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 7 SCOTTSDALE INDEMNITY COMPANY; WESTERN HERITAGE INSURANCE COMPANY;  
 and R. MAX WILLIAMSON

8 UNITED STATES DISTRICT COURT  
 9 EASTERN DISTRICT OF CALIFORNIA

11 SOVEREIGN GENERAL LIFE INSURANCE  
 SERVICES, INC., a California corporation,

12 Plaintiff,

13 vs.

14 SCOTTSDALE INSURANCE COMPANY, an  
 Ohio corporation; NATIONAL CASUALTY  
 15 COMPANY, a Wisconsin corporation;  
 16 SCOTTSDALE INDEMNITY COMPANY, an  
 Ohio corporation; WESTERN HERITAGE  
 17 INSURANCE COMPANY, and Arizona  
 corporation; R. MAX WILLIAMSON an  
 18 individual; JOSEPH A. LUGHES, an individual,

19 Defendants.

20 WESTERN HERITAGE INSURANCE  
 21 COMPANY, an Arizona corporation,

22 Plaintiff,

23 vs.

24 SOVEREIGN GENERAL LIFE INSURANCE  
 SERVICES, INC., a California corporation;  
 25 MARTIN F. SULLIVAN, SR. and GLORIA  
 SULLIVAN, husband and wife, guarantors,

26 Defendants.  
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Case No. 2:05-CV-00312-MCE-DAD  
 (Consolidated with 2:05-CV-01389-MCE-DAD)

**STIPULATION AND ORDER FOR ENTRY  
 OF JUDGMENT CONSISTENT WITH  
 JURY VERDICT, JUDGMENT, NINTH  
 CIRCUIT MANDATE, AND AWARD, IF  
 ANY, OF SUCCESSFUL PARTY  
 ATTORNEYS' FEES**

[Fed. R. Civ. P. 54, 58, 83; E.D. Cal. L.R. 143]

Complaint Filed: April 12, 2005  
 Judgment Entered: October 7, 2008

Case No. 2:05-CV-01389-MCE-DAD  
 (Consolidated with 2:05-CV-00312-MCE-DAD)

1 Scottsdale Insurance Company, National Casualty Company, Scottsdale Indemnity Company,  
2 Western Heritage Insurance Company (“Western Heritage”) and R. Max Williamson (collectively,  
3 “the Scottsdale Parties”), on the one hand, and Defendants Sovereign General Insurance Services,  
4 Inc. (“Sovereign) and Martin F. Sullivan, Sr. and Gloria Sullivan (collectively “the Sullivans”)  
5 (collectively “Defendants”), on the other hand, hereby stipulate, by and through their counsel of  
6 record, as follows:

7 **RECITALS**

8 WHEREAS, on October 1, 2008, the jury in the related civil cases before this Court, entitled  
9 *Sovereign Gen’l Ins. Servs., Inc. v. Scottsdale Ins. Co., et al.* (E.D. Cal. Civil Case Nos. 2:05-CV-  
10 00312-MCE-DAD and 2:05-CV-01389-MCE-DAD) (“Action”), returned a verdict for Western  
11 Heritage and against Defendants on all of Western Heritage’s claims, and awarded Western Heritage  
12 damages in the amount of **\$715,113.29**; and

13 WHEREAS, on October 7, 2008, this Court entered judgment against Defendants consistent  
14 with the jury verdict; and

15 WHEREAS, on October 17, 2008, following this Court’s entry of judgment, Western  
16 Heritage moved for an award of pre-judgment interest in the amount of **\$307,872.27**, which was  
17 denied on January 7, 2009; and

18 WHEREAS, Sovereign timely appealed to the Ninth Circuit (9th Cir. Case No. 08-17422)  
19 from this Court’s order granting summary judgment to the Scottsdale Parties on Sovereign’s  
20 affirmative claims and counterclaims in this Action, and from the judgment against it following the  
21 jury trial on Western Heritage’s claims; and

22 WHEREAS, the Sullivans timely appealed to the Ninth Circuit (9th Cir. Case No. 08-17424)  
23 from this Court’s judgment against it following the jury trial on Western Heritage’s claims; and

24 WHEREAS, Western Heritage timely appealed to the Ninth Circuit (9th Cir. Case No. 09-  
25 15246) from this Court’s order of January 7, 2009, denying its motion for pre-judgment interest; and

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1 WHEREAS, on April 8, 2010, the Ninth Circuit issued its Memorandum decision in the  
2 consolidated appeals, affirming this Court’s summary judgment ruling dismissing Sovereign’s claims  
3 and counterclaims against the Scottsdale Parties and reversing and remanding this Court’s denial of  
4 Western Heritage’s pre-judgment interest motion; and

5 WHEREAS, on April 30, 2010, the Ninth Circuit’s Mandate issued; and

6 WHEREAS, on March 31, 2010, Sovereign’s involuntary Chapter 7 bankruptcy proceeding  
7 (Bankr. E.D. Cal. Case No. 09-39673-A-7) was closed by the United States Bankruptcy Court in and  
8 for the Eastern District of California (“Bankruptcy Court”) by entry of its Final Decree; and

9 WHEREAS, on August 26, 2010, the Bankruptcy Court granted Western Heritage’s motion  
10 for leave to modify the automatic stay in the Sullivans’ Chapter 7 bankruptcy proceeding (Bankr.  
11 E.D. Cal. Case No. 09-38120-B-7 to allow this Court to enter final orders and judgment in this  
12 Action, including ruling on the Scottsdale Parties’ Renewed Attorneys’ Fees Motion, filed  
13 concurrently herewith and set for hearing on January 13, 2001; and

14 WHEREAS, the Scottsdale Parties and Defendants wish to finally resolve this Action  
15 consistent with: the jury verdict of October 1, 2008; the judgment of October 7, 2008; the Ninth  
16 Circuit’s mandate with respect to an award of prejudgment interest to Western Heritage; and this  
17 Court’s award of successful party attorneys’ fees, if any, pursuant to the Scottsdale Parties’ Renewed  
18 Attorneys’ Fees Motion, filed concurrently herewith;

19  
20 **STIPULATION**

21  
22 THEREFORE, IT IS STIPULATED between the Scottsdale Parties and Defendants as  
23 follows:

24 1. Final judgment shall be entered in favor of the Scottsdale Parties and against  
25 Defendants in this matter following this Court’s ruling on Western Heritage’s Renewed Motion for  
26 Attorneys’ Fees, filed concurrently herewith.

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1           2.       The final judgment to be entered in favor of the Scottsdale Parties and against  
2 Defendants shall include the principal amount of damages awarded by the jury at trial to Western  
3 Heritage, **\$715,113.29**, consistent with this Court’s entry of judgment on October 7, 2008.

4           3.       The final judgment to be entered in favor of the Scottsdale Parties and against  
5 Defendants shall include an award of pre-judgment interest to Western Heritage in the amount of  
6 **\$307,872.27**, consistent with the Ninth Circuit’s Memorandum decision of April 8, 2010, and its  
7 mandate reversing and remanding for further proceedings this Court’s denial of Western Heritage’s  
8 motion for pre-judgment interest.

9           4.       The final judgment to be entered in favor of the Scottsdale Parties and against  
10 Defendants shall include an award of successful party attorneys’ fees, if any, consistent with this  
11 Court’s ruling on the Scottsdale Parties’ Renewed Attorneys’ Fees Motion, filed concurrently  
12 herewith.

13           5.       This Court shall enter final judgment in favor of Western Heritage and against  
14 Defendants in the amount of at least **\$1,022,985.56**—the combined amount of damages and pre-  
15 judgment interest described herein—and shall add to this amount an award of successful party  
16 attorneys’ fees, if any, in favor of the Scottsdale Parties and against Defendants, consistent with its  
17 ruling on the Scottsdale Parties’ Renewed Motion for Attorneys’ Fees, filed concurrently herewith.

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