



## **CITY OF STOCKTON NEWS RELEASE**

**FOR IMMEDIATE RELEASE:**  
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### **Stockton Chapter 9 Eligibility Trial**

(Stockton, CA) - Today marked the first day of trial in United States Bankruptcy Court, Eastern District of California (Sacramento) to determine the City of Stockton's eligibility for chapter 9 bankruptcy relief. The trial is being presided over by Chief Judge Christopher M. Klein, who has dedicated four full consecutive days to hear cross examination of witnesses.

The City is defending its eligibility against its largest creditors: Assured Guaranty Corp., Assured Guaranty Municipal Corp., National Public Finance Guaranty Corporation, Franklin Advisors, Inc. and Wells Fargo Bank, referred to collectively as the Capital Market Creditors. The primary objections of these creditors are related to the question of good faith and to whether the City was insolvent when the bankruptcy filing was made.

The City's reply to the Capital Market Creditors' objections was filed with the court on February 15, 2013, Document 707 (72 pages), [www.stocktongov.com/chapter9](http://www.stocktongov.com/chapter9).

Testimony was submitted in advance of the trial in a series of declarations and exhibits. Witnesses are being cross-examined about these testimonies in-person, in the

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courtroom. After opening statements by both sides, the first witness to be called was City Manager Bob Deis. A summary of the content of his declaration and testimony is attached. Mr. Deis' declaration was filed with the court on February 15, 2013, Document 708 (63 pages), [www.stocktongov.com/chapter9](http://www.stocktongov.com/chapter9).

Vanessa Burke, Chief Financial Officer, was called as the second witness. A summary of her testimony is attached. She testified to her declarations filed July 3, 2012, Document 62 (128 pages) and Document 715 (121 pages), [www.stocktongov.com/chapter9](http://www.stocktongov.com/chapter9).

Other witnesses, who testified today, include Laurie Montes, Deputy City Manager, and Dave Millican, Management Partners, a consultant for the City of Stockton.

The trial is scheduled to continue on Tuesday, March 26, 2013, at 9:30a. Mr. Millican's testimony will continue at the beginning of the day.

For exhibits to the declarations linked above and additional filings, please visit [www.stocktongov.com/chapter9](http://www.stocktongov.com/chapter9).

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