

ELECTRONICALLY FILED
Merced Superior Court
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Clerk of the Superior Court
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9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
10 COUNTY OF MERCED
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13 **INSURANCE COMMISSIONER OF THE**
14 **STATE OF CALIFORNIA,**

15 Applicant,

16 v.

17 **MERCED PROPERTY & CASUALTY**
18 **CO.,**

19 Respondent.
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Case No. 18CV-04739

**DECLARATION OF COMPLIANCE BY
SCOTT PEARCE CONFIRMING THE
DISTRIBUTION OF ESTATE ASSETS
PURSUANT TO COURT ORDER AND
CLOSING THE ESTATE OF MERCED
PROPERTY & CASUALTY CO.**

DECLARATION OF SCOTT PEARCE

I, Scott Pearce, declare as follows:

1. I am the Senior Estate Trust Officer of the California Insurance Commissioner's Conservation & Liquidation Office (CLO). I have been the Estate Trust Officer for Merced Property & Casualty Company (Merced) since 2018, and I make this declaration in my official capacity.

2. I am responsible for the management of financially impaired or insolvent insurance companies (referred to as "estates") from the time of conservation or liquidation until the court discharges the Insurance Commissioner of his or her duties as Conservator or Liquidator. I serve as a fiduciary, and in this capacity, I lead and direct a support team consisting of individuals who work in the areas of Accounting, Claims, Reinsurance, Legal, Finance, Information Technology, Human Resources, and Administration. Once the California Insurance Commissioner identifies an insurance company as financially impaired or at risk of mismanaging its assets, he files an application with the court for conservation or liquidation of the company.

3. I am responsible for the management and books and records of Merced, and I have overall custody and control thereof. I have reviewed the CLO files for Merced, which are maintained in the normal course of business.

4. I am authorized to make this declaration on behalf of applicant Insurance Commissioner of the State of California, in his capacity as Liquidator of Merced. The following statements are based on my personal knowledge, acquired through my direct involvement in the Merced liquidation. At the same time, I refer to certain facts and events in this declaration on information and belief and on records prepared by personnel at the CLO and kept in the ordinary course of CLO's business. If called upon to testify, I could and would testify competently to the facts herein, except as to matters stated on information and belief, and as to those matters, I believe them to be true.

5. On April 8, 2025, this Court issued its order (Order) granting the Commissioner's unopposed Application for Order to Approve Liquidator's 1) Payment of Administrative and Professional Fees and Expenses for the Period of November 1, 2022 to September 30, 2024; 2)

1 Approve Executed Release Agreement with the Federal Government; 3) Authorize Final
2 Disbursement of Merced Assets; 4) Escheat Unclaimed Funds to State; 5) Retain Closing
3 Reserve; 6) Authorize Disposal of Legacy Records; 7) Remit Residual Estate Assets to Parent
4 Entity; and 8) Close Estate. A true and correct copy of the Order is attached hereto as **Exhibit A**.
5 Pursuant to the Order, the Commissioner completed the following activities described herein to
6 distribute the remaining assets of the Merced estate and prepare the estate for closure.

7 6. The Commissioner distributed and paid a total of \$172,917.22 from the assets of the
8 Merced estate to the six approved Class 7 general creditors after the Commissioner's executed
9 federal release and waiver agreement with the United States Department of Justice became
10 effective.

11 7. The Commissioner distributed and paid a total of \$197,286.49 from the assets of the
12 Merced estate to the 62 approved Class 8 equity creditors after the Commissioner's executed
13 federal release and waiver agreement with the United States Department of Justice became
14 effective.

15 8. The Commissioner escheated \$213,600 of unclaimed funds to the California State
16 Treasurer's Office.

17 9. The Commissioner retained \$350,000 of final reserve funds in an administrative
18 budget to pay for the costs to prepare and release the estate's final distribution and any remaining
19 tasks required to close the liquidation.

20 10. The Commissioner disposed of all legacy records of the Merced estate.

21 11. The Commissioner released all remaining residual estate assets in the amount of
22 \$7,700,000 to the estate's parent and owner, United Heritage Financial Group.

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1 12. The final distribution of Merced assets and execution of the tasks described above
2 pursuant to the Court's April 8, 2025, Order were completed on or before November 14, 2025.
3 Pursuant to Paragraph 11 of the Order, this case shall be closed upon the filing of the present
4 declaration stating that the Commissioner has distributed the assets of the Merced estate in
5 accordance with the Order in this matter.

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7 I declare under the penalty of perjury under the laws of the State of California that the
8 foregoing is true and correct. Executed on this 18 day of November, 2025, in Santa Ana,
9 California.

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13 SCOTT PEARCE
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EXHIBIT A

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of the State of California*

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF MERCED

FILED
MERCED COUNTY
2025 APR -8 AM 11:38
CLERK OF THE SUPERIOR COURT
BY 
DEPUTY

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

Applicant,

v.

**MERCED PROPERTY & CASUALTY
CO.,**

Respondent.

Case No. 18CV-04739

**~~PROPOSED~~ ORDER TO APPROVE
LIQUIDATOR'S 1) PAYMENT OF
ADMINISTRATIVE AND
PROFESSIONAL FEES AND EXPENSES
FOR THE PERIOD OF NOVEMBER 1,
2022 TO SEPTEMBER 30, 2024; 2)
APPROVE EXECUTED RELEASE
AGREEMENT WITH THE FEDERAL
GOVERNMENT; 3) AUTHORIZE FINAL
DISBURSEMENT OF MERCED
ASSETS; 4) ESCHEAT UNCLAIMED
FUNDS TO STATE; 5) RETAIN
CLOSING RESERVE; 6) AUTHORIZE
DISPOSAL OF LEGACY RECORDS; 7)
REMIT RESIDUAL ESTATE ASSETS
TO PARENT ENTITY; 8) CLOSE
ESTATE**

Date: April 2, 2025
Time: 8:15 a.m.
Dept: 8
Judge: Hon. Stephanie Jamieson
Action Filed: November 30, 2018

The Application of the Insurance Commissioner of the State of California (Commissioner),
in his capacity as Liquidator of Merced Property & Casualty Company (Merced), for an Order to

1) Approve Payment of Administrative and Professional Fees and Expenses for the period of November 1, 2022 to September 30, 2024; 2) Approve Executed Release Agreement with the Federal Government; 3) Authorize Final Disbursement of Merced Assets; 4) Escheat Unclaimed Funds to State; 5) Retain Closing Reserve; 6) Authorize Disposal of Legacy Records; 7) Remit Residual Estate Assets to Parent Entity; and 8) Close Estate was heard in Department 8 of the above-entitled court on April 2, 2025, at 8:15 a.m., the Honorable Stephanie Jamieson presiding. Having read and considered the Application, the Memorandum of Points and Authorities, the Declaration of Scott Pearce submitted in support thereof, the Exhibits submitted in support thereof and, argument having been heard and good cause appearing,

IT IS HEREBY ORDERED that:

1. The Application is granted;
2. The Commissioner's payment of administrative and professional fees and expenses in the total amount of \$692,196 for the period of November 1, 2022, through September 30, 2024, is approved;
3. The Commissioner's executed federal release and waiver agreement with the United States Department of Justice concerning the federal government's Class 3 claim is approved;
4. The Commissioner is authorized to disburse and pay a total of \$172,917.22 from the assets of the Merced estate to the six approved Class 7 general creditors after the federal release and waiver agreement becomes effective;
5. The Commissioner is authorized to disburse and pay a total of \$197,286.49 from the assets of the Merced estate to the 62 approved Class 8 equity creditors after the federal release and waiver agreement becomes effective;
6. The Commissioner is authorized to escheat up to a total of \$213,600 from the remaining assets of the Merced estate to the proper state agency as unclaimed funds;
7. The Commissioner is authorized to retain \$350,000 in Merced assets as a closing reserve for the payment of projected future administrative expenses incurred during the release of the estate's final distribution and for any remaining tasks required to properly close the liquidation, including dismissal of the legal proceeding and discharge of the Commissioner;

1 8. The Commissioner is authorized to dispose of all legacy records of the Merced estate;

2 9. The Commissioner, upon completion of paying all remaining Classes 7 and 8
3 distributions, escheating all unclaimed funds, and reserving a closing budget, is authorized to
4 release all residual estate assets in the estimated amount of 7,553,086 to the estate's parent and
5 owner, United Heritage Financial Group;

6 10. The Commissioner is authorized to take any and all action necessary to accomplish
7 the purposes of this Order; and

8 11. The Commissioner is authorized to close the Merced liquidation estate and discharge
9 the Commissioner as Liquidator upon the filing of a declaration of compliance that the
10 Commissioner has distributed the assets in accordance with the Court's order

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13 Dated:

4/2/25


The Honorable Stephanie Jamieson

DECLARATION OF SERVICE BY ELECTRONIC MAIL

Case Name: **Insurance Commissioner of the State of California v. Merced Property & Casualty Co.**

Case No.: **18CV-04739**

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.

On February 21, 2025, I served the attached [~~PROPOSED~~] **ORDER TO APPROVE LIQUIDATOR'S 1) PAYMENT OF ADMINISTRATIVE AND PROFESSIONAL FEES AND EXPENSES FOR THE PERIOD OF NOVEMBER 1, 2022 TO SEPTEMBER 30, 2024; 2) APPROVE EXECUTED RELEASE AGREEMENT WITH THE FEDERAL GOVERNMENT; 3) AUTHORIZE FINAL DISBURSEMENT OF MERCED ASSETS; 4) ESCHEAT UNCLAIMED FUNDS TO STATE; 5) RETAIN CLOSING RESERVE; 6) AUTHORIZE DISPOSAL OF LEGACY RECORDS; 7) REMIT RESIDUAL ESTATE ASSETS TO PARENT ENTITY; 8) CLOSE ESTATE** by transmitting a true copy via electronic mail, addressed as follows:

Jeffrey D. Neumeyer, Esq.
Sr. Vice President, General Counsel and
Corporate Secretary
United Heritage Financial Group
Email to jneumeyer@unitedheritage.com

Brad Roeber
Executive Director
California Insurance Guarantee Association
Email to roeberb@ciga.org

I declare under penalty of perjury under the laws of the State of California and the United States of America the foregoing is true and correct and that this declaration was executed on February 21, 2025, at Los Angeles, California.

Gail Agcaoili
Declarant

/s/ Gail Agcaoili
Signature

DECLARATION OF SERVICE BY E-MAIL

Case Name: Insurance Commissioner of the State of California v. Merced Property & Casualty Co.
Case Number: 18CV-04739
Party Represented: Insurance Commissioner of the State of California

Declaration of Electronic Service

1. I am at least 18 years of age and not a party to this matter.
2. I am employed in the Office of the Attorney General of the State of California. My business address is 300 South Spring Street, Suite 1702, Los Angeles, CA 90013-1230, County of Los Angeles.
3. My electronic service address is Cecilia.Apodaca@doj.ca.gov.
4. On November 18, 2025, I electronically served the following document[s]:

DECLARATION OF COMPLIANCE BY SCOTT PEARCE CONFIRMING THE DISTRIBUTION OF ESTATE ASSETS PURSUANT TO COURT ORDER AND CLOSING THE ESTATE OF MERCED PROPERTY & CASUALTY CO.

5. I electronically served the aforementioned document[s] by emailing them to the following individual[s]:

Jeffrey D. Neumeyer, Esq.
Sr. Vice President, General Counsel and
Corporate Secretary
United Heritage Financial Group
jneumeyer@unitedheritage.com

Brad Roeber
Executive Director
California Insurance Guarantee Association
roeberb@ciga.org

I declare under penalty of perjury under the laws of the State of California and the United States of America that the foregoing is true and correct, and that this declaration was executed on November 18, 2025.

Cecilia Apodaca
Declarant

/s/ Cecilia Apodaca
Signature