

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

VIDA F. NEGRETE, as Conservator) No. CV-05-6838-CAS(MANx)
for EVERETT E. OW, an individual,)
on Behalf of All Other Similarly)
Situated Persons,)

Plaintiff,)

vs.)

ALLIANZ LIFE INSURANCE)
COMPANY OF NORTH AMERICA,)
a Minnesota corporation,)

Defendant.)

CAROLYN Y. HEALEY, an)
individual and on Behalf of All Other)
Similarly Situated Persons,)

Plaintiff,)

vs.)

ALLIANZ LIFE INSURANCE)
COMPANY OF NORTH AMERICA,)
a Minnesota corporation,)

Defendant.)

No. CV-05-8908-CAS(MANx)

CLASS ACTION

JUDGE: Christina A. Snyder
MAGISTRATE JUDGE:
Margaret A. Nagle

NOTICE OF PENDENCY OF CLASS ACTION LAWSUIT

**IF YOU BOUGHT A DEFERRED ANNUITY FROM
ALLIANZ LIFE INSURANCE COMPANY OF NORTH AMERICA,
WHILE 65 YEARS OF AGE OR OLDER,
YOU MAY BE A CLASS MEMBER IN THIS LAWSUIT.**

***THIS LAWSUIT MAY AFFECT YOUR RIGHTS
PLEASE READ THIS NOTICE CAREFULLY***

This legal notice has been sent to you by order of the United States District Court for the Central District of California (referred to as "District Court"). The purpose of this Notice is to inform you that the District Court has decided that certain claims in these related lawsuits may proceed on a class-wide basis and that you may be a member of

the Class (defined herein) certified by the District Court, describe what the lawsuits are about, how they may affect your rights, and explain what steps you can take to either stay in the action or exclude yourself.

You may call 1-800-656-1463 toll free, 24-hours a day to get more information about this lawsuit and provide information about what happened to you.

What Is This Notice And Why Is It Important?

The District Court has certified these related lawsuits as class actions. A class action is a lawsuit in which one or more individuals sue an individual(s), company and/or other entity on behalf of all other people who are allegedly in a similar position. Collectively, these people are referred to as a "Class" or "Class Members." In a class action, the court resolves certain issues, legal claims and/or defenses for all Class Members in one lawsuit, except for those who ask to be **excluded** from the Class. (See p.6 for more information about excluding yourself from the Class.)

What Is This Lawsuit About?

On September 19, 2005, Vida F. Negrete ("Negrete"), a conservator for Everett E. Ow, filed a class action lawsuit in the District Court against Allianz Life Insurance Company of North America (referred to as "Allianz"), on behalf of herself and all other persons age 65 and older who bought an Allianz deferred annuity. On December 22, 2005, Carolyn Healey ("Healey") filed a similar class action lawsuit in the same court. Plaintiffs in these related lawsuits assert that Allianz conspired with a network of insurance sales agents to induce persons 65 and older to purchase deferred annuities by means of alleged misleading statements contained in uniform sales material. Specifically, plaintiffs contend that Allianz failed to disclose material facts that would have revealed that its deferred annuities are fundamentally inferior investments for purchasers who are 65 or older. Plaintiffs contend that had such disclosure been made, they and Class Members would not have purchased the annuities.

Allianz denies the allegations contained in the Complaints and asserts numerous defenses, including that plaintiffs' allegations as to the value of all of Allianz's deferred annuities are: (1) not facts, but plaintiffs' non-actionable opinions which Allianz disputes; (2) that the annuity contracts are approved for sale by state regulators; and (3) that Allianz disputes the opinions of plaintiffs and, in any event, that Allianz was under no legal duty to disclose them.

Plaintiffs allege they have suffered damages by having their money tied up in illiquid, poorly performing investments and paying surrender charges and other costs. The lawsuits seek to recover monies lost under the deferred annuities contracts including surrender charges, investment losses, forfeited bonuses, treble damages, legal fees and costs, and pre-judgment interest. The lawsuits also seek restitution and a District Court order that prohibits Allianz from engaging in these practices in the future. The lawsuits do **not** seek to recover damages for emotional distress, pain and suffering or other damages that may be unique to you. Allianz denies that plaintiffs or

Class Members have been damaged in any fashion or that they are entitled to any form of recovery.

If you were 65 when you purchased an Allianz deferred annuity, you may be a Class Member, and this lawsuit will affect your legal rights to sue Allianz now and in the future relating to your annuity. ***Please read this entire notice carefully to decide what to do.***

On November 21, 2006, the District Court certified claims in these lawsuits for class action treatment to be prosecuted by the plaintiffs Negrete and Healey on behalf of all individuals who were 65 or older when they bought an Allianz deferred annuity provided that they made their purchase between September 19, 2001 and November 21, 2006. The legal claims certified for class treatment include: (1) alleged violations of the federal Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. §1961, *et seq.* ("RICO"); (2) alleged violations of the California Elder Abuse statute, Cal. Welf. & Inst. Code §15610, *et seq.*; (3) alleged unlawful, unfair, and fraudulent business practices under California Unfair Competition Law, Cal. Bus. & Prof. Code §17200, *et seq.*; and (4) alleged false and misleading advertising under California False Advertising Law, Cal. Bus. & Prof. Code §17500, *et seq.* The District Court has not identified any other claims for class treatment in this case.

The District Court's order certifying the Class does not guarantee that Class Members will receive money or benefits; that will be decided later in the lawsuit. In certifying this case as a class action, the District Court made no decision as to the merits of the plaintiffs' legal claims or Allianz's defenses and has reached no conclusion as to the value of Allianz deferred annuities or the propriety of related sales efforts.

Please note that the District Court's order certifying the Class may later be changed after the parties exchange evidence and the District Court rules on various legal matters. In fact, the District Court may even decertify the Class at any time before the lawsuit is over. If the District Court's order certifying the Class is not revoked later or decertified by the District Court, all orders of the District Court, whether good or bad for plaintiffs, will be binding on any Class Member who does not opt out or exclude themselves. (See p.4 for further discussion.) This includes any judgments entered by the District Court, whether or not favorable to the Class, which will be binding on all Class Members who do not exclude themselves.

How Do I Know If I Am a Class Member?

According to the District Court's orders, you are a Class Member in a nationwide class seeking relief under the federal Racketeer Influenced and Corrupt Organizations Act ("RICO") if you fit this description:

All persons who between September 19, 2001 and November 21, 2006, and while 65 years of age or older purchased one or more Allianz Life Insurance Company of North America deferred annuities either directly or through surrender (in whole or part) of an existing permanent life insurance

policy or annuity or by borrowing against an existing permanent life insurance policy.

Excluded from this Class are the plaintiffs in *Castello v. Allianz Life Ins. Co. of N. Am.*, Case No. MC 03-20405 (Hennepin Cty., Minn.) and persons who purchased an Accumulator Cash Bonus Annuity or Cash Bonus Elite Annuity from Allianz or LifeUSA Insurance Company between December 22, 1997 and October 31, 2005. Also excluded from the Class is any officer, director, employee or agent of Allianz.

In addition, you are a Class Member if you fit this description:

All California residents who between September 19, 2001 and November 21, 2006 and while 65 years of age or older, purchased one or more Allianz Life Insurance Company of North America deferred annuities, either directly, or through surrender (in whole or part) of an existing permanent life insurance policy or annuity or by borrowing against an existing permanent life insurance policy.

Excluded from this Class are the plaintiffs in *Castello v. Allianz Life Ins. Co. of N. Am.*, Case No. MC 03-20405 (Hennepin Cty., Minn.) and persons who purchased an Accumulator Cash Bonus Annuity or Cash Bonus Elite Annuity from Allianz or LifeUSA Insurance Company between December 22, 1997 and October 31, 2005. Also excluded from the Class is any officer, director, employee or agent of Allianz.

The claims being asserted for the Class described above are based on RICO, Cal. Welf. & Inst. Code §15610, and Bus. & Prof Code §§17200 and 17500.

If you are a Class Member, you must decide to either stay in this lawsuit or exclude yourself, as described below. If you are a legal representative for a deceased's estate or an individual who is no longer in charge of his or her own financial matters, and you believe they fall within this definition, read this Notice carefully to decide what steps to take on their behalf.

If I am a Class Member, What Are My Options?

If you are a Class Member, you have a right to stay in the case as a Class Member or be excluded from the lawsuit. ***You have to decide this very soon.***

Option 1. Do Nothing. Stay In The Lawsuit.

You have the right to stay in the lawsuit as a Class Member and await the outcome of the case. You need to do nothing if you wish to remain in this lawsuit. It will cost you nothing. If you decide to stay in the lawsuit as a Class Member, you will be bound by all orders, judgments and decisions of the District Court. At the end of the case, you may receive money damages, refunds or other benefits as may be awarded as a result of a trial or settlement reached between plaintiffs and Allianz or you may receive nothing. You do not need to do anything to keep open the possibility of getting money or benefits from the lawsuit.

If you stay in the case, the plaintiffs will pursue the claims and remedies on your behalf. There is ***no*** guarantee that plaintiffs will be successful with their claims and/or

win the lawsuit at trial or before. If the Class is awarded money or benefits, you will be notified about how to apply for your share.

The District Court has appointed plaintiffs Carolyn Healey and Vida Negrete to be Class Representatives and provide evidence on behalf of you and other Class Members. The evidence to be presented by the named plaintiffs may vary from evidence you possess. The District Court has also appointed the following lawyers and law firms as Co-Lead Class Counsel for those Class Members who stay in the lawsuit:

John J. Stoia, Jr.
Lerach Coughlin Stoia Geller
Rudman & Robbins LLP
655 West Broadway, Suite 1900
San Diego, California 92101
Phone: (619) 231-1058
Toll Free Number: 1 (800) 449-4900
Fax: (619) 231-7423
www.lerachlaw.com

Andrew S. Friedman
Bonnett, Fairbourn,
Friedman & Balint, P.C.
2901 N. Central Avenue, Suite #1000
Phoenix, AZ 85012
Phone: (602) 274-1100
Toll Free Number: 1 (800) 847-9094
Fax: (602) 274-1199
www.bffb.com

These lawyers are experienced in handling complex lawsuits on behalf of large classes of individuals against insurance companies. More information is available about Co-Lead Class Counsel on their websites listed above.

In the event that plaintiffs are successful through trial or settlement, Co-Lead Class Counsel will seek attorneys' fees and out-of-pocket costs not to exceed 30% of the total value of the benefit obtained and/or money awarded subject to District Court approval. If the District Court grants Co-Lead Class Counsel's request, the attorneys' fees and costs will either come from money obtained for the Class and/or will be paid separately by Allianz. **You will not be responsible for any fees, costs or expenses of Class Counsel relating to the prosecution of this lawsuit.**

Please keep in mind that if you do nothing now and stay in the lawsuit, you will give up your rights to sue Allianz separately in another lawsuit about legal claims that are part of this lawsuit (described below), and your rights to recover in other lawsuits involving Allianz may be impacted. This is true even if your annuity purchase involved unique circumstances or you have suffered unique problems like emotional distress or pain and suffering. You also may forego your right to pursue claims based on alternative legal theories in favor of the theory being pursued in this case. You waive your right to bring a separate lawsuit if you do not exclude yourself from this case. If you stay in the case, you will be legally bound by all of the Orders that the District Court issues in this case, including final judgment.

Option 2. Hire Your Own Lawyer and Enter an Appearance In the Lawsuit.

If you would like to remain a Class Member but do not want to be represented by Co-Lead Class Counsel listed above, you have the right to enter an appearance in this case through your own lawyer at your own expense. To do this, you must file a Notice

of Appearance with the Clerk of the District Court, Western Division, located at 312 N. Spring Street, Los Angeles, California. You will be responsible for all legal fees and costs associated with your Notice of Appearance. If you do not enter an appearance or exclude yourself, your interests in this lawsuit will be represented by the plaintiffs and Co-Lead Class Counsel listed above at no charge to you.

Option 3. Exclude yourself from the Lawsuit.

Alternatively, you have the right to not be part of this lawsuit by excluding yourself or "opting out" of the Class. If you wish to exclude yourself, you must exclude yourself on or before May 15, 2007, as described below. If you exclude yourself from the Class, you give up your right to receive any money or other benefits awarded in this case, and you will not be bound by any judgments or other orders of the District Court whether favorable or unfavorable to you and/or the Class. However, you will keep your right to sue Allianz separately in another lawsuit and bring the same legal claims as are part of this lawsuit.

If you wish to pursue this right, you will need to exclude yourself and hire and pay your own lawyer. You will also need to bring evidence to prove your own claims. If you choose this option, you should talk to a lawyer soon because your claims may be subject to a statute of limitations which sets a deadline for filing the lawsuit within a certain period of time after purchasing a deferred annuity contract with Allianz.

IMPORTANT: Regardless of whether you stay in the lawsuit or exclude yourself from the Class, your rights under your deferred annuity contract with Allianz will not be affected.

How Do I Exclude Myself from the Class?

To exclude yourself from this lawsuit and/or preserve your right to bring a separate case, you must make a request to be excluded in writing and mail it to:

**Negrete v. Allianz Life Insurance Company
c/o Gilardi & Co.
P.O. Box 808071
Petaluma, CA 94975-8071**

All requests for exclusion must be postmarked on or before May 15, 2007.

Your request for exclusion ***must*** contain:

1. The name of the lawsuit (*Negrete v. Allianz Life Insurance Company of North America / Healey v. Allianz Life Insurance Company of North America*);
2. Your full name;
3. Your current address;
4. Your deferred annuity policy number;
5. A clear statement that you wish to be excluded such as: **"I request exclusion from the Class"**; and
6. Your signature.

Co-Lead Class Counsel will file your request for exclusion with the District Court. If you are signing on behalf of a Class Member as a legal representative (such as an estate or incompetent person), please include your full name and the basis for your authority.

IF YOU DO NOT EXCLUDE YOURSELF BY THE DEADLINE ABOVE, YOU WILL REMAIN PART OF THE CLASS AND BE BOUND BY THE ORDERS OF THE COURT IN THIS LAWSUIT, INCLUDING FINAL JUDGMENT, WHETHER OR NOT IT IS FAVORABLE TO PLAINTIFFS AND YOU.

How Do I Find Out More About this Lawsuit?

If you have any questions about the lawsuit or any matter raised in this notice, please call toll-free 24 hours a day at 1-800-656-1463.

You may also contact Co-Lead Class Counsel at their websites where you may:

1. Submit a form requesting additional information;
2. View a copy of the Complaints filed by plaintiffs Negrete and Healey; and
3. View a copy of the District Court's Class Certification Orders.

Complete copies of the documents filed in these lawsuits may be examined and copied at any time during regular office hours at the Clerk of the Court, United States District Court for the Central District of California, Western Division, located at 312 N. Spring Street, Los Angeles, California. The related class action lawsuits are called *Vida F. Negrete, as Conservator for Everett E. Ow v. Allianz Life Insurance Company of North America*, No. 05-cv-06838 CAS(MANx) (C.D. Cal); and *Carolyn Y. Healey v. Allianz Life Insurance Company of North America*, No. 05-cv-08908 CAS(MANx) (C.D. Cal).

**PLEASE DO NOT TELEPHONE OR CONTACT THE COURT
OR THE CLERK OF THE COURT
REGARDING THIS NOTICE.**

* * *

ORDER

IT IS SO ORDERED.

DATED: FEBRUARY 20, 2007

//s// HONORABLE CHRISTINA SNYDER
THE HONORABLE CHRISTINA A. SNYDER
UNITED STATES DISTRICT JUDGE
UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

**Negrete v Allianz Life Insurance Company
Notice Administrator
c/o Gilardi & Co.
P.O. Box 808071
Petaluma, CA 94975-8071**

Important Legal Document.

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