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**UNITED STATES BANKRUPTCY COURT
IN AND FOR THE DISTRICT OF ARIZONA**

In Re)	Chapter 11 Proceedings
)	
RFI REALTY, INC.,)	Case No. 04-10486-PHX-CGC
)	
Debtor.)	
)	
)	UNDER ADVISEMENT DECISION RE
)	MOTION TO REMOVE AISLIC
)	AS ADMINISTRATOR OF
)	SF ESCROW 2

This matter comes before the Court on Steadfast Insurance Company’s (“Steadfast”) motion to remove American Insurance Specialty Lines Insurance Company (“AISLIC”) as administrator of SF Escrow 2¹ in the administrative case. Steadfast bases its request to remove AISLIC on the fact that AISLIC did not pay the State of California, California Department of Toxic Substance Control (“DTSC”) when a demand was made as required under the Coverage And Claims Settlement Agreement (“CCSA”). Steadfast contends that this is evidence of AISLIC’s self interest in not having to pay for the clean up costs. AISLIC responds that the non-payment was justified based on the language of the settlements and corresponding order. Further, AISLIC argues that it has shown that it has acted appropriately as evidenced by its sequestering of funds in SF Escrow 2. A hearing was held on April 29, 2008 concurrent with a hearing regarding adversary 07-520.²

Though the Court has determined that AISLIC should have paid the DTSC claim, there is

¹ The motion originally requested removal from both SF Escrow 1 and 2. The motion to remove AISLIC from SF Escrow 1 was withdrawn verbally at the April 29, 2008 hearing.

² The Court incorporates the findings and conclusions made in the under advisement decision made June 25, 2008 in adversary 07-520.

1 insufficient cause to remove AISLIC as administrator of SF Escrow 2 and the Court is further of the
2 view that any change in the escrow administrator at this time would be unduly disruptive for all
3 parties. Accordingly, Steadfast's motion to remove AISLIC as administrator of SF Escrow 2 is
4 denied without prejudice. Counsel for AISLIC is to upload an appropriate form of order.

5 So ordered.

6 DATED: June 25, 2008

7 
8 Charles G. Case
9 UNITED STATES BANKRUPTCY JUDGE

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13 **COPY** of the foregoing mailed by the BNC and/or
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