

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: 4/7/15 at 9:30 am

**OCEAN RISK RETENTION GROUP, INC.’S MOTION FOR ORDER
APPROVING (1) RETENTION OF TAX PROFESSIONALS, (2) SUBSTITUTION OF
SUBROGATION LITIGATION COUNSEL, AND
(3) DISTRIBUTION OF GENERAL ASSETS**

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 (“DISB”), 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, moves this Court for an order approving (1) the retention of tax professionals in connection with Ocean’s liquidation, (2) the substitution of litigation counsel for the pursuit of subrogation claims on Ocean’s behalf, and (3) the distribution of Ocean’s general assets for payment of rehabilitation fees and expenses. Specifically, the Petitioner requests that the Court approve compensation for Saslow Lufkin & Buggy LLP to handle preparation of tax returns and related services for Ocean’s liquidation. In addition, the Petitioner requests that the Court approve the substitution of the Maneri Law Firm, LLC to replace the law firm of Rovner, Zimmerman & Nash, PC as litigation counsel to pursue subrogation claims on

Ocean's behalf. Finally, the Petitioner requests an Order authorizing distribution of general assets of Ocean totaling **\$223,035.27** for the fair and reasonable compensation of the Special Deputy Liquidator and his counsel and assistants at Morris Manning & Martin, LLP for their services from November 1, 2013 through August 31, 2014, in connection with Ocean's liquidation. For the reasons stated more fully in the Memorandum of Points and Authorities, incorporated herein by reference, the Petitioner therefore requests that the Court enter the attached order.

Respectfully Submitted,

IRVIN B. NATHAN
Attorney General for the District of Columbia

ELLEN A. EFROS
Deputy Attorney General
Public Interest Division

/s/Stephane J. Latour
STEPHANE J. LATOUR
Chief, Civil Enforcement Section

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

I hereby certify that on this 8th day of October, 2014, a copy of Ocean Risk Retention Group, Inc.'s Motion for Order Approving (1) Retention of Tax Professionals, (2) Substitution of Subrogation Litigation Counsel, and (3) Distribution of General Assets, a copy of the supporting Memorandum of Points and Authorities, and a copy of the proposed Order was served by email or CaseFileXpress upon:

Chester A. McPherson, Liquidator
c/o Stephanie Schmelz
DISB, Office of the General Counsel
810 First St., NE, Suite 701
Washington, D.C. 20002
Stephanie.Schmelz@dc.gov

Robert H. Myers Jr.
Special Deputy Liquidator
for Ocean Risk Retention Group, Inc.
Morris, Manning & Martin, LLC
1401 Eye Street, N.W.
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/s/ E. Louise R. Phillips
E. LOUISE R. PHILLIPS
Assistant Attorney General

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**MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF
OCEAN RISK RETENTION GROUP, INC.'S MOTION FOR ORDER APPROVING
(1) RETENTION OF TAX PROFESSIONALS, (2) SUBSTITUTION OF SUBROGATION
LITIGATION COUNSEL, AND (3) DISTRIBUTION OF GENERAL ASSETS**

The District of Columbia ("District"), at the request of and on behalf of Chester A. McPherson, Acting Commissioner and Liquidator for Ocean, and the Special Deputy Liquidator, moves this Court for an order approving (1) the retention of tax professionals in connection with Ocean's liquidation, (2) the substitution of litigation counsel for the pursuit of subrogation claims on Ocean's behalf, and (3) distribution of Ocean's general assets, and in support thereof state the following.

I. BACKGROUND AND APPOINTMENT OF ADDITIONAL FIRMS

On September 6, 2013, the Court issued an Emergency Consent Order of Liquidation for Ocean, a captive insurer organized and licensed under the laws of the District that offered liability insurance to taxi owner-operators and to taxi fleet owners in New Jersey and Pennsylvania. The Emergency Consent Order of Liquidation for Ocean states explicitly that the

Commissioner as Liquidator shall be vested with the powers identified at D.C. Official Code § 31-1319 (2012 Repl.).

Under D.C. Official Code § 31-1319, Ocean's Liquidator and the Special Deputy Liquidator have the power to hire employees, agents, legal counsel, and other personnel they deem necessary to assist in the liquidation and to fix their compensation with the approval of the Court. *See* D.C. Official Code §§ 31-1319(a)(1), (2) and (4) (2012 Repl.).

Pursuant to authority granted to them by the liquidation statute, the Liquidator and the Special Deputy Liquidator retained Saslow Lufkin & Buggy, LLP ("Saslow") to prepare tax returns for Oceans and provide related services as tax professionals, as described in the Letter Agreement, executed on January 6, 2014, attached as *in camera* **Exhibit 1**. Saslow has significant expertise in insurance accounting, as detailed in *in camera* **Exhibit 2** (an excerpt from its website at <http://www.slbcpa.com/expertise.insurance.asp>). Saslow also has provided professional tax services to Ocean for several years, and their familiarity with Ocean and its records will reduce costs while maintaining continuity of service. Saslow has agreed to a one-time payment of a relatively low flat fee at the conclusion of their services, plus payment out-of-pocket expenses. The attached letter agreement reflects the Liquidator's and the Special Deputy Liquidator's belief that Saslow's services are necessary liquidating Ocean's assets, and that the arrangements for fee and expense reimbursement are reasonable.

The Court previously approved the retention of Rovner, Zimmerman & Nash, PC ("Rovner"), to pursue subrogation claims on Ocean's behalf. The lead counsel at Rovner, however, left the firm and therefore was unable to continue handling subrogation cases. The Special Deputy Liquidator, pursuant to the authority granted by the liquidation statute, retained the Maneri Law Firm, LLC ("Maneri") to handle subrogation claims for Ocean. The Maneri

Law Firm Subrogation Claim Service Agreement is attached as *in camera* **Exhibit 3**. The lead attorney, Michael S. Maneri Esq., has over 30 years of legal experience and specializes in collection matters. See <http://www.njlawmm.com/attorneys.htm>. As with Rovner, Maneri will be paid an industry-standard contingency fee based on sums actually collected, and will be reimbursed for litigation expenses incurred in connection with a subrogation claim only when there is a recovery for that claim.

The agreements reflect the Liquidator's and the Special Deputy Liquidator's belief that the services of Saslow and Maneri are necessary for marshalling, pursuing, assessing and liquidating Ocean's assets, and that the arrangements for fee and expense reimbursement are reasonable. The Petitioner therefore requests that the Court approve the retention of and compensation for Saslow and Maneri.

II. APPLICATION FOR DISTRIBUTION OF OCEAN ASSETS

The Liquidator requests the court's approval for distribution of Ocean's assets to pay the Morris, Manning & Martin invoices attached as *in camera* **Exhibit 4**. Pursuant to the Court's Order dated January 3, 2014, the Court must have notice of any funds leaving the liquidation estate and preapprove such transactions. D.C. Official Code § 31-1319(a)(5) (2012 Repl.) authorizes the Liquidator to "pay reasonable compensation to persons appointed."

The Liquidator requests authorization to pay in full the Exhibit 4 invoices. In this regard, the Liquidator's counsel at the DISB reviewed all invoices, requested numerous revisions for clarifications, and indicated that the Liquidator would recommend certain entries not be reimbursed. Morris Manning & Martin made the requested revisions, provided additional explanation (as summarized in the memorandum attached as *in camera* **Exhibit 5**), and deleted all entries which DISB counsel indicated would not be recommended for reimbursement.

Morris Manning therefore has already reduced its invoices by over five percent. With these revisions, the Liquidator finds the hours and total fees and expenses incurred by Morris Manning & Martin to be reasonable and necessary for the services provided in connection with Ocean's liquidation. The Liquidator therefore requests confirmation of authority to reimburse the attached invoices in full, for a total of **\$223,305.27**, from Ocean's general assets.

III. RELIEF REQUESTED

Wherefore, for the reasons discussed above, the Petitioner moves the court for the entry of an order approving the retention and compensation of the tax professionals needed to assist with Ocean's liquidation, the substitution of subrogation counsel and approving the distribution of Ocean general assets as specified herein and in the attached proposed Order.

Respectfully Submitted,

IRVIN B. NATHAN
Attorney General for the District of Columbia

ELLEN A. EFROS
Deputy Attorney General
Public Interest Division

/s/Stephane J. Latour
STEPHANE J. LATOUR
Chief, Civil Enforcement Section

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