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In his capacity as As Liquidator of Paula Insurance
Company

ORIGINAL FILED
OCT 20 2009
LOS ANGELES
SUPERIOR COURT

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

INSURANCE COMMISSIONER OF THE
STATE OF CALIFORNIA,

Applicant,

v.

PAULA INSURANCE COMPANY,

Respondent.

Case No. BS075685

DECLARATION OF SCOTT PEARCE
CONFIRMING DISTRIBUTION OF
ASSETS PURSUANT TO COURT ORDER
AND CLOSING THE ESTATE OF PAULA
INSURANCE COMPANY

Hearing Held: September 5, 2008
Dept: 85
Judge: James Chalfant

I, Scott Pearce, hereby declare under penalty of perjury of the laws of the State of California as follows:

1. I am the Senior Estate Trust Officer ("ETO") in the California Insurance Commissioner's Conservation & Liquidation Office ("CLO"). I have been an ETO at the CLO since February 2003 and have been the Senior ETO since May 2005. As the Senior ETO, I supervise the other ETOs at the CLO. I have been the ETO for Paula Insurance Company

1 ("Paula") since July 2007. I make this declaration in my official capacity as the Senior ETO for
2 the CLO.

3 2. The statements contained in this declaration are not all within my personal knowledge,
4 and I am informed that no single officer of the CLO has personal knowledge of all of these
5 matters. The statements in this declaration are based upon information assembled by authorized
6 employees of the CLO, and I am informed and believe that the statements based upon that
7 information are true. As to those matters that are within my own personal knowledge, the
8 statements are true. I have reviewed the CLO files for Paula, which are maintained in the normal
9 course of business.
10

11 3. I am responsible for the management of financially impaired or insolvent insurance
12 companies (referred to as "estates") from the time of conservation or liquidation until the court
13 has discharged the Insurance Commissioner of his or her duties as Conservator or Liquidator. I
14 serve as a fiduciary, and in this capacity, I lead and direct a support team consisting of individuals
15 who work in the areas of Accounting, Claims, Reinsurance, Legal, Finance, Information
16 Technology, Human Resources, and Administration. Once the California Insurance
17 Commissioner identifies an insurance company as financially impaired or at risk of mismanaging
18 its assets, he files an application with the court for conservation or liquidation of the company.
19 As an ETO, I receive input and advice from other insurance professionals, including attorneys
20 from the California Department of Insurance, the California Attorney General's Office, and
21 private law firms.
22
23

24 4. On September 5, 2008, this Court entered the Order (1) Settling and Approving the
25 Final Report and Account of the Liquidator of Paula Insurance Company; (2) Authorizing
26 Disbursement of Funds; (3) Approving Payment of Expenses; (4) Terminating Liquidation
27 Proceeding and Discharging Insurance Commissioner as Liquidator. (hereinafter "Order")
28

1 5. Paragraph 8 of said Order provides that the Commissioner is discharged as liquidator
2 upon the filing of a declaration that the Commissioner has distributed the assets in accordance
3 with this Court's Order and upon the filing of a dismissal of the action.

4 6. The Commissioner has distributed the following amounts:

5 A. The total final distribution was \$52,975,862. The Class 2, non-IGA claimants
6 received \$256,369, and the Class 2 IGA claimants received \$52,719,493.

7 B. The total unclaimed fund was \$73,840.96. The Commissioner escheated
8 \$5,415.83 to Alaska; \$27,463.75 to Arizona; \$28.94 to New Mexico; and
\$40,932.44 to California.

9 7. Pursuant to this Court's Order, the Commissioner retained \$574,941 for the
10 administrative expenses over the next three years and retained \$700,960 for accrued tax liability.

11 8. The Commissioner has taken all necessary action pursuant to the terms of this Court's
12 Order, and will close the estate concurrent with the filing of this declaration.

13 I declare under the penalty of perjury under the laws of the State of California that the
14 foregoing is true and correct.

15 Executed this 15 day of October, 2009, in San Francisco, California.

17
18 

19 _____
20 Scott Pearce
21 Senior Estate Trust Officer
22 Conservation & Liquidation Office
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DECLARATION OF SERVICE BY U.S. MAIL

Case Name: **Insurance Commissioner of the State of California v. Paula Insurance Company**
No.: **BS075685**

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar, at which member's direction this service is made. I am 18 years of age or older and not a party to this matter. I am familiar with the business practice at the Office of the Attorney General for collection and processing of correspondence for mailing with the United States Postal Service. In accordance with that practice, correspondence placed in the internal mail collection system at the Office of the Attorney General is deposited with the United States Postal Service that same day in the ordinary course of business.

On October 20, 2009, I served the attached **DECLARATION OF SCOTT PEARCE CONFIRMING DISTRIBUTION OF ASSETS PURSUANT TO COURT ORDER AND CLOSING THE ESTATE OF PAULA INSURANCE COMPANY** by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid, in the internal mail collection system at the Office of the Attorney General at 300 South Spring Street, Suite 1702, Los Angeles, CA 90013, addressed as follows:

Deborah S. Maddocks
Vice President-Finance
Paula Financial
87 E. Green Street, Suite 206
Pasadena, California 91105

Jeff Snider
Chairman & CEO
Paula Financial
87 E. Green Street, Suite 206
Pasadena, California 91105

I declare under penalty of perjury under the laws of the State of California the foregoing is true and correct and that this declaration was executed on October 20, 2009, at Los Angeles, California.

Kathi Palacios
Declarant


Signature