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SUPERIOR COURT OF THE STATE OF WASHINGTON
FOR KING COUNTY

MIKE KREIDLER, Insurance Commissioner
for the State of Washington and as Receiver for
Cascade National Insurance Company, in
Liquidation,

Plaintiff,

v.

DANNY L. PIXLER and ROXANN PIXLER,
individually and their marital community;
ANTHONY HUFF and SHERI HUFF,
individually and their marital community;
AMERICAN STAFF RESOURCES OF
CALIFORNIA, INC., a Delaware corporation;
CERTIFIED SERVICES, INC., a Nevada
corporation; MIDWEST MERGER
MANAGEMENT, LLC, a Kentucky Limited
Liability Company; and JOHN DOES 1 – 10,

Defendants

NO.

0622 • 13068 • 5 SEA

SUMMONS

TO ABOVE-NAMED DEFENDANTS: A lawsuit has been started against you in the
above-entitled court by MIKE KREIDLER, Insurance Commissioner for the State of
Washington and as Receiver for Cascade National Insurance Company, in Liquidation.
Plaintiff's claim is stated in the written Complaint, a copy of which is served upon you with
this Summons.

SUMMONS - 1 of 2

LAW OFFICES
GORDON, THOMAS, HONEYWELL, MALANCA,
PETERSON & DAHEIM LLP
ONE UNION SQUARE
600 UNIVERSITY, SUITE 2100
SEATTLE, WASHINGTON 98101-4185
(206) 676-7500 - FACSIMILE (206) 676-7575

1 In order to defend against this lawsuit, you must respond to the Complaint by stating
2 your defense in writing, and by serving a copy upon the person signing this Summons within
3 20 days after the service of this Summons within the State of Washington or 60 days if served
4 outside of the State of Washington, excluding the day of service, or a default judgment may
5 be entered against you without notice. A default judgment is one where Plaintiff is entitled to
6 what it asks for because you have not responded. If you serve a notice of appearance on the
7 undersigned attorneys, you are entitled to notice before a default judgment may be entered.
8

9 You may demand that the Plaintiff file this lawsuit with the court. If you do so, the
10 demand must be in writing and must be served upon the person signing this Summons.
11 Within 14 days after you serve the demand, the Plaintiff must file this lawsuit with the court,
12 or the service on you of this Summons and Complaint will be void.
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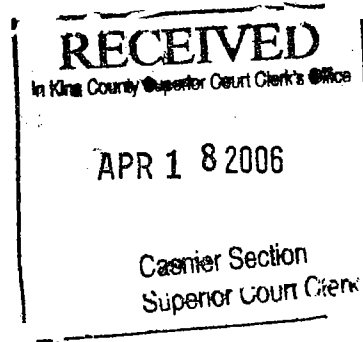
14 If you wish to seek the advice of an attorney in this matter, you should do so promptly
15 so that your written response, if any, may be served on time.

16 This Summons is issued pursuant to Rule 4 of the Superior Court Civil Rules of the
17 State of Washington.
18

19 Dated this 18th day of April, 2006.

20 GORDON, THOMAS, HONEYWELL, MALANCA,
21 PETERSON & DAHEIM LLP

22 By _____
23 Victoria L. Vreeland, WSBA No. 08046
24 vvreeland@gth-law.com
25 Donald S. Cohen, WSBA No. 12480
26 dcohen@gth-law.com
Attorneys for Plaintiff



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SUPERIOR COURT OF THE STATE OF WASHINGTON
FOR KING COUNTY

MIKE KREIDLER, Insurance Commissioner
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Cascade National Insurance Company, in
Liquidation,

Plaintiff,

v.

DANNY L. PIXLER and ROXANN PIXLER,
individually and their marital community;
ANTHONY HUFF and SHERI HUFF,
individually and their marital community;
AMERICAN STAFF RESOURCES OF
CALIFORNIA, INC., a Delaware corporation;
CERTIFIED SERVICES, INC., a Nevada
corporation; MIDWEST MERGER
MANAGEMENT, LLC, a Kentucky Limited
Liability Company; and JOHN DOES 1 – 10,

Defendants

NO.

0622-13068-5 SEA

COMPLAINT FOR DAMAGES

Plaintiff, by and through counsel of record, Victoria L. Vreeland and Donald S. Cohen
of Gordon, Thomas, Honeywell, Malanca, Peterson & Daheim, LLP, as and for the causes of
action against defendants, alleges as follows:

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I. PARTIES

1.1 Plaintiff **MIKE KREIDLER** is the Insurance Commissioner of the State of Washington and the Statutory Receiver of Cascade National Insurance Company (“Cascade National”) pursuant to state law. Authorized and acting on his behalf are **JAMES T. ODIORNE**, Deputy Insurance Commissioner of the State of Washington and Court-appointed Receiver, and **MARSHALL McGINNIS**, Company Licensing Manager of the Office of Insurance Commissioner and Court-appointed Deputy Receiver of Cascade National, whose principal place of business, at all relevant times was, and is located in Bellevue, Washington. By Order of Liquidation entered November 4, 2005, by the Thurston County Superior Court under Cause No. 04-2-02427-4, Cascade National was placed into state court receivership for purposes of liquidation pursuant to the state insurance code, Chapters 48.31 and 48.99 RCW, and plaintiff is the owner and holder of all property, rights, interests, and causes of action of Cascade National. Plaintiff brings this action in his official capacity as Receiver of Cascade National under the authority conferred by the Insurance Code of the State of Washington and the Order of Liquidation for the benefit of the general public, creditors, claimants, and those with an interest in the receivership estate of Cascade National.

1.2 Defendant **DANNY L. PIXLER** at relevant times has been an owner, corporate officer, CEO, director, partner, representative, promoter, and/or incorporator of each of the defendant entities named herein, and/or has controlled and/or directed the operations and business relations of each of the defendant entities named herein. Defendant **DANNY L. PIXLER** directly engaged in negotiations and communications with Cascade National relating to many aspects of the workers compensation coverage contract, administration and reinsurance.

1 1.3 Defendant **ROXANN PIXLER** at relevant times has been an owner, partner,
2 representative, promoter and/or incorporator of defendant **MIDWEST MERGER**
3 **MANAGEMENT, LLC**, and/or has participated in the control and/or direction of the
4 operations and business relations of such entity.
5

6 1.4. Defendants **DANNY L. PIXLER** and **ROXANN PIXLER** are believed to be
7 residents of the State of Florida, and are married to each other. They constitute a marital
8 community. All acts alleged herein committed by either of them were done in pursuit of
9 financial gain for themselves individually and also on behalf and for the benefit of their
10 marital community.

11 1.5. Defendant **ANTHONY HUFF** is a long-time business associate/partner with
12 defendant **DANNY PIXLER**, and he and **PIXLER** are brothers-in-law. At relevant times,
13 **HUFF** has been an owner, officer, director, partner, representative, promoter, and/or
14 incorporator of one or more of the defendant entities named herein, and/or has controlled
15 and/or directed the operations and business relations of one or more of the defendant entities
16 named herein. Defendant **ANTHONY HUFF** directly engaged in negotiations and
17 communications with Cascade National relating to many aspects of the workers compensation
18 coverage contract, administration and reinsurance.
19

20 1.6. Defendant **SHERI HUFF** at relevant times has been an owner, partner,
21 representative, promoter and/or incorporator of defendant **MIDWEST MERGER**
22 **MANAGEMENT, LLC**, and/or has participated in the control and/or direction of the
23 operations and business relations of such entity.

24 1.7. Defendants **ANTHONY HUFF** and **SHERI HUFF** are believed to be
25 residents of the State of Kentucky, and on information and belief, they are married to each
26 other, and as such, they constitute a marital community. All acts alleged herein committed by

1 either of them were done in pursuit of financial gain for themselves individually and also on
2 behalf and for the benefit of their marital community.

3 1.8. Defendant **AMERICAN STAFF RESOURCES OF CALIFORNIA, INC.** is
4 a corporation organized under the laws of the State of Delaware. At relevant times, its
5 principal place of business was located in the State of Texas at 2100 McKinney, Dallas,
6 Texas, and/or in the State of California at 701 S. Parker, Orange, California. It also has a
7 business location at 5101 N.W. 21st Avenue, Suite 350, Fort Lauderdale, Florida, which are
8 also the offices of defendant **CERTIFIED SERVICES, INC.**, and defendant **DANNY L.**
9 **PIXLER**, among others. On information and belief, it is wholly owned by defendant
10 **CERTIFIED SERVICES, INC.**

11 1.9. Defendant **CERTIFIED SERVICES, INC.** is a corporation organized under
12 the laws of the State of Nevada, and is a publicly-traded company. At relevant times, its
13 principal place of business is in the State of Florida at 5101 N.W. 21st Avenue, Suite 350, Fort
14 Lauderdale, Florida. **CERTIFIED SERVICES, INC.**, holds itself out as a holding company
15 owning subsidiaries engaged in the professional employer organization (“PEO”) industry.

16 1.10. Defendant **MIDWEST MERGER MANAGEMENT, LLC** is a limited
17 liability company organized under the laws of the State of Kentucky. On information and
18 belief, its principal place of business is located in the State of Kentucky, at 10602
19 Timberwood Circle, Suite 9, Louisville KY 40223. On information and belief, it contracts
20 with and/or is the owner, or parent company, or shareholder, and/or holds a financial interest
21 in multiple entities, including but not limited to: **AMERICAN STAFF RESOURCES OF**
22 **CALIFORNIA, INC.**, **AMERICAN HR HOLDINGS, INC.**, **AMERICAN STAFF**
23 **RESOURCES, INC.**, **CERTIFIED SERVICES, INC.**, and one or more related holding
24 companies.
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1 is authorized to sue on behalf of Cascade National, or in the interest of Cascade National's
2 policyholders, creditors and the public, in the courts of the State of Washington.

3 2.3. The acts alleged herein were committed by defendants in King County, State
4 of Washington, and/or the acts alleged herein by defendants were directed at a Washington
5 insurance company and were anticipated to and did cause harm, injury and damages in King
6 County, State of Washington, and elsewhere. The Court has jurisdiction over the claims
7 alleged herein and has jurisdiction over the defendants.
8

9 2.4. Venue is proper in King County Superior Court because the acts alleged herein
10 occurred in King County and/or caused harm, injury and damages in King County,
11 Washington.

12 III. STATEMENT OF FACTS

13 3.1. In 1998, Harold Anderson purchased Cascade National. He formed Legend
14 Holdings, Inc. ("Legend Holdings"), an insurance holding company and a for-profit domestic
15 corporation in the State of Washington, for the purpose of acquiring Cascade National. The
16 purchase of Cascade National was financed through a bank loan to Legend Holdings, Inc.,
17 secured by its common stock and that of Cascade National. The bank loan, in the amount of
18 approximately \$7 million, was personally guaranteed by Mr. Anderson.
19

20 3.2. Cascade National, at relevant times, was a domestic stock insurance company
21 holding a Certificate of Authority to operate in the State of Washington as a property and
22 casualty insurer pursuant to Chapter 48.05 RCW. It was a wholly-owned subsidiary of
23 Legend Holdings. Cascade National also held a license issued by the State of California
24 Department of Insurance to write workers' compensation policies for coverage in California.
25 Cascade National engaged in two primary lines of insurance business: (1) private passenger
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1 automobile and commercial trucking; and (2) workers' compensation. Cascade National
2 entered the workers' compensation market in early 2004.

3
4 3.3. Cascade National began experiencing financial difficulties and was the subject
5 of notices to cure deficiencies issued by the Washington State Office of Insurance
6 Commissioner in March 2003, and October 2003. Cascade National experienced financial
7 losses in some of its business lines and was stressed for capital. It did not have adequate
8 earned surplus to pay dividends to Legend Holdings, which struggled to make its debt
9 payments to the bank. Cascade National and Harold Anderson were looking for a purchaser
10 or an investor.

11 3.4. In the fall of 2003, defendant **DANNY PIXLER** and his associates and agents
12 emerged as a potential purchaser of Cascade National, and commenced discussions with
13 Harold Anderson and others at Cascade National. Defendant **DANNY PIXLER** was engaged
14 in a business enterprise known as "The Cura Group" "Cura", and/or "Curco", which was
15 serving as a professional employer organization ("PEO") operating in the State of California,
16 among other places. A PEO, also referred to as a labor contractor, is engaged in the business
17 of providing human resources services to its clients (small to medium-sized businesses),
18 including payroll and benefits administration, health and workers' compensation insurance
19 programs, and other similar services directly to the employer's workforce. The workforce
20 employees become employed by the PEO, and are then leased or contracted to the PEO's
21 business client.

22
23 3.5. Defendant **DANNY PIXLER** was in need of a workers' compensation insurer
24 licensed in California to provide such insurance for his PEO operations. Cascade National
25 was licensed to write such insurance in California.
26

1 3.6. Discussions, including personal visits, telephone conversations and/or email
2 communications, ensued between Cascade National and defendant **DANNY PIXLER** as well
3 as with his associates or agents, who desired to purchase or invest in Cascade National and
4 who also wanted to contract with Cascade National to provide workers' compensation
5 insurance for his California PEO(s).
6

7 3.7. In November, 2003, a document entitled "Term Sheet", and an addendum
8 thereto, were executed by defendant **DANNY PIXLER**, as Power of Attorney for Eugene
9 Weiss and/or his assigns as Buyer, and Cascade National and Legend Holdings, Inc., as
10 Seller. The Term Sheet set forth the contemplated "multi-faceted financing and insurance
11 management platform." It provided, among other things, for a transfer of 9.9% of the
12 ownership of Cascade National (owned by Legend Holdings), immediate deposit by Buyer of
13 \$1 million to be held on account in the name of **MIDWEST MERGER MANAGEMENT**,
14 regulatory approvals, an option for Buyer to acquire additional 90.1% interest in Cascade
15 National, and payments from Buyer on the outstanding bank loan.
16

17 3.8. As to workers' compensation coverage, the Term Sheet provided that the
18 parties shall enter into an agreement for Cascade National to provide workers compensation
19 insurance on behalf of "the BUYERS and/or his assigns (The Cura Group, Inc.)," subject to
20 specified terms and conditions.

21 3.9. Also during that time period, in November, 2003, the entity known as
22 Gudeman & Weiss, LLC, a Delaware Limited Liability Company, was formed at the direction
23 of defendant **DANNY PIXLER**, whose apparent purpose was to acquire insurers or a
24 controlling interest in insurers who could provide workers' compensation insurance to the
25 PEO(s) operated by defendants as described above. Defendant **DANNY PIXLER**, at times
26 relevant to this action, owned ninety percent (90%) of Gudeman & Weiss, LLC. Edward

1 Gudeman and Eugene Weiss, on information and belief, each contributed \$1,000 to become
2 five percent (5%) owners each. Defendants **DANNY PIXLER, ANTHONY HUFF**, and/or
3 **MIDWEST MERGER MANAGEMENT** participated, directed, and/or collaborated in the
4 formation and/or control of Gudeman & Weiss, LLC.

5
6 3.10. On December 2, 2003, effective December 1, 2003, a Stock Purchase
7 Agreement was entered into between Gudeman & Weiss, LLC and Legend Holdings. Under
8 the Agreement, Gudeman & Weiss, LLC, purchased a 9.9% interest in Legend Holdings, with
9 an option to purchase the remaining 90.1% interest. Among other funding mechanisms
10 including Surplus Notes or preferred stocks, the earnest money sum of \$1 million had been
11 transferred to an account held in a fiduciary capacity by the bank in the name of **MIDWEST**
12 **MERGER MANAGEMENT**, with “signature authority residing only in Danny L. Pixler.”
13 The funds for Gudeman & Weiss, LLC, to participate as the Purchaser in the Stock Purchase
14 Agreement were provided by defendants **DANNY PIXLER, ANTHONY HUFF**, and/or
15 **MIDWEST MERGER MANAGEMENT**.

16
17 3.11. The Stock Purchase Agreement also provided that after closing, the parties will
18 enter into an agreement whereby Cascade National will provide workers’ compensation
19 insurance to Buyer’s designated clients in California and other states where it is licensed,
20 through a retail sales agent to be identified by Buyer, and other insurance lines through a
21 General Agent to be identified by Buyer. It further provided that Cascade National shall apply
22 on or before 12/5/03 for approval of rates and forms for a California workers compensation
23 insurance policy, with annual terms from issuance date, statutory limits and a \$1 million
24 deductible filing in place.

25
26 3.12. During the course of the discussions and agreements, the entity named
CERTIFIED SERVICES, INC., also later known as “Certified” or “CSRV”, emerged as the

1 successor entity of "The Cura Group." Defendant **DANNY PIXLER**, directly and/or through
2 his agents, represented that **CERTIFIED SERVICES, INC.**, was the entity which would
3 actually provide the human resources services to the employer business clients and be
4 responsible to Cascade National. A local California PEO, to be formed by defendant **DANNY**
5 **PIXLER**, would be the named entity through which California employer business clients
6 would obtain the services offered and performed by **CERTIFIED SERVICES, INC.**
7

8 3.13. Following execution of the Stock Purchase Agreement, the parties continued
9 negotiations and development of the workers compensation coverage contract and
10 administration, and reinsurance. Among other arrangements which were being developed,
11 defendant **CERTIFIED SERVICES, INC.** and/or its predecessor "The Cura Group", was to
12 physically prepare the workers compensation policies to be executed and distributed by
13 Cascade National. Cascade National was informed that the California PEO entity would be
14 called **AMERICAN STAFF RESOURCES OF CALIFORNIA, INC. ("ASRC")**, and it
15 would be the named insured on the workers compensation policies. The policies were not
16 issued until approximately April, 2004; however, the effective date of the Cascade National
17 workers compensation policies for **ASRC** was February 13, 2004. Cascade National
18 subsequently learned that **ASRC** was not actually incorporated or in existence until February
19 18, 2004, and that it never registered itself as an employer with the California Department of
20 Industrial Relations.
21

22 3.14. Other aspects of the workers compensation coverage contract between Cascade
23 National and defendants **DANNY PIXLER** and **CERTIFIED SERVICES, INC.**, were put
24 in place, including but not limited to timely remittance to Cascade National of (a) deductible
25 premium; and (b) as reimbursement and security for its obligation under the policy deductible,
26 100% of the incurred claims which is part of the deductible on a bi-weekly basis; and (c)

1 reimbursement of various expenses and any additional cost of reinsurance over the 10% of
2 standard premium included in the deductible premium. All payments to Cascade National
3 under the workers compensation coverage contract were by checks from **MIDWEST**
4 **MERGER MANAGEMENT.**

5
6 3.15. Throughout the negotiations which resulted in the Term Sheet and the Stock
7 Purchase Agreement, defendant **DANNY PIXLER**, holding himself out as the principal
8 owner of defendant **CERTIFIED SERVICES, INC.**, represented to Cascade National and
9 Legend Holdings that he was the one who was in charge and in control as the Buyer.
10 Throughout the negotiations for the workers compensation coverage contracting with Cascade
11 National, and through actual operations of the workers compensation program, defendant
12 **DANNY PIXLER** repeatedly made representations to Cascade National as to the financial
13 strength of defendant **CERTIFIED SERVICES, INC.**, and that it was the entity providing
14 the financial backing to Cascade National and to **ASRC**. Specifically in response to direct
15 inquiries by Cascade National, defendant **DANNY PIXLER** expressly stated and proclaimed,
16 including but not limited to the following: that **CERTIFIED SERVICES, INC.**, was the
17 responsible financial party for **ASRC**, was “good for it” and was “standing behind” **ASRC**.
18 He specifically directed Cascade National to the financial statements, 10K filings, and
19 corporate financial binder of **CERTIFIED SERVICES, INC.**, in direct response to its
20 inquires of financial strength, support and backing. Cascade National relied upon his
21 statements and commitments and the financial strength, authority, and liability of
22 **CERTIFIED SERVICES, INC.**, in proceeding with the transactions and providing workers
23 compensation policies.
24

25 3.16. A letter setting forth the terms of the workers compensation coverage provided
26 by Cascade National to **ASRC** was executed by Harold Anderson for Cascade National and

1 by defendant **DANNY PIXLER** on behalf of **CERTIFIED SERVICES, INC.**, and **ASRC**.
2 The first such letter was dated August 14, 2004. It was later discovered by Cascade National
3 that the signed letter had discrepancies and was not complete. A second letter was written,
4 dated October 15, 2004.

5
6 3.17. All payments and reimbursements made to Cascade National under the
7 workers compensation coverage contract (“Workers Comp Contract”) which were due and
8 owing from **ASRC** were made by and through **MIDWEST MERGER MANAGEMENT**,
9 upon the authority or consent of one or more of the individual defendants. On information
10 and belief, (a) **ASRC** collected funds from its clients, which included a premium component
11 for workers compensation coverage, and paid them over to **MIDWEST MERGER**
12 **MANAGEMENT** and/or one or more of the other named defendants, and/or (b) **ASRC**
13 permitted direct collection from its clients by **MIDWEST MERGER MANAGEMENT** of
14 such amounts.

15
16 3.18. Defendants **ASRC**, **PIXLER**, and **CERTIFIED SERVICES, INC.** failed to
17 comply with the payment terms under the Workers Comp Contract. By letter dated September
18 15, 2004, Cascade National demanded payment under the Workers Comp Contract to
19 defendant **DANNY PIXLER**, and as President of **CERTIFIED SERVICES, INC.**, by
20 9/17/04 in the amount of \$2,598,749 for the mandatory minimum security reserves, and
21 another \$1,664,866 by 9/30/04 for the remaining required reserves. In response, by letter
22 dated September 17, 2004, defendant **DANNY PIXLER** referred to **CERTIFIED**
23 **SERVICES, INC.**, as the obligor to Cascade National, and noted that “Certified through its
24 investment partners” had also paid \$2 million into Cascade National as part of the stock
25 purchase agreement.
26

1 3.19. Subsequent demand letters from Cascade National for premium payments and
2 security deposits were made dated November 1, 2004, November 12, 2004, and November
3 23, 2004, but no payments were forthcoming.

4 3.20. Cascade National was placed into receivership proceedings through a Seizure
5 Order entered in Thurston County Superior Court on November 30, 2004. The Deputy
6 Receiver made a written demand dated December 14, 2004, to defendant **DANNY PIXLER**,
7 and to defendants **ASRC** and **CERTIFIED SERVICES, INC.**, for payment of unfunded
8 reserves then in the amount of \$7,266,500, and for additional sums for deposit premiums and
9 other unfunded obligations still to be calculated.

10 3.21. As of August 29, 2005, another demand for payment was made to defendants
11 **ASRC**, **CERTIFIED SERVICES, INC.**, **DANNY PIXLER**, and **MIDWEST MERGER**
12 **MANAGEMENT** for amounts due and owing under the Workers Comp Contract, which
13 were at that time: (a) \$3,339,141.00 for additional fully earned deductible premium; (b)
14 \$10,164,112.00 as of 7/31/05 as the security obligation deficiency, and (c) \$1,770,942.00 as
15 additional premium for reinsurance expenses associated with the Alvarez claim.

16 3.22 Cascade National is liable for the losses under the workers compensation
17 policies, even if defendants fail to remit premiums, or fail to pay loss reserves, security
18 deposits, or reimbursement of reinsurance premiums or deductible claims.

19 3.23. During the course of negotiations for the Stock Purchase Agreement and/or the
20 negotiations and operations under the Workers Comp Contract, in addition to the
21 representations set forth in paragraph 3.15 above, various questions and issues were raised by
22 Cascade National and presented to defendant **DANNY PIXLER** for response and
23 clarification. Defendant **DANNY PIXLER** made representations to Cascade National,
24 directly or indirectly, which were misleading or deceptive, and also engaged in conduct
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1 detrimental to Cascade National which was not authorized by it, including but not limited to
2 the following:

3 (a) providing misinformation, false information, and/or failure to disclose truthful
4 information concerning the nature and status of the lawsuit by CNA against **PIXLER** and his
5 companies;

6 (b) failure to disclose the existence of serious regulatory actions against him and his
7 companies in numerous states and venues;

8 (c) failure to disclose his ownership interest and that of **ANTHONY HUFF** in the
9 reinsurance intermediary broker, SWIFT, which was also operating illegally without
10 appropriate licenses in the State of Washington, and which **PIXLER** and/or **HUFF** set up to
11 contract with Cascade National;

12 (d) acceptance of new clients by **ASRC** extending liability of Cascade National to
13 them without authority or advice of Cascade National;

14 (e) contracting and committing Cascade National to a second PEO without any
15 authority and in violation of regulatory limitations;

16 (f) receipt of significant monies as commissions trading off the workers compensation
17 policies to be issued by Cascade National;

18 (g) failure to disclose the felony charges relating to insurance against **ANTHONY**
19 **HUFF**, and failure to disclose the pleas to mail fraud by **ANTHONY HUFF** in May, 2004,
20 regarding fraud in connection with the business of insurance; and

21 (h) failure to disclose the status, relationship, and pecuniary interests of the various
22 corporations, persons and entities involved in matters relating to Cascade National.

23 3.24. Cascade National relied upon the representations, promises and commitments
24 made by defendants.
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1 4.5. The conduct, acts and omissions of defendants **ASRC, DANNY PIXLER** and
2 **CERTIFIED SERVICES, INC.**, in failing and refusing to pay sums due constitute breach of
3 contract and/or breach of covenant of good faith and fair dealing of the Workers Comp
4 Contract with Cascade National.

5 4.6. Defendants **ASRC, DANNY PIXLER, and CERTIFIED SERVICES, INC.**,
6 failed and refused to permit Cascade National, or its authorized representatives, access to the
7 business records of **ASRC** to determine premiums and assessment due Cascade National or
8 necessary for compliance with rules and regulations of various governmental agencies. The
9 conduct, acts and omissions of said defendants constitute breach of contract and/or breach of
10 covenant of good faith and fair dealing of the Workers Comp Contract with Cascade National.

11 4.7. As a result of such breach(es) of contract and covenants, plaintiff has been
12 harmed in an amount to be proven at trial, including all consequential damages allowed by
13 law and for all sums due under the contract plus accrued interest for the following:

14 (a) the additional fully earned deductible premium in the approximate amount of \$3.3
15 million, as determined to be due based on the partially completed audit of the payroll records
16 of **ASRC** and **CERTIFIED SERVICES, INC.**;

17 (b) the additional premium due under the rates approved by the California Department
18 of Insurance resulting from the absence of sufficient audit documentation;

19 (c) the reimbursement of current paid claims falling within the agreed deductibles in
20 the approximate amount of \$1 million; (d) the security obligation deficiency for anticipated
21 future claims payments falling within the deductibles in the approximate amount of \$9.6
22 million, and

23 (e) the claims in excess of deductible associated with the Alvarez claim in the
24 approximate amount of \$3.4 million.

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V. SECOND CAUSE OF ACTION

**NEGLIGENT MISREPRESENTATION CLAIMS
AGAINST PIXLER, HUFF, AND CERTIFIED SERVICES, INC.**

5.1. Plaintiff hereby realleges above paragraphs as if fully set forth below.

5.2. Defendants **DANNY PIXLER, ANTHONY HUFF, and/or CERTIFIED SERVICES, INC.**, each had an affirmative duty to exercise reasonable care to disclose material, accurate and complete information to Cascade National, based upon the special relationship of trust and confidence and/or their fiduciary relationship to Cascade National.

5.3. The conduct, acts or omissions of defendants **DANNY PIXLER, ANTHONY HUFF, and/or CERTIFIED SERVICES, INC.**, negligent misrepresentation(s), including but not limited to (a) misrepresentations as to the financial responsibility of **CERTIFIED SERVICES, INC.**, (b) the status of claims or causes of action against **CERTIFIED SERVICES, INC.** and/or **DANNY PIXLER**, (c) the nature and identity of the entity(ies) liable under the Workers Comp Contract with Cascade National, and (d) the status, relationship, and pecuniary interests of the various corporations, persons and entities involved, were material to Cascade National. Cascade National justifiably relied upon one or more of such representations in entering into the Workers Comp Contract, and providing insurance and services to defendants.

5.4. As a result of such negligent misrepresentation(s) and/or omissions by said defendants, Cascade National has been harmed in an amount to be proven at trial.

VI. THIRD CAUSE OF ACTION

**FRAUD CLAIMS AGAINST PIXLER, HUFF,
AND CERTIFIED SERVICES, INC.**

6.1 Plaintiff hereby realleges above paragraphs as if fully set forth below, and specifically realleges above paragraph 3.15.

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VIII. FIFTH CAUSE OF ACTION

**UNJUST ENRICHMENT CLAIMS AGAINST
PIXLERS, HUFFS, MIDWEST MERGER MANAGEMENT,
AND CERTIFIED SERVICES, INC.**

8.1. Plaintiff hereby realleges above paragraphs as if fully set forth herein.

8.2. Defendants **MIDWEST MERGER MANAGEMENT, DANNY PIXLER, ROXANN PIXLER, ANTHONY HUFF, SHERI HUFF, and/or CERTIFIED SERVICES, INC.**, individually or in concert, have been unjustly enriched by their wrongful conduct, misrepresentations, acts and omissions at the direct expense, loss and detriment of Cascade National.

8.3. Cascade National is entitled to recovery of all such monies wrongfully obtained, withheld, or secreted away by one or more of said defendants, in an amount to be proven at trial.

IX. SIXTH CAUSE OF ACTION

**BREACH OF FIDUCIARY DUTY CLAIMS AGAINST
PIXLER, HUFF AND CERTIFIED SERVICES, INC.**

9.1 Plaintiff hereby realleges above paragraphs as if fully set forth below.

9.2. Defendants **DANNY PIXLER, ANTHONY HUFF, and/or CERTIFIED SERVICES, INC.**, each owed a fiduciary duty to Cascade National to exercise the utmost care, and to act in good faith and in the best interests of Cascade National.

9.3. The conduct, acts and/or omissions of said defendants constitute a breach or breaches of the fiduciary duty owing to Cascade National.

9.4. As a result of such breach or breaches of duty, Cascade National has been harmed in an amount to be proven at trial.

1 11.3. Plaintiff is entitled to recover all damages sustained as a result of the unfair or
2 deceptive acts or practices in an amount to be proven at trial, as well as treble damages, and
3 its costs and reasonable attorneys' fees pursuant to RCW 19.86.090.
4

5 **XII. NINTH CAUSE OF ACTION**

6 **VIOLATIONS OF WASHINGTON'S CRIMINAL PROFITEERING ACT**

7 12.1. Plaintiff hereby realleges above paragraphs as if fully set forth below.

8 12.2. The conduct, acts, and omissions of defendants and/or each of them constitute
9 criminal profiteering that are part of a pattern of criminal profiteering activity pursuant to
10 RCW 9A.82.010 of the Washington Criminal Profiteering Act; and/or the conduct, acts, and
11 omissions of defendants and/or each of them constitute leading, organizing, or managing three
12 or more persons with intent to engage in a pattern of criminal profiteering pursuant to RCW
13 9A.82.060 of the Washington Criminal Profiteering Act.
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15 12.3. The conduct, acts and omissions of defendants and/or each of them also
16 constitute knowingly receiving and/or using the proceeds of a pattern of criminal profiteering
17 activity in the establishment or operation of an enterprise and/or knowingly acquiring or
18 maintaining any interest or control of an enterprise through a pattern of criminal profiteering
19 activity, and/or knowingly conspiring or attempting to engage in any of such activities,
20 pursuant to RCW 9A.82.080 of the Washington Criminal Profiteering Act.
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22 12.4. Plaintiff is entitled to recover all damages sustained in an amount to be proven
23 at trial, to recover traceable proceeds, to recover treble damages, and to recover its costs,
24 reasonable investigative expenses, and attorneys fees, pursuant to RCW 9A.82.100.
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1 12.4. Plaintiff is entitled to entry of an order divesting the interest of defendants, and
2 each of them, in the enterprise as provided by statute, and for forfeiture of any interests of
3 defendants therein.

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5 **PRAYER FOR RELIEF**

6 WHEREFORE, plaintiff prays for relief as follows:

7 A. Award and entry of judgment in favor of plaintiff against defendants, and each
8 of them, jointly and severally as allowed by law, for all damages arising from the claims and
9 causes of action alleged herein including interest at the judgment rate; and for judgment in
10 favor of plaintiff against defendants directing delivery of all monies received and held in trust
11 or constructive trust plus interest at the judgment rate on such sums; and for treble damages
12 under the Consumer Protection Act and for costs and reasonable attorneys' fees; and for treble
13 damages under the Criminal Profiteering Act and for costs, investigative and reasonable
14 attorneys' fees; and

15
16 B. For entry of an order to forfeit and divest any and all interests of defendants, or
17 each of them, in Cascade National, and any other enterprise as permitted by statute; and

18 C. For such other and further relief as the Court deems just and equitable.

19 Dated this ____ day of April, 2006.

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21 GORDON, THOMAS, HONEYWELL,
MALANCA, PETERSON & DAHEIM LLP

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23 By _____
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