

1  EXPEDITE  
2  No Hearing is Set  
The Honorable Judge Gary Tabor

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7 STATE OF WASHINGTON  
THURSTON COUNTY SUPERIOR COURT

8 MIKE KREIDLER,  
9 INSURANCE COMMISSIONER,

NO. 04-2-02427-4

10 Petitioner,

11 v.

ERRATA TO:

12 CASCADE NATIONAL INSURANCE  
13 COMPANY.

ELEVENTH QUARTERLY  
REPORT OF RECEIVER

14 Respondent.

15 MIKE KREIDLER, Insurance Commissioner of the State of Washington and Statutory  
16 Receiver of Cascade National Insurance Company in Liquidation ("Cascade" or "CNIC"),  
17 JAMES T. ODIORNE, Deputy Insurance Commissioner and Court-appointed Receiver of  
18 Cascade, and MARSHALL MCGINNIS, court-appointed Deputy Receiver of Cascade  
19 (collectively the "Receiver"), by and through their attorneys, ROBERT M. MCKENNA,  
20 Attorney General, and CHRISTINA GERSTUNG BEUSCH, Assistant Attorney General,  
21 hereby submit this Errata to Eleventh Quarterly Report of Receiver, and state as follows:

- 22 1. Filed herewith is an Amended Exhibit B, *Statement of Receipts and Cash*  
23 *Disbursements for the Period Ending July 31, 2008*, correcting the amount for  
24 "agent balances since date of liquidation" from \$341,943 to \$142,718, and any  
25 subsequent number affected by that change. The difference is a result from a  
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correction of error in the formula for calculating agent balances, but there is no material impact on the financial statement.

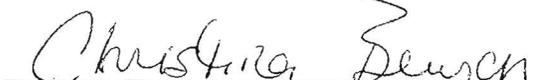
- 2. In addition, in paragraph 3 of the Eleventh Quarterly Report, the following sentence should be amended, "For the eleven quarters ending July 31, 2008, exclusive of the early access distribution of \$6 million, cash receipts exceeded cash disbursements by \$922,461," by striking \$922,461 and substituting \$723,236. This change is a result of the change to "agent balances" described above.

RESPECTFULLY SUBMITTED, this 23<sup>rd</sup> day of September, 2008,

  
MARSHALL MCGINNIS  
*Deputy Receiver*

Presented by:

ROBERT M. MCKENNA  
Attorney General

  
CHRISTINA GERSTUNG BEUSCH  
WSBA # 18226  
Assistant Attorney General  
*Attorneys for the Insurance Commissioner*

Cascade National Insurance Company in Liquidation  
Statement of Receipts and Disbursements  
Period Ending July 31, 2008

	<u>9 Months Ending 7/31/08</u>	<u>Since Date of Liquidation Order</u>
<b>RECEIPTS</b>		
Reinsurance recoveries	671,939	1,705,969
Agents balances	-	142,718
Salvage & subrogation recoveries	25,420	290,619
Recovery of taxes previously paid	-	283,221
Asset Recovery	1,500,000	1,500,000
Other receipts	2,806	263,002
Receipts Before Investment Activities	<u>2,200,165</u>	<u>4,185,528</u>
Investment receipts	263,267	1,388,205
Proceeds from sales & maturity	-	613,000
Receipts from Investment Activities	<u>263,267</u>	<u>2,001,205</u>
<b>TOTAL CASH RECEIPTS</b>	<b><u>2,463,432</u></b>	<b><u>6,186,733</u></b>
<b>DISBURSEMENTS &amp; DISTRIBUTIONS</b>		
Claims processing expenses	2,955	506,948
Legal fees	687,494	1,338,033
Audit fees	-	-
Consulting fees	100,463	273,366
Salaries	306,839	1,188,873
Employee benefits	16,625	58,521
Payroll & other taxes	18,166	74,632
Rent & related expenses	28,998	114,143
Equipment expenses	28,596	98,712
Office expenses	16,972	91,550
Other disbursements	6,035	33,469
Disbursements	<u>1,213,142</u>	<u>3,778,246</u>
Early Access Distributions	-	6,000,000
Disbursements Before Investment Activities	<u>1,213,142</u>	<u>9,778,246</u>
Investment Expenses	2,586	7,916
Purchase of Investments	249,677	1,677,336
Disbursements for Investment Activities	<u>252,263</u>	<u>1,685,252</u>
<b>TOTAL CASH DISBURSEMENTS &amp; DISTRIBUTIONS</b>	<b><u>1,465,406</u></b>	<b><u>11,463,498</u></b>
<b>Net Cash Disbursements over Receipts</b>	<b><u>998,026</u></b>	<b><u>(5,276,764)</u></b>
 Cash at beginning of period	 49,201	 773,413

**EXHIBIT B**

Net Cash Disbursements over Receipts	998,026	(5,276,764)
Cash transferred from ST investment to fund distributions	<u>(911,100)</u>	<u>4,639,479</u>
Cash at end of period	<u><u>136,127</u></u>	<u><u>136,127</u></u>

Note: The information contained in this report is prepared by the receiver from information available to or known by the receiver as of the date of the report. The receiver makes no warranty as to the accuracy of the information or of the opinions or evaluations contained in this report and expressly disclaims any liability arising from the statements of fact, evaluation or opinion contained in the report.

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The Honorable Judge Gary Tabor

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THURSTON COUNTY SUPERIOR COURT

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9 INSURANCE COMMISSIONER.

10 Petitioner.

11 v.

12 CASCADE NATIONAL INSURANCE  
13 COMPANY,

Respondent.

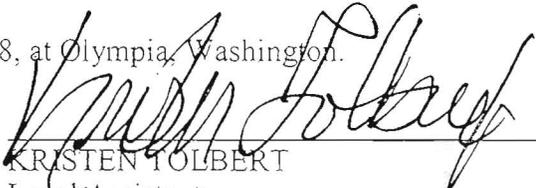
NO. 04-2-02427-4

DECLARATION OF  
ELECTRONICALLY TRANSMITTED  
DOCUMENT (DCLR)  
GR 17

- 14 1. I am the party who received the foregoing facsimile signature page for filing with the  
15 accompanying report and certify that it is on bond paper  
16 2. My address is 1125 Washington Street SE, PO Box 40100, Olympia. WA 98504-0100.  
17 3. My phone number is (360) 586-3181.  
18 4. The facsimile number where I received the faxed signature page is (360) 664-0229.  
19 5. I have examined the foregoing document. determined that it consists of 5  
20 number of pages, including this Declaration page, and that it is complete and legible.

21 I certify under penalty of perjury under the laws of the State of Washington that the  
22 above is true and correct.

23 DATED: September 23, 2008, at Olympia, Washington.

24   
25 KRISTEN TOLBERT  
26 Legal Assistant

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Petitioner,

v.

CASCADE NATIONAL INSURANCE  
COMPANY,

Respondent.

NO. 04-2-02427-4

CERTIFICATE OF SERVICE

This will hereby certify that on the 23<sup>rd</sup> day of September, 2008, I mailed a true and correct copy of the **Errata to: Eleventh Quarterly Report of Receiver, Amended Exhibit B, Declaration of Electronically Transmitted Document (DCLR) GR 17, and Certificate of Service** via the U.S. Mail, first-class postage prepaid, in sealed envelopes, from Olympia, Washington, to the following interested parties:

Elizabeth J. Anderson, Sr. VP  
**Columbia Bank**  
Special Credits Department  
1301 "A" Street  
Tacoma, WA 98401

Harold Anderson  
P.O. Box 3626  
Sun River, OR 97707  
*Former President of Cascade  
Majority Shareholder*

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CERTIFICATE OF SERVICE

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ATTORNEY GENERAL OF WASHINGTON  
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4 Gudeman & Weiss  
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5 Farmington Hills, MI 48331-3260  
*Minority Shareholder of Cascade*

6 Michael Gossler  
7 *Attention: Karen Oliphant*  
Montgomery Purdue Blankinship Austin  
8 701 Fifth Avenue, Suite 550  
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9 *Attorneys for Harold Anderson*

10 Michael Hansen. President/CEO  
*Mainstay Business Solutions*  
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14 Los Angeles, CA 90012  
*Special Request for Notice*

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17 Phoenix, AZ 85003  
*Attorneys for Insureds Try Us Trucking + Rufer*

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19 Ryan Swanson Cleveland  
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21 Brian H. Krikorian  
22 Krikorian Law Offices PLLC  
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23 Seattle, WA 98104  
*Attorney for Mainstay*

24 ///

25 ///

26 ///

1 William T. Lebo, CPCU, President  
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3 *Former Outside Director of Cascade*

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6 *Attorneys for Bank of America NA,  
Creditor of MBR Corp (Allied...)*

7 Eric Mendoza  
8 Bank of America NA  
CA9-702-03-03, POB 479  
9 Pasadena, CA 91102-6102  
10 *Creditor of MBR Corp (Allied...)*

11 Larry Morrison, President  
Business Transmition Network  
12 1911 156<sup>th</sup> Avenue SE  
Bellevue, WA 98007  
13 *Former Outside Director of Cascade*

14 Dan Pixler, President & CEO  
Certified Services, Inc.  
15 American Staff Resources of CA, Inc.  
16 5101 NW 21<sup>st</sup> Avenue, Suite 350  
Ft. Lauderdale, FL 33309-2708  
17 *Shareholder in Gudeman & Weiss*

18 W. Theodore Vander Wel  
19 Attorney at Law  
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21 Marina N. Vitek, Esq.  
22 Roxborough Pomerance NYE LLP  
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23 Woodland Hills, CA 91367  
*Attorneys for Mainstay Business Solutions*

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CERTIFICATE OF SERVICE

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25 ///

CERTIFICATE OF SERVICE

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3 *Attorney for Harold Anderson*

4 Jim Odiome, Receiver  
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5 Office of Insurance Commissioner  
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6 Olympia, WA 98504-0255

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9 C. Guerry Collins, Esq.  
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13 Beaverton, OR 97005

14 WA Insurance Guaranty Association  
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16 Alaska Division of Insurance  
17 Linda S. Hall, Director of Juneau Office  
State Office Building, 9<sup>th</sup> Floor  
18 333 Willoughby Avenue  
Juneau, AK 99801

19 California Department of Insurance  
20 John Garamendi, Insurance Commissioner  
300 South Spring Street, South Tower  
21 Los Angeles, CA 90013

22 OR Dept. of Consumer and Business Svcs.  
Joel Ario, Ins. Division Administrator  
23 350 Winter Street NE, Room 440  
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24 ///  
25 ///  
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6 **Attorney for Respondents Marcel Matar & Statewide General Insurance Agency, Inc.**

7 John Mellen  
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8 1201 Third Avenue, Suite 3200  
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9 **Attorneys for Harold Anderson**

10 DATED this 23<sup>rd</sup> day of September, 2008.

11   
12  
13 KRISTEN TOLBERT,  
14 Legal Assistant