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9 **IN THE SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**  
10 **IN AND FOR THE COUNTY OF WASHOE**

11 STATE OF NEVADA, EX REL. ) Case No. CV14-00807  
12 COMMISSIONER OF INSURANCE, IN HIS )  
13 OFFICIAL CAPACITY AS STATUTORY ) Dept. No. B13  
14 RECEIVER FOR DELINQUENT DOMESTIC )  
15 INSURER, )  
16 Plaintiff, )  
17 vs. )  
18 )  
19 NATIONAL GUARANTY INSURANCE )  
20 COMPANY, a Nevada Domiciled Property and )  
21 Casualty Company, )  
22 )  
23 Defendant )  
24 )

20 **THIRTEENTH STATUS REPORT, REQUEST FOR APPROVAL TO DISTRIBUTE**  
21 **ESTATE ASSETS, REQUEST FOR APPROVAL TO ASSIGN THE RIGHTS**  
22 **TO RECOVER CERTAIN ESTATE ASSETS**

23 Plaintiff State of Nevada ex rel. Commissioner of Insurance, Barbara D. Richardson  
24 (the "Commissioner") for the State of Nevada in her capacity as Permanent Receiver of  
25 National Guaranty Insurance Company ("NGIC" or the "Company"), by and through her  
26 attorneys of record, Attorney General ADAM PAUL LAXALT and Deputy Attorney General  
27 RICHARD PAILI YIEN; and Regulatory Services Group ("RSG"), Receivership Manager of  
28 NGIC, file this Thirteenth Status Report in the above-captioned receivership.



1           **B.     Policyholder Related Claims**

2           At liquidation, NGIC had in excess of 600 claims with stated loss reserves in excess of  
3 \$6 million at the date of liquidation. The Receivership Manager has worked with the Nevada  
4 Insurance Guaranty Association (“NVIGA”) to transfer electronic records to them in order for  
5 NIGA to fulfill their statutory duties and pay these claims on behalf of NGIC. NIGA has paid  
6 loss and LAE payments of \$5,802,690.42 and had outstanding loss and LAE reserves of  
7 \$147,813.60 on March 31, 2017. These amounts are considered approved Priority B class  
8 creditor under NRS 696B.420 by the Liquidator.

9           **C.     Assignment of the Lindsay General Insurance Agency Bankruptcy Claim**

10          NGIC has a \$5 million recorded receivable on its books from Lindsay General  
11 Insurance Agency (“Lindsay”), an affiliate. Lindsay filed for bankruptcy protection on February  
12 7, 2013. NGIC filed a claim in the bankruptcy court for the \$5 million debt but is not likely to  
13 recover a material amount. Lindsay is trying to re-organize and emerge from bankruptcy as  
14 an insurance lead generation company. Their plan of re-organization has not been approved  
15 by the Court, and the Receivership Manager continues to monitor the case. In order to  
16 conclude the receivership, the Receivership Manager proposes to assign the Lindsay  
17 Bankruptcy claim to NVIGA. NRS 696B.420(1)(b) provides that all claims under policies and  
18 reimbursement to NVIGA are prioritized immediately after class (a) administration costs. As  
19 all claims “under policies” have already been adjudicated by NVIGA, the only remaining class  
20 (b) claimant under NRS 696B.420 would likely be NVIGA. As such, the Receiver believes it  
21 would be appropriate to assign the Lindsay Bankruptcy claim to NVIGA.

22          **D.     Preference Transactions**

23          The Receivership Manager has reviewed the transactions that occurred within one year  
24 prior to the petition for the appointment of a receiver for NGIC in accordance with NRS  
25 696B.412. The Receivership Manger has made a recommendation to the Receiver and the  
26 Nevada Attorney General’s Office to pursue a preference claim against the former President  
27 of NGIC, Larry John Ratzel, Jr. The total amount of the preference payments pursued was  
28 \$48,000. On March 29, 2016, a complaint was filed to recover these funds. On June 23,

1 2016, the receivership Court conducted a hearing on a motion to recover the \$48,000 and  
2 ordered that jurisdiction was proper. On August 9, 2016 after a noticed hearing, Judge Robb  
3 ordered the former President of NGIC to return the \$48,000 within 30 days. Former President  
4 Ratzel did not comply with the Order. As a result, NGIC began pursuing collection efforts by  
5 petitioning this Court for an Order Granting Examination of Judgment Debtor, granted on  
6 February 2, 2017. An examination of Judgment Debtor was held at the Office of the  
7 Discovery Commissioner at the Second Judicial District Court of the State of Nevada on  
8 March 28, 2017. During the examination, Former President Ratzel testified under oath that  
9 his personal assets totaled less than \$48,000. At the time of this filing, Former President  
10 Ratzel has agreed to assign his rights to \$48,000 which is owed to Mr. Ratzel from American  
11 Sterling Corporation to satisfy this debt.

12 In addition, the Receivership Manager continues to pursue the recovery of a \$25,000  
13 preference transaction with American Sterling Corporation. At the time of this filing, American  
14 Sterling Corporation has agreed to return the \$25,000. Should American Sterling not return  
15 the \$25,000, the Receiver intends to assign this receivable to NVIGA pursuant to the same  
16 rationale discussed above in the assignment of the Lindsay Bankruptcy Claim. Likewise, if  
17 American Sterling Corporation fails to return the \$48,000 owed to NGIC by Mr. Ratzel, the  
18 Receiver intends to also assign the right to the preference action against Mr. Ratzel, to  
19 NVIGA. The Receiver intends to keep receivership proceedings open for NVIGA to pursue  
20 collection efforts against any parties, yet at the same time, bringing to an end the general  
21 administrative duties in an effort to conserve assets and reimburse NVIGA with the remaining  
22 NGIC assets.

### 23 E. Financial Analysis

24 At March 31, 2017, NGIC had liquid assets of \$145,800 and liabilities of approximately  
25 \$8,000,000. The Receiver incurred \$3,400 in administrative expenses during the first quarter  
26 of 2017. The Receiver has incurred expenses of \$232,944.25 from Regulatory Services  
27 Group and \$187,295.72 from INS Consultants, Inc. in class (a) administration expenses from  
28 the June 2014 inception of the receivership proceeding through December 31, 2016. All of

1 these expenses have been approved by the Receiver and a portion of these expenses are  
2 currently pending this Court's approval. The Fifteenth Motion for Approval of Fees was filed  
3 with this Court on April 11, 2017.

4 In compliance with NRS 696B.420(1), the Receiver will retain \$30,000 to cover the  
5 following administrative expenses:

- 6 • Cost of a final audit
- 7 • Cost to destroy the remaining records of the estate
- 8 • Administrative costs to close the estate

9 The Receiver asks that these costs be approved by the Court, and if there is a remainder, to  
10 approve distribution of such to NVIGA. Should administrative costs exceed \$30,000 the  
11 Receivership Manager, his staff and the other contracted administrators, including INS  
12 Consultants, Inc., waive any additional expenses against the NGIC receivership estate and  
13 the State of Nevada.

14 **CONCLUSION**

15 In compliance with the Court's instructions for a status report regarding the affairs of  
16 the Company, the Receivership Manager has submitted the aforementioned report and  
17 remains available to present further on any matters in this report as the Court may deem  
18 necessary. The Receivership Manager intends to submit a final quarterly status report  
19 informing the Court of the status or its closing duties, including a final itemization of costs and  
20 expenses.

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**AFFIRMATION**

Pursuant to NRS 239B.030, the undersigned does hereby affirm that the preceding document, *Thirteenth Status Report*, filed in case number CV14-00807, does not contain the personal information of any person.

DATED: July 12, 2017

Respectfully submitted:

Barbara D. Richardson, Commissioner of Insurance  
of the State of Nevada, in her Official Capacity as  
Statutory Receiver of Delinquent Domestic Insurers

By: /s/ Joseph B Holloway, Jr  
INS Consultants, Inc.  
Regulatory Services Group  
Receivership Supervisor

Respectfully submitted by:

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**CERTIFICATE OF SERVICE**

I hereby certify that I am an employee of the State of Nevada, Office of the Attorney General, and that on this 12th day of July 2017, I electronically served a true and correct copy of the foregoing *Thirteenth Status Report* at the email addresses below:

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/s/ Kat Howe  
An Employee of the  
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