

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE PLATINUM-BEECHWOOD LITIGATION,

Civil Action No.
1:18-cv-06658 (JSR)

WASHINGTON NATIONAL INSURANCE COMPANY
and BANKERS CONSECO LIFE INSURANCE
COMPANY,

Cross-Claim and Third-Party Plaintiffs,

Civil Action No.
1:18-cv-12018 (JSR)

v.

PLATINUM MANAGEMENT (NY) LLC, et al.,

Cross-Claim and Third-Party Defendants.

**DECLARATION OF ADAM J. KAISER IN SUPPORT OF MOTION TO ENFORCE
STATE SECURITY STATUTES**

I, Adam J. Kaiser, declare and state as follows:

1. I am a partner at Alston & Bird LLP, counsel to Bankers Conseco Life Insurance Company and Washington National Insurance Company (collectively, “Movants”) in the above-captioned consolidated action.

2. I make this Declaration, of my own personal knowledge and based upon the documents in my possession referred to herein, in support of Movant’s motion for security under New York’s and Indiana’s security statutes.

3. A true and correct copy of the “Order Regarding Interim Security,” in the arbitration captioned *Bankers Conseco Life Insurance Company and Washington National Insurance Company v. Beechwood Re Limited et al.*, AAA Case No. 01-16-0004-02510, dated September 14, 2017, is attached hereto as **Exhibit 1**.

4. A true and correct copy of the “Third Order Regarding Claimants’ Motion for Interim Security,” in the arbitration captioned *Bankers Conseco Life Insurance Company and Washington National Insurance Company v. Beechwood Re Limited et al.*, AAA Case No. 01-16-0004-02510, dated October 23, 2017, is attached hereto as **Exhibit 2**.

5. A true and correct copy of the Cayman Islands Monetary Authority and Beechwood Re’s “Winding Up Petition,” dated August 7, 2018, is attached hereto as **Exhibit 3**.

6. I declare under penalty of perjury that the foregoing is true and correct.

Dated: New York, New York
June 11, 2019

ALSTON & BIRD LLP

By: /s/ Adam J. Kaiser

Adam J. Kaiser
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EXHIBIT 1

IN THE MATTER OF THE ARBITRATION BETWEEN

**BANKERS CONSECO LIFE INSURANCE
COMPANY and WASHINGTON NATIONAL
INSURANCE COMPANY,**

Claimants / Counterclaim Respondents,

v.

AAA Case No. 01-16-0004-2510

BEECHWOOD RE LIMITED,

Respondent / Counterclaimant.

ORDER REGARDING INTERIM SECURITY

Having received and reviewed the Claimant's Motion and Brief in Support of Their Motion For Interim Security, Beechwood's Response to CNO's Motion For Interim Security, Claimant's Reply Brief In Further Support Of Their Motion For Interim Security, numerous exhibits, declarations and authorities supporting the Parties' briefs; having heard oral argument on August 18, 2017; and having considered all of the foregoing;

THE PANEL HEREBY FINDS:

1. This Panel entered an order on August 22, 2017 requiring Beechwood Re to provide interim security to Claimants; ordering Beechwood's Controller to produce a financial report to the Panel on or before September 1, 2017; and ordering the parties to meet and confer in an attempt to agree on the amount of security to be provided;
2. The Controllers did produce a financial report to the Panel and the parties failed to agree on the amount of interim security to be provided to Claimants;
3. The amount of interim security is within the discretion of the Panel. Although there is case law that supports the Panel ordering the full amount requested by Claimants, and the Panel could so order without regard to any analysis with respect to the merits of Claimant's case, to do so here would not make any eventual order any more "final and binding" due to Beechwood's lack of funds, and would therefore, only result in striking Beechwood's counterclaim and any defenses;

4. The Panel hereby exercises the discretion afforded it by AAA Commercial Procedures R-37 and finds that ordering pre-hearing security in the amount requested by Claimants will not afford a just result as too many questions remain open:

5. If Beechwood were not in a dire financial position, the Panel's analysis might have been different but would likely not have been for the full amount requested by Claimants. While Claimants suggest they have suffered loss exceeding \$137 Million, Beechwood suggests that the losses, if any are \$25 Million and that CNO holds security for nearly twice that amount. In reality, assets continue to be liquidated and a difference in discount rates is likely to be the largest determining factor with respect to damages, if any. One view of the discount rate supports Claimant's request and the other view suggests that CNO is currently over-collateralized;

6. The Panel is not convinced that either party has sufficiently made their case, and they are not required to at this point in time, which is why the Panel believes that justice requires a full hearing on this matter rather than a default judgment with a determination of damages;

7. On the other hand, the Panel does not believe that CNO should be required to pursue this arbitration without even the potential recovery of their own fees and costs. This is not to say that the Panel is suggesting that fees and costs will be awarded against Beechwood but that if CNO prevails, and is unable to collect on any judgment awarded in their favor, they should at least be able to recoup the amount that was required to pursue the arbitration.

THE PANEL HREBY ORDERS:

8. CNO shall prepare an estimate of the amount they expect it will cost to pursue this arbitration against Beechwood Re with the intent that Beechwood Re will be required to post that amount in pre-hearing security;

9. In preparing this estimate and in assessing how the parties wish to proceed in this matter, the Panel suggests that serious consideration be given to the ways in which this matter can be expedited, including the possibility of summary judgment on various issues; submission of testimony through affidavits with cross examination reserved for a hearing; elimination of the need for deposition testimony;

10. Given the financial condition of Beechwood Re, the Panel believes that a hearing will be the best course of action to do justice and get to a "final and binding" result, to the extent possible. However, if Beechwood Re is unable or unwilling to provide

interim security consistent with paragraph 8 of this Order, the Panel reserves its right to order same and, if Beechwood Re fails to comply, move to a default judgment with a hearing on damages;

11. The Parties are hereby ordered to meet and confer and report back to the Panel by September 21, 2017 with respect to the matters set forth in paragraph 8 and 9 of this Order.

Ordered this 14th day of September, 2017.

Debra J. Hall, Chair
Susan S. Clafin
Caleb Fowler

EXHIBIT 2

IN THE MATTER OF THE ARBITRATION BETWEEN

**BANKERS CONSECO LIFE INSURANCE
COMPANY and WASHINGTON NATIONAL
INSURANCE COMPANY,**

Claimants / Counterclaim Respondents,

v.

AAA Case No. 01-16-0004-2510

BEECHWOOD RE LIMITED,

Respondent / Counterclaimant.

THIRD ORDER REGARDING CLAIMANTS' MOTION FOR INTERIM SECURITY

Having considered the Claimant's Motion For Interim Security, Beechwood's Response to CNO's Motion For Interim Security, Claimant's Reply Brief In Further Support of Their Motion For Interim Security, numerous exhibits, declarations and authorities supporting the Parties' briefs; having heard oral argument on August 18, 2017, as well as numerous additional email submissions of the parties subsequent to this Panel's two prior Orders on this motion,

THE PANEL HEREBY FINDS:

1. This Panel entered an Order on August 22, 2017, requiring Beechwood Re to provide interim security to Claimants; ordering Beechwood's Controller to produce a financial report to the Panel on or before September 1, 2017; and ordering the parties to meet and confer in an attempt to agree on the amount of security to be provided;
2. This Panel entered a second Order on September 14, 2017, requiring Claimants to prepare an estimate of the amount it will cost to pursue this arbitration against Beechwood; directing both parties to give serious consideration to ways in which this matter can be streamlined/expedited; and requiring the parties to again meet and confer;
3. The parties have reported back to the Panel with respect to the Panel's September 14, 2017 Order. The Claimants estimate that it will cost (conservatively) \$5 million in attorneys' fees plus \$3 million in expert fees from now until submittal of post-

hearing briefs. Claimants have also requested that their previously incurred attorneys' fees and expert fees of \$5 million be included in the interim security award for a total of \$13 million. Because they understandably want to ensure collection of some amount of their award should they prevail, Claimants have requested that additional interim security be provided beyond the \$13 million. There is some indication that Beechwood could provide a letter of credit in the amount of \$2.5 million within 30 days and an additional amount, perhaps \$2.5 million, at some future point in time;

4. The parties have made no progress with respect to the Panel's request that they give serious consideration regarding ways to streamline/expedite the arbitration, nor have they reached any agreement with respect to the amount of security to be provided by Beechwood;

5. As stated in the Panel's September 14, 2017 Order, the Panel remains willing to enter a default judgment in the event that its Orders for interim security are not met by Beechwood. The Panel also noted in the same Order that it believes that justice is not best-served in this matter by striking Beechwood's counterclaim and defenses and proceeding to a default judgment and hearing on damages;

6. Although Claimants are understandably frustrated by Beechwood's essentially insolvent financial condition, making any potential judgment they obtain of questionable value, it is Beechwood's financial status that has put Claimants in that position, not this Panel. What this Panel can and will strive to achieve is a fair and full presentation of the issues in dispute in a streamlined and expedited manner by ordering a phased approach to interim security; working closely with counsel to impose streamlined procedures and processes on the parties; imposing discovery expectations and limitations upon the parties; and monitoring the expenditure of attorneys' fees and costs.

THE PANEL HEREBY ORDERS:

1. Beechwood shall provide security in the amount of \$2.5 million no later than thirty (30) days from the date of this Order;

2. Beechwood shall provide security in the target amount of an additional \$2.5 million by a target date of one hundred twenty (120) days from the date of this Order;

3. Within seven (7) days, the parties shall provide the Panel with availability on January 17th or 18th, 2018 for a second organizational meeting, in person in New

York City, at which the parties shall be prepared to discuss the specifics of the discovery that each party wishes to pursue, including depositions, subpoenas and document discovery. The Panel plans at that time to specify dates by which discovery will be complete and will impose restrictions, if necessary, on the amount and type of discovery that will be permitted with the intent of streamlining and expediting this matter;

4. The parties will provide the Panel with suggested status conferences monthly thereafter and updates on subsequent orders to be issued by the Panel;

5. The Panel will monitor the expenditure of attorneys' fees and costs in this matter as well as the ongoing financial condition of Beechwood, through anticipated reports of Beechwood's Controllers, and adjust or increase any interim security as appropriate throughout the pendency of this proceeding.

Ordered this 23rd day of October 2017.

Debra J. Hall, Chair
Susan S. Claflin
Caleb Fowler

IN THE MATTER OF THE ARBITRATION BETWEEN

**BANKERS CONSECO LIFE INSURANCE
COMPANY and WASHINGTON NATIONAL
INSURANCE COMPANY,**

Claimants / Counterclaim Respondents,

v.

AAA Case No. 01-16-0004-2510

BEECHWOOD RE LIMITED,

Respondent / Counterclaimant.

ORDER REGARDING CLAIMANT'S MOTION TO VACATE INTERIM ORDER

Claimants have filed a Motion to Vacate Interim Order, requesting that this Panel vacate the portion of the Interim Order entered by Emergency Arbitrator Michael S. Wilder, dated October 27, 2016, (hereinafter "Emergency Order") which ordered that attorneys' fees and costs associated with the application for emergency relief be apportioned entirely against Claimants.

Having considered the pleadings filed by both parties and having heard oral argument on October 19, 2017,

THE PANEL HEREBY FINDS:

1. This Panel has jurisdiction to review and modify the Emergency Order generally, and specifically pursuant to AAA R-38(f);
2. The Emergency Arbitrator exceeded his authority by apportioning attorneys' fees against the Claimants;
3. Pursuant to AAA R-38(i), the Emergency Arbitrator had jurisdiction to apportion costs, subject to the power of this Panel to make the final determination on apportionment.

THE PANEL HEREBY ORDERS:

1. That portion of the Emergency Order awarding attorneys' fees against Claimants is hereby vacated;

2. That portion of the Emergency Order apportioning costs entirely against Claimants is hereby stayed. Final judgment on the apportionment of costs associated with the Claimant's application for emergency relief, and any other costs in this matter will be reserved until the conclusion of this arbitration, unless otherwise determined by the Panel.

Ordered this 23rd day of October, 2017

Debra J. Hall, Chair
Susan S. Claflin
Caleb Fowler

EXHIBIT 3

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

CAUSE NO. FSD: *144* OF 2018 []

IN THE MATTER OF THE COMPANIES LAW (2018 REVISION)
IN THE MATTER OF SECTION 24 (5) (e) OF THE INSURANCE LAW, 2010
AND IN THE MATTER OF BEECHWOOD RE (IN CONTROLLERSHIP)

BETWEEN



CAYMAN ISLANDS MONETARY AUTHORITY

AND

BEECHWOOD RE

WINDING UP PETITION

Petitioner

Respondent



To the Grand Court of the Cayman Islands, Financial Services Division

The humble petition of the Cayman Islands Monetary Authority ("CIMA" or the "Petitioner") of 80 Shedden Road, Elizabethan Square, P.O. Box 10052, Grand Cayman KYI-1001, Cayman Islands shows that:-

1. BEECHWOOD RE ("**Beechwood**") was incorporated as a Cayman Islands exempted company on 11 June 2013 (Registration No: 278453) and issued a Class "B" licence by CIMA as an insurer on 25 July 2013, pursuant to section 4(3)(b) of the Insurance Law, 2010 ("IL").
2. CIMA's records show that the registered office of Beechwood is Global Captive Management Ltd. ("**GCM**"), P.O. Box 1363, Building 3, 23 Lime Tree Bay Avenue, Governors Square, Grand Cayman KY1-1108. GCM and KPMG are the insurance managers and the auditors in the Cayman Islands respectively for Beechwood.
3. CIMA's records show that at the time of licensing Beechwood was owned by Messrs. David Isaiah Levy ("**Mr. Levy**") (49.99%), Mark Moshe Feuer ("**Mr. Feuer**") (33.34%) and Scott Andrew Taylor ("**Mr. Taylor**") (16.67%) who were also the directors. Shortly thereafter, Beechwood became directly owned by Beechwood Re Holdings Inc. ("**Holdings**"), a Delaware Corporation. On 28 January 2014, a request for a change in equity ownership of Holdings was received by CIMA which resulted in 19 family trusts owning 45% non-voting common shares in Holdings. The beneficiaries of these trusts included the family members of Mr. Mark Nordlicht ("**Mr. Nordlicht**" a co-founder of

Platinum) and Mr. Murray Huberfeld ("**Mr. Huberfeld**") (co-founder and chief investment officer of Platinum). The remaining non-voting common shares were owned in trusts by Mr. Levy (5%), Mr. Feuer (33%) and Mr. Taylor (17%). The voting common shares were owned in trusts by Mr. Feuer (61%), Mr. Taylor (30%) and Mr. Levy (9%). Beechwood Re Investments, LLC ("**Beechwood Investments**") held 6,200 non-voting preferred shares. Mr. Levy remained a director of Beechwood and the investment manager until November 2014, at which time he returned to work for his former employers Platinum Partners LP ("**Platinum**"). Platinum were a New York based hedge fund group registered with and regulated by the United States Securities and Exchange Commission ("**SEC**").

4. Currently, Beechwood is still owned 100% by Holdings with Mr Feuer, Mr Taylor acting as its directors. Holdings shares are now being held by four trusts (for the benefit of the families of Mr Feuer and Mr Taylor) and an individual called Kerry Propper. Beechwood Investments also holds preference shares in Holdings.
5. The ultimate beneficial owners of Beechwood are Mr. Feuer, Mr. Taylor and Kerry Propper.
6. At the time of licencing, CIMA was informed that Beechwood had been established to provide reinsurance capacity to life, accident and health insurance companies seeking improved capital efficiency through reallocations of surplus. Beechwood's source of business arose out of two separate reinsurance agreements. These reinsurance agreements were signed in February 2014 and involved two subsidiaries of the CNO Financial Group Inc., namely - the Bankers Consec Life Insurance Company (New York domiciled) ("**BCLIC**") and Washington National Insurance Company (Indiana domiciled) ("**WNIC**"), collectively referred to as "**CNO**."

Triggers to Regulatory Concerns

7. In 2016 CIMA became aware of a number of facts, serious allegations of fraud and criminal activity within and involving the wider Platinum Group of companies, its principals and companies associated with it, including Beechwood.

Beechwood's Regulatory Breaches

8. Beechwood had a history of acting without the Authority's prior approval as required under the IL and the regulations.

9. Between June 2015 and May 2016, CIMA became aware that Beechwood had failed to comply with its legal and regulatory requirements under Cayman Islands law; specifically, Beechwood had:
- (1) Entered into a loan agreement without seeking CIMA's prior approval as required under section 8 (1) (a) of the IL and 3.4.3 of the Authority's issued Regulatory Procedure – *"Approval and Notification of Changes - Class B, C and D Insurers and Portfolio Insurance Companies."* Beechwood received a loan from the Senior Health Insurance Company of Pennsylvania ("SHIP") for US \$80 million in June 2014, ("the SHIP loan"). CIMA were informed by GCM that Beechwood then invested this money under the terms of an Investment Management Agreement ("IMA") between the parties. This IMA eventually became a promissory note issued by Beechwood to SHIP.
 - (2) Failed to include a copy of the 2014 Management Letter issued by its auditors KPMG when, on 29 June 2015, it filed its audited financial statements ("AFS") for the year ended 31 December 2014 as required in accordance with section (9)(1)(a) of the IL as part of the Company's annual return.
 - (3) Failed to seek the Authority's prior written approval for the repayment of a capital contribution to David Levy in 2014 in accordance with section 8(1)(a) of the IL.
 - (4) Failed to file its annual returns, including its AFS, with CIMA for the years ending December 2015 and again in 2016, in breach of section 9(1) of the IL, although the latter only became due in June 2017.
 - (5) Failed to maintain its minimum capital and solvency requirements in breach of the section 8(2) (a) of the IL and the then Insurance (Capital and Solvency) (Class B, C, and D Insurers) Regulations 2012. Beechwood had a shareholder's deficit. The 2014 AFS reflected assets of US\$680,295,328 and liabilities of US\$689,644,569, resulting in a shareholder's deficit of US\$9,349,241.

Regulatory Enforcement Action

10. The appointment of Controllers was seen as the most appropriate regulatory enforcement action at the time and on the basis that CIMA was of the opinion that, sections of 24(1) parts (a), (d) and (f) of the IL applied to Beechwood; as such, on 21 July 2017 the Executive Committee of the Board of Directors of CIMA resolved to exercise their powers under 24 (2)(h) of the IL to appoint at the expense of the Beechwood, persons to assume control of the Company's affairs.

11. On 25 July 2017, Messrs. Stuart Sybersma and Michael Penner of Deloitte (Cayman) were appointed as Joint Controllers (“the Controllers”) of Beechwood to;
 - (i) assume control of the affairs of Beechwood;
 - (ii) assess whether any applications should be made to the Grand Court of the Cayman Islands to protect the interest of its creditors and any other stakeholders; and
 - (iii) prepare and furnish a report in accordance with Section 24(4)(b) of the IL.

The Controllers’ Reports

12. The Controllers immediately took control of the affairs of Beechwood, began their investigation, prepared and furnished three reports. The salient points of each report are summarised below.

First Interim Report 31 August 2017

13. At the time of this report, the Controllers assessed Beechwood to be solvent on both a *cash flow* and *balance sheet* basis. However, there were significant contingent liabilities in the form of ongoing arbitration proceedings, litigation and other issues any of which could result in Beechwood becoming insolvent if these decisions or events went against them.
14. CNO had recaptured its assets and filed arbitration proceedings and civil proceedings against Beechwood, leaving Beechwood with little if any income generating business.
15. On 3 August 2017 Beechwood was named (but had not yet been served) as a joint defendant in another complaint brought by the litigation trustee of Black Elk. The Controllers could not, at that time, confirm whether these legal expenses would be met by Beechwood’s existing insurance policy, as were its other legal expenses.
16. Beechwood had historical ties with the principals of Platinum whose family trusts owned non-voting shares of Beechwood Holdings. A portion of the trust assets were invested in Platinum managed hedge funds.
17. Beechwood’s only other client was SHIP to whom they provided a loan / investment management services to. This business was terminated by SHIP on 17 November 2016. All assets held in the custodian account had been returned to SHIP and a US \$3.4 million balance remained payable to SHIP under the terms of the contract. Beechwood has the additional following creditors:

- (i) Fuzion Analytics Inc. US \$1.8 million in outstanding invoices and a termination fee of approx. US \$1.8 million are outstanding. Beechwood disputes this last fee.
- (ii) MSD Administrative Services LLC and B Asset Manager LP - US \$0.5 million.

The 90 Day Report - 31 October 2017

- 18. At the time of the Controllers' second report, the Controllers continued to assess Beechwood as being solvent, with the same significant contingent liabilities as before; however, at that time there had been no adverse movements in Beechwood's contingent liabilities during the period.
- 19. The Arbitration Panel ("the Panel") ordered Beechwood to post US \$5 million of interim security for CNO's costs. At this time Beechwood had limited liquidity and cash flow and was unable to meet this requirement from its current resources. The Controllers determined that they would continue to work with the principals on this matter.
- 20. During the period Beechwood accepted service for the Black Elk Complaint which was filed on 3 August 2017 in a US court.

Third & Final Report – 27 March 2018

- 21. By 27 March 2018, the Controllers had formed the view that although Beechwood had some cash available to meet its immediate obligations, they (Beechwood) were nevertheless likely to deplete the existing cash resources in approximately three (3) months.
- 22. Beechwood is now in a position of doubtful solvency, with limited assets and without an ongoing income stream and as a result its future solvency now also remains heavily in doubt.
- 23. Beechwood is funding the majority of the costs incurred in relation to the arbitration through its insurance policy. However, other expenses, including the controllers' fees and the US \$5 million interim security cost award that was ordered to be posted by the arbitration panel, are not covered under the insurance policy.
- 24. The Controllers complied with the Arbitration Panel's order to post US \$5 million of interim security which included US \$1.6 million loan from the principals of Beechwood Holdings.

25. Following an interim hearing earlier this year, a final hearing date in the Arbitration was scheduled to commence in mid-September 2020. However, David Levy, Mark Feuer, Scott Taylor and Beechwood Capital Group have since been added to the arbitration.

The Solvency of Beechwood

26. The Controllers in their Third Report assessed and concluded that Beechwood was now of doubtful solvency, had limited assets and lacking an ongoing income stream.
27. The exact timeframe in which the Beechwood will run out of cash to pay expenses is difficult to predict and dependent on a number of variables. In terms of the solvency of Beechwood it should also be noted that the creditor claims have not yet been adjudicated. However, on 24 July 2018, SHIP filed a claim against Beechwood in the United States District Court, Southern District of New York. The Controllers note that they have not been contacted by Fuzion for whom liabilities of US\$1.8 million have been accrued on Beechwood's financial statements.

28. In summary, the Controllers have assessed that Beechwood has sufficient resources to continue to pay its debts in the immediate term, but is projected to run out of cash in (approximately) the next three months. Prior to the appointment of the Controllers, Beechwood informed CIMA of its intent to wind down operations given that all business activities have ceased.

The Controllers' Recommendations

29. As a result of their recent findings, the Controllers have recommended in their final report that CIMA apply to the Grand Court for the appointment of Joint Official Liquidators ("JOLs") and to have Beechwood wound up forthwith. The Controllers made these recommendations for the following reasons:
- (i) As at the date of the third report (27 March 2018), Beechwood had sufficient resources to continue to pay its debts in the immediate term; but was projected to run out of cash over (approximately) the following three months.
 - (ii) Beechwood would also not be able to meet any demand in respect of its contingent liabilities, or to meet any further cost or interim award made against it in the CNO arbitration that exceeded the amount of the interim security.

(iii) Prior to the appointment of the Controllers, Beechwood informed CIMA of its intent to wind down operations given that all business activities had ceased. However, given Beechwood's financial position, it would not be appropriate for it to be returned to the control of the directors. Instead the winding up of the company and the conduct of the CNO arbitration should take place under the supervision of the Court, with consideration being given to the preservation of Beechwood's standing in the arbitration.

30. As such and based on the totality of evidence, the Controllers reports and events that had occurred involving Beechwood, on the 16 May 2018 the Executive Committee of the Board of Directors of CIMA resolved pursuant to section 24 (5) of the IL, to revoke the licence of Beechwood and apply to the Grand Court for an order that Beechwood be wound up forthwith.
31. The revocation of Beechwood's license is taken as effective concomitantly with the steps taken to appoint JOLs in accordance with the provisions of the Companies Law (2018 Revision) ("the Companies Law") relating to the winding up of a company.

Grounds upon which relief sought:

32. This petition is presented pursuant to section 94 (4) of the Companies Law which states that a winding-up petition may be presented by CIMA in respect of any company which is carrying on regulated business in the Islands upon the grounds that it is not duly licensed or registered to do so under the regulatory laws; or for *any other reason as provided under the regulatory laws* or any other law.
33. The IL is therefore *a regulatory law* for the purposes of section 94(4) of the Companies Law as noted above CIMA's powers under the IL have been effectively invoked and the necessary resolutions passed accordingly.
34. As such, the grounds upon which the Petition are based are as follows:
- (i) That Beechwood is of doubtful solvency, has limited assets and is projected to run out of cash within the reasonably near future;
 - (ii) That Beechwood has contravened the IL as detailed in paragraphs 8 - 9;
 - (iii) That Beechwood should otherwise be wound up as would be just and equitable as the Company has ceased all business operations and its

reinsurance business has been recaptured by CNO, which has resulted in the company not being able to carry out the purpose for which it was formed or pursue its business objective in accordance with its licence.

35. CIMA has demonstrated and there is sufficient material along with the Joint Controllers reports to provide adequate reasons for the use of CIMA's enforcement powers, to ground CIMA's presentation of this petition for the relief sought.
36. It is therefore respectfully submitted that CIMA has met its requirement as outlined under the Companies Law and the Companies Winding-Up Rules (2018) ("CWR") for the granting of this petition.

Nomination of Joint Liquidators:

37. Given their prior involvement as Controllers, Messrs. Stuart Sybersma and Michael Penner of Deloitte & Touche, Citrus Grove Building, George Town, Grand Cayman, Cayman Islands are nominated to be appointed as Joint Official Liquidators of Beechwood and have expressed their willingness and consent to act, as evidenced by their affidavits, filed in accordance with the CWR.
38. It is submitted that both nominees are best placed to assume control over the affairs of Beechwood in liquidation.

YOUR PETITIONER THEREFORE HUMBLY PRAYS as follows:

1. Beechwood ("the Company") be wound up in accordance with the Companies Law;
2. Messrs. Stuart Sybersma and Michael Penner both of Deloitte & Touche, Citrus Grove Building, George Town, Grand Cayman, Cayman Islands Deloitte (Cayman), P.O. Box 1787, KY1-1109 be appointed Joint Official Liquidators of Beechwood ("the Joint Official Liquidators" or "JOLs");
3. The JOLs shall not be required to give security for their appointment;
4. The JOLs be authorised to act jointly and severally and to take such steps as may be necessary or expedient for the protection of the Company's assets, and for that purpose

may exercise any of the powers within and outside the Cayman Islands as specified in Part I of the Third Schedule to the Companies Law without further sanction of the Court;

5. Without limitation to the foregoing, the JOLs are authorised to commence, bring or defend and to take any such steps as the JOLs may consider appropriate in respect of the following actions or legal proceedings, either in their own name for and on behalf of the Company or in the name of the Company on its behalf:
 - (i) the American arbitration proceedings entitled, "Bankers Consec Life Insurance Company and Washington National Insurance Company v. Beechwood Re: Limited, AAA Case #: 01-16-0004-2510;"
 - (ii) the CNO filed proceedings in the United States District Court, Southern District of New York entitled, "Bankers Consec Life Insurance Company (BCLIC) and Washington National Insurance Company (WNIC) v Mark Feuer, Scott Taylor, David Levy and Beechwood Capital Group, LLC., case # 1:2016 cv07646;"
 - (iii) the bankruptcy proceedings in the United States Bankruptcy Court, Southern District of Texas, Houston Division entitled, "Richard Schmidt, Litigation Trustee for Black Elk v. Beechwood Re Ltd., et al., case # 15-34287;"
 - (iv) the civil complaint in the United States District Court, Southern District of New York entitled, "Senior Health Insurance Company of Pennsylvania v Beechwood Re Ltd et al., case #:1:18-cv-06658;"
 - (v) any other winding up, bankruptcy or any other recognition proceedings in the United Kingdom, United States or other jurisdiction where the Company has assets as the JOLs may consider necessary and appropriate; including, without limitation, proceedings to obtain relief under Chapter 15 of Title 11 of the United States Bankruptcy Code.
6. The JOLs' remuneration and expenses be paid out of the assets of the Company in accordance with section 109 of the Companies Law, the Insolvency Practitioner's Regulations 2018 and Order 20 of the Companies Winding Up Rules 2018;
7. The JOLs be at liberty to meet all disbursements reasonably incurred with the performance of their functions;

8. The JOLs shall have the authority to appoint Cayman Islands attorneys, United States attorneys, English solicitors and counsel, and any other jurisdiction where the Company has or may have assets, or as they may consider necessary to advise and assist them in the performance of their duties and to remunerate them for their reasonable fees and expenses out of the assets of the Company as an expense of the liquidation;
9. The JOLs be at liberty to and do pay their agents, employees, attorneys, solicitors and whomsoever else they may employ or instruct, remuneration and costs, and for the avoidance of doubt, all such payments shall be made as and when they fall due out of the assets of the Company as expenses of the winding up;
10. Subject to paragraph 5 above, no suit, action or other proceedings, including criminal proceedings, shall be proceeded with or commenced against the Company except with the leave of the Court pursuant to section 97 of the Companies Law;
11. No disposition of the Company's property by or with the authority of the JOLs in the carrying out of their duties and functions and the exercise of their powers under this Order shall be avoided by virtue of section 99 of the Companies Law;
12. Any act required or authorised to be done by the JOLs may be done by any one of them;
13. The JOLs provide to the Petitioner copies of all reports filed with this Court;
14. The Petitioner's costs of and incidental to the Petition be paid from the assets of the Company, to be taxed on the indemnity basis if not agreed and
15. Such other orders and directions may be made as the Court thinks fit.

Dated the 7th day of August 2018



**FOR AND ON BEHALF OF THE
CAYMAN ISLANDS MONETARY AUTHORITY**

NOTE: It is intended to serve this Petition on the Registered Office of Beechwood Re.

This Petition is presented & filed by the Cayman Islands Monetary Authority by its Attorneys whose address for service is 80e Shedden Road, Elizabethan Square, P.O. Box 10052, Grand Cayman KY1-1001, Cayman Islands.

NOTICE OF HEARING

TAKE NOTICE THAT the hearing of this Petition will take place at the Law Courts, George Town, Grand Cayman on _____th day of _____ 2018 at _____ a.m./p.m.

Any correspondence or communication with the Court relating to the hearing of this petition should be addressed to the Registrar of the Financial Services Division of the Grand Court at P.O. Box 495, Grand Cayman, KYI-1106, telephone +1 345-949-4296.