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DANIELSON HOLDING CORP
Form 8-K
August 01, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

JULY 24, 2002
Date of Report
(Date of earliest event reported)

DANIELSON HOLDING CORPORATION
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE
(State or Other Jurisdiction of Incorporation or Organization)

1-6732
(Commission File Number)

95-6021257
(IRS Employer Identification Number)

1701 EAST MARKET STREET
JEFFERSONVILLE, INDIANA 47130
(Address of Principal Executive Offices)

(812) 288-0100
(Registrant's Telephone Number, Including Area Code)

INFORMATION TO BE INCLUDED IN THE REPORT

ITEM 4. CHANGES IN REGISTRANT'S CERTIFYING ACCOUNTANTS.

KPMG LLP ("KPMG") was previously the principal independent accounting firm for Danielson Holding Corporation ("DHC"). On July 25, 2002, KPMG's appointment as the principal independent accounting firm for DHC was terminated and Ernst & Young LLP ("E&Y") was engaged as DHC's principal independent accounting firm. The decision to change accountants was made by the Audit Committee of the Board of Directors of DHC. Prior to the change in principal independent accounting firms, DHC was actively considering whether it was advisable to change firms given the fact that DHC recently acquired a large operating subsidiary, American Commercial Lines LLC, which is engaged in a business different from DHC's traditional areas. DHC solicited information and bids from a group of accounting firms, including KPMG, and on the basis of that information the Audit Committee determined that DHC should change accounting firms.

In connection with the audits of the two fiscal years ended December 31, 2001 and December 31, 2000 and during the subsequent interim period through July 25, 2002, there were no disagreements with KPMG on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements if not resolved to their satisfaction would have caused them to make reference to the subject matter of the disagreement in connection with their reports.

The audit reports of KPMG on the consolidated financial statements of DHC and

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its subsidiaries for the years ended December 31, 2001 and December 31, 2000, did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles.

During DHC's two most recent fiscal years (ended December 31, 2001 and December 31, 2000, respectively) and the subsequent interim period through July 25, 2002, DHC did not consult with E&Y regarding any of the matters or events set forth in Item 304(a)(2)(i) and (ii) of Regulation S-K.

E&Y has reviewed the disclosures in this Item 4 and concurs with the statements regarding E&Y set forth herein. DHC has also provided KPMG with a copy of the disclosures contained herein and KPMG has furnished a letter to the Securities and Exchange Commission. A copy of KPMG's letter is filed as Exhibit 16.1 to this Current Report on Form 8-K.

ITEM 5. OTHER EVENTS.

Election of New Directors

Each of the persons nominated to the Board of Directors of DHC in its Proxy Statement filed with the Securities and Exchange Commission on June 24, 2002 was elected as a Director of DHC at its Annual Meeting of Stockholders on July 24, 2002. The new Board of Directors for DHC is as set forth in the table below. Additional information regarding the new Directors can be located in the above-referenced Proxy Statement.

Director -----	Age ---	Director Since -----
David M. Barse	40	1996
Michael C. Hagan	55	2002
Richard L. Huber	65	2002
Eugene M. Isenberg	72	1990
William Pate	38	1999
Joseph P. Sullivan	69	2002
Martin J. Whitman	77	1990
Clayton Yeutter	71	2002
Samuel Zell	61	1999

Appointment of New Officers

At the July 24, 2002 Annual Meeting of the Stockholders the existing officers of DHC resigned and were replaced with the following individuals:

Name	Age	Principal Position
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Samuel Zell	61	President and Chief Executive Officer
Paul F. Solomon	42	Executive Vice President, General Counsel and Secretary
James J. Wolff	44	Chief Financial Officer and Treasurer

Written Premium Increases on NAICC's Non-Standard and Commercial Auto Insurance Lines

On July 24, 2002, National American Insurance Company of California ("NAICC"), DHC's primary operating insurance subsidiary, decided to increase the aggregate net written premium run rate of its non-standard private passenger automobile insurance in the State of California and commercial automobile insurance in certain western states, including California, from \$30 million (as announced in a Current Report on Form 8-K filed by DHC on December 11, 2001) to \$50 million. This decision is intended to capitalize on favorable loss ratios occurring in NAICC's automobile insurance lines and to solidify the distribution network of NAICC's products.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(c) Exhibits

Exhibit

Number	Description
16.1	Letter Regarding Change in Certifying Accountant.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 1, 2002

DANIELSON HOLDING CORPORATION
(Registrant)

By: /s/ James J. Wolff

Name: James J. Wolff
Title: Chief Financial Officer and Treasurer
(Principal Accounting Officer)