

**CONFORMED COPY**

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ORIGINAL FILED  
Superior Court of California  
County of Los Angeles

MAY 15 2015

Sherri R. Carter, Executive Officer/Clerk  
By: Robin Sanchez, Deputy

7 *Attorneys for Applicant*  
Insurance Commissioner of the State of California,  
8 as Liquidator of Fremont Indemnity Company

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
11 COUNTY OF LOS ANGELES  
12 CENTRAL CIVIL WEST

14 **INSURANCE COMMISSIONER OF THE**  
15 **STATE OF CALIFORNIA,**  
16 Applicant,  
17 v.  
18 **FREMONT INDEMNITY COMPANY,**  
19 Respondent.  
20

Case No. BS083582

**DECLARATION OF SCOTT PEARCE**  
**IN SUPPORT OF LIQUIDATOR'S**  
**ELEVENTH ANNUAL STATUS**  
**CONFERENCE REPORT FOR YEAR**  
**ENDING DECEMBER 31, 2014 AND**  
**APPLICATION FOR AUTHORITY TO**  
**COMMENCE RECORD**  
**DESTRUCTION**

Hearing Date: June 15, 2015  
Time: 2:00 p.m.  
Dept: CCW 322  
Judge: Hon. William F. Highberger

Action Filed: June 3, 2003

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 the CLO employee responsible for managing of the affairs of Fremont  
6 Indemnity Company ("Fremont") in conservation and in liquidation. I have primary  
7 responsibility for the overall administration of the Fremont conservation and liquidation estate,  
8 including but not limited to, matters pertaining to Fremont's financial reporting, claim  
9 administration, legal matters, reinsurance contracts and estate expenditures. As the Estate Trust  
10 Officer for Fremont, I am also responsible for the management of Fremont's books and records,  
11 and I have overall custody and control thereof.

12 3. At the time Fremont was placed into liquidation in 2003, the Liquidator inherited  
13 some 215,000 boxes of Fremont's legacy business records, including files of workers  
14 compensation and general liability claims and policies, stored at various Iron Mountain storage  
15 facilities across the United States.

16 4. A number of those records had originally been identified and scheduled by  
17 Fremont for destruction before the company was placed into liquidation. Upon liquidation, the  
18 Liquidator continued to maintain these records.

19 5. During the course of Fremont's liquidation proceeding, the Liquidator had access  
20 to those records for his own legal and operational needs. Since the resolution of Fremont's legal  
21 issues, the Liquidator has had little need to access Fremont's legacy records.

22 6. The Liquidator also retrieved Fremont's historical files at the request of state  
23 insurance guarantee associations (IGAs) responsible for paying claims made on Fremont's  
24 policies. While the Liquidator still receives requests for files from IGAs and third parties, those  
25 requests have substantially decreased as the estate is preparing for closure. Roughly 50% of the  
26 requested files are not available and of those located less than half of those records retrieved truly  
27 serve to benefit the Liquidator's management of the estate.

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1           7.       Much of the Fremont's legacy records are now available electronically. The CLO  
2 maintains electronic/imaged legacy system data on the worker compensation matters which often  
3 contains the necessary policy coverage and historical claim payment information and  
4 documentation. Further, commencing in or about 2007 and continuing to the present, the  
5 Fremont estate makes a regular practice of imaging records as they are retrieved from external  
6 storage prior to returning those records to the off-site storage facilities. As such, over the life of  
7 the estate myriad estate issues have required records to be regularly sought, retrieved and imaged  
8 pertaining to the multitude of legal and operational issues.

9           8.       The estate spends approximately \$427,000 each year for storage expenses paid to  
10 third party vendors in addition to incurring internal administration expenses managing the  
11 records.

12           9.       As the Fremont Estate enters its final years of insolvency run-off, the cost to store  
13 certain records increasingly exceeds any economic or practical benefit derived from the continued  
14 record retention.

15           10.      The CLO usually maintains an insolvency estate's records for three years after the  
16 estate is closed and includes in the closing budget the cost to destroy the records after the three  
17 year period. However, given the substantial amount of Fremont's historical business records, the  
18 CLO believes the record destruction process should commence now in anticipation of working  
19 through the final phase of Fremont's run-off with projected estate closure in 2017.

20           11.      The CLO has identified 166,828 boxes of Fremont's legacy claims located in  
21 various Iron Mountain storage facilities across the country that can be destroyed now without  
22 waiting the three year retention period after the estate closes. A true and correct copy of the  
23 records identified for destruction is attached hereto Exhibit A.

24           12.      The CLO anticipates that beginning the process to destroy the records now rather  
25 than wait three years after the estate closing would reduce storage costs by over \$400,000  
26 annually, and ultimately would save the estate at least \$1.2 million.

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13. Because of the lack of need for the Liquidator to access these records, the significant decrease in requests from third parties and the availability of electronic records, I believe that at this juncture of the Fremont insolvency proceeding the risk of harm to the estate as a result of the proposed destruction is perceived to be slight. The financial costs of continuing to pay to store the considerable legacy files clearly outweighs any such risk to the estate.

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

Executed this 14th day of May, 2015, at San Francisco, California.

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

# Exhibit “A”

**FREMONT INDEMNITY IRON MOUNTAIN BOX INVENTORY**

<b>Bldg</b>	<b>Address</b>	<b>State</b>	<b>City</b>	<b>Zip</b>	<b>Box</b>
AZ 01	2202 South 7th St	AZ	Phoenix	85034	4
AZ 04	844 North 44th Ave	AZ	Phoenix	85043	197
AZ 36	4449 South 36th St	AZ	Phoenix	85040	1086
AZ 48	10 South 48th Ave	AZ	Phoenix	85043	824
AZ CT	2246 South Central Ave	AZ	Phoenix	85004	1
AZ FP	616 South 55th Ave	AZ	Phoenix	85034	76
AZ TE	2625 South Roosevelt Bldg	AZ	Tempe	85282	859
D L2	1510 Capital Parkway	TX	Carrollton	75011	160
D BV	13425 Branchview Ln	TX	Branchview	75234	89
D CC	1800 Columbian Club Dr	TX	Carrollton	75006	645
D L2	1510 Capital Parkway	TX	Carrollton	75011	1
D S	3409 Century Circle	TX	Irving	75062	98
G AC	341 S Ari Ct	IL	Addison	60101	11
G AN	331 S Swift Rd	IL	Addison	60101	521
G BB	2604 W 13th St	IL	Chicago	60608	277
G EG	1511 Busse Rd	IL	Elk Grove Village	60007	401
G GB	2625 W Roosevelt Rd	IL	Chicago	60608	244
G PS	2211 W Pershing Rd	IL	Chicago	60609	5
G AC	341 S Ari Ct	IL	Addison	60101	1
G AD	341 Ari Court	IL	Addison	60101	25
G AN	331 S Swift Rd	IL	Addison	60101	1
G BB	2604 W 13th St	IL	Chicago	60608	1
G BN	121 Foster Ave	IL	Bensenville	60106	15
G EG	1511 Busse Rd	IL	Elk Grove Village	60007	1
G GB	2625 W Roosevelt Rd	IL	Chicago	60608	1
G HL	737 South Des Plains	IL	Chicago	60607	36
G ML	4175 Chandler Dr Opus No. Corp	IL	Hanover Park	60103	1830
G MN	901 South Menard St	IL	Chicago	60601	13930
G PR	2211 W. Pershing Rd	IL	Chicago	60609	52
G PS	2211 W Pershing Rd	IL	Chicago	60609	1
G RK	2604 West 13th St	IL	Chicago	60608	78
IN 01	1165 South Girls School Rd	IN	Indianapolis	46231	1
IN 02	7901 West 21st St	IN	Indianapolis	46214	72
IN CB	6120 Churchman Bypass	IN	Indianapolis	46203	476
J F3	811 State Route 33	NJ	Freehold	7728	37
J F6	811 State Route 33	NJ	Freehold	7728	84
J H2	811 State Route 33	NJ	Freehold	7728	4
J H3	811 State Route 33	NJ	Freehold	7728	5
J 02	70 Clyde Rd	NJ	Somerset	08873	7
J 03	25 Commerce Dr Franklin-3 Bldg	NJ	Somerset	08873	68
J 05	35 Commerce Dr Franklin 8 Bldg	NJ	Somerset	08873	43

J 22	22 Kimberly Rd	NJ	East Brunswick	08816	29
J 30	30 Kimberly Rd	NJ	East Brunswick	08816	38
J F1	811 Route 33, Bldg F	NJ	Freehold	07728	59
J F3	811 State Route 33	NJ	Freehold	7728	1
J F6	811 State Route 33	NJ	Freehold	7728	1
J H1	811 Route 33, Bldg H	NJ	Freehold	07728	275
J H2	811 State Route 33	NJ	Freehold	7728	1
J H3	811 State Route 33	NJ	Freehold	7728	1
J M1	26 South Middlesex Ave	NJ	Monroe Township	08831	7
J M2	26 South Middlesex Ave	NJ	Monroe	8831	1
J NW	110 Edison Place	NJ	Newark	07102	13
LA 08	635 8th Street	CA	San Fernando		1
LA 8	635 8th Street	CA	San Fernando		2
LA B2	5620 Lindbergh Ln	CA	Bell		38
LA BL	5600 Lindbergh Ln	CA	Bell		1
LA BT	600 Burning Tree Rd	CA	Fullerton		8443
LA CR	12932 to 12958 Midway Place	CA	Cerritos		720
LA F1	700 Burning Tree Rd	CA	Fullerton		269
LA F2	691 Burning Tree Rd	CA	Fullerton		2
LA IR	5086 4th St	CA	Irwindale		6605
LA JU	13379 Jurupa Ave	CA	Fontana		106
LA LP	5911 Fresca Dr	CA	La Palma		161
LA MN	1537 Greenwood Ave	CA	Montebello		149
LA PC	8700 Mercury Lane	CA	Pico Rivera		7128
LA S1	2680 Sequoia Dr	CA	South Gate		9684
LA S2	2641 Seminole Ave	CA	South Gate		44909
LA SA	1915 South Grand Ave	CA	Santa Ana		3
LA VA	28751 West Witherspoon Pkwy	CA	Valencia		204
LA VB	6190 Boyle Ave	CA	Vernon		112
LA VS	3166 East Slauson Ave	CA	Vernon		1
OP 01	2116 Northwest 20th Ave	OR	Portland	97209	1566
OP 04	7530 N. Leadbetter Road	OR	Portland	97203	16
OP 10	7828 N. Leadbetter Road	OR	Portland	97203	104
SD DL	1348 Delevan Dr	CA	San Diego		9
SD FL	6935 Flanders Drive	CA	San Diego		9855
SD OT	8661 Kerns St	CA	San Diego		1834
SL LC	11741 Missouri Bottom Rd	MO	Hazelwood	63042	46
SL M2	11719 Missouri Bottom Rd	MO	Hazelwood	63042	4
SL MB	11713&11719 Missouri Bottom Rd	MO	Hazelwood	63042	244
SL SI	8845 Seeger Industrial Dr	MO	Berkeley	63134	669
SM 01	8470 Belvedere Ave	CA	Sacramento		241
SM 03	8450 Belvedere Ave Ste B&C	CA	Sacramento		1
SM 04	8150 Signal Ct	CA	Sacramento		2754
SM 05	8150 Signal Ct	CA	Sacramento		1
SM 06	8150 Signal Ct	CA	Sacramento		1
SM 07	6350 Sky Creek Drive	CA	Sacramento		30
SM 3	8450 Belvedere Ave Ste B&C	CA	Sacramento		1240

SM 5	8150 Signal Ct	CA	Sacramento		5
SS AL	3004 Alvarado St	CA	San Leandro		24
SS CR	50 Crisp Rd	CA	San Francisco		14141
SS H2	23663 Eichler St	CA	Hayward		66
SS H3	23669 Eichler St.	CA	Hayward		37
SS H4	23475 Eichler St	CA	Hayward		701
SS HW	21063 Forbes St	CA	Hayward		10377
SS HY	23497 Eichler Street	CA	Hayward		61
SS LV	6933 Preston Ave	CA	Livermore		6647
SS OK	1350 West Grand Ave	CA	Oakland		7912
SS OY	336 Oyster Point Blvd	CA	South San Francisco		1936
SS WM	1954C Williams St	CA	San Leandro		2215
T 03	121B Kelsey Ln	FL	Tampa	33619	44
WA E	6600 Hardeson Rd	WA	Everett	98203	319
WA K	20211 89th Ave South	WA	Kent	98031	78
WA K4	19826 Russell Rd South	WA	Kent	98032	1
WA NS	1201 N. 96th St	WA	Seattle	98103	1024
WI 01	5170 South 6th St	WI	Milwaukee	53187	1294
X 01	3881 Old Gordon Rd	GA	Atlanta	30336	2
X 05	660 Distribution Dr	GA	Atlanta	30336	32
X 07	700 Distribution Dr	GA	Atlanta	30336	45
X 09	750 Distribution Dr	GA	Atlanta	30336	19
X 14	5319 Tulane Drive SW	GA	Atlanta	30336	1
				<b>Total</b>	<b>166828</b>



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

Case Name: **Insurance Commissioner v. Fremont Indemnity Company**  
No.: **BS083582**

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 May 15, 2015, I served the attached **DECLARATION OF SCOTT PEARCE IN SUPPORT OF LIQUIDATOR'S ELEVENTH ANNUAL STATUS CONFERENCE REPORT FOR YEAR ENDING DECEMBER 31, 2014 AND APPLICATION FOR AUTHORITY TO COMMENCE RECORD DESTRUCTION** 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:

**SEE ATTACHED SERVICE LIST**

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 May 15, 2015, at Los Angeles, California.

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

  
\_\_\_\_\_  
Signature