

**04/14/2015** at 08:11:00 AM

Clerk of the Superior Court  
By Diana A Norman, Deputy Clerk

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7 *Attorneys for Petitioner*  
*Insurance Commissioner of the State of California,*  
8 *in his capacity as Liquidator of Pacific National*  
*Insurance Company*

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA

11 COUNTY OF ORANGE

13 **INSURANCE COMMISSIONER OF THE**  
14 **STATE OF CALIFORNIA,**

15 Petitioner,

16 v.

17 **PACIFIC NATIONAL INSURANCE**  
18 **COMPANY, a California corporation,**

19 Respondent.

Case No. 03CC01065

**DECLARATION OF COMPLIANCE BY**  
**LIQUIDATOR OF PACIFIC NATIONAL**  
**INSURANCE COMPANY**

OSC re Dismissal

Date: April 21, 2015

Time: 9:00 a.m.

Dept: C31

Judge: The Honorable Frederick P.  
Horn

1 I, Scott Pearce, declare:

2 1. I am the Senior Estate Trust Officer of the California Insurance Commissioner's  
3 Conservation and Liquidation Office ("CLO"). I have personal knowledge of the facts set forth  
4 herein and if called upon as a witness, I would testify as set forth below.

5 2. I am responsible for the management of financially impaired or insolvent  
6 companies in liquidation until the court has discharged the Insurance Commissioner of the State  
7 of California ("Commissioner") of his duties as liquidator. I serve as a fiduciary, and in this  
8 capacity, I lead and direct a support team consisting of individuals who work in areas of  
9 Accounting, Claims, Reinsurance, Legal, Finance, Information Technology, Human Resources  
10 and Administration. Once the Commissioner identifies an insurance company as financially  
11 impaired or at risk of mismanagement of its assets, he applies to the court for an order for the  
12 conservation or liquidation of the company. Liquidation is often required if the insurance  
13 company is irreparably insolvent, resulting in termination of the insurance company's operations  
14 and distribution of net assets to policyholders and other claimants pursuant to a statutory priority  
15 scheme.

16 3. I am the CLO employee responsible for managing the affairs of Pacific National  
17 Insurance Company ("Pacific National") in liquidation. I have primary responsibility for the  
18 overall administration of the Pacific National liquidation estate, including, but not limited to,  
19 matters pertaining to Pacific National's financial reporting, claims administration, legal matters,  
20 reinsurance and estate expenditures. I am also responsible for the management of Pacific  
21 National's books and records, and I have overall custody and control thereof.

22 4. On December 17, 2014, the Court entered the Order: (1) Settling and Approving  
23 Final Report and Account of Liquidator of Pacific National Insurance Company; (2) Authorizing  
24 Disbursement of Funds; (3) Approving Payment of Expenses; and (4) Terminating Liquidation  
25 Proceeding and Discharging Insurance Commissioner as Liquidator ("Order").

26 5. The Order provided that the Commissioner shall be discharged as the liquidator of  
27 Pacific National upon his filing of a declaration that he distributed the assets of Pacific National  
28 in accordance with the terms of the Order.

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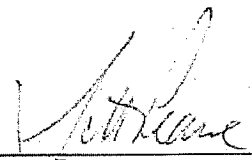
6. On December 19, 2014, the Commissioner transferred assets of Pacific National in the amount of \$3,835,458 to the California Insurance Guarantee Association.

7. The Commissioner retained \$2,000,000 for payment of administrative and closing costs and a reserve for potential federal tax liability.

8. Having taken all action necessary pursuant to the terms of the Order, the Pacific National liquidation proceeding should be closed concurrent with the filing of this declaration.

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

Executed this 7<sup>th</sup> day of April 2015, in San Francisco, California.

  
\_\_\_\_\_  
Scott Pearce

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**DECLARATION OF SERVICE BY U.S. MAIL**

Case Name: **Insurance Commissioner v. Pacific National Insurance Co.**  
No.: **03CC01065**

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 with postage thereon fully prepaid that same day in the ordinary course of business.

On April 14, 2015, I served the attached **DECLARATION OF COMPLIANCE BY LIQUIDATOR OF PACIFIC NATIONAL INSURANCE COMPANY** by placing a true copy thereof enclosed in a sealed envelope 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:

C. Guerry Collins, Esq.  
Locke Lord Bissell & Liddell LLP  
300 S. Grand Avenue, Suite 2600  
Los Angeles, CA 90071

Brian E. Riewe  
P.O. Box 776  
Smithville, TX 78957

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 April 14, 2015, at Los Angeles, California.

\_\_\_\_\_  
Linda Richardson  
Declarant

  
\_\_\_\_\_  
Signature