

**DISTRICT COURT
CLARK COUNTY, NEVADA**

REUBEN J. ROCKER, et al.

Plaintiffs,

v.

SC&E ADMINISTRATIVE SERVICES, et al.,

Defendants.

CASE NOS. A-458551
A-470558
(Consolidated)

CLASS NOTICE

**NOTICE OF HEARING TO ORDER FINAL DISTRIBUTION OF SETTLEMENT FUNDS AND PAYMENT OF
ATTORNEYS' FEES AND COSTS, CLAIMS ADMINISTRATION COSTS,
AND PLAINTIFFS' SERVICE AWARD**

**Reuben J. Rocker, et al. v. SC&E Administrative Services, et al.
Clark County, District Court, Case Nos. A-468551 and A-470558**

TO: The class is defined as all persons who bought or possessed a Vehicle Service Contract ("VSC") for which the obligations of the issuer were insured by National Warranty Insurance Risk Retention Group ("NWIG") that was purchased directly or indirectly from SC&E Administrative Services, Inc. ("SC&E"), American Prime Asset ("APA"), or Triad Marketing, LLC ("Triad") prior to June 6, 2003 (a) pursuant to which there is an unreimbursed claim incurred during the term of the VSC or (b) for which there remained an unexpired term on June 6, 2003, or otherwise purchased their VSC from one of the Settling Car Dealers (the "Class") and participating car dealers.

**THIS NOTICE MAY AFFECT YOUR RIGHTS - PLEASE READ IT CAREFULLY
YOU ARE NOT BEING SUED**

THIS NOTICE SUMMARIZES PROPOSED ORDER FOR DISTRIBUTION OF THE SETTLEMENT FUND RELATING TO A VSC FOR WHICH THE OBLIGATIONS OF THE ISSUER WERE INSURED BY NWIG THAT WAS PURCHASED DIRECTLY OR INDIRECTLY FROM SC&E ADMINISTRATIVE SERVICES, INC. ("SC&E"), AMERICAN PRIME ASSET ("APA") OR TRIAD MARKETING, LLC ("TRIAD") PRIOR TO JUNE 6, 2003. ON APRIL 10, 2007, THE DISTRICT COURT FOR THE COUNTY OF CLARK, STATE OF NEVADA, GRANTED FINAL APPROVAL TO THE SETTLEMENTS AS TO BERKLEY INSURANCE COMPANY, FORMERLY KNOWN AS SIGNET STAR REINSURANCE COMPANY ("BERKLEY"), AMERICAN SAFETY REINSURANCE, LTD., AMERICAN SAFETY INSURANCE SERVICES, INC., AMERICAN SAFETY RESOURCES, INC., AND THEIR PARENT AND AFFILIATE COMPANIES ("ASR"), PARTNER REINSURANCE COMPANY, LTD. ("PARTNER REINSURANCE"), MILLIMAN, INC. ("MILLIMAN"), DON ERWAY, PRO DISTRIBUTORS, INC., RANDALL ERWAY, THE ESTATE OF NEVA ERWAY AND ALL RELATED ENTITIES ("ERWAY"), AND KPMG LLP ("KPMG"), (COLLECTIVELY "SETTLING DEFENDANTS"). THE PURPOSE OF THIS NOTICE IS TO DESCRIBE THE PROPOSED ORDER TO YOU AND ADVISE YOU OF YOUR RIGHTS AS TO THE PLAN OF DISTRIBUTION OF THE SETTLEMENT FUNDS.

I. THE DESCRIPTION OF THE LITIGATION

A. On or about June 6, 2003, NWIG filed for bankruptcy protection in the Grand Cayman Islands ("Liquidation Proceedings").

B. In July, 2003, Plaintiffs Reuben J. Rocker, et al. ("Plaintiffs") filed a class action complaint as amended from time to time against SC&E Administrative Services; Berkley Insurance Company Formerly North Star Reinsurance Corporation Formerly Signet Star Reinsurance Company, a Delaware corporation; American Safety Insurance Services, Inc.; Pro Distributors, Inc.; American Prime Asset; Pacific Fiduciary Investment Corp.; Delta Group; Yamagata Enterprises, Inc.; Triad Marketing LLC; Independent Warranty Management Corporation; Deloitte Ross & Tohmatsu; Milliman USA,, Inc.; KPMG of Grand Cayman Islands; KPMG LLC Nebraska; Courtesy Mitsubishi, a Nevada business entity, form unknown; Courtesy

Imports, a Nevada business entity, form unknown; Courtesy GMC, a Nevada business entity, form unknown; Courtesy Buick, a Nevada business entity, form unknown; Courtesy Mazda, a Nevada business entity, form unknown; Courtesy Oldsmobile, a Nevada business entity, form unknown; Courtesy Isuzu, a Nevada business entity, form unknown; Courtesy Kia, a Nevada business entity, form unknown; Courtesy Pontiac, a Nevada business entity, form unknown; Courtesy Suzuki, a Nevada business entity, form unknown; Desert GMC/Buick, a Nevada business entity, form unknown, Desert Toyota of Las Vegas, a Nevada business entity, form unknown, Dealer One, an Illinois business entity, form unknown; Dealer Asset, a Nevada business entity, form unknown; Allstate Car Sales, a Nevada business entity, form unknown; Auto Connection, an Arizona business entity, form unknown; Ford Country, a Nevada business entity, form unknown; Auto Tech, a Nevada business entity, form unknown; Amigo Auto Sales, a Nevada business entity, form unknown; Bill Heard Chevrolet, a Nevada business entity, form unknown; Fletcher Jones Mercedes, a Nevada business entity, form unknown; Foothills Motors, a Nevada business entity, form unknown; Gaudin Ford, a Nevada business entity, form unknown; Gaudin Jaguar, a Nevada business entity, form unknown; Honda West, a Nevada business entity, form unknown; JR Auto Sales, a Nevada business entity, form unknown; Norm Baker Motors, a Nevada business entity, form unknown; Nevada Dodge, a Nevada business entity, form unknown; Payless Motors, a Nevada business entity, form unknown; Southwest Motors, a Utah business entity, form unknown; Vista Chevrolet, a Nevada business entity, form unknown; Wildens Auto & Truck Center, a Nevada business entity, form unknown; Painters Auto Land, a Nevada business entity, form unknown; Deloitte & Touche, Inc.; National Dealer Services, a business entity, form unknown; AI Life, Inc.; Partner Reinsurance Company; PFIC International Limited, a business entity, form unknown; Consumer Choice A/K/A First Choice, and Does 1 Through 9000, Inclusive, (collectively “Defendants”), in the District Court of the State of Nevada for the County of Clark, Case Nos. A-468551 and A-470558 (the “State Action”).

C. The State Action generally alleged that the dealers and retailers sold VSCs for which the obligations of the issuer were insured by NWIG that proved worthless as a result of NWIG filing for bankruptcy protection in the Grand Cayman Islands. The complaint in the State Action alleged that the dealers and retailers were accountable for honoring these contracts and the auditors, accountants, reinsurers, and NWIG principals were also liable for this loss. The Settling Defendants denied the allegations of the State Action.

D. The VSC holders who purchased through Warranty Gold, Ltd. (“WG”), Auto Services Company, Inc. (“ASC”) or other retailers are not members of the Class unless they purchased through one of the Settling Car Dealers. WG filed for Chapter 11 Bankruptcy in In Re Warranty Gold, Ltd. Debtor United States Bankruptcy Court, Western District of Texas, Austin Division Case No. 03-15721-FM (Chapter 11), pursuant to which a separate Class has been approved for NWIG VSC purchases through WG, and through which all claims by WG VSC holders are to be handled. ASC has continued to honor covered claims by VSC holders. In addition, there exists a comparatively small number of VSC holders (approximately 5% of all VSC holders) who purchased their VSC through other retailers.

E. On April 10, 2007, the Nevada State Court certified a class in the State Action defined as: “All persons who bought or possessed a Vehicle Service Contract (“VSC”) for which the obligations of the issuer were insured by National Warranty Insurance Risk Retention Group (“NWIG”) that was purchased directly or indirectly from SC&E Administrative Services, Inc. (“SC&E”), American Prime Asset (“APA”), or Triad Marketing, LLC (“Triad”) prior to June 6, 2003 (a) pursuant to which there is an unreimbursed claim incurred during the term of the VSC or (b) for which there remained an unexpired term on June 6, 2003, or otherwise purchased their VSC from one of the Settling Car Dealers (the “Class”).” The certification of this class is for settlement purposes only.

F. The Nevada State Court held a hearing on April 10, 2007 before the Honorable Elizabeth Gonzalez in the District Court of the State of Nevada for the County of Clark, Dept. No. 11, located at 8th Judicial District Court, Clark County Court House, 200 Lewis Avenue, Las Vegas, NV 89101 (“Court”), wherein the Court granted final approval of the Settlements.

G. As a result of the final approval, a common fund was established in the amount of \$5,560,047.00. This amount was placed into an account established by the Claims Administrator at the Bank of the West (“Rocker Account”). Pursuant to the Court Orders, claims administration expenses, litigation expenses and an attorney’s fee award were paid from this common fund and interest was paid into the common fund, leaving a balance of \$3,152,701.93 as of June 30, 2007. Since June 30, 2007, the following transactions have occurred with regard to the Rocker Account funds: (i) receipt of additional interest on the fund in the amount of \$117,555.77, (ii) return of jury fees in the amount of \$400.00 to the fund, and (iii) payment of additional claims administrator expenses in the amount of \$265,058.00, leaving a balance as of July 31, 2009 of \$3,005,599.70 for distribution.

H. On August 1, 2003, the NWIG estate in the Grand Cayman Islands had on hand and initial balance of \$25,044,620. As of July 31, 2006, there remained with the Joint Official Liquidators of NWIG (“the JOLs”) in the Grand Cayman Islands \$17,834,790 after payment of JOL expenses. As of January 31, 2008, the account balance had increased to \$20,617,201, in

part due to the Settlements with some of the Settling Defendants. The balance in the NWIG account as of May 31, 2009 was \$19,587,181.

I. In May 2009, the case against the Deloitte entities settled. The Rocker Account will be allocated 58.33% of these funds. This allocation occurred because under the Asset Distribution Agreement (“ADA”) negotiated by Plaintiffs, SC&E, APA and Triad are entitled to 58.33% of all funds allocable to the NWIG Creditors Committee. The current estimate is that 95% of all NWIG funds will be allocated to the Creditors Committee.

J. The Consumer Claim Forms and the Dealer Claim Forms were both originally due by March 20, 2007. Subsequently, the claim filing deadline for the Class Members was extended to July 10, 2007 to allow claimants additional time to submit Claim Forms. The two (2) Class Notices and the one (1) Dealer Notice published in this case have directed the Claimants and Dealers to send their Claim Forms to Gilardi & Co. LLC (“Gilardi”), the Claims Administrator retained in this action. On August 21, 2007 the Court ordered that the claims period temporarily close as of July 10, 2007 to allow for an accounting of submitted claims to assist in the Deloitte action. The Court also entered an order allowing NWIG to adjudicate these claims for accuracy and submission as creditor claims to the NWIG Estate. The interim accounting showed that there have been 31,492 consumer claims totaling \$268,599,278.82 (two claims totaling approximately \$230 million were rejected by NWIG as invalid) of which \$6,472,677.08 has been approved by the Claims Administrator and 63,473 claims from dealers totaling \$34,594,995.43 of which \$17,362,848.00 has been approved by the Claims Administrator.

II. NATURE OF THE CASE

A. Beginning in 1998, NWIG began its Vehicle Service Contract (“VSC”) program whereby VSCs insured by NWIG were sold through automobile dealerships and/or through retailers, including SC&E and Triad. In 2003, NWIG filed for bankruptcy, and the VSC consumers and dealers were left with contracts that were not being honored, and thus, were no longer of any value.

B. In July 2003, Plaintiffs Reuben Rocker, et al. (“Plaintiffs”) filed a class action complaint as amended from time to time against the Settling Defendants, among others, in the District Court of the State of Nevada for the County of Clark, Case Nos. A-468551 and A-470558 (the “Rocker Action”). The Rocker Action generally alleged that certain car dealers and retailers sold VSCs insured by NWIG that proved worthless as a result of a Ponzi scheme which led to NWIG's inevitable, and foreseeable bankruptcy. Plaintiffs alleged that the Defendants were accountable for damages caused by this alleged scheme. The Defendants denied the allegations made by Plaintiffs.

C. For more than three (3) years the Settling Defendants contested in every forum every claim alleged against them. At the same time the Joint Official Liquidators (JOLs) administering the Liquidation Proceedings expended substantial sums monitoring these claims, administrating the estate in the Grand Cayman Islands and eventually assisted in the prosecution of certain claims. To end the continued drain of the funds in liquidation and to allow for a distribution to the victims of the bankruptcy of NWIG all the claimants joined forces pursuant to an Asset Distribution Agreement (ADA). This agreement provides for 58.33% of all ADA funds coming out of the NWIG Liquidation Proceeding to be distributed to Class members and participating dealers with approved claims, including the JOLs share of all proceeds derived from the litigation. After payment of all approved costs and fees, the Rocker Class members with approved claims are to receive a minimum of 50% of the Rocker Account and the participating car dealers with approved claims are to receive a maximum of 50% as a result of the approved settlements with SC&E and Triad. This arrangement allowed SC&E and Triad to avoid bankruptcy and increased the class member share of the proceeds from less than one-third to a minimum of fifty percent.

D. On April 10, 2007, the Court previously granted final approval of various class settlements in the total amount of \$5,560,047.00. Pursuant to the Orders of this Court, claims administration expenses, litigation expenses and an attorney's fee award were paid from this common fund and interest was paid into the common fund, leaving a balance of \$3,152,701.93 in the Rocker Account as of June 30, 2007. Since June 30, 2007, the following transactions have occurred with regard to the Rocker Account funds: (i) receipt of additional interest on the fund in the amount of \$117,555.77, (ii) return of jury fees in the amount of \$400.00 to the fund, and (iii) payment of additional Claims Administrator expenses in the amount of \$265,058.00, leaving a balance of \$3,005,599.70 for distribution. As of May 31, 2009, the account balance in the NWIG Estate was \$19,587.181. The Rocker Account is expected to receive 58.33% of 95% of the funds distributed from the NWIG Estate. This allocation occurred as a result of the Asset Distribution Agreement (“ADA”) negotiated by Plaintiffs. The NWIG JOLs are expected to make a first distribution to the Rocker Account on September 29, 2009 and a final distribution before the end of 2010.

III. TERMS OF THE PROPOSED ORDER

Plaintiffs seek to reopen the claims period for 60 days from the date of the first mailing to allow consumers and dealers to submit new claims that accrued after July 10, 2007 and to correct deficiencies in previously submitted claims identified by a deficiency letter sent by the Claims Administrator. In order to receive a cash payment for a repair claim that arose after July 10, 2007, a Class Member and/or Dealer must complete, sign and return in a proper and timely fashion the Claim Form via first class U.S. mail or equivalent, postage paid, postmarked on or before **January 4, 2010**. Each Claim Form must be signed and completed pursuant to the instructions set forth therein. Any Claim Form that is not submitted by first class mail or equivalent, or is postmarked after the applicable date, or is not fully completed, or is not addressed to the address in the Claim Form, or is not signed by the necessary person, will not constitute a valid claim and may be rejected unless otherwise ordered by the Court. All Claim Forms previously submitted that were determined to be deficient may be cured as set forth in the deficiency notice mailed to the claimant on or before **January 4, 2010**.

As part of the final distribution order, after payment of all approved costs and fees, the funds in the Rocker Account will be allocated 50% to approved consumer claims and 50% to approved dealer claims, to be paid pro-rata as between the approved claims in each category. Class Counsel will also request an award of attorneys fees and reimbursement of litigation costs. The fee request will be for the benchmark sum of 25% of all additional funds derived from litigation and deposited into the Rocker Account, and 15% of all other funds obtained by Class Counsel for the Rocker Account from the NWIG estate.

IV. CLAIM PROCEDURE:

A. IN ORDER TO BE REIMBURSED FOR A REPAIR ARISING AFTER JULY 10, 2007, YOU MUST COMPLETE AND RETURN THE CLAIM FORM PRIOR TO THE CLAIM CUTOFF DATE. If you need a Claim Form please go to www.gilardi.com/rocker, or write to "Rocker Class Claim" at SC&E Claims Administrator, c/o Gilardi & Co., P.O. Box 808054, Petaluma, CA 94975-8054 for a copy of the notice and Claim Form. TO SUBMIT A NEW CLAIM YOU MUST RETURN A SIGNED AND COMPLETED CLAIM FORM BY **JANUARY 4, 2010 TO BE CONSIDERED FOR A PAYMENT UNDER THE SETTLEMENT. If you have already sent in your claim, you need not submit another. IF YOUR PREVIOUS CLAIM WAS DEFICIENT DUE TO A LACK OF SUPPORTING DOCUMENTATION OR OTHERWISE, YOU MAY CURE THE DEFICIENCY BY SENDING IN THE CURING INFORMATION OR DOCUMENTATION BY **JANUARY 4, 2010**.**

V. THE FINAL APPROVAL HEARING

A hearing will be conducted on whether to finally approve the distribution of settlement funds and request for attorney's fees and costs, Claims Administrator costs, and Plaintiffs' service awards on **March 9, 2010** at **9:00 a.m.** in Department 11 of the Clark County District Court, 200 Lewis Avenue, Las Vegas, NV 89101. As previously approved by the Court, Class Counsel will seek 15% as attorneys's fees of the funds obtained as a result of the Cayman Islands liquidation proceedings, and 25% as attorneys' fees of the funds obtained as a result of litigation and settlements, plus any unreimbursed costs. In addition, approval to pay the Claims Administrators costs incurred and Plaintiffs' service award will also be requested. You can object to the distribution of settlement funds and/or the fee and costs request in advance of the hearing by following the procedure set forth in the Class Notice.

Any Class Member may appear at the Hearing and show cause, if they have any, why the proposed distribution of funds should or should not be approved as fair, reasonable and adequate, and why a Judgment should or should not be entered and why the requested award of attorneys' fees and costs should not be made; provided, however, that no Class Member or any other person shall be heard or entitled to contest the approval of the terms and conditions of the proposed distribution, or, if approved, the Judgment and attorneys' fees and costs award to be entered thereon approving the same, unless on or before **January 4, 2010**, that person has served by hand or by first class U.S. mail written objections and copies of any papers and briefs in support of their position and verification of their membership in the Class upon: Blumenthal, Nordrehaug & Bhowmik, Attn.: Norman B. Blumenthal, 2255 Calle Clara, La Jolla, CA 92037 and filed said objections, papers and briefs with the Clerk of the Nevada State Court. In order to be valid, said papers must be filed with the clerk of the Nevada State Court and received by the above counsel by the date set forth above. Any Class Member who does not make their objection in the manner provided for in this Notice shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to or appeal of the fairness, reasonableness or adequacy of the proposed distribution.

VI. APPLICATION OF CLASS COUNSEL FOR ATTORNEYS' FEES AND REIMBURSEMENT OF EXPENSES, PAYMENT OF CLAIMS ADMINISTRATOR EXPENSES AND PLAINTIFFS' SERVICE AWARDS

Class Counsel will submit an application for payment to them of an award of attorneys' fees and costs, to be determined by the Court in a total amount for fees of twenty five percent (25%) of the amount(s) obtained from funds as a result of settlements plus reimbursement of reasonable costs not previously reimbursed. Solely as to those NWIG Estate funds previously on deposit with the JOLs of NWIG, Class Counsel will seek fifteen percent (15%) of the portion of those funds held on deposit that are transferred to be distributed through the Rocker Account. Any attorneys' fees and costs awarded by the Court shall be paid to Class Counsel within five (5) days after final approval of the plan of distribution. Reasonable costs (expenses of the litigation), may include expert witness fees, filing and citation fees, court costs, subpoena costs, online legal research fees, deposition costs, court reporter and videographer charges, witness fees, photo copies and printing, document imaging, exhibit preparation and equipment and operators, travel expenses, conference room rentals, mediator fees, postage, long distance charges and other similar expenses that are customarily charged. Any fees and costs awarded to Class Counsel shall be paid from the Rocker Account prior to any other distribution under the settlement. Class Counsel shall allocate the fees and costs award between Class Counsel.

Plaintiffs will also request approval to pay the Claims Administrators (Gilardi and NWIG) for their additional expenses incurred to send out the summary notice by mail, to publish the summary notice and process the claims.

Plaintiffs will also request that the named Plaintiffs numbering 30, each receive a service award of \$5,000 with an additional \$5,000 for Mr. Rocker for his additional service as lead representative. The Plaintiffs have all participated in bringing this action to a successful conclusion, with Mr. Rocker being the principal participant.

VII. REQUESTS FOR EXCLUSION

Any member of the Class may choose to be excluded (opt out) of the Class by requesting to be excluded in writing. Any such person who chooses to be excluded from the Class will not be entitled to any distribution and will not be bound by the Judgment or have any right to object, appeal or comment thereon. Any such person who chooses to opt out may do so by submitting a written request to SC&E Claims Administrator, c/o Gilardi & Co., P.O. Box 808054, Petaluma, CA 94975-8054 postmarked no later than **January 4, 2010**. The written request to opt out should set forth the name and address of the Class Member, state a request for exclusion and be signed by the member of the Class including a joint signature of all VSC holders to the applicable contract opting out of the Class. If you opt out, you cannot submit a Claim Form to the Claims Administrator for repairs or receive any share of the distribution of funds.

VIII. EXAMINATION OF PAPERS AND INQUIRIES

The above description is only a summary of the litigation and the final distribution. THE DOCUMENTS PRESENTED TO THE COURT THE EXHIBITS ATTACHED THERETO ARE AVAILABLE ON CLASS COUNSEL'S WEB SITE AT www.bamlawca.com. To review these documents in their entirety or for more detailed information you may inspect the Court files at the Office of the Clerk of the District Court for the County of Clark, State of Nevada located at 8th Judicial District Court, Dept. 11, Clark County Court House, 200 Lewis Street, Las Vegas, NV 89101, during the business hours of each business day or you can view these documents on Class Counsels' web site at www.bamlawca.com. All inquiries should be directed to Norman B. Blumenthal, Esq., at Norm@bamlawlj.com.

PLEASE DO NOT TELEPHONE THE COURT OR THE CLERK
OF THE COURT REGARDING THIS ACTION