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**ENDORSED
FILED**
Superior Court of California
County of San Francisco

JUN 14 2011

CLERK OF THE COURT
BY: CAROLYN BALISTRERI
Deputy Clerk

7 *Attorneys for Applicant and Liquidator*
Dave Jones, Insurance Commissioner
8 of the State of California

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA

10 COUNTY OF SAN FRANCISCO

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

Case No. CPF-95-972164

15 Applicant,

**DECLARATION OF BOB FERNANDEZ
CONFIRMING DISTRIBUTION OF
ASSETS PURSUANT TO COURT
ORDER AND CLOSING THE ESTATE
OF CITATION GENERAL INSURANCE
COMPANY**

16 v.

17 **CITATION GENERAL INSURANCE**
18 **COMPANY, a California corporation,**

19 Respondents.

Date:
Time:
Dept:
Judge:
Trial Date:
Action Filed:

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23 I, BOB FERNANDEZ, declare:

24 1. I am over eighteen years, and I am competent to be a witness.

25 2. I am an Estate Trust Officer ("ETO") in the California Insurance Commissioner's

26 Conservation & Liquidation Office ("CLO"). I have been an ETO at the CLO since March 20,

27 1

28 **DECLARATION OF ROBERT FERNANDEZ CONFIRMING DISTRIBUTION OF ASSETS PURSUANT TO
COURT ORDER AND CLOSING THE ESTATE OF CITATION GENERAL INSURANCE COMPANY**

(CPF-95-972164)

1 1995. I have been the ETO for Citation General Insurance Company ("Citation General") since
2 July 1998. I make this declaration in my official capacity as an ETO for the CLO.

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

14 4. The statements contained in this declaration are not all within my personal
15 knowledge, and I am informed that no single officer of the CLO has personal knowledge of all of
16 these matters. The statements in this declaration are based upon information assembled by
17 authorized employees of the CLO, and I am informed and believe that the statements based upon
18 that information are true. As to those matters that are within my own personal knowledge, the
19 statements are true. If called upon as a witness, I would testify as set forth herein.

20 5. On August 18, 2010, this Court entered the Order Approving Insurance
21 Commissioner's Final Report and Accounting and Final Distribution of Assets of Citation
22 General Insurance Company (hereinafter "Order").

23 6. Paragraph 9 of said Order provides that the estate of Citation General shall be closed
24 and the Commissioner is discharged as Liquidator upon the filing of a declaration that the
25 Commissioner has distributed the assets in accordance with this Court's Order.

26 7. The Commissioner distributed a total of \$11,010,196.23 as follows.

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A. The one Class 5, insurance guaranty association ("IGA") claimant, the California Insurance Guarantee Association, received \$8,646,640.07.

B. The Class 5, non-IGA claimants received \$550,992.28.

C. The Class 6 claimants - "All Other Claimants" - received \$1,812,563.88.

8. On March 3, 2011, in accordance with Insurance Code section 12937, the Insurance Commissioner escheated \$89,112.92 to the California Department of Insurance.

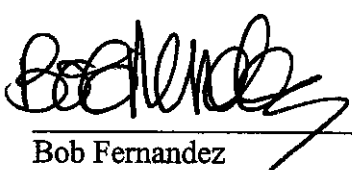
9. Pursuant to this Court's Order, the Commissioner retained \$311,245 for the administrative expenses over the next three years and retained \$132,416 for a potential tax liability for tax years 2009 and 2010.

10. The Commissioner is in the process of negotiating an agreement with Citation General's parent, PICO Holdings, Inc., to settle a potential Citation General tax liability. If such liability does not occur, the Commissioner will make a determination as to how best to proceed, which may include filing a motion with this Court to reopen this proceeding for the sole purpose of obtaining this Court's consent for the Commissioner to distribute surplus tax reserves.

11. The Commissioner has taken all necessary action pursuant to the terms of this Court's Order, and will close the estate 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 2 day of June 2011 in San Francisco, California.



Bob Fernandez
Estate Trust Officer
Conservation & Liquidation Office

DECLARATION OF SERVICE BY U.S. MAIL

Case Name: *Insurance Commissioner of California v. Citation General Insurance Co*
Case No.: **San Francisco County Superior Court Case No. CPF-95-972164**

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 June 13, 2011, I served the attached **DECLARATION OF BOB FERNANDEZ CONFIRMING DISTRIBUTION OF ASSETS PURSUANT TO COURT ORDER AND CLOSING THE ESTATE OF CITATION GENERAL 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 1515 Clay Street, 20th Floor, Oakland, CA 94612-0550, addressed as follows:

Alice Hall
Po Box 70558
Pasadena, CA 91117-7558
(Note: New address 8/24/2010)

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c/o Schonbrun Desimone Client Trust Acct
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of Hollywood, Inc.
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Nevada Division of Insurance
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Belofsky & Hanker, LLP
21311 Hawthorne Blvd., Suite 220
Torrance, CA 90503

California Insurance Guarantee Association
c/o Wayne Wilson
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Glendale, CA 91209-9066

California Department of Insurance
Attn: Robert Fernandez, Special Deputy Receiver
Conservation & Liquidation Office
P. O. Box 26894
San Francisco, CA 94126-6894


Thelen Reid Brown Raysman & Steiner LLP
Attn: Gary Fontana
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San Francisco, CA 94105

California Department of Insurance
Attn: Jack Hom
45 Fremont St., 24th Fl
San Francisco, CA 94105

PICO Holdings, Inc.
c/o Maxim C. W. Webb
875 Prospect St., Suite 301
La Jolla, CA 92037-4264

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 June 13, 2011, at Oakland, California.

Christine Soo
Declarant


Signature