



J. MICHAEL NOLAN
Senior Vice President,
General Counsel & Secretary

Argonaut Insurance Company

April 19, 2000

Richard Lee Sax, Esq.
2192 Palomar Airport Road
Carlsbad, CA 92008

Via Facsimile

Re: Hollifield Litigation

Dear Mr. Sax:


Pursuant to our prior communications, I write to enclose a memorandum describing Argonaut Insurance Company's understanding of the status of the Rick Hollifield workers' compensation claim No. 62X103499. Dianna Cumpian, a Principal Account Specialist, in the Claims Department of our Brea office wrote this memorandum since she is the claims adjuster who handled the WC case. You are welcome to contact Mr. Hollifield's WC attorney, Dean Goetz, for his view of the current status of the case. If fact, I encourage you to contact Mr. Goetz since we do not represent Mr. Hollifield.

I also write to request that you voluntarily dismiss your recent Complaint against Argonaut Insurance Company and our insured, Kvass Construction Company. As we discussed, Mr. Hollifield's WC claim is still open at the WC Appeals Board. There is no compromise and release for this claim. However, there is an approved credit petition for \$128,910. We strongly believe that claims for additional WC benefits, if any, for this open matter should be handled through the WC process and not through civil litigation. If necessary, we are prepared to file a Demurrer to the Complaint. The Demurrer, in part, would be based on the exclusive remedy of the WC laws.

Please review this material and call me on this matter. Since I will be out of town all next week, please call Robert Kanonick (773) 380-2340 in our Chicago Office in my absence. He will be the attorney overseeing our interests in this case in the event it is not dismissed. Also, please extend the time for our filing of a response to the Complaint so that both parties may explore the possible dismissal. I will let you and Bob work out the details of that extension of time to answer.

Thank you for your consideration of this matter.

Very truly yours,


J. Michael Nolan
General Counsel