

NEW YORK LIQUIDATION BUREAU

REQUEST FOR STATEMENT OF INTEREST

December 27, 2007

I. BACKGROUND

The New York Liquidation Bureau (the “Bureau”) carries out the responsibilities of the Superintendent of Insurance in his capacity as liquidator, rehabilitator, conservator or ancillary receiver of all entities under his receivership pursuant to Articles 74, 75, 76 and 77 of the New York Insurance Law and Article 6A of the Workers’ Compensation Law (the “Receiver”). The Bureau acts on the Receiver’s behalf in discharging his duties to protect policyholders and creditors of insurance companies that have been placed into his receivership (“Estates”). The Bureau’s objective is to maximize the assets and resolve the liabilities of such companies in an effort to return rehabilitated companies to the marketplace or to distribute the assets of liquidating companies to creditors. The Estates under the Receiver’s receivership may be found at <http://www.nylb.org/Estates.htm>. It is likely that new companies and or Estates will be added to the Bureau portfolio. The Bureau is also responsible for the administration of claims which meet the criteria for coverage under the Property/Casualty Insurance Security Fund, Public Motor Vehicle Liability Security Fund and Workers’ Compensation Security Fund (collectively, the “New York Security Funds”).

The Bureau is constituting a panel of outside forensic auditors (the “Panel”). The Bureau is interested in placing on the Panel experienced and highly skilled audit firms and specialists (“Auditors”). The Bureau will solicit advice from the Auditors on conducting audits of various estates (“Estates”) and make such assignments as the Bureau deems advisable.

II. DESCRIPTION OF SERVICES

The Bureau will engage Auditors for specific assignments on specific Estates. Assignments may have tight deadlines or require working with incomplete or poorly organized records. Auditors should have experience in the insurance industry, insurance company liquidation matters and expertise in investigating and detecting fraud and other irregularities. Though the scope may vary, specific assignments may include without limitation:

- 1) evaluating an Estate’s financial status and issuing opinions of the statement of assets, liabilities and accumulated deficit on a modified cash basis;
- 2) providing an evaluation of an Estate’s operational status and a summary level review of internal accounting controls and compliance with such controls;
- 3) identifying areas of weakness and vulnerability to fraud and misconduct and, if applicable, investigating past or existing fraud or misconduct and reporting on same; and
- 4) recommending appropriate remedial actions.

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III. RULES AND INSTRUCTIONS

In order to be considered for placement on the Panel, Auditors submitting Statements of Interest (“Applicants”) must submit to the Bureau a Statement of Interest that strictly adheres to the requirements outlined in this RSI. The Bureau, in its sole discretion, will make its selections from all compliant Statements of Interest submitted.

A committee under the supervision of the Bureau’s Chief Compliance Officer, will review all compliant Statements of Interest and make selections for the Panel. The committee may, in its sole discretion, seek additional materials from or interviews with any Applicant.

Each Statement of Interest must specifically supply all items of information requested in Section IV below in the exact format set forth in Section IV. Material deviations from this format may result in disqualification of the Auditor’s Statement of Interest. For any items that do not apply to the Applicant, the Applicant must specifically indicate that the item is not applicable. Applicants may not satisfy an item of requested information by submission of or reference to a firm brochure, promotional or descriptive literature, or any other document, unless the request expressly permits such submission or reference.

Deadline for Statements of Interest:

Statements of Interest must be formatted in 12-point or larger font. One original and four copies of the Statement of Interest must be received by the Chief Compliance Officer at the address listed below, **no later than 5:00 p.m., Eastern Standard Time, on Friday, January 18, 2008**, unless such deadline is extended in writing by, and at the sole discretion of, the Bureau. The Statement of Interest must be signed and dated by a partner, member or other such principal of the Applicant. By signing a Statement of Interest, the Applicant is certifying that the information in the Statement of Interest is materially complete, truthful and accurate. The terms defined herein shall apply to, and be used where appropriate in, the Statement of Interest and all documents submitted therewith.

All inquiries and submissions must be addressed to:

New York Liquidation Bureau
123 William Street New York, New York 10038-3889
Attn: John Pearson Kelly, Esq.
Chief Compliance Officer

Auditors intending to file a Statement of Interest may submit written questions to the Bureau until 5:00 p.m., Eastern Standard Time, on Friday, January 11, 2008.

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Questions should be sent via e-mail to Chief Compliance Officer **John Pearson Kelly** at jpkelly@nylb.org or via mail to John Pearson Kelly at the address listed above.

Except as provided in this RSI and as otherwise necessary for the conduct of a business relationship previously established with the Bureau, Applicants, including their practitioners, may not communicate with Bureau personnel who are involved in the review, evaluation or selection of Applicants. Applicants, including their practitioners, may not directly or through an intermediary attempt to influence the process of evaluating and selecting applicants for the panel, except through the submission of a statement of interest and any subsequent interview. The Bureau will disqualify from the panel any Applicant engaging in such prohibited communications.

IV. STATEMENT OF INTEREST

The Statement of Interest shall set forth the following information:

A. Name of Applicant and Contact Information.

1. State the name of Applicant.
2. State the address of the Applicant's primary office which will be engaged in the service.
3. State the Applicant's general telephone and fax number.
4. List all other office addresses.
5. List a primary contact person, including such person's specific contact information.
6. List an alternate contact person including such person's specific contact information.

B. Applicant's Expertise.

1. Describe the Applicant's organizational form (*e.g.*, partnership, professional corporation, etc.).
2. Provide a comprehensive description of your approach to fulfilling the requirements of a forensic audit. For example, describe forensic auditing techniques, data analysis techniques, use of Information Technology (IT) specialists to perform IT assessments and other auditing procedures, the type and extent of sampling to be employed, etc.
3. Indicate the number of people, broken out by organizational level, located within the engagement office that will handle the audit, and the organization of the proposed audit team.
4. Provide a list of the engagement office's current and prior government, insurance industry and fraud-examination audit projects, indicating the client names, the type(s) of services performed, and the length of each engagement.

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For each current or prior governmental client, provide the name and telephone number of a contact person.

5. Describe your audit organization's participation in AICPA-sponsored or comparable quality control programs (peer review). Provide a copy of the firm's current peer review, the letter of comments, and your response, if any.
6. Describe the educational qualifications of each person that may be assigned to the audit team at a senior manager level and higher, including any continuing professional education, seminars, and courses attended or taught within the past three years, especially those courses in fraud examination and forensic accounting.
7. Set forth any other facts relevant to establishing Applicant's expertise in the selected area(s) of expertise.

C. Applicant History and Licensing.

1. State Applicant's number of years in business.
2. State all names used by Applicant within the past 10 years.
3. State all prior primary addresses of Applicant within the past 10 years.
4. Certify that Applicant and all its partners, associates and employees are properly licensed in New York State.
5. For all Applicants who have worked on one or more Bureau matters in the last 10 years, set forth a description of each such Bureau matter, including the practitioner(s) primarily responsible for the matter, the key issues and difficulties confronted, and the resolution of the matter.
6. For every judgment entered against Applicant and/or any of its practitioners as a result of a claim against Applicant and/or any of its practitioners for professional malpractice, negligence or other malfeasance, set forth the date, all monetary relief granted, all injunctive relief granted, and the amount of the monetary judgment that currently remains unsatisfied, if any.
7. Set forth the number of settlements within the last 10 years resulting in a payment of greater than \$10,000 in connection with any claims for professional malpractice, negligence or other malfeasance brought against Applicant or any of its practitioners.
8. If Applicant or any of its practitioners has been convicted of any crime (felony or misdemeanor), set forth the relevant facts relating thereto.
9. If Applicant or any of its practitioners has been the subject of any investigation by any governmental authority within the last five years, provide a brief description of the circumstances of each investigation, including the name of the investigating authority, the nature of the investigation, the date on which the investigation was commenced, and the status or disposition of the investigation.

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10. Provide a brief statement regarding all sanctions, suspensions, and disciplinary actions imposed upon Applicant or any of its practitioners by any professional or regulatory body in any state within the last 10 years.

D. Potential Conflicts of Interest.

Identify any potential conflicts of interest (in fact or appearance) with the Bureau, including but not limited to:

1. Insurance Company Affiliations.
 - a. Disclose whether Applicant is currently auditor or forensic auditor to any insurance company and, if so, identify the insurance company.
 - b. Where Applicant currently provides advisory services to an insurance company and/or its insured(s), provide a list of all such insurance companies.
 - c. For any practitioner of Applicant currently possessing a greater than five percent ownership interest in any insurance company, set forth the name of the practitioner and the name of the insurance company.
2. Provide a list of all insurance regulators, insurance receivers, guaranty associations, guaranty funds, security funds or insurance industry organizations with which the Auditor currently has a business or other relationship.
3. List all of Applicant's employees who are related by blood or marriage to and/or are living in the same household as any Bureau employee(s).
4. List all of Applicant's current employees who were previously employed by Bureau.
5. List all Bureau current employees who were previously employed by Applicant.

E. Miscellaneous Information.

1. For informational purposes only, set forth Applicant's fee schedules for governmental entities, not-for-profit companies and private industry.
2. Describe liability insurance coverage arrangements showing that the firm is adequately insured to cover claims.
3. Describe the assistance, if any, expected from the Bureau staff (*e.g.*, accounting, finance department, internal audit or any other division of the Bureau) during a forensic audit project.
4. Set forth facts sufficient to demonstrate that Applicant is an equal opportunity employer and complies with all relevant federal, state and municipal equal employment opportunity and non-discrimination laws, regulations and executive orders. Applicant may attach hard copies of any equal employment opportunity policy statements or other relevant official firm documents.

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5. Set forth whether Applicant has any unsatisfied judgments against it or has ever been the subject of a bankruptcy or receivership action or proceeding.
6. Provide any additional pertinent information not already provided in response to the above.

V. ADDITIONAL TERMS AND INFORMATION

The information contained herein shall be used for the sole purpose of responding to this RSI. The Bureau will not, and is not under any obligation to, pay the costs, in whole or in part, incurred during the preparation of a Statement of Interest and during the selection process.

The Bureau, in its sole discretion, reserves the right to accept or reject any or all Statements of Interest, to utilize any or all ideas expressed within the Statements of Interest, and/or to adopt any or all parts of the Statements of Interest submitted. All Statements of Interest shall, upon receipt by the Bureau, become the property of the Bureau.

The Bureau may in its sole discretion: (a) request additional information or clarification from any Applicant; and/or (b) invite any Applicant to appear for an interview.

The Bureau may, in its sole discretion, rescind, modify or provide an addendum to this RSI and, in connection therewith, allow Applicants to revise their responses or supply additional information.

This RSI does not commit the Bureau to select an Applicant or enter into a contract with an Applicant.

Upon completion of the selection process, the Bureau will notify in writing all Applicants that have been selected for the Panel. The Bureau will endeavor to notify all Applicants that have not been selected for the Panel.

VI. TIME SCHEDULE

Distribution of RSI: Thursday, December 27, 2007

Sealed proposals due: Friday, January 18, 2008