

At IAS Part II of the Supreme Court  
of the State of New York, County  
of Nassau, 100 Supreme Court  
Drive, Mineola, New York on  
the 23 day of May, 2001

PRESENT

HON. JOHN W. BURKE

JUSTICE.

MOTION SEQUENCE # 008  
ORIGINAL RETURN DATE 8-3  
RELIEF OOTH

Index No. 98-002306

Hon. Burke

In the Matter of

the Liquidation of

FIRST CENTRAL INSURANCE COMPANY

ORDER TO SHOW CAUSE  
ESTABLISHING NOTICE  
AND HEARING DATE FOR  
CONSIDERATION OF LIQUIDATOR'S  
INTERIM REPORT ON THE STATUS OF  
THE LIQUIDATION OF FIRST  
CENTRAL INSURANCE COMPANY

UPON the annexed petition of RICHARD S. KARPIN, Assistant Special Deputy Superintendent  
and Agent of GREGORY V. SERIO, Superintendent of Insurance of the State of New York, as  
Liquidator (the "Liquidator") of First Central Insurance Company ("FCIC") for an order approving the  
Liquidator's Report and Proposal for Interim Distribution of Assets:

LET all creditors show cause before this Court at IAS Part II, 100 Supreme Court Drive,  
Mineola, New York, on the 3 day of Aug, 2001, at 9:30 A.M. or as soon thereafter as counsel may be  
heard, why an order granting the relief sought in the petition should not be granted;

65C { AND, sufficient cause having been alleged therefor, let service of <sup>A COPY</sup> notice of this order to show cause <sup>AND</sup> be made on FCIC's creditors by mailing a notice in the form annexed hereto as Exhibit 1, at least 45 days in advance of the above-scheduled return date; and it is further ORDERED THAT:  
BE MADE ON FCIC'S CREDITORS BY REGULAR MAIL AT LEAST

1. The form and method of notice specified herein is the best notice of this Order to Show Cause and the scheduled return date to all persons and entities entitled to receive such notice;
2. The Liquidator shall, at or before the Hearing date, file proof of mailing of the notice required hereunder.
3. Any creditor who wishes to object to the petition, must serve upon the Liquidator and Clerk of the Court a written statement setting forth its objections and all supporting documentation at least fifteen (15) days prior to the above-scheduled return date. Service on the Liquidator shall be made by first class mail at the following address:  
  
The Superintendent of Insurance of the State of New York,  
as Liquidator of First Central Insurance Company  
123 William Street  
New York, New York 10038-3889  
Attention: Barton W. Bloom, Esq.
- 4 Unless the court otherwise directs, no person or entity will be entitled to object to the allowance of its claim or to the petition or otherwise be heard, except by serving and filing a written objection as described above. Any person or entity who fails to object in the manner described above will be deemed to have waived any objections and will be barred from raising objections in this or any other action or proceeding.

ENTER:

*[Signature]*  
JSC

ENTER

---

J. S. C.



---

BARTON W. BLOOM, ESQ.  
L. 678

**IN THE MATTER OF THE LIQUIDATION OF  
FIRST CENTRAL INSURANCE COMPANY**

TO: \_\_\_\_\_

Liquidation No.:

Amount Allowed:

**NOTICE**

The Superintendent of Insurance of the State of New York, as Liquidator (the "Liquidator") of First Central Insurance Company ("FCIC") hereby gives you notice that he has presented to the Supreme Court of the State of New York, County of Nassau, a petition for confirmation and approval ("Petition") of his Report on the Status of the Liquidation of First Central Insurance Company ("Report"). A hearing is scheduled on the Petition on \_\_\_\_\_, 2001, at 9:30 A.M., at the Courthouse, 100 Supreme Court Drive, Mineola, New York, Courtroom \_\_\_\_\_. If you wish to object to the Report, you must serve a written statement setting forth your objections and all supporting documentation upon the Liquidator and Clerk of the Court, at least ten (10) business days prior to the hearing. Service on the Liquidator shall be made by first class mail at the following address:

The Superintendent of Insurance of the State of New York  
as Liquidator of First Central Insurance Company  
123 William Street  
New York, New York 10038-3889  
Attention: Barton W. Bloom, Esq.

The Petition and Report are available for inspection at the above address. The Report is summarized below. In the event of any discrepancy between the summary herein and the documents, the documents control.

**The Report**

The Liquidator reports that as of June 30, 2000, FCIC's assets totaled \$131,602,497, and liabilities totaled \$204,283,677.

The Liquidator has adjudicated six thousand one hundred forty-four (6,144) out of eight

thousand three hundred thirteen (8,313) claims presented through June 30, 2000. Six thousand ninety-five (6,095) claims have been allowed or recommended for allowance. Forty-nine (49) have been disallowed or recommended for disallowance.

There are two thousand one hundred sixty-nine (2,169) open claims with claim and expense reserves in the amount of \$112,279,791. In addition, there are claim and expense reserves for incurred but not reported claims in the amount of \$17,044,373. Additional claims continue to be reported.

The Liquidator, upon confirmation and approval of the Report, will consider making a partial and interim pro-rata distribution of assets to creditors with allowed claims. As of June 30, 2000, FCIC's distributable assets totaled \$103,914,294, while liabilities totaled \$204,283,677. Thus, taking into account the ratio of distributable assets to liabilities and the adequacy of reserves, the Liquidator anticipates making somewhat less than a 50% distribution.

When there is a distribution, creditors whose claims are allowed subsequent thereto will receive their distributions following the allowance of their claims. Requests for further information should be directed to Barton W. Bloom, Esq. at the Liquidator's office at (212) 341-6109.

RICHARD S. KARPIN  
Assistant Special Deputy Superintendent  
of Insurance as Liquidator of  
First Central Insurance Company

2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042 2043 2044 2045 2046 2047 2048 2049 2050 2051 2052 2053 2054 2055 2056 2057 2058 2059 2060 2061 2062 2063 2064 2065 2066 2067 2068 2069 2070 2071 2072 2073 2074 2075 2076 2077 2078 2079 2080 2081 2082 2083 2084 2085 2086 2087 2088 2089 2090 2091 2092 2093 2094 2095 2096 2097 2098 2099 2100 2101 2102 2103 2104 2105 2106 2107 2108 2109 2110 2111 2112 2113 2114 2115 2116 2117 2118 2119 2120 2121 2122 2123 2124 2125 2126 2127 2128 2129 2130 2131 2132 2133 2134 2135 2136 2137 2138 2139 2140 2141 2142 2143 2144 2145 2146 2147 2148 2149 2150 2151 2152 2153 2154 2155 2156 2157 2158 2159 2160 2161 2162 2163 2164 2165 2166 2167 2168 2169 2170 2171 2172 2173 2174 2175 2176 2177 2178 2179 2180 2181 2182 2183 2184 2185 2186 2187 2188 2189 2190 2191 2192 2193 2194 2195 2196 2197 2198 2199 2200 2201 2202 2203 2204 2205 2206 2207 2208 2209 2210 2211 2212 2213 2214 2215 2216 2217 2218 2219 2220 2221 2222 2223 2224 2225 2226 2227 2228 2229 2230 2231 2232 2233 2234 2235 2236 2237 2238 2239 2240 2241 2242 2243 2244 2245 2246 2247 2248 2249 2250 2251 2252 2253 2254 2255 2256 2257 2258 2259 2260 2261 2262 2263 2264 2265 2266 2267 2268 2269 2270 2271 2272 2273 2274 2275 2276 2277 2278 2279 2280 2281 2282 2283 2284 2285 2286 2287 2288 2289 2290 2291 2292 2293 2294 2295 2296 2297 2298 2299 2300 2301 2302 2303 2304 2305 2306 2307 2308 2309 2310 2311 2312 2313 2314 2315 2316 2317 2318 2319 2320 2321 2322 2323 2324 2325 2326 2327 2328 2329 2330 2331 2332 2333 2334 2335 2336 2337 2338 2339 2340 2341 2342 2343 2344 2345 2346 2347 2348 2349 2350 2351 2352 2353 2354 2355 2356 2357 2358 2359 2360 2361 2362 2363 2364 2365 2366 2367 2368 2369 2370 2371 2372 2373 2374 2375 2376 2377 2378 2379 2380 2381 2382 2383 2384 2385 2386 2387 2388 2389 2390 2391 2392 2393 2394 2395 2396 2397 2398 2399 2400 2401 2402 2403 2404 2405 2406 2407 2408 2409 2410 2411 2412 2413 2414 2415 2416 2417 2418 2419 2420 2421 2422 2423 2424 2425 2426 2427 2428 2429 2430 2431 2432 2433 2434 2435 2436 2437 2438 2439 2440 2441 2442 2443 2444 2445 2446 2447 2448 2449 2450 2451 2452 2453 2454 2455 2456 2457 2458 2459 2460 2461 2462 2463 2464 2465 2466 2467 2468 2469 2470 2471 2472 2473 2474 2475 2476 2477 2478 2479 2480 2481 2482 2483 2484 2485 2486 2487 2488 2489 2490 2491 2492 2493 2494 2495 2496 2497 2498 2499 2500 2501 2502 2503 2504 2505 2506 2507 2508 2509 2510 2511 2512 2513 2514 2515 2516 2517 2518 2519 2520 2521 2522 2523 2524 2525 2526 2527 2528 2529 2530 2531 2532 2533 2534 2535 2536 2537 2538 2539 2540 2541 2542 2543 2544 2545 2546 2547 2548 2549 2550 2551 2552 2553 2554 2555 2556 2557 2558 2559 2560 2561 2562 2563 2564 2565 2566 2567 2568 2569 2570 2571 2572 2573 2574 2575 2576 2577 2578 2579 2580 2581 2582 2583 2584 2585 2586 2587 2588 2589 2590 2591 2592 2593 2594 2595 2596 2597 2598 2599 2600 2601 2602 2603 2604 2605 2606 2607 2608 2609 2610 2611 2612 2613 2614 2615 2616 2617 2618 2619 2620 2621 2622 2623 2624 2625 2626 2627 2628 2629 2630 2631 2632 2633 2634 2635 2636 2637 2638 2639 2640 2641 2642 2643 2644 2645 2646 2647 2648 2649 2650 2651 2652 2653 2654 2655 2656 2657 2658 2659 2660 2661 2662 2663 2664 2665 2666 2667 2668 2669 2670 2671 2672 2673 2674 2675 2676 2677 2678 2679 2680 2681 2682 2683 2684 2685 2686 2687 2688 2689 2690 2691 2692 2693 2694 2695 2696 2697 2698 2699 2700 2701 2702 2703 2704 2705 2706 2707 2708 2709 2710 2711 2712 2713 2714 2715 2716 2717 2718 2719 2720 2721 2722 2723 2724 2725 2726 2727 2728 2729 2730 2731 2732 2733 2734 2735 2736 2737 2738 2739 2740 2741 2742 2743 2744 2745 2746 2747 2748 2749 2750 2751 2752 2753 2754 2755 2756 2757 2758 2759 2760 2761 2762 2763 2764 2765 2766 2767 2768 2769 2770 2771 2772 2773 2774 2775 2776 2777 2778 2779 2780 2781 2782 2783 2784 2785 2786 2787 2788 2789 2790 2791 2792 2793 2794 2795 2796 2797 2798 2799 2800 2801 2802 2803 2804 2805 2806 2807 2808 2809 2810 2811 2812 2813 2814 2815 2816 2817 2818 2819 2820 2821 2822 2823 2824 2825 2826 2827 2828 2829 2830 2831

FIRST CENTRAL INSURANCE COMPANY

PETITION FOR CONFIRMATION  
AND APPROVAL OF  
LIQUIDATOR'S INTERIM REPORT ON  
THE STATUS OF THE LIQUIDATION  
OF FIRST CENTRAL INSURANCE  
COMPANY

.....X

) SS.:

1. By order (the "Liquidation Order") entered April 27,1998, FCIC was found insolvent and placed into liquidation. A copy of the Liquidation Order is annexed hereto as Exhibit "A".

3. The Liquidation Order directed the Superintendent of Insurance, as Liquidator of FCIC, to, among other things:

- a. identify FCIC's policyholders and creditors;
- b. marshal FCIC's assets; and
- c. adjudicate the claims presented by FCIC's policyholders and creditors and otherwise liquidate FCIC's business pursuant to Article 74 of the New York Insurance Law.

4. Annexed hereto as Exhibit "B" is the Liquidator's Report on the Status of the Liquidation of FCIC, which sets forth the Liquidator's progress in liquidating FCIC, recommends claims presented for allowance, and makes a recommendation for the interim pro-rata partial distribution of FCIC's assets to general creditors to the extent that sufficient funds are available after reserving funds for the payment of reported and incurred but not reported claims and administrative expenses..

5. In brief, as of June 30, 2000, FCIC's assets totaled \$131,602,497 and its liabilities totaled \$204,283,677, leaving FCIC insolvent in the amount of \$72,681,180.

6. FCIC's liabilities consist mainly of claim liabilities and claim expense liabilities. FCIC's increase in liabilities and in its deficit, is attributable to actual claims, and expenses associated with claims, and an upward adjustment in reserves for anticipated claims and claims expenses reflecting a realistic estimate of FCIC's exposure

7. FCIC's liabilities reflect the Liquidator's adjudication of six thousand one hundred forty-four (6,144) proofs of claim, of which six thousand ninety-five (6,095) have been allowed or recommended for allowance and forty-nine (49) have been disallowed or recommended for disallowance. Two-thousand one hundred sixty-nine (2,169) proofs of claim remain open, for which reserves total \$112,279,791. In addition, Incurred But Not Reported (IBNR) claims are

reserved at \$17,044,373, which the Liquidator estimates as likely to occur based upon experience.

8. Claims continue to be reported to the Liquidator by policyholders entitled to policyholder protection. The Liquidator has set up forty-seven thousand nine hundred sixty-two (47,962) proofs of claim for policyholder protection which affords all policyholders the right to present claims covered by FCIC policies that are made subsequent to the claim filing deadline.

9. Timely filed claims which meet the statutory criteria for coverage from New York's Insurance Security Funds or sister-state guaranty associations (the "Security Funds") are defended and/or paid out of the Security Funds. The overwhelming majority of claims in this proceeding are entitled to Security Fund coverage. The Security Funds are subrogated to the rights of the policyholders, in whose behalf they make payments. The Security Funds are FCIC's primary creditors.

10. As of June 30, 2000, the Liquidator has marshaled assets totaling \$23,132,781 and has incurred net administrative expenses in the amount of \$6,657,929.11. Notwithstanding the Liquidator's receipt of new claims, the Liquidator will consider making a partial and interim pro-rata distribution of assets. However, the Liquidator proposes to make an interim pro-rata distribution of FCIC's assets to each creditor whose claims have been allowed to date, based on the amount allowed for its claim. . FCIC's cash and invested assets total \$116,821,725, however, FCIC's distributable assets total \$103,914,294. This amount must be allocated against total liabilities of \$204,283,677. Prior to making a distribution, the Liquidator will confirm the adequacy of open claim reserves and determine a reserve for policyholder protection claims, including those which have been incurred but not yet reported. The Liquidator cannot make a



distribution unless there will be sufficient assets to make the same distribution to creditors whose claims have yet to be adjudicated.

11. As set forth in the Report, the liquidation proceeding will continue until the open claims and any additional claims that are reported are adjudicated, all available assets are collected and a final distribution of assets can be made.

12. The Liquidator will continue to evaluate FCIC's ability to make distributions.

13. I respectfully request that the court schedule a hearing on this petition in accordance with the accompanying ORDER ESTABLISHING NOTICE AND HEARING DATE FOR CONSIDERATION OF THE LIQUIDATOR'S REPORT ON THE STATUS OF THE LIQUIDATION OF FIRST CENTRAL INSURANCE COMPANY (the "Hearing Order"). It provides for a hearing date on the petition and establishes a procedure for the provision of notice to creditors with the allowed claims, except those that have been paid by Security Funds or creditors with open claims and the forty-seven thousand nine hundred sixty-two (47,962) policyholders entitled to policyholder protection,

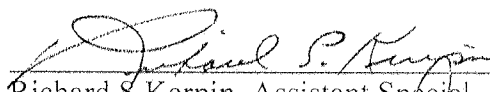
14. Based on the foregoing, the Liquidator, following the hearing, will request that the court issue an order that:

- a. confirms and approves the Report;
- b. ratifies and approves the transactions reported in the Report;
- c. authorizes the Liquidator to make pro-rata distributions of assets to FCIC's general creditors to the extent that sufficient funds are available after reserving funds for the payment of reported and incurred but unreported liabilities and administrative expenses; and

d. provides for such other relief as is just.

WHEREFORE. Petitioner respectfully requests that the Hearing Order be granted and that a hearing be scheduled sufficiently far in the future for the provision of notice as provided for therein, and, that upon the hearing, the court issue an order granting the relief sought in this petition.

Dated: New York, New York  
May 11, 2001

  
Richard S. Karpin, Assistant Special  
Deputy Superintendent and Agent of  
Gregory V. Serio, Superintendent of  
Insurance of the State of New York,  
as Liquidator of First Central  
Insurance Company

  
BARTON W. BLOOM, ESQ.

At IAS Part 3 of the Supreme Court  
of the State of New York, County  
of Nassau 100 Supreme Court  
Drive, Mineola, New York, on the 24<sup>th</sup>  
day of April, 1998.

P R E S E N T :

HON. John W. Burke

JUSTICE

-----X

In the Matter of

Index No. 98-~~00~~2306

The Rehabilitation of

**LIQUIDATION ORDER**

FIRST CENTRAL INSURANCE COMPANY

-----X

Petitioner, Neil D. Levin, Superintendent of Insurance of the State of New York (the "Superintendent"), having moved this Court by order to show cause for an order converting this proceeding into a liquidation proceeding, vesting the Superintendent, as liquidator, with title to the property, contracts and rights of action of First Central Insurance Company ("FCIC") fixing the rights and liabilities of FCIC, its creditors, policyholders, shareholders, and all interested parties and continuing the injunctions that have been issued in accordance with Insurance Law § 7419,

NOW, upon reading and filing the order to show cause signed by the Hon. Bruce D. Alpert on March 31, 1998 the petition of Superintendent Neil D. Levin, duly verified March 20, 1998, the exhibits annexed thereto, the affidavit of service of Michael Russo, *And the respondent having failed to respond or appear* sworn to April 9, 1998, and it appearing to my satisfaction that:

1. FCIC is insolvent;

*Sub*  
*SC*  
*4/23/98*

2. the further transaction of business by FCIC would be hazardous to its policyholders, creditors and the public;
3. further efforts to rehabilitate FCIC would be futile;
4. It is in the best interest of FCIC's policyholders, creditors and the public that the Superintendent be vested with title to FCIC's property, contracts and rights of action and directed to liquidate its business;

And, the petitioner, having appeared by the Hon. Dennis C. Vacco, Attorney General of the State of New York, and ~~the court having held a hearing and due~~ deliberation having been had;

NOW, on motion of the Hon. Dennis C. Vacco, Attorney General of the State of New York, it is ordered as follows:

1. The petition is granted;
2. FCIC is insolvent;
3. Neil D. Levin, Superintendent, and his successors in office as superintendent, are appointed liquidator of FCIC, vested with title to its property, contracts and rights of action and are directed to liquidate its business and affairs in accordance with Article 74 of the Insurance Law;
4. In accordance with Insurance Law § 7432(b), all claims against FCIC must be presented to the Superintendent, as Liquidator, within four months from the date of entry of this order;
5. In accordance with Insurance Law § 7433(b)(2), all persons who appear on FCIC's books and records as policyholders or claimants thirty days after the last day set for filing claims set forth in paragraph 4 herein shall be deemed to have duly filed proofs of claims prior to the last day set for filing claims;
6. All former policyholders of FCIC policies which expired within three years of the date of entry of this order shall be deemed to have duly filed a proof of claim prior to the last day set for filing claims;
7. The Superintendent shall provide notice to all other creditors, claimants, former policyholders and interested persons to present claims within four months of the date of entry of this order by publication in

*Jwb*  
*SE*  
*4/10/98*

- a) the New York Times and;
- b) the Journal of Commerce.

Publication shall be made once a week for two successive weeks commencing within three weeks of the entry of this order;

8. The notice provided for herein is sufficient notice to all persons interested in FCIC;
9. In accordance with Insurance Law § 7405, insurance policies, bonds, and other insurance obligations, if any, issued or undertaken by FCIC shall terminate and all liability thereunder shall cease and be fixed as of 12:01 a.m. on the thirtieth day after entry of this order or upon the procurement of replacement policies, bonds or insurance coverage by the policyholders or principals, whichever is earlier;
10. In accordance with Insurance Law § 7405, all other contracts, leases, tax sharing agreements, employment contracts and obligations, however described, of FCIC shall terminate and all liability thereunder shall cease and be fixed as of the date of entry of this order;
11. The Superintendent, as Liquidator, is authorized to sell, assign or transfer any and all real or personal property, stocks, bonds or securities of FCIC at market price or better, or if there is no market price, at the best price obtainable, at private sale and at such times and upon such terms and conditions as in his discretion he deems is in the best interests of FCIC creditors and he is further authorized to take such steps and to make and execute such agreements and other papers as may be necessary to effect and carry out such sales, transfers or assignments;
12. FCIC, its officers, directors, depositories, trustees, agents, servants, employees, and all other persons, having any property or records belonging to FCIC, including, but not limited to insurance policy, claim and legal files, are directed to assign, transfer, set over and deliver such property or records to the Superintendent, as liquidator;
13. All persons, firms, corporations or associations having books, papers or records relating to the business of FCIC shall preserve them and submit them to the Superintendent, as liquidator, for examination and copying at all reasonable times;
14. ALL PERSONS ARE PERMANENTLY ENJOINED AND RESTRAINED FROM COMMENCING OR PROSECUTING ANY ACTIONS OR PROCEEDINGS AGAINST FCIC.

15. ALL PERSONS ARE PERMANENTLY ENJOINED AND RESTRAINED FROM OBTAINING PREFERENCES, JUDGMENTS, ATTACHMENTS, OR OTHER LIENS, OR MAKING ANY LEVY AGAINST FCIC'S ASSETS OR ANY PART THEREOF.
16. The officers, directors, shareholders, trustees, agents, servants, employees, attorneys, and managers of FCIC and all other persons are permanently enjoined and restrained from the transaction of FCIC's business, the waste or disposition of its property, interfering with the Superintendent, as liquidator, in the possession, control and management of FCIC's property or in the discharge of his duties;
17. All parties to lawsuits in which FCIC is obligated to defend a party pursuant to an insurance policy, contract or otherwise shall continue to be enjoined and restrained from proceeding with any pre-trial conference, trial, application for judgment or proceeding on judgments or settlements in all actions and proceedings until July 28, 1998;
18. All persons who have first party or New York Comprehensive Automobile Insurance Reparations Act [No fault] policyholder loss claims against FCIC shall continue to be enjoined from presenting and filing claims with the Superintendent, as Liquidator, until April 28, 1998;
19. All further papers in this proceeding shall bear the caption:

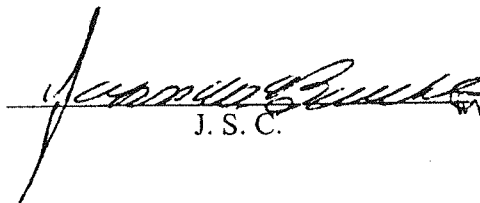
"In the Matter of

the Liquidation of

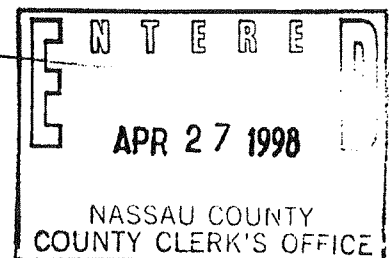
FIRST CENTRAL INSURANCE COMPANY"

20. The Superintendent, as Liquidator, shall serve a conformed copy of this Order upon the county clerk, <sup>THE COUNTY CLERK</sup> and trial support office <sup>for the amendment of</sup> the caption and computer records. <sup>the Nassau County Clerk's Office</sup>

ENTER,

  
J. S. C.

SU:cb  
g/o/l First Central



INDEX NO. 98-602306

NASSAU COUNTY  
FILED

APR 27 1998

In the Matter of  
the Rehabilitation of  
FIRST CENTRAL INSURANCE COMPANY

LIQUIDATION BUREAU  
123 William Street  
New York, NY 10038

S. Ungar  
(212) 341-6768

LIQUIDATION ORDER

DENNIS C. VACCIO  
Attorney General

Attorney for the Superintendent of  
Insurance

Office and Post Office Address  
120 Broadway, New York, N.Y. 10271

Tel. (212) 416-8657

Personal service of a copy of

with  
is admitted this....., 19

Sir: Please take notice that the within is a true  
copy of  
duly filed and entered in the office of the clerk  
of the  
day of , 19  
County, on

Yours, etc.,  
DENNIS C. VACCIO  
Attorney General,

Attorney for  
Office and Post Office Address  
120 Broadway, New York, N.Y. 10271  
To

Attorney for  
Sir Please take notice that the within

will be presented for settlement and signature  
herein to the Hon.  
one of the judges of the within named Court, at  
in the Borough of  
City of New York, on the day of  
19 at M.  
Date, N.Y.,  
Yours, etc.,  
DENNIS C. VACCIO  
Attorney General,

Attorney for  
Office and Post Office Address  
120 Broadway, New York, N.Y. 10271  
To

Esq.

IAS PART II  
100 SUPREME COURT DR. MINEOLA  
File # 1-678 , Ct. S-NASSAU Ind.# 98-002306 Cal.#

Title FIRST CENTRAL INS. CO.

Type of Mot. SHOW CAUSE/ ESTABLISH NOTICE & HEARING DATE ON  
LIO. REPORT

Att. Name

Address

Tel. #

Return Date AUGUST 3, 2001

B. BLOOM

Service	Instructions	Disposition
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C-446

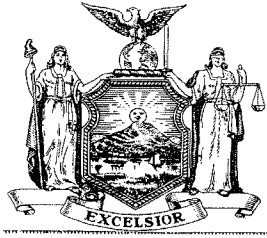
*Probe.*

*Please follow up for*

*review.*

*Spokane  
10/2/2001*





STATE OF NEW YORK - INSURANCE DEPARTMENT  
LIQUIDATION BUREAU  
JUDICIAL ADMINISTRATION SUBMISSION FORM

DATE: MAY 11, 2001

TO: PREPMEN

FROM: REBECCA Y. CHAN - JUDICIAL ADMINISTRATION

RE: FIRST CENTRAL INSURANCE COMPANY

INDEX NO: 002306/98

SUPREME COURT: NASSAU COUNTY

PLEASE SUBMIT THE ATTACHED:

ORDER TO SHOW CAUSE ESTABLISHING NOTICE AND HEARING DATE FOR  
CONSIDERATION OF LIQUIDATOR'S INTERIM REPORT ON THE STATUS OF  
THE OF THE LIQUIDATION OF FIRST CENTRAL INSURANCE COMPANY

PLEASE NOTE DATE OF SUBMISSION

SUBMIT.DOC

5/18/01  
M.A.  
5/21/01

**REPORT ON THE STATUS OF**  
**THE LIQUIDATION OF**  
**FIRST CENTRAL INSURANCE COMPANY**

**INTRODUCTION**

Richard S. Karpin, Assistant Special Deputy Superintendent of Insurance and agent of GREGORY V. SERIO, Superintendent of Insurance of the State of New York, as Liquidator (the "Liquidator") of First Central Insurance Company ("FCIC") hereby reports on the status of the FCIC liquidation proceeding.

By order (the "Liquidation Order") of the Supreme Court of the State of New York entered on April 27, 1998, FCIC was adjudged to be insolvent and placed into liquidation. The Liquidation Order appointed Superintendent of Insurance Neil D. Levin and his successors in office to be Liquidator of FCIC.

Pursuant to the Liquidation Order, the Liquidator is charged with the responsibility of:

1. identifying FCIC's policyholders and creditors ;
2. marshalling FCIC's assets; and
3. adjudicating the claims presented by FCIC's policyholders and creditors and otherwise liquidating FCIC's business pursuant to Article 74 of the New York Insurance Law.

The Liquidator has been engaged in the performance of these tasks for two and one-half years, since the commencement of the Liquidation Proceeding. This is the Liquidator's initial report.

Based upon the status of the Liquidation Proceeding, as reported herein, the Liquidator is seeking authorization from the court to make a partial distribution of assets to FCIC's creditors.

What follows is a history of FCIC, a summary of the activities of the Liquidator performed in furtherance of and pursuant to the Order of Liquidation and the basis for the Liquidator's recommendation of a partial distribution of FCIC's assets.

## **I. HISTORY**

First Central Insurance Company ("FCIC") was incorporated under the laws of the State of New York on November 30, 1978, as Central State Insurance Company. It was licensed and commenced doing business on May, 22, 1979.

On March 22, 1984, the company's certificate of incorporation was amended by changing the name of the corporation to "First Central Insurance Company."

FCIC is a wholly-owned subsidiary of First Central Financial Corporation ("FCFC"), a publicly held corporation.

FCIC specialized in writing commercial insurance coverage for small to medium sized businesses in urban New York. The commercial lines included business owners protection, commercial multi-peril, general liability, workers' compensation and automobile, which collectively generated 95% of total net premiums. Policies were written through approximately 45 general agents.

Following an examination by the New York State Insurance Department of FCIC's financial condition as of December 31, 1996, it was determined that FCIC was insolvent in the amount of \$3,606,211, that its capital was impaired in the amount of \$5,606,211, that its required minimum surplus to policyholders was impaired in the amount of \$4,806,211 and that it had overstated its surplus by \$15,936,298. FCIC consented to entry of an order of Rehabilitation.

Accordingly, FCIC was placed into rehabilitation by order entered on January 28, 1998. The Superintendent of Insurance was appointed as FCIC's rehabilitator.

The purpose of rehabilitation is to take possession of the property of the insurer and to conduct the business thereof, and to take such steps toward the removal of the causes and conditions which have made the rehabilitation necessary.

The Rehabilitator determined from FCIC's books and records that, as of December 31, 1997, FCIC had total assets of \$106,083,012, total liabilities of at least \$119,897,085 and a deficit of at least \$13,814,073. The Rehabilitator having thereafter reviewed FCIC's financial condition, determined that as of March 31, 1998, FCIC's total assets were \$124,692,124, liabilities were at least \$138,858,229, making FCIC insolvent in the amount of at least \$14,166,105. The Superintendent adjusted the assets and liabilities of FCIC to reflect adequate reserves and reinsurance due.<sup>1</sup> The increase in assets reflected in the adjustment was primarily attributable to

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<sup>1</sup> The March 31, 1998 adjustment was based upon a preliminary review, prior to an in depth inspection of FCIC's claim files.

reclassification of the reinsurance recoverables on unpaid losses in the amount of \$18,656,011.

This reclassification increased the liabilities on the claim and expense reserves and increased the reinsurance assets,

The Rehabilitator solicited expressions of interest from the private sector for proposals that would enable the successful rehabilitation of the insurer. Expressions of interest were received from four organizations. After having had an opportunity to review and discuss FCIC's financial and corporate information, each of the organizations withdrew its interest. On March 20, 1998, the Superintendent petitioned the court for an order of liquidation.

By order entered on April 27, 1998, FCIC was placed into liquidation.

## **II. FCIC'S FINANCIAL CONDITION AS OF THE DATE OF LIQUIDATION**

Upon entry of the Liquidation Order, the Liquidator conducted a review of FCIC's financial position as of April 27, 1998, the Liquidation Date. The Liquidator determined that as of the Liquidation Date, FCIC had assets in the amount of \$114,790,653 and total liabilities in the amount of \$128,821,423, making it insolvent in the amount of \$14,030,770.

### **A. Assets.**

FCIC's total assets of \$114,790,653, as of April 27, 1998, consisted primarily of its investment portfolio and reinsurance recoverables. FCIC had cash and equivalents in the total amount of \$24,023,501, bonds in the amount of \$72,915,327 and real estate in the amount of \$3,797,174. Other assets included premiums in the course of collection in the amount of \$1,126,382,

reinsurance recoverables on paid losses in the amount of \$99,258, reinsurance recoverables on unpaid losses in the amount of \$7,483,159, sums due from affiliates in the amount of \$1,194,854, accrued interest and dividends in the amount of \$1,062,725, New York State franchise tax in the amount of \$286,855, federal income tax recoverable in the amount of \$2,502,000 and miscellaneous assets in the amount of \$299,418.

Premiums in the course of collection are premiums due to the insurer for periods during which insurance coverage was in effect pursuant to insurance contracts.

Reinsurance is an insurance company's most significant non-invested asset. Reinsurance is a method whereby the insurance industry spreads the risk of losses covered by insurance policies. A company, such as FCIC, that issues policies directly to policyholders, "cedes" a part of its risks to reinsurers. The reinsurers indemnify the "cedent" upon the cedent's payment of reinsured risks. In exchange for "assuming" the risks, the reinsurers receive a portion of the premiums paid to the ceding company. An insurance company can reinsure a particular risk or it can reinsure entire classes of risks.

Reinsurance contracts are indemnity contracts. The reinsurer is not liable to the cedent until the cedent actually pays the claim that is covered by the reinsurance contract. In liquidation, the insolvent insurer cannot pay claims. However, as a result of a contractual provision known as the "insolvency clause", required by the insurance law to be inserted into reinsurance contracts, the reinsurer is liable to the cedent's liquidator upon the allowance of claims in the cedent's liquidation proceeding.

The reinsurance available on the policies issued by the insolvent insurer determines, to a large extent, the assets that will be available for distribution to the insolvent insurer's creditors. FCIC had several reinsurers which insured different types of policies. The major reinsurers, Gen Re/National Re, reinsured Excess and Automobile Physical Damage risks and American Re/Munich Re and Swiss Re, reinsured Facultative (individual) Property risks.

Reinsurance recoverables on paid losses represents the amounts due to FCIC from its reinsurers as a result of FCIC having paid losses and expenses which are partially covered by reinsurance agreements. Reinsurance recoverables on unpaid losses are estimates of amounts which are to become due from FCIC's reinsurers when FCIC has paid losses and expenses covered by reinsurance agreements.

Amounts due from affiliates represents amounts due from FCIC's parent, First Central Financial Company (FCFC), or sibling companies.

New York State franchise tax and Federal income tax recoverables represent refunds due FCIC as a result of overpayments made by FCIC during preceding tax years.

## **B. Liabilities**

FCIC's total liabilities of \$128,821,423, as of April 27, 1998 consisted overwhelmingly of its insurance obligations. As of April 27, 1998, FCIC's reserves (estimates of liability) were \$113,250,731, claim expense reserves (estimates of expenses to be incurred in connection with

claims) were \$9,866,155 and reinsurance liabilities were \$3,137,476. Remaining liabilities consisted of unearned premiums in the amount of \$2,244,791, escheatable funds in the amount of \$15,726, segregated funds in the amount of \$34,854, taxes, licenses and fees in the amount of \$50,478 and miscellaneous expenses in the amount of \$221,212.

FCIC's reserves are estimates of FCIC's liability under its insurance obligations. Although all policies were cancelled and FCIC ceased writing new business pursuant to the Liquidation Order, claims incurred prior to cancellation continue to be reported. Accordingly, FCIC's ultimate liability for losses covered by its insurance contracts is not known at this time. However, as discussed below, the Liquidator reserves for estimated incurred but unreported claims and related expenses.

Unearned premiums are premiums which have been paid to the insurer for insurance covering periods subsequent to the cancellation of insurance contracts.

Reinsurance contingent commissions are amounts due from FCIC to its reinsurers based upon profits realized by virtue of the reinsurance.

### **III. LIQUIDATION PROCEEDING**

The results of the Liquidator's efforts to carry out his duties are set forth in this section.



### **A. Proofs of Claim Presented**

In accordance with Insurance Law, Section 7433(b), all persons whose names appeared on FCIC's books and records as policyholders, cedents, reinsurers or claimants against policyholders were deemed to have filed proofs of claim.<sup>2</sup> In addition, the Liquidator published notice of FCIC's liquidation. The notice directed all other persons asserting claims against FCIC to present such claims by August 27, 1998.

As of June 30, 2000, 56,292 proofs of claims were or had been deemed timely filed in this proceeding, of which 47,962 were set up for policyholder protection,<sup>2</sup> not actual claims; two were set up for New York insurance security funds; two were set up for sister state guaranty associations; one was a shareholder proof of claim; five, set up as return of premium proofs of claim, were handled and/or paid by guaranty funds and have been subsumed in the guaranty associations' claim.

The number of proofs of claim does not necessarily correlate with the number of claims made against FCIC policyholders or FCIC policies because each proof of claim may contain more than one claim. For example, there may be 10 separate claims for a single policyholder presented as one proof of claim. Similarly, there may be multiple reinsurance claims and vendor claims presented as single proofs of claim.

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<sup>2</sup> A policyholder protection proof of claim was deemed filed for every policyholder. A policyholder protection proof of claim does not seek payment of a particular claim, but provides the policyholder the right to present claims covered by FCIC that are made subsequent to the claim filing deadline.

## **B. Adjudication of Claims**

A "proof of claim" is "adjudicated" when the claims that are the subject of the proof of claim are "allowed" for a specific amount or "disallowed" by the court. An "allowed" claim is allowed to share in the dividend payments out of the estate's assets if and when dividends are paid. A "disallowed" claim is a claim that has been rejected and will not share in any payments out of the estate's assets. The Liquidator recommends the allowance or disallowance of claims by motion and/or by the procedures approved by court order. Claimants who object to the Liquidator's recommendations are entitled to a hearing before the court or a court appointed referee. Allowed claims that meet requirements for payment out of the property/casualty insurance security funds maintained in accordance with Article 76 of the New York Insurance Law (the "Property/Casualty Funds") are paid by the Property/Casualty Funds.

As of June 30, 2000, 6,095 claims have been allowed or recommended for allowance, 49 have been disallowed or recommended for disallowance, five have been voided, two have been withdrawn, and 2,169 remain open.

As indicated above, the adjudication of a proof of claim may reflect the resolution of a single claim or multiple claims. In order to determine the status of the resolution of claims in this proceeding, it is useful to break down proofs of claim into the following categories: security fund and guaranty association claims, non-fund covered claims and reinsurance claims.

## **1. Security Fund/Guaranty Association Claims**

Security fund/guaranty association claims include claims by the Property/Casualty Insurance Fund, New York's Workers Compensation Security Fund and sister-state guaranty associations (collectively referred to as the "Funds") for loss payments made to or on behalf of FCIC's policyholders as a result of FCIC's inability, due to insolvency, to meet its insurance obligations, and for related administrative and loss adjustment expenses. The Funds have been established by statute for the purpose of paying claims in the states which established the Funds, which claims are covered by policies issued by licensed insurers that are unable, due to insolvency, to meet their insurance obligations. A Fund, in general, may only make payment with respect to claims that are timely filed in the insolvent insurer's liquidation proceeding. The Funds are entitled to a valid claim in the proceeding reflecting the amount of payments made by the Funds for losses and related allocated and unallocated loss adjustment expenses. In essence, the Funds are subrogated to the rights of the claimants to whom or on behalf of whom they have made payments.

### **a. Security Fund Claims**

The Property/Casualty Insurance Fund, maintained in accordance with Article 76 of the New York Insurance Law, and the Workers Compensation Security Fund, maintained in accordance with Article 6A of the New York Workers' Compensation Law, have been triggered by FCIC's insolvency. Each Fund has a proof of claim in this proceeding for reimbursement of payments made for losses and expenses as a result of FCIC's insolvency. The Funds' proofs of claim will remain open until all claims handled by the Funds have been resolved.

**(i) Property/Casualty Insurance Fund**

As of June 30, 2000, there is a liability to the Property/Casualty Insurance Security Fund for claim payments made in the amount of \$50,979,977 and expense payments made in the amount of \$15,579,148, for a total of \$66,559,126. Section 7609(a) of the New York Insurance Law provides that the Property/Casualty Funds are entitled to a valid claim for all claim and expense payments made on behalf of the insolvent insurer.

As indicated above, claims covered by the Property/Casualty Insurance Security Fund must be allowed by the court to be paid by the Funds. The Property/Casualty Insurance Security Fund's claims incorporate the allowance of approximately 6,000 proofs of claim.

**(ii) Workers' Compensation Security Fund**

As of June 30, 2000, there is a liability to the Workers Compensation Security Fund for claim payments made in the amount of \$5,019,371 and expense payments made in the amount of \$1,701,738, for a total claim in the amount of \$6,721,109. In accordance with Section 109-c of the Workers Compensation Law, the WC Fund is entitled to a valid claim for the full amount of its payments. As indicated above, claimants with claims covered by the Workers Compensation Security Fund were not required to file proofs of claim for their claims. Therefore, the claims handled by the Workers Compensation Security Fund are not reflected in the number of proofs of claim filed or deemed to be filed in this proceeding.

**b. Guaranty Association Claims**

Funds from Connecticut and Pennsylvania have filed proofs of claim in this proceeding. As of June 30, 2000, these Funds paid losses and expenses in the total amount of \$304,629 and posted reserves in the amount of \$351,986 on outstanding claims. Included in these amounts are administrative expenses totaling \$31,969. Of the total amount paid by the guaranty associations, none has been allowed in this proceeding. The Liquidator will submit the Funds' claims for paid losses and expenses to court for interim allowance as they are reviewed. The Funds' claims will remain open until all underlying claims handled by the Funds are resolved or otherwise quantified. The Connecticut and Pennsylvania Funds' claims encompass 13 claims made against FCIC policies.

## **2. Non-Fund-Covered Claims**

Non-Fund covered claims include all claims arising under insurance policies that are not covered by a Security Fund or Guaranty Association and all claims that do not arise under insurance policies, such as claims for goods and services, state and local taxes and assessments, and various miscellaneous matters. The coverage provided by the Funds is limited in both scope and amount. Claims under certain policies are not covered by any Fund. In other cases, the coverage provided by FCIC's policies exceeds the statutory coverage provided by the Funds.

As of June 30, 2000, 207 proofs of claim for non-Fund covered claims in the total amount of \$1,019,181 have been allowed or recommended for allowance.

As of June 30, 2000, 44 proofs of claim for non-Fund covered claims in the amount of \$78,467 have been disallowed or recommended for disallowance.

Five proofs of claim cover claims that have been handled by sister-state Funds and are part of the Funds' claims in this proceeding.

There are 68 open non-Fund covered proof of claims. As of June 30, 2000, the reserves on the open proofs of claim totaled \$1,669,099.

### **3. Reinsurance Claims**

As of June 30, 2000, there were six open claims by FCIC's reinsurers in the amount of \$108,214. These claims, which represent premium due the reinsurers by FCIC, are expected to be entirely offset by reinsurance recoverable from the reinsurers.

## **III. Collection of Assets**

As of June 30, 2000, the Liquidator has collected assets in the total amount of \$23,132,781, consisting of net investment income, reinsurance recovered, premiums and commissions, salvage and subrogation, tax refunds, sale of equipment, collateral funds, sale of real estate, rental income and miscellaneous assets.<sup>3</sup> The collections are described in more detail below.

### **1. Net Investment Income**

As of June 30, 2000, the Liquidator earned net investment income of \$12,647,841 on FCIC's invested assets. FCIC's assets are invested in cash equivalents and United States Government and Agency Securities.

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<sup>3</sup> Certain categories such as net investment income and rental income are not true collected assets but are treated as such for the purpose of this report

## **2. Reinsurance**

As of June 30, 2000, the Liquidator collected the total amount of \$3,182,786 of balances due from FCIC's reinsurers. The reinsurance collected includes amounts collected pursuant to a release agreement and balance due from six reinsurers. A release agreement is the final settlement of amounts recoverable under a reinsurance contract. The release agreement entered into by the Liquidator and reinsurer did not require court approval since the Liquidator received 100% of the balances due and there were no pending claims.

FCIC also had excess of loss reinsurance, which covers claims and expenses paid by FCIC. The Liquidator is pursuing collection of all amounts due under FCIC's reinsurance coverage.

## **3. Premiums and Commissions**

As of June 30, 2000, the Liquidator has collected \$2,096,402 in premiums and commissions.

## **4. Salvage and Subrogation**

As of June 30, 2000, the Liquidator has made salvage and subrogation recoveries in the total amount of \$944,293.

## **5. Tax Refunds**

As of June 30, 2000, the Liquidator has collected \$776,310 from the State of New York in refunds of franchise taxes.

## **6. Sale of EDP Equipment**

As of June 30, 2000, the Liquidator has collected \$125,018 from the sale of EDP Equipment.

## **7. Collateral Funds**

As of June 30, 2000, the Liquidator has collected \$47,675 in collateral funds.

## **8. Sale of Real Estate**

As of June 30, 2000, the Liquidator has collected \$2,851,931 from the sale of real estate.

**9. Rental Income and Other Miscellaneous.**

As of June 30, 2000, the Liquidator has collected \$460,525 in rental income and other miscellaneous items.

**IV. Expenses**

The Liquidator has incurred net administrative expenses in the amount of \$6,657,200 as of June 30, 2000. The expenses include commissions paid in the amount of \$14,240, salaries for the Liquidator's staff in the total amount of \$6,717,669, employee relations and welfare expenses in the amount of \$1,500,514, rent and rent items in the amount of \$1,830,842, expenses in the amount of \$209,216 for legal counsel retained to represent the Liquidator in various legal actions to collect assets, expenses in the amount of \$1,423,661 for consultants required to evaluate claims, collect premiums, develop and implement systems, assist in collection litigation and to provide accounting and audit reports, expenses in the amount of \$1,225,130 for office and communications expenses and \$139,657 for other miscellaneous expenses.

Gross administrative expenses total \$13,060,929, of which \$6,403,729, representing unallocated loss adjustment expenses, has been allocated to and paid by the Security Funds, resulting in net administrative expenses of \$6,657,200. The expenses allocated to the Security Funds are part of the Security Funds' claim in this proceeding.



## **V. CURRENT STATUS**

### **A. Assets and Liabilities**

FCIC's comparative balance sheets and statements of cash receipts and disbursements (the "Cash Statement") for the period ending June 30, 2000 are annexed hereto as Exhibit "A." As of June 30, 2000, FCIC had total assets in the amount of \$131,602,497, compared with \$114,790,653 as of the Liquidation Date, and total liabilities in the amount of \$204,283,677, compared with \$128,821,423, as of the Liquidation Date. The increase in liabilities results from the fact that the actual development of losses has substantially exceeded the reserves established by FCIC prior to liquidation. The June 30, 2000 balance sheets reflect the sum of the transactions described above.

FCIC's assets as of June 30, 2000, consist of cash, equivalents and invested assets in the amount of \$113,930,574, restricted assets in the amount of \$2,891,151 and other assets in the amount of \$14,780,772. "Other assets" include premiums in course of collection of \$346,669, reinsurance recoverable on paid losses in the amount of \$1,028,163, reinsurance recoverable on unpaid losses in the amount of \$9,936,967, security funds recoverable in the amount of \$840,616, New York State franchise tax of \$126,357 and federal income tax recoverable in the amount of \$2,502,000.<sup>4</sup>

FCIC's liabilities as of June 30, 2000 include claim liabilities in the amount of \$174,990,259, of which \$55,999,348 is payable to New York security funds and \$118,990,911 are reserves,<sup>5</sup> claim expense liabilities in the amount of \$27,614,139, of which \$17,280,887 is payable to the New

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<sup>4</sup> The collectibility of federal income tax recoverable is subject to determination by the Federal Bankruptcy Court.

<sup>5</sup> Reserves for claim liabilities and claim expense liabilities include combined IBNR of \$17,044,373, representing the reserved amount for claims which have not yet been reported but are actuarially likely to occur based upon experience.

York security funds and \$10,333,253 are reserves, reinsurance liabilities in the amount of \$108,214, and miscellaneous liabilities in the amount of \$1,571,065, which consist primarily of operating expenses in the amount of \$1,462,304.

The Liquidator's deficit as of June 30, 2000, is \$72,681,180, compared with the insolvency as of the Liquidation Date of \$14,030,770. The increase in the deficit is attributable entirely to an increase in claim liabilities and claim expense liabilities to reflect actual expenses and reserves which have been adjusted upward to reflect a realistic estimate of exposure.

#### **B. Litigation**

The Liquidator has commenced the following lawsuits which are pending:

1. Action against First Central Financial Corporation Trustee in Bankruptcy in United States Bankruptcy Court, Eastern District of New York, seeking federal income tax refunds and overpayments totaling \$5,950,605.
2. Action against directors, officers and auditor of FCIC in Supreme Court Nassau County, seeking \$15 million in damages.
3. Actions in Supreme Court, Nassau County, against former general agents of FCIC, seeking damages relating to non-payment of premiums totaling \$959,655. In addition, further actions against agents are anticipated.

#### **C. Distribution of Assets**

Article 74 of the New York Insurance Law, as applicable in this proceeding, requires that the Liquidator distribute FCIC's assets, pro-rata, to all creditors with allowed claims. This means that

the Liquidator cannot pay a dividend to creditors with allowed claims unless the estate will have sufficient assets with which to pay creditors whose claims have been reserved, but not yet adjudicated.

In order to make a final distribution of assets, the collection of assets must be completed and all claims must be adjudicated. There are, at present, open claims reserved in the amount of \$112,279,791, including reserves for claim expense liabilities. In addition, there are total combined IBNR reserves in the amount of \$17,044,373, making total claim and claim expense reserves \$129,324,164.

The Liquidator will consider and intends to make an interim pro-rata distribution to creditors whose claims have been allowed to date. In order to calculate a feasible distribution percentage, the Liquidator will have to determine FCIC's distributable assets and make a conservative estimate of FCIC's liabilities. This is necessary to insure that there will be sufficient assets to pay all creditors, including creditors whose claims have yet to be adjudicated or even reported, their pro-rata shares of FCIC's assets.

As of June 30, 2000, FCIC's distributable assets totaled \$103,914,294. FCIC's total liabilities, as of June 30, 2000, were \$204,283,677. Thus, at most, the Liquidator would be able to make a 50% distribution. However, the Liquidator is reviewing FCIC's reported claim reserves to confirm that they are adequate, and will consider the number of new claims that continue to be reported. The Liquidator anticipates that the distribution percentage will be significantly lower than 50%, if a distribution is feasible at this time.

## **V. COURT APPROVAL**

The Liquidator shall move, on notice to FCIC's creditors, for an order approving and confirming this report and which shall provide that:

1. The actions taken by the Liquidator  
which are set forth in this report  
regarding the collection of assets  
and payment of expenses are approved  
and ratified; and
2. The Liquidator is authorized to make  
pro-rata distributions of assets to  
FCIC's allowed creditors to the extent  
that sufficient funds are available  
after reserving funds for the payment of  
reported but unadjudicated claims,  
future claims and administrative  
expenses.

### CONCLUSION

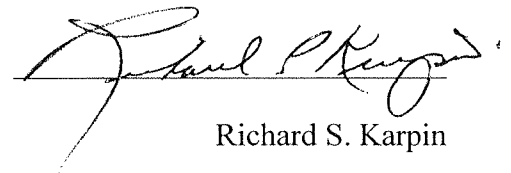
The Liquidator, as of June 30, 2000, collected assets in the amount of \$23,132,781, and incurred net expenses in the amount of \$6,657,200. Thus, the Liquidator has augmented the estate's assets by \$16,475,581. The Liquidator has, as of June 30, 2000, adjudicated 6,144 proofs of claim and allowed 6,095 claims.

The proceeding will remain open until the remaining open claims, subsequently reported claims are adjudicated and reinsurance recoverables and other assets are collected.

In the interim, the Liquidator, with the Court's approval, will consider making pro-rata distributions of assets if and when such distributions are feasible.

Dated: New York, New York

May 11, 2001



Richard S. Karpin

**FIRST CENTRAL INSURANCE COMPANY IN LIQUIDATION  
COMPARATIVE BALANCE SHEET AT**

	JUNE 30, 2000	APRIL 27, 1998 Liquidation Date
<b>ASSETS</b>		
<b>INVESTED ASSETS</b>		
<b>FREE ASSETS</b>		
Cash & equivalents	\$10,694,718	\$24,023,501
Bonds	103,235,856	72,915,327
<b>Total free assets</b>	<b>113,930,574</b>	<b>96,938,828</b>
<b>RESTRICTED ASSETS</b>		
Central disbursement account-advance	250,000	0
Security funds	2,593,686	0
Segregated funds account	47,465	0
<b>Total restricted assets</b>	<b>2,891,151</b>	<b>0</b>
<b>Total invested assets</b>	<b>116,821,725</b>	<b>96,938,828</b>
<b>OTHER ASSETS</b>		
Premiums in the course of collection (less \$218,404 Res for uncollectible)	346,669	1,126,382
Reins recoverables on paid losses (less \$ 0 Res for uncollectible)	1,028,163	99,258
Reins recoverables on unpaid losses (less \$ 0 Res for uncollectible)	9,936,967	7,483,159
Security funds recoverable	840,616	0
Due from affiliate (less \$1,194,854 Res for uncollectible)	0	1,194,854
Accrued interest & dividends	0	1,062,725
New York State franchise tax	126,357	286,855
Federal income tax recoverable	2,502,000 (A)	2,502,000 (A)
Computer equipment (\$258,678 less \$160,162 accumulated depreciation)	0	105,051
Real estate	0	3,797,174
Miscellaneous	0	194,367
<b>Total other assets</b>	<b>14,780,772</b>	<b>17,851,825</b>
<b>TOTAL ASSETS</b>	<b>\$131,602,497</b>	<b>\$114,790,653</b>

(A) The collectibility of this recoverable may be subject to court decision.

**FIRST CENTRAL INSURANCE COMPANY IN LIQUIDATION  
COMPARATIVE BALANCE SHEET AT**

	JUNE 30, 2000	APRIL 27, 1998 Liquidation Date
<b>LIABILITIES</b>		
<b>CLAIM LIABILITIES</b>		
Due : New York security funds	\$55,999,348	0
Reserve : New York	115,760,486 (B)	\$113,200,726 (B)
Ancillaries	• 542,146	50,005
General creditors	2,688,279	0
<b>CLAIM EXPENSE LIABILITIES</b>		
Due : New York security funds	17,280,886	0
Reserve : New York	10,200,680 (B)	9,859,174 (B)
Ancillary	• 82,500	6,981
General creditors	50,073	0
<b>REINSURANCE LIABILITIES</b>		
Balances payable	108,214	2,643,586
Reinsurance contingent commission	0	8,905
Funds held	0	484,985
<b>Total reinsurance liabilities</b>	<b>108,214</b>	<b>3,137,476</b>
Due : Ancillary - Administrative expenses	• 31,969	0
Unearned premiums	0	2,244,791
Operating expenses	1,462,304	0
Escheatable funds	0	15,726
Segregated funds	63,525	34,854
Taxes, licenses and fees	13,267	50,478
Miscellaneous expenses	0	221,212
<b>TOTAL LIABILITIES</b>	<b>204,283,677</b>	<b>128,821,423</b>
<b>LIQUIDATOR'S DEFICIT</b>	<b>(72,681,180)</b>	<b>(14,030,770)</b>
<b>TOTAL LIABILITIES, LESS LIQUIDATOR'S DEFICIT</b>	<b>\$131,602,497</b>	<b>\$114,790,653</b>

(B) Includes combined IBNR of \$17,044,373 as 6/30/00 and \$33,101,000 as of 4/27/98.

**FIRST CENTRAL INSURANCE COMPANY IN LIQUIDATION**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**FOR THE PERIOD ENDING JUNE 30, 2000**

		INCEPTION TO DATE (4/27/98)
<b>BEGINNING CASH AND INVESTED ASSETS</b>		<b>\$96,938,828</b>
<b><u>ESTATE ACTIVITY</u></b>		
Receipts	Net investment income	12,647,841
	Reinsurance recovered	3,182,786
	Premiums and commissions	2,096,402
	Salvage and subrogation	944,293
	Tax refund	776,310
	Sale of EDP equipment	125,018
	Collateral funds	47,675
	Sale of real estate	2,851,931
	Rental income and other miscellaneous	460,525
<b>Total Receipts</b>		<b>23,132,781</b>
Disbursements	Commissions paid	14,240
	Salaries	6,717,669
	Employee relations & welfare	1,500,514
	Rent & rent items	1,830,842
	Consultants - legal	209,216
	Consultants - accountants & other	1,423,661
	Office & communication expenses	1,225,130
	Other	139,657
<b>Sub Total Disbursement</b>		<b>13,060,929</b>
<b>less: NYSF expense reimbursement</b>		<b>6,403,729</b>
<b>Total Disbursements</b>		<b>6,657,200</b>
<b>Total Estate Activity - Increase(Decrease)</b>		<b>16,475,581</b>
<b><u>SECURITY FUND ACTIVITY</u></b>		
Receipts	Claim reimb from NYSF	55,677,463
	Claims adj exp reimb from NYSF	11,199,041
<b>Total Receipts</b>		<b>66,876,504</b>
Disbursements	Claimants	53,360,332
	Claim adjustment expense	11,199,041
<b>Total Disbursements</b>		<b>64,559,373</b>
<b>Total Security Fund Activity - Increase(Decrease)</b>		<b>2,317,131</b>
<b>Net Central Disbursement Transactions</b>		<b>1,090,185</b>
<b>Net Increase (Decrease)</b>		<b>19,882,897</b>
<b>ENDING CASH AND INVESTED ASSETS</b>		<b>\$116,821,725</b>



At the I.A.S. Part 7 of the Supreme  
Court of the State of New York,  
County of Nassau, 100 Supreme  
Court Drive, Mineola, New York,  
on the 27 day of January 2005.

PRESENT:

HON. KENNETH A. DAVIS  
HON. KENNETH A. DAVIS  
JUSTICE.

-----X

In the Matter of

Index No.: 98-002306

the Liquidation of

**ORDER**

FIRST CENTRAL INSURANCE COMPANY

-----X

Upon reading and filing the annexed petition of JAMES PSOMAS, Assistant Special Deputy Superintendent and Agent of HOWARD MILLS, Superintendent of Insurance of the State of New York, verified the 14<sup>th</sup> day of December, 2005 and it appearing therefrom that the relief requested herein should be granted.

NOW, on motion of the Superintendent of Insurance of the State of New York, as Liquidator of FIRST CENTRAL INSURANCE COMPANY, it is

ORDERED, that the LAW OFFICE OF FRANCIS K. KENNA, be and is hereby substituted as attorney in the place and stead of the LAW OFFICE OF ROBERT S. LARSON for the policyholders, former policyholders and persons entitled to a defense in all pending or future actions and proceedings arising out of, or coming within, the purview of Article 76 of the Insurance Law of the State of New York where such

policyholders, former policyholders or persons are entitled to a defense under said Article; and it is further

ORDERED, that an appropriate announcement of suitable size be prominently placed in the New York Law Journal for a period of three (3) days.

ENTER JAN 27 2006

  
\_\_\_\_\_  
J. S. C.

HON. KENNETH A. DAVIS

  
\_\_\_\_\_  
KIMARA PATTON, ESQ.

ENTERED

JAN 31 2006

NASSAU COUNTY  
COUNTY CLERK'S OFFICE

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NASSAU

-----X

In the Matter of

the Liquidation of

**PETITION**

FIRST CENTRAL INSURANCE COMPANY

-----X

**The Liquidator respectfully requests that the court expedite this petition so as to prevent confusion and delay of the prosecution of the cases affected by this change.**

TO THE SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NASSAU:

The petition of JAMES PSOMAS, Assistant Special Deputy Superintendent and Agent of HOWARD MILLS, Superintendent of Insurance of the State of New York, respectfully shows:

1. Pursuant to an Order of this Court made and entered on the 27<sup>th</sup> day of April, 1998, the Superintendent of Insurance of the State of New York was directed to take possession of the property and act as liquidator (the "Liquidator") of the business and affairs of FIRST CENTRAL INSURANCE COMPANY ("FCIC"), a New York corporation. A copy of the Liquidation Order is annexed hereto as Exhibit "A".

2. That pursuant to Article 76 of the Insurance Law of the State of New York, the Superintendent of Insurance had appointed the LAW OFFICE OF ROBERT S. LARSON, as attorneys duly licensed to practice in the courts of this State, as his representatives to appear and defend before the court having jurisdiction, any and all


actions or proceedings against principals or assureds on insurance policies issued by FCIC against legal liabilities arising out of or coming within the purview of said Article 76 of the Insurance Law.

3. The Liquidator now requests the LAW OFFICE OF FRANCIS K. KENNA, attorneys duly licensed to practice in the Courts of this State, be substituted as attorneys in place of the LAW OFFICE OF ROBERT S. LARSON.

4. That no previous application for the relief prayed for herein has been made to this or any other Court.

WHEREFORE, petitioner prays for an order directing that the LAW OFFICE OF FRANCIS K. KENNA, be substituted as attorneys for the LAW OFFICE OF ROBERT S. LARSON, to appear and defend before the court having jurisdiction, any and all actions or proceedings against principals or assureds on insurance policies issued by FCIC against legal liabilities arising out of or coming within the purview of said Article 76 of the Insurance Law.

Dated: New York, New York  
December 14, 2005

  
\_\_\_\_\_  
JAMES PSOMAS  
Assistant Special Deputy  
Superintendent of Insurance

STATE OF NEW YORK    )  
  ) SS:  
COUNTY OF NEW YORK)

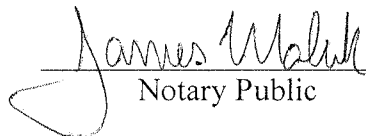
JAMES PSOMAS, being duly sworn, deposes and says:

That he has read the foregoing petition and knows the contents thereof, and that the same is true to his own knowledge except as to the matters therein stated to be alleged upon information and belief, and as to those matters he believes it to be true; that the reason this petition is verified by this deponent rather than by the Superintendent of Insurance is that deponent is the duly appointed Assistant Special Deputy Superintendent of Insurance and Agent to take possession of the property and liquidate the business of FIRST CENTRAL INSURANCE COMPANY and as such is acquainted with the facts alleged in the petition.

JAMES MALUK  
Notary Public, State of New York  
No. 01MA6122795  
Qualified in Richmond County  
Commission Expires February 22, 2009

  
JAMES PSOMAS

Sworn to before me this  
14 day of December, 2005

  
Notary Public



At IAS Part 3 of the Supreme Court  
of the State of New York, County  
of Nassau 100 Supreme Court  
Drive, Mineola, New York, on the 24<sup>th</sup>  
day of April, 1998.

P R E S E N T :

HON. John W. Burke

JUSTICE

-----X

In the Matter of

Index No. 98-~~00~~2306

The Rehabilitation of

**LIQUIDATION ORDER**

FIRST CENTRAL INSURANCE COMPANY

-----X

Petitioner, Neil D. Levin, Superintendent of Insurance of the State of New York (the "Superintendent"), having moved this Court by order to show cause for an order converting this proceeding into a liquidation proceeding, vesting the Superintendent, as liquidator, with title to the property, contracts and rights of action of First Central Insurance Company ("FCIC") fixing the rights and liabilities of FCIC, its creditors, policyholders, shareholders, and all interested parties and continuing the injunctions that have been issued in accordance with Insurance Law § 7419,

NOW, upon reading and filing the order to show cause signed by the Hon. Bruce D. Alpert on March 31, 1998 the petition of Superintendent Neil D. Levin, duly verified March 20, 1998, the exhibits annexed thereto, the affidavit of service of Michael Russo, *And the respondent having failed to respond or appear* sworn to April 9, 1998, and it appearing to my satisfaction that:

1. FCIC is insolvent;

*WJB*  
*SSC*  
*4/23/98*

2. the further transaction of business by FCIC would be hazardous to its policyholders, creditors and the public;
3. further efforts to rehabilitate FCIC would be futile;
4. It is in the best interest of FCIC's policyholders, creditors and the public that the Superintendent be vested with title to FCIC's property, contracts and rights of action and directed to liquidate its business;

And, the petitioner, having appeared by the Hon. Dennis C. Vacco, Attorney General of the State of New York, and ~~the court having held a hearing and due~~ deliberation having been had;

NOW, on motion of the Hon. Dennis C. Vacco, Attorney General of the State of New York, it is ordered as follows:

1. The petition is granted;
2. FCIC is insolvent;
3. Neil D. Levin, Superintendent, and his successors in office as superintendent, are appointed liquidator of FCIC, vested with title to its property, contracts and rights of action and are directed to liquidate its business and affairs in accordance with Article 74 of the Insurance Law;
4. In accordance with Insurance Law § 7432(b), all claims against FCIC must be presented to the Superintendent, as Liquidator, within four months from the date of entry of this order;
5. In accordance with Insurance Law § 7433(b)(2), all persons who appear on FCIC's books and records as policyholders or claimants thirty days after the last day set for filing claims set forth in paragraph 4 herein shall be deemed to have duly filed proofs of claims prior to the last day set for filing claims;
6. All former policyholders of FCIC policies which expired within three years of the date of entry of this order shall be deemed to have duly filed a proof of claim prior to the last day set for filing claims;
7. The Superintendent shall provide notice to all other creditors, claimants, former policyholders and interested persons to present claims within four months of the date of entry of this order by publication in

*Jwb*  
*SE*  
*7/23/98*



- a) the New York Times and;
- b) the Journal of Commerce.

Publication shall be made once a week for two successive weeks commencing within three weeks of the entry of this order;

- 8. The notice provided for herein is sufficient notice to all persons interested in FCIC;
- 9. In accordance with Insurance Law § 7405, insurance policies, bonds, and other insurance obligations, if any, issued or undertaken by FCIC shall terminate and all liability thereunder shall cease and be fixed as of 12:01 a.m. on the thirtieth day after entry of this order or upon the procurement of replacement policies, bonds or insurance coverage by the policyholders or principals, whichever is earlier;
- 10. In accordance with Insurance Law § 7405, all other contracts, leases, tax sharing agreements, employment contracts and obligations, however described, of FCIC shall terminate and all liability thereunder shall cease and be fixed as of the date of entry of this order;
- 11. The Superintendent, as Liquidator, is authorized to sell, assign or transfer any and all real or personal property, stocks, bonds or securities of FCIC at market price or better, or if there is no market price, at the best price obtainable, at private sale and at such times and upon such terms and conditions as in his discretion he deems is in the best interests of FCIC creditors and he is further authorized to take such steps and to make and execute such agreements and other papers as may be necessary to effect and carry out such sales, transfers or assignments;
- 12. FCIC, its officers, directors, depositories, trustees, agents, servants, employees, and all other persons, having any property or records belonging to FCIC, including, but not limited to insurance policy, claim and legal files, are directed to assign, transfer, set over and deliver such property or records to the Superintendent, as liquidator;
- 13. All persons, firms, corporations or associations having books, papers or records relating to the business of FCIC shall preserve them and submit them to the Superintendent, as liquidator, for examination and copying at all reasonable times;
- 14. ALL PERSONS ARE PERMANENTLY ENJOINED AND RESTRAINED FROM COMMENCING OR PROSECUTING ANY ACTIONS OR PROCEEDINGS AGAINST FCIC.

15. ALL PERSONS ARE PERMANENTLY ENJOINED AND RESTRAINED FROM OBTAINING PREFERENCES, JUDGMENTS, ATTACHMENTS, OR OTHER LIENS, OR MAKING ANY LEVY AGAINST FCIC'S ASSETS OR ANY PART THEREOF.
16. The officers, directors, shareholders, trustees, agents, servants, employees, attorneys, and managers of FCIC and all other persons are permanently enjoined and restrained from the transaction of FCIC's business, the waste or disposition of its property, interfering with the Superintendent, as liquidator, in the possession, control and management of FCIC's property or in the discharge of his duties;
17. All parties to lawsuits in which FCIC is obligated to defend a party pursuant to an insurance policy, contract or otherwise shall continue to be enjoined and restrained from proceeding with any pre-trial conference, trial, application for judgment or proceeding on judgments or settlements in all actions and proceedings until July 28, 1998;
18. All persons who have first party or New York Comprehensive Automobile Insurance Reparations Act [No fault] policyholder loss claims against FCIC shall continue to be enjoined from presenting and filing claims with the Superintendent, as Liquidator, until April 28, 1998;
19. All further papers in this proceeding shall bear the caption:

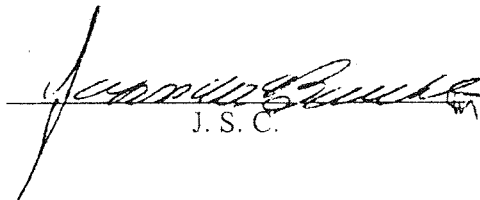
"In the Matter of

the Liquidation of

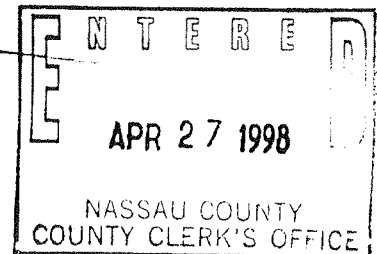
FIRST CENTRAL INSURANCE COMPANY"

20. The Superintendent, as Liquidator, shall serve a conformed copy of this Order upon the county clerk, <sup>the</sup> and trial support office <sup>any other office</sup> for the amendment of the caption and computer records. <sup>the Nassau County Clerk's Office</sup>

ENTER,

  
J. S. C.

SU:cb  
g/o/l First Central



INDEX NO. 98-602306

INDEXED  
FILED  
SUPREME COURT : NASSAU COUNTY

APR 27 1998

In the Matter of

the Rehabilitation of

COUNTY

FIRST CENTRAL INSURANCE COMPANY

LIQUIDATION BUREAU  
123 William Street  
New York, NY 10038

S. Ungar  
(212) 341-6768

LIQUIDATION ORDER

DENNIS C. VACCO  
Attorney General

Attorney for the Superintendent of  
Insurance

Office and Post Office Address  
120 Broadway, New York, N.Y. 10271

Tel. (212) 416-8657

Personal service of a copy of

with

is admitted this

19

Sir: Please take notice that the within is a true  
copy of  
duly filed and entered in the office of the clerk  
of the County, on  
the day of , 19

Yours, etc.,  
DENNIS C. VACCO  
Attorney General

Attorney For  
Office and Post Office Address  
120 Broadway, New York, N.Y. 10271  
To

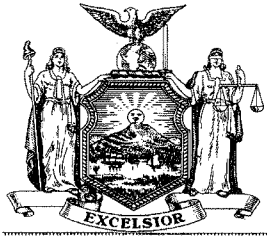
Attorney for

Sir Please take notice that the within  
will be presented for settlement and signature  
herein to the Hon.  
one of the judges of the within named Court, at  
in the Borough of day of M.  
City of New York, on the 19 , at 19

Date, N.Y., Yours, etc.,  
DENNIS C. VACCO  
Attorney General

Attorney For  
Office and Post Office Address  
120 Broadway, New York, N.Y. 10271  
To

Esq.



NEW YORK  
LIQUIDATION BUREAU

JUDICIAL ADMINISTRATION SUBMISSION FORM

DATE: DECEMBER 19, 2005

TO: PREP MEN

FROM: LORRAINE JOHNSON - JUDICIAL ADMINISTRATION

RE: FIRST CENTRAL. INS. CO.

INDEX NO: 98-002306

SUPREME COURT: NASSAU COUNTY

PLEASE SUBMIT THE ATTACHED:

SUBSTITUTION OF ATTORNEY ORDER

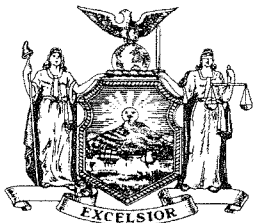
PLEASE NOTE DATE OF SUBMISSION

1/12/06  
PS

L-4916

ATTORNEY:

SUBMIT.



NEW YORK  
LIQUIDATION BUREAU

123 William Street  
New York, NY 10038 - 3889  
(212) 341-6400  
Facsimile (212) 608 - 3398

**Howard Mills**  
Superintendent as Receiver

**Jody S. Hall**  
Special Deputy Superintendent

December 15, 2005

Clerk of the Court  
Supreme Court/Nassau County  
100 Supreme Court Drive  
Mineola, New York

Re: Index No. : 002306/98  
Company : First Central Insurance Company

Enclosed for filing with the Court is/are the following:

\_\_\_\_\_ Request for assignment of an index number  
\_\_\_\_\_ Request for Judicial Intervention  
\_\_\_\_\_ Notice of Motion/Notice of Cross-Motion/Order to Show Cause  
\_\_\_\_\_ Note of Issue  
X \_\_\_\_\_ Ex Parte Order  
\_\_\_\_\_ Stipulation of Discontinuance/Stipulation of Settlement  
\_\_\_\_\_ Notice of Appeal

The Superintendent of Insurance of the State of New York has been appointed Liquidator of First Central Insurance Company. In this capacity the Superintendent is exempt from fees pursuant to §7423 of the Insurance Law of the State of New York.

Thank you for your assistance and cooperation.

Very truly yours,

Howard Mills  
Superintendent of Insurance of the  
State of New York as Liquidator of  
First Central Insurance Company

By:   
Kimara Patton, Esq.

## NOTICE

RE: In the Matters of

First Central Insurance Company – Index No.: 98-002306  
Whiting National Insurance Company – Index No.: 46858/1988

PLEASE TAKE NOTICE, that the LAW OFFICE of  
FRANCIS K. KENNA has been appointed as attorney for  
policyholders, former policyholders and persons entitled to  
a defense in all pending or future actions and proceedings  
within the purview of Article 76 of the Insurance Law of  
the State of New York.

REH

**NOTICE RE: In the Matters  
Of First Central Insu-  
rance Company — Index No.  
98-002306 — Whiting National  
Insurance Company — Index  
No. 46858/1988 — PLEASE  
TAKE NOTICE, that the LAW  
OFFICE of FRANCIS K.  
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persons entitled to a defense  
in all pending or future ac-  
tions and proceedings within  
the purview of Article 76 of  
the Insurance Law of the  
State of New York.**  
674292 w.o.

MODE = MEMORY TRANSMISSION

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-NY LIQUIDATION BUREAU -

\*\*\*\*\* -

- \*\*\*\*\* -

1 212 608 3398- \*\*\*\*\*

Liquidation Bureau  
123 William Street  
New York, NY 10038-3889  
Tel: (212) 341-6700  
Fax: (212) 608-3398

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4) \_\_\_\_\_ 4) \_\_\_\_\_

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SUBJECT: Substitution of attorney Publication

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\*\*\*\*\* - \*\*\*\*\* - 1 212 608 3398- \*\*\*\*\*

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2) \_\_\_\_\_ 2) \_\_\_\_\_  
3) \_\_\_\_\_ 3) \_\_\_\_\_  
4) \_\_\_\_\_ 4) \_\_\_\_\_

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NYS Insurance Dept. - Liquidation  
123 William St. 2nd Flr  
New York, NY 10038-3889

## INVOICE NO.

162453

## YOUR FILE NO.

KENNA Apt

## INVOICE NO.

162453

## THE MATTER OF

Company Name:  
First Central Insurance  
  
Whiting National Insurance

## DATE

05/12/06

## ACCOUNT NAME

NYS Insurance Dept.

## ACCOUNT ID

NYS INSU

## DATE

05/12/06

## ACCOUNT ID

NYS INSU

## PUBLICATION

New York Law Journal

## PUBLICATION DATES

May 9,10,11

## AMOUNT

*QPR*  
Approved:

5-23-06

## NEWSPAPER

NYLJ

## AMOUNT

PLEASE PAY 

635.50

TOTAL 

635.50

STATE OF NEW YORK

County of New York, s:

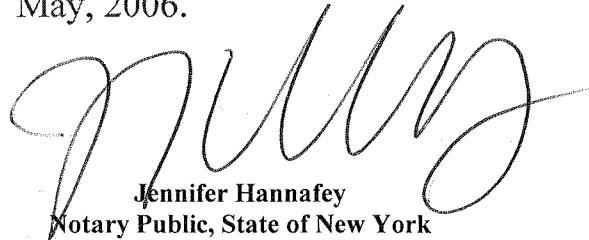
NOTICE RE: In the Matters  
of First Central Insu-  
rance Company — Index No.  
98-002306 — Whiting National  
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No. 46858/1988 — PLEASE  
TAKE NOTICE, that the LAW  
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persons entitled to a defense  
in all pending or future ac-  
tions and proceedings within  
the purview of Article 76 of  
the Insurance Law of the  
State of New York.  
674292 my9-my10-my11

Cynthia Byrd, being duly sworn, says that she is the PRINCIPAL  
CLERK of the Publisher of the **NEW YORK LAW  
JOURNAL**, a Daily Newspaper; that the Advertisement hereto  
annexed has been published in the said **NEW YORK LAW  
JOURNAL** three times on the 9th day of May, 2006.

TO WIT: MAY 9, 10, 11, 2006



SWORN TO BEFORE ME, this 11th day  
Of May, 2006. }



Jennifer Hannafey  
Notary Public, State of New York  
No. 01ha6128042  
Qualified in Richmond County  
Commission Expires June 06, 2009

## NEW YORK LIQUIDATION BUREAU

## CHECK AUTHORIZATION

SUPPLIER NUMBER: 25419

VOUCHER NO:

INVOICE NUMBER: 162453

COMPANY NAME:

INVOICE AMOUNT: \$635.50

COMPANY NO:

INVOICE DATE: 5/12/06

P.O. NUMBER:

30926  
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PUBLICATION IN THE N.Y. LAW JOURNAL FOR SUBSTITUTION OF ATTORNEY

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1. <del>10081-5666-7130</del>	2000		<del>\$635.50</del> 317.95	2. 10741.5666	2000		317.95

REMARKS:

PREPARED BY DATE

L. JOHNSON

5-23-06

ACCOUNTS PAYABLE DATE

CHECK ISSUANCE DATE

5-24-06

APPROVED BY DATE

5-23-06