

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 THIRD 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 Third Status Report.

Respectfully Submitted,

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Attorney General for the District of Columbia

ELLEN A. EFROS
Deputy Attorney General
Public Interest Division

/s/Stephane J. Latour
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CERTIFICATE OF SERVICE

I hereby certify that on this 23rd day of October, 2014, a copy of the foregoing was filed
and served by email or CaseFileXpress upon:

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/s/ E. Louise R. Phillips
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**SUPERIOR COURT OF THE DISTRICT OF COLUMBIA
CIVIL DIVISION**

DISTRICT OF COLUMBIA,
a Municipal Corporation,

Petitioner,

v.

OCEAN RISK RETENTION GROUP,
INC.

Respondent.

Civil Action No.: 2013 CA 006110 2
Judge: Wright
Calendar No.: 15
Next Event: April 7, 2015 Status
Conference

LIQUIDATOR'S THIRD 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 and the Second Status Report filed on April 3, 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 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.

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") to pursue subrogation claims on Ocean's behalf.

II. CLAIM STATUS AND OTHER LEGAL PROCEEDINGS

There are over 630 pending claims under policies issued by Ocean being handled by GB Group. Pursuant to the Court's Stay Orders, all litigation against Ocean's policyholders has been stayed through December 9, 2014, 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 Liquidator, through outside counsel, has continued to pursue such claims on Ocean's behalf. As reported in the Second Status Report, Rovner recovered over \$26,935 (after deducting its court-approved contingent fee) for the liquidation estate. On May 14, 2014, Rovner withdrew as Ocean's counsel and the Liquidator retained the Maneri Law Firm as substitute counsel. The Liquidator has submitted a motion for approval of the Maneri Law Firm's retention, on substantially the same terms as the Rovner firm. The Maneri Law Firm

assumed responsibility for approximately 53 subrogation cases previously handled by Rovner. To date, the Maneri Law Firm has recovered \$1,794.46 for Ocean.

The Liquidator has continued to monitor the lawsuit described in the Second Status Report, *Penn. Ins. Ass'n, Inc. v. Campisano*, Dec. Term 2013, No. 001303 (Phila. County Ct. of Common Pleas), removed to federal court and now pending as *Penn. Ins. Ass'n, Inc. v. Campisano*, Civil Action No. 2:14-cv-00759-CDJ (E.D. Pa.). Ocean is not named as a defendant, nor have there been any demands against Ocean's assets in connection with this litigation. There are pending motions to dismiss this action on various grounds including, among other things, the failure to state a claim upon which relief can be granted; the failure to join Ocean as an indispensable party (but whose joinder is "not feasible" in light of this Court's Stay Orders); and the plaintiffs' claim for damages based on unreturned premiums is not ripe because Ocean has not yet distributed its remaining assets and therefore it is unclear what unearned premiums will be returned. The motions to dismiss are fully briefed. The Liquidator will continue to monitor this litigation for any developments that may affect Ocean directly.

In addition, the Special Deputy, with the assistance of independent accountants, prepared and filed Ocean's 2013 federal income tax returns.

III. PROOF OF CLAIM PROCESS

The First and Second Status Reports detailed the Special Deputy's efforts to notify policyholders and known creditors of Ocean's liquidation and of the January 31, 2014 deadline for filing proof of claims. As noted in the Second Status Report, the Special Deputy received over 630 proofs of claims, mostly from policyholders and persons with claims against policyholders (collectively, "policyholder claims"), but also some general creditor and other miscellaneous claims. 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.

The Special Deputy and GB Group recently completed the valuation of policyholder claims. On October 6, 2014, a letter was forwarded to each claimant, which set forth a valuation of the proof of claim, whether it was accepted or denied, and the procedures for appealing the determination. The Special Deputy values the approved policyholder claims at \$6,146,779.76, as of October 2014. This valuation 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.

IV. STAY ORDER ENFORCEMENT

Over the past several months, the Special Deputy has received a near daily flow of telephone calls and written requests for information from claimants and their counsel in Pennsylvania and New Jersey where Ocean operated.

The Stay Orders have been a particular source of confusion. After explaining the application of the Stay Orders to numerous counsel and court personnel, who in many instances contested the application of the Stay, the Special Deputy 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 Special Deputy had to take a different approach. Under New Jersey law, the New Jersey Property and Liability Insurance Association (“NJPLIGA”) is charged with the responsibility of facilitating the administration of a liquidation. Because Ocean is a risk retention group, which by federal law is prohibited from participating in a state guaranty fund, *see* 15 USC § 3902 (a)(2), the Special Deputy, after numerous conversations with New Jersey

state officials, prepared 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. With this Court's approval, the Special Deputy retained William Megna as local New Jersey counsel who, on June 17, 2014, filed the complaint in the Mercer County Chancery Division of the Superior Court of New Jersey. A copy of the complaint is available on DISB's website at <http://disb.dc.gov/node/872812>. On July 17, 2014, the New Jersey Superior Court issued a Civil Action Order to Show Cause with Temporary Restraints Pursuant to Rule 4:52, and scheduled a hearing for September 26, 2014. The Order is available on DISB's website at <http://disb.dc.gov/node/872792>. No opposition was filed to the Liquidator's requested relief and, on September 30, 2014, the New Jersey Superior Court entered a final order. The New Jersey Superior Court's Civil Action Order Staying and Enjoining All Litigation Pursuant to Rule 4:52 is available on DISB's website at <http://disb.dc.gov/node/910482>.

The Special Deputy recently received a motion to modify the New Jersey court's stay order in connection with *Shende v. Roy*, pending in Middlesex County in the Superior Court of New Jersey. The Special Deputy currently is reviewing and preparing a response to that motion.

V. 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 the Second Status Report, the Liquidator marshalled and consolidated Ocean's liquid assets into a single premium money market account at the Bank of Georgetown. As further detailed in Exhibit 1, income received by the Liquidator included both proceeds from subrogation claims and interest on existing funds.

As of September 30, 2014, the Ocean account balance at the Bank of Georgetown is \$2,684,438.05. Exhibit 1 is a cumulative accounting of Ocean's current assets; the entries not previously provided to the Court (as Exhibit 2 to the Second Status Report) are in bold.

As shown on the attached accounting, to date the Liquidator has made court-approved distributions for Class 1 administrative expenses to Morris Manning totaling \$41,960.74 for services in September and October 2013. GB Group has been paid \$135,742.26 for its services from October 2013 through August 2014, in accord with the court-approved fee schedule. In addition, Megna has been paid its court-approved \$1,000 flat fee, plus nominal expenses. Morris Manning has incurred an additional \$223,305.27 in fees and expenses for services from November 1, 2013 through August 31, 2014; these fees have not been paid pending the court's approval of the invoices recently submitted to it.

VI. FUTURE ACTIONS

Further pursuit of assets will continue. As noted above, the Special Deputy has obtained and consolidated into a single account at the Bank of Georgetown all cash assets of which he currently is aware. However, even though diligent attempts have been made, not all information about accounting and receivables has been received yet. The Special Deputy 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, the Liquidator will be in a position to petition the Court for approval of a distribution schedule to claimants.

October ____, 2014

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

Date Posted	Credit	Debit	Balance	Purpose
3/27/14	\$3,434.00		\$727,489.73	Check 5906 - Kamal Jit, Inc. 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
Total				
9/30/14			\$2,684,438.05	