014, and the Third Status Report filed on October 23, 2014.

I. BACKGROUND AND PROCEDURAL HISTORY

Ocean is a captive insurer organized and licensed under the laws of the District of Columbia. Ocean operated in New Jersey and Pennsylvania as a commercial liability risk retention group, offering liability insurance to taxi owner-operators and taxi fleet owners. On September 6, 2013, this Court entered an Order of Liquidation for Ocean (the "Liquidation Order"), appointing the Commissioner as Ocean's Liquidator pursuant to D.C. Official Code § 31-1316 (2012 Repl.). On September 24, 2013, the Court approved Mr. Myers appointment as

Special Deputy to the Liquidator (“Deputy Liquidator”) and granted the Liquidator’s requested stay of, among other things, “any litigation against Ocean [and . . .] any litigation against Policyholders of Ocean in cases in which Ocean may have a duty to defend or indemnify its Policyholders.” On December 9, 2013, this Court issued the requested Supplementary Order Clarifying September 24, 2013 Order Staying and Enjoining All Litigation, explaining that the prior order does not stay, enjoin, or otherwise interfere with actions where Ocean as a plaintiff and/or claimant seeks to recover assets including, but not limited to, subrogation actions. On December 9, 2014, this Court issued an Order extending the stay and injunction until December 9, 2015.

With the court’s approval, GB Group, LLC (“GB Group”) is handling claims administration during Ocean’s liquidation. The court also approved the use of Rovner, Zimmerman & Nash, PC (“Rovner”) – and later approved the substitution of the Maneri Law Firm for Rovner – to pursue subrogation claims on Ocean’s behalf.

II. CLAIM STATUS AND OTHER LEGAL PROCEEDINGS

There are over 613 pending claims under policies issued by Ocean being handled by GB Group.¹ Pursuant to the Court’s Stay Orders, all litigation against Ocean’s policyholders has been stayed through December 9, 2015, as have all cases in which Ocean may have a duty to defend or indemnify its policyholders.

The Stay Orders do not impede Ocean’s ability to pursue subrogation claims, however, and the Deputy Liquidator, through outside counsel, has continued to pursue such claims on Ocean’s behalf. As previously reported, Rovner recovered over \$26,935 (after deducting its

¹ There are also 240 claims for services provided prior to the Order of Liquidation for subrogation and return of premium, mostly for very small amounts, which will not likely be paid by the Liquidators because they will be Class 5 claims and therefore subordinate to the policyholder claims for purposes of distribution. D.C. Official Code § 31-1340 (2012 Repl.).

court-approved contingent fee) for the liquidation estate. To date, the Maneri Law Firm has recovered \$1,794.46 for Ocean. Approximately 53 subrogation cases remain pending.

The Liquidator has continued to monitor the lawsuit described in prior status reports, *Penn. Ins. Ass'n, Inc. v. Campisano*, Civil Action No. 2:14-cv-00759-CDJ (E.D. Pa.). As previously reported, a broker-agent for Ocean and a premium finance company filed suit against Renaissance Retention Group, Inc. ("Renaissance," Ocean's managing general underwriter); W.A. Taft Companies & Co., Inc. ("Taft," Ocean's captive manager); Louis Campisano, alleged to be a "corporate insider" of both Ocean and Renaissance; Mary Claire Goff, a director and officer of both Ocean and Taft; and Philip A. Kane, an Ocean director and officer. The plaintiffs allege that the defendants used their positions as corporate insiders at Ocean to strip Ocean of its assets, while fraudulently inducing the plaintiffs to continue to provide premium finance services to Ocean policyholders. Ocean is not named as a defendant, nor have there been any demands against Ocean's assets in connection with this litigation. On January 22, 2015, the court denied the defendants' motions to dismiss. The Liquidator will continue to monitor this litigation for any developments that may affect Ocean directly.

III. TAXES

The Deputy Liquidator, with the assistance of independent accountants, prepared and filed Ocean's 2013 and 2014 federal income tax returns and District of Columbia premium tax returns. Ocean has no federal tax liability for 2013 or 2014, but will be required to make a premium tax payment.

IV. PROOF OF CLAIM PROCESS AND VALUATION ISSUES

The prior status reports detailed the Deputy Liquidator's efforts to notify policyholders and known creditors of Ocean's liquidation and of the January 31, 2014 deadline for filing proof

of claims. The Deputy Liquidator has 613 policyholder claims in process. Additionally, proofs of claims have also been reviewed from a total of 240 creditors of Ocean in regard to services provided but not paid for, return of premium to policyholders, and subrogation. The Deputy Liquidator and GB Group completed the valuation of policyholders' proofs of claims and sent each claimant a valuation letter in October 2014. As of the October 2014 valuation date, the combined policyholders' claims value was \$6,146,779.76.²

Although each claim was valued at what was designed to be a reasonable settlement value, claimants (and, in particular, claimants' counsel) have inundated the Deputy Liquidator with letters, emails and phone calls requesting further review of the claims with the intent of obtaining a higher valuation. The Deputy Liquidator is responding to each inquiry with the assistance of GB Group and, where appropriate, adjusting claim valuations. As of February 28, 2015, the Deputy Liquidator values the outstanding policyholder claims at \$6,475,125.

The review of claim valuations is continuing. If the Deputy Liquidator cannot negotiate a resolution, claims with contested valuations may be referred to this Court. *See* D.C. Official Code § 31-1337(b) (2012 Repl.). The Deputy Liquidator's ultimate goal is to prepare a schedule of policyholder claims with a determined value, which can then be recommended for approval by the Court. *See* D.C. Official Code § 31-1341.

² This amount excludes demands from legal providers, bad faith claimants and policy holders requesting premium refund. The amount also excludes a state claim for taxes, vendors and other general creditors, and late-filed claims. Not only are such claims relatively small as compared to the policyholder claims but also, in light of the policyholder claim valuation and Ocean's available assets, such claims are unlikely to be paid under the statutory distribution priority. *See* D.C. Official Code § 31-1340 (2012 Repl.). Also, many of the proofs of claims are contingent, may not be provable and may not be covered by any Ocean insurance policy. Other claims have been made but not in the proper form and long past the bar date.

V. STAY ORDER ENFORCEMENT

Despite their clear terms, the Stay Orders issued by this Court have been a particular source of confusion. In 2014, the Deputy Liquidator was contacted on a near-daily basis by claimants, counsel and court personnel about the Stay Orders. Sometimes they expressed confusion about why a state guaranty fund – such as the New Jersey Property and Liability Insurance Association (“NJPLIGA”) – was not stepping in.³ In many instances, they contested the application of the Stay.

After addressing numerous individual inquiries, the Deputy Liquidator took broader steps. The Deputy Liquidator researched, prepared and mailed to all counsel of record in Pennsylvania a letter which substantively described the state and federal law supporting the application of the Stay. In New Jersey, the Deputy Liquidator had to take a different approach given the even greater confusion by counsel and courts there. Therefore, the Deputy Liquidator, after numerous conversations with New Jersey state officials, through his counsel prepared and filed in New Jersey a Verified Complaint for an Order to Show Cause with Temporary Restraints Pursuant to Rule 4:52 as to Why an Order Staying and Enjoining All Litigation Against Petitioner and its Policyholders Should Not Be Entered. (A copy of the complaint is available on DISB’s website at <http://disb.dc.gov/node/872812>.) No opposition was filed and, on September 30, 2014, the New Jersey Superior Court entered a Civil Action Order Staying and Enjoining All Litigation Pursuant to Rule 4:52. (A copy of this final order is available on DISB’s website at <http://disb.dc.gov/node/910482>.) Subsequently, the flood of questions and complaints about the stay has slowed to a trickle, although the Deputy Liquidator nevertheless has had to address periodic attempts to lift the stay in specific matters.

³ The answer is that federal law prohibits risk retention groups (like Ocean) from participating in a state guaranty fund. *See* 15 U.S.C. § 3902 (a)(2).

VI. ACCOUNTING, ASSETS, AND ADMINISTRATIVE EXPENSES

Pursuant to the Liquidation Order and D.C. Official Code § 31-1319 (2012 Repl.), the title of all of Ocean's accounts has been transferred to the Commissioner as Liquidator. As detailed in prior status reports, the Liquidator has been marshalling and consolidating Ocean's liquid assets into a single premium money market account at the Bank of Georgetown. Exhibit 1 is a cumulative accounting of Ocean's current assets at the Bank of Georgetown.⁴ As detailed in Exhibit 1, income received by the Liquidator included both proceeds from subrogation claims and interest on existing funds. As of February 28, 2015, the Ocean account balance at the Bank of Georgetown is \$2,794,499.87.

The current balance in Exhibit 1 reflects the Deputy Liquidator's consolidation, since the last status report to the court, of additional assets into the Bank of Georgetown account. Specifically, in December 2014, the Deputy Liquidator closed Bank of America accounts ending 6538 and 9042 totaling \$3,811.90 and closed Wells Fargo accounts ending 6260 and 1185 totaling \$338,918.68. In December 2014, the Deputy Liquidator deposited the funds from the closed accounts into the Bank of Georgetown account, as shown on Exhibit 1.

As also shown on Exhibit 1, to date the Liquidator has made court-approved distributions for Class 1 administrative expenses to Morris Manning totaling \$265,266.01 for services from the commencement of the Liquidation (October 2013) through August 31, 2014. (Counsel at DISB currently is reviewing additional Morris Manning invoices for services from September 2014 through February 2015; once that review is complete, the invoices will be submitted to this Court for approval prior to payment.) GB Group has been paid \$150,808.57 for its services from

⁴ The bold entries in Exhibit 1 represent credits and debits since the last accounting presented to the court. This exhibit also corrects some minor mathematical errors that appeared in the running total in the last report.

October 2013 through January 2015, in accord with the court-approved fee schedule. In addition, Megna has been paid its court-approved \$1,000 flat fee, plus nominal expenses.

VII. FUTURE ACTIONS

Further pursuit of assets will continue. As noted above, the Deputy Liquidator has obtained and consolidated into a single account at the Bank of Georgetown all cash assets of which he currently is aware. The Deputy Liquidator and others acting on the Liquidator's behalf will continue to pursue all relevant financial information. When all assets have been received and accounted for, and the valuation issues have been resolved either by the Deputy Liquidator or the Court, the Liquidator will be in a position to petition the Court for approval of a schedule of distribution to policyholder claimants.

March 31, 2015

Respectfully Submitted,

_____/s/
Robert H. Myers, Jr.

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Special Deputy to the Liquidator for Ocean Risk
Retention Group, Inc.

cc: Stephanie Schmelz, Esq.
Dana Sheppard, Esq.
Louise R. Phillips, Esq.

Ocean RRG Accounting

Date Posted	Credit	Debit	Balance	Purpose
Bank of Georgetown Premium Money Market Acct. Ending 6255				
10/15/13				Account opened
10/17/13	\$408,227.64		\$408,227.64	Check from closed Wells Fargo account ending 9518
10/17/13/	\$2,024.00		\$410,251.64	Check 5883 – Settlement distribution - ORRG v. New Jersey One Taxi & Limo, LLC, Docket # MER-L-000120-12
10/24/13		\$52.83	\$410,198.81	Check order
10/25/13	\$321,277.46		\$731,476.27	Check 732828 – from closed Provident/Cetera Investments acct ending 3371
10/31/13	\$103.60		\$731,579.87	Credit Interest
11/08/13	\$4,810.15		\$736,390.02	Check 5891 – Roman of NJ Net Distribution (matter 5-1203-0713)
11/12/13		\$30,000.00	\$706,390.02	Check 1026 - GB Group Initial Service Fee
11/30/13	\$264.94		\$706,654.96	Interest Credit
12/11/13	\$5,451.00		\$712,105.96	IRS Refund
12/20/13		\$2,000.00	\$710,105.96	Check 1051 – Provident Bank – LOC ending 2049
12/20/13		\$3,000.00	\$707,105.96	Check 1052 – Provident Bank – LOC ending 0328
12/31/13	\$11,870.00		\$718,975.96	Check 5895 - \$5184.00 J&H Cab Co Distribution and Check 5893 - \$6686.00 – Fraga, LLC t/a Metro Taxi Distribution
12/31/13	\$270.91		\$719,246.87	Interest Credit
1/8/14		\$21,782.79	\$697,464.08	Check 1053 – Morris, Manning & Martin, LLP
1/8/14		\$20,177.95	\$677,286.13	Check 1054 – Morris, Manning & Martin, LLP
1/15/14	\$117,859.05		\$795,145.18	Check from PNC Bank Sky Claims LLC account
1/28/14		\$16,750.00	\$778,395.18	Check 1055 – GB Group, LLC
1/31/14	\$286.37		\$778,681.55	Interest Credit
2/18/14		\$12,375.00	\$766,306.55	Check 1057 – GB Group, LLC
2/18/14		\$7,125.00	\$759,181.55	Check 1058 – GB Group, LLC
2/28/14	\$266.18		\$759,447.73	Interest Credit
3/4/14		\$15,000.00	\$744,447.73	Check 1059 – DC Treasurer – Premium Tax
3/10/14		\$17.00	\$744,430.73	Check 1060 – PNC Bank – Document Copies
3/12/14		\$8,000.00	\$736,430.73	Check 1061 – GB Group, LLC
3/18/14		\$12,375.00	\$724,055.73	Check 1062 – GB Group, LLC
3/27/14	\$3,434.00		\$727,489.73	Check 5906 - Kamal Jit, Inc.

Date Posted	Credit	Debit	Balance	Purpose
				Distribution
3/27/14	\$2,000,000.00		\$2,727,489.73	Collection on outstanding letters of credit - Wire Transfer - From Fulton Bank of New Jersey
3/31/14	\$404.52		\$2,727,894.25	Interest Credit
4/16/14	\$3,150.00		\$2,731,044.25	Check 5935 – Hoda A. Shaker Distribution
4/16/14	\$1,647.00		\$2,732,691.25	Distribution check
4/30/14	\$1,009.85		\$2,733,701.10	Interest Credit
5/2/14		\$12,375.00	\$2,721,326.10	Check 1064 – GB Group, LLC
5/5/14		\$4,720.30	\$2,716,605.80	Check 1065 – GB Group, LLC
5/8/14	\$350.00		\$2,716,955.80	Check 5938 – Hoda A. Shaker Distribution
5/19/14		\$3,500.00	\$2,713,455.80	Check 1066 – GB Group, LLC
5/19/14		\$2,375.00	\$2,711,080.80	Check 1067 – GB Group, LLC
5/31/14	\$1,037.83		\$2,712,118.63	Interest Credit
6/11/14		\$10,481.75	\$2,701,636.88	Check 1068 – GB Group, LLC
6/30/14	\$1,000.54		\$2,702,637.42	Interest Credit
7/21/14		\$4,089.31	\$2,698,548.11	Check 1069 – GB Group, LLC
7/31/14	\$1,032.39		\$2,699,580.50	Interest Credit
8/27/14	\$1,444.46		\$2,701,024.96	Check 85119 - \$700.00 Hoda A. Shaker Distribution and Check 5570 - \$744.46 – Ocean v. Budget Leasing Corp Distribution
8/27/14		\$1,430.03	\$2,699,594.93	Check 1071 – Megna Law Firm
8/30/14	\$1,031.78		\$2,700,626.71	Interest Credit
9/2/14		\$8,075.90	\$2,692,550.81	Check 1070 – GB Group, LLC
9/4/14		\$811.72	\$2,691,739.09	Check 1072 – Washington Times – Publication of NJ Order
9/4/14		\$4,612.61	\$2,687,126.48	Check 1073 – Legal Intelligencer (Philadelphia) – Publication of NJ Order
9/4/14		\$103.55	\$2,687,022.93	Check 1074 – New Jersey Law Journal – Publication of NJ Order
9/9/14		\$78.41	\$2,686,944.52	Check 1075 – Megna Law Firm
9/17/14		\$3,500.00	\$2,683,444.52	Check 1076 – GB Group, LLC
9/30/14	\$993.53		\$2,684,438.05	Interest Credit
10/28/14		\$107.63	\$2,684,330.42	Check 1079 – New Jersey Law Journal – Publication of Stay Order
10/29/14		\$4,566.31	\$2,679,764.11	Check 1080 – GB Group, LLC
10/31/14	\$1,025.81		\$2,680,789.92	Interest Credit
11/03/14		\$223,305.27	\$2,457,484.65	Check 1081 - Morris, Manning & Martin, LLP
11/05/14		\$86.25	\$2,457,398.40	Check 1078 – Megna Law Firm
11/10/14		\$100.00	\$2,457,298.40	Check 1077 – Wells Fargo statement copies
11/29/14	\$914.40		\$2,458,212.80	Interest Credit
12/03/14	\$4,788.95		\$2,463,001.75	Close Bank of America accts

Date Posted	Credit	Debit	Balance	Purpose
				ending 6538 and 9042 (\$3,811.90) and Bashwiner check (977.05)
12/04/14		\$3,500.00	\$2,459,501.75	Check 1082 – GB Group
12/16/14		\$3,500.00	\$2,456,001.75	Check 1083 – GB Group
12/17/14	\$338,918.68		\$2,794,920.43	Close Wells Fargo accts ending 6260 and 1185
12/31/14	\$1,002.02		\$2,795,922.45	Interest Credit
1/20/15		\$3,500.00	\$2,792,422.45	Check 1084 – GB Group
1/31/15	\$1,068.08		\$2,793,490.53	Interest Credit
2/28/15	\$964.34		\$2,794,454.87	Interest Credit
Total				
2/28/15			\$2,794,499.87	