

1 TROUTMAN SANDERS LLP  
Terrence R. McInnis, Bar No. 155416  
2 terrence.mcinnis@troutmansanders.com  
Kevin F. Kieffer, Bar No. 192193  
3 kevin.kieffer@troutmansanders.com  
Peter R. Lucier, Bar No. 246397  
4 peter.lucier@troutmansanders.com  
5 Park Plaza, Suite 1400  
5 Irvine, CA 92614-2545  
Telephone: 949.622.2700  
6 Facsimile: 949.622.2739

7 *Attorneys for Plaintiffs Allied World National*  
*Assurance Company and Allied World Assurance*  
8 *Company (U.S.) Inc.*

9 Please see continuation page for a complete list  
of parties and their counsel  
10

11  
12 UNITED STATES DISTRICT COURT  
13 EASTERN DISTRICT OF CALIFORNIA

14 ALLIED WORLD NATIONAL  
ASSURANCE COMPANY, a New  
15 Hampshire corporation, and ALLIED  
WORLD ASSURANCE COMPANY (U.S.)  
16 INC., a Delaware corporation,

17 Plaintiffs,

18 v.

19 SK PM CORP., a California corporation aka  
"S.K. Foods PM Corp.," SK FOODS, L.P., a  
20 California limited partnership, FREDERICK  
SCOTT SALYER, an individual,  
21 BLACKSTONE RANCH, a California  
corporation aka "Blackstone Ranch Calif 'S'  
22 Corp.," LISA CRIST, an individual, MARK  
MCCORMICK, an individual,

23 (caption continued on next page)  
24

Case No. 1:10-CV-01262-LJO-JLT

Hon. Lawrence J. O'Neill  
Hon. Jennifer L. Thurston

**JOINT REPORT REGARDING  
SETTLEMENT STATUS AND  
STIPULATION AND ORDER  
CONTINUING DEADLINES**

25  
26  
27  
28

1 SCOTT SALYER REVOCABLE TRUST, a  
2 trust, THE CAROLINE GAZELLE SALYER  
3 IRREVOCABLE TRUST, a trust, THE  
4 STEFANIE ANN SALYER IRREVOCABLE  
5 TRUST, a trust, SS FARMS, LLC, a California  
6 limited liability company, SK FOODS, LP  
7 401K PLAN, an ERISA plan aka "SK Foods  
8 L.P. Blackstone Ranch & SK Foods L.P. 401K  
9 Plan," SARS, LLC, a California limited  
10 liability company, CSSS LP, a California  
11 limited partnership d/b/a Central Valley  
12 Shippers, SK FOODS LLC, a Nevada limited  
13 liability company, S.K. FOODS PM CORP., an  
14 entity or a d/b/a of unknown legal capacity,  
15 SKF AVIATION, LLC, a California limited  
16 liability company, SSC FARMING, LLC, a  
17 California limited liability company, RHM  
18 INDUSTRIAL/SPECIALTY FOODS, INC., a  
19 California corporation d/b/a Colusa County  
20 Canning Company and d/b/a SK Foods –  
21 Colusa Canning, CARMEL WINE  
22 MERCHANTS LLC, a California limited  
23 liability company, CIRCLE PACIFIC LTD., a  
24 New Zealand company, SUNRISE COAST  
25 JAPAN, an entity or a d/b/a of unknown legal  
26 capacity, SSC FARMS I, LLC, a California  
27 limited liability company, SSC FARMS II,  
28 LLC, a California limited liability company,  
SK FARM SERVICES, LLC, a California  
limited liability company, SK FROZEN  
FOODS, LLC, a California limited liability  
company, SALYER AMERICAN  
INSURANCE SERVICES, a California limited  
liability company, SSC FARMS III, LLC, a  
California limited liability company, SALYER  
AMERICAN COOLING, a general  
partnership, SALYER WESTERN COOLING  
COMPANY, a general partnership, YUMA  
AMERICAN COOLING CORPORATION, an  
entity or a d/b/a of unknown legal capacity,  
SAWTOOTH COOLING, LLC, a California  
limited liability company, and SALYER  
AMERICAN FRESH FOODS, a California  
corporation,

Defendants.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**Continuation Page**

Gregory C. Nuti (CSBN 151754)  
gnuti@schnader.com  
Kevin W. Coleman (CSBN 168538)  
kcoleman@schnader.com  
Kathryn N. Richter (CSBN 100129)  
krichter@schnader.com  
SCHNADER HARRISON SEGAL & LEWIS LLP  
One Montgomery Street, Suite 2200  
San Francisco, California 94104-5501  
Telephone: 415.364.6742  
Facsimile: 415.364.6785

*Attorneys for Bradley D. Sharp, Chapter 11  
Trustee*

LAW OFFICES OF DAVID C. WINTON  
David C. Winton, Bar No. 152417  
david@dcwintonlaw.com  
2 Ranch Drive, Suite 8  
Novato, CA 94945  
415.421.5800 Tel  
415.358.4122 Fax

*Counsel for Frederick Scott Salyer individually  
and as trustee for the Scott Salyer Revocable  
Trust, Robert Pruett, Trustee for the Caroline  
Gazelle Salyer 1999 Irrevocable Trust, the  
Caroline Gazelle Salyer 2007 Irrevocable  
Trust, the Stefanie Ann Salyer 1999 Irrevocable  
Trust and the Stefanie Ann Salyer 2007  
Irrevocable Trust, SK PM Corp., aka "S.K.  
Foods PM Corp.," Blackstone Ranch, aka  
"Blackstone Ranch Calif 'S' Corp.," SS Farms,  
LLC, SARS, LLC, CSSS LP, d/b/a Central  
Valley Shippers, SK Foods LLC, S.K. Foods  
PM Corp., SKF Aviation, LLC, SSC Farming  
LLC, SSC Farms I, LLC, SSC Farms II, LLC,  
SSC Farms III, LLC, SK Farm Services, LLC,  
SK Frozen Foods, LLC*

1 This status report is being filed pursuant to this Court’s December 20, 2012 order that the  
2 parties file status reports addressing the completion of settlement every 45 days beginning on  
3 January 30, 2013. As the parties previously reported to the Court in their Notice of Settlement  
4 and Stipulation and [Proposed] Order Continuing Deadlines (“Notice of Settlement”), Plaintiffs  
5 Allied World National Assurance Company (“Allied World”) and Allied World Assurance  
6 Company (U.S.) Inc. (“AWAC”) (collectively “Plaintiffs”) have reached a settlement in principle  
7 with all remaining defendants in the above-captioned action, with the exception of the defendants  
8 against whom the Clerk has already entered default.<sup>1</sup>

9 **A. The Settlement Involves Two Separate Agreements With Two Groups of**  
10 **Defendants**

11 As the parties previously reported to the Court, Plaintiffs have reached separate  
12 agreements with two groups of defendants. First, Plaintiffs have reached a settlement in principle  
13 with the Chapter 11 Trustee for SK Foods, L.P. and RHM Industrial/Specialty (“Chapter 11  
14 Trustee”). Second, the Plaintiffs have reached a settlement in principle with the following parties,  
15 who are referred to collectively as the “Salyer Parties”:

- 16 1) Frederick Scott Salyer, individually and as trustee for the Scott Salyer  
17 Revocable Trust,
- 18 2) Robert Pruett, Trustee for the Caroline Gazelle Salyer 1999 Irrevocable Trust  
19 and the Caroline Gazelle Salyer 2007 Irrevocable Trust (sued as The Caroline  
20 Gazelle Salyer Irrevocable Trust), the Stefanie Ann Salyer 1999 Irrevocable  
21 Trust and the Stefanie Ann Salyer 2007 Irrevocable Trust (sued as The  
22 Stefanie Ann Salyer Irrevocable Trust),
- 23 3) SK PM Corp., aka “S.K. Foods PM Corp.,”
- 24 4) Blackstone Ranch, aka “Blackstone Ranch Calif ‘S’ Corp.,”
- 25 5) SS Farms, LLC,

26 <sup>1</sup> On May 5, 2011, the Clerk entered default against Defendants Circle Pacific Ltd., SK Foods, LP  
27 401K Plan, and Sunrise Coast Japan. (Doc. # 62.) On May 6, 2011, the Clerk entered default  
28 against Salyer American Fresh Foods, Salyer American Insurance Services. (Doc. No. 65.)

- 1                   6) SARS, LLC,
- 2                   7) CSSS LP, d/b/a Central Valley Shippers,
- 3                   8) SK Foods LLC,
- 4                   9) S.K. Foods PM Corp.,
- 5                   10) SKF Aviation, LLC,
- 6                   11) SSC Farming LLC,
- 7                   12) SSC Farms I, LLC,
- 8                   13) SSC Farms II, LLC,
- 9                   14) SSC Farms III, LLC,
- 10                  15) SK Farm Services, LLC,
- 11                  16) SK Frozen Foods, LLC,
- 12                  17) Carmel Wine Merchants LLC, and
- 13                  18) Salyer American Cooling.

14               **B. The Formal Settlement Agreements are Largely Finalized**

15               Counsel for Plaintiffs have exchanged proposed settlement agreements with respective  
16               counsel for both groups of defendants. The formal settlement agreements have largely been  
17               finalized, but still await final approval of their form by the respective parties.

18               **C. Finalization of the Salyer Parties' Settlement Has Been Delayed Due to a**  
19               **Recent Discovery that Receivers Have Been Appointed for Several of the**  
20               **Salyer Parties**

21               On December 21, counsel for the Salyer Parties first informed counsel for Plaintiffs that  
22               several of the Salyer Parties have had entered receivership. As a result, there is some uncertainty  
23               regarding who has the authority to execute the settlement agreement on behalf of these parties.

24               Counsel for the Salyer Parties has been in contact with the receiver for these parties, and  
25               expects to have confirmation regarding who has the authority to execute the settlement agreement  
26               within the next several days. Once the confusion over who has authority to enter into the  
27               settlement agreement is resolved, the parties expect to finalize the settlement agreements and  
28               proceed with seeking bankruptcy court approval of the Chapter 11 Trustee settlement agreement  
                  and the dismissal of this action as more fully set forth in the parties' Notice of Settlement.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

At the present time, the parties do not believe that the current confusion over who has authority to enter into the settlement agreement will jeopardize the settlement in any way.

**D. The Parties Stipulate and Request that Certain Deadlines Are Continued**

NOW THEREFORE, in light of the foregoing, the parties, through counsel, hereby STIPULATE and REQUEST that the Court enter an Order that:

1. That the deadline for the Salyer Parties to respond to the First Amended Complaint is further extended until March 15, 2013; and

2. That the deadline for Plaintiffs and the Salyer Parties to exchange initial disclosures pursuant to Fed. R. Civ. P. 26(a)(1) is further extended to March 15, 2013.

Dated: January 30, 2013

TROUTMAN SANDERS LLP

By: /s/ Peter R. Lucier

Terrence R. McInnis  
Kevin F. Kieffer  
Peter R. Lucier

*Attorneys for Plaintiffs Allied World National Assurance Company and Allied World Assurance Company (U.S.) Inc.*

Dated: January 30, 2013

LAW OFFICES OF DAVID C. WINTON

By: /s/ David C. Winton (as authorized 1/29/2013)

David C. Winton

*Counsel for the "Salyer Defendants," listed above*

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

Dated: January 30, 2013

SCHNADER HARRISON SEGAL & LEWIS LLP

By: /s/ Kathryn N. Richter (as authorized 1/29/2013)  
Gregory C. Nuti  
Kevin W. Coleman  
Kathryn N. Richter

*Attorneys for Bradley D. Sharp, Chapter 11  
Trustee*

**CERTIFICATION**

Pursuant to Local Rule 131(e), I, PETER R. LUCIER, certify that on January 29, 2013 David C. Winton and Kathryn N. Richter authorized me to submit this Joint Report Regarding Settlement Status and Stipulation and [Proposed] Order Continuing Deadlines on their behalf.

TROUTMAN SANDERS LLP  
5 PARK PLAZA  
SUITE 1400  
IRVINE, CA 92614-2545

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**ORDER**

Pursuant to the foregoing, this Court hereby Orders:

1. That the deadline for the Salyer Parties to respond to the First Amended Complaint is further extended until March 15, 2013; and

2. That the deadline for Plaintiffs and the Salyer Parties to exchange initial disclosures pursuant to Fed. R. Civ. P. 26(a)(1) is further extended to March 15, 2013.

**This Court FURTHER ORDERS the parties to continue to complete settlement diligently and to file status reports every 30 days, starting March 1, 2013 (or sooner as necessary), to address completion of settlement.**

IT IS SO ORDERED.

Dated: January 30, 2013

/s/ Lawrence J. O’Neill  
UNITED STATES DISTRICT JUDGE