

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 4/8/14 at 9:30 am

LIQUIDATOR'S SECOND STATUS REPORT

Chester A. McPherson, Interim Commissioner of the Department of Insurance, Securities and Banking 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, in anticipation of the status hearing currently scheduled on April 8, 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.

The Department of Insurance, Securities and Banking ("DISB") filed an Emergency Consent Petition for an Expedited Order of Liquidation of Ocean Risk Retention Group, Inc. Pursuant to D.C. Official Code §§ 31-1303, 31-1315, 31-1316 and 31-3931.01 *et seq.* This Court granted the petition on September 6, 2013, and entered an Order of Liquidation (the

“Liquidation Order”), appointing the Commissioner Liquidator of Ocean pursuant to D.C. Official Code § 31-1316 (2012 Repl.).

Thereafter, pursuant to the Liquidation Order and D.C. Official Code § 31-1319(a)(1), on September 10, 2013, the Commissioner appointed Robert H. Myers, Jr. to be Special Deputy to the Liquidator (“Special Deputy”) for the purpose of liquidating Ocean and for any related actions.

On September 20, 2013, the Liquidator filed his First Status Report, as well as a motion for an order to approve the Special Deputy’s appointment and an order to stay and enjoin all litigation against Ocean and its policyholders. This Court issued an order on September 24, approving Mr. Meyer’s appointment as Special Deputy and granting the 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.”

The Liquidator subsequently filed a Motion to Clarify the Court’s September 24, 2013 Stay Order, clarifying that it 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 or suits against policyholders for unjust enrichment. On December 9, 2013, this Court issued the requested Supplementary Order Clarifying September 24, 2013 Order Staying and Enjoining All Litigation.

On December 12, 2013, the Liquidator filed a motion for an order approving the retention of GB Group, LLC to handle claims administration during Ocean’s liquidation, approving the retention of the law firm of Rovner, Zimmerman & Nash, PC to pursue subrogation claims on Ocean’s behalf, and approving the distribution of general assets as compensation to the Special Deputy and his counsel and assistants at Morris Manning & Martin LLP. By order dated January

3, 2014, this Court approved the retention of the above firms, and approved payment to Morris Manning as specified in the order.

II. CLAIM STATUS AND OTHER LEGAL PROCEEDINGS

On October 10, 2013, the Liquidator retained GB Group for claims management services. There are over 600 pending claims under policies issued by Ocean being handled by GB Group. Pursuant to the Court's September 24, 2013 Stay Order and its December 9, 2013 Supplementary Stay Order, all litigation against Ocean's policyholders has been stayed, as have all cases in which Ocean may have a duty to defend or indemnify its policyholders.

At least one claimant sought to modify the Stay Order, but the request for modification was improperly filed.

As noted above, the Liquidator retained Rovner, Zimmerman & Nash, PC to pursue subrogation claims on Ocean's behalf. To date, Rovner has recovered over \$17,298 for Ocean, after deducting its court-approved contingency fee, in the ORRG, J&H Cab Co., Fraga LLC and Kamal Jit, Inc. matters. Rovner currently is handling approximately 53 pending subrogation claims.

The Liquidator received notice of a lawsuit filed by a broker-agent for Ocean and a premium finance company 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. *See Penn. Ins. Ass'n, Inc. v. Campisano*, Dec. Term 2013, No. 001303 (Phila. County Ct. of Common Pleas). Ocean is not named as a defendant, nor have there been

any demands against Ocean's assets in connection with this litigation. The Liquidator is continuing to monitor this litigation for any developments that may affect Ocean directly.

III. PROOF OF CLAIM PROCESS

As previously reported, the Special Deputy began sending notices to Ocean's policyholders and known creditors in September 2013, informing them of the liquidation proceedings and providing proof of claim forms. *See* First Status Report and Exhibits 3, 4 and 5 (also available on the DISB website at <http://disb.dc.gov/node/668752>).

In addition, the Liquidator notified the Pennsylvania Insurance Department and the New Jersey Department of Banking and Insurance of Ocean's liquidation. Notices were also published in The Washington Times on October 21 – 25, 2013 and in the Legal Intelligencer of Philadelphia, Pennsylvania on October 21 – 25, 2013. (Attached hereto as Exhibit 1.)

The deadline for submitting proof of claims was January 31, 2014.

Over 630 proofs of claims have been received to date, mostly from policyholders and persons with claims against policyholders, but also some general creditor and other miscellaneous claims. Many of the proofs of claims have not specified a fixed amount but rather are contingent upon evidence to be evaluated. These claims may not be provable or may not be covered by any Ocean insurance policy. The Special Deputy and GB Group currently are examining and evaluating the proofs of claims.

IV. ACCOUNTING, ASSETS, AND ADMINISTRATIVE EXPENSES

Pursuant to the Liquidation Order and D.C. Official Code §31-1319, the title of all of Ocean's accounts has been forwarded to the Commissioner as Liquidator.

On October 15, 2013, the Special Deputy opened a premium money market account for the Liquidation at Bank of Georgetown.

Accounting information obtained from Ocean's captive manager, W.A. Taft & Company (DC), LLC, showed that Ocean had one account each at Wells Fargo, Provident (Cetera Investments) and PNC. On October 17, 2013, all funds from the Wells Fargo account ending 9518, totaling \$408,227.64, were deposited into the Bank of Georgetown account. On October 25, 2013, all funds from the Provident (Cetera Investments) account ending 3371, totaling \$321,277.46, were deposited in the Bank of Georgetown account. Both the Wells Fargo and Provident (Cetera Investment) accounts were then closed. On January 15, 2014, all funds from the PNC Bank Sky Claims account ending 9172, totaling \$117,859.05, were deposited into the Bank of Georgetown account. The PNC Bank Sky Claims account was then closed.

Ocean also had five letters of credit with Provident Bank. The Liquidator paid \$5,000 in fees for these letters of credit in December 2013. On March 25, 2014, the letters of credit listed below were submitted to the Provident Bank for payment, and the proceeds in the amount of \$2,000,000.00 were wired to the Liquidator's account on March 27, 2014.

12/12/13	8050002049	\$400,000.00
04/11/14	8050001134	\$400,000.00
07/31/14	8050002082	\$350,000.00
08/07/14	8050002078	\$250,000.00
1/14/14	8050000328	\$600,000.00
	Total:	\$2,000,000.00

As of March 28, 2014, the Ocean account balance at the Bank of Georgetown is \$2,727,534.73. Attached as Exhibit 2 is an accounting of Ocean's current assets.

As shown in Exhibit 2, to date the Liquidator has made court-approved distributions for Class 1 administrative expenses to Morris Manning totaling \$41,960.74. GB Group has been paid \$86,625 for its services from October 2013 through February 2014, in accord with the court-approved fee schedule. The Liquidator also paid \$15,000 to the District for Ocean's

premium tax for 2013. Morris Manning has incurred an additional \$83,176.62 in fees and expenses for services from November 2013 through January 2014; these fees have not been paid pending submission of the invoices to the court for its approval.

V. FUTURE ACTIONS

In the near future, the Special Deputy and GB Group will be completing the valuation of proofs of claims, which will enable preparation and forwarding to claimants a letter setting forth a valuation of the proof of claim, whether it is accepted or denied, and procedures for appealing the determination.

Further pursuit of assets will continue. 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, such as notes, has been received yet. The Special Deputy and others acting on the Liquidator's behalf will continue to pursue all relevant financial information. Once that information is received, the liquidation team will complete forensic accounting procedures and develop liquidation value reporting, as well as prepare a federal income tax return for the year ended December 31, 2013.

April 3rd, 2014

Respectfully submitted,

/s/

Robert H. Myers, Jr.
ROBERT H. MYERS, JR.
Special Deputy to the Liquidator

Morris, Manning & Martin, LLP
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rmyers@mmmlaw.com

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

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

AFFIDAVIT OF PUBLICATION

AD# 14730094

DISTRICT OF COLUMBIA, ss,
Personally appeared before me, CARL S. JOHNSON,
a Notary Public in and for the State of Maryland,

JUD ALMOND, who is being duly sworn according to law, an oath says that he is an
AUTHORIZED AGENT of THE WASHINGTON TIMES, L.L.C., publisher of

The Washington Times

Circulated daily, in the City of Washington, District of Columbia,
and that the advertisement, of which the annexed is a true copy,
was published in said newspaper 5 time(s) on the following dates:

2013 OCTOBER 21, 22, 23, 24 & 25

Total Cost \$ 436.80 Dollars



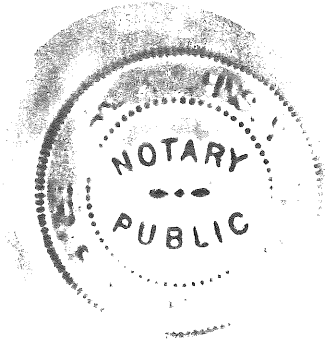
Subscribed and sworn to before me

OCTOBER 25, 2013

Notary Public 

CARL S JOHNSON
NOTARY PUBLIC
PRINCE GEORGE'S COUNTY
MARYLAND

My Commission expires My Commission Expires Dec. 13, 2016



Notice of Liquidation
Ocean Risk Retention Group, Inc., which offered liability insurance to taxis and limousines operating in New Jersey and Pennsylvania, was placed into liquidation by court order on September 6, 2013, due to its insolvency. It is no longer in business and may not have assets sufficient to cover all claims, claims-related expenses, and other debts. All claims must be filed on or before January 31, 2014. Any questions should be directed to Special Deputy Liquidator, Robert H. Myers, Jr., Esquire, 1401 Eye Street, N.W., Suite 600, Washington, D.C. 20005; 202-898-0011; Fax: 202.408.5146E-mail: rmyers@mmmlaw.com

PROOF OF PUBLICATION OF NOTICE IN THE LEGAL INTELLIGENCER
Under Act of May 16, 1929, P.L. 1784, as amended

Commonwealth of Pennsylvania, } ss.:
County of Philadelphia }

STEPHANIE MURRAY, being duly sworn, deposes and says that The Legal Intelligencer is a daily newspaper published at One Penn Center at Suburban Station, 1617 John F. Kennedy, Philadelphia, Pennsylvania 19103, and was established in said city in 1843, since which date said legal newspaper has been regularly issued in said county, that it has been issued daily since September 4, 1933, and that it was entered at the Philadelphia Post Office under the Postal Laws and Regulations as second class matter in the United States mails on July 19, 1879; that The Legal Intelligencer is a daily legal newspaper complying in all respects with the Newspaper Advertising Act of May 16, 1929, P.L. 1784, its amendments and supplements; and that a copy of the printed notice or publication is attached hereto exactly as the same was printed or published in the regular editions and issues of the said legal newspaper on the following date, viz.:
OCTOBER 21, 22, 23, 24, AND 25, 2013

Affiant further deposes and says that she is an employee of the publisher of said legal newspaper and has been authorized to verify the foregoing statement and that she is not interested in the subject matter of the aforesaid notice of publication, and that all allegations in the foregoing statement as to time, place and character of publication are true.

Copy of Notice or Publication

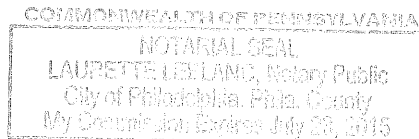
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E-mail: rmyers@mmlaw.com
10-21-5*

Stephanie Murray

Sworn to and subscribed before me this 25th day of
OCTOBER, 2013

Laurette LeBlanc
Notary Public

Philadelphia, Philadelphia, County



Office:
One Penn Center at Suburban Station
17th Floor
1617 John F. Kennedy Boulevard
Philadelphia, PA 19103

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/	\$2024.00		\$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		\$731,579.89	Check 732828 – from closed Provident/Cetera Investments acct ending 3371
10/31/13	\$103.60		\$731,624.87	Credit Interest
11/08/13	\$4810.15		\$736,390.02	Check 5891 – Roman of NJ Net Distribution (matter 5-1203-0713)
11/12/13		\$30,000.00	\$706,435.02	Check 1026 - GB Group Initial Service Fee
11/30/13	\$264.94		\$706,699.96	Interest Credit
12/11/13	\$5,451.00		\$712,150.96	IRS Refund
12/20/13		\$2,000.00	\$710,150.96	Check 1051 – Provident Bank – LOC ending 2049
12/20/13		\$3,000.00	\$707,150.96	Check 1052 – Provident Bank – LOC ending 0328
12/31/13	\$11,870.00		\$719,020.96	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		\$719,291.87	Interest Credit
1/8/14		\$21,782.79	\$697,509.08	Check 1053 – Morris, Manning & Martin, LLP
1/8/14		\$20,177.95	\$677,331.13	Check 1054 – Morris, Manning & Martin, LLP
1/15/14	\$117,859.05		\$795,190.18	Check from PNC Bank Sky Claims LLC account
1/28/14		\$16,750.00	\$778,440.18	Check 1055 – GB Group, LLC
1/31/14	\$286.37		\$778,726.55	Interest Credit
2/18/14		\$12,375.00	\$766,351.55	Check 1057 – GB Group, LLC
2/18/14		\$7,125.00	\$759,226.55	Check 1058 – GB Group, LLC
2/28/14	\$266.18		\$759,492.73	Interest Credit
3/4/14		\$15,000.00	\$744,492.73	Check 1059 – DC Treasurer – Premium Tax
3/10/14		\$17.00	\$744,475.73	Check 1060 – PNC Bank – Document Copies
3/12/14		\$8,000.00	\$736,475.73	Check 1061 – GB Group, LLC
3/18/14		\$12,375.00	\$724,100.73	Check 1062 – GB Group, LLC

3/27/14	\$3,434.00		\$727,534.73	Check 5906 - Kamal Jit, Inc. Distribution
3/27/14	\$2,000,000.00		\$2,727,534.73	Collection on outstanding letters of credit - Wire Transfer - From Fulton Bank of New Jersey
Total				
3/28/14			\$2,727,534.73	