

1 ROBERT R. RIGGS (SBN 107684)  
 2 STEPHEN G. PREONAS (SBN 245334)  
 3 Katzoff & Riggs LLP  
 4 1500 Park Avenue, Suite 300  
 5 Emeryville, CA 94608  
 6 Tel. (510) 597-1990  
 7 email: [rriggs@katzoffriggs.com](mailto:rriggs@katzoffriggs.com)

8 Attorneys for Plaintiffs KAREN RIGSBY,  
 9 Trustee, and DONALD P. STEINMEYER

10 UNITED STATES DISTRICT COURT

11 EASTERN DISTRICT OF CALIFORNIA – SACRAMENTO DIVISION

12 KAREN RIGSBY, Trustee of the )  
 13 MARSH REVOCABLE TRUST OF )  
 14 2003, and DONALD P. STEINMEYER, )  
 15 an individual, )  
 16 )  
 17 Plaintiffs, )

18 Case No. 2:17-cv-01347-MCE-EFB  
 19 **STIPULATION AND ORDER TO  
 SEVER DEFENDANT PATRIOT  
 NATIONAL, INC.**

20 vs. )

21 INTERCARE SPECIALTY RISK )  
 22 INSURANCE SERVICES, INC., et al. )  
 Defendants. )

\_\_\_\_\_ )  
 and RELATED CROSS ACTION )  
 \_\_\_\_\_ )

On June 30, 2017, Plaintiffs Karen Rigsby, as Trustee of the Marsh Revocable Trust of 2003 and Donald P. Steinmeyer (“Plaintiffs”) filed this action for Breach of Contract against Defendant Intercare Specialty Risk Insurance Services, Inc., and its

KATZOFF & RIGGS LLP  
 1500 PARK AVENUE, SUITE 300  
 EMERYVILLE, CA 94608  
 (510)597-1990

1 successor-in-interest ISR Holdings, Inc. (“ISR”); Alter Ego Liability against Defendants  
2 ISR and Kevin Hamm (“Hamm”); Intentional Interference of Contract against Defendant  
3 Patriot National, Inc. (“Patriot”); and Fraudulent Conveyance against Defendants Patriot  
4 and Phoenix Risk Management, Inc. (“Phoenix”).

5 On September 21, 2017, ISR filed a Cross-Complaint against Plaintiffs. Patriot is  
6 not named as a Cross-Defendant in the Cross-Complaint.

7 On January 30, 2018, Patriot filed for Chapter 11 Bankruptcy in the United States  
8 Bankruptcy Court for the District of Delaware (“the Bankruptcy Petition”). The  
9 bankruptcy matter is entitled *In re Patriot National, Inc.*, Case No. 18-10189.

10 On February 5, 2018, Patriot filed a Suggestion of Bankruptcy of Defendant  
11 Patriot National, Inc. noticing a stay on prosecution of the action against Patriot pursuant  
12 to Bankruptcy Code § 362(a).

13 The parties in this action agree and stipulate as follows:

- 14 1. Good cause exists to sever the action as to Patriot pursuant to Fed. R. Civ.  
15 Proc. 21.
- 16 2. A stay of the action due to Patriot’s Bankruptcy Petition will cause  
17 indefinite delay of the action and prejudice Plaintiffs if Plaintiffs are not permitted to  
18 proceed with their claims against the three solvent defendants, ISR, Hamm, and Phoenix.
- 19 3. Severing Patriot from the action will promote the expeditious resolution of  
20 this litigation.
- 21 4. Patriot is not an indispensable party to this litigation because:
  - 22 a. This action primarily arises out of a contract between Plaintiffs and ISR.

1 Patriot is a third party to that contract.

2 b. Plaintiffs' claim of Intentional Interference of Contract is stated solely  
3 against Patriot and involves different issues of fact and law from Plaintiffs' other claims.

4 c. Plaintiffs allege that Patriot and Phoenix are joint tortfeasors with respect to  
5 Plaintiffs' claim of fraudulent conveyance. Joint tortfeasors are not indispensable parties  
6 under federal law. (*In re Related Asbestos Cases*, 23 B.R. 523, 530 (N.D. Cal. 1982);  
7 *Symantec Corp. v. Logical Plus, Inc.*, 2009 U.S. Dist. LEXIS 86340, at \* 4 (N.D. Cal.  
8 2009).)

9 Therefore, the parties agree and stipulate that the action shall be severed as  
10 follows:

11 Plaintiffs' claims for Intentional Interference of Contract and Fraudulent  
12 Conveyance against Patriot shall be severed from the action and shall proceed as a  
13 discrete, independent action. The severed action against Patriot shall be stayed pursuant  
14 to Bankruptcy Code § 362(a).

15 Plaintiffs' claims for Breach of Contract against ISR, Alter Ego Liability against  
16 ISR and Hamm, and Fraudulent Conveyance against Phoenix and ISR's cross-claims  
17 shall proceed and shall not be stayed by Patriot's Bankruptcy Petition.

18 Dated: March 5, 2018

KATZOFF & RIGGS LLP  
/s/ Robert R. Riggs

19 By: \_\_\_\_\_  
20 Robert R. Riggs

21 Attorneys for Plaintiffs and Cross-  
22 Defendants KAREN RIGSBY, Trustee  
of the MARSH REVOCABLE TRUST  
OF 2003, and DONALD P.

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Dated: February 28, 2018

STEINMEYER

LAW OFFICES OF PETER DUNN  
LEMMON

/s/ Peter D. Lemmon

By: \_\_\_\_\_  
Peter Dunn Lemmon

Attorneys for Defendant and Cross-  
Complainant ISR HOLDINGS, INC.

Dated: February 28, 2018

LAW OFFICE OF DEWEY V.  
HARPAINTER

/s/ Dewey V. Harpainter


By: \_\_\_\_\_  
Dewey V. Harpainter

Attorneys for Defendant KEVIN HAMM

By the Court:

Good cause appearing, IT IS SO ORDERED.

Dated: March 14, 2018

  
MORRISON C. ENGLAND, JR.  
UNITED STATES DISTRICT JUDGE