STATE OF OKLAHOMA, ex rel. JOHN D.) DOAK, Insurance Commissioner)	41 COURT CLERK
Plaintiff,	
v.)	Case No. CJ-2014-4353
RED ROCK INSURANCE COMPANY, a licensed insurer in the State of Oklahoma,	
Defendant.	

RECEIVER'S FIRST REPORT ON CLAIMS EVALUATION AND REQUEST FOR CONFIRMATION OF RECEIVER'S RECOMMENDATIONS

The State of Oklahoma, ex rel., John Doak, Insurance Commissioner, as statutory receiver for Red Rock Insurance, Company f/k/a BancInsure, in liquidation ("Red Rock") and Nestor Romero, Assistant Receiver (collectively "Receiver"), file this First Report on Claims Evaluation and Request for Confirmation of Receiver's Recommendations:

BACKGROUND

- On August 21, 2014, this Court placed Red Rock in liquidation through its Order Placing Insurer into Receivership and Liquidation, Appointing Receiver, and for Permanent Injunction.
- Under the Oklahoma Uniform Insurers Liquidation Act, 36 O.S. § 1930, the Receiver must notify all persons holding claims against Red Rock to file proofs of claims.

- 3. On September 19, 2014, the Receiver filed the Receiver's Combined Application for Approval of (A) Notice of Liquidation, (B) Form of Proof of Claim and Instructions, (C) Form of Unconditional Assignment and Application for Approval of Receiver's Claims Reporting and Evaluation Plan.
- 4. On October 24, 2014, the Court entered an order that approved the Receiver's proposed Proof of Claim Form and accompanying instructions and established the claims filing deadline of February 20, 2015.
 - 5. The October 24, 2014, Order established the following deadlines:

<u>Deadline</u>	Activity to Occur On or Before Deadline
4/20/15	Receiver's Report on Timely-Filed Claims due.
6/22/15	Receiver's First Claims Evaluation and Request for Confirmation due (on claims due to be adjudicated). Receiver's Supplemental Claims Evaluations and Requests for Confirmation (on subsequently evaluated claims ready to be adjudicated) will be submitted within every six (6) months thereafter, beginning with 12/22/15, or earlier, if practicable.

- 6. The Receiver took all reasonable efforts to identify all persons who may have claims against Red Rock and to provide them with notice to allow them the opportunity to file a claim before the February 20, 2015, claims bar date.
- 7. On April 20, 2015, the Receiver filed the Receiver's Report of Timely Filed Claims ("Receiver's Report"). The Receiver's Report noted that the Receiver distributed 7,111 proofs of claim packets to potential claimants.
- 8. The Receiver's Report also states that 504 timely proofs of claims have been filed with the Receiver with an aggregate claimed amount of \$274,171,418.30. Of

those claims, the Receiver's Report further states that 175 are unstated or undetermined as to the claimed amount.

- 9. The Receiver continues to marshal all assets of Red Rock
- 10. Court review and approval of the Receiver's recommendations regarding Class 1 claims occurs on a regular basis and is not therefore included in this Report. The Receiver will, as soon as possible, submit the Receiver's recommendations regarding Class 2 claims in this estate.
- 11. To date thirty-one (31) timely Class 1 claims have been adjudicated. The attached **Exhibit 1** lists the Class 1 claims that have been paid to date.
- 12. Thirty-six (36) timely Class 3 claims are ready for adjudication at this time. Pursuant to 36 O.S. § 1927.1, Class 3 claims include:

All claims under policies including claims of the federal or any state or local government for losses incurred ("loss claims") including third party claims, claims for unearned premiums, all claims of a guaranty association for payment of covered claims or covered obligations of the insurer and all claims of a guaranty association for reasonable expenses other than those included in Class 2. All claims under life and health insurance and annuity policies, whether for death proceeds, health benefits, annuity proceeds, or investment values shall be treated as loss claims. That portion of any loss, indemnification for which is provided by other benefits or advantages recovered by the claimant, shall not be included in this class, other than benefits or advantages recovered or recoverable in discharge of familial obligation of support or by way of succession at death or as proceeds of life insurance, or as gratuities. No Payment by an employer to his employee shall be treated as a gratuity.

13. The Class 3 claims included in this Report are only a portion of the Class 3 claims to be adjudicated. As other Class 3 claims are ready for adjudication, the Receiver will file additional reports.

- 14. One (1) timely Class 6 claim is ready for adjudication at this time. Pursuant to 36 O.S. § 1927.1, Class 6 includes "[c]laims of any person, including claims of state or local governments, except those specifically classified elsewhere in [section 1927.1]." The Class 6 claim included in this Report is only a portion of the Class 6 claims to be adjudicated. As other Class 6 claims become ready for adjudication, the Receiver will file additional reports.
- 15. This Report does not address the actual distribution of assets that ultimately may be made to creditors and beneficiaries of Red Rock. Neither the Receiver's recommendation that a claim be allowed in a certain amount, nor the Court's Order allowing a claim, ensure that the claim will be paid in whole or in part. Payment of an allowed claim is contingent upon: (a) the assets available to the estate for payment of a claim; (b) the class of the claim allowed; and (c) whether the assets of the estate are sufficient to pay in full all allowed claims and all classes of claims.

EXPLANATION OF RECEIVER'S RECOMMENDATION

16. Attached hereto as **Exhibit 2** and **Exhibit 3** are reports detailing the Receiver's recommendations on the Class 3 and Class 6 claims which are ready for adjudication. The table below is a summary of the Receiver's recommendations with respect to the Class 3 and Class 6 claims that are ready for adjudication:

Class	Claimed	Recommended Allowance	Recommended Denial	
3	\$26,470,501.88	\$6,374.00	\$26,464,127.88	
6	\$224.05	\$224.05	\$0.00	

- 17. The attached **Exhibit 2** refers to the Receiver's recommendations as to the Class 3 claims that are ready for adjudication. The Receiver has analyzed the claims reflected on **Exhibit 2** and recommends that each of the claims be classified as a Class 3 claim for purposes of 36 O.S. § 1927.1.
- 18. The "Amount Claimed" column on **Exhibit 2** reflects the amount that the Class 3 claimant has sought through the particular claim. The "Amount Allowed" column sets forth the amount the Receiver recommends that the Court allow as to a particular Class 3 claim. The "Remark Code" column provides a code indicating the basis or bases for the Receiver's recommendation as to a particular claim. A definition for each of the codes used is set forth in the attached **Exhibit 4.**
- 19. The attached **Exhibit 3** refers to the Receiver's recommendations as to the Class 6 claim that is ready for adjudication. The Receiver has analyzed the claim reflected on **Exhibit 3** and recommends that the claim be classified as a Class 6 claim for purposes of 36 O.S. § 1927.1.
- 20. The Proof of Claim form filed by each claimant contains the following language in bold type: "If you have a change of address, you are required to inform the receiver of the new address in order to receive any payment that might be due."

 To the extent any Notice of this proceeding is returned as undeliverable, the Receiver asks the Court to find that the due process rights of the claimant have not been impaired and to order the denial of their claim without further attempts to give actual notice.
- 21. Pursuant to 36 O.S. § 1918, the Receiver requests the Court to set a hearing on the claims and establish a date certain for filing an objection to the Receiver's

recommendation. Attached hereto as **Exhibit 5** is the Receiver's proposed form of notice of hearing to be provided to claimants whose claims are included in this Report.

- 22. The denial of any timely-filed proof of claim included in the Receiver's Report does not alter the statutory obligation, if any, of the Oklahoma Property and Casualty Insurance Guaranty Association or other applicable state guaranty fund, to provide indemnity and defense of a covered claim as defined by the Oklahoma Property & Casualty Insurance Guaranty Association Act, 36 O.S. §2004(7), or other applicable statute.
- 23. The Receiver's characterization of a claim or payment does not constitute an admission of liability by Red Rock for purposes of litigation.

WHEREFORE, the Receiver requests that this Court:

- a. order that the Receiver provide notice or opportunity to object and be heard to each of the claimants making a claim reflected on the Exhibits attached to this Report and find that the proposed form of notice attached hereto as Exhibit 5 is proper;
- b. establish a date for filing an objection to the recommendations of the Receiver;
- c. establish a date for hearing the Receiver's recommendations to the
 Court and any objections thereto;
- d. upon hearing any objections thereto, enter an Order approving the Receiver's Report and confirming the Receiver's recommendations as to each of the claims described herein, and;

e. grant the Receiver such other and further relief as the Court deems proper.

Respectfully Submitted,

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Jason A. Reese, OBA #20813

Meyer & Leonard, PLLC

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Oklahoma City, OK 73104

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-and-

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Facsimile: (405) 605-8381

ATTORNEYS FOR THE STATE OF OKLAHOMA, EX REL. JOHN DOAK, INSURANCE COMMISSIONER FOR THE STATE OF OKLAHOMA

CERTIFICATE OF SERVICE

This is to certify that on June 22, 2015, a true and correct copy of this pleading was mailed first class, U.S. Mail, to:

Rachel Lawrence Mor, OBA#1140 Dan M. Peters, OBA#7073 3037 N.W. 63rd Street, Suite 205 Oklahoma City, OK 73116 Attorneys for BancInsure, Inc., now known as Red Rock Insurance Company

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Palter Stokley Sims PLLC
8115 Preston Road, Suite 600
Dallas, TX 75225
Attorney for Zahara A. Makhani, Trustee of the AZM Trust, et. al.

Ryan Leonard

Class	1			
POC No	Amount claimed	Amount Allowed	Timely	Remark Code
1102	\$1,348.20	\$1,348.20	Υ	RP
1124	\$11,793.79	\$11,793.79	Υ	RP
1182	\$588.00	\$588.00	Υ	RP
1183	\$285.00	\$285.00	Υ	RP
1184	\$36,660.35	\$36,660.35	Y	RP
1185	\$15,345.72	\$15,345.72	Υ	RP
1186	\$53,718.49	\$53,718.49	Υ	RP
1198	\$17,051.07	\$17,051.07	Υ	RP
1212	\$20,753.00	\$20,753.00	Υ	RP
1242	\$21,142.71	\$21,142.71	Υ	RP
1312	\$954.00	\$954.00	Υ	RP
1313	\$10,119.10	\$10,119.10	Υ	RP
1314	\$51,507.54	\$51,507.54	Υ	RP
1315	\$3,895.50	\$3,895.50	Υ	RP
1316	\$61,376.88	\$61,376.88	Υ	RP
1317	\$159.00	\$159.00	Υ	RP
1318	\$397.50	\$397.50	Υ	RP
1319	\$26.50	\$26.50	Υ	RP
1320	\$79.50	\$79.50	Υ	RP
1321	\$53.00	\$53.00	Υ	RP
1322	\$53.00	\$53.00	Υ	RP
1323	\$79.50	\$79.50	Υ	RP
1324	\$636.00	\$636.00	Υ	RP
1325	\$18,232.00	\$18,232.00	Υ	RP
1326	\$2,887.00	\$2,887.00	Υ	RP

POC No	Amount claimed	Amount Allowed	Timely	Remark Code	
1327	\$53.00	\$53.00	Υ	RP	
1328	\$3,417.18	\$3,417.18	Υ	RP	
1329	\$8,035.46	\$8,035.46	Υ	RP	
1346	\$8,113.68	\$8,113.68	Υ	RP	
1508	\$467.50	\$467.50	Υ	RP	
1509	\$12,622.50	\$12,622.50	Υ	RP	
	\$361,851.67	\$361,851.67			

Cidoa	,			
POC No	Amount claimed	Amount Allowed		Remark Code
1030	\$2,011,618.39	\$0.00	Υ	NCUP
1033	\$300.00	\$0.00	Υ	DE
1205	Undetermined	\$6,374.00	Υ	AP
1238	\$112,785.49	\$0.00	Υ	DO
1371	Undetermined	\$0.00	Υ	DO
1372	\$150,000.00	\$0.00	Υ	DO
1373	Undetermined	\$0.00	Υ	DO
1374	Undetermined	\$0.00	Υ	DO
1375	Undetermined	\$0.00	Υ	DO
1376	\$160,000.00	\$0.00	Υ	DO
1377	Undetermined	\$0.00	Υ	DO
1378	\$175,000.00	\$0.00	Υ	DO
1379	\$600,000.00	\$0.00	Υ	DO
1380	\$175,000.00	\$0.00	Υ	DO
1381	Undetermined	\$0.00	Υ	DO
1382	Undetermined	\$0.00	Υ	DO
1383	Undetermined	\$0.00	Υ	DO
1384	Undetermined	\$0.00	Υ	DO
1385	Undetermined	\$0.00	Υ	DO
1386	\$3,000.00	\$0.00	Υ	DO
1387	Undetermined	\$0.00	Y	DO
1388	Undetermined	\$0.00	Υ	DO
1389	\$24,000.00	\$0.00	Υ	DO
1390	\$46,000.00	\$0.00	Υ	DO
1391	Undetermined	\$0.00	Υ	DO

POC No	Amount claimed	Amount Allowed	Timely	Remark Code	
1392	Undetermined	\$0.00	Υ	DO	
1393	\$3,000,000.00	\$0.00	Υ	DO	
1394	\$20,000,000.00	\$0.00	Υ	DO	
1395	Undetermined	\$0.00	Υ	DO	
1396	Undetermined	\$0.00	Υ	DO	
1397	Undetermined	\$0.00	Υ	DO	
1398	Undetermined	\$0.00	Υ	DO	
1399	Undetermined	\$0.00	Υ	DO	
1400	Undetermined	\$0.00	Υ	DO	
1401	\$12,798.00	\$0.00	Υ	DO	
1467	Undetermined	\$0.00	Υ	DO	
	\$26,470,501.88	\$6,374.00			

POC No	Amount claimed	Amount Allowed	Timely	Remark Code
1214	\$224.05	\$224.05	Υ	AP

Class	0.			
POC No	Amount claimed	Amount Allowed	Timely	Remark Code
1214	\$224.05	\$224.05	Υ	АР
	\$224.05	\$224.05		

IN THE DISTRICT COURT OF OKLAHOMA COUNTY STATE OF OKLAHOMA

STATE OF OKLAHOMA, ex rel. JOHN D.)		
DOAK, Insurance Commissioner)		
)		
Plaintiff,)		
)		
v.)	Case No.	CJ-2014-4353
)		
RED ROCK INSURANCE COMPANY,)		
a licensed insurer in the State of Oklahoma,)		
)		
Defendant.)		

NOTICE OF HEARING ON THE RECEIVER'S FIRST REPORT ON CLAIMS EVALUATION AND REOUEST FOR CONFIRMATION OF RECEIVER'S RECOMMENDATIONS

You are hereby notified that on _______, 2015, a hearing will be held before the Honorable Thomas E. Prince, District Court Judge of Oklahoma County, Oklahoma, at which time the Receiver's First Report on Claim Evaluation and Request for Confirmation of Receiver's Recommendations ("the Receiver's Report") shall be heard. The hearing will be conducted at the Oklahoma County Courthouse, 321 Park Avenue, Room 304, Oklahoma City, Oklahoma.

You are receiving this Notice because the Receiver has evaluated your claim and such claim is ready for adjudication. The Exhibit attached to this Notice sets forth the Receiver's recommendations to the Court in relation to your claim. The Receiver's recommendations to the Court regarding your claim and other claims set for hearing on the cited hearing date are set forth in the Receivers Report, which was filed on June 22, 2015. A copy of the Receiver's Report is available on the website of the Oklahoma

Receivership Office at www.okaro.org. Your claim has been assigned the Proof of Claim number ("POC#") indicated on the attached Exhibit. The attached Exhibit also provides information specific to your claim including the amount of your claim, the Receiver's recommendation as to the amount of your claim to be allowed, if any, and the Receiver's recommendation regarding the classification of your claim, which classification reflects the nature of your claim and the priority the Receiver recommends be given to your claim under Oklahoma law, 36 O.S. §1927.1.

If you do not wish to object to the Receiver's recommendation, you are not required to take any action at this time. If you wish to object to the Receiver's recommendation, you must file a proper, written objection with the Court no later than July 20, 2015. To be a proper, written objection:

- The objection must contain the case information located at the top of this Notice (State of Oklahoma, ex. rel. John Doak, Insurance Commissioner v. Red Rock Insurance Company Case No. CJ-2014-4353, Judge Thomas E. Prince);
- 2. The objection must be filed with the Clerk of the Oklahoma County District Court, 320 Robert S. Kerr Avenue, Oklahoma City, Oklahoma 73102, and a copy mailed to the Receiver's counsel at the address shown below;
- 3. The objection must be signed by the claimant or the claimant's representative;
- 4. The objection must be typewritten on a good grade of white paper size 8.5 by 11 inches, give the name, current address and telephone number of the claimant making the objection, including the name and position of the person signing the objection, if the claimant is a business, and;
- 5. The objection must state the exact grounds on which the objection is based and be accompanied by a concise brief that contains (a) a written statement of material facts as to which the objecting party contends no genuine issue exists verified by a person with knowledge of the facts; (b) references to supporting

*

documentation submitted with the proof of claim; and (c) citation to applicable

authority supporting the objection;

6. If you wish to present oral argument to the Court on your objection at the

hearing, the objection must indicate your intention to appear at the hearing and make such oral argument. Failure to expressly state an intention to make oral argument in your objection may be deemed by the Court to be a waiver of the

right to oral argument.

Failure to file a timely and proper written objection as described above may result

in your objection being denied. If the Court approves your claim in whole or in part, it

does not mean that you will actually receive the allowed amount as ordered by the Court.

The amount of payment on your claim, if any, is dependent upon the class or priority the

Court assigns your claim based on Oklahoma law, and the assets in the estate available

for payment. Certain legal matters still pending before the Court may prevent the

payment of claims for some time. Any questions regarding this Notice, the Receiver's

Recommendations as to your claim or any of the other claims to be heard during the

hearing on the date referenced above should be directed to the Assistant Receiver's

Office. Contact information for the Assistant Receiver's Office is set forth below:

Assistant Receiver's Office

Nestor Romero, Assistant Receiver

Albuquerque, NM

10433 Montgomery Parkway Loop, NE

Albuquerque, NM 87111

Telephone: (505) 944-0058

Facsimile: (505) 944-0059

Receiver's Counsel Address:

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Respectfully Submitted,

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ATTORNEYS FOR THE STATE OF OKLAHOMA, EX REL. JOHN DOAK, INSURANCE COMMISSIONER FOR THE STATE OF OKLAHOMA

CERTIFICATE OF SERVICE

This is to certify that on _______, 2015, a true and correct copy of this pleading was mailed first class, U.S. Mail, to:

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