

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

M. DIANE KOKEN  
Insurance Commissioner of the  
Commonwealth of Pennsylvania,

Plaintiff,

v.

RELiance INSURANCE COMPANY,

Defendant.

DOCKET NO. 269 MD 2001

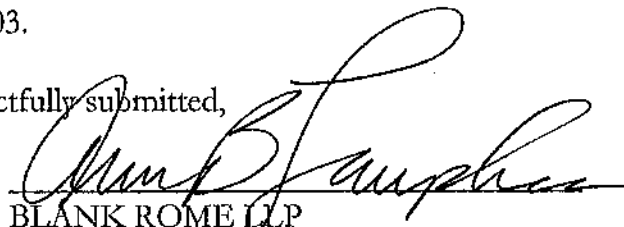
RECEIVED AND FILED  
PHILADELPHIA  
COMMONWEALTH COURT  
OF PENNSYLVANIA  
MAR 28 11 31 AM '03

**PRAECIPE TO SUPPLEMENT THE RECORD**

Petitioner M. Diane Koken, Insurance Commissioner of the Commonwealth of Pennsylvania, in her capacity as Liquidator ("Liquidator") of Reliance Insurance Company, respectfully submits this Praecipe to Supplement the Record to append the attached Exhibit G (Order of the United States District Court for the Central District of California Approving the Settlement between First Alliance Entities and Reliance Insurance Company (filed March 26, 2003)) to the Liquidator's Petition to Approve Settlement with First Alliance Corporation, filed February 28, 2003.

Respectfully submitted,

By:



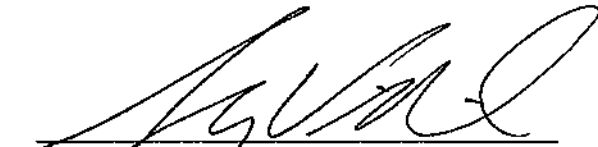
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Attorneys for Plaintiff, M. Diane Koken, Insurance  
Commissioner of the Commonwealth of Pennsylvania,  
as Liquidator of Reliance Insurance Company

**CERTIFICATE OF SERVICE**

I, Anthony Vidovich, hereby certify that this day a true and correct copy of the foregoing Praecipe to Supplement the Record was served on all persons listed on the attached Master Service List by U.S. Mail, postage prepaid.

Dated: March 28, 2003



Anthony Vidovich

## Master Service List

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v.

Reliance Insurance Company

No. 269 M.D. 2001 (Commonwealth Court of Pennsylvania)

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## **Exhibit G**

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**FILED**  
MAR 26 2003  
CLERK, U.S. DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
SOUTHERN DIVISION  
DEPUTY

5 Attorneys for Related Debtors  
and for Kenneth C. Henry,  
6 Liquidating Trustee of the  
First Alliance Post-  
7 Confirmation Liquidating  
Trust

8 UNITED STATES DISTRICT COURT  
9 CENTRAL DISTRICT OF CALIFORNIA  
10 SOUTHERN DIVISION

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30 MAR '03 11:52 AM  
CLERK, U.S. DISTRICT COURT  
CENTRAL DIST. OF CALIF.  
SANTA ANA

12 In re  
13 FIRST ALLIANCE MORTGAGE COMPANY,  
a California corporation, et al.,  
14  
15 Related Debtors.

) Case No. SA CV 02-417-DOC  
) Chapter 11 Cases  
) (also filed under case number  
) SA CV 02-273 DOC, the Reliance  
) adversary proceeding under the  
) above-referenced bankruptcy  
) case)

16  Affects All Related Debtors.  
17  
18 FIRST ALLIANCE MORTGAGE COMPANY,  
a California corporation  
19  Affected by this Pleading

) **[PROPOSED] ORDER APPROVING  
COMPROMISE OF LITIGATION  
BETWEEN FIRST ALLIANCE ENTITIES  
AND RELIANCE INSURANCE COMPANY**

20 FIRST ALLIANCE CORPORATION,  
a Delaware corporation  
21  Affected by this Pleading

) **Hearing:**  
) Date: March 24, 2003  
) Time: 8:30 a.m.  
) Place: Courtroom 9D  
411 West Fourth Street  
Santa Ana, California

22 FIRST ALLIANCE MORTGAGE COMPANY,  
23 a Minnesota corporation  
24  Affected by this Pleading

) **The Hon. David O. Carter**

25 FIRST ALLIANCE PORTFOLIO  
26 SERVICES, INC., a Nevada  
corporation  
27  Affected by this Pleading

**ENTER ON ICMS**  
MAR 27 2003  
499

ORIGINAL

647726

IRELL & MANELLA LLP  
A Registered Limited Liability  
Law Partnership Including  
Professional Corporations

ORDER APPROVING COMPROMISE OF LITIGATION BETWEEN FIRST ALLIANCE  
ENTITIES AND RELIANCE INSURANCE COMPANY

1           The Motion for Order Approving Compromise of Litigation  
2 Between First Alliance Entities and Reliance Insurance Company  
3 filed by former debtors and debtors-in-possession First Alliance  
4 Mortgage Company, a California corporation, First Alliance  
5 Corporation, a Delaware corporation, First Alliance Mortgage  
6 Company, a Minnesota corporation, and First Alliance Portfolio  
7 Services, Inc., a Nevada corporation (collectively "Related  
8 Debtors"), along with their successor in interest, Kenneth C.  
9 Henry, in his capacity as Liquidating Trustee of the First  
10 Alliance Post-Confirmation Liquidating Trust (the "Liquidating  
11 Trustee" and, collectively with Related Debtors, the "First  
12 Alliance Estates"), came on regularly for hearing before this  
13 Court at 8:30 a.m., on March 24, 2003.

14           Evan C. Borges of Irell & Manella LLP appeared on behalf of  
15 the First Alliance Estates. Michael G. Yoder of O'Melveny &  
16 Myers appeared on behalf of Reliance Insurance Company.

17           The Court has considered the Motion, the Memorandum of  
18 Points and Authorities and Declaration of Jerry Hager in Support  
19 Thereof, together with the Settlement Agreement between the First  
20 Alliance Estates and Reliance Insurance Company, a copy of which  
21 is attached to the Motion as Exhibit "1" (the "Settlement  
22 Agreement"), and the records, pleadings, and other documents in  
23 this case. No opposition to the Motion was filed with the Court  
24 or served on counsel, and no opposition to the Motion was stated  
25 by any person or entity on the record at the hearing.

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647726

1 Based on review and consideration of the foregoing, and as  
2 stated by the Court on the record at the hearing, the Court finds  
3 that:

4 1. Notice of the Motion was adequate and appropriate under  
5 the circumstances and no further notice need be given;

6 2. There is good cause to grant the Motion and to approve  
7 the Settlement Agreement for the reasons set forth in the Motion;

8 3. The Court and the parties have considered the  
9 probability of success in the litigation, the complexity, expense  
10 and likely duration of the litigation, and, for the reasons set  
11 forth in the Motion and stated by the Court on the record at the  
12 hearing, the Court finds that the Settlement Agreement was  
13 negotiated in good faith, is reasonable, fair and equitable, and  
14 is in the best interests of the First Alliance Estates and of  
15 their creditors.

16 THEREFORE, IT IS HEREBY ORDERED THAT:

17 1. The Motion is GRANTED in its entirety.

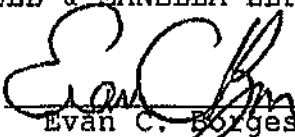
18 2. The Settlement Agreement is hereby APPROVED and the  
19 First Alliance Estates are hereby authorized to enter into and  
20 perform under the Settlement Agreement.

21 DATED: 03/26/03

*David O. Carter*

22 THE HONORABLE DAVID O. CARTER  
23 UNITED STATES DISTRICT COURT JUDGE

24 SUBMITTED BY:  
25 IRELL & MANELLA LLP

26 By:   
27 Evan C. Borges  
28 Attorneys for Related Debtors and  
for Kenneth C. Henry, Liquidating  
Trustee of the First Alliance Post-  
Confirmation Liquidating Trust

647726

1 PROOF OF SERVICE

2 I am employed in the County of Orange, State of California.  
3 I am over the age of 18 and not a party to the within action. My  
4 business address is 840 Newport Center Drive, Suite 400, Newport  
5 Beach, California 92660-6324.

6 On March 26, 2003, I served the foregoing document  
7 described as **[PROPOSED] ORDER APPROVING COMPROMISE OF LITIGATION**  
8 **BETWEEN FIRST ALLIANCE ENTITIES AND RELIANCE INSURANCE COMPANY** on  
9 each interested party, as stated on the attached service list.

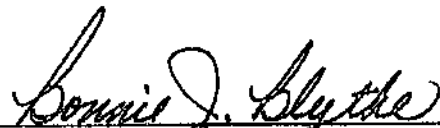
10  (BY MAIL) I placed a true copy of the foregoing  
11 document in a sealed envelope addressed to each  
12 interested party, as stated on the attached service  
13 list. I placed each such envelope, with postage  
14 thereon fully prepaid, for collection and mailing at  
15 Irell & Manella LLP, Newport Beach, California. I am  
16 readily familiar with Irell & Manella LLP's practice  
17 for collection and processing of correspondence for  
18 mailing with the United States Postal Service. Under  
19 that practice, the correspondence would be deposited  
20 in the United States Postal Service on that same day  
21 in the ordinary course of business.

22 Executed on March 26, 2003, at Newport Beach,  
23 California.

24 I certify that I am employed in the office of a member of  
25 the bar of this Court at whose direction the service was made.

26 I declare under penalty of perjury that the foregoing is  
27 true and correct.

28  
Bonnie J. Blythe  
(Type or print name)

  
(Signature)

SERVICE LIST

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Liquidating Trustee

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