

IN THE
9th JUDICIAL DISTRICT COURT
PARISH OF RAPIDES
STATE OF LOUISIANA

NO: 146755

DIVISION " "

EDWARD J. APPLE AND THE OTHER
PETITIONERS NAMED HEREIN

VS.

THE STATE OF LOUISIANA, THROUGH THE DEPARTMENT OF
INSURANCE OF THE STATE OF LOUISIANA; THE DEPARTMENT OF
INSURANCE OF THE STATE OF LOUISIANA;
THE STATE OF LOUISIANA, THROUGH THE OFFICE OF FINANCIAL
INSTITUTIONS OF THE STATE OF LOUISIANA; THE OFFICE OF FINANCIAL
INSTITUTIONS OF THE STATE OF LOUISIANA; THE
LOUISIANA INSURANCE GUARANTY ASSOCIATION;
AND STANDARD ANALYTICAL SERVICE, INC.

FILED: _____

DEPUTY CLERK

PETITION FOR DAMAGES

NOW INTO COURT, through the undersigned counsel, come the
Petitioners referenced in Paragraph 1 below ("Petitioners"), all being
persons of the full age of majority and all being either policyholders,
annuity holders, and/or noteholders of Public Investors Life Insurance
Company and/or Midwest Life Insurance Company, and/or Public
Investors, Inc., who respectfully represent as follows:

Parties and Jurisdiction

1.

The Petitioners in this action and their places of residence are listed
in the attached Exhibit A, which is incorporated by reference herein for all
purposes.

2.

Made Defendants herein are:

- (a) the State of Louisiana, through the Department of Insurance of the State of Louisiana and the Department of Insurance of the State of Louisiana ("DOI");
- (b) the Department of Insurance of the State of Louisiana ("DOI");
- (c) the State of Louisiana, through the Office of Financial Institutions of the State of Louisiana and the Office of Financial Institutions of the State of Louisiana ("OFI");
- (d) the Office of Financial Institutions of the State of Louisiana ("OFI")
- (e) the Louisiana Insurance Guaranty Association ("LIGA") (the aforementioned Defendants being collectively referred to herein as the "State Regulatory Defendants"); and
- (f) Standard Analytical Service, Inc.

3.

Numerous Petitioners herein are residents and domiciliaries of Rapides Parish, Louisiana, and jurisdiction is proper in this Honorable Court, pursuant to La. R. S. 9:2798.1, the Louisiana Constitution, and the Louisiana Long-Arm Statute.

4.

The Department of Insurance of the State of Louisiana is an agency of the State which operates through the duly-elected Commissioner of Insurance. The DOI is charged with the responsibility of overseeing and regulating activities relating to insurance companies doing business in this State, including licensing, examination, and other activities.

5.

The Office of Financial Institutions is an agency of the State of Louisiana, which operates through the Director of the Office of Financial Institutions. It is charged with the responsibility of overseeing and regulating activities relating to State-chartered financial institutions, including the Limited Function Financial Institution involved in this matter.

6.

The Louisiana Insurance Guaranty Association is a non-corporate juridical person created by statute. It has the capacity to sue and be sued. Its purpose is to protect policyholders and others in Louisiana from the consequences of the failure of member casualty and property insurance companies.

7.

Standard Analytical Service, Inc. is a foreign for-profit corporation, incorporated under the laws of Missouri. Its office and principal place of business is St. Louis, Missouri. It is engaged in the business of analyzing and publishing comparative information concerning insurance companies, is doing and transacting business in the Parish of Rapides, Louisiana, and is subject to the jurisdiction of this Honorable Court.

Introductory Background Statement
Applicable to All Counts

8.

The plight of the Petitioners, and the pattern of deception, mismanagement, gross negligence, incompetence, and fraud which brought it about, arises out of an extremely complex set of facts. These facts involve literally dozens of affiliated companies, the creation and management of which confused the public and provided camouflage for elaborate corporate actions designed to steal and/or misuse money invested by unsuspecting citizens. Even normal and legitimate corporate transactions are complex and difficult to follow. But the corporate transactions involved here were deliberately designed to be difficult to follow and to trace. The persons designing those transactions worked a massive deception upon the Petitioners. They did so with the knowing involvement of the Louisiana State Regulatory Defendants, whose duty it was to prevent these very irregularities. They were aided in their efforts by Standard Analytical Service, Inc. ("Standard Analytical"), which published and sold misleading brochures sent to these Petitioners, when it knew or should have known they were misleading and being used in a fraudulent scheme.

9.

This Petition is filed by a collection of individuals, most of them residents of Louisiana, who believed, and were led to believe, that they were investing their savings in safe, conservative insurance companies regulated by competent, diligent, and honest State officials. In fact, these State officials were intimately involved in deliberate and calculated deceptions of these Petitioners. The actions and inactions of the State Regulatory Defendants and Standard Analytical are the direct cause of the losses to these Petitioners. These complex transactions, and the State's role in assisting to bring about the financial losses of the Petitioners, are detailed in the balance of this Petition.

**Structure of Corporate Insurance Entities Involved
In This Matter (Applicable to All Counts)**

10.

Public Investors, Inc. ("PI") is a domestic insurance holding company with its principal place of business located in Jefferson Parish, Louisiana. It has applied for relief under Chapter XI, converted to Chapter VII, of the U.S. Bankruptcy laws as of May 20, 1991, sub nom. In Re: Public Investors, Inc., No. 91-11228 "K", filed in the United States Bankruptcy Court for the Eastern District of Louisiana.

11.

Public Investors Life Insurance Company, Inc., ("PILICO") is a domestic life insurance corporation, whose principal place of business is located in Rapides Parish, Louisiana, and which is presently in liquidation in the 19th Judicial District Court, Parish of East Baton Rouge, as of May 15, 1991, sub nom. Douglas D. Green, As Commissioner of Insurance for the State of Louisiana v. Public Investors Life Insurance Company, No. 367, 197, Division "I".

12.

Midwest Life Insurance Company ("MIDWEST") is a domestic life insurance company, whose principal place of business is located in Jefferson Parish, Louisiana, and which is presently in liquidation in the 19th Judicial District Court, as of August 26, 1991, sub nom. John A. Dixon, Jr., as Commissioner of Insurance, Ad Hoc, for the State of Louisiana v. The

Midwest Life Insurance Company, No. 368,127, Division "M". Prior to May 1, 1990, it was domiciled in Nebraska.

13.

Fidelity Fire and Casualty Insurance Company, Inc. ("FF&C"), is a domestic property and casualty insurance corporation, whose principal place of business is in Rapides Parish, Louisiana, and which is also in liquidation in the 19th Judicial District Court, Parish of East Baton Rouge, as of September 4, 1991, sub nom. to John A. Dixon, Jr., as Commissioner of Insurance ad hoc, for the State of Louisiana v. Fidelity Fire and Casualty Insurance Company, No. 370,097, Division "I". Unlike PI, PILICO and MIDWEST, FF&C principally wrote non-standard automobile physical damage and general automobile liability coverage. Also unlike PI, PILICO, and MIDWEST, FF&C was required by law to pay assessments to the Louisiana Insurance Guaranty Association Fund, which provided coverage for the policyholders of FF&C in the event of insolvency.

14.

Insurance Premium Assistance Company ("IPAC"), whose principal place of business is in Jefferson Parish, Louisiana, is a domestic corporation which primarily financed the insurance premiums generated by the activities of FF&C. From December, 1988 to January, 1990, a period of slightly over one year, IPAC was licensed as a Limited Function Financial Institution ("LFFI") and was thus regulated by the Office of Financial Institutions, which granted both its LFFI license and its premium finance license. The LFFI license was not renewed in January of 1990. Its premium finance operations are presently dormant, though still licensed.

15.

PI, PILICO, FF&C, and IPAC are together part of a group of related subsidiaries and/or affiliated entities which were operated, controlled and/or managed under the umbrella of the Bomar Investment Corporation (BOMAR). Bomar is a Louisiana holding company which purchased PI (and its subsidiaries at that time, PILICO, FF&C, and IPAC, amongst others) on August 12, 1987. In 1986, prior to its purchase of PI, BOMAR acquired Alliance Life Insurance (ALI), which was domiciled in Kansas. Later added to the constellation of BOMAR companies were MIDWEST in November of 1987 and Universal Guaranty Life (UGL) in November of 1988. On August

8, 1989, the name of Bomar Investment Corporation was changed to Riverside Holding Corporation (RHC). Both RHC and BOMAR (and thus PI and its subsidiaries) were controlled by Mark Herman and Robert Bilbruck from approximately August 12, 1987 to December 8, 1989. Toward the latter part of 1989, UGL and ALI were sold to First Commonwealth Corporation, leaving RHC (formerly known as BOMAR, and the owner of PI and its subsidiaries), to be bought by Southshore Holding Corporation ("Southshore") on or about December 8, 1989. PRC Holding Company ("PRC") was chartered on January 26, 1990, by the owners of Southshore to hold PI, PILICO, and certain other subsidiaries, but not to hold MIDWEST, FF&C, and IPAC. Both Southshore and PRC were controlled by B.F. Shamburger and Gary E. Jackson at all times relevant hereto.

Regulatory Structure Applicable to These
Entities (Applicable to All Counts)

16.

At all times relevant to this action, all of the above-mentioned companies were, or should have been, regulated by the State of Louisiana Department of Insurance, the Office of Financial Institutions, and/or the Louisiana Insurance Guaranty Association.

17.

The State Regulatory Defendants were aware of, or could and should have been aware of, violations by PI, PILICO, IPAC, MIDWEST, and FF&C, by virtue of their access to numerous sources. In addition to information which should or could have been gleaned from the State Regulatory Defendants' own required reporting systems, their examinations of regulated companies, consumer complaints, and sources within the industry, said State Regulatory Defendants had as another source of information the Examination Reports and courtesies of the Departments of Insurance of various other states, including Kansas, Oregon, Ohio, Texas, Florida, and Nebraska, where affiliated companies were also operating, as well as Insurance Reporter Systems such as the National Association of Insurance Commissioners ("NAIC").

18.

Due to the presence of members of the DOI, OFI, and LIGA at each other's meetings concerning these affiliated companies, knowledge of one State Regulatory Defendant with respect to these matters is imputable to each of the other State Regulatory Defendants, and these Defendants are solidarily liable to the petitioners for the violations and damages described herein.

19.

As one example, representatives of OFI and of LIGA were present at the hearing of the DOI held on December 15, 1989, at which the purchase of Riverside by Southshore, and all attendant transactions, were approved by Legal Counsel to the DOI. Both the DOI and the OFI had been intimately involved in numerous meetings leading to this transaction, and they facilitated the transaction by deliberately circumventing the law, to permit it. This transaction is described in greater detail below.

20.

In addition to its general duty to protect the public interest, the State of Louisiana, through the DOI and its Commissioner, has a specific duty, and has specifically assumed a duty, to protect insurance company policyholders, depositors, annuitants, and noteholders such as the Petitioners.

21.

This specific duty derives, among other places, from La. R.S. 22:1-695 (the "Insurance Code"), its comprehensive nature, its repeated references to the protection and best interests of the policyholders and the insurer's creditors, and the comprehensive and specific powers and duties delineated by it to the Commissioner to execute his statutory duty to examine, regulate, and supervise the affairs of insurance companies.

22.

Further evidence that the State of Louisiana assumed a specific duty to Petitioners may also be found in the Louisiana Department of Insurance Regulations, and in particular, Regulation 5 therein, which was directed to the Petitioners, among others, and which provides as follows:

"These are some of the protections and safeguards your Insurance Department offers to you:

When You Purchase Insurance From Authorized Companies

1. Deposits must be made with the State for the protection of Louisiana policyholders.
2. Examinations of all authorized companies by the Department are made to determine if such companies are financially able to pay claims."

The Motivation of the State and the State Regulatory Defendants (Applicable to All Counts)

23.

The failings by the State in these circumstances are of two types: (a) neglect, incompetence, and/or total failure to oversee the activities of companies intent on conducting a corporate "shell game" to steal and/or misuse money invested by unsuspecting citizens; and (b) the State's own agenda, commencing in 1988, when it saw that at least some of the companies involved in this elaborate "shell game" were bound to fail, which would be politically embarrassing and financially detrimental to the State.

24.

Once the State and the State Regulatory Defendants realized that a financial failure was extremely likely, if not inevitable, the State Regulatory Defendants began a concerted and deliberate effort to mold and shape the affairs of these companies, so that the companies which did fail would be the ones which caused the least loss of tax revenue to the State and the least amount of political scandal. Unfortunately, this meant that the loss would fall entirely upon the heads of these Petitioners, and others in their position. The State and its Regulatory Defendants made these efforts with full knowledge of the terrible cost of allowing the Petitioners to bear the full brunt of these financial failures. DOI's strategy ultimately failed when on September 4, 1991, FF&C was placed in liquidation. Thus the last of all these related companies, and the one which was kept artificially propped up at the expense of all the others, finally failed.

25.

Such a catastrophe could and should have been readily averted had the State timely carried out its statutory and regulatory duties toward

these companies, their policyholders, annuitants, and noteholders. As early as 1984, irregularities in the management of some of these companies were brought to the attention of the State Regulatory Defendants. By 1988, violations regarding investment limitations and affiliated transactions had become known to regulatory authorities nationwide, with examinations being conducted in Nebraska, Ohio, Kansas, and South Carolina. The State deliberately or with gross recklessness disregarded the plethora of information as to these violations, including the results of its own DOI Year End 1988 Examination Reports of PILICO and FF&C, which found both companies to be insolvent at that time. Figures reported in the Annual Reports of the various affiliated companies, available to the public and known to the State to be false, were never corrected, and those reports gave a false impression of financial stability to the public and to the private rating services which passed such information along to the public in their reports.

26.

Among those practices which the State Regulatory Defendants allowed to continue were illegal investments of company assets, which consisted in many cases of Petitioners' life savings. These investments not only included overleveraging and pyramiding of illegal affiliated transactions, but also supported lavish lifestyles for the corporate officers and directors, including a corporate jet, boat house, expensive automobiles, and other luxuries. In addition, there was no reporting, as required by law, of the "employment" and "consulting" contracts of these individuals. In the end, the pyramid began to collapse under the weight of the ineptness, waste, extravagance, and illegality of these investments, and the State at last chose to step in, to orchestrate the demise of certain chosen companies as best suited its interests.

27.

Put simply, the State and the State Regulatory Defendants permitted, encouraged, and supervised the transfer of assets out of companies in which these Petitioners had an interest, or whose policies or annuities they held, and directly or indirectly into the only company covered by the LIGA Fund. The State's primary motivation for this was simple, and in retrospect, it was plain: the State did not want a company covered by the

LIGA Fund to fail. By 1989 the State Regulatory Defendants were acutely aware of the costs of the Champion debacle, both financially and politically, and sought to take steps to prevent a similar impact on the LIGA Fund.

28.

As will be discussed further in the paragraphs below, if an insurance company covered by the LIGA Fund fails, the State loses tax revenues, but the individual citizens of the State who happen to be policy holders of that company are covered by the LIGA Fund, and suffer no financial loss. On the other hand, if an insurance company which is not covered by the LIGA Fund fails, the State does not bear the same loss, and the entire brunt of the loss must be borne by the citizens whose losses are not covered by the LIGA Fund. Here, the State used its monopoly power to regulate these companies for its own financial benefit, political motives and protection, and deliberately preferred the general corporate coffers of the State of Louisiana to the financial interests and well-being of the individual citizens of the State whom the State Regulatory Defendants are statutorily bound to protect. The State also used its unique monopoly powers to conceal and cover up the results of the gross incompetence, negligence, and/or corruption of the State Regulatory Defendants which led up to the point of crisis with the LIGA Fund.

29.

The State's direct financial interest in the LIGA Fund arises out of the fact that every insurance company admitted to do business in Louisiana must pay to the State an annual tax for the privilege of doing business here. This is referred to as the "premium tax," and is computed as a percentage of premiums written in the State. If the LIGA Fund is called upon to pay out claims to policyholders of a LIGA-covered insurance company, due to the insolvency of that company, then the insurance companies which are members of LIGA are required to make cash payments to the Fund, in order to replenish the Fund and keep it at statutory levels. But when and if the companies are required to make payments into the LIGA Fund, the companies may claim a credit against the premium taxes otherwise due to the State of Louisiana. Thus a call on the LIGA Fund is an event of relatively little consequence to the member insurance companies, who are thereby able to obtain a premium tax credit

for the funds they must contribute to replenish the LIGA Fund. But a call on the LIGA Fund is an event of profound importance to the State of Louisiana, because every call on the Fund results in a reduction in the amount of premium tax which would otherwise be collected by the State. Thus, the State has a direct pecuniary motive to see to it that the Fund is not required to be tapped. In this case, the State protected itself, and assured itself of additional tax revenues, by making certain that if any of these companies failed, it would be the company not covered by the LIGA Fund. Here, the State Regulatory Defendants, whose primary obligation is to protect the policyholders and investors of Louisiana, deliberately and systematically sold out these Petitioners, who were least able to stand a financial loss--namely, those not covered by the LIGA Fund in the event of collapse of their insurance company.

30.

This sorry story begins, for purposes of this Petition, in 1987. Many transactions must be articulated for the Court, and many more are not listed here, in the interest of space. Most of these transactions acted to bleed monies from the companies in which these Petitioners had placed their savings, and the State of Louisiana and the State Regulatory Defendants had a direct hand in each problematic transaction. In some instances, the State and the State Regulatory Defendants may have assisted the plundering of the Petitioners through inadvertence, negligence, laziness, corruption, or sheer incompetence. In other instances which will also be detailed, the State and the State Regulatory Defendants deliberately, with calculation and determination, assisted in structuring the transactions which brought about the Petitioners' losses. Either way, without the tortious actions of the State of Louisiana and the State Regulatory Defendants, there could have been no loss to these Petitioners.

31.

Finally, the State deliberately undertook to conceal the nature and extent of these corporate "shell game" transactions from the public, and deliberately concealed from the Petitioners the true financial state of companies in which they had an interest or in which they were policy holders or annuity holders. The State and the State Regulatory Defendants

succeeded in suppressing and concealing this information, despite the fact that they were aware that the Petitioners continued to deposit money with the subject companies, on the basis of erroneous assumptions about the financial state of those companies. The State Regulatory Defendants further knew that, due to the particular and highly personal nature of the relationship between an insurance company and its insureds, these Petitioners were at risk in numerous ways, including their possible uninsurability should these companies fail; the loss of death benefits to the spouses, children, and other beneficiaries of the Petitioners; the loss of homes, farms, businesses, and other personal and real property which these Petitioners had mortgaged to continue to make their payments into these companies; and the other damages actually suffered by these Petitioners as articulated further below.

**COUNT ONE: OUTRAGEOUS, RECKLESS, WILLFUL,
INTENTIONAL, FLAGRANT, AND/OR FRAUDULENT
MISCONDUCT BY THE DOI**

32.

The foregoing paragraphs of this Petition are hereby incorporated by reference in this Count One.

33.

Between November, 1986, and September 4, 1991, when the last of these companies was finally placed in liquidation, PI, PILICO, FF&C, IPAC and MIDWEST engaged in numerous and flagrant violations of Louisiana Insurance, Banking, OFI, LFFI, and LIGA Statutes and Regulations, all of which were approved and/or permitted, either expressly or tacitly, by the DOI.

34.

These violations committed by these companies are articulated in detail in the preceding and subsequent paragraphs of this Petition. They include, but are not limited to, the following: entering into unauthorized investments with affiliates; receiving uncollateralized promissory notes, certificates of deposit, and/or debentures from affiliates; purchasing overvalued real estate from affiliates and others; improperly receiving and advancing funds to affiliates; failing to pay LIGA assessments timely, if at

all; misrepresenting the terms and conditions of various transactions between affiliates; making fraudulent and negligent representations as to the management and financial condition of these companies in order to induce the purchase of policies, annuities, and corporate notes; entering into material transactions with affiliates which were not on fair and reasonable terms and the precise nature and details of which were not clearly and accurately disclosed; substituting non-admitted assets for admitted assets; and failing to file timely and/or accurate annual statements and/or audited, unqualified financials and/or holding company registration statements and/or amendments, and other required statements and reports with DOI and/or OFI.

35.

Upon information and belief, the DOI was at all relevant times aware of the number and extent of the statutory and regulatory violations in the management and transactions of PI, PILICO, FF&C, IPAC and MIDWEST. In the alternative, it should have been aware of such conduct by virtue of the information available to it, and if it was not aware, this failure itself constitutes outrageous, reckless, and willful misconduct.

36.

The State of Louisiana, and its Department of Insurance, through its Commissioner, breached its duties to the Petitioners by failing to administer and enforce the provisions of the Insurance Code and by failing to examine, supervise, and regulate all phases of PI, PILICO, FF&C, IPAC, and MIDWEST; by acting negligently and by making negligent misrepresentations to the Petitioners during the course of its administration of the non-discretionary provisions of the Louisiana Insurance Code and Regulations as to PI, PILICO, FF&C, and MIDWEST; and by exhibiting reckless, willful, outrageous, and malicious disregard and misconduct towards the Petitioners in conducting its discretionary functions; and by aiding others to negligently and/or intentionally and fraudulently violate provisions of the Insurance Code, including unfair and deceptive acts and practices; all by means of the following actions and inactions, among others:

- (a) failing to enforce its own regulations;

- (b) failing reasonably to monitor the management of these companies;
- (c) ignoring historical financial data reported by PI, PILICO, FF&C, and MIDWEST which reflected, as early as 1986, the diminution of admitted assets, and the flagrant violations of allowable affiliate transactions;
- (d) failure to invoke its regulatory powers at all; or, in the alternative, failure to regulate by its failure to take any of the following steps, among others, in a timely fashion: issuing consent orders, notices of impairment and/or cease or desist orders; suspending, revoking or not renewing certificates of authority; ordering target examinations; imposing monetary penalties, placing into conservation, rehabilitation or liquidation; and/or evaluating and disallowing non-admitted assets, as to the following companies, for the following periods relevant to this Petition:
 - (i) PI, for violations in 1986, 1987, 1988, 1989, 1990, and/or 1991;
 - (ii) PILICO, for violations in 1986, 1987, 1988, 1989, 1990, and/or 1991;
 - (iii) MIDWEST, for violations in 1988, 1989, 1990, and/or 1991;
 - (iv) FF&C, for violations in 1988, 1989, 1990, and/or 1991;
 - (v) BOMAR, for violations in 1986, 1987, 1988, 1989, 1990, and/or 1991;
 - (vi) RHC, for violations in 1987, 1988, 1989, 1990, and/or 1991;
 - (vii) SHC, for violations in 1989, 1990, and/or 1991;
 - (viii) PRC, for violations in 1990 and/or 1991.
- (e) ignoring information regarding PI, BOMAR, RHC, SHC, PRC, MIDWEST, ALI, and UGL, and their affiliate dealings, transmitted by other state departments of insurance (including, but not limited to, those of Texas, Ohio, Kansas, Oregon, and/or Nebraska), as early as 1986, which reports indicated severe impairments, statutory violations, and financial mismanagement;
- (f) failing to comply with Regulation 5, wherein DOI lists the protection to policyholders purportedly afforded by registration of insurance companies with the State of Louisiana Department of Insurance;

- (g) ignoring IRIS reports on PILICO, MIDWEST, and FF&C indicating non-compliance with NAIC ratios sufficient to require immediate regulatory attention;
- (h) issuing Certificates of Compliance to companies which were not, in fact, in compliance with the law;
- (i) failing to act in the face of mounting evidence of statutory violations, massive irregularities, and financial mismanagement;
- (j) ignoring multiple consumer requests and reports regarding these companies which indicated financial instability and mismanagement, and making misleading statements to consumers;
- (k) failing to administer the provisions of the Holding Company Law, Regulation 31, such that between January of 1986 and February 1 of 1990, with the exception of a single undated registration statement filed at least nine months late on the part of BOMAR/PI, not another registration statement, and not a single amendment was filed on behalf of PILICO, FF&C, MIDWEST, PI, BOMAR, RHC, and/or PRC, despite the statutory requirement that such statements be filed within 15 days of any transaction among affiliates in excess of \$150,000, which transactions regularly occurred. This severely prejudiced the Petitioners, who, because of the DOI's failures in this regard, were deprived of DOI'S regulatory enforcement power due to its inability to determine the extent and/or abuse of intercompany transactions; the distinctions between the various holding companies and affiliates; the number and terms of management agreements between the various companies; the fairness and reasonableness of transactions between the various affiliates; the amount, legality, and recipient of dividends declared; and the reasonableness and adequacy of the surplus of each of the affiliated companies, there being no information recorded whatsoever, as opposed to the clear and accurate disclosure of the precise nature and details of affiliated transactions required and contemplated by Regulation 31;
- (l) although knowing that the holding company registration statements and amendments were confidential and not subject to Public Records requests, and knowing that the DOI was therefore the single outside party with access to knowledge of intercompany transactions and with regulatory power to ensure their lawfulness, the DOI nevertheless failed to enforce registration of affiliate transactions and holdings as to PILICO, MIDWEST, FF&C, PI, RHC, PRC and BOMAR, pursuant to Regulation 31.

DETAILS OF SPECIFIC MISCONDUCT BY THE DOI

Failure to Prevent Illegal Dividends Out of PILICO, and Permitting Damage to PI Noteholders

37.

Many of the activities undertaken by the individuals manipulating the subject insurance companies, and permitted by the State, involve a concerted effort to drain assets out of PILICO, and into various other companies. On January 18, 1987, PILICO illegally issued a \$1 million cash dividend to an affiliated company. Less than a year later, on December 30, 1987, it illegally issued another \$1 million cash dividend to an affiliated company, thereby contributing to its state of insolvency, as defined by the DOI's 1988 year-end Examination Report of PILICO. DOI learned of the first dividend declaration on March 1, 1987, at the latest, by means of PILICO's annual statement, and learned of the second dividend, at the latest, on March 1, 1988. The DOI took no regulatory action in response to either of these illegal dividend declarations, despite the fact that they appear to be prima facie illegal. Knowledge of these dividends would also have been available within 15 days of each dividend declaration, if PILICO had filed a Holding Company Registration Statement and/or Amendment as required by law, or had DOI properly enforced such filings. In fact, DOI's failure to require these filings, even with actual knowledge of transactions which triggered them as a matter of law, further contributed to both the insolvency of PILICO and the ability of the owners of these companies to conceal the true intent and effect of their transactions.

38.

Allowing these dividends was particularly egregious as PILICO was thereby permitted to illegally distribute monies to PI, its parent holding company, which was simultaneously raising monies by the sale of corporate notes to certain of the Petitioners, during the same time frame. A Prospectus pertaining to Corporate Notes, dated October 25, 1986 and issued by PI, was supplemented on August 12, 1987. This was the date of BOMAR's purchase of PI, which occurred after the first million dollar dividend issued in January, 1987, but before the second in December of that year. Advertisements in the Alexandria Town Talk regarding these securities guaranteed interest rates at 10.03 % for 5 years.

The Supplement stated that PI would continue to be conducted after the Merger in substantially the same manner as it was being conducted "at the present time." This was a material and negligent misrepresentation, in violation of the Insurance Code's prohibition on unfair and deceptive practices, La.R.S. 22:1214, especially given the fact that the very consummation of the Merger put Petitioners' investments precariously at risk, as the entire purchase price of \$12,350,000 was being financed, 25% of which PI funded. Thus, with BOMAR's purchase, PI's stockholders (i.e., the equity owners) were safely being bought out at a time when the company was steadily losing money, and Petitioners' investments (i.e., the debt instruments) were funding the buyout. Furthermore, despite purported concern for PI and its subsidiaries' liquidity, which was jeopardized by the DOI-approved buyout, another million dollar dividend was illegally distributed within five months by PILICO. The State Regulatory Defendants still took no action as to the sale of the corporate notes, the distribution of the dividends, the blatant violations of La. R.S. 22:1214, and/or the fact that none of this activity was being reported to DOI in a holding company registration statement.

**Specific Failure With Respect to the
Riverside/BOMAR Purchase of PI**

The DOI approved the acquisition of PI by the Riverside/BOMAR group on August 12, 1987, and thereby flagrantly violated various statutory provisions. Among others, the DOI violated La. R. S. 22:731(2)(e) by failing to properly investigate the competence, experience, and integrity of the persons who controlled BOMAR; if it had conducted such an investigation, it would have discovered that the acquisition of PI by these individuals was not in the interest of the policyholders of PILICO.

The DOI further violated its duty to hold a public hearing before approving the aforementioned acquisition. Instead of holding a public hearing, notice of the hearing was purportedly "waived" with the result that only two persons were present at the hearing on July 29, 1987,

namely counsel for BOMAR, the purchaser, and John Fontenot, General Counsel and Hearing Officer for DOI (who subsequently played a similar role in approving the purchase of PI, RHC/BOMAR by SHC in December, 1989). No one was present to represent the interest of the companies being sold, their policyholders, or note holders, including the policyholders of PILICO, and the DOI representative utterly failed to do this.

42.

The DOI further failed in its duty by approving this transaction when the financial condition of the acquiring party was such as would necessarily jeopardize the financial stability of the resulting companies and prejudice the interests of their policyholders. Specifically, the entire purchase price for PI (\$12,350,000) was loaned to BOMAR as follows: approximately \$7,300,000 was borrowed from the Hibernia National Bank, approximately \$2,050,000 was borrowed from the BOMAR affiliate Alliance Life Insurance, and approximately \$3,000,000 was borrowed from PI or its subsidiaries. Thus, the entire purchase was over-leveraged, and financing this purchase threatened the financial stability of both the acquired company and those companies from whom the borrowings were made, and adversely affected the liquidity of PI and its subsidiaries, as well as the financial stability of the entire BOMAR group.

Failure With Respect To
Reporting and Examination Requirements

43.

In addition to the gross negligence, recklessness, wrongful acts, outrageous conduct, and breaches of duty in the preceding paragraphs, the DOI also breached its duty to the Petitioners in the following ways:

- (a) Failing to ascertain the extent of PILICO's impairment from 1987 on, FF&C's impairment from 1988 on, and MIDWEST's impairment from 1988 on, and then failing to issue a written requirement to each company for the impairment to be remedied, pursuant to La. R.S. 22:77, and thereby protecting the remaining assets of each company;
- (b) Failing to respond to violations on the part of PILICO and MIDWEST, their affiliates and holding companies, involving the amount and extent of investments in

single entities, pursuant to La. R.S. § 22:843 and Regulation 31;

- (c) Failing to respond to the flagrant violations of the reporting requirements pursuant to L.R.S. 22:161, 22:1070; and 22:1451 on the part of PILICO, FF&C, and MIDWEST, whose officers verified by oath and certified to the amounts reported in the Annual Statements of these companies, which consistently omitted, distorted, and internally contradicted the financial transactions reported by these companies. These omissions, distortions, and contradictions include the following:
- (i) On the 1987 year end PILICO Annual Statement is reflected a net gain of \$759,328 for that year. On each year's Annual Statement, there is a column for reporting the previous year's results, for purposes of comparison. On the 1988 year-end report for PILICO, this figure for 1987 results is changed to reflect a net loss of (\$759,328). The 1988 year end result is listed on the 1988 report as a net loss of (\$959,000). Recording the previous year's result on the current year's Annual Statement is intended to allow the reader of that Annual Statement to compare the reported results of the current year with that of the prior year. By recording the 1987 result as a net loss of (\$759,325), and by comparing it to the reported current year loss of (\$959,000), the PILICO management gave the misleading impression that only an additional \$200,000 was lost in 1988 over and above the amount lost in 1987; when, in fact, recourse to the actual Annual Statement of 1987 would show the reader that 1988 had resulted in an additional loss of \$1.6 million;
 - (ii) On the 1988 year-end Annual Report for MIDWEST, in Part II of Schedule Y, the figure \$5,190,000 is shown in the column for purchases, sales, exchanges of loans, etc. For the same year in the PILICO Annual Report, the same exact figure is reported in the same column. Despite the fact that these two companies were commonly owned, and that it would be extremely unlikely that both companies had the same figure for this entry, apparently no effort was made by DOI to investigate the accuracy of either Report;
 - (iii) In the 1989 year end PILICO Annual Report, there is no mention of the \$28 million debenture issued by IPAC on Schedule Y, Part 2 for affiliated transactions;
 - (iv) and most egregiously, at no time did the DOI insist that these companies reflect the corrected figures required to be made as per examination adjustments, on the subsequent annual reports

available to the public. This resulted, by way of example only, in the continued misrepresentation to the public that PILICO had a net worth of over \$5 million at the end of 1988 as reported by PILICO, rather than a negative net worth of over \$32 million as adjusted by the examiners. Thus, even such inadequate regulatory examination as did occur regarding these companies was rendered useless by the DOI's failure to insist upon the implementation of its own conclusions.

- (d) By breaching its ministerial duty to annually ascertain the surplus and reserves of PILICO, FF&C, and MIDWEST as required by L.R.S. 22:162, which failure prevented the rehabilitation and/or conservation of these companies in a timely fashion, such that Petitioners would not have suffered the total loss they have suffered today. Specifically:
- (i) by March 1, 1988, the DOI knew from PILICO's Annual Report that two separate million dollar cash dividends had been illegally issued by PILICO, and had thereby jeopardized its surplus.
 - (ii) by March 1, 1989, the DOI knew from PILICO's Annual Statement that it had liquidated high quality assets of \$33 million and had illegally invested \$28.6 million of the proceeds into affiliate IPAC's Certificates of Deposit of questionable value, if indeed they had any value at all.
 - (iii) by March 1, 1990, the DOI knew from PILICO's 1989 Annual Statement that over 86% of its invested assets were actually invested in affiliated companies, 98% of which was represented by the bogus IPAC "debenture" described above.
 - (iv) by March 1, 1989, the DOI knew from FF&C's 1988 Annual Statement that it was suffering "losses incurred" of 90% of premiums earned, and "other underwriting expenses incurred" of 40.7% and therefore was not viable as a profitable company.
 - (v) by March 1, 1989, the DOI knew from FF&C's 1988 Annual Statement that \$11.9 MM of its assets had been illegally invested in affiliate IPAC's CDs of questionable worth, and shortly thereafter DOI knew that these CDs had almost no worth at all.
 - (vi) from FF&C's 3rd and 4th Quarter, 1988 Reports, the DOI was aware of FF&C's financial instability.
 - (vii) by February 6, 1989, the DOI was aware of the Consent Order issued against MIDWEST by the Nebraska Insurance Department, and other such Orders from Ohio and Kansas; and by April 11, an

Order to Cure Impairment of \$5 million had been issued against MIDWEST by the Nebraska DOI. These events could and should have been sufficient to cause the State of Louisiana to order its own target examination, whereby the extent of MIDWEST's impairment, insolvency, and/or unfair, unsafe and unsound dealings hazardous to its policyholders, could and should have been scrutinized and ascertained.

- (viii) The actual degree of insolvency for PILICO, MIDWEST, and FF&C at the time of their ordered rehabilitations in 1991 was not at great variance with the figures established by DOI examination of these companies in 1988. By the DOI failing to act timely and responsibly with respect to PILICO and MIDWEST, petitioners have suffered the total loss they have today.
- (e) By failing to invoke the penalties provided by L.R.S. 22:1315(B) against officers, agents, or legal entities which perform services for an Insurer, who represent falsely, directly or indirectly, information to the DOI regarding assets, and/or materially misrepresent to the DOI the value of assets of the Insurer or affiliate, etc. in violation of La. R.S. 22:1315 (A).
- (f) By failing to invoke La. R.S. § 22:7 against PILICO, MIDWEST, FF&C, PI, RHC, BOMAR, SHC and/or PRC, which provides for financial fines as well as the revocation of licenses against one who intentionally violates or aids another in violating the provisions of the Insurance Code. This statute is invoked by Petitioners against DOI, OFI, LIGA, and the State of Louisiana for aiding the officers and directors of PILICO, MIDWEST, PI, BOMAR, RTC, SHC, PRC, and FF&C to violate the provisions of the Insurance Code.
- (g) By failing to salvage any value for policyholders and noteholders of PILICO and MIDWEST by taking basic, prudent steps to conserve, preserve, market, and develop the remaining assets of these companies when every indication could and should have led them to do so as early as 1988 for PILICO, MIDWEST and FF&C. By way of example only, the State Regulatory Defendants squandered the opportunity to realize value from the licenses to do business which MIDWEST held in some 40 jurisdictions, by unconscionable delay, incompetence, and/or reckless disregard of every standard of the Insurance Code, the NAIC, and comparably funded and staffed state insurance departments. MIDWEST had value as a going concern which could have been realized through an orderly sale to persons who engage in the business of purchasing such assets of troubled insurance companies. MIDWEST's 40 licenses to do business alone had a value of approximately \$50,000 each, for an aggregate of some \$2 million, which could and should

have been conserved for Petitioners. This conservation could and should have occurred by the timely and prudent transfer to interested third party purchasers who were, upon information and belief, actually presented to the State Regulatory Defendants.

- (h) contributing to the financial demise of MIDWEST by allowing depletion and diversion of over \$21 million of bona fide assets to other affiliated companies;
- (i) responding to direct inquiries from consumers as late as Fall of 1990 that these companies were "in good standing, as per the Tax Department," thereby giving the misleading impression that the companies were solvent and in compliance with Louisiana law;
- (j) allowing PRC Holding Company to be chartered on January 26, 1991, to hold PI, PILICO and others, known by DOI to be insolvent, with the intent of providing yet another layer of insulation between PI and PILICO, which had failed, and FF&G, MIDWEST, and IPAC, which were close to being insolvent if not already so, and LIGA, which was still reeling from the Champion claims;
- (k) giving the approval, value, credibility, and respectability of the Department of Insurance to PI, PILICO, MIDWEST, FF&C, and IPAC, through inaction, delinquency, malfeasance, misfeasance, gross negligence, and/or wanton misconduct thereby misleading the policyholders and noteholders it was mandated by law to protect.
- (l) and other actions or failures to act by the Department of Insurance, which Petitioners will bring in by way of amendment at the appropriate time.

44.

The aforementioned activities of the DOI constituted willful, outrageous, reckless, intentional, flagrant, and/or fraudulent misconduct, which proximately caused the damages to these Petitioners, as set out more fully in Paragraph 133 below, which is incorporated hereby by reference. These Petitioners only learned of these tortious actions within the last four months, and could not with the exercise of reasonable diligence have learned of them sooner.

**COUNT TWO: WILLFUL, OUTRAGEOUS, RECKLESS,
AND FLAGRANT MISCONDUCT BY THE COMBINED
ACTIVITIES OF THE DOI AND OFI.**

Specific Failures With Respect to Fidelity Fire and Casualty

45.

The foregoing paragraphs of this Petition are hereby incorporated by reference in this Count One.

46.

The elaborate and numerous transactions with respect to FF&C are at the core of the State Regulatory Defendants' failures with respect to the Petitioners, for FF&C is the company covered by the LIGA Fund, which they deliberately preferred and favored at the expense of these Petitioners. The State Regulatory Defendants' failures with respect to FF&C go back to at least April 5, 1988, when FF&C's Certificate of Authority was amended, admitting it to write casualty and property insurance (i.e., high-risk automobile insurance), despite approval of a rate structure by the rating commission which resulted in immediate "losses incurred" in the amount of 90% of premiums earned in 1988; 88% of premiums earned in 1989; and 91% of premiums earned in 1990. When taken together with "other underwriting expenses incurred" of 40.7% (1988), 26.8% (1989), and 30.8% (1990), FF&C was seen to be immediately insolvent, from the day it began issuing this sort of insurance, with DOI's blessing. It was, or should have been, clear that FF&C could never have been profitable as a carrier of this type.

47.

Despite this fact, DOI and OFI permitted FF&C to purchase \$11.9 Million in "Certificates of Deposit" from IPAC, an affiliated premium finance company. The intricacies of this transaction are discussed in detail in paragraphs 51 through 72 below, but of present import is the fact that FF&C sold assets of excellent quality in order to purchase the CDs. In so doing, FF&C received the benefit of a \$500,000 tax credit due to the treatment accorded its purchase of IPAC CDs as a Louisiana Qualified Investment. In truth, however, IPAC became insolvent within six months, and unable to honor the CDs, which would have proved a total loss to FF&C

(as it was to PILICO), had FF&C not been specially "looked out for" by the State Regulatory Defendants.

48.

FF&C's financial condition was so threatened that by early 1990 it was delinquent in the payment of its LIGA assessment by \$423,196, which should have caused its license to be revoked by the State Regulatory authorities pursuant to La. R.S. 22:1384(2)(b). Instead, the State Regulatory Defendants permitted FF&C to merge with Bonneville Insurance Company, which at that time was also delinquent in its own LIGA assessments in the amount of \$54,088, and should also have had its license revoked. All of this was permitted despite the need, on June 30, 1990, for a capital contribution of \$4 million to FF&C. This capital was transferred into FF&C out of MIDWEST, to the detriment of the Petitioners having an interest in MIDWEST.

49.

The State Regulatory Defendants further violated their duties by allowing the redomestication of MIDWEST into Louisiana, despite flagrant reported violations and an actual lawsuit filed by the Nebraska DOI, so that MIDWEST's legitimate assets could be used to shore up FF&C and to absorb FF&C's financial losses, after PILICO had finally been drained of all its assets.

50.

The substantial and valuable assets of PILICO and MIDWEST were both used to maintain the financial viability of FF&C, and the repeated transfers provided opportunity for large sums of money belonging to these companies to disappear. From the viewpoint of the State Regulatory Defendants, these transfers also provided the opportunity to protect the LIGA Fund. The State Regulatory Defendants permitted the unjustified transfer of funds from one of the companies into another, as if they were justifiably being transferred within the same company. Thus, the State Regulatory Defendants deliberately ignored proper corporate formalities, on which these Petitioners had relied in investing their funds, and also ignored the fair and reasonable affiliated transaction requirements of Regulation 31.

Background of IPAC

51.

Insurance Premium Assistance Company, or IPAC, was a finance company which primarily financed the insurance premiums generated by the activities of FF&C. It was a wholly owned subsidiary of PI. In 1988, the owners of these affiliated companies decided that IPAC should apply for a license to become a Limited Function Financial Institution, or LFFI. The Limited Function Financial Institution program was created by statute as a result of intense lobbying by the Champion insurance group, and the first LFFI license was issued on November 27, 1987 to United Financial Services, the premium finance company of the Champion insurance group. Louisiana's LFFI statute is believed to be unique among the fifty states, in that it permits insurance companies to finance their own premiums by the sale of so-called "Certificates of Deposit" issued by the finance company to the insurance company. The State Regulatory Defendants should have realized the inherent potential for abuse in this arrangement, and should have been put on notice by the uniqueness of Louisiana's approach that a heightened degree of scrutiny was required. In fact, the State Regulatory Defendants, and particularly the OFI, reacted to the IPAC LFFI license with heightened recklessness, instead of heightened scrutiny.

52.

The entire brief life of IPAC as an LFFI (from December 1988 to January 1990--a period of slightly over one year) was fraught with irregularities and highly unusual conduct by the OFI.

53.

For instance, on November 22, 1988, Fred Dent, by letter to IPAC's counsel, effectively waives the statutory requirements and delays for IPAC to become able to issue "certificates of deposit", and interprets the Louisiana statute in such a way that it effectively eliminates the restrictive oversight purposes of the licensing procedure. A copy of this letter is attached as Exhibit B, and incorporated by reference herein. In this letter, Mr. Dent, who was at that time Commissioner of Financial Institutions, notes that the OFI required "additional time to work out the inter-company lending issue", thereby acknowledging as of November 22, 1988 that there

were inter-company investment limit problems involved with IPAC and its related companies.

54.

Mr. Dent further accommodated the RHC/Bomar/PI management's efforts to engage in the corporate shell game by construing La. R.S. 6:451 et seq., and the Rules promulgated thereto, in such a way so that IPAC could operate indefinitely as a LFFI without having to apply to OFI for a license. He did this by construing the statute to mean that banking business could be engaged in by IPAC for an indefinite period without a LFFI license, until the income derived from its banking activities exceeded \$50,000. This permitted the issuance of CDs, which the OFI knew were intended to be issued to affiliated companies, without the license contemplated by the Legislature. In fact, Mr. Dent's blanket waiver of regulatory control would have permitted IPAC, or anyone else, to lend money, receive deposits, and pay checks to anyone, anywhere, without any control or regulation by the OFI, so long as that person's income did not exceed \$50,000. Mr. Dent's letter plainly states that until that \$50,000 threshold is reached, no license even need be applied for. Obviously, there could be many ways for companies to evade regulation under this interpretation. Among others which come to mind are the creation of numerous companies, with a new banking institution springing up as soon as the preceding banking institution reached an income level of \$49,999. By taking this interpretative stance, OFI also encouraged the RHC/BOMAR/PI management's efforts to obscure the source of either MIDWEST and/or PILICO's funding of the Universal Guaranty Life purchase through IPAC. Such a construction of the law was tantamount to a repeal of the statute by covert administrative fiat.

55.

On December 19, 1988, the OFI finally issued its License and Certificate of Authority to IPAC to act as an LFFI, with three provisos: (a) IPAC could issue CDs for cash or cash equivalents only; (b) IPAC could only accept deposits from three companies, namely PILICO, FF&C and Liberty Underwriters, another affiliated company of the Bomar Investment Group; and (c) upon receipt of cash or cash equivalents from the three above-mentioned companies, IPAC was authorized to make reinvestments.

56.

At the time the OFI issued this license, authorizing IPAC to take funds from PILICO and issue back to PILICO "Certificates of Deposit", PILICO's publicly-filed 1987 Annual Statement revealed that it had already been heavily laden with investments in affiliates, and that it had illegally issued two separate cash dividends of \$1 million to an affiliate.

57.

The OFI further allowed IPAC to function as an LFFI before the appropriate administrative time constraints had run, and also allowed IPAC to circumvent even the watered-down requirements set down by the OFI. By way of example only, Universal Guaranty Life (yet another affiliate) bought a thirty-day certificate of deposit from IPAC in the amount of \$3 million, on November 29, 1988. But Universal Guaranty Life was not one of the three companies authorized to purchase CDs from IPAC.

58.

In issuing the licenses on December 19, 1988, the OFI recklessly made the following findings, while having every reason to believe and understand that these findings were false:

- (1) that the planned LFFI activities (i.e., taking money from PILICO, FF&C, and Liberty Underwriters, and giving them back pieces of paper called CDs) were merely "incidental" to IPAC's other business activities, when the deposits from these companies financed virtually the entirety of IPAC's premium finance business;
- (2) that the public interest would be served, when OFI's year's of experience with Champion's LFFI, United Financial Services, was indicating otherwise, and when no conceivable public interest could have been involved;
- (3) that IPAC exhibited financial responsibility and fitness to command confidence in the community; and that IPAC proposed to conduct its activities in a safe and sound manner, when a cursory investigation of the BOMAR/PI/IPAC executive team's 1988 financial transactions would have revealed a plethora of regulatory violations in many states, as evidenced by Consent Orders issued against them by February of 1989 in Nebraska, Ohio, and Kansas.

Further, on April 24, 1989, the OFI approved Certificates of Deposit in the amount of \$40 million which had been "sold" by IPAC between December 28 and December 31, 1988, to its affiliates FF&C and PILICO, despite delinquency and irregularities in the reporting of these Certificates of Deposit and despite IPAC's failure to file the requisite unqualified, audited financials by March 30, 1989, as required by law. This "sale of CDs" by IPAC amounted to nothing more than a way to drain cash from its affiliates FF&C and PILICO (and ultimately from these Petitioners) and put it into IPAC, so that it could be further manipulated by the owners of these affiliated companies.

60.

As noted earlier, IPAC's license from the OFI limited IPAC to issuing CDs only upon receipt of cash or cash equivalents from the three specified companies. Yet, in May of 1989, OFI had knowledge that \$17 million of the \$40 million worth of CDs had been illegally issued by IPAC in exchange for "unsecured non-cash equivalents," which amounted to nothing more than journal entries in the books of PILICO. Notwithstanding this certain knowledge of OFI, OFI failed to issue a Cease and Desist Order and failed to revoke IPAC's license. These journal entries permitted PILICO to show millions of dollars worth of "CDs" on its books as assets, when in fact, no value had been given for the "CDs" other than a bookkeeping entry.

61.

The DOI, with the assistance and collaboration of the OFI, allowed these "investments" to be carried as admitted assets, knowing the great potential for the public to be confused and deceived into the impression that these "assets" were conventional certificates of deposit from a legitimate and insured financial institution. Further evidence of management's fraudulent intent to pass off these "CDs" as legitimate bank instruments is the fact that they were shown on the books as separate \$100,000 CDs, thereby encouraging the reader to believe they were prudently purchased so as to be protected by the \$100,000 maximum insured amount for FDIC-insured financial institutions. In fact, PILICO's management used precisely this inference to extract more money from the Petitioners, as evidenced by the letter from PILICO's Policyholder Service Department Manager, attached hereto as Exhibit C. That letter, dated

December 31, 1989, fraudulently states, among other things, "We have had the greatest year in the history of the company," and further states as follows:

If you have not contributed to your IRA for the 1989 or 1990 tax year, this is a perfect time. As you know, Public Investors is a Legal Reserve Company. We currently have \$28,250,000 in CDs, \$8,920,000 in Bonds, and \$1,050,000 in debentures.

62.

This letter was blatantly fraudulent in its purpose and intent. It was designed to deceive the Petitioners into believing that PILICO owned \$28,250,000 in legitimate and valuable bank CDs. It was made possible by the intentional, reckless, willful, and outrageous misconduct of the DOI and OFI in assisting the Southshore Management Group to make these representations, by permitting them to operate and to assert that their "CDs" had value, when these State Regulatory Defendants knew them to be valueless. Indeed, the situation is even worse, since PILICO did not even hold the worthless IPAC CDs when the letter was written, since OFI and DOI had permitted them to be swapped for equally worthless IPAC "debentures" on December 15, 1989. This sham transaction is discussed in ¶ 68 below. OFI and DOI knew or should have known that the illegal structure which they permitted and encouraged would be used to mislead and defraud the Petitioners. If they did not know this, then this failure is itself outrageous and scandalous misconduct.

63.

OFI also failed to issued a Cease and Desist Order in May of 1989, despite knowing that IPAC had failed to maintain the requisite ratio of equity to deposits of at least 10%. In fact, the ratio was only 8.5% as of 12/31/88.

64.

Despite all of the above knowledge, the OFI and DOI permitted illegally-issued CDs to remain outstanding for almost a year. OFI and DOI knew that these were being shown on the books of Louisiana insurance companies, and that they were being represented to the public as assets of those companies. By June of 1989, the OFI had certain knowledge that IPAC was unable to honor these CDs, if PILICO or FF&C should turn in the

"Certificates of Deposit" and demand the return of their cash plus interest. These "Certificates of Deposit" expired in June of 1989. Rather than expose the fact that PILICO's & FF&C's funds were irretrievably lost, the State Regulatory Defendants permitted IPAC to "rollover", or renew these CDs, thereby participating in a cover-up of the financial house of cards involving these affiliated companies. By this date, the nature and extent of the Champion insurance group's fraud, which was carried out in virtually the same way as set out above, was apparent to DOI and OFI. They knew or should have known the danger of permitting the IPAC arrangement to continue.

65.

By the end of May, 1989, the State Regulatory Defendants had actual knowledge of a valuation from the National Association of Insurance Commissioners' Securities Valuation Office, placing a value of "5 cents on the dollar" (\$.05/\$1.00) on the IPAC Certificates of Deposit. In an outrageous breach of its regulatory responsibility, OFI still approved the rollover of the CDs on June 30.

66.

Throughout this period, the State Regulatory Defendants also allowed unlimited extensions of time for IPAC to fulfill its statutory obligation to file unqualified, audited financials. In other words, having actual knowledge that IPAC was insolvent, OFI gave IPAC permission to hide that fact from the public, including these Petitioners, although the law provided that IPAC was to reveal this information. OFI deliberately permitted this, without any justification whatsoever.

67.

When IPAC was allowed to sell CDs to PILICO (\$28.6 million) and FF&C (\$11.9 million) in December of 1988, as described above, the State Regulatory Defendants violated their duties to the Petitioners by allowing the following, inter alia, to occur:

- 1) allowing affiliated companies to disguise the source of funding of the Universal Guaranty Life Insurance ("UGL") purchase by RHC/BOMAR/PI;
- 2) allowing the controlling holding companies to deplete subsidiaries PILICO, FF&C, and MIDWEST of high quality assets, in order to illegally finance a

spectacular buying spree orchestrated by the officers and directors of the RHC/BOMAR/PI holding company;

- 3) allowing the investments of policyholders, annuitants, and noteholders of PILICO, MIDWEST, and PI to be unsafely and unsoundly invested in affiliated companies under terms that were unfair and unreasonable, and which illegally exceeded the single entity investment limits;
- 4) allowing petitioners' invested monies, and often lifetime savings, to be used to purchase the IPAC CDs, at complete risk to petitioners' monies, which should have been conservatively and safely invested and/or held in safe and sound assets;
- 5) allowing the \$28.6 million of Certificates of Deposit, and the subsequent \$28.6 million debenture issued to replace them, to stand as admitted assets until the date of the 1988 year-end Examination Report of PILICO, thereby misleading petitioners and the public to believe that PILICO had capital and surplus (net worth) of \$5,092,329, as reported in its 1988 year-end Annual Report, as opposed to being (\$31,805,488) insolvent, as determined by the 1988 year-end Examination Report for PILICO; and
- 6) subsequently collaborating with the Southshore management to permit the replacing of the admittedly worthless IPAC CDs (classified as "short-term investments") by equally worthless IPAC "debentures" (misleadingly classified, with the State Regulatory Defendants' blessings, as "bonds.") Furthermore, the State Regulatory Defendants permitted these "bonds" to be completely omitted from PILICO's Part Two, Schedule Y of the 1989 year-end Annual Statement, which supposedly listed all transactions with affiliates.

68.

These IPAC "CDs" figure prominently in the State Regulatory Defendants' considered plan to drain assets away from PILICO and to favor FF&C at the expense of PILICO and the petitioners. For instance, in December of 1989, the Riverside/Bomar Group (which had owned all of the affiliated companies mentioned herein) arranged to sell these companies to a new set of investors known as the Southshore Group. The OFI and DOI were heavily involved in every facet of this transaction; indeed, the DOI appears as "Intervenor" in the ultimate sales transaction. Numerous meetings were held between the purchasers, sellers, and these State Regulatory Defendants, and many of these meetings are documented. It is

beyond a doubt that the State Regulatory Defendants had a complete understanding of the financial consequences of this matter. Yet, fully understanding the matter, these State Regulatory Defendants allowed the IPAC CDs then held by PILICO--which were on the verge of expiring once again and thus of being exposed as utterly worthless--to be exchanged for an unsecured and equally worthless "debenture" also issued by IPAC, in the amount of \$28.25 million. The purpose of this was nothing more than to give the appearance and false impression that PILICO was holding a valuable asset--a "debenture"--when in fact the State Regulatory Defendants fully knew this to be nothing more than a charade designed to hide the truth from these Petitioners and others in their position. This action also served the purpose of saving the OFI from severe political embarrassment for its having allowed these worthless CDs to exist, knowing them to be worthless. Thus, the State Regulatory Defendants' actions here were part of a cover-up of their own failure to regulate according to law, and served further to cover up the damage their failures had caused, and were continuing to cause, to these Petitioners.

69.

At the same time that PILICO's "CDs" issued by IPAC were being exchanged for worthless IPAC "debentures", FF&C's "CDs" issued by IPAC were exchanged for valuable assets, thereby furthering the planned program of political preference, to the direct prejudice of these Petitioners.

70.

The aforementioned debenture transaction was approved by DOI and OFI, despite their own knowledge that IPAC could not of its own repay this debenture, and that the issuance of the debenture was a violation of PILICO's asset reserve requirements, the maximum single entity investment limitations, and the "fair and reasonable" requirement of affiliated transactions pursuant to Regulation 31, which the DOI is charged with enforcing.

71.

Furthermore, the State Regulatory Defendants were at least reckless in allowing anything at all to be exchanged for the IPAC CDs at this time, since the NAIC Securities Valuation Office report (valuing these CDs at five

cents on the dollar) had already been noted in the year-end 1988 Examination Report of FF&C by DOI, which was filed on June 2, 1989.

72.

It is clear that the BOMAR and Southshore managements, who owned all these affiliated companies, knew and contemplated the result of this transparent transaction. Likewise, it is plain that the State Regulatory Defendants knew and contemplated the result of it. The only interested parties who did not know and contemplate the result of this transaction were those members of the public in the position of the Petitioners. These persons were prevented from understanding the transaction due to a deliberate, recorded, and acknowledged plan by the State Regulatory Defendants to conceal these machinations from the public, for their own purposes.

Specific Failure With Respect to the PICO Credit Companies

73.

The DOI and OFI further allowed the sale of assets of the various PICO Credit companies (e.g., PICO Credit Company of Many, PICO Credit Company of Jena, etc.) on June 30, 1989, for \$35,300,000. These were also premium finance companies affiliated with PI, PILICO, FF&C, and MIDWEST. They were subject to regulation by the OFI. None of the funds from this sale reached PILICO, despite the fact that PILICO had purchased \$7,030,000 worth of PICO Credit bonds on January 1, 1989. Incredibly, on the same date that DOI and OFI allowed this sale of PICO Credit assets to take place and failed to oversee the distribution of the realized sums, OFI allowed the rollover of IPAC's CDs, \$28 million of which had been issued to PILICO, knowing full well they were virtually worthless.

74.

The funds raised by the PICO Credit sale, on information and belief, went to assist the temporary "cure" of MIDWEST's impairment, which had been ordered in April, 1989, by Nebraska's DOI, and also went to shore up FF&C's continued financial hemorrhaging. None of the details, terms, and distribution of the PICO Credit sales transactions were reported clearly and concisely in a holding company registration statement and/or amendment and/or any annual report of PI, PILICO, FF&C and/or MIDWEST.

Other Examples of Inter-Company
Abuse Sanctioned and/or
Permitted by the State Regulatory Defendants

75.

On November 7, 1988, the State Regulatory Defendants allowed PI to purchase Universal Guaranty Life for \$27.75 million, despite the knowledge of these Defendants that PI could not afford to pay this purchase price, and must of necessity turn to its affiliates or subsidiaries for financing.

76.

In fact, the purchase of Universal Guaranty Life was financed by liquidating \$33 million worth of valuable assets owned by PILICO. Another \$17 million of assets owned by Midwest were liquidated, and \$11.9 million of FF&C's assets were liquidated, thus raising a total amount of \$61.9 million.

77.

Contradictory explanations were offered by the owners of these affiliated companies as to the timing, course, and path of Universal Guaranty Life's acquisition financing, as well as additional monies allegedly ear-marked for that purpose. These inconsistent explanations were proffered to DOI and wholly available to the DOI, yet DOI never demanded any explanation or conducted any investigation sufficient to explore the inconsistencies. By way of example only, one explanation offered was that, on November 4, MIDWEST transferred \$15.75 million of the purchase price (\$17 million, according to another version) through a complex series of transactions spanning five separate affiliated companies, ultimately transferring the funds to PI. According to this explanation of the financing of Universal Guaranty, this \$15.5 million (or \$17 million) was put together with \$7 million from the sale of MIDWEST to Universal Guaranty, and \$3 million borrowed by IPAC on its credit line.

78.

Yet another explanation proffered by the Bomar Group is that the very purpose of PILICO's and FF&C's purchase of \$40 million of IPAC CDs was to finance the UGL purchase. Yet, according to the public filings available to the State Regulatory Defendants, these CDs were reportedly

purchased on December 28 and December 31, 1988, seven weeks after the Universal Guaranty Life purchase. Furthermore, although PILICO did in fact liquidate \$33 million worth of good and valuable assets in 1988, only \$12.5 million of actual cash went toward the purchase of CDs from IPAC. The remainder of the \$28.6 million of CDs which were purchased from IPAC for PILICO were illegally "purchased" via journal entry. Incredibly, the fate of the remaining cash generated by the sale of PILICO's assets remains a mystery. On PILICO's Annual Report for year-end 1988, schedule DA, Part 1, under the heading "All Short-Term Investments Owned as of 12/31," the purchase of \$28.65 million worth of IPAC CDs, maturing June, 1989, was noted without any NAIC designation listed. In June of 1989, an OFI examination of IPAC's books revealed that \$17 million of this \$28.6 million amount was not purchased by cash, but merely purchased by a journal entry. It should have been obvious to persons having the sophistication and expertise of the State Regulatory Defendants that, in a very short period, \$17 million in cash had been drained from PILICO, and was utterly unaccounted for in the inconsistent public filings made by PILICO and these other affiliated companies. The grossly reckless, or deliberate, failure by the State Regulatory Defendants to investigate and account for this missing cash, at a time when it might have been located, constituted a direct cause of the Petitioners' loss. Furthermore, if the purchase of UGL was indeed financed by PILICO's liquidation of \$33 million in assets, DOI recklessly failed to trace or account for the \$17 million that was transferred out of MIDWEST, which was also allegedly used to purchase UGL.

79.

Other suspicious and odd transactions were also ignored by the State Regulatory Defendants. For instance, the Riverside/BOMAR/PI Group purchased MIDWEST in late 1987 for \$13 million, and within a year sold it to Universal Guaranty Life for \$7 million as part of the Universal Guaranty Life acquisition, hardly fair and reasonable terms between affiliates, as required by Regulation 31. This last transaction was not reported to or approved by Nebraska's DOI, where MIDWEST was domiciled at the time. It was also unreported on any holding company registration statement in Louisiana, as required by law.

80.

During the months of November and December, 1989, approximately \$40 million was transferred from Universal Guaranty Life to MIDWEST, and transferred back to Universal Guaranty Life within a few days, as reported in Universal Guaranty's Notes to Financial Statements in its 1988 Annual Report. These transfers were not reported in MIDWEST's Annual Report. These transfers appear to have been made by the owners of these companies with the deliberate aim of creating the false impression that MIDWEST owned the assets which were very briefly "parked" in MIDWEST from Universal Guaranty. This was evidently done to circumvent regulatory requirements in Nebraska, and to mislead regulatory authorities and the public there. The State Regulatory Defendants allowed it to occur. It could easily have been ascertained, if the State Regulatory Defendants had been performing their appropriate regulatory functions in requiring that appropriate reports be filed according to statute, and in conducting appropriate and prudent examinations of these companies. The failure of these State Regulatory Defendants to do so has led to direct losses by the Petitioners, and could easily have been avoided, given the in-depth groundwork exposing these violations provided by the Nebraska Insurance Department 1988 and 1989 year-end Examination Reports, which DOI had in its possession.

81.

None of these transactions was given the required approval of the Nebraska DOI, where MIDWEST was domiciled at the time, nor was it reported clearly, concisely, or consistently to the Louisiana DOI in the year-end 1988 Annual Statements of these participating companies. Further, there was never any holding company registration filed with DOI, as required by law, to report any or all of the intricacies of this acquisition.

82.

It was, or should have been, grossly obvious to persons with the sophistication, expertise, and information available to the State Regulatory Defendants herein that complex inter-company affiliate transactions were occurring here, which should have been explored until satisfactory answers were given. Apparently, no explanation was required or sought.

Further Violations With Respect
To The Purchase of These
Companies by Southshore Holding Company

83.

Throughout the summer and fall of 1989, the State Regulatory Defendants assisted in orchestrating and approving the purchase by Southshore Holding Company of the Public Investors/BOMAR/Riverside group of companies on December 15, 1989. This purchase was conducted in violation of La. R.S. 22:731(2)(d), since the plan or proposals which Southshore had, to liquidate the various companies bought, sell their assets, or consolidate and merge them with other entities, or to make other material changes in their businesses and corporate structure, were unfair and unreasonable to policy holders of these insurers. Illustrative of this was the exchange of \$28 million of IPAC CDs for a debenture of like amount, discussed at length above in ¶ 68, *et seq.* Additionally, these plans were unfair, unreasonable, and/or fraudulent as to the Petitioners, in a variety of ways. For instance, Southshore attributed approximately \$10 million dollars of value to a San Antonio, Texas building known as Parkway Plaza, when it was known to be worth no more than \$1.5 million. If the DOI was unaware of the inflated value of this building, which was transferred to FF&C, then the DOI evidently believed that it was preferring FF&C to PILICO by allowing PI to transfer, through IPAC, what it believed to be \$15.9 million of substantial assets to pay off the illegally-issued \$11.65 million of CDs and \$4.25 million of agents' balances owed to FF&C. Alternatively if the DOI was indeed aware of the inflated value of the Parkway Plaza building (which would have amounted to State-approved fraud), then it still was deliberately preferring FF&C to PILICO, by allowing a total of \$7 million to be transferred to FF&C in this transaction, and zero to PILICO.

84.

As a further example of the DOI's gross recklessness in this matter, by an agreement made on or about November 17, 1989, the DOI allowed the Parkway Plaza building to be substituted on April 3, 1990 by a ranch in Weld County, Colorado, listed in FF&C's year-end 1990 Annual Statement as having a value of over \$13 million, when said ranch was ultimately appraised at \$636,000. In essence, the State Regulatory

Defendants deliberately and carefully structured the Southshore/Riverside Sale, with the primary goal being to shore up FF&C, and thereby to avoid another draw upon the LIGA Fund, which had been recently diminished by the Champion disaster. This action was undertaken at the expense of PILICO and to the direct disadvantage of these Petitioners.

**The "Single Business Enterprise" Treatment
of These Entities By The State Regulatory Defendants**

85.

Numerous lawsuits have been filed pursuant to the failing of the Southshore- and PRC-affiliated companies. One of these is State of Louisiana v. Public Investors Life Insurance Company, et al., bearing Civil Action No. 165,746 and presently pending in the 9th Judicial District Court, in which the State of Louisiana seeks a declaratory judgment declaring the Southshore affiliated defendants to be a "single business enterprise."

86.

Without commenting upon the parties named or the merits of the State's suit, Petitioners allege that the State Regulatory Defendants, as a matter of practice, and in direct disregard of their statutory and regulatory obligations, have indeed themselves routinely treated the Southshore and PRC affiliates as a "single business enterprise" at all times relevant hereto, to the great financial detriment of PI, PILICO and MIDWEST annuitants, policyholders and note holders.

87.

The State Regulatory Defendants accomplished this treatment of the Southshore and PRC affiliates as a "single business enterprise" by failing to honor the corporate formalities between and among these entities, failing to insist upon arms-length transactions between the affiliates, failing to observe proper and legally-mandated distinctions between these entities, failing to insist upon proper documentation and financial reconciliations of their transactions, ignoring the plethora of affiliated transactions listed (even if incorrectly, incompletely or inconsistently) in the Annual Statements of the various companies, and in other ways. In this way, the State Regulatory Defendants compounded whatever misuse of funds, misappropriation of funds, and illegal transfers had already been

effectuated by other parties, and actually encouraged them in their unlawful conduct.

88.

However, regardless of the treatment of the affiliated companies by their officers and directors and by the State Regulatory Defendants, the Petitioners did not view PI, PILICO, or MIDWEST as part or parcel of a larger "single business enterprise" to be toyed with, manipulated, depleted, and stripped of their assets at the whim of their officers, directors or the State Regulatory Defendants, whether motivated by greed, ambition, or fear of political scandal or criticism. When the Petitioners invested part or all of their life savings in PI, PILICO or MIDWEST, they reasonably believed they were doing business with an individual company, standing alone, with its own assets and corporate formalities, and with a regulatory structure which each company had to comply with on its own. The Petitioners were never advised that the State Regulatory Defendants were actually treating these companies as one "single business enterprise" and allowing their owners to transfer assets between the companies without any regulation or proper accounting. Thus, the State Regulatory Defendants violated the Petitioners' legal expectations and rights by illegally treating the affiliated companies as a "single business enterprise," and by directing or allowing the assets of the various affiliated companies to be moved around in a sophisticated but corrupt corporate "sleight of hand." The State continues this conduct today by bringing its action for a declaratory judgment.

89.

In direct contravention of law, the State Regulatory Defendants manipulated PI, PILICO, MIDWEST, FF&G, IPAC and their assets in an unsuccessful attempt to keep FF&G solvent and thereby to prevent another expensive and politically embarrassing tap of the LIGA Fund, following the Champion disaster.

90.

As evidenced by the terms of the Southshore/Riverside/PI purchase in which the Commissioner of Insurance appeared as Intervenor, PI, PILICO, MIDWEST were looted whenever FF&C threatened the LIGA Fund. The State Regulatory Defendants thereby reversed their statutory roles,

and ensured that the assets of PI, PILICO, and MIDWEST would serve as insurance to the LIGA Fund, preventing its insolvency, rather than the other way around.

91.

The combined activities of the DOI and OFI, as articulated in the preceding paragraphs of this Count Two, constituted reckless, willful, outrageous and flagrant misconduct, which was directly responsible for the Petitioners' damages, as further set out at ¶ 133 below, which is incorporated herein by reference. The DOI and OFI, and, through them the State of Louisiana, are solidarily liable for these damages.

92.

These Petitions only learned of these tortious actions within the last four months, and could not with the exercise of reasonable diligence have learned of them sooner.

**COUNT THREE: RECKLESS, WILLFUL, OUTRAGEOUS, AND
FLAGRANT MISCONDUCT BY THE OFI ALONE**

93.

The foregoing paragraphs of this Petition are hereby incorporated by reference in this Count Three as if fully set out herein.

Complicity of the OFI

94.

The State of Louisiana, and its Office of Financial Institutions, through its Commissioner, breached its specific duty to Petitioners to administer and enforce the provisions of the Louisiana Banking Law, and to license, examine, and regulate all phases of IPAC by being negligent and making negligent misrepresentations during the course of its administration of the non-discretionary provisions of the Louisiana banking law and regulations and the Administrative Procedures Act; by exhibiting reckless, willful, wanton, and malicious disregard and misconduct disregard, pursuant to La.R.S. 9:2798.1, in its application of the Banking Law and Regulations to IPAC; and by aiding others to negligently and/or intentionally violate provisions of the banking law and the Insurance Code, including unfair and/or deceptive acts and/or practices, all by means of the acts and omissions articulated in the foregoing paragraphs of this Petition, including the following, among others:

- (a) failing to enforce its own regulations;
- (b) failing reasonably to monitor the activities of IPAC;
- (c) failing, like DOI, to invoke its broad regulatory powers at all, or, in the alternative, failing to invoke them in a timely and effective fashion;
- (d) discharging its regulatory functions with the protection of the Louisiana Insurance Guaranty Fund as its primary objective, as opposed to the protection of the financial integrity and security of financial institutions and insurance companies permitted by OFI to invest in IPAC;
- (e) lending and conferring the OFI's approval, value, credibility, and respectability to IPAC, PI, PILICO, MIDWEST, and FF&C through its participation in the approval of the Southshore/Riverside purchase, and by its inaction, delinquency, malfeasance, misfeasance, gross negligence and/or wanton misconduct, thereby misleading Petitioners whose interest it allegedly protected;
- (f) and other actions or failures to act by the Office of Financial Institutions, which Petitioners will bring in by way of amendment at the appropriate time.

95.

These activities by the OFI, set out in this Count Three, constituted reckless, willful, outrageous and flagrant misconduct, which was directly responsible for the Petitioners' damages, as further set out at ¶ 133 below, which is incorporated herein by reference. The DOI and OFI, and, through them the State of Louisiana, are solidarily liable for their damages.

96.

These Petitions only learned of these tortious actions within the last four months, and could not with the exercise of reasonable diligence have learned of them sooner.

**COUNT FOUR: AIDING AND ABETTING LIABILITY OF
THE DOI AND THE STATE OF LOUISIANA**

97.

The foregoing paragraphs of this Petition are hereby realleged and incorporated by reference in this Count Four, as if fully set out herein.

98.

Through the activities described in the preceding paragraphs, the DOI, through its officers, directors, agents, and employees, and through all

of them, the State of Louisiana, aided and abetted the illegal activities of the RHC/BOMAR/PI group and the Southshore/PRC group, all to the direct pecuniary loss of these Petitioners.

99.

The DOI was aware of the aforementioned irregularities and illegal activities, and knowingly rendered substantial assistance to them.

100.

The activities of the aforementioned individuals, which the DOI aided and abetted, caused substantial damage to the Petitioners, all as set out in ¶ 133 below, which is incorporated by reference, and the DOI and the State of Louisiana are solidarily liable for these damages.

101.

These Petitions only learned of these tortious actions within the last four months, and could not with the exercise of reasonable diligence have learned of them sooner.

**COUNT FIVE: AIDING AND ABETTING LIABILITY OF
THE OFI AND THE STATE OF LOUISIANA**

102.

The foregoing paragraphs of this Petition are hereby realleged and incorporated by reference in this Count Five, as if fully set out herein.

103.

Through the activities described in the preceding paragraphs, the OFI, through its officers, directors, agents, and employees, and through all of them, the State of Louisiana, aided and abetted the illegal activities of the RHC/BOMAR/PI group and the Southshore/PRC group, and the DOI, all to the direct pecuniary loss of these Petitioners.

104.

The OFI was aware of the aforementioned irregularities and illegal activities, and knowingly rendered substantial assistance to them.

105.

The activities of the aforementioned individuals, which the OFI aided and abetted, caused substantial damage to the Petitioners, all as set out in ¶ 133 below, which is hereby incorporated by reference, and the OFI and the State of Louisiana are solidarily liable for these damages.

106.

These Petitions only learned of these tortious actions within the last four months, and could not with the exercise of reasonable diligence have learned of them sooner.

COUNT SIX: AIDING AND ABETTING LIABILITY OF LIGA

107.

The foregoing paragraphs of this Petition are hereby realleged and incorporated by reference in this Count Six, as if fully set out herein.

108.

On information and belief, LIGA, through certain of its officers, directors, and/or employees, was aware of the number and extent of the violations in the management and transactions of PI, PILICO, MIDWEST, IPAC, and FF&C, detailed above.

109.

Despite this awareness, LIGA, through its officers, directors, and/or employees, particularly the Commissioner of Insurance, who is a member of the LIGA Board and to whom the Board reports, joined with the DOI and OFI in assisting, aiding, and abetting management of the aforementioned companies, including the RHC/BOMAR/PI group and the Southshore/PRC group, in these violations. It did this by participating in meetings, examining documents, offering comments, and other actions or failure to act to be discovered during the pendency of this lawsuit.

110.

LIGA knowingly rendered substantial assistance to these extra-statutory activities, and knew or should have know that it was assisting the plan which had as its aim the defrauding of these Petitioners, among others.

111.

The participation of LIGA in these activities was not a part of the statutorily-specified duties of LIGA, nor was it part of the normal activity of LIGA, but rather was outside its legitimate statutory purpose.

112.

Due to its knowing participation and assistance, LIGA is solidarily liable for all damages to these Petitioners, as will be more fully set out in ¶

133 below, which is hereby incorporated by reference. The assets of the LIGA Fund should be made available to pay the damages caused by LIGA's conduct to these Petitioners.

113.

These Petitions only learned of these tortious actions within the last four months, and could not with the exercise of reasonable diligence have learned of them sooner.

**COUNT SEVEN: TORT LIABILITY OF
STANDARD ANALYTICAL SERVICE, INC.**

114.

The foregoing paragraphs of this Petition are hereby realleged and incorporated by reference in this Count Seven, as if fully set out herein.

115.

Standard Analytical Service, Inc. ("Standard Analytical") is a for-profit corporation engaged in the business of consulting published information on insurance companies, evaluating and analyzing that information, and publishing ratings and analyses of companies. These published ratings and analyses are then sold by Standard Analytical to the companies themselves, with the understanding that the companies will use them in marketing their insurance products and otherwise raising capital. Standard Analytical is aware that the end user of its printed materials will be an individual, and expects that the individual will rely upon its printed materials in investing his money in an insurance product or company.

116.

In this case, Standard Analytical analyzed and evaluated the public filings of PILICO which have been previously described, and issued a document entitled, "1990 Standard's Independent Comparative Report on Public Investors Life Insurance Company," a copy of which is attached hereto as Exhibit D (hereinafter the "Report"). Copies of this Report were sold to PILICO by Standard, for a profit, with the knowledge that PILICO would use this document in its marketing effort. On information and belief, similar documents were prepared and distributed for previous years, as well.

117.

This Report states, among other things, that as of December 31, 1989, PILICO was in a more favorable position than Aetna, Allstate, John Hancock, Metropolitan Life, State Farm, Travellers, and numerous other national insurance companies, and contains a conclusion labeled, "Opinion," which recommends and touts the safety of PILICO. This opinion was groundless, false, and its issuance was grossly negligent, reckless, and a violation of all standards of due care.

118.

PILICO mailed its Report to the Petitioners in approximately mid-year 1990. The Petitioners relied on it to their detriment, either by investing additional sums in PILICO, or by continuing to keep their current investments in PILICO.

119.

In its published Report, Standard Analytical employed a misleading format, designed to lead the reader to believe that the Report was based upon figures having been subjected to some State regulatory scrutiny, according to statute, by the State Insurance Department. It did this by the arrangement of categories, the wording of headings, and by the use of words stating that the report is "based upon the current statutory financial statements on file with the State Insurance Departments."

120.

Standard Analytical negligently omitted to include any disclaimer or explanation as to what a "statutory financial statement" for an insurance company is, and in particular, neglected to reveal that such financial statements are prepared by a company's management; that they have not necessarily been reviewed or scrutinized in any way by State officials; and that they should therefore be qualified to that extent. In failing to make this explanation, Standard knew that its Report would be sent out by PILICO to unsophisticated individuals, who had no such knowledge of the significance of these matters.

121.

Instead of emphasizing the ambiguous nature of the figures contained in its Report, Standard Analytical produced charts comparing the performance of PILICO with the twenty-five largest life insurance

companies in America, stating that "We believe that the comparisons made below are significant ... a favorable comparison of these factors can be indicative of favorable achievement." After a chart which appears to show PILICO in a very favorable position compared to the twenty-five largest life insurance companies, Standard published the following "CONCLUSION," highlighted and prominently featured:

CONCLUSION:

The comparative growth record study of the above organization in comparison with the aggregate averages of the TWENTY-FIVE LARGEST COMPANIES in our opinion is very favorable and shows above average accomplishments for the ten year period.

122.

Further, under a heading entitled, "FINANCIAL STABILITY," Standard Analytical published what it termed a "COMPARATIVE ANALYSIS," comparing the "fundamental factors" in assessing "the financial condition" of PILICO, with the same "fundamental factors" for the twenty-five largest life insurance companies in America. These factors were listed, in bold type, as "SOLVENCY;" "SURPLUS FUNDS;" "LIQUID ASSETS;" and "SURPLUS TO LIFE INSURANCE IN FORCE." In each of these categories, Standard Analytical shows PILICO to have substantially outperformed the twenty-five largest life insurance companies--sometimes by a factor of two-to-one.

123.

After making the aforementioned comparison of "fundamental factors," Standard Analytical published the following "CONCLUSION," highlighted and prominently featured:

CONCLUSION:

Based on the financial results achieved in the year ended 1989, the analysis made of the above organization in comparing it with the aggregate averages of the TWENTY-FIVE LARGEST COMPANIES in OUR OPINION is FAVORABLE.

124.

In publishing its CONCLUSION, Standard Analytical represents that its analysis and conclusion were "based on the financial results achieved in the year ended 1989," thereby asserting further that the results reported

for PILICO had been confirmed by Standard Analytical or by some "statutory authority," and that these results had in fact been "achieved" in 1989.

125.

When it made these statements in its Report, Standard Analytical knew or should have known, that there was a very substantial likelihood that these reported results had not been achieved, and that their method of reporting was likely to mislead an unsophisticated reader into erroneous conclusions.

126.

If Standard Analytical relied on the published Annual Reports of PILICO, as indicated in its brochure, it was negligent, grossly negligent, and reckless in failing to notice and/or to investigate and reconcile the numerous inconsistencies and contradictions in these Annual Reports, and among and between the reports of PILICO's affiliate entities, all as outlined above. These inconsistencies and contradictions should have been ascertainable to persons with the expertise and sophistication of Standard Analytical in reviewing such documents. Standard Analytical was also negligent in failing to notice, and/or to investigate, the absence of any holding company registration statements and/or amendments which are required by law.

127.

Standard Analytical held itself out to the public as competent and expert in interpreting insurance company filings. Standard Analytical further assumed a duty to the Petitioners, whom they knew or reasonably should have known to be members of the specific class of persons to whom the Report was directed, to whom it would be distributed, and who would be the ultimate recipients and end users of the information contained in the report.

128.

The Petitioners did not know, and could not have known, of the negligence of Standard Analytical by reasonable resort to the information available to them, and the Petitioners only became aware of Standard Analytical's tortious activities within the past four months. They could not have become aware of Standard Analytical's activities, or Standard

Analytical's knowledge of the circumstances, through the exercise of due diligence prior to that date.

129.

Standard Analytical violated its duty of care to these Petitioners, and its actions were a substantial and probable cause of the loss to these Petitioners. Standard Analytical is solidarily liable with the remaining State Regulatory Defendants in this matter for all damages further set out in ¶ 133 below, which is hereby incorporated by reference.

**THE DEFENDANTS PROXIMATELY
CAUSED PETITIONERS' DAMAGES
(APPLICABLE TO ALL COUNTS)**

130.

Acting individually or in concert, the necessary and foreseeable result of Defendants' breach of duty, gross negligence, wanton misconduct, and/or refusal or failure to timely or effectively regulate PI, PILICO, MIDWEST, FF&C, and IPAC was the virtual insolvency of these companies, and devastating financial losses to the Petitioners, all of which were proximately caused by the aforesaid acts and omissions.

131.

Defendants knowingly misrepresented material facts and failed to disclose material facts to the Petitioners knowing that Petitioners (and others relying upon the Defendants, such as rating services, which provide information to Petitioners) would deem these facts material and, in the case of misrepresented facts, would rely upon the misrepresented facts and, in the case of omitted facts, would rely upon the Defendants' duty to accurately and truthfully provide information relative to the financial condition of the companies, all to Petitioners' detriment.

132.

The Petitioners actually and reasonably relied upon the misrepresented facts, and, in the case of omitted facts, relied upon the duty of Defendants to disclose those facts. If the Petitioners had known of the true financial condition of the companies named herein, they would have acted to prevent the damages and losses from occurring.

PETITIONERS' DAMAGES (APPLICABLE TO ALL COUNTS)

133.

The acts and omissions of Defendants, as described herein, entitle the Petitioners to a judgment against the Defendants jointly, severally and in solido, as follows:

- (a) Rescinding their purchases of insurance policies, annuities, and notes, as the case may be, awarding them restitution of all monies tendered and consideration paid therefor, and ordering legal interest from the date the consideration was paid by each Petitioner; and
- (b) Alternatively, for all damages, including, but not limited to, the following:
 - (i) Loss of insurability by certain Petitioners who became uninsurable over an extended period of time during which Defendants continued to engage in acts and omissions as herein alleged, and concealment by the Defendants of the financial condition of the insurance companies named herein;
 - (ii) Loss of payment of insurance and annuity proceeds and other amounts due and payable, as a consequence of the occurrence of events covered by insurance and annuity contracts between certain petitioners and the insurance companies referred to herein;
 - (iii) Loss of cash values and any other amounts (together with any and all additions thereto, including, but not limited to, dividends and interest) accrued under and in accordance with insurance and annuity contracts between certain Petitioners and the insurance companies referred to herein;
 - (iv) Loss of premiums and any other consideration paid for all insurance and annuity contracts that were in fact worthless when purchased or which became worthless during such time periods that the companies named herein were hopelessly insolvent and during which time period such insolvency was concealed by the Defendants and/or such companies were misrepresented by the Defendants to be solvent thereby causing and/or inducing Petitioners to pay said premiums;
 - (v) Loss of principal and any other consideration invested in annuity contracts and income and additions accrued and accumulated on said

amount or amounts invested in annuity contracts issued by the insurance companies referred to herein to certain Petitioners;

- (vi) Loss of principal and any other consideration invested in notes and other securities, instruments, and contracts together with all income and additions accrued and accumulated on or in connection with same) between certain Petitioners and companies referred to herein;
- (vii) Impairment of the financial condition and credit worthiness of certain Petitioners;
- (viii) Losses of homes, farms, businesses, income, profits and any and all immovable and movable property by certain Petitioners resulting from the financial ruin of these certain Petitioners due to the failure and collapse of the companies named herein;
- (ix) Damages to financial standing and reputation of certain of the Petitioners;
- (x) Pain, suffering, embarrassment, humiliation, emotional distress, and mental anguish resulting from the financial chaos and ruin experienced by the Petitioners;
- (xi) Any and all other damages of every nature and kind suffered and to be suffered by petitioners as a consequence of the acts and omissions of the Defendants.

134.

Petitioners also pray for Judgment against the Defendants jointly, severally, and in solido for attorney's fees, judicial interest, costs, and all expenses of these proceedings and for any and all other general and equitable relief.

WHEREFORE, the Petitioners pray that there be judgment for monetary damages in their favor and against the Defendants, and for such

other and further relief as law, equity and the nature of the case may require.

The Petitioners respectfully pray for a trial by jury, to the full extent permitted by law.

Respectfully submitted, this 11th day of December, 1991.

David P. Smith

DAVID P. SMITH (#12159)
PERCY, SMITH, FOOTE & HONEYCUTT
P. O. Box 1632
720 Murray Street
Alexandria, Louisiana 71309 - 1632
Telephone : (318) 445-4480

John Gregory Odom by DPS

JOHN GREGORY ODOM (#1109)
LAMOTHE, HAMILTON & ODOM
Pan American Life Center
601 Poydras Street, Suite 2750
New Orleans, Louisiana 70130
Telephone: (504) 566-1805

ATTORNEYS FOR PETITIONERS

PLEASE SERVE:

The State of Louisiana
through the Department of Insurance by
serving James H. "Jim" Brown, it's
Commissioner
Baton Rouge, Louisiana.

Department of Insurance of the
State of Louisiana by serving James
H. "Jim" Brown, it's Commissioner
Baton Rouge, Louisiana.

The State of Louisiana, through the
Commissioner of the Office of Financial
Institutions by serving Larry L. Murray,
it's Commissioner
Baton Rouge, Louisiana.

FILED & RECORDED
R. L. STEWART
CLERK OF COURT
91 DEC 11 AM 11 05
BY *[Signature]*
DY CLERK & RECORDER
RAPIDES PARISH LA.

Office of Financial Institutions of
the State of Louisiana by serving
Larry L. Murray, it's Commissioner
Baton Rouge, Louisiana.

Louisiana Insurance Guaranty
Association, through it's Agent for
Service of process,
Ronald A. Reibe
4150 South Sherwood Forest Boulevard,
Baton Rouge, LA 70816

Standard Analytical Service, INC.,
by serving
John B. La Macchia, Jr.
First National Bank, 7707 Forsyth, St.
Louis, MO 63105

Standard Analytical Service, Inc.,
through the Secretary of State for the
State of Louisiana.
Baton Rouge, Louisiana

The State of Louisiana by
serving its Attorney General,
William J. Guste, Jr.
Baton Rouge, Louisiana

Last name	First name	Address	City	State	Zip	Parish
Abshire	Donald W.	206 Abshire Drive	Kaplan	LA	70548	Versailles
Adams	Gesela	P. O. Box 644	Larose	LA	70373	Lafourche
Alexander	James D. & Alice L.	Rt. 2, Box 360	Pollock	LA	71467	Grant
Allen	Lottie Caldwell	345 Bailey Street	Minden	LA	71055	Webster
Amberg	Larry Wade	P. O. Box 271	Tioga	LA	71477	Rapides
Anderson	Alfred	2610 Roosevelt Ave.	Shreveport	LA	71104	Caddo
	Wesley	4735 Willow Glen St.	Alexandria	LA	71302-3153	Rapides
Arnold	Glen	P. O. Box 113	Slapson	LA	71474	Vernon
Ashworth	James D.	Route 2, Box 298	Plain Dealing	LA	71064	Bossier
Atwell	William E.	P. O. Box 25	Tioga	LA	71477	Rapides
Auzenne	Lucy Mae Lemelle	Rt. 3, Box 109 A2A	Opelousas	LA	70570	Evangeline
Awtry	Noraa Jean	209 Espanita Drive	Haughton	LA	71037	Bossier
Aycock	Maydean	5515 Jeff Davis Dr.	Alexandria	LA	71302	Rapides
	Mildred B.	512 North Preston St.	Marksville	LA	71351	Avoyelles
Bailey	Nadine B.	617 Meadowdale	Shreveport	LA	71108	Caddo
Baptist Church	Bright Morning Star	521 Baptist Street	Pinaville	LA	71360	Rapides
Barthold	Gladys	9512 Mulberry Drive	Shreveport	LA	71115	Caddo
Bartlett	Thelma	1507 McHabb	Lake Charles	LA	70601	Calcasieu
Bassett	Mary Lois	1600 Quin	Bossier City	LA	71112	Bossier
Bates	Metra	930 East Hwy. 40	Independence	LA	70443	Tangipahoa
Beck	Betty Ann	7238 River Garden Drive	Houston	TX	77095	
Bell	Geraldine	1712 11th Street	Lake Charles	LA	70601	Calcasieu
Benoit	Mildred H.	Route 10, Box 206, Hwy. 90	Lake Charles	LA	70601	Calcasieu
Bergeron	Arthur William	304-A Windersere Blvd.	Alexandria	LA	71303-3553	Rapides
	Lyle E. & Jeanne C.	2429 Webster Street	Alexandria	LA	71301	Rapides
Besson	Donald	204 Ela St.	Thibodaux	LA	70301	Lafourche
Billingsley	Oscar E. & Marjorie S.	1700 McClelland Dr.	Natchitoches	LA	71457	Natchitoches
Bird	Larry R. & Susan	10315 Loma Vista Drive	Shreveport	LA	71115	Caddo
Blakesley	F. Ross & Sadie	505 Wiabledon Blvd.	Alexandria	LA	71303	Rapides

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Blanchard	Lawrence	515 Resensitch St.	Harvey	LA	70058	Jefferson
Bollenbacher	Lesla S.	P. O. Box 294	Forest Hill	LA	71430	Rapides
Bolton	Travis & Joella & Shelly	P. O. Box 164	Slapson	LA	71474-0164	Vernon
Bordelon	Cilton J. and Doris	836 Highpoint Drive	Alexandria	LA	71303	Rapides
	Randy J.	P. O. Box 87	Moreauville	LA	71355	Avoyelles
	Ray John	Rt. 1, Box 412	Plaucheville	LA	71362	Avoyelles
Borne	John Berchmans	171 Atlantic Avenue	Shreveport	LA	71105-3014	Caddo
	Peter J.	#3 Arrowhead Point	Maurice	LA	70555	Vermilion
Bossier	Leonard H.	ATTN: Debbie Eddleson, P. O. Box 7177	Alexandria	LA	71306	Rapides
Boudreaux	Louis	P.O. Box 323	Hahnville	LA	70057	St. Charles
Bourgeois	Gustave J.	Rt 1 Box 574	Reserve	LA	70084	St. John Bapt.
Bourque, Sr.	Joseph Roy	2005 New School St.	Lake Charles	LA	70605	Calcasieu
Brocato	Thomas A.	P. O. Box 410832	San Francisco	CA	94141-0832	
Brodnax	Johnnie L.	P.O. Box 1366	Glenmora	LA	71433	Rapides
Brouillette	Woodruff A. & Sarah D.	Rt. 3, Box 429	Marksville	LA	71351	Avoyelles
Brown	Crawford P. & Florence	2601 Donahue Ferry Rd.	Pineville	LA	71360-4433	Rapides
	Kenneth L. & MurLee T.	361 Arthur Ave.	Shreveport	LA	71105	Caddo
Bruce	Nolan J.	169 Felicia Dr.	Avondale	LA	70094-2720	Jefferson
Bryant	Cordis	7416 Camelback Dr.	Shreveport	LA	71105	Caddo
Burroughs	Roy Dean	9438 Pitch Pine Drive	Shreveport	LA	71118	Caddo
Byars	Nell M.	9555 Goodwood Blvd.	Baton Rouge	LA	70815	East Baton Rouge
Caire	Edward P.	119 St. John Street	Luling	LA	70070	St. Charles
Caldwell	Odis L. & Jean	3022 Glenwick St.	Shreveport	LA	71108	Caddo
Carroll	Robert & Beverly	12524 N. Palmer Lane	Port Allen	LA	70767	W. Baton Rouge
Cason	Esmit Ray & Ramona S.	Route 3, Box 225	Coushatta	LA	71019	Red River
Chandler	John & Virginia	448 Albert Avenue	Shreveport	LA	71105	Caddo
Chapman, Sr.	Wm. F. & Virginia R.	Route 1, Box 238	Delhi	LA	71232	Madison
Chauffee	JoLaine	471 Broussard St.	Breaux Bridge	LA	70517	St. Martin
Chesnut	Mina	9806 Chaseway	Shreveport	LA	71118	Caddo

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Cheesnut, Jr.	Aaron R.	9906 Chaseway	Shreveport	LA	71119	Caddo
Chevalier	Mildred G./Sue C. Hayes	375 Town & Country Road	Alexandria	LA	71302	Rapides
Chevallier, Jr.	Odoe V.	34 Shelby Smith Rd.	Deville	LA	71328	Rapides
Childers	Margie T.	34899 Bearsan Drive	Oenhas Springs	LA	70724-0767	Livingston
Clark-Waddell	Frances P.	880 Francais Drive	Shreveport	LA	71119	Caddo
Clay	Martha A. & Susan A.	P. O. Box 44559	Shreveport	LA	71134	Caddo
Clay, Jr.	James B.	375 Windermere Blvd.	Alexandria	LA	71303	Rapides
Colborn	Elsie Marie Hooter	4132 Mayflower Blvd.	Alexandria	LA	71303	Rapides
Cola, Jr.	Sam R.	400 Camille Street	Alexandria	LA	71301	Rapides
Coleman	Donald M.	701 Baron Lane	Kenner	LA	70065	Jefferson
Collins, Jr.	Daniel E. & Rae Hopkins	108 Rose Court	Pineville	LA	71360-4753	Rapides
Corley	Hazel B.	P. O. Box 702	Jena	LA	71342	La Salle
	Hazel B. and Edward	P. O. Box 702	Jena	LA	71342	La Salle
	Rachel Anise	1500 Military Hwy	Pineville	LA	71360	Rapides
Cortez	Sidney	19510 Mulberry St.	Vacherie	LA	70090	St. James
Cothern	Gwendolyn S.	6507 Burke Street	Shreveport	LA	71108	Caddo
Covington	John M. & Yvionda Joy	Route 3, Box 495	Centar	TX	75935	
Cox	Elaine	HC 80, Box 292-A	Leesville	LA	71446	Vernon
Coyle	Bob L.	2010 Beth Lane	Shreveport	LA	71118	Caddo
Crowe	Verdie D.	4935 Beech Street	Baton Rouge	LA	70805	East Baton Rouge
Daniel	Thomas B.	635 High Lake Ave.	Baton Rouge	LA	70810-4336	East Baton Rouge
Daspit	Vera	3210 Horseshoe Drive	Alexandria	LA	71301	Rapides
Davidson	Hersan J, Verda & Kevin	3814 Lisa Street	Alexandria	LA	71302	Rapides
Davis	April Marie	1307 Dark St.	Ruston	LA	71270	Lincoln
	Lois B. & Elao	P. O. Box 27	Pittin	LA	70656	Vernon
	Nancy Dell	414 West Craig St.	Tallulah	LA	71282	Madison
Davitt	Stephen J.	6101 River Road	Shreveport	LA	71105	Caddo
Deason	Ralph W. & Melba L.	HC 80, Box 193	Leesville	LA	71446	Vernon
DeMoss	Terry	16 Vance Rd.	Benton	LA	71006	Bossier

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Denison	Lucille S.	P. O. Box 3195	Longstreet	LA	71050	Desoto
Derveloy, Sr.	Thomas S.	P. O. Box 25	Centerville	LA	70522	St. Mary
Digiloraoc	Louis R.	720 Lincoln Drive	Shreveport	LA	71107	Caddo
Donaldson	Mary Jane W.	208 Mary St.	Norco	LA	70079	St. Charles
Dowden	Marie N.	120 Chester Street	Alexandria	LA	71301	Rapides
Dowden, Jr.	Alvin C.	106 E. Lula	Leesville	LA	71446	Vernon
Doyle	Mrs. Millard	2204 Greenway Drive	Alexandria	LA	71301	Rapides
Dreyfuss	Henry E.	c/o Jules H. Dreyfuss, 8331 E. Wilderness Way	Shreveport	LA	71106	Caddo
Duck	Eric S./Kimberly J.	P. O. Box 143	Forest Hill	LA	71430	Rapides
Ducote	Cecile J.	57 Saint Anthony St.	Luling	LA	70070	St. Charles
	Howard P.	57 Saint Anthony Street	Luling	LA	70070	St. Charles
Dudley	Silas	2929 Logan St.	Shreveport	LA	71103	Caddo
Dunbar	Steve G. & Gail P.	7456 Esler Field Road	Pineville	LA	71360	Rapides
Eden	Merline	c/o Jimmy Genovese, Attorney, P. O. Box 253	Opelousas	LA	70571-0233	Evangeline
Edwards	Dorothy F.	Rt. 1, Box 188 M	Oakdale	LA	71463	Allen
Elam	Arthur L. & Eloise K.	904 Cedar Street	Ruston	LA	71270	Lincoln
Ellis	Patsy	Rt. 2, Box 553	Pallock	LA	71467	Grant
Erbesti	James R.	7810 Walden Road	Baton Rouge	LA	70808	East Baton Rouge
	Stephanie	7810 Walden Road	Baton Rouge	LA	70808	East Baton Rouge
Eschette, Jr.	Raymond & Donna	3751 Derbigny Street	Metairie	LA	70001	Jefferson
Falgout	Hazel S.	P.o. Box 685	Thibodaux	LA	70302	Lafourche
	Roland F.	3737 Essen Lane #4	Baton Rouge	LA	70809	East Baton Rouge
Falgout, Sr.	Nolan P.	P.O. Box 685	Thibodaux	LA	70302	Lafourche
Farrelly	Donald F. & Doris L.	c/o Kaiser-AlPart, P. O. Box 529	Arabi	LA	70032	St. Bernard
Faul	Joseph Edgar	312 Equipment Lane	Caracra	LA	70520	Lafayette
Fields	Betty Ivey	229 Albert Avenue	Shreveport	LA	71105	Caddo
	Bruce B.	P. O. Box 235	Ringgold	LA	71068	Bienville
Firestone	R. Bernard	636 Pelican Place	Shreveport	LA	71105	Caddo

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Fisher	Norman & Florence	3708 Greenway Place	Shreveport	LA	71105	Caddo
Fitzpatrick	Mary J.	20719 Chestnut Hills Drive	Katy	TX	77450	
Flick	Dorothy	4504 Garden St.	Metairie	LA	70001	Jefferson
Flowers	Inez W.	P. O. Box 25	Tioga	LA	71477	Rapides
Fontanot	Gilbert	Rt. 11, Box 1506	Lake Charles	LA	70611	Calcasieu
	Ryan	P. O. Box 119	Lattell	LA	70550	St. Landry
Foster, Jr.	Charles B.	736 Monrovia St.	Shreveport	LA	71106-1614	Caddo
Francis, Sr.	Sus Edward	P. O. Box 165	St. Joseph	LA	71366	Tensas
Franz	David L.	5609 Sarah Constant Ct.	Alexandria	LA	71303	Rapides
Frye	W. Ray	P. O. Box 5286	Alexandria	LA	71307	Rapides
Funderburk	Floyd K.	204 Griffin Street	Pineville	LA	71360	Rapides
Gamble	Herzan D. and Eva	Route 1, Box 128	Grand Cane	LA	71032	Desoto
Gauthier	Evans P./Pauline F.	Rt. 1, Box 469	Hessner	LA	71341	Avoyelles
	Mary Nell	Rt. 1, Box 425	Plaucheville	LA	71362	Avoyelles
Gay	Jessie L.	P. O. Box 8601	Shreveport	LA	71148	Caddo
Gentry	G. W.	Route 1, Box 352	Many	LA	71449	Sabine
George	Odelia M.	1203 Canterbury Drive	Alexandria	LA	71303	Rapides
Gilcrease	Duncan S.	1918 Magnolia Ave.	Shreveport	LA	71101-4828	Caddo
Gilcrease, Jr.	John & Mary	P. O. Box 713	Tioga	LA	71477	Rapides
Green	James Edward	31383 LA. 441	Holden	LA	79744	Livingston
	Paula H.	31383 LA. 441	Holden	LA	79744	Livingston
Greer	George & Kata	5644 W. Circle Dr.	Alexandria	LA	71301	Rapides
Groseclose	Fairfax T.	722 Edgesont	Shreveport	LA	71106	Caddo
Guilbeau	Levy P.	7832 Prescott Rd.	Baton Rouge	LA	70812	East Baton Rouge
Guillory	Eulalie	Rt. 1, Box 195B	Plaucheville	LA	71362	Avoyelles
	Glenn	Rt. 1, Box 189-A	Plaucheville	LA	71362	Avoyelles
	James H.	Rt. 1, Box 190	Plaucheville	LA	71362	Avoyelles
	Ricky	Rt. 1, Box 195B	Plaucheville	LA	71362	Avoyelles
Haggart	Warren D. & Clara B.	881 Chickawaw Road	LeCoepte	LA	71346	Rapides

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Hale	Helen	1602 Oakland St.	Pineville	LA	71360	Rapides
Haapton, Jr.	Lester E.	30514 South Woods Rd.	Holden	LA	70744	Livingston
Hanna	Mary	4612 Shreveport Hwy	Pineville	LA	71360	Rapides
Harper	Willard L. & Catherine	2116 Boyce St.	Alexandria	LA	71301	Rapides
Harris	Corey	508 Allen	Ville Platte	LA	70586	Evangeline
	Gladys	Rt. 1, Box 950	Noble	LA	71462	Sabine
Hart Pro Med Ret	John	1200 Ave G	Marrero	LA	70072	Jefferson
Hart, Sr.	John C. & Leslie B.	1200 Ave. G STE. 201	Marrero	LA	70072	Jefferson
Harvey	Ellena D.	990 Chickasaw Rd.	Lecompte	LA	71346	Rapides
Hayes	Frances C.	1767 74th Avenue	Baton Rouge	LA	70807	East Baton Rouge
	James and Esther	375 Town & Country Road	Alexandria	LA	71302	Rapides
	Jimmie S.	375 Town & Country Road	Alexandria	LA	71302	Rapides
Hayes, Jr.	Calvin	HC 74, Box 51	Effie	LA	71331	Avoyelles
Heard	Eddie L.	P. O. Box 653	Minden	LA	71058	Webster
Hickman	Marie C.	Box 6090, Hwy. 470	Lecompte	LA	71346	Rapides
Hill	Doris G.	Route 2, Box 64	Logansport	LA	71049	Desoto
	Edna B.	P. O. Box 1249	Minden	LA	71058	Webster
Holaes	Gobby E. & Misell H.	4133 Mayflower Blvd.	Alexandria	LA	71303	Rapides
	Duanna L.	5544 Fairway Dr.	Zachary	LA	70791-2312	E. Baton Rouge
Holaes, Jr.	Don B.	5544 Fairway Drive	Zachary	LA	70791-2312	E. Baton Rouge
Hood	Lorrie A.	Route 5, Box 283A	Coushatta	LA	71019	Red River
Hudson	Eddie	117 Bruce St.	Shreveport	LA	71105	Caddo
	Marshall B.	117 Bruce St.	Shreveport	LA	71105	Caddo
Hudspeth	Ferol Ann	c/o Ivel C. Wagner, P. O. Box 427	Jena	LA	71342	La Salle
Hurst	Warren	701 Avenue K	Kentwood	LA	70444	Tangipahoa
Hutchinson	Jerald	1708 Elise Ave.	Metairie	LA	70003	Jefferson
Jackson	Marilyn R.	1425 Farragut Street	New Orleans	LA	70114	Orleans
Jackson, Sr.	Howard W.	P. O. Box 279	Lecompte	LA	71346	Rapides
Jacobs	D. P. "Jake"	2327 Horseshoe Dr.	Alexandria	LA	71301	Rapides

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Jameson	Edna L.	95 Joe Rosier Rd.	Deville	LA	71329	Rapides
	James R.	95 Joe Rosier Rd.	Deville	LA	71329	Rapides
Jantz	Eugene	P. O. Box 304	DeRidder	LA	70634	Seauvegard
Jefferson	Joseph O.	Route 1, Box 42	Doyline	LA	71023	Webster
Jennings	Vernelle W.	18322 Sutter Street	Hesperia	CA	92345-6947	
Johnson	Cora	5297 12th Street	Port Arthur	TX	77542	
	Jeff	100 Gladys Dr.	Alexandria	LA	71303	Rapides
	Jessy W.	9810 Stone Lake Place	Shreveport	LA	71108	Caddo
	Rickey	HC-81, Box 14	LaCamp	LA	71444	Vernon
Johnston	Leason	Rt. 3, Box 510	Rayville	LA	71269	Richland
Jones	Miriam L.	P. O. Box 996	Haughton	LA	71037	Bossier
	Theodis	Rt. 1, Box 878	Dubberly	LA	71024	Webster
Kastner	Joan Z.	P. O. Box 9546	Metairie	LA	70055	Jefferson
Kelley	Lutilla Harris	123 E. Robinson Place	Shreveport	LA	71104-2525	Caddo
Kelly	David	5717 Flagler St.	Metairie	LA	70003	Jefferson
	Mary	1008 Pecan St.	Ruston	LA	71270	Lincoln
Kenerson	Serial & Vanetta	5519 Hagerstown Ave.	Baton Rouge	LA	70817	East Baton Rouge
Kennair, Sr.	Donald	409 Schlieff Dr.	Belle Chasse	LA	70037	Plaquemines
Kieff	Neva	Rt. 2, Box 529	Cut Off	LA	70345	Lafourche
Kilpatrick	Zuma V. & Carol V.	Route 7, Box 37	Bastrop	LA	71220	Morehouse
Kinsey	Minnie & Roosevelt(III)	705 Talton St.	Minden	LA	71055	Webster
Kirkham	Marshall M.	18 Burma Road	Pineville	LA	71360	Rapides
Lachney	Havage J. & Faye	1919 Wedgewood Avenue	Alexandria	LA	71301	Rapides
Lacombe	Ellis L.	Route 1, Box 153	Hessaer	LA	71341	Avoyelles
	Gerald & Narcile D.	P. O. Box 13	Echo	LA	71330	Rapides
Lacour	Wilbert J.	Rt. 1, Box 137-D	Plaucheville	LA	71362	Avoyelles
LaCroix	Camille	604 Terra Avenue	Alexandria	LA	71303	Rapides
Lafleur	Michael J.	945 Main Street	Hackberry	LA	70645	Cameron
Lalonde	Charles	10734 Dawncrest	Baton Rouge	LA	70811	East Baton Rouge

Last name	First name	Address	City	State	Zip	Parish
Laabert	Henry R.	126 Grand Oak Drive	Oestrehan	LA	70047	St. Charles
Lartigue	Kathleen M.	13423 Clear Oak	Baton Rouge	LA	70818	East Baton Rouge
Lastrapes	Philip T.	1459 Fern St.	Opelousas	LA	70570	Evangeline
Lavespere	Freddie A.	313 Milton St.	Pineville	LA	71360	Rapides
	Katie F.	313 Milton St.	Pineville	LA	71360	Rapides
Lawhorne	Violet Yvonne	Route 1, Box 424	Noble	LA	71462	Sabine
LeBlanc	Elvin J.	Rt. 1, Box 312	Lockport	LA	70374	Lafourche
Legg	James E. & Audrey A.	307 Country Club Circle East	Minden	LA	71055	Webster
LeMaire	Carl L.	Rt. 1, Box 229 AC	Kaplan	LA	70548-9754	Vernilion
Leaelle	Sostain or Mary	Rt. 3, Box 109 AAA	Opelousas	LA	70570	Evangeline
Leaone	Rosalie F.	709 Waltham Ave.	Metairie	LA	70001	Jefferson
Lindner	Lynn	6301 Stevenson Ave., #903	Alexandria	VA	22304	Rapides
Linek	Francis W. & Barbara A	P. O. Box 610791	Port Huron	MI	48061-0791	
Lingamallu	Surya M.	2157 Pebble Beach Dr.	La Place	LA	70068	St. John Bapt.
Lofton	Edward L.	905 Captain Shreve Drive	Shreveport	LA	71105	Caddo
London	Tommie L.	12322 White Chapel Avenue	Baton Rouge	LA	70810	East Baton Rouge
Louque	Herman A.	578 Marino Dr.	Norco	LA	70079	St. Charles
	Thelma R.	578 Marino Dr.	Norco	LA	70079	St. Charles
Luapkin	Hiriam	1061 Anderson Drive	Leesville	LA	71446	Vernon
Lynd	Ronald L.	5915 Skylark Drive	Alexandria	LA	71303	Rapides
Lynnes	Jerry G.	P. O. Box 4903	Incline Village	NV	89450	
Lyons	Elizabeth	12816 Jefferson Hwy.	Baton Rouge	LA	70816	East Baton Rouge
Mack	Henry D.	610 Woods St.	Minden	LA	71055	Webster
Marcua	Morris S.	P. O. Box 303	Deville	LA	71328	Rapides
Massie	Louis David	362 Alexandria Hwy.	Leesville	LA	71446	Vernon
McCartney	David F.	1817 Dixie Street	Alexandria	LA	71303	Rapides
McDanielis	Dottie June	Route 1, Box 402	Logansport	LA	71049	Desoto
McDonnell	Janice M.	7777 Williams Road	Keithville	LA	71047	Caddo
	Owen & Hope M.	7777 Williams Road	Keithville	LA	71047	Caddo

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McFadden	Merton Elgin	106 Cherry St.	Columbia	LA	71418	Caldwell
McBaunn	John Edward	1909 Camille Street	Bossier City	LA	71112	Bossier
	Misty Michelle	1909 Camille Street	Bossier City	LA	71112	Bossier
McBraw III	John	818 W. Claude	Lake Charles	LA	70605	Calcasieu
McKeen	Debra K.	109 Southfield, Apt. 65	Shreveport	LA	71105	Caddo
McKnight	Archie C. & Lillian V.	8325 Hwy. 29 East	Pineville	LA	71360	Rapides
McNary	Virgil L.	5005 Hillcrest Ave.	Dallas	TX	75205-2280	
McPherson	Michelle L.	48 Williford Road	Pineville	LA	71360	Rapides
McVay	Charles W.	Rt. 2, Box 343-C	Bentley	LA	71407	Grant
Mecalis	Joseph & Diane	103 Ransom Drive	Pineville	LA	71360	Rapides
Methvin	Wilton A.	9830 Mansfield Rd.	Shreveport	LA	71118	Caddo
Meyer	Joe L.	822 Trammell Drive	Baton Rouge	LA	70815	East Baton Rouge
Middlebrooks	Marion E. & Rosa L.	Rt. 1, Box 504	Sunset	LA	70584	St. Landry
Miller	Darby D.	3941 Lexington Dr.	Alexandria	LA	71301	Rapides
Millette, Jr.	Ferman J.	115 Arlette Drive	Lafayette	LA	70503	Lafayette
Mias	Melvin	Rt. 1, Box 703	Dubberly	LA	71024	Webster
Miner	Ronnie J.	c/o Finicial Courier, 2496 Ayrshire Cove	Memphis	TN	38119	
Moffett	Kay	8026 Pines Rd.	Shreveport	LA	71129	Caddo
Morris	Melba J.	4005 Prytania St.	Shreveport	LA	71109	Caddo
Morrow	Mildred	Rt. 1, Box 1132	Pollock	LA	71467	Grant
Moss	Bobby & Aleta	2002 Columbus Circle	Leesville	LA	71446	Vernon
Moye	Harold	5800 Masonic Drive	Alexandria	LA	71301	Rapides
	Melba Arastrong	7159 Chishola	Baton Rouge	LA	70811	East Baton Rouge
Murov	Abie & Cecile Katz	8325 Ashbourne Drive	Shreveport	LA	71106	Caddo
Murphy	Doyle K.	174 Sherwood Drive	Dry Prong	LA	71423	Grant
	Kenneth D. & Linda S.	4002 Wellington Blvd.	Alexandria	LA	71303	Rapides
Musgrove	Mavis W.	1833 Palawood Drive	Baton Rouge	LA	70816	East Baton Rouge
Myer	Marcus Gerald	603 Parent St.	New Roads	LA	70760	Pointe Coupee
	Philip Gralend	603 Parent St.	New Roads	LA	70760	Pointe Coupee

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Myer	Renard	603 Parent St.	New Roads	LA	70750	Pointe Coupee
Myers	Charlie	34610 Lotts Lane	Danham Springs	LA	70725	Livingston
	Jennifer F.	2835 Fifth Street	Owings	MO	20736	
	Nancy Sue	3656 Goldenrod	Huntsville	TX	77340	
Myrick	Lola Elizabeth Rigdon	c/o Anne Tear Burnley, P.O. Box 1192	Coushatta	LA	71019	Red River
Narcisse	Paul	7027 Cemetery Hwy.	St. Martinville	LA	70582	St. Martin
Nash	Barnie & Faye	423 Fourth Street	Jonesboro	LA	71251	Jackson
Neie	Gary A. & Dorothy P.	P. O. Box 3058	Pineville	LA	71360	Rapides
Nelson	Bobby J.	Rt. 7, Box 1196	Ruston	LA	71270	Lincoln
	Geneva L. & Doraan L.T.	600 Talton Street	Minden	LA	71055	Webster
Nethery	William B.	335 Bird Avenue	Natchitoches	LA	71457	Natchitoches
Nicholas	Daisy	345 Oriole Lane	Shreveport	LA	71105	Caddo
Nichols	Rita	P. O. Box 73	Cloutiersville	LA	71415	Natchitoches
Nolen	Roy or Paula	Route 1, Box 288	Coushatta	LA	71019	Red River
Norman	Thomas R.	524 Smith Drive	Metairie	LA	70005	Jefferson
Normand	Louis S.	P. O. Box 454	Libuse	LA	71348	Rapides
Northam	George A.	6607 W. Canal	Shreveport	LA	71108	Caddo
Oliver	Tiaothy	503 North Hardy St.	Amite	LA	70422	Tangipahoa
Parent	Charles M.	5911 Benjamin St.	Alexandria	LA	71303	Rapides
Pate	Barbara	7854 Emile Street	Baton Rouge	LA	70807	East Baton Rouge
Perkins	Eulalie H.	Rt. 1, Box 1243	Natchitoches	LA	71457	Natchitoches
	Mark	1503 E. Park Ave., #U-4	Valdosta	GA	31602	
Picou	Fernand	P. O. Box 229	Thibodaux	LA	70301	Lafourche
Pierson	Ann Beatty	141 Chelsea Street	Shreveport	LA	71105	Caddo
Pinckley	Janssen & Catherine	509 Holiday Circle	Pineville	LA	71360	Rapides
Pippins	Ralph L. & Jane D.	9996 Hwy. 165	Forest Hill	LA	71430	Rapides
Porta	Felix & Frances	1806 Bayou Drive	Shreveport	LA	71105	Caddo
Potter, Jr.	M. Odell	5423 Rhodes Ave.	New Orleans	LA	70131	Orleans
Pousson	Collins L.	2915 Kathy Ann	Alexandria	LA	71301	Rapides

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Powell	Joseph	1010 Hwy. 1	Thibodaux	LA	70301	Lafourche
Przejan	Barney	1109 Bernard Blvd.	Abbeville	LA	70510	Versailles
Rabalais	Bateman	3162 Marydon Drive	Baton Rouge	LA	70814	East Baton Rouge
	Jimmie Nelle A.	2908 Hill St.	Alexandria	LA	71301-4715	Rapides
Reeder	Karen Michele	c/o Charlesatta B.Reeder, 505 Morrow St.	Minden	LA	71055	Webster
Reynolds	Aubon & Blanche	2723 West Main Street	Houma	LA	70360	Terrebonne
	Le Don & Doris	1912 Laredo Dr.	Houma	LA	70360	Terrebonne
Richard	Harold	Rt. 5, Box 320	Opelousas	LA	70570	Evangeline
	Judy	421 Pinecrest Dr.	Sulphur	LA	70663	Calcasieu
Robertson	Rance	Route 2, Box 553	Pollock	LA	71467	Grant
Robichaux	Muriel G.	4215 Hwy. 1	Raceland	LA	70394	Lafourche
Robinson	James D. & Averil	Route 2, Box 237	Jonesboro	LA	71251	Jackson
	Ralph	Route 1, Box 111	Bienville	LA	71008	Bienville
Robinson, Jr.	Lynn & Betty	110 Cabildo Drive	Lafayette	LA	70506	Lafayette
Rodgers	Helan Mae	1429 Farragut St.	New Orleans	LA	70114	Orleans
Rogers	Glenn J.	Rt. 1, Box 433	Simmesport	LA	71369	Avoyelles
Road	Edward	1606 South Sandra	Gonzales	LA	70737	Ascension
Rosa	Diane	14009 Huntley Avenue	Baton Rouge	LA	70818	East Baton Rouge
Rougeau	Ruby Lee	95 Rougeau Lane	Lacompte	LA	71346	Rapides
Rougeou	James	Route 3, Box 117A-5	Bonham	TX	75418	
Roussel	Dwight	2407 Oriole Loop	LaPlace	LA	70068	St. John Bapt.
Rowland	Eloise	P. O. Box 281	Blanchard	LA	71009	Caddo
Russell	Stanford & Dorothy N.	506 Cox St.	Bastrop	LA	71220	Morehouse
Rutherford	James Auston & Heather	HC-81, Box 14-A, Hwy. 463	LaCaap	LA	71444	Vernon
Sasser	Bobby L. & Sherrill L.	8645 Ridgemont Dr.	Pineville	LA	71360	Rapides
Savoie	Ted J.	Rt. 1, Box 241-A	Cut Off	LA	70345	Lafourche
Scallan	Edmond	Rt. 1, Box 137E	Plaucheville	LA	71362	Avoyelles
Schenck	Richard A.	308 Chinchilla Dr.	Arabi	LA	70032	St. Bernard
Schiro	Alphonse	HC 63, Box 399	Merryville	LA	70653	Beauregard

Last name	First name	Address	City	State	Zip	Parish
Schaidt	Edwin F.	36225 Sunset Dr.	Dousman	WI	53118	
	Marianne B.	119 Big Lake Road	Pineville	LA	71360-9998	Rapides
	Robert P.	119 Big Lake Rd.	Pineville	LA	71360-9998	Rapides
Sharp	Mrs. Ruby F.	1711 Latiaer	Alexandria	LA	71303	Rapides
Shaw	Larry K.	P. O. Box 5	East Point	LA	71025-0005	Red River
Sikes	Peggy F.	512 Sweetbriar Drive	Alexandria	LA	71303	Rapides
Simmons	Mentoria L.	432 S. Dresden Circle	Shreveport	LA	71115	Caddo
Simoneaux	Beatrice B.	134 River Oaks Drive	Luling	LA	70070	St. Charles
	Gerald and Beatrice	134 River Oak Drive	Luling	LA	70070	St. Charles
	Hobby A.	134 River Oaks Dr.	Luling	LA	70070	St. Charles
Sias	Dorothy E.	1624 Shannon Road	Alexandria	LA	71301	Rapides
Slay	Lural L.	1811 Shady Lane Drive	Shreveport	LA	71119	Caddo
Smith	Angela Corley	1900 Evelyn Blvd.	Jena	LA	71342	La Salle
	Curtis M. & Dorothy A.	750 Smith Brook Road	Leesville	LA	71446	Vernon
	Geneva M.	2003 Mohon Street	Alexandria	LA	71301	Rapides
	Raymond F.	714 Boulevard	Shreveport	LA	71104	Caddo
	Ronald Lynn	2356 Laurelwood Drive	Baton Rouge	LA	70816	East Baton Rouge
Smith, Jr.	Arthur L.	P. O. Box 100	Norco	LA	70079	St. Charles
	Essett R. & Dolores S.	6356 Celia Avenue	Baton Rouge	LA	70811	East Baton Rouge
Sparks, Jr.	Robert B.	808 Windermere Boulevard	Alexandria	LA	71303	Rapides
Spencer	Tommy W.	3706 Maywood	Alexandria	LA	71302	Rapides
Spurgeon	Edmond L.	804 Windermere Blvd.	Alexandria	LA	71303	Rapides
St. Amant	Nora A.	801 Jackson St.	New Roads	LA	70760	Pointe Coupee
St. Pierre	Wayne	104 Seven Oaks Ct.	Destrehan	LA	70047	St. Charles
Stack	George	311 Melrose Drive	Thibodaux	LA	70301	Lafourche
Steed	William V. & Joanna H.	402 Forest Circle	Ruston	LA	71270	Lincoln
Stefek	Frank J. & Wilma M.	Route 1, Box 875	Many	LA	71449	Sabine
Stepreau	Dorothy M.	12239 N. Wendover Drive	Baton Rouge	LA	70814	East Baton Rouge
Sterling	Patricia	5810 Kilona Drive	Baton Rouge	LA	70812	East Baton Rouge

Last name	First name	Address	City	State	Zip	Parish
Stavens	Perry Wayne	761 Hickory St.	Gretna	LA	70056	Jefferson
Stierman	Martha E.	713 Bodd Drive	Shreveport	LA	71107	Caddo
Stokes	Mrs. Vance	P. O. Box 73	Tioga	LA	71477	Rapides
Statt	Ethei K.	P. O. Box 87	Slaughter	LA	70777	Feliciana
Stottlemyre	Peggy D.	1551 Third St.	Chillicothe	MO	64601	
Strickland	Jeffrey & Kathy	Rt. 3, Box 700 A	Kentwood	LA	70444	Tangipahoa
Strother	Eleanor Ray	H.C. 81, Box 15	LaCaap	LA	71444	Vernon
Sullivan	Iva D. & Helen B.	6409 Gladys St.	Metairie	LA	70003	Jefferson
Suaerville	Sanford C. & Minnie Lee	Route 3, Box 69-E9	Hawthorne	FL	32640	
Sweet	Lawrence & Doris	135 Neco Town Rd.	New Iberia	LA	70560	Iberia
Tabor	Willis Wayne	3057 Hayes Drive	Shreveport	LA	71118	Caddo
Talley	Louise W.	9137 Mansfield Rd., #91	Shreveport	LA	71118	Caddo
Tarver	Janet Ducote	P. O. Box 34	Libuse	LA	71348	Rapides
Tassin	Abel	Route 1, Box 59	Moreauville	LA	71355	Avoyelles
Tate	Michael	5639 West Circle Drive	Alexandria	LA	71301	Rapides
Taylor	Louela	1005 E. Bennett St.	Sedro Woolley	WA	98284	
Taylor, Jr.	Henry & Estella J.	3212 Blanchard Road	Shreveport	LA	71103-2011	Caddo
Thomas	Buddy D.	304 N. Middle Landing	Hinden	LA	71055	Webster
Thompson	Maj. (Ret.) George C.	361 Alexandria Hwy.	Leesville	LA	71446	Vernon
	Woodrow	1205 E. South St.	Opelousas	LA	70570	Evangeline
Thornton, Jr.	Russell H.	Rt. 4, Box 906	Moss Bluff	LA	70611	Calcasieu
Tillman	Ann W.	8733 Pecan Tree Drive	Baton Rouge	LA	70809	East Baton Rouge
Townsend, Jr.	W. B.	1909 Albert Street	Alexandria	LA	71301	Rapides
Trahan	Arnold & Wanda	Rt. 2, Box 753	Maurice	LA	70555	Vermilion
	Biane L.	1014 Jacqueline Dr.	New Iberia	LA	70560	Iberia
Turner	Charles Wilber	HC-79, Box 186	Leesville	LA	71446	Vernon
Usner, Sr.	Richard A.	5516 York Street	Metairie	LA	70003	Jefferson
Utecht	Kathleen Carol Reed	446 Tiffany Trail	Richardson	TX	75061	
Vaughn	Olen K.	P. O. Box 483	Port Sulphur	LA	70083	Plaquemines

Last name	First name	Address	City	State	Zip	Parish
Vercher	James D. & Ruthann	P. O. Box 391	Baton Rouge	LA	70821-0391	East Baton Rouge
Volo	Pauline	3125 Cadiz St.	New Orleans	LA	70125	Orleans
Wagner	Ivel C.	P. O. Box 427	Jena	LA	71342	La Salle
	John R.	3046 S. Freemont	Springfield	MO	65807	
	Robert C.	5208 Fieldcrest Avenue	Alexandria	LA	71303	Rapides
	Todd S.	206 N. Lulwood	Springfield	MO	65802	
Walker	Harry J. & Willie T.	Route 1, Box 354	Many	LA	71449	Sabine
Wallace	Adell	Rt. 1, Box 880	Dubberly	LA	71024	Webster
	Dillon D.	1727 Audubon Pl.	Shreveport	LA	71105	Caddo
	Tommy & Odella	P. O. Box 14	Dubberly	LA	71024	Webster
Walton	Christola L.	613 District Drive	Minden	LA	71055	Webster
	Shirley J.	6176 Pebble Beach	Shreveport	LA	71129	Caddo
Warino	Angelo	126 MU St. P.O. Box 355	Belle Chasse	LA	70037	Plaquemines
Warner	Augustine C.	2576 77th Avenue	Baton Rouge	LA	70807	East Baton Rouge
Webster	Odessa R.	1706 Oakland Street	Pineville	LA	71360	Rapides
Welsh	Lola B.	8541 Parkdale Drive	Shreveport	LA	71108	Caddo
Wendt	Doris	257 Suzanne Dr.	Shreveport	LA	71115	Caddo
Westbrook	Euell	Star Route, Box 14A	Bay Springs	MS	39422	
Westmoreland	Bruce D.	526 SPM Road	Leesville	LA	71446	Vernon
	Robert V.	504 Pine Acres Dr.	Leesville	LA	71446	Vernon
Whitley	Lloyd W.	5524 Navaho Trail	Alexandria	LA	71301	Rapides
Wheat	Carolyn C.	621 Angela Ave.	Arabi	LA	70032	St. Bernard
White, Jr.	Eric B.	407 Chandler Dr.	Pineville	LA	71360	Rapides
Whitler	James O.	948 Candler Ave.	Shreveport	LA	71107-3907	Caddo
Wiggins	Gilbert B.	19170 Wyaer Rd.	Covington	LA	70433	St. Tammany
Wiles	T.V. & Stella	Route 1, Box 132	Grayson	LA	71435	Caldwell
Williams	Alma H.	3020 Wallace Drive	Shreveport	LA	71119-3304	Caddo
	Beatrice	1011 Jackson St.	Thibodaux	LA	70301	Lafourche
	Dewey F.	10316 Harts Island Road	Shreveport	LA	71115	Caddo

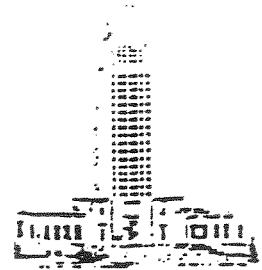
Last name	First name	Address	City	State	Zip	Parish
Williams	Lura Bell	2717 Woodlawn Drive	Alexandria	LA	71303	Rapides
Wilson	Daniel	1014 Ciro St.	Morgan City	LA	70380	St. Mary
	Robert L. & Virginia K.	607 Thompson St.	Bossier City	LA	71111	Bossier
Windham	Cecil Felix	112 Leo Avenue	Shreveport	LA	71105-3316	Caddo
Wise, Sr.	John J.	3434 Reily Lane	Shreveport	LA	71105	Caddo
Witte	Betty Jane Breshears	2853 Lynda Lane	Shreveport	LA	71118	Caddo
Womack	John	207 N. Lombard	Opelousas	LA	70570	Evangeline
Wyatt	Jerry A.	Rt.1, Box 22-A	Pitkin	LA	70656	Vernon
Young	Georgia C.	4603 Heyman Lane, #117	Alexandria	LA	71303	Rapides
Zeranque, Jr.	Elvie	8705 Ridgemont Drive	Pineville	LA	71360	Rapides



OFFICE OF FINANCIAL INSTITUTIONS

BATON ROUGE, LOUISIANA

November 22, 1988



FRED C. DENT
COMMISSIONER OF
FINANCIAL INSTITUTIONS

Gary A. Cotogno, Attorney
Pickering, Cotogno, Dalsa & Dunn
301 Magazine Street
New Orleans, Louisiana 70130

Re: Insurance Premium Assistance Company

Dear Gary:

After your many conversations of the past few days with Joe Chase and our attorneys, we have concluded that La.R.S. 6:451 requires that we comply with the delays provided in La.R.S. 49:953. This precludes us from issuing a certificate of authority prior to December 9, 1988.

But, La.R.S. 6:451 provides that your client only need be licensed to engage in the business of lending money, receiving deposits, paying checks or any one or more of such activities only when the total income derived from those activities will exceed fifty thousand dollars.

Our interpretation of the phrase "will exceed fifty thousand dollars" is and can only mean "once" the income derived exceeds the threshold amount. Until income exceeds the threshold an application to our office appears unnecessary.

This leads us to the conclusion that your client, although already having filed an application, was not required to do so, and could commence the business of receiving deposits immediately and once the threshold figure is exceeded then it must be required to demonstrate that fact to our office and a certificate of authority must be issued.

This alleviates the snafu which presently exists due to the requirements of complying with the delays in La.R.S. 49:953, and provides us with additional time to work out the inter-company lending issue.

This office will be prepared to issue your client its certificate of authority no later than December 12, 1988, upon compliance with all application requirements, all of which appear to be in order at this time.

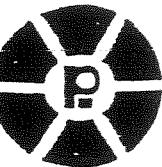
I trust this will meet with your approval.

Sincerely

Fred C. Dent

Commissioner of Financial Institutions

FGD/GLN:da



PUBLIC INVESTORS LIFE
INSURANCE COMPANY

*The
Good Life
Company*

ONE CORPORATE SQUARE

2230 SOUTH MACARTHUR DRIVE

ALEXANDRIA, LA 71301

PHONE (318) 445-9351

12/31/89

DILLON WALLACE
1727 AUDUBON PL.
SHREVEPORT LA 71105

Policy Number: 0005308 Plan: IRA1
Policy Effective Date: 3/19/1984 ANNUITY CASH VALUE: \$26,140.72
FOR YEAR END: 1989

AS REQUIRED BY THE IRS REGULATIONS WE ARE REPORTING
THE FAIR MARKET VALUE OF YOUR ANNUITY AS OF 12/31/1989.
THE FAIR MARKET VALUE IS \$26,140.72

If you have not contributed to your IRA for 1989 or 1990 tax year, this is a perfect time. As you know, Public Investors is a Legal Reserve Company. We currently have \$29,250,000 in CDs, \$8,920,000 in Bonds, and \$1,005,000 in debentures.

We have had the greatest year in the history of the company, our Life sales tripled last year and our inforce premium has increased over \$1,000,000 in the past several months.

You are a valuable client, thank you for your confidence in our company.

If I can be of further assistance, please contact me at 1-800-622-6604 or (318) 445-9351.

Sincerely,

Craig Campos
Policyholder Service Dept. Mgr.

CJC/S38

THE PUBLIC INVESTORS COMPANIES

Pico Credit Corporation

Public Investors Life Insurance Company

MC Press Printing and Advertising

Public Investors Fire Insurance Company

What is Standard Analytical Service, Inc.?

Standard Analytical Service, Inc. is independent of any insurance company or companies, and we do not sell any kind of insurance. Our financial reports and comparisons, reprints of which are paid for by the companies, are based on statutory financial statements filed with the state insurance departments.

The aggregate averages featured in this report are derived from the total sums of the financial statistics for the companies making up the aggregate averages. These total sums are large numbers, thus the probability of substantial year to year deviations in these averages is small. On the other hand, the averages for the individual company featured herein, based upon its financial statistics alone, can be more prone to wide deviations from year to year. The key ratio in this financial report and comparison is the ratio of Assets for each \$100 of Liabilities. The other ratios featured are selected from a group of ratios.

This report should not be interpreted as an analysis of the stock value of a capital stock company, nor is it intended to imply that the company featured will be as successful or is better than the companies making up the aggregate averages, nor is it a recommendation or analysis of the specific policy provisions, rates or claims practices of the organization featured. Its use for all companies, stock, mutual or fraternal, is intended to serve as a guide with respect to the current financial responsibility of the individual company featured herein, based upon the current statutory financial statements on file with the state insurance departments where they are available for public inspection.

Our *58th* Year of Service — Organized 1932

*Factual Insurance
Reports of Significance*



Standard Analytical Service, Inc.
12 North Central Avenue • Saint Louis, Missouri 63105

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1990

Standard's Independent Comparative Report On...

PUBLIC INVESTORS LIFE
INSURANCE COMPANY

Alexandria, Louisiana

This Report prepared by
Standard Analytical Service, Inc.
Analysts of the Insurance Industry since 1932

Financial Stability

The financial condition of a life insurance organization is an important element in public confidence. In this regard we believe the fundamental factors listed below are significant. The following is a COMPARATIVE ANALYSIS of these basic factors, comparing

PUBLIC INVESTORS LIFE INSURANCE COMPANY

with the 25 largest United States life insurance companies issuing life insurance to the general public.

Since these 25 companies have an average of over 100 years of life insurance experience, and own a major portion of the invested assets and life insurance in force of all the companies, a favorable comparison of these factors can be indicative of financial stability.

BASIC SIGNIFICANT FACTORS — AS OF DECEMBER 31, 1989 DERIVED FROM THE ANNUAL STATEMENT

(The 25 Life Companies listed below are the largest by the amount of Assets held for the protection of their policyholders.)

Solvency

A wide margin of Assets over Liabilities can be a significant safety factor. This indicates financial soundness and a Company's ability to meet all obligations as they become due.

Assets for each \$100 of Liabilities as of Dec. 31, 1989.

Aetna Life Ins. and Annuity Co., CT	\$102.14
Aetna Life Insurance Company, CT	103.10
Allstate Life Insurance Company, IL	105.72
Connecticut General Life Ins. Co., CT	104.11
Connecticut Mutual Life Ins. Co., CT	103.62
Equitable Life Assurance Society, NY	102.59
Equitable Variable Life Ins. Co., NY	105.37
Executive Life Insurance Co., CA	103.61
IDS Life Insurance Company, MN	102.49
John Hancock Mutual Life Ins. Co., MA	104.16
Lincoln National Life Ins. Co., IN	105.24
Massachusetts Mutual Life Ins. Co., MA	104.74
Metropolitan Life Insurance Co., NY	103.99
Mutual Benefit Life Ins. Co., NJ	103.68
Mutual Life Insurance Co. of New York, NY	103.31
Nationwide Life Insurance Co., OH	103.97
New England Mutual Life Ins. Co., MA	103.11
New York Life Ins. and Annuity Corp., DE	104.61
New York Life Insurance Co., NY	106.01
Northwestern Mutual Life Ins. Co., WI	105.13
Pacific Mutual Life Insurance Co., CA	103.09
Principal Mutual Life Ins. Co., IA	103.83
Prudential Insurance Co. of America, NJ	103.84
State Farm Life Insurance Co., IL	114.03
Travelers Insurance Company, CT	105.19

AVERAGE 25 LARGEST LIFE COMPANIES \$104.13

PUBLIC INVESTORS LIFE INS. CO. \$112.71

Surplus Funds

(Including Capital, if any)
Per \$100 of Policy Reserves:

A high surplus ratio may indicate a company's ability to take emergencies in stride. It shows the proportion of surplus funds to the policy reserve liabilities.

AVERAGE 25 LARGEST LIFE COMPANIES \$7.58
PUBLIC INVESTORS LIFE INS. CO. \$13.62

Liquid Assets

Assets in Bonds, Stocks,
Cash and Short-Term Invest-

ments for each \$100 of Liabilities: A high ratio may indicate a more liquid investment position to cover unforeseen emergency cash requirements that may arise.

AVERAGE 25 LARGEST LIFE COMPANIES \$49.56
PUBLIC INVESTORS LIFE INS. CO. \$85.99

Surplus to Life Insurance

in Force Ratio of Surplus for each \$1000 of Life Insurance in Force: A high ratio of surplus to life insurance in force may indicate further proof of financial strength and stability.

AVERAGE 25 LARGEST LIFE COMPANIES \$6.67
PUBLIC INVESTORS LIFE INS. CO. \$14.39

FINANCIAL STATEMENT SUMMARY AS OF DECEMBER 31, 1989

Admitted Assets	Premium Income
\$51,619,106.00	\$ 7,109,597.00
Liabilities	Total Income
\$45,796,545.00	\$ 11,189,769.00
Gross Surplus (Incl. Capital, if any)	Insurance In Force
\$ 5,822,561.00	\$404,741,000.00

*100 Annuity Deposits

Conclusion

Based on the financial results achieved in the year ended 1989, the analysis made of the above organization in comparing it with the aggregate averages of the 25 LARGEST COMPANIES in OUR OPINION is FAVORABLE.


IT'S A FACT . . . That the long term growth record of a life insurance company is an important measure of its outstanding accomplishments in the life insurance industry. In this regard we believe the comparisons made below are significant since they compare the growth record of **PUBLIC INVESTORS LIFE INSURANCE COMPANY** with the 25 largest life insurance companies in the United States. Since these 25 companies have an average of over 100 years of life insurance experience, and own a major portion of the invested assets and life insurance in force of all the companies, a favorable comparison of these factors can be indicative of favorable achievement.

10 YEAR GROWTH RECORD: December 31, 1979 to December 31, 1989, Derived from the Annual Statements


The following table shows the growth record of the above organization in comparison with that of the 25 Largest Life Companies in significant areas of life insurance operations:
(The 25 Life Companies are the largest by the amount of ASSETS held as of December 31, 1989.)

**RECORD OF GROWTH
PUBLIC INVESTORS LIFE INSURANCE COMPANY**


ASSETS

	1989	\$51,619,106.00
	1979	\$11,069,911.00
	Percentage Increase	366.3%
AVERAGE 25 LARGEST COMPANIES		159.8%


POLICY RESERVES

	1989	\$42,763,673.00
	1979	\$ 5,782,503.00
	Percentage Increase	639.5%
AVERAGE 25 LARGEST COMPANIES		101.9%


INSURANCE IN FORCE

	1989	\$404,741,000.00
	1979	\$118,687,000.00
	Percentage Increase	241.0%
AVERAGE 25 LARGEST COMPANIES		133.4%


NET INVESTMENT INCOME

	1989	\$3,590,015.00
	1979	\$ 721,314.00
	Percentage Increase	397.7%
AVERAGE 25 LARGEST COMPANIES		180.1%

***PREMIUM INCOME**

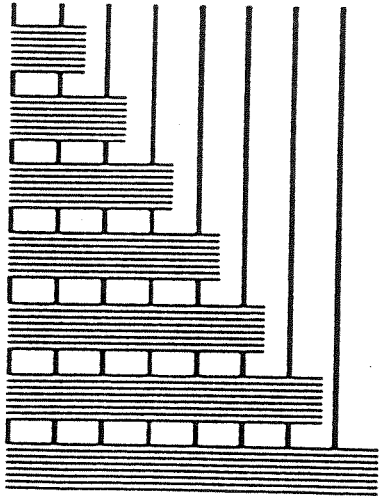
	1989	\$7,109,597.00
	1979	\$2,988,449.00
	Percentage Increase	137.9%
AVERAGE 25 LARGEST COMPANIES		80.5%

TOTAL INCOME

	1989	\$11,189,769.00
	1979	\$ 3,720,824.00
	Percentage Increase	200.7%
AVERAGE 25 LARGEST COMPANIES		160.5%

*100 Annuity Deposits

CONCLUSION: The comparative growth record study of the above organization in comparison with the aggregate averages of the 25 LARGEST COMPANIES in our opinion is very favorable and shows above average accomplishments for the 10 year period.



Report On:
RECORD
GROWTH
STANDARD'S

1990

What is

STANDARD ANALYTICAL SERVICE, INC.?

Factual Analyses of Significance

Standard Analytical Service, Inc. is independent of any insurance company or companies, and we do not sell any kind of insurance. Our financial reports and comparisons, reprints of which are paid for by the companies, are based on statutory financial statements filed with the state insurance departments.

is it intended to imply that the company featured will be as successful or is better than the companies making up the aggregate averages, nor is it a recommendation or analysis of the specific policy provisions, rates or claims practices of the organization featured. Its use for all companies, stock, mutual or fraternal, is intended to serve as a guide to the growth record of the company featured herein, based upon the current statutory financial statements on file with the state insurance departments where they are available for public inspection.

This report should not be interpreted as an analysis of the stock value of a capital stock company, nor



COMPETENT
RESPONSIBLE

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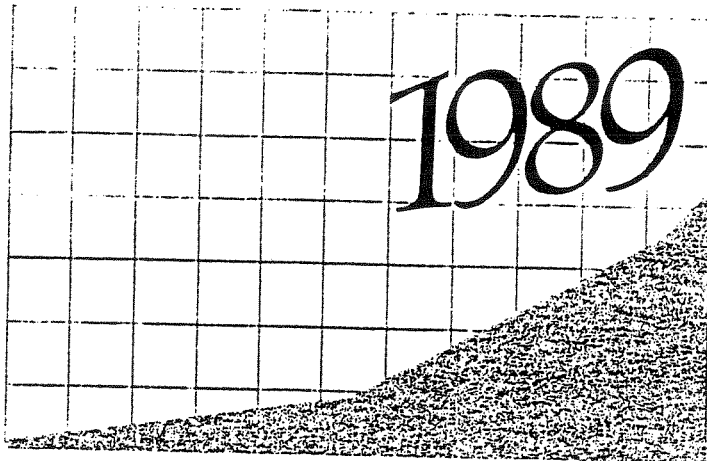
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What is STANDARD ANALYTICAL SERVICE, INC.?

Standard's
Growth
Record
Report On:



IT IS A FACT . . . That the long term growth record of a life insurance company is an important measure of its outstanding accomplishment in the life insurance industry. In this regard we believe the comparisons made below are significant since they compare the growth record of

PUBLIC INVESTORS LIFE INSURANCE COMPANY

with the 25 largest life insurance companies in the United States. Since these 25 companies have an average of over 100 years of life insurance experience, and own a major portion of the invested assets and life insurance in force of all the companies, a favorable comparison of these factors can be indicative of favorable achievement.

10 YEAR GROWTH RECORD: December 31, 1978 to December 31, 1988, Derived from the Annual Statements

The following table shows the growth record of the above organization in comparison with that of the 25 Largest Life Companies in significant areas of life insurance operations.

(The 25 Life Companies are the largest by the amount of ASSETS held as of December 31, 1988.)

RECORD OF GROWTH

PUBLIC INVESTORS LIFE INSURANCE COMPANY

Category	1988	1978	Percentage Increase	Average 25 Largest Companies
ASSETS	\$50,930,727.00	\$10,163,085.00	401.1%	Average 25 Largest Companies 161.9%
POLICY RESERVES	\$42,055,192.00	\$ 4,951,501.00	749.3%	Average 25 Largest Companies 102.8%
INSURANCE IN FORCE	\$438,078,000.00	\$111,821,000.00	291.8%	Average 25 Largest Companies 142.5%
NET INVESTMENT INCOME	\$3,812,457.00	\$ 409,336.00	831.4%	Average 25 Largest Companies 196.8%
GROSS SURPLUS	\$5,092,329.00	\$1,457,046.00	249.5%	Average 25 Largest Companies 140.5%
TOTAL INCOME	\$15,637,082.00	\$ 3,420,105.00	357.2%	Average 25 Largest Companies 155.1%

CONCLUSION: The comparative growth record study of the above organization in comparison with the aggregate averages of the 25 LARGEST COMPANIES in our opinion is very favorable and shows above average accomplishments for the 10 year period.

PUBLIC INVESTORS LIFE INSURANCE COMPANY

Alexandria, Louisiana