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June 28, 2014

Objection to Liquidator's Application For Approval of Administration Agreement
Related to Certain Structured Settlement Annuity Contracts of Aurora National Life
Assurance Company and Transfer of Ownership of Those Annuity Contracts (IN RE:
Reliance Insurance Company in Liquidation, Application filed March 7, 2014))

Chief Clerk's Office
Commonwealth Court of Pennsylvania
Pennsylvania Judicial Center
601 Commonwealth Avenue, Suite 2100
P.O. Box 69185
Harrisburg, PA 17106-9185

RECEIVED
COMMONWEALTH COURT OF PENNSYLVANIA
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Dear Judge,

I am writing to object to the Liquidator's application to transfer ownership to me of the annuity that has funded payments to me under a structured settlement agreement (Aurora National Life Assurance Company, contract number C21369491A).

I am at a significant disadvantage in these proceedings. I was blinded by the accident on account of which I am receiving the structured settlement payments. I am not a lawyer, much less a tax lawyer.. Also, when I called Reliance at the number given on the notice I received, I received no helpful information. My brother-in-law, Sam Dimon, offered to look into this for me. He has given me summaries of what he found on the website and helped me compose this letter to you. If most of this letter sound like a lawyer wrote it, that's because he's a retired lawyer. But he says he's not admitted to practice law in Pennsylvania and would need the court's permission to appear if he needed to argue on my behalf. In the rest of this letter, when I say I understand something to be the case, that's based on what Sam Dimon told me.

I understand that 37 out of 40 structured settlement annuities issued by Aurora and owned by Reliance are being transferred in a way that everyone seems to think won't jeopardize the treatment of the payments as exempt from taxation. Mine is one of the three that aren't. I have no idea why.

I and my family depend on what we receive, and if that amount is reduced by taxes, we'll be damaged.

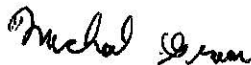
I understand that Aurora filed an objection to the Liquidator's application and also filed a memorandum of law written by its attorneys, which suggests that if the Liquidator's application is granted, a significant part of the payments I receive will become taxable. They say this isn't fair and equitable, and I agree with that. I'm not sure if they're right, but even if it's a gray area, I will be damaged. I understand that Aurora's objection strongly implies that if ownership of the annuities is transferred to me, Aurora will start reporting to the IRS that I'm receiving taxable income. If I don't report and pay tax on that income, I expect I'll be audited, and I don't have the resources to fight with the IRS. Also, I understand that I would have to pay interest and that the IRS might say I owe penalties. I can't afford any of that.

I'm not sure of the best way to work this out. Maybe the Liquidator and Aurora tried their hardest to come up with something that won't damage me, but I don't think there's anything in the papers they file that indicates they're tried. I think they should. I also think I should have the right to be informed about these discussions, and participate in them. (Sam Dimon has said he'll participate if others will agree to it; I may also want to be on any calls.) I understand that the Liquidator has said, more or less, that my tax treatment may depend on my circumstances and he can't look into that. I think you should order him to look into my circumstances; they aren't that complicated. If you don't order him to, I think you should order him to take responsibility for the fact that what he's proposing will damage me. Making me whole would mean that I'd get the same amount on an after-tax basis. I'm not sure how that would work, but Sam Dimon says he has some ideas.

It would be helpful if I could get a response from the Liquidator that explains his position (besides saying in effect that it's my problem, which has already happened) and offers me an opportunity to be heard. If that's not going to happen, I'd appreciate a day in court. Sam Dimon says he'll appear if that's permitted. The Liquidator's lawyers can contact him by email at dimon@dpw.com, or by phone at 212.450.4037 (he's retired, but he still gets voicemails left at this office).

Thank you for considering my objection.

Sincerely,



Michael Grau