

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

IN RE:
RELIANCE INSURANCE COMPANY IN
LIQUIDATION

No. 1 REL 2001

**RESPONSE OF TRISTAR PICTURES, INC. AND JOINT STIPULATION OF
JESSICA K. ALTMAN, ACTING INSURANCE COMMISSIONER
OF THE COMMONWEALTH OF PENNSYLVANIA AND
TRISTAR PICTURES, INC., REGARDING DISTRIBUTION REVENUE**

TriStar Pictures, Inc., an indirect subsidiary of Sony Pictures Entertainment Inc. (“TriStar”), hereby submits its Response to the Liquidator’s Application for an Order to Enforce the Court’s Order of Liquidation Dated October 3, 2001 (the “Application”). Furthermore, Jessica K. Altman, Acting Insurance Commissioner of the Commonwealth of Pennsylvania, as Statutory Liquidator of Reliance Insurance Company (In Liquidation) (the “Liquidator”) and TriStar, hereby submit this Joint Stipulation:

1. WHEREAS, on July 31, 2017, the Liquidator filed the Application;
2. WHEREAS, TriStar and the Liquidator submitted a joint stipulation to the Court on August 21, 2017 agreeing to extend TriStar’s time to respond to the Application to September 20, 2017;

3. WHEREAS, in the Application, the Liquidator alleges that TriStar is in the possession of certain excess revenues (the “Distribution Revenue”) it has collected from the domestic and international theatrical distribution of *Baby Geniuses* that the Liquidator claims is the property of and belongs to Reliance Insurance Company.

4. WHEREAS, TriStar responds to the Application that it is a disinterested third party with respect to any ongoing dispute involving the Liquidator and any other parties concerning the proper recipients of the Distribution Revenue, as defined in the Application, and denies that it has acted improperly in any way;

5. WHEREAS, TriStar responds that it has no objection to the Application and consents to the relief sought therein by the Liquidator, as set forth in the further amended proposed orders attached hereto as Exhibit “A”.

6. WHEREAS, by the Application, among other things, the Liquidator seeks a Court Order directing Tristar to, within 30 days of the order, deliver the Distribution Revenue that is currently in its possession to the Liquidator for deposit into the Court or, in the alternative, directing TriStar to deliver to the jurisdiction of the Court the Distribution Revenue that is currently in its possession;

7. WHEREAS, on August 4, 2017, the Liquidator filed a praecipe to substitute amended “proposed orders” seeking additionally that the Court Order TriStar to deliver to the Liquidator, or in the alternative, deliver to the jurisdiction of the Court, on a quarterly basis, any additional, future Distribution Revenue collected from the domestic and international theatrical distribution of *Baby Geniuses*;

8. WHEREAS, after TriStar delivers the Distribution Revenue to the Liquidator or the Court, the Liquidator intends to commence a declaratory judgment action to determine entitlement to the Distribution Revenue (the “Declaratory Judgment Action”);

9. WHEREAS, attached hereto as Exhibit “A” are “proposed orders” jointly submitted by TriStar and the Liquidator providing in part that: (a) Tristar shall, within 30 days of the order, deliver the Distribution Revenue that is currently in its possession to the Liquidator for deposit into the Court or, in the alternative, deliver to the jurisdiction of the Court the Distribution Revenue that is currently in its possession; (b) TriStar shall deliver to the Liquidator, or in the alternative, deliver to the jurisdiction of the Court, on an annual basis during the pendency of the Declaratory Judgment Action, any additional, future Distribution Revenue collected from the domestic and international distribution of Baby Geniuses; (c) if the Liquidator prevails in the declaratory judgment action: (i) TriStar shall deliver to the Liquidator on an annual basis, a statement setting forth the Distribution Revenue collected from the domestic and international distribution of *Baby Geniuses*, if any, for the period covered by the statement (“Statement”) along with any associated payment; (ii) TriStar shall provide the Liquidator, upon her request, up to two additional Statements along with any associated payment within 45 days of receipt of the request; and (iii) TriStar additionally agrees to deliver to the Liquidator within 45 days of the receipt of the request, a final Statement along with any associated payment.

NOW THEREFORE, the parties stipulate and agree, subject to the Court’s approval, to the following:

1. Tristar shall, within 30 days of the Order from this Court, deliver the Distribution Revenue that is currently in its possession to the Liquidator for deposit into the Court or, in the

alternative, deliver to the jurisdiction of the Court the Distribution Revenue that is currently in its possession.

2. TriStar shall deliver to the Liquidator, or in the alternative, deliver to the jurisdiction of the Court, on an annual basis during the pendency of the Declaratory Judgment Action, any additional, future Distribution Revenue collected from the domestic and international distribution of Baby Geniuses.

3. If the Liquidator prevails in the Declaratory Judgment Action: (i) TriStar shall deliver to the Liquidator on an annual basis, a Statement along with any associated payment; (ii) TriStar shall provide the Liquidator, upon her request, up to two additional Statements along with any associated payment within 45 days of receipt of the request; and (iii) TriStar additionally agrees to deliver to the Liquidator within 45 days of the receipt of the request, a final Statement along with any associated payment..

4. One of the proposed orders attached hereto as Exhibit "A" shall be entered as an Order by the Court;

5. The Liquidator agrees that it seeks no further relief from TriStar in connection with the Application other than deposit of the Distribution Revenue into Court pending the outcome of the Declaratory Judgment Action and payment of additional Distribution Revenue, if any, to the Liquidator in the event that the Liquidator prevails in the Declaratory Judgment Action. The Liquidator agrees that TriStar will not be named as a party in the Declaratory Judgment Action because it has no interests in the Distribution Revenue after making the agreed-upon payments either to the Liquidator or the Court. Any party who potentially has a claim to the Distribution Revenue will have the opportunity to assert that claim as part of the Declaratory Judgment Action

and recover whatever share the Court deems it is entitled to receive as part of the Declaratory Judgment Action.

Respectfully submitted,



By: _____

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Attorneys for Tristar Pictures, Inc.

Dated: August 31, 2017



By: _____

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*Attorneys for Jessica K. Altman, Acting
Insurance Commissioner of the
Commonwealth of Pennsylvania*

Dated: August 31, 2017

EXHIBIT “A”

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

IN RE:
RELIANCE INSURANCE COMPANY IN
LIQUIDATION

No. 1 REL 2001

ORDER

AND NOW, this _____ of _____, upon consideration of the Application of Jessica K. Altman, Acting Insurance Commissioner of the Commonwealth of Pennsylvania, as Statutory Liquidator of Reliance Insurance Company (the “Liquidator”) for an Order to Enforce the Court’s Order of Liquidation Dated October 3, 2001 (the “Application”), and the Response of TriStar Pictures, Inc. and Joint Stipulation of the Liquidator and TriStar Pictures, Inc., Regarding Distribution Revenue, the Application is hereby **GRANTED**.

It is further **ORDERED** as follows:

1. TriStar Pictures, Inc., an indirect subsidiary of Sony Pictures Entertainment Inc. (“TriStar”), in accordance with the Court’s Order of Liquidation dated October 3, 2001 (the “Liquidation Order”), is **ORDERED** to deliver to the Liquidator, within 30 days of this Order, the Distribution Revenue currently in TriStar’s possession.

2. Within 15 days of receipt of the Distribution Revenue, the Liquidator is **ORDERED** to deliver the Distribution Revenue to the Court's jurisdiction.
3. Within 30 days after the Court's receipt of jurisdiction over the Distribution Revenue, the Liquidator shall file a declaratory judgment action (the "Declaratory Judgment Action") to determine entitlement to the Distribution Revenue, including future revenue collected, and shall serve all parties who potentially have a claim to any portion of the Distribution Revenue that is currently being held by TriStar or any additional future Distribution Revenue.
4. TriStar is also **ORDERED** to deliver to the Liquidator on an annual basis during the pendency of the Declaratory Judgment Action, a statement setting forth the Distribution Revenue collected from the domestic and international distribution of Baby Geniuses, if any, for the period covered by the statement ("Statement") along with any associated payment.
5. During the pendency of the declaratory judgment action, within 15 days of receipt of the additional Distribution Revenue, the Liquidator is **ORDERED** to deliver the Distribution Revenue to the Court's jurisdiction.
6. If the Liquidator prevails in the Declaratory Judgment Action, for the period following the Declaratory Judgment Action, TriStar is **ORDERED** as follows: (i) to deliver to the Liquidator on an annual basis, a Statement along with any associated payment; (ii) to provide the Liquidator, upon her request, up to two additional Statements along with any associated payment within 45 days of receipt of the request; and (iii) to provide the Liquidator, upon her request, a final

Statement along with any associated payment within 45 days of receipt of the request.

7. The filing of the complaint in the Declaratory Judgment Action shall initiate an Adversarial Proceeding under Pa. R.A.P. 3783 and shall be docketed in accordance with Pa. R.A.P. 3777(c).

BY THE COURT:

BONNIE BRIGANCE LEADBETTER,
Judge

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

IN RE:
RELIANCE INSURANCE COMPANY IN
LIQUIDATION

No. 1 REL 2001

IN THE ALTERNATIVE,

ORDER

AND NOW, this _____ of _____, upon consideration of the Application of Jessica K. Altman, Acting Insurance Commissioner of the Commonwealth of Pennsylvania, as Statutory Liquidator of Reliance Insurance Company (the “Liquidator”) for an Order to Enforce the Court’s Order of Liquidation Dated October 3, 2001 (the “Application”), and the Response of TriStar Pictures, Inc. and Joint Stipulation of the Liquidator and TriStar Pictures, Inc., Regarding Distribution Revenue the Application is hereby **GRANTED**.

It is further **ORDERED** as follows:

1. TriStar Pictures, Inc., an indirect subsidiary of Sony Pictures Entertainment Inc. (“TriStar”), in accordance with the Court’s Order of Liquidation dated October 3, 2001 (the “Liquidation Order”), is **ORDERED** to deliver to the jurisdiction of the Court, within 30 days of this Order, the Distribution Revenue currently in TriStar’s possession.
2. Within 30 days after the Court’s receipt of jurisdiction over the Distribution Revenue, the Liquidator shall file a declaratory judgment action (the “Declaratory Judgment Action”) to determine entitlement to the Distribution Revenue, including

future revenue collected, and shall serve all parties who potentially have a claim to any portion of the Distribution Revenue that is currently being held by TriStar or any additional future Distribution Revenue.

3. TriStar is also **ORDERED** to deliver to the jurisdiction of the Court on an annual basis during the pendency of the Declaratory Judgment Action, a statement setting forth the Distribution Revenue collected from the domestic and international distribution of Baby Geniuses, if any, for the period covered by the statement (“Statement”) along with any associated payment.
4. If the Liquidator prevails in the Declaratory Judgment Action, for the period following the Declaratory Judgment Action, TriStar is **ORDERED** as follows: (i) to deliver to the Liquidator on an annual basis, a Statement along with any associated payment; (ii) to provide the Liquidator, upon her request, up to two additional Statements along with any associated payment within 45 days of receipt of the request; and (iii) to provide the Liquidator upon her request, a final Statement along with any associated payment within 45 days of receipt of the request.
5. The filing of the complaint in the Declaratory Judgment Action shall initiate an Adversarial Proceeding under Pa. R.A.P. 3783 and shall be docketed in accordance with Pa. R.A.P. 3777(c).

BY THE COURT:

BONNIE BRIGANCE LEADBETTER,
Judge

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CERTIFICATE OF SERVICE

I, Ryan T. Becker, counsel for Respondent TriStar Pictures, Inc., hereby certify that on this 31st day of August, 2017, I caused a true and correct copy of the foregoing Response of TriStar Pictures, Inc. and Joint Stipulation of Jessica K. Altman, Acting Insurance Commissioner of the Commonwealth of Pennsylvania and TriStar Pictures, Inc., Regarding Distribution of Revenue to be served on the below counsel for Reliance Insurance Company (In Liquidation) through the Court's electronic filing system, with additional service sent by electronic and U.S. Mail:

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Dated: August 31, 2017

/s/ Ryan T. Becker