

At IAS Part ²³~~16~~ of the Supreme Court of the State of New York, County of New York, at the Courthouse, 60 Centre Street, in the County, City and State of New York, on the ²² day of December 2015.

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other

PRESENT:

HON. JOAN A. MADDEN, J.S.C.

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In the Matter of

Index No.: 42173/1984

the Liquidation of

ORDER TO SHOW CAUSE

NASSAU INSURANCE COMPANY.

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Based on the December 17, 2015, affirmation of Lauren M. Reber, an attorney with the New York Liquidation Bureau ("NYLB"), the organization that carries out the duties of Shirin Emami, Acting Superintendent of Financial Services of the State of New York in her capacity as liquidator ("Liquidator") of Nassau Insurance Company ("Nassau"), and upon all other papers previously submitted and all proceedings heretofore had herein,

NOW, on motion of the Liquidator, and after due deliberation having been had thereon,

LET all claimants and other parties interested in the affairs of Nassau show cause before this Court at IAS Part 11, Room ³⁵, thereof, at the Courthouse located at 60 Centre Street in the City, County and State of New York, on the ²⁸ day of January, 201⁶ ("Return Date") at 11 o'clock a.m., or as soon thereafter as counsel can be heard, why an order should not be made, pursuant to Article 74 of the New York Insurance Law ("Insurance Law"),

inter alia: (1) approving the Liquidator's report on the status of and request to close the Nassau

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liquidation proceeding ("Liquidation Proceeding") and the financial transactions delineated in such report; (2) authorizing the continued payment of administrative expenses, including such expenses for the closing of the Liquidation Proceeding; (3) terminating and closing the Liquidation Proceeding; (4) releasing and discharging the Liquidator, her predecessors and successors in office, and their agents, attorneys and employees, from any and all liability arising from their acts or omissions in connection with the Liquidation Proceeding; and (5) granting the Liquidator such other and further relief as this Court deems appropriate and just.

AND, sufficient cause having been alleged, it is hereby

ORDERED, that notice of this application shall be substantially in the form attached hereto ("Notice") and service shall be made to all creditors and persons interested in the affairs of Nassau by: (1) service of the Notice, Order to Show Cause and the papers upon which it has been granted by first class mail on or before the 28th day of January 2016, upon (i) Nassau Trust Resolution, LLC, c/o Garrison F. Resnick, Member, 10 East End Avenue, #1B New York, NY 10075, and (ii) to holders of allowed Class two claims; (2) posting the Notice, Order to Show Cause and papers upon which it has been granted on the Internet web page maintained by the New York Liquidation Bureau at <http://www.nylb.org> at least ten (10) days before the Return Date; and (3) publishing the Notice in *The New York Times*, Local Edition, and the *New York Daily News*, once per week for two consecutive weeks commencing within thirty days following the entry of this order, that such service shall be deemed good and sufficient service; it is further

ORDERED, that answering papers, either in support of or opposition to the relief sought herein ("Answering Papers"), shall be filed with this Court, and served on the Liquidator at the

The Clerk of PART 11 (Room 351) 60 Centre ST. N.Y. NY

following address:

Acting Superintendent of Financial Services of the State of New York
as Liquidator of Nassau Insurance Company
110 William Street
New York, New York 10038
Attention: General Counsel

at least seven (7) days before the Return Date, and that any Answering papers, together with an affidavit of service, are filed with the Court on the Return Date.

*and Reply papers, if any
are to be filed & served
on the Return date*

ENTER:

J.S.C.

HON. JOAN A. MADDEN
J.S.C.

The Court requires that copies of all papers served in relation to this motion be filed with the Clerk of Part 11 no later than three business days prior to the oral argument date.

**IN THE MATTER OF THE LIQUIDATION OF
NASSAU INSURANCE COMPANY
Supreme Court County of New York
Index No.: 42173/1984**

NOTICE

On June 22, 1984, Nassau Insurance Company ("Nassau") was placed into liquidation and the then-Superintendent of Insurance of the State of New York and his successors in office were appointed as liquidator ("Liquidator") of Nassau. The Superintendent of Financial Services of the State of New York has succeeded the Superintendent of Insurance as Liquidator.

The Liquidator has, pursuant to Article 74 of the Insurance Law, appointed Scott D. Fischer, Special Deputy Superintendent ("Special Deputy"), as her agent for the liquidation of Nassau. The Special Deputy carries out his duties through the New York Liquidation Bureau ("NYLB"), which is located at 110 William Street, New York, New York 10038. The Liquidator has submitted an application to the Court seeking an order: (i) approving the Liquidator's report on the status of and request to close the Nassau liquidation proceeding ("Liquidation Proceeding") and the financial transactions delineated in such report; (ii) authorizing the continued payment of administrative expenses, including such expenses for the closing of the Liquidation Proceeding; (iii) terminating and closing the Liquidation Proceeding; (iv) releasing and discharging the Liquidator, her predecessors and successors in office, and their agents, attorneys and employees, from any and all liability arising from their acts or omissions in connection with the Liquidation Proceeding; and (v) granting the Liquidator such other and further relief as the Court deems appropriate and just.

The return date ("Return Date") on the Liquidator's application is scheduled for the ____ day of ____, 2015, at ____:____ .m., at the Courthouse, 60 Centre Street, IAS Part 11, Room ____, in the County, City and State of New York. If you wish to object to the Liquidator's application, you or your counsel must serve a written statement setting forth your objections and all supporting documentation ("Answering Paper") upon the Liquidator at least seven (7) days prior to the Return Date. Any Answering Papers, together with an affidavit of service, shall be filed with the Court on or before the Return Date. Service on the Liquidator shall be made by first class mail at the following address:

Acting Superintendent of Financial Services of the State of New York
as Liquidator of Nassau Insurance Company
Attention: General Counsel
110 William Street
New York, New York 10038

The Liquidator's application is available for inspection at <http://www.nylb.org>. In the event of any discrepancy between this notice and the documents submitted to Court, the documents control.

Requests for further information should be directed to the NYLB, Creditor and Ancillary Operations at (212) 341-6429.

Dated: [Insert Date]

SHIRIN EMAMI
Acting Superintendent of Financial Services
of the State of New York as Liquidator of
Nassau Insurance Company

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

-----X

In the Matter of

Index No.: 42173/1984

the Liquidation of

AFFIRMATION

NASSAU INSURANCE COMPANY.

-----X

Lauren M. Reber, an attorney licensed to practice in the State of New York, affirms, pursuant to CPLR § 2106, as follows:

1. I am an attorney with the New York Liquidation Bureau (“NYLB”), the organization that carries out the duties of Shirin Emami, Acting Superintendent of Financial Services of the State of New York (“Superintendent”) as liquidator (“Liquidator”) of Nassau Insurance Company (“Nassau”), and submit this affirmation, upon information and belief the sources of which are the Nassau files maintained by the NYLB and conversations I have had with employees of the Liquidator, in support of the Liquidator’s motion to approve the Report on the Status of and Request to Close the Liquidation Proceeding of Nassau (“Closing Report”), annexed hereto as Exhibit 1.

2. On March 5, 1984, this Court issued an order placing Nassau into rehabilitation, and thereby commencing a rehabilitation proceeding. Under New York Insurance Law (“Insurance Law”) Article XVI, the predecessor to Insurance Law §74, and the rehabilitation order, the then-Superintendent of Insurance was appointed rehabilitator of Nassau. The rehabilitator made an application to convert the rehabilitation proceeding to a liquidation proceeding, and by order dated June 22, 1984 (the “Liquidation Order”), this Court placed Nassau into liquidation under Insurance Law Article XVI, the predecessor of Article 74

(“Liquidation Proceeding”). The Liquidation Order vested the Liquidator with, among other things, the responsibility for:

- a. Identifying Nassau’s policyholders and claimants;
- b. Notifying Nassau’s policyholders, creditors, and all other persons to present their claims;
- c. Marshaling Nassau’s assets;
- d. Adjudicating the claims presented and establishing the total amount of Nassau’s liabilities; and
- e. Otherwise liquidating Nassau’s business pursuant to Article 74 of the Insurance Law.

3. The Closing Report describes the status of the Liquidation Proceeding and that the affairs of the Nassau estate permit (i) the continued payment of administrative expenses, including such expenses for the closing of the Liquidation Proceeding; and (ii) termination and closure of the Liquidation Proceeding. The Liquidator has marshaled the assets of Nassau, and, pursuant to the July 31, 2015 order of this Court, transferred all of Nassau’s remaining illiquid contingent assets to Nassau Resolution, LLC as trustee (the “Trustee”) who is holding the illiquid and contingent assets in trust for the holders of allowed claims in this Liquidation Proceeding (the “Trust Beneficiaries”).

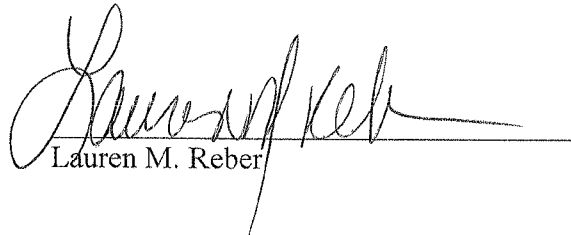
4. As more thoroughly set forth in the Closing Report, the Liquidation Proceeding, which has been pending for decades, has been completed and the Liquidator has fulfilled the purpose for which the Liquidation Proceeding was commenced. Therefore, it is respectfully submitted that the Closing Report and the financial transactions delineated in such report be approved and the Liquidation Proceeding should be terminated and closed.

5. The Liquidator requests that this Court issue the accompanying Order to Show Cause approving a return date for a hearing on the Liquidator's application to be held before this Court at least thirty (30) days after the date of issuance of the Order to Show Cause.

6. No previous application for the relief sought herein has been made to this or any other court or judge thereof.

WHEREFORE, it is respectfully requested that this Court enter an Order (i) approving the Closing Report and the financial transactions delineated in such report; (ii) authorizing the continued payment of administrative expenses, including such expenses for the closing of the Liquidation Proceeding; (iii) terminating and closing the Liquidation Proceeding; (iv) releasing and discharging the Liquidator, her predecessors and successors in office, and their agents, attorneys and employees, from any and all liability arising from their acts or omissions in connection with the Liquidation Proceeding; and (v) granting the Liquidator such other and further relief as this Court deems appropriate and just.

Dated: New York, New York
December 17, 2015



Lauren M. Reber

L18223/LMR

EXHIBIT 1

REPORT ON THE STATUS OF AND REQUEST TO CLOSE THE LIQUIDATION PROCEEDING OF NASSAU INSURANCE COMPANY

Shirin Emami, Acting Superintendent of Financial Services of the State of New York (“Superintendent”) as liquidator (“Liquidator”) of Nassau Insurance Company (“Nassau”) has appointed certain agents, to carry out, through the New York Liquidation Bureau (“NYLB”), the responsibilities of the Liquidator. The Liquidator, by Scott D. Fischer, Special Deputy Superintendent and Agent hereby submits this Liquidator’s report on the status of the Nassau liquidation proceeding (“Liquidation Proceeding”) and respectfully requests such proceeding be closed.

Introduction

Supreme Court, New York County, Index Number 042173/1984, (the “Supervising Court”) entered an order (“Liquidation Order”) on June 22, 1984 (“Liquidation Order Date”), pursuant to which the Liquidation Proceeding was commenced. Nassau was licensed to underwrite insurance in the State of New York and the Commonwealth of Pennsylvania.

The Liquidation Order charged the Liquidator with, among other things, the responsibility for:

- a. Identifying Nassau’s policyholders and claimants;
- b. Notifying Nassau’s policyholders, creditors, and all other persons to present their claims;
- c. Marshaling Nassau’s assets;
- d. Adjudicating the claims presented and establishing the total amount of Nassau’s liabilities; and
- e. Otherwise liquidating Nassau’s business pursuant to Article 74 of the New York Insurance Law (“Insurance Law”).

The Liquidator submits this report to apprise the Supervising Court on the status of the Liquidation Proceeding and to seek: (i) approval of the Liquidator’s report on the status of and

request to close the Liquidation Proceeding (“Closing Report”) and the financial transactions delineated in such report; (ii) authorization for the continued payment of administrative expenses, including such expenses for the closing of the Liquidation Proceeding; (iii) termination and closure of the Liquidation Proceeding; (iv) release and discharge of the Liquidator, her predecessors and successors in office, and their agents, attorneys and employees, from any and all liability arising from their acts or omissions in connection with the Liquidation Proceeding; and (v) granting the Liquidator such other and further relief as the Supervising Court deems appropriate and just.

Background

Nassau was incorporated in the State of New York on December 2, 1964. Nassau was authorized to transact business in New York and Pennsylvania and primarily wrote private passenger auto coverage and homeowners insurance policies. In New York, Nassau was licensed to transact the kinds of insurance presently set forth in Insurance Law §§ 1113(a)(4) (Fire Insurance), (5) (Miscellaneous Property Insurance), (6) (Water Damage Insurance), (12) (Collision Insurance), (13) (Personal Injury Liability), (14) (Property Damage Liability Insurance), and (20) (Marine Insurance).

On March 5, 1984 the Supervising Court issued an order of rehabilitation placing Nassau into rehabilitation, and appointing the then-Superintendent of Insurance as rehabilitator (“Rehabilitator”) of Nassau. The Rehabilitator was charged with the duty of taking “steps toward the removal of the causes and conditions which have made the within proceeding necessary” Insurance Law Article XVI, which preceded Insurance Law Article 74. The Rehabilitator concluded that a viable plan to repair Nassau’s insolvency and impairment could not be presented. As such, the Rehabilitator made an application under Insurance Law Article XVI, the predecessor to Insurance Law Article 74, to convert the rehabilitation proceeding to a

liquidation proceeding. The application was granted, and on June 22, 1984, the Supervising Court entered an order placing Nassau into liquidation. The then-Superintendent of Insurance and his successors in office were appointed as Liquidator of Nassau.

The Interim Report Approved By This Court

On or about December 13, 2013, the Liquidator submitted an interim report and other papers (“2013 Report”), which advised the Supervising Court of the status of the Liquidation Proceeding, the actions taken by the Liquidator within the Liquidation Proceeding, and recommended, among other things, that the Supervising Court authorize the Liquidator to distribute Nassau’s assets consistent with this Court’s orders and the priorities set forth in Insurance Law § 7434 to those creditors of Nassau with allowed claims, to the extent that, in the Liquidator’s discretion, sufficient funds are available. As described more fully in the 2013 Report, allowed claims are paid in order of priority and all members of a senior class must be paid in full before members of the next class may receive any payment. N. Y. Ins. L. §7434. The Liquidator’s administrative expenses are afforded the highest priority and the second-highest priority is given to the claims of policyholders, including the claims of security or guaranty funds. N.Y. Ins. L. §7434(a).¹ In total, Insurance Law § 7434 lists nine separate classifications of claims. N.Y. Ins. L. §§ 7434(a)(1)(i)-(ix). By order entered August 26, 2014, the Supervising Court approved the 2013 Report and the Liquidator’s recommendations contained therein.

¹ As discussed in greater detail in the 2013 Report, New York has three security funds covering insolvent insurance carriers: New York Property/Casualty Insurance Security Fund (“PC Fund”), the New York Public Motor Vehicle Liability Security Fund (“PMV Fund,” and collectively with the PC Fund, the “Security Funds”), and the Workers’ Compensation Security Fund (“WC Fund”). The Security Funds are reserves of money, provided by insurers operating in New York, which pay certain covered claims up to a statutory cap. Such funds exist to ameliorate the impact of an insurer’s insolvency. The WC Fund is not at issue in this proceeding as Nassau did not underwrite workers’ compensation insurance policies. The Security Funds, made payments to New York based insureds on certain fund-covered claims. The Security Funds, having paid monies owed by the insolvent insurer and having incurred expenses in doing so, each have a claim against the Nassau estate for the amount of monies each fund paid to Nassau’s creditors. See N.Y. Ins. L. §7609(a) and N.Y. Workers’ Comp. L. §109-c. The Security Funds are, by far, the largest creditors of the Nassau estate.

The Bar Date

Upon application of the Liquidator, the Supervising Court established August 31, 2013, as the bar date (“Bar Date”) for the presentment to the Liquidator of all claims against Nassau or its insureds other than the Liquidator’s claims for administrative costs and expenses.

The Litigations against Nassau’s Principals and Holding Company

Nassau was an indirect subsidiary of Tiber Holding Corporation (“Tiber”), a Delaware Corporation. The principals of Tiber and Nassau were Richard A. DiLoreto and his wife, Jeanne S. DiLoreto (the “DiLoretos”). Tiber and the DiLoretos mismanaged Nassau and precipitated its insolvency, by, among other things, committing the company to improper reinsurance arrangements with Ardra Insurance Company, Ltd. (“Ardra”), a company also controlled by the DiLoretos. This mismanagement resulted in numerous lawsuits being brought against the DiLoretos by the Liquidator and considerable delay due to the DiLoretos’ tactics, as noted by three appellate courts, including the New York Court of Appeals.²

Ultimately in 2001, the Liquidator, after a jury trial, obtained judgments against the DiLoretos in the amount of \$20,507,465.86 (the “DiLoreto Judgment”), and a 2002 consent Judgment against Tiber in the amount of \$24,700,000 (the “Tiber Judgment”). In addition, in 2014, the Liquidator settled a Pennsylvania litigation challenging the transfer of title of the DiLoretos’ Green Lane estate (“Green Lane Property”) to an *alter ego* of the DiLoretos, the result of which was that the property was deeded over to the Liquidator with the DiLoretos reserving a three-year tenancy on the property expiring June 30, 2017.

² See *Curiale v. Ardra Ins. Co., Ltd.*, 88 N.Y.2d 268, 272, 644 N.Y.S.2d 663, 665 (1996) (noting “six years of extensive litigation over the arbitrability of this action and various discovery disputes”); *Curiale v. Ardra Insurance Company, Ltd.*, 223 A.D.2d 445, 636 N.Y.S.2d 777, 778 (1st Dep’t 1996) (“The slow progress of the case, which has been noted by this Court on prior appeals, is largely the fault of the individual defendants [the DiLoretos], and in light of that history, it is disingenuous for them to claim undue delay and surprise”) (emphasis supplied); and *Curiale v. Ardra Ins. Co., Ltd.*, 189 A.D.2d 217, 219, 595 N.Y.S.2d 186, 187 (1st Dep’t 1993) (itemizing defendants’ attempts “to delay proceedings with maneuvers and motion practice”) (emphasis supplied).

The years of litigation have resulted in the Liquidator collecting a gross amount of over \$6.6 million, which includes an estimated value of \$1.4 million for the Green Lane Property. The bulk of the DiLoreto and Tiber Judgments remain uncollected despite the Liquidator's extensive litigations and other efforts to collect the Judgments for the benefit of the Nassau estate.

Approval of the Creditor Trust Agreement

After years of litigation³, with the bulk of the DiLoreto and Tiber Judgments remaining uncollected, and with the Green Lane Property remaining subject to a continuing tenancy, the Liquidator determined that it was cost effective and beneficial to transfer the DiLoreto and Tiber Judgments and related causes of action as well as the Green Lane Property to Nassau Resolution, LLC, as trustee (the "Trustee") pursuant to the terms and conditions of a creditor trust agreement (the "Trust Agreement"). A copy of the Trust Agreement is attached hereto as Exhibit A.

Under the Trust Agreement, the remaining illiquid and contingent assets of the Nassau estate were transferred to the Trustee, who will hold the assets in trust for holders of allowed claims in the Liquidation Proceeding (the "Trust Beneficiaries"), liquidate the Pennsylvania property and the contingent assets to the extent possible, and thereafter make distributions to the Trust Beneficiaries in the same manner and priority as set forth in Insurance Law §7434. On

³ Some of the various other litigations and appeals involving the DiLoretos and their various companies includes, *Corcoran v. Ardra Ins. Co, Ltd.*, 77 N.Y.2d 225 (1990), *cert denied*, 500 U.S. 953 (1991); *Curiale v. Ardra Ins Co, Ltd.*, 88 N.Y.2d 268 (1996); *Serio v. Nat'l Union Fire Ins. Co.*, 18 A.D.3d 319 (1st Dep't 2005), *lv. app. denied*, 6 N.Y.3d 703 (2006); *Levin v. Tiber Holding Corp.*, 277 F.3d 243 (2d Cir. 2002); *Serio v. DiLoreto*, 2002 WL 426165 (S.D.N.Y. 2002); *Levin v. Tiber Holding Corp.*, 1999 W.L. 171430 (E.D.Pa. 1999); *Levin v. Tiber Holding Corp.*, 1999 W.L. 649002 (S.D.N.Y. 1999); *Muhl v. Ardra Ins. Co., Ltd., et al.*, 246 A.D.2d 413 (1st Dep't 1998); *Muhl v. Trabucchi*, 250 A.D.2d 404 (1st Dep't 1998); *Corcoran v. Ardra Ins. Co., Ltd.*, 657 F.Supp. 1223 (S.D.N.Y. 1987), *app. dismissed*, 842 F.2d 31 (2d Cir. 1988); *Curiale v. Tiber Holding Corp.*, 1997 WL 597944 (E.D.Pa.), *reconsideration denied*, 1997 WL 713950 (E.D.Pa. 1997); *Curiale v. Ardra Ins. Co., Ltd.*, 223 A.D.2d 445 (1st Dep't 1996); *Curiale v. Ardra Ins. Co., Ltd.*, 211 A.D.2d 473 (1st Dep't 1995), *aff'd*, 88 N.Y.2d 268 (1996); *Curiale v. Tiber Holding Corp.*, 1995 WL 479474 (S.D.N.Y. 1995); *Curiale v. Ardra Ins. Co. et al.*, 202 A.D.2d 252 (1st Dep't 1994); *Curiale v. Ardra Ins. Co., Ltd.*, 189 A.D.2d 217 (1st Dep't 1993), *aff'd* 88 N.Y.2d 268 (1996), *motion to dismiss appeal denied*, 88 N.Y.2d 841 (1996); *In re Corcoran*, 176 A.D.2d 508 (1st Dep't 1991); *Corcoran v. Ardra Ins. Co., Ltd.*, 166 A.D.2d 250 (1st Dep't 1990); *Corcoran v. Ardra Ins. Co., Ltd.*, 156 A.D.2d 70 (1st Dep't 1990); *DiLoreto v. Costigan*, 600 F.Supp.2d 671 (E.D.Pa), *aff'd*, 351 Fed.Appx. 747 (3d Cir.2009).

July 31, 2015, the Supervising Court issued an order approving the terms and conditions of the Trust Agreement and authorizing the Liquidator to enter into the Trust Agreement, a copy of which is attached hereto as Exhibit B. The Liquidator has done so.

Distributions To Holders Of Allowed Claims

The Liquidator, acting on authority of the Supervising Court, made one *pro-rata* distribution of Nassau's assets to its creditors with allowed Class two claims, and barred and discharged all claims reported to the Liquidator after the Bar Date. In total, the Liquidator has distributed \$2,058,901 to holders of allowed Class two claims. Additional distributions may be made by the Trustee, upon Court approval of a final accounting, as required by the Trust Agreement.

The Liquidation Proceeding

At the start of the Liquidation Proceeding, the Liquidator's due diligence revealed that Nassau's books and records showed 3,457 potential claims against the estate. During the Liquidation Proceeding, of the total potential claims, 1,405 were adjudicated by the Liquidator; 1,877 were voided by the Liquidator as duplicate filings; and 175 were not adjudicated.⁴

Of the 1,405 adjudicated claims, 56 have been allowed, as follows: 2 Class two claims of the Security Funds, 7 Class two non-fund-covered policy-related claims, 1 Class five claim, and 46 Class six claims. The remaining 1,349 claims were disallowed.

Because Nassau currently has insufficient assets to pay Class two claims in full, no distributions will be made to creditors with allowed claims below Class two. *See* N.Y. Ins. L.

⁴ Nassau was placed into liquidation in 1984. At that time, Insurance Law Article XVI provided that all creditors were paid a *pro-rata* share from an insolvent insurer's general assets. There were no classes of creditors and no preferences among creditors. However, in 1999, Article XVI was recodified to Article 74, which established a priority scheme for the payment of allowed claims. In 2005, Insurance Law §7434 was amended to retroactively apply the statutory scheme of prioritized classes of claimants to all open liquidation proceedings that were commenced prior to 1999. As such, all of Nassau's adjudicated and unadjudicated claims were classified pursuant to Insurance Law §7434. Because Nassau has insufficient assets to pay its Class two creditors in full, all adjudicated and unadjudicated claims that fall into classes below Class two will not receive a distribution. In order to conserve assets, remaining claims below Class two were not adjudicated.

§7434. In addition, the Liquidator has collected all of Nassau's liquid assets and, with Court approval, has transferred all illiquid and contingent assets to the Trustee for the benefit of holders of allowed claims. Therefore, the Liquidation Proceeding is complete and may be terminated.

Financial Report

The Liquidator completed all activities related to the Liquidation Proceeding by December 7, 2015 ("Closing Date"), and therefore selected that date for closing Nassau's books. Nassau's comparative balance sheet as of the Liquidation Order Date and the Closing Date and the statement of changes in cash and invested assets for the period between the Liquidation Order Date and the Closing Date (collectively, the "Financial Statements") are annexed hereto as Exhibit C.

A. As of the Liquidation Order Date

Based on the Liquidator's review of Nassau's records, the Liquidator determined that Nassau had, as of the Liquidation Order Date, total assets in the amount of \$7,021,009, which consisted entirely of unrestricted assets. The \$7,021,009 in unrestricted assets consisted of cash and equivalents in the amount of \$174,663; bonds with a fair market value of \$4,739,574 and stock with a fair market value of \$38,477; a receivable from affiliates in the amount of \$68,995; premiums in the course of collection in the amount of \$1,239,222; accrued investment income in the amount of \$76,651; and other miscellaneous assets in the amount of \$265,538. Additionally, the Liquidator's due diligence revealed that Nassau was carrying reinsurance receivables on paid losses and paid loss adjustment expenses ("LAE") in the amount of \$417,889.

Based on the Liquidator's review of Nassau's records, the Liquidator determined that Nassau had, as of the Liquidation Order Date, total liabilities in the amount of \$22,311,411, which consisted of \$17,170,000 for claim loss reserves, as well as, \$2,463,734 for unearned and advance premium claim reserves, a \$39,697 reserve for taxes and fees payable to State and local

governments, and a \$34,652 reserve for general unsecured creditor claims. The balance of Nassau's liabilities consisted of reinsurance liabilities in the amount of \$2,603,328. As of the Liquidation Order Date, Nassau was insolvent in the amount of \$15,290,402.

B. As of the Closing Date

As of the Closing Date, Nassau had total assets of \$0 and total liabilities of \$41,242,667, leaving Nassau insolvent in the amount of \$41,242,667. Nassau's Closing Date liabilities of \$41,242,667 consist of \$36,512,361 for Class two claims of the Security Funds for loss payments and LAE; and \$26,016 for non-fund covered policy related claims⁵.

Additionally, as of the Closing Date, the dollar amounts of claims below Class two are as follows: Class five state and local government claims in the amount of \$77,966; Class six non-reinsurance-related creditor claims in the amount of \$401,388; Class six reinsurance claims in the amount of \$281,890; and Class seven late-filed claims in the amount of \$3,943,046.⁶ See Nassau's Financial Statements annexed hereto as Exhibit C.

1. Collection of Assets

(a) Cash Receipts

As of the Closing Date, the Liquidator collected assets in the amount of \$10,643,712, consisting of \$2,124,309 in reinsurance recoveries; \$302,531 in premiums and commissions; \$597,616 in salvage and subrogation recoveries; \$5,159,292 in recoveries from litigation awards and \$72,393 in miscellaneous receipts. The Liquidator invested Nassau's assets in cash and U.S. government bonds and agency securities, earning investment income in the amount of \$2,387,571.

⁵ A non-fund covered policy related claim is either a policy claim for a type of business not covered by the Security Funds or is a claim for the excess of a claim over the statutory limit of the Security Funds.

⁶ There are no Class three federal government claims or Class four wage claims against the estate.

(b) Administrative Expense Reimbursement

During the course of Nassau's thirty-year liquidation, the Liquidator provided staff and services to the Security Funds to administer Nassau's Class two Security Fund covered claims. The administrative expenses for staff and services incurred in connection with processing Security Fund covered claims were payable from the Security Funds, which fully reimbursed the estate. Administrative expenses include salaries and payroll taxes, employee benefits (such as contributions to employee health insurance and pension costs), rent and other office overhead, such as insurance, office equipment and supplies, printing, postage and telephone and internet service (collectively, "Administrative Expenses"). As of the Closing Date, the Liquidator had received \$8,055,947 in reimbursement from the Security Funds for payment of LAE and Administrative Expenses incurred and paid by the Liquidator in connection with the administration of claims covered by the Security Funds.

(c) Receipt from Collateral Deposits

As of the Closing Date, the Liquidator received \$14,606 in funds released from collateral deposits held by Nassau.

(d) Reinsurance Recoverable

Nassau's Financial Statements on Exhibit C to this Closing Report disclose a reinsurance recoverable of \$12,961,618, for which a 100% allowance has been taken.⁷ Of that amount, approximately 94% of the recoverable is owed by insolvent or defunct insurers, including three insurance companies that are or were in liquidation in New York. Of that 94% owed by insolvent reinsurers, 97% of that amount is owed by two insurers which were affiliates of Nassau: Ardra and Regis Insurance Company ("Regis"). Ardra was held to be the alter ego of

⁷ The 100% allowance for uncollectible reinsurance has been applied by the Liquidator and has been reflected in the NYLB's annual independent financial audit conducted of the domestic estates in liquidation since 2006. The NYLB's annual audited financial statements are available at http://www.nylb.org/Reports_and_Publications.htm.

Nassau's principal and the Liquidator has contended that Regis was as well. Ardra was placed into liquidation in Bermuda and Regis was placed into liquidation in Pennsylvania. The Liquidator has unsuccessfully endeavored to recover the remaining 6% of the reinsurance recoverable that is owed by insurers that are not yet clearly insolvent. Those reinsurers are almost entirely located overseas and the cost of further efforts at recovery is, in the Liquidator's judgment, outweighed by the potential for recovery. For those reasons, the Liquidator has applied a 100% allowance to the reinsurance recoverable.

2. Disbursement of Assets

The functions of the Superintendent as statutory liquidator under Article 74 of the Insurance Law are carried out by the NYLB, which maintains facilities and staff to conduct all receiverships under the Superintendent's administration. The Administrative Expenses of the NYLB are divided proportionately among the companies in receivership, including Nassau. *See* N.Y. Ins. L. §7422(b). More specifically, the Administrative Expenses incurred to liquidate Nassau are calculated by an electronic timekeeping system used to record the amount of time that each NYLB employee works directly on the Nassau liquidation. Based on the amount of direct time charged by the NYLB's staff to individual estates, including Nassau, the NYLB allocates Administrative Expenses on a *pro-rata* basis to all estates.

In addition, there are certain direct expenses allocable to the estate such as the cost of publishing the Liquidation Order and direct work billed by the NYLB staff to the Nassau liquidation, including the in-take, review and maintenance of the books and records of the estate, taking control of and managing the estate's assets, preparing financial statements, periodic review of the status of claims against the estate, the preparation and filing of legal documents, effecting required legal notices, and related administrative tasks.

From the Liquidation Order Date through the Closing Date, the Liquidator has incurred and paid expenses in the amount of \$21,608,078. These expenses include: \$2,522,198 for LAE; \$7,651,274 for the salaries of the Liquidator's staff; \$1,916,456 for employee relations and welfare (*e.g.*, payroll taxes, health insurance and pension contributions); \$2,590,900 for rent and related expenses; \$4,337,450 for professional fees (*e.g.*, accountants, legal and other consultants); \$1,319,310 for general and administrative expenses (*e.g.*, IT services and office supplies); and \$1,270,490 for miscellaneous expenses (*e.g.*, insurance, bank fees and closing costs).

Of the total amount of assets disbursed for Administrative Expenses set forth above, \$8,055,947 has been reimbursed by the Security Funds.

3. Distribution of Assets

During the course of the Liquidation Proceeding and with the Supervising Court's approval, the Liquidator has distributed Nassau's assets to its Class one (liquidator's expenses) and allowed Class two (policyholders and security funds) creditors. Distributions consist of cash payments from estate assets. In accordance with Insurance Law §7434, the Liquidator's Class one claim was paid in full. Because the estate's assets were insufficient to pay allowed Class two claims in full, the Liquidator made a partial distribution to Class two claimants to the extent of 5.36% of their respective allowed claims.

Relief Sought

The Liquidator submits this Closing Report in order to describe to the Supervising Court the status of the Liquidation Proceeding, and to inform the Supervising Court that the affairs of the Nassau estate permit administrative expenses to be paid and termination of the Liquidation Proceeding. In support of the Liquidator's recommendation stated herein, the Liquidator has submitted to this Supervising Court the affirmation of Lauren M. Reber, an attorney with the

NYLB, together with supporting documentation annexed to the affirmation. Based on the Liquidator's compliance with her statutory mandate, including marshaling of assets of Nassau, together with the fulfillment of all of her duties and obligations as set forth in the Liquidation Order, the Liquidator requests this Supervising Court issue an order, which:

1. approves this Closing Report and the financial transactions delineated in such report;
2. authorizes the continued payment of administrative expenses, including such expenses for the closing of the Liquidation Proceeding;
3. terminates and closes the Liquidation Proceeding;
4. releases and discharges the Liquidator, her predecessors and successors in office, and their agents, attorneys and employees, from any and all liability arising from their acts or omissions in connection with the Liquidation Proceeding; and
5. grants the Liquidator such other and further relief as this Court deems appropriate and just.

Dated: New York, New York
December 17, 2015



Scott D. Fischer
Special Deputy Superintendent and Agent of
Shirin Emami, Acting Superintendent of
Financial Services of the State of New
York as Liquidator of Nassau Insurance
Company

L18223/LMR

EXHIBIT A

CREDITOR TRUST AGREEMENT

THIS AGREEMENT AND DECLARATION OF TRUST (the "**Creditor Trust Agreement**") dated as of June 16, 2015, by and between Nassau Insurance Company, in Liquidation ("**Nassau**"), and Nassau Resolution, LLC as trustee (the "**Creditor Trustee**") is executed to provide for an expeditious distribution of Trust Assets (defined below) to the Trust Beneficiaries (defined below) in as cost effective manner as possible under the circumstances and, upon Court Approval of this Creditor Trust Agreement, will enable the Liquidator (defined below) to apply to the Liquidation Court (defined below) to close the Liquidation Proceeding (defined below).

WHEREAS, on March 13, 1984, Nassau was ordered into rehabilitation pursuant to Article XVI of the New York Insurance Law upon the Petition of James P. Corcoran in his capacity as Superintendent of Insurance of the State of New York (the "**Superintendent of Insurance**") and the Superintendent of Insurance was appointed the Rehabilitator of Nassau;

WHEREAS, on June 22, 1984 (the "**Liquidation Date**"), the Nassau proceeding was converted to a liquidation pursuant to Article XVI of the New York Insurance Law upon further Petition of the Superintendent of Insurance and the Superintendent of Insurance and his successors in office were appointed the Liquidator of Nassau;

WHEREAS, Article XVI of the New York Insurance Law was recodified as Article 74 of the New York Insurance Law;

WHEREAS, with effect from October 3, 2011, the Superintendent of Financial Services of the State of New York ("**Superintendent of Financial Services**") succeeded to the powers and responsibilities of the former Superintendent of Insurance, including his powers and responsibilities as Liquidator of Nassau (the "**Liquidator**");

WHEREAS, the Supreme Court of the State of New York, County of New York (the "**Liquidation Court**") has jurisdiction over the liquidation of Nassau and there is a liquidation proceeding pending before the Liquidation Court, Index # 42173/1984 (the "**Liquidation Proceeding**");

WHEREAS, the Liquidator has liquidated all of Nassau's assets, save for those that are the subject of this Creditor Trust Agreement (the "**Trust Assets**");

WHEREAS, the Creditor Trustee is a limited liability company organized and existing under the laws of the State of New York for the sole purpose of acting in the capacity as the Creditor Trustee pursuant to the terms and conditions of this Creditor Trust Agreement;

WHEREAS, Nassau and the Creditor Trustee, subject to the approval of the Liquidation Court, wish to set up a creditor trust (the "**Creditor Trust**") for the sole purpose of liquidating the Trust Assets for the benefit of the entities or individuals holding claims allowed by the Liquidation Court in the Liquidation Proceeding (collectively, the "**Trust Beneficiaries**"); and

WHEREAS, the Creditor Trust is intended to qualify for U.S. federal income tax purposes as a liquidating trust treated as a grantor trust within the meaning of Treasury Regulations Section 301.7701 (4)(d);

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE I

ESTABLISHMENT OF THE TRUST

1.1 **Establishment of Creditor Trust.** Subject to the approval of the Liquidation Court, Nassau and the Creditor Trustee hereby establish the Creditor Trust on behalf of the Trust Beneficiaries. The Trust Assets will be: (i) the real estate and improvements at 16 Green Lane, Malvern, PA 19355 conveyed to Nassau pursuant to a Deed from Abetech Group, Inc. ("**Abetech**") duly recorded by the Chester County Recorder of Deeds on October 1, 2014 (the "**Green Lane Property**"), together with the Liquidator's rights and obligations pursuant to the settlement of his claims against Abetech in the action captioned *Lowsky v. Abetech Group, Inc.*, 12-CV-1564 (U.S. District Court for the Eastern District of Pennsylvania); (ii) the Judgments currently held by Nassau against Richard A. DiLoreto and Jeanne S. DiLoreto in the respective amounts of \$28,800,474.35 and \$20,507,465.86 as filed and docketed on April 18, 2002 in the action captioned *Serio v. Ardra Insurance Company*,

Ltd., Index No. 9794/85 (Supreme Court of the State of New York, County of New York), together with post-judgment thereon, and against Tiber Holding Corporation in the amount of \$24,700,000 as filed on May 13, 2002 and entered May 14, 2002 in the action captioned *Levin v. Tiber Holding Corporation*, Civ. Action No. 95-5284 (U.S. District Court for the Eastern District of Pennsylvania), together with post-judgment interest thereon (the “**Judgments**”); and (iii) all rights and causes of action possessed by Nassau relating to the Liquidation Proceeding or to the Judgments, including, but not limited to, causes of action against *alter egos* of the Judgment debtors, recipients of fraudulent conveyances from the Judgment debtors, and like causes against such entities and/or confederates or co-conspirators of such entities (the “**Causes of Action**”). The Creditor Trustee agrees to accept and hold the Trust Assets in trust for the Trust Beneficiaries subject to the terms of this Creditor Trust Agreement. The Creditor Trust shall be established as a liquidating trust treated as a grantor trust within the meaning of Treasury Regulations Section 301.7701(4)(d) with no objective or authority to carry on or conduct a trade or business, or accept an assignment of any claim or right of action from, or assume any liabilities of, any person or entity other than Nassau, and no part of the Trust Assets or the proceeds, revenue or income therefrom shall be used or disposed of by the Creditor Trustee in furtherance of any trade or business.

1.2 **Purpose of Creditor Trust.** The sole purpose of this Creditor Trust is to (a) liquidate the Trust Assets in a prompt but prudent manner and (b) distribute the Trust Assets and the income and proceeds therefrom to the Trust Beneficiaries, after the payment of, or provision for, the reasonable expenses of the Creditor Trust (the “**Creditor Trust Expenses**”). In the exercise of such purpose, in addition to the powers listed in Section 4.1 of this Creditor Trust Agreement the Creditor Trustee shall be authorized to, among other things, (i) own and manage the Green Lane Property; (ii) enforce the Judgments, (iii) investigate and prosecute the Causes of Action; (iv) file any necessary federal, state and local tax returns of the Creditor Trust, (v) establish and maintain reserves, including the Creditor Trust Expense Reserve as defined in Section 4.9 of this Creditor Trust Agreement; and (vi) open, maintain and administer bank accounts as necessary to discharge the duties of the Creditor Trustee. The Creditor Trustee will be responsible for making distributions to the Trust Beneficiaries in the same priority as set forth in Insurance Law § 7434. The Trust Beneficiaries are each holders of allowed Class two, five or six claims in the Liquidation Proceeding. Schedule 1, attached

hereto, lists all of the Trust Beneficiaries and lists the classification under §7434 of the Insurance Law of each allowed claim in the Liquidation Proceeding. The classification of each Trust Beneficiary's claim sets forth the priority in which Trust Beneficiaries will receive any Net Distributable Assets (defined below). Pursuant to these express purposes and subject to the provisions of Article IV of this Creditor Trust Agreement, the Creditor Trustee is hereby authorized and directed to take all reasonable and necessary actions to hold, conserve, protect, collect upon, sell, or otherwise liquidate or dispose of the Trust Assets, and to distribute the Net Distributable Assets (defined below) to the Trust Beneficiaries, in accordance with the provisions of this Creditor Trust Agreement; provided, however, that the investment powers of the Creditor Trustee shall be limited as set forth in Section 4.5 hereof.

1.3 **No Additional Beneficiaries.** The Creditor Trust shall be solely for the benefit of the Trust Beneficiaries.

1.4 **Transfer of Trust Assets and Rights to the Creditor Trustee.** As of the Effective Date (defined below), Nassau shall deliver the Deed to the Green Lane Property and Assignments of the Judgments (previously executed and held in escrow by counsel to the Creditor Trustee); as of the Effective Date, Nassau also transfers, assigns and delivers to the Creditor Trustee all of its right, title and interest in the other Trust Assets, including the Causes of Action as enumerated in Section 1.1 of this Creditor Trust Agreement.

1.5 **Instruments of Further Assurance; Information.** Nassau and such persons that have the right and power after the Effective Date shall, upon reasonable request of the Creditor Trustee or its successors or assigns, execute, acknowledge and deliver such further instruments, documents, books and records and take, or cause to be taken, all such further actions as may be reasonably necessary or proper to effectively carry out the purposes of this Creditor Trust Agreement and to otherwise carry out the intent of the parties hereunder.

1.6 **Title to Trust Assets.** The transfer on the Effective Date of the Trust Assets to the Creditor Trust shall be made by Nassau for the benefit and on behalf of the Trust Beneficiaries. The Trust Beneficiaries will be treated as grantors and owners of the allocable portion of the Trust Assets for federal income tax purposes. Upon transfer of the Trust Assets, the Creditor Trustee shall hold legal title to all Trust Assets and will succeed to all of Nassau's

right, title and interest in the Trust Assets and Nassau will have no further interest in or with respect to the Trust Assets or the Creditor Trust. The Creditor Trustee hereby declares that it shall hold the Trust Assets in trust to be administered and disposed of pursuant to the terms of this Creditor Trust Agreement for the benefit of the Trust Beneficiaries.

1.7 **Valuation of Trust Assets.** The fair market value of the Trust Assets as of the Effective Date will be agreed to by Nassau and the Creditor Trustee consistent with generally accepted accounting principles. Such valuation shall be used consistently by all parties, including, without limitation, Nassau, the Creditor Trustee and the Trust Beneficiaries, for all income tax purposes.

1.8 **Governance of the Creditor Trust.** The Creditor Trust shall be governed by the Creditor Trustee. The Creditor Trustee's powers are exercisable solely in a fiduciary capacity consistent with, and in furtherance of, the purposes of this Creditor Trust Agreement and not otherwise. Subject to the terms and conditions of this Creditor Trust Agreement, the Creditor Trustee may delegate responsibility for discrete issues or decisions to one or more third parties subject to continued oversight by the Creditor Trustee.

1.9 **Appointment of the Creditor Trustee.** The Creditor Trustee shall be Nassau Resolution, LLC. The Creditor Trustee accepts the trust imposed on it by this Creditor Trust Agreement and agrees to observe and perform that trust on and subject to the terms and conditions set forth in this Creditor Trust Agreement.

1.10 **Effective Date.** This Creditor Trust Agreement shall become effective as of the date the Liquidation Court signs an order approving entry into and performance of this Creditor Trust Agreement by Nassau.

ARTICLE II.

DURATION AND TERMINATION OF CREDITOR TRUST

2.1 **Duration.** This Trust shall terminate seven years from the Effective Date unless an earlier termination is required by applicable law, or unless earlier terminated following the distribution of all of the Trust Assets in accordance with Section 3.2 hereof,

provided, however, that the Creditor Trustee may extend the duration of the Creditor Trust if the Trust Assets have not been fully liquidated or if the Creditor Trustee determines that such extension is in the best interests of the Creditor Trust and the Trust Beneficiaries; provided, further, that any such extension of the term of the Creditor Trust shall be subject to the approval of the Liquidation Court upon a finding that such extension is necessary to the purpose of the Creditor Trust based on the particular facts and circumstances, and that such approval is obtained via order of the Liquidation Court within six months of the beginning of the extended term.

2.2 **Continuance of Creditor Trust for Winding Up.** After the termination of the Creditor Trust and for the purpose of liquidating and winding up the affairs of the Creditor Trust, the Creditor Trustee shall continue to act as such until all its duties under this Creditor Trust Agreement have been fully performed. Upon distribution of all of the Trust Assets, the Creditor Trustee shall hold the books, records and files delivered to or created by the Creditor Trustee for a period of four years. All costs and expenses associated with the storage of such documents shall be paid by the Creditor Trust. Except as otherwise specifically provided herein, upon the distribution of all of the Trust Assets, the Creditor Trustee shall have no further duties or obligations hereunder except (a) to account and report as provided in Sections 2.3 and 3.4 hereof and (b) to perform such other acts as may be required by law.

2.3 **Final Accounting.** Upon termination of the Creditor Trust, the Creditor Trustee shall file an accounting with the New York Liquidation Bureau ("NYLB") setting forth the amount it has collected and disbursed, and the fees and expenses incurred in administering the Creditor Trust, including the fees and expenses incurred by the Creditor Trustee and its professionals. The Creditor Trust's professionals shall be required to maintain accurate time records (if and to the extent they are compensated based on time) and expense records.

ARTICLE III.

ADMINISTRATION OF TRUST ESTATE

3.1 **Payment of Expenses and Liabilities.** The Creditor Trustee shall pay the Creditor Trustee's compensation, legal fees and disbursements due and owing to the Trustee's

Counsel, and certain other expenses, namely: (i) expenses associated with the management and sale of the Green Lane Property (“**Green Lane Disbursements**”), (ii) the costs of forming and winding up the Creditor Trust, (iii) professional fees and expenses for preparing tax filings and accountings, (iv) the costs of obtaining errors and omissions insurance coverage, and (v) like administrative obligations.

Litigation expenses, including local counsel fees, related to: (i) the enforcement of Nassau’s rights under the September 23, 2014 Stipulation of Settlement of its claims against Abetech in the action captioned *Lawsky v. Abetech Group, Inc.*, 12-CV-1564 (U.S. District Court for the Eastern District of Pennsylvania) (Document 98), (ii) the enforcement of the Judgments, and (iii) the prosecution of the Causes of Action shall be advanced by the Trustee’s Counsel (“**Firm Disbursements**”).

The Creditor Trustee shall not receive any compensation for its services except from the Net Proceeds, if any, of recoveries in respect of Trust Assets. “**Net Proceeds**” means: (i) in relation to the Green Lane Property, the gross proceeds realized by the Creditor Trust less any Green Lane Disbursements and Firm Disbursements; and (ii) in relation to recoveries accomplished by enforcing the Judgments or prosecuting the Causes of Action, the gross proceeds realized by the Creditor Trust less any Firm Disbursements paid or incurred by the Trustee’s Counsel as of the date of receipt of such recovery and not previously reimbursed.

The contingency fees chargeable by the Trustee’s Counsel shall not exceed: (i) in the event of the sale or other disposition of the **Green Lane Property**, Two (2%) Percent of the first \$1,420,000 of **Net Proceeds**, defined as Gross Proceeds reduced by the Green Lane Disbursements and further reduced by Firms Disbursements and Twenty-Five (25%) of any **Net Proceeds** over and above \$1,420,000; and (ii) in the event of a recovery achieved by enforcing the **Judgments** or prosecuting the **Causes of Action**, Forty-Five Percent (45%) of the **Net Proceeds**.

In the event of any dispute pertaining to the terms and conditions of this Creditor Trust Agreement arises by and between the signatories to this Creditor Trust Agreement, then the Trustee’s Counsel may not represent either party in any such dispute.

3.2 **Distributions to Trust Beneficiaries**. The Creditor Trustee shall disburse funds to the Trust Beneficiaries in accordance with the following terms and conditions:

(i) Any distributions to be made by the Creditor Trust to the Trust Beneficiaries shall be made only from **Distributable Net Proceeds**, which shall be defined as Net Proceeds, less: (a) the Creditor Trustee compensation as set forth in Section 6.1; (b) any amounts due and owing under the Legal Services Agreement; and (c) such amount that the Creditor Trustee determines is reasonably necessary to maintain or increase the market value of the Green Lane Property or administer the Creditor Trust;

(ii) To the extent that there are Distributable Net Proceeds, the Creditor Trustee shall make distributions at least annually to the Trust Beneficiaries;

(iii) Distributions, if any, shall be made, first, to Trust Beneficiaries who are holders of allowed Class two claims (as that term is defined in Insurance Law § 7434) who shall each receive a pro rata distribution from Distributable Net Proceeds, however, if Trust Beneficiaries who are holders of allowed Class two claims are paid in full, the Creditor Trustee shall make further distributions of Distributable Net Proceeds to Trust Beneficiaries in the same priority and amount as such creditors would receive under Insurance Law § 7434.

(iv) Distributions shall be made by the Creditor Trustee until all Trust Assets have been exhausted;

(v) The Creditor Trustee may require any Trust Beneficiary to furnish to the Creditor Trustee such Person's or Entity's Employer Identification Number or Federal Tax Identification Number as assigned by the IRS, and the Creditor Trustee may condition any distribution upon receipt of such identification number; and

(vi) All checks shall be transmitted by United States Post Office-First Class Mail, postage prepaid and addressed to the payee at the address set forth in Schedule 1 or such other address as provided in writing by a Trust Beneficiary.

ARTICLE IV.

POWERS OF AND LIMITATIONS ON THE CREDITOR TRUSTEE

4.1 General Powers of Creditor Trustee. Subject to the express limitations contained in this Creditor Trust Agreement, the Creditor Trustee shall have, in addition to any

powers conferred by other provisions of this Creditor Trust Agreement, the power to take any and all lawful actions as, in the sole discretion of the Creditor Trustee, are necessary or advisable to effectuate the purpose of the Creditor Trust, including the following powers:

- (i) To hold legal title to any and all rights of the Trust Beneficiaries in or arising from the Trust Assets, including, without limitation, the right to collect and receive any and all money and other property belonging to the Creditor Trust;
- (ii) To invest or reinvest Trust Assets and to cause such investments, or any part thereof, to be registered and held in its name, as Creditor Trustee, or in the names of nominees;
- (iii) To establish and maintain such bank accounts as may be necessary or appropriate, to draw checks on such bank accounts and to perform such other necessary and appropriate duties with respect to such accounts, or designate individuals as signatories therefor, as the Creditor Trustee may direct and authorize;
- (iv) To engage employees, agents and professional persons, to assist the Creditor Trustee with respect to its responsibilities;
- (v) To enter into the Legal Services Agreement;
- (vi) To perform all of the Creditor Trustee's obligations hereunder, including making all required distributions to Trust Beneficiaries;
- (vii) To maintain the Creditor Trust Expense Reserve defined at Section 4.9 hereof and to pay all Creditor Trust Expenses;
- (viii) To pursue and prosecute the Causes of Action;
- (ix) To institute, join or defend actions or other requests for relief and to take such other actions, including settlements thereof, on any terms deemed reasonable by the Creditor Trustee, in its discretion, to enforce or collect upon any instruments, contracts, agreements or Causes of Action constituting or relating to the Trust Assets;

(x) To perform or request any act authorized, permitted or required under any instrument, contract, agreement, claim or Cause of Action constituting or relating to the Trust Assets, whether in the nature of an approval, consent, demand, or notice thereunder or otherwise;

(xi) To seek approval of any plan, subdivision, variance or other provision concerning the Green Lane Property deemed advisable by the Creditor Trustee;

(xii) To file or cause to be filed all required federal, state, local and foreign tax filings of the Creditor Trust, make any tax elections available to the Creditor Trust under federal, state, local or foreign law, and prepare applications for rulings or other administrative determinations from federal, state, local and foreign tax authorities as may be reasonably necessary to determine the tax liabilities of the Creditor Trust, the Trustee or the Trust Beneficiaries;

(xiii) To request any appropriate tax determination with respect to the Creditor Trust;

(xiv) To obtain insurance coverage for the Green Lane Property as necessary and with respect to its own liabilities and obligations as Creditor Trustee under this Creditor Trust agreement (in the form of an errors and omissions policy or otherwise);

(xv) To assert or waive any privilege on behalf of Nassau or, with respect to the Trust Assets, the Creditor Trust; and

(xvi) To exercise such other powers as may be vested in or assumed by the Creditor Trustee pursuant to this Creditor Trust Agreement or as may be necessary and desirable to carry out the provisions of this Creditor Trust Agreement and applicable law.

4.2 **Prosecution of Causes of Action.** The Creditor Trustee, on behalf of the Creditor Trust, in the name of the Creditor Trustee and not in the name of the Liquidator, and in accordance with the best interests of the Trust Beneficiaries, in its sole discretion, may enforce, prosecute, settle or compromise (or decline to do any of the foregoing) the Causes of Action without notice to any party.

4.3 **Limitations on Creditor Trustee.** The Creditor Trustee shall carry out the purposes of the Creditor Trust and the directions contained herein, and shall not at any time, on behalf of the Creditor Trust or the Trust Beneficiaries, (a) enter into or engage in any business or (b) accept an assignment of any asset or right of action from, or assume any liabilities of, any person or entity other than Nassau, and no part of the Trust Assets or the proceeds, revenue or income therefrom shall be used or disposed of by the Creditor Trustee in furtherance of any business other than as provided herein. This limitation shall apply irrespective of whether the conduct of any such business activities is deemed by the Creditor Trustee to be necessary or proper for the conservation and protection of the Creditor Trust. The Creditor Trustee shall make continuing efforts to liquidate the Trust Assets, make timely distributions, and not unduly prolong the duration of the Creditor Trust, and act in a manner to terminate the Creditor Trust and make payment to the Trust Beneficiaries in an expeditious manner. The Creditor Trustee may not hold a controlling interest in the stock of, or be a partner, an officer or a director of any of the Trust Beneficiaries.

4.4 **Investment Power.** The investment power of the Creditor Trustee, other than that reasonably necessary to maintain the value of the Trust Assets and to further the liquidating purpose of the Creditor Trust, shall be limited to the power to invest (a) in demand and time deposits, such as short-term certificates of deposit, (b) in banks or other savings institutions, or (c) Treasury bills or other similar temporary, liquid investments. Once such funds are so invested, the Creditor Trustee shall not sell or otherwise liquidate the investment until such time as such funds are (a) needed to pay expenses incurred pursuant to this Creditor Trust Agreement, or (b) to be distributed pursuant to this Creditor Trust Agreement; provided, however, that the Creditor Trustee may liquidate such investments if the Creditor Trustee determines in its discretion that such liquidation is necessary to protect the Creditor Trust from loss on the amounts invested. The Creditor Trustee shall be restricted to the holding and collection of the Trust Assets and the payment and distribution thereof for the purposes set forth herein and to the conservation, protection and maximization of the Creditor Trust and to the administration thereof in accordance with the provisions of this Creditor Trust Agreement. The Creditor Trustee shall keep all Trust Assets segregated from, and shall not commingle any Trust Assets with, any assets of any other entity, including any of the Creditor Trustee's own assets.

4.5 **Additional Powers of Creditor Trustee.** Subject to the express limitations contained herein, the Creditor Trustee shall have, and may exercise with respect to the Trust Assets, or any part thereof, and to the administration and distribution of the Trust Assets, all powers now or hereafter conferred on trustees by the laws of the State of New York. The powers conferred by this Section 4.5 in no way limit any power conferred on the Creditor Trustee by any other section hereof but shall be in addition thereto.

4.6 **Tax and Reporting Duties of the Creditor Trustee.** The Creditor Trustee shall be responsible for all tax and other matters as set forth in Article V of this Creditor Trust Agreement.

4.7 **Establishment and Maintenance of Accounts and Reserves.** On the Effective Date, or as soon thereafter as practicable, the Creditor Trustee shall establish the following accounts and reserves:

- (i) **General Account(s):** One or more general accounts (the "**General Account(s)**") (A) into which shall be deposited all funds not required or permitted to be deposited into any other account or reserve described in or contemplated by this Creditor Trust Agreement, and (B) from which shall be made all distributions to the Trust Beneficiaries.
- (ii) **Creditor Trust Expense Reserve:** An account designated as a "Creditor Trust Expense Reserve," as described more fully in Section 4.9 of this Creditor Trust Agreement (the "**Creditor Trust Expense Reserve**").

4.8 **Subsequent Establishment of Accounts and Reserves.** On or after the Effective Date, the Creditor Trustee (i) shall establish and maintain an Unclaimed Distributions Reserve as described in Section 4.10 of this Creditor Trust Agreement and such additional accounts and reserves as may be required by applicable law or by order of the Liquidation Court and (ii) may establish and maintain such additional accounts and reserves as it deems necessary or desirable to carry out the provisions of this Creditor Trust Agreement.

4.9 Creation of Creditor Trust Expense Reserve.

Upon the Effective Date, the Liquidator shall transfer from Nassau's funds for the administration of the Liquidation Proceeding to the Trustee the sum of **\$75,000** to constitute a Creditor Trust Expense Reserve. The funds constituting the Creditor Trust Expense Reserve are to be used by the Creditor Trustee solely to: (i) pay Green Lane Disbursements, (ii) the costs of forming and winding up the Creditor Trust, (iii) professional fees and expenses for preparing tax filings and accountings, (iv) the costs of obtaining errors and omissions insurance coverage, and (v) like administrative obligations. Any Trust Assets in excess of **\$75,000** in the Creditor Trust Expense Reserve shall be treated as Distributable Net Proceeds by the Creditor Trustee.

To the extent the Creditor Trustee in its discretion determines that the amount of funds in the Creditor Trust Expense Reserve is at any time or may become insufficient and that additional funds are needed, the Creditor Trustee, may reserve additional Trust Assets or Net Proceeds realized by the Creditor Trustee or arrange for additional funds to be loaned to the Creditor Trust as the Creditor Trustee in his or her discretion and judgment may reasonably determine to be necessary or advisable to satisfy all current and anticipated obligations of the Creditor Trust; provided, however, that any such loan shall not be provided by any of the Creditor Trustee's members or their affiliates. In no event shall the Creditor Trustee be required or permitted to use its own funds or assets for such purposes.

4.10 Unclaimed Distribution Reserve.

If a distribution made to a Trust Beneficiary by the Creditor Trustee is returned to the Creditor Trustee as undeliverable or is otherwise unclaimed, such distribution shall be deposited in a segregated, interest-bearing account, designated as an "Unclaimed Distribution Reserve" (the "**Unclaimed Distribution Reserve**"), for the benefit of the Trust Beneficiary to whom the distribution was made until such time as such distribution becomes deliverable, is claimed, or is deemed to have been forfeited by the Trust Beneficiary.

If a distribution is returned for insufficiency of address, the Creditor Trustee shall make reasonable efforts to obtain corrected address information. To ensure that all Trust Beneficiaries receive their allocated distributions, the Creditor Trustee shall maintain a listing of

Holders of undeliverable or unclaimed distributions. Any Trust Beneficiaries for whom assets are held that does not assert a Claim for an undeliverable or unclaimed distribution within six months after the date of attempted distribution shall be deemed to have forfeited its Claim for such undeliverable or unclaimed distribution and shall be forever barred from asserting any such Claim for an undeliverable or unclaimed distribution against Nassau or its property, the Creditor Trustee or the Creditor Trust. Any Cash held for distribution on account of Claims for undeliverable or unclaimed distributions shall be deemed unclaimed property and shall be deemed a Trust Asset free of any restrictions thereon and notwithstanding any federal or state escheat laws to the contrary, and any entitlement of any Trust Beneficiary to such distributions shall be extinguished and forever barred. Other than making reasonable efforts to obtain correct address information, nothing in this Creditor Trust Agreement shall require the Creditor Trustee to attempt to locate any Trust Beneficiary.

ARTICLE V.

TAX MATTERS

5.1 Classification of the Creditor Trust. For all federal income tax purposes, all parties (including Nassau, the Creditor Trustee and the Trust Beneficiaries) are required to treat the transfer of the Trust Assets to the Creditor Trust for the benefit of the Trust Beneficiaries as (a) a transfer of a portion of the Trust Assets directly to the Trust Beneficiaries followed by (b) the transfer by the Trust Beneficiaries to the Creditor Trust of the Trust Assets. Accordingly, the Trust Beneficiaries shall be treated as the grantors and owners of their allocable portion of the Trust for federal income tax purposes.

5.2 General Tax Reporting by the Creditor Trust and the Trust Beneficiaries.

The Creditor Trustee shall prepare, consistent with Section 4.1 hereof, and file on behalf of the Creditor Trust, at the time and in the manner prescribed by the Internal Revenue Code and applicable state and local law, such tax returns and reports as may be required.

As soon as practicable after the close of each fiscal year, the Creditor Trustee shall mail to each of the Trust Beneficiaries a statement setting forth the Trust Beneficiary's

share of items of income, gain, loss, deduction or credit and will instruct all such Trust Beneficiaries to report such items on their federal income tax returns. The Creditor Trust's taxable income, gain, loss, deduction or credit will be allocated to the Trust Beneficiaries in accordance with their relative beneficial interests in the Creditor Trust.

The Creditor Trustee shall report consistently for state and local income tax purposes in accordance with applicable law.

The Creditor Trustee shall be responsible for payments, out of the Creditor Trust Assets, of any taxes imposed on the Creditor Trust or its assets.

The Creditor Trust may retain professionals to perform the Creditor Trustee's duties under this Section 5.2 and may rely upon the performance of such professionals with respect to such duties.

5.3 **Withholding of Taxes and Other Charges.** The Creditor Trustee may withhold from any amounts distributable at any time to the Trust Beneficiaries such sum or sums as may be necessary to pay any taxes or other charges which have been or may be imposed on the Creditor Trust or the Trust Beneficiaries under the income tax laws of the United States or of any state or political subdivision or entity by reason of any distribution provided for herein, whenever such withholding is required by any law, regulation, rule, ruling, directive or other governmental requirement, and the Creditor Trustee, in the exercise of its discretion and judgment, may enter into agreements with taxing or other authorities for the payment of such amounts as may be withheld in accordance with the provisions of this Section 5.3. Notwithstanding the foregoing but without prejudice to the Creditor Trust's rights hereunder, the Trust Beneficiaries shall have the right with respect to the United States or any state or political subdivision or entity to contest the imposition of any tax or other charge by reason of any distribution hereunder.

5.4. **Other.** The Creditor Trustee shall file, or cause to be filed, any other statements, returns, or disclosures relating to the Creditor Trust that are required by any governmental unit or applicable law.

ARTICLE VI.

THE CREDITOR TRUSTEE

6.1 **Creditor Trustee's Compensation and Reimbursement.** The Creditor Trustee's compensation will be equal to 3% of the Net Proceeds of the sale or other disposition of the **Green Lane Property** as defined in Section 3.1(i) of this Creditor Trust Agreement up to \$1,420,000 as defined in Section 3.1(i) of this Creditor Trust Agreement, 5% of any Net Proceeds of the Green Lane Property over and above \$1,420,000, and 5% of Net Proceeds of all other recoveries.

6.2. **Financial Reporting.** On or before March 31 of each year, the Trustee will provide to the Trust Beneficiaries financial statements showing the financial condition of the Creditor Trust as of December 31st of the prior year, including a statement of cash flows for that prior year.

6.2 **Removal.** The Creditor Trustee may be removed for cause on the motion of a majority in interest of the Trust Beneficiaries at that time made to the Liquidation Court, provided that the Creditor Trustee is given 30 days written notice of the motion to remove the Creditor Trustee.

6.3 **Appointment of Successor Creditor Trustee.** In the event of the resignation, removal or incapacity of the Creditor Trustee, the majority in interest of the Trust Beneficiaries at such time, shall designate a successor Creditor Trustee. The successor Creditor Trustee shall give written notice of his or her appointment to the Trust Beneficiaries as soon thereafter as is practicable. Any successor Creditor Trustee appointed hereunder shall execute, acknowledge and deliver to the New York Liquidation Bureau for delivery to the remaining Trust Beneficiaries and the retiring Creditor Trustee an instrument duly accepting such appointment and agreeing to be bound by terms of this Creditor Trust Agreement and thereupon such successor Creditor Trustee, without further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the Creditor Trustee under this Creditor Trust Agreement. All fees and expenses of the Creditor Trustee shall be paid unless disputed by the successor Creditor Trustee.

6.4 **Creditor Trust Continuance.** The resignation or removal of the Creditor Trustee shall not operate to terminate the Creditor Trust or to revoke any existing agency created pursuant to the terms of this Creditor Trust Agreement or invalidate any action theretofore taken by the Creditor Trustee or any prior Creditor Trustee. In the event of the resignation or removal of the Creditor Trustee, such Creditor Trustee shall promptly execute and deliver such documents, instruments and other writings as may be reasonably requested by the successor Creditor Trustee to effect the termination of the Creditor Trustee's capacity under this Creditor Trust Agreement and the conveyance of the Trust Assets then held by the Creditor Trustee to such Creditor Trustee's successor; deliver to the successor Creditor Trustee all documents, instruments, records and other writings related to the Creditor Trust as may be in the possession of the Creditor Trustee; and otherwise assist and cooperate in effecting the assumption of his or her obligations and functions by such successor Creditor Trustee.

6.5 **Reliance by Creditor Trustee.** The Creditor Trustee may rely, and shall be fully protected personally in acting, upon any resolution, statement, certificate, instrument, opinion, report, notice, request, consent, order, or other instrument or document which the Creditor Trustee believes to be genuine and to have been signed or presented by the proper party or parties or, in the case of facsimile transmissions or electronic mail, to have been sent by the proper party or parties, in each case without obligation to satisfy itself that the same was given in good faith and without responsibility for errors in delivery, transmission, or receipt. In the absence of fraud, willful misconduct or negligence on the Creditor Trustee's part, the Creditor Trustee may rely as to the truth of any statements contained therein in acting thereon.

The Creditor Trustee may consult with and rely on the advice of legal counsel and such other experts, advisors, consultants or other professionals as shall have been retained pursuant to this Creditor Trust Agreement and shall be fully protected in respect of any action taken or suffered by them in accordance with the written opinion of counsel.

6.6 **Standard of Care.** Except in the case of fraud, willful misconduct or negligence, the Creditor Trustee shall not be liable for any loss or damage by reason of any action taken or omitted by the Creditor Trustee pursuant to the discretion, power and authority conferred on the Creditor Trustee by this Creditor Trust Agreement.

6.7 **No Liability for Acts of Predecessor Trustees.** No successor Creditor Trustee shall be in any way liable for the acts or omissions of any predecessor Creditor Trustee unless a successor Creditor Trustee expressly assumes such responsibility.

6.8 **Insurance.** The Creditor Trustee shall purchase, at the expense of the Creditor Trust, errors and omissions insurance with regard to any liabilities, losses, damages, claims, costs and expenses arising out of the implementation of this Creditor Trust Agreement. The errors and omissions insurance shall be for a reasonable amount, which will not be less than five million (\$5,000,000) dollars. The Creditor Trustee shall purchase sufficient property and casualty insurance to provide insurance coverage for the Trust Assets, such insurance to be a multiple peril policy providing property and liability insurance coverage.

6.9 **No Implied Obligations.** No Creditor Trustee shall be liable for any duties or obligations except for the performance of such duties and obligations as are specifically set forth herein, and no implied covenants or obligations, other than the covenant of good faith and fair dealing, shall be read into this Creditor Trust Agreement.

6.10 **No Personal Liability.** Persons and Entities dealing with the Creditor Trust must look solely to the Creditor Trust or Trust Assets for the enforcement of any claims against the Creditor Trust or to satisfy any liability incurred by the Creditor Trustee to such Persons or Entities in carrying out the terms of this Creditor Trust, and the Creditor Trustee shall not have any personal liability or individual obligation to satisfy any such liability.

ARTICLE VII.

AMENDMENTS

7.1 **Amendments.** The parties hereto may make and execute written amendments to this Creditor Trust Agreement; provided, however, that in no event shall this Creditor Trust Agreement be amended so as to (a) change the purpose of the Creditor Trust as set forth in Article I hereof, (b) allow funds constituting Trust Assets to be invested in a manner other than as permitted in Section 4.4 hereof, (c) adversely affect the distributions to be made under this Creditor Trust Agreement to any Trust Beneficiaries, or (d) adversely affect the U.S. federal income tax status of the Creditor Trust in accordance with Article I hereof. In the event

that the Liquidator is discharged, the Trust Beneficiaries acting by a majority in interest of the Trust Beneficiaries at that time, may make and execute written amendments to this Creditor Trust Agreement, subject to the restrictions previously set forth in this Section 7.1.

ARTICLE VIII.

UNDERTAKINGS

8.1 **Application to the Liquidation Court.** Promptly upon the execution of this Creditor Trust Agreement, the Liquidator shall apply to the Liquidation Court for an order approving entry into and performance of this Creditor Trust Agreement by Nassau. In the event that the Liquidation Court shall deny such application, this Creditor Trust Agreement shall be null and void. The failure of the Liquidation Court to grant its approval shall not constitute a breach of this Creditor Trust Agreement.

8.2 **Obligation of Cooperation.** The Creditor Trustee shall execute, acknowledge and deliver such further instruments, documents, books and records and take, or cause to be taken, all such further actions as may be reasonably necessary or proper to carry out the Liquidator's undertaking set forth in Section 8.1 hereof.

ARTICLE IX

MISCELLANEOUS PROVISIONS

9.1 **Applicable Law.** The Creditor Trust created herein shall be construed, regulated and administered under the laws of the State of New York without regard to principles of conflicts of law; any interpretation or enforcement of the provisions of this Creditor Trust Agreement shall be subject to the jurisdiction of the Liquidation Court.

9.2 **No Association, Partnership or Joint Venture.** This Creditor Trust Agreement is not intended to create and shall not be interpreted as creating an association, partnership or joint venture of any kind.

9.3 **Partial Invalidity.** If any term or provision of this Creditor Trust Agreement is held to be illegal, invalid, or unenforceable under present or future laws effective

during the term of this Creditor Trust Agreement, such term or provision shall be fully severable and this Creditor Trust Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Creditor Trust Agreement; and the remaining terms and provisions of this Creditor Trust Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Creditor Trust Agreement, and this Trust Agreement shall be construed so as to limit any term or provision so as to make it a legal, valid and enforceable provision, provided that such construction, to the maximum extent possible, shall give effect to the purposes of this Creditor Trust Agreement.

9.4 **Notices.** All notices, requests, consents and other communications hereunder shall be in writing and shall be addressed (i) if to the Creditor Trustee, Nassau Resolution LLC, c/o Garrison Resnick, Member, 10 East End Avenue, New York, NY 10021 or such other address as such Creditor Trustee will have furnished; (ii) if to any Trust Beneficiary, at the respective address set forth on Schedule 1 hereto or any updated address provided by such beneficiary to the Creditor Trustee; (iii) if to the New York Liquidation Bureau, 110 William Street, New York, NY 10038, Attn: General Counsel. All such notices, requests, consents and other communications shall be given by facsimile, hand delivery, overnight delivery, or, to a Trust Beneficiary only, first-class mail, postage prepaid, and shall be deemed given when actually delivered or, with respect to a Trust Beneficiary only, three business days after deposit in the U.S. mail if mailed.

9.5 **Counterparts.** This Creditor Trust Agreement may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute one and the same instrument.

9.6 **Headings.** The section headings contained in this Creditor Trust Agreement are solely for convenience of reference and shall not affect the meaning or interpretation of this Creditor Trust Agreement or of any term or provision hereof.

9.7 **Confidentiality.** The Creditor Trustee shall, during the period that it serves in such capacity under this Creditor Trust Agreement and following either the termination of this Creditor Trust Agreement or such Creditor Trustee's removal, incapacity, or

resignation hereunder, hold strictly confidential and not use for personal gain any material, non-public information of or pertaining to any entity to which any of the Trust Assets relates or of which it has become aware in its capacity as Creditor Trustee.

9.8 **No Bond Required.** Notwithstanding any state law to the contrary, the Creditor Trustee (including any successor trustee) shall be exempt from giving any bond or other surety in any jurisdiction.

9.9 **Retention of Jurisdiction.** The Liquidation Court shall retain jurisdiction over issues related to the enforcement or interpretation of this Creditor Trust Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Creditor Trust Agreement or caused this Creditor Trust Agreement to be duly executed as of the day and year first written.

NASSAU RESOLUTION, LLC
As Creditor Trustee

By: 

Name: Garrison Resnick

Title: Member

NASSAU INSURANCE COMPANY,
In Liquidation

By: 

Name: Scott D. Fischer

Title: Acting Special Deputy
Superintendent As Agent

SCHEDULE 1

PRE	NO	SUB	POLPRE	POLNO	CLMPRE	CLMNO	CLATTNO	Class	CLATTM4	ADDR1	ADDR2	ADDR3	ADDR4	AMTCLM	AMTRES	AMTALL	AMTFD	SCHD
N-P&PD	4287	0	P	UUUUUUUUUU08116	P	000002103	80	2	Empire Insurance Group	A/S/O Anthony Negri; Inj. Julia Gutierrez	122 5th Avenue Howard Beach, NY 11414	New York, NY 10011 013	Re: Ref. # 1-10-01-360147/N F 80-06-	250.86	0	250.86	0	X
N-P&PD	4512	0	P	UUUUUUUUUU1089	P	UUUUUU11	78	2	Austin Cohen Indiv. & As Pres. of Deck Cab Corp.	89-40 151st Avenue, Apt. 2-F				18000	0	18000	0	X
									Re: Sss083-14-5699									
N-S&M	76	0	P	UUUUUUUUUU06736	P	UUUUUU48U7	80	6	Sidney Lipton, MD	6740 3rd Ave. 212-53 16th Avenue	Brooklyn, NY 11220 Bayside, NY 11360	Olivera Vs. Zeto Taxi Re: File #R-11830	100	0	100	0	X	
N-S&M	75	0	R	UUUUUUUUUU00418	R	000011830	83	6	Seymour Reporting Service					153.65	0	133.65	0	X
N-S&M	77	0	R	UUUUUUUUUU00402	R	000011551	80	6	Weidman, Williams, Jordan, Angeloff & Frank	*2 State Street, Suite 400	Crossroads N.Y. Building 14614	Re:10258-10512 Re: Ref. # 1-10-01-360147/N New York, F 80-06-	0	0	474	0	X	
N-P&PD	4289	0	P	UUUUUUUUUU0503116	P	000008116	80	2	Empire Insurance Group	A/S/O Anthony Negri; Inj. Angela Fernandez	122 5th Ave. Brooklyn, NY 11215	New York, NY 10011 013	394.61	0	394.61	0	X	
N-RP	2006	0	L	UUUUUUUU11814020		UUUUUUUUU		2	Doreen Samuels	19 Fiske Place				180	0	180	0	X
									Transfere d from N- R&PD 18									
N-S&M	66	0	P	UUUUUUUUUU042919	P	000081177	78	6	Francis B. Roth, MD	*983 Park Avenue	New York, NY 10028	Re: Case #P-81177	175	0	175	0	X	
									Re: Abdel E.L. Mluwund									
N-S&M	6	0	P	UUUUUUUUUU0509192	P	UUUUUU480	80	6	Joseph Green, PC	*32 Court Street	Brooklyn, NY 11201		900	0	900	0	X	
									Re: Vaughn Vs. Bartlett Cab. Corp. Mineola, NY									
N-S&M	65	0	P	UUUUUUUUUU07583	P	UUUU04876	80	6	Dinkers, Mandel, Dinkers & Morelle	112 Madison Avenue	New York, NY 10016		2500	0	2500	0	X	
N-S&M	9	0	P	UUUUUUUUUU0513590	P	000020042	82	6	Aaronson Court Reporting Service	*55 Willis Avenue	11501		377.6	0	377.6	0	X	
									Re: Dennis Wilson vs. William Jones									
N-S&M	7	0		UUUUUUUUUUUUUUU	P	UUUUUU029	76	6	Joseph Green, PC	*26 Court Street	Brooklyn, NY 11242	Welland Re: Jones	1150	0	1000	0	X	
									Barristers, Solicitors, Notaries S.L., P.O. Box 97	221 Division Ontario, Canada	Krasnov vs. Vigeotti							
N-S&M	10	0	K	UUUUUUUUUU300072	K	000013801	80	6	Forestell, Talmage, Stratton & Lathrover	Public	Box 97 136 972		1703.5	0	1293	0	X	
									*C/O Jaffer & Adler, attys.	52 Vanderbuilt Ave.	New York, NY 10017		6371.9	0	4590.82	0	X	
N-S&M	50	0	S	UUUUUUUUUU01642	S	000010161	82	6	G.M.C. Reporting Service									

N-S&M	791	0	R	UUUUUUUUUUUUU1104	R		000030705	84		2	Gelco A/S/O E Only	760 Woodbury Road Woodbury, NY 11797	0	0	5000	0 X
N-S&M	5	0	P	UUUUUUUUUUUU14766	P		000031302	83		6	Harry Schwartz	1370 East 104th St. Brooklyn, NY 11236	110.45	0	110.45	0 X
N-S&M	3	0	R	UUUUUUUUUUUU0991	R		000030175	83		6	Harry Schwartz	1370 East 104th St. Brooklyn, NY 11236	168	0	168	0 X
N-S&M	27	0	P	UUUUUUUUUUUU05607	P		UUUUUU043	81		6	Dr. Charles B. Storck	1620 Caron Ave. Brooklyn, NY 11226	256.78	0	256.78	0 X
N-S&M	71	0	P	UUUUUUUUUUUU09009	P		000011656	81		6	Michael Cohen, DDS	30 East 40th Street New York, NY 10016	175	0	175	0 X
N-S&M	83	0	P	UUUUUUUUUUUU20360	P		000063692	76		6	Mazumara, Clancy & Kenny, Esq.	P.O. Box , CT 06601 P.O. Box 1220 White Plains, NY 10601	1080	0	1080	0 X
N-S&M	36	0	K	UUUUUUUUUUUU1752	K		000020479	82		6	Post Reporting Service, Inc.	*175 Main Street ISO Old Country Minecib, NY 11501	342.58	0	342.58	0 X
N-S&M	20	0		UUUUUUUUUUUUUUUU			UUUUUUUUUU			6	Rassau Attorney's Service	Re: 157 Chambers Street New York, NY 10007	106.5	0	106.5	0 X
N-S&M	23	0		UUUUUUUUUUUUUUUU			UUUUUUUUUU			6	Record Press, Inc.	New York, NY 10007	475.01	0	475.01	0 X
N-S&M	18	0		UUUUUUUUUUUUUUUU			UUUUUUUUUU			6	William Langer & Assoc. Inc.	*1639 Third Ave. New York, NY 10128	72	0	72	0 X
N-S&M	11	0		UUUUUUUUUUUUUUUU			UUUUUUUUUU			6	ABC Service Bureau	*150 Nassau Street New York, NY 10038	443.15	0	414.25	0 X
N-S&M	13	0		UUUUUUUUUUUUUUUU			UUUUUUUUUU			6	Calendar Watching Services	C/O David Lee, Broadway Att'y, Lake Success, NY 11042	312	0	312	0 X
N-S&M	25	0		UUUUUUUUUUUUUUUU			UUUUUUUUUU			6	Cohen & Staehler, Esqs.	*3000 Marcus Avenue Dix Hills, NY 11746	455	0	455	0 X
N-S&M	21	0		UUUUUUUUUUUUUUUU			UUUUUUUUUU			6	Puschau Consultants, Inc.	3 Colby Court New York, NY 10038	1750	0	1750	0 X
N-S&M	12	0		UUUUUUUUUUUUUUUU			UUUUUUUUUU			6	Adler Reporting Service	*15 Park Row Jamaica, NY 11432	110.25	0	110.25	0 X
N-S&M	45	0		UUUUUUUUUUUUUUUU			UUUUUUUUUU			6	Windsor Inspection Service	*80 21 164th St. New York, NY 10128	287.25	0	287.25	0 X
N-S&M	17	0		UUUUUUUUUUUUUUUU			UUUUUUUUUU			6	William Langer & Assoc.	*1639 3rd Ave. Assoc. of Northern New York, Inc.	47	0	47	0 X
N-S&M	19	0		UUUUUUUUUUUUUUUU			UUUUUUUUUU			6	William Langer & Associates, Inc.	1638 Third Avenue New York, NY 10128	146	0	146	0 X
N-S&M	84	0	K	UUUUUUUUUUUU1646	K		000020043	82		6	Bernard Rudinman, D/B/A Rudinman Company	Transfers d from N- Whitestone, PI&PD Rec: 84-	179.5	0	179.5	0 X

N-PRPD	2470	0	K	0000000000002188	K	0000000001	81	2	Saa-Gulf Carting, Corp. And	East D-10- Re: Di And	1000000	0	3095	0	X
N-S&M	38	0	L	000000000011202	L	0000000001	81	6	Shayne, Dacia, Statist & Coker	Keegan And P.O. Box Patchogue Enterprise Keegan, Artye, NY 11772 S, Ltd. Vs. Saa Gulf	653.04	0	437.29	0	X
N-COMM	5	0	R	000000000000047	R	0000000000		6	Assist Insurance Agency	250 Old Country Mineola, NY Re: L-	97	0	97	0	X
N-S&M	29	0	L	0000000000115017	L	0000000000	83	6	Francis B. Roth, MD	447 Troy- Latham, NY Schenectady Rd. 12110 New York, NY 10028	150	0	150	0	X
N-S&M	81	0	P	00000000000508717	P	0000000000	83	6	Sidney Lipton, MD	*4893 Edgeworth Manlius, NY Dine 13104 3105	100	0	100	0	X
N-S&M	34	0	P	00000000000511278	P	0000000000	81	6	Certified Reporting Co.	New York, Invoice #Ct-58729	182.2	0	182.2	0	X
N-S&M	51	0	R	00000000000000983	R	0000000000	83	6	Sidney Lipton, MD	*233 Broadway Brooklyn, NY 10007	150	0	150	0	X
N-S&M	40	0	P	00000000000511185	P	0000000000	81	6	Sidney Lipton, MD	6740 Third Ave. Brooklyn, NY 11220	150	0	150	0	X
N-S&M	28	0	K	0000000000000015	K	0000000000	81	6	Siney Lipton, MD	6740 Third Ave. Brooklyn, NY 11220	150	0	150	0	X
N-S&M	37	0	L	00000000000007715	L	0000000000	81	6	Sidney Lipton, M.D.	6740 Third Avenue Brooklyn, NY 11220	150	0	150	0	X
N-S&M	58	0	P	00000000000513231	P	0000000000	82	6	Dr. Sidney Lipton	6740 Third Ave. Brooklyn, NY 11220	100	0	100	0	X
N-S&M	30	0	L	00000000000011902	L	0000000000	83	6	Sidney Lipton, MD	6740 Third Avenue New York, NY 11220	150	0	150	0	X
N-S&M	31	0	P	00000000000513452	P	0000000000	82	6	Adler Reporting Service	*15 Park Row New York, NY 10038	110.25	0	110.25	0	X
N-MISC	1	0		00000000000000000		0000000000		5	Mulca Vehicle Identification Corp	110 William Street New York, NY 10038	65590.52	0	65590.52	0	X
N-S&M	43	0	P	00000000000507753	P	0000000000	80	6	Sidney Lipton, MD	6740 Third Ave. Brooklyn, NY 11220	150	0	150	0	X
N-COMM	4	0	R	00000000000000000	R	0000000000		6	Rosa C. Pino Agency	*1223 19th St. Falls, NY 14301	63.2	0	63	0	X
N-TRPD	4134	0	P	00000000000008116	P	0000000000	80	2	Empire Mutual Insurance Co.	A/S/O Anthony Negri, Inc. Angela Ave. New York, NY 10011	568.97	0	568.97	0	X
N-S&M	52	0	P	00000000000509131	P	0000000000	81	6	Singer & Block, PC	25 Court Street Brooklyn, NY 11242	295	0	295	0	X
N-S&M	53	0	P	00000000000514803	P	0000000000	83	6	Town Reporting	*15 Park Row New York, NY 10038	125.97	0	125.97	0	X
N-S&M	78	0	P	00000000000508489	P	0000000000	80	6	Town Reporting	*15 Park Row New York, NY 10038	150.91	0	150.91	0	X

EXHIBIT B

FA
7/20/15
E

SUPREME COURT OF THE STATE OF NEW YORK NEW YORK COUNTY

PRESENT: MADDEN
Justice

PART 11

NASSAU INSURANCE COMPANY

INDEX NO. 042173/84

MOTION DATE _____

MOTION SEQ. NO. 57

Re:

The following papers, numbered 1 to _____, were read on this motion to/for _____

Notice of Motion/Order to Show Cause — Affidavits — Exhibits _____

No(s). _____

Answering Affidavits — Exhibits _____

No(s). _____

Replying Affidavits _____

No(s). _____

Upon the foregoing papers, it is ordered that this motion is

granted and the court is signing the annexed order.

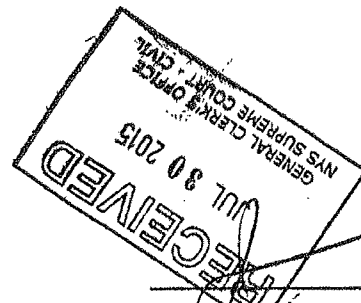
MOTION/CASE IS RESPECTFULLY REFERRED TO JUSTICE
FOR THE FOLLOWING REASON(S):

FILED

JUL 31 2015

COUNTY CLERK'S OFFICE
NEW YORK

Dated: July 29, 2015



HON. JOAN A. MADDEN

J.S.C.

1. CHECK ONE ☐ CASE DISPOSED
2. CHECK AS APPROPRIATE: MOTION IS: ☐ GRANTED ☐ DENIED ☐ GRANTED IN PART ☐ OTHER
3. CHECK IF APPROPRIATE: ☐ SETTLE ORDER ☐ SUBMIT ORDER
- ☐ DO NOT POST ☐ FIDUCIARY APPOINTMENT ☐ REFERENCE

At IAS Part 11 of the Supreme Court of the State of New York, County of New York, at the Courthouse, 60 Centre Street, in the County, City and State of New York, on the 29 day of July, 2015.

P R E S E N T:

HON. JOAN A. MADDEN, J.S.C.

-----X

In the Matter of

Index No.: 42173/1984

the Liquidation of

ORDER

FILED

JUL 31 2015

NASSAU INSURANCE COMPANY.

-----X

COUNTY CLERK'S OFFICE
NEW YORK

Based upon the affirmation ("Affirmation") of Scott D. Fischer, Acting Special Deputy Superintendent and Agent of Anthony J. Albanese, Acting Superintendent of Financial Services of the State of New York as Liquidator ("Liquidator") of Nassau Insurance Company ("Nassau"), dated June 16, 2015, the supplemental affirmation dated June 29, 2015, the supplemental affirmation, dated July 22, 2015 (collectively, the "Supplemental Affirmations"), *and the affirmation of Thomas Keegan, Jr. dated July 7, 2015*, and upon all other papers previously submitted and all proceedings heretofore had herein;

AND, it appearing from the Affirmations, Supplemental Affirmations, and their attachments thereto, that all claimants and parties interested in the affairs of Nassau will best be served by the approval of the terms and conditions of the Creditor Trust Agreement, as amended *and as further amended to reflect that counsel for the Creditor Trustee shall maintain a accurate time and expense records and shall submit such records with the final accounting* ("Trust Agreement"), and authorizing the Liquidator to enter into the Trust Agreement;

AND, there having been no opposition to the relief sought by the affirmations.

NOW, based upon the application of the Liquidator; it is

ORDERED, that the Liquidator's application is granted; and it is further

HON. JOAN A. MADDEN
J.S.C.

ORDERED, that the terms and conditions of the Trust Agreement, are approved; and
it is further

ORDERED, that the Liquidator is authorized and permitted to take the necessary
steps, including, without limitation, executing and delivering undertakings and documents and
incurring expenses, to effect, carry out and consummate the Trust Agreement.

ENTER


HON. JOAN A. MADDEN
J.S.C.

FILED
JUL 31 2015
COUNTY CLERK'S OFFICE
NEW YORK

Index No. 42173 Year 1984

SUPREME COURT OF THE STATE OF NEW YORK COUNTY OF NEW YORK

In the Matter of

the Liquidation of

NASSAU INSURANCE COMPANY.

ORDER

JOHN PEARSON KELLY

Attorney for the Acting Superintendent of Financial Services of the State of New York as Liquidator

Office and Post Office Address, Telephone

New York Liquidation Bureau
 110 William Street – 15th Floor
 New York, NY 10038
 (212) 341-6523
 Fax (212) 233-0461

ATTORNEY CERTIFICATION

The undersigned, an attorney admitted to practice in the courts of New York State, certifies that, upon information, belief and reasonable inquiry, the contentions in the above referenced document(s) are not frivolous.

Dated: July 24, 2015
 New York, New York


 Lauren M. Reber
☐ NOTICE OF ENTRY

that the within is a (*certified*) true copy of a
 duly entered in the office of the clerk of the within named court on the day of 20

☐ NOTICE OF SETTLEMENT

that an order
 settlement to the HON.

, on

of which the within is a true copy will be presented for
 one of the judges of the within named court, at
 20 at

Dated:

Yours, etc.

JOHN PEARSON KELLY

Attorney for the Acting Superintendent of
 Financial Services of the State of New York as
 Liquidator

Office and Post Office Address, Telephone

New York Liquidation Bureau
 110 William Street – 15th Floor
 New York, NY 10038
 (212) 341-6523
 Fax (212) 233-0461

EXHIBIT C

NASSAU INSURANCE COMPANY IN LIQUIDATION
STATEMENT OF ASSETS

	Dec. 07, 2015	June. 22, 1984
Unrestricted Assets		
Cash-Unrestricted	\$ -	\$ 174,663
Short-Term Investments	-	-
Bonds	-	4,739,574
Preferred Stocks, and Common Stocks	-	38,477
Total Cash and Invested Assets	\$ -	\$ 4,952,714
Real Estate	-	-
Reinsurance Recoverables on Paid Losses and LAE	12,961,618	\$ 417,889
Less: Allowance for Uncollectible Reinsurance Recoverable	\$ (12,961,618)	-
Net Reinsurance Recoverable on Paid Losses and LAE	-	417,889
Reinsurance Recoverables on Unpaid Losses and Unpaid LAE	-	-
Less: Allowance for Uncollectible Reinsurance Recoverable	-	-
Net Reinsurance Recoverable on Unpaid Losses and LAE	-	-
Premium in the course of Collection		1,239,222
Receivable from Affiliates	-	68,995
Accrued Investment Income	-	76,651
Other Assets	-	265,538
Total Unrestricted Assets	-	7,021,009
Restricted Assets:		
Restricted - Statutory Deposits in This or Other States	-	-
Restricted - Funds held by or deposited with Reinsurance Co.	-	-
Restricted - Other	-	-
Total Restricted Assets	-	-
Total Assets	\$ -	\$ 7,021,009

NASSAU INSURANCE COMPANY IN LIQUIDATION
STATEMENT OF LIABILITIES

	Dec. 07, 2015	June. 22, 1984
Secured Claims	\$ -	\$ -
Class I - Administrative Claims:	-	-
Class II - Claims and Related Costs:		
Guaranty Fund Claims:		
Allowed Claims:		
Administrative Claims Expenses	\$ -	\$ -
Loss Adjustment Expenses (LAE)	7,627,554	-
Loss Claims	30,942,235	-
Unearned and Advance Premium Claims	-	-
Total Allowed Claims	38,569,789	-
Less Advance Dividends	(2,057,428)	-
Total Allowed Claims	36,512,361	-
Non - Allowed Claims:		
Administrative Claims Expenses	-	-
Loss Adjustment Expenses (LAE)	-	-
Loss Claim Reserves	-	17,170,000
Unearned and Advance Premium Claims	-	2,463,734
Total Non-Allowed Claims	-	\$ 19,633,734
Total Guaranty Fund Claims:	36,512,361	19,633,734
Creditor Claims:		
Allowed Claims:		
Loss Claims	27,489	-
Unearned and Advance Premium Claims	-	-
Total Allowed Claims	27,489	-
Less Dividends	(1,473)	-
Total Allowed Claims	\$ 26,016	-
Non - Allowed Claims:		
Loss Claims Reserves	-	-
Unearned and Advance Premium Claims	-	-
Loss Adjustment Expenses (LAE)	-	-
Total Non-Allowed Claims	-	-
Total Creditor Claims	26,016	-
IBNR	-	-
Total Class II Claims and Related Costs:	\$ 36,538,377	\$ 19,633,734
Class III - Federal Government Claims:		
Allowed Claims:	-	-
Less: Dividends	-	-
Total Allowed Claims	-	-
Non - Allowed Claims	-	-
Total Class III Claims	-	-
Class IV - Employee Claims:		
Allowed Claims:	-	-
Less: Dividends	-	-
Total Allowed Claims	-	-
Non - Allowed Claims	-	-
Total Class IV Claims	-	-

NASSAU INSURANCE COMPANY IN LIQUIDATION
STATEMENT OF LIABILITIES (Continued)

	Dec. 07, 2015		June. 22, 1984	
Class V - State and Local Government Claims:				
Allowed Claims:	\$ 65,591	\$ -		
Less: Dividends	<u>-</u>	<u>-</u>		
Total Allowed Claims	65,591	-		
Non - Allowed Claims	<u>12,375</u>	<u>39,697</u>		
Total Class V Claims	\$ 77,966	\$ 39,697		
 Class VI - General Creditors:				
Allowed General Unsecured Creditor Claims (Other than Reinsurance Related)	21,353	-		
Less: Dividends	<u>-</u>	<u>-</u>		
Total Allowed Claims	21,353	-		
Non Allowed General Unsecured Creditor Claims (Other than Reinsurance Related)	<u>380,035</u>	<u>34,652</u>		
Total General Unsecured Creditor Claims (Other than Reinsurance Related)	401,388	34,652		
 Reinsurance Related Unsecured Claims	281,890	2,603,328		
Less: Dividends	<u>-</u>	<u>-</u>		
Total Reinsurance Related Unsecured Claims	281,890	\$ 2,603,328		
Total Class VI Claims	683,278	2,637,980		
 Class VII - Late Filed Claims:				
Allowed Claims:	-	-		
Less: Dividends	<u>-</u>	<u>-</u>		
Total Allowed Claims	-	-		
Non - Allowed Claims	<u>\$ 3,943,046</u>	<u>-</u>		
Total Class VII Claims	3,943,046	-		
 Class VIII - Section 1307 (Shareholder) Loans:				
Allowed Claims:	-	-		
Less: Dividends	<u>-</u>	<u>-</u>		
Total Allowed Claims	-	-		
Non - Allowed Claims	<u>-</u>	<u>-</u>		
Total Class VIII Claims	-	-		
 Class IX - Share Holder Claims:				
Allowed Claims:	-	-		
Less: Dividends	<u>-</u>	<u>-</u>		
Total Allowed Claims	-	-		
Non - Allowed Claims	<u>-</u>	<u>-</u>		
Total Class IX Claims	-	-		
 Other Liabilities	-	-		
 Total Liabilities	<u>41,242,667</u>	<u>22,311,411</u>		
TOTAL DEFICIT	<u>(41,242,667)</u>	<u>(15,290,402)</u>		
 Total Liabilities and Liquidator's Surplus (Deficit)	\$ -	\$ 7,021,009		

NASSAU INSURANCE COMPANY IN LIQUIDATION
STATEMENT OF CHANGES IN CASH AND INVESTED ASSETS
FOR THE PERIOD FROM JUNE 22, 1984 TO DECEMBER 07, 2015

		<u>Inception to Dec. 7, 2015</u>
Receipts	Investment Income	\$ 2,387,571
	Reinsurance Recovered	2,124,309
	Premiums and Commissions	302,531
	Salvage and Subrogation	597,616
	Litigation Awards	5,159,292
	Released from Collateral Accounts	14,606
	Expense Reimb Receipts from New York Security Funds	8,055,947
	Miscellaneous	72,393
Total Receipts		18,714,265
Disbursements	Dividends	2,058,901
	Loss Adjustment Expenses	2,522,198
	Salaries	7,651,274
	Employee Relations & Welfare	1,916,456
	Rent and Related Expenses	2,590,900
	Professional Fees	4,337,450
	General and Administrative Expenses	1,319,310
	Other Miscellaneous Expenses	1,270,490
Total Disbursements		23,666,979
Net Increase (Decrease) in Cash and Invested Assets		(4,952,714)
BEGINNING CASH AND INVESTED ASSETS - JUNE 22, 1984		4,952,714
Unrealized Gain on Investments		-
ENDING CASH AND INVESTED ASSETS - DECEMBER 7, 2015		\$ -

Index No. 42173 Year 1984

SUPREME COURT OF THE STATE OF NEW YORK COUNTY OF NEW YORK

In the Matter of

the Liquidation of

NASSAU INSURANCE COMPANY.

ORDER TO SHOW CAUSE AND VERIFIED PETITION

JOHN PEARSON KELLY

Attorney for the Acting Superintendent of Financial Services of the State of New York as Liquidator

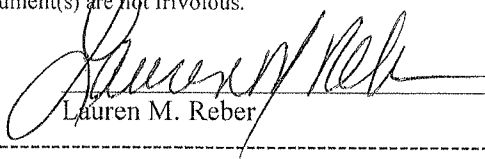
Office and Post Office Address, Telephone

New York Liquidation Bureau
110 William Street – 15th Floor
New York, NY 10038
(212) 341-6523
Fax (212) 233-0461

ATTORNEY CERTIFICATION

The undersigned, an attorney admitted to practice in the courts of New York State, certifies that, upon information, belief and reasonable inquiry, the contentions in the above referenced document(s) are not frivolous.

Dated: December 17, 2015
New York, New York


Lauren M. Reber

☐ NOTICE OF ENTRY

that the within is a (*certified*) true copy of a
duly entered in the office of the clerk of the within named court on the day of 20

☐ NOTICE OF SETTLEMENT

that an order
settlement to the HON.

of which the within is a true copy will be presented for
one of the judges of the within named court, at
20 at

Dated:

, on

Yours, etc.

JOHN PEARSON KELLY

Attorney for the Acting Superintendent of
Financial Services of the State of New York as
Liquidator

Office and Post Office Address, Telephone

New York Liquidation Bureau
110 William Street – 15th Floor
New York, NY 10038
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