
SETTLEMENT AGREEMENT AND MUTUAL RELEASE

THIS AGREEMENT is made the 12th day of December, 2006 between Gregory S. Milligan, Plan Trustee for the Warranty Gold Liquidation Trust (referred to as the "Warranty Gold Plan Trustee"), Auto Services Company, Inc ("ASC"), SC&E Administrative Services, Inc. (SC&E"), American Prime Asset, Inc., ("APA"), Triad Marketing Group (Triad"), the Rocker Class, the Joint Official Liquidators ("JOLs") of National Warranty Insurance Risk Retention Group (in liquidation) ("NWIG"), acting as agents of NWIG and without personal liability, and NWIG, acting by its JOLs, on the one hand (collectively, the "Claimants"), and Donald G. Erway ("Erway"), National Card LLC, Pro Distributors, Inc., Computer Way Inc., National Building, L.L.C., D&N Building, L.L.C., the estate of Neva K. Erway, and, with the exception of NWIG, any and all entities in which Donald G. Erway or Neva K. Erway have or have had a financial interest (all referred to jointly hereafter as "Erway Parties"), and Randall Erway, on the other hand, (collectively, the "Parties").

RECITALS:

Whereas claims have been asserted against the Erway Parties and Randall Erway in (i) *Reuben J. Rocker, et al. v. SC&E Administrative Services, Inc, et al.*; Case Number A-468651, pending in the Eighth Judicial District Court, Clark County, Nevada; (ii) *SC&E Administrative Services, Inc., et al. v. KPMG LLP, et al.*; Case Number A:05CV00929 SS, pending in the U.S. District Court for the Western District of Texas, Austin Division; (iii) *Rocheford v. Norm Baker Motor Co., et al.*, Case Number 03 CC000472, pending in the Superior Court of Orange County, California; (iv) *Theo Bullmore, et al. v. Donald G. Erway, et al.*, Case Number A04-4109, pending in the United States Bankruptcy Court for the District of Nebraska, and (v) *NWIG v. Donald G. Erway, et al.*, Cause Number 577 of 2005, pending in the Grand Court of the Cayman Islands (collectively, the "Lawsuits").

Whereas other Claimants to this Agreement may have claims against the Erway Parties and Randall Erway; and

Whereas the Parties wish to avoid the continuing costs of litigation in the Lawsuits and the risks associated with litigation and the dispute related to the contractual claims, the Parties to this Agreement mutually desire to resolve those various claims, without admitting liability or fault.

TERMS:

NOW THEREFORE, in consideration of the promises and agreements herein, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

- I. Effective Date.** This Agreement commences when all parties hereto have executed the Agreement (the "Effective Date").
- II. Settlement Funds.** The Erway Parties shall pay the total sum of \$1,500,000. The payments shall be made payable as follows:
- (a) ASC. Within ten business days from the execution of this Agreement, the Erway Parties shall pay to ASC by certified funds or wire transfer the amount of \$156,250.
 - (b) Escrow. Within ten business days from the execution of this Agreement, the Erway Parties shall pay the sum of \$1,343,750 in care of the JOLs to be placed in escrow in a dedicated separate interest bearing settlement account ("Escrow Account"), such as a non-fluctuating \$1.00 per share money market fund with Vanguard or Fidelity, to accrue interest through the date of disbursement following notice from Warranty Gold, the SC&E/APA/Triad/Rocker Class, and the JOLs, as set forth below in Section II.(g), and each such Claimant shall be entitled to their prorata share of interest upon disbursement.
 - (c) Warranty Gold. Within five business days from the Order of the United States Bankruptcy Court approving this settlement becoming final and non-appealable, the JOLs shall pay from the Escrow Account to the Warranty Gold Plan Trustee by certified funds or wire transfer the amount of \$156,250.
 - (d) SC&E/APA/Triad/Rocker Class. Within five business days from the Order of the Eighth Judicial District Court, Clark County, Nevada approving this settlement agreement becoming final and non-appealable, the JOLs shall pay from the Escrow Account to SC&E/APA/Triad/Rocker Class by certified funds or wire transfer the amount of \$437,500.
 - (e) NWIG. Within five business days from the Order of the Grand Court of the Cayman Islands approving this settlement agreement, the JOLs shall pay from the Escrow Account to NWIG by certified funds or wire transfer the amount of \$750,000.
 - (f) The above payments are intended to represent individual settlements between the Erway Parties and each of the settling parties.
 - (g) Notice of approval by Warranty Gold and SC&E/APA/Triad/Rocker Class shall be made by fax or US Mail and effective upon receipt by the JOLs, and shall be provided by the respective Claimant via certified mail to Cline Williams Wright Johnson & Oldfather, counsel for the Erway Parties.
- III. Court Approvals.** Settlement of claims held by the Warranty Gold Liquidation Trust, the Rocker Class, and NWIG are subject to the approval of the Courts overseeing their respective proceedings. The Warranty Gold Plan Trustee, the Rocker Class, and the JOLs shall use their reasonable best efforts to promptly seek approval of their respective settlements with their respective courts.

IV. Stay of Litigation. Upon execution of this Agreement, the parties agree to stay all litigation by and between Warranty Gold Plan Trustee, ASC, SC&E, APA, Triad, the Rocker Class, the Rocheford plaintiffs and NWIG, on the one hand, and the Erway Parties, on the other hand, pending the hearing on the approval of the settlement as set forth in Section III herein.

V. Dismissal of Proceedings. Upon receipt of the payment of the Settlement Funds as set forth in Section II above, the respective plaintiffs shall promptly dismiss with prejudice the claims currently asserted against the Erway Parties in the Lawsuits. It is expressly acknowledged by the parties that if the settlement is not approved by a respective court, the Agreement shall be null and void as to the respective plaintiff, but shall remain in full force and effect as between the Erway Parties and the other parties.

VI. Mutual Release.

(a) Subject to and effective upon receipt in full of the payment referred to in Section II(a), ASC, on the one hand, and the Erway Parties and Randall Erway, on the other hand, mutually release each other (and each of their, and their respective affiliates, trustees, officers, directors, stockholders, attorneys, agents, representatives, parents, and subsidiaries) from any and all claims, actions, suits, demands or proceedings they may have against each other, including but not limited to those relating to NWIG's business operations and relationships.

(b) Subject to and effective upon receipt in full of the payment referred to in Section II(c), the Warranty Gold Plan Trustee, on the one hand, and the Erway Parties and Randall Erway, on the other hand, mutually release each other (and each of their, and their respective affiliates, trustees, officers, directors, stockholders, attorneys, agents, representatives, parents, and subsidiaries) from any and all claims, actions, suits, demands or proceedings they may have against each other, including but not limited to those relating to NWIG's business operations and relationships.

(c) Subject to and effective upon receipt in full of the payment referred to in Section II(d), the SC&E, APA, Triad, the Rocker Class, the Rocheford Plaintiffs, on the one hand, and the Erway Parties and Randall Erway, on the other hand, mutually release each other (and each of their, and their respective affiliates, trustees, officers, directors, stockholders, attorneys, agents, representatives, parents, and subsidiaries) from any and all claims, actions, suits, demands or proceedings they may have against each other, including but not limited to those relating to NWIG's business operations and relationships, and the claims made by the plaintiffs in *Reuben J. Rocker, et al. v. SC&E Administrative Services, Inc., et al.*; Case Number A-468651, pending in the Eighth Judicial District Court, Clark County, Nevada; *SC&E Administrative Services, Inc., et al. v. KPMG LLP, et al.*, Case Number A:05CV00929 SS, pending in the U.S. District Court for the Western District of Texas, Austin Division; *Rocheford v. Norm Baker Motor Co., et al.*, Case Number 03CC000472, pending in the Superior Court of Orange County, California.

(d) Subject to and effective upon receipt in full of the payment referred to in Section II(e), NWIG and the Erway Parties and Randall Erway mutually release each other (and each of their, and their respective affiliates, trustees, officers, directors, stockholders, attorneys, agents, representatives, parents, and subsidiaries) from any and all claims, actions, suits, demands or proceedings they may have against each other, including but not limited to those relating to NWIG's business operations and relationships, and the claims asserted by the JOLs against Erway and/or the Erway Parties. Notwithstanding anything herein to the contrary, this release shall not apply to the claims, disputes and/or clarifications concerning current and/or future income tax refunds from the Internal Revenue Service to be received by Pro Distributors, Inc. and/or NWIG, which claims, disputes, and clarifications have been resolved through a separate agreement.

(e) Notwithstanding any other terms or provisions contained herein, this Agreement does not release, discharge, diminish or alter, and is not in settlement or satisfaction of, any claims or causes of action of the Claimants against the Cayman Islands Firm of Deloitte & Touche, Deloitte & Touche USA, LLP, Deloitte & Touche LLP, Deloitte Consulting LLP (collectively "Deloitte Entities"). The Claimants specifically preserve all rights against the Deloitte Entities.

- VII. No Admission of Liability.** Nothing in this Agreement shall be construed as an admission of liability by any party.
- VIII. Full and Final Settlement.** Except as provided in Section II, III, V, and VI hereof, this Agreement shall be in full and final settlement of any and all claims that Warranty Gold Plan Trustee, ASC, SC&E, APA, Triad, the Rocker Class and the JOLs, on the one hand, and the Erway Parties and Randall Erway, on the other, have or may have against the other concerning NWIG's business operations and the reinsurance contracts entered into between the Erway Parties and NWIG and the claims made by the plaintiffs in the Lawsuits described above. The Parties to this Agreement recognize, however, that additional agreements and pleadings will be necessary to complete this settlement. The Parties agree to work in utmost good faith to draft and agree to these documents promptly. If, however, the Parties cannot agree to any particular, document, provision, and/or pleading, the Parties agree that they shall submit the dispute to Antonio Piazza for a binding decision that is not appealable to any court or tribunal. The cost of Mr. Piazza shall be born equally by the parties to the dispute.
- IX. Entire Agreement.** This Agreement constitutes the whole and only agreement between the parties relating to the subject matter of this Agreement and supersedes and extinguishes any prior drafts, previous agreements, undertakings, representations, warranties, and arrangements of any nature whatsoever, whether or not in writing between the parties, in connection with the subject matter hereof.
- X. Waiver.** No omission to exercise or delay in exercising any right, power or remedy provided by law or under this Agreement shall constitute a waiver of such right, power or remedy or any other right, power or remedy or impair such right, power or remedy. No single or partial exercise of any such right, power or remedy precludes or impairs any

other or further exercise thereof or the exercise of any other right, power or remedy provided by law or under this Agreement.

- XI. Confidentiality.** Save as provided below, the parties shall keep the terms of this Agreement confidential, except to the extent disclosure is for the purpose of fulfilling the requirements of Section III above or otherwise for the purpose of implementing this Agreement; in response to a requirement of the Grand Court of the Cayman Islands, the United States Bankruptcy Court for the Western District of Texas, Austin Division, the Eighth Judicial District Court, Clark County, Nevada, any regulatory authority or other competent authority to which the parties are subject where such requirement has the force of law; or where disclosure is to be made to any employee, director, agent, consultant or professional adviser of a party for the purposes of implementing this Agreement or obtaining professional advice on this Agreement, in each case, subject to the person's agreement to maintain confidentiality.
- XII. Costs.** The parties will bear their own costs of their respective litigation and the negotiation and preparation of this Agreement and of all actions undertaken to obtain the appropriate and necessary judicial authorizations or approval.
- XIII. Governing Law.** This Agreement and the obligations and rights created hereunder shall be governed by the laws of the State of Nebraska, without consideration of its choice of law provisions.
- XIV. Headings.** The headings of this Agreement are for convenience and shall not be construed to qualify or add meaning to the text of this Agreement.
- XV. Cooperation.** In that this Agreement is not a release of the Deloitte Entities, the Erway Parties agree to cooperate with the JOLs and the other Claimants in their pending actions against the Deloitte Entities. This cooperation shall include, but not be limited to, (i) production of documents, (ii) availability of witnesses to the JOLs, (iii) production of witnesses to provide testimony at deposition and/or at trial (either in the U.S. or the Cayman Islands at travel costs to be payable by the JOLs and/or the other Claimants).
- XVI. Statement of Assets.**

(a) The Erway Parties have provided the Claimants with an affidavit dated on or after November 30, 2006 setting forth a true and complete statement of their financial condition, such affidavit to be substantially in the form annexed hereto.

(b) The Erway Parties acknowledge that the settlement terms set forth herein are based upon the statement of their financial condition and that the Erway Parties' representation thereof is material to the agreement of the other Parties. The Erway Parties further agree that, if the statement of financial condition is discovered to be materially false, irrespective of whether such falsehood is the result of mistake, negligence, recklessness, or fraud, all of the terms of this Agreement shall remain in effect *except* that the Claimants shall not be bound by the Release as set forth in Section VI herein. Further,

the Erway Parties agree that, in the event the statement of financial condition is discovered to be materially false, then the Erway Parties shall not assert a statute of limitations defense against any claim filed thereafter by the Claimants.

XVII. Authorization to Execute. The person signing this Agreement on behalf of each of the parties hereto represents and warrants that he/she is authorized to sign on behalf of the party or parties for whom he or she is acting in executing this Agreement. The parties and their counsel agree that they will take all steps reasonably necessary to carry out the terms of this Agreement and the settlement it embodies.


XVIII. Counterpart/Facsimile. This Agreement may be executed in several counterparts by one or more of the Parties, and all such counterparts when so executed shall together be deemed to constitute one final Agreement as if all Parties to this Agreement had signed one document; and each such counterpart, upon execution and delivery, shall be deemed a complete original. A facsimile or email of the original signature of the authorized representative shall have the same force and effect as an original signature.

IN WITNESS WHEREOF, the parties have executed this Settlement Agreement and Mutual Release on the dates indicated below:

NATIONAL WARRANTY INSURANCE RISK
RETENTION GROUP (IN OFFICIAL LIQUIDATION)

Dated Feb 7th, 2007

By: _____

 GTL BULLMORE

Title: _____

JOL

WARRANTY GOLD LIQUIDATION TRUST

Dated _____

By: _____

Title: _____

the Erway Parties agree that, in the event the statement of financial condition is discovered to be materially false, then the Erway Parties shall not assert a statute of limitations defense against any claim filed thereafter by the Claimants.

XVII. Authorization to Execute. The person signing this Agreement on behalf of each of the parties hereto represents and warrants that he/she is authorized to sign on behalf of the party or parties for whom he or she is acting in executing this Agreement. The parties and their counsel agree that they will take all steps reasonably necessary to carry out the terms of this Agreement and the settlement it embodies.

XVIII. Counterpart/Facsimile. This Agreement may be executed in several counterparts by one or more of the Parties, and all such counterparts when so executed shall together be deemed to constitute one final Agreement as if all Parties to this Agreement had signed one document; and each such counterpart, upon execution and delivery, shall be deemed a complete original. A facsimile or email of the original signature of the authorized representative shall have the same force and effect as an original signature.

IN WITNESS WHEREOF, the parties have executed this Settlement Agreement and Mutual Release on the dates indicated below:

NATIONAL WARRANTY INSURANCE RISK
RETENTION GROUP (IN OFFICIAL LIQUIDATION)

Dated _____

By: _____

Title: _____

WARRANTY GOLD LIQUIDATION TRUST

Dated 02/07/07

By: Craig Milligan

Title: Liquidating Trustee

AUTO SERVICES COMPANY, INC.

Dated _____

By: _____ *MB [Signature]*

Title: _____ *Attorney*

SC&E ADMINISTRATIVE SERVICES, INC.

Dated _____

By: _____

Title: _____

AMERICAN PRIME ASSET, INC.

Dated _____

By: _____

Title: _____

TRIAD MARKETING GROUP

Dated _____

By: _____

Title: _____

ROCKER CLASS

Dated _____

By: _____

Title: _____

ROCHFORD PLAINTIFFS

Dated _____

By: _____

Title: _____

AUTO SERVICES COMPANY, INC.

By: _____
Title: _____

Dated _____

SC&E ADMINISTRATIVE SERVICES, INC.

By: Mark Oubens
Title: DIRECTOR

Dated 2/7/2007

AMERICAN PRIME ASSET, INC.

By: Mark Oubens
Title: DIRECTOR

Dated 2/7/2007

TRIAD, MARKETING GROUP

By: _____
Title: _____

Dated _____

ROCKER CLASS

By: _____
Title: _____

Dated _____

ROCHEFORD PLAINTIFFS

By: _____
Title: _____

Dated _____

AUTO SERVICES COMPANY, INC.

Dated _____

By: _____

Title: _____

SC&E ADMINISTRATIVE SERVICES, INC.

Dated _____

By: _____

Title: _____

AMERICAN PRIME ASSET, INC.

Dated _____

By: _____

Title: _____

TRIAD MARKETING GROUP

Dated 2/7/07

By: J. M. Grant

Title: ATTORNEY

ROCKER CLASS

Dated 2.7.07

By: Robert A. Rock

Title: CLASS REP

ROCHEFORD PLAINTIFFS

Dated 2/7/07

By: J. M. Grant

Title: ATTORNEY

DONALD G. ERWAY

By:

Donald G. Erway

Title:

Dated

2-13-07

ESTATE OF NEVA ERWAY

By:

Donald G. Erway

Title: Surviving Spouse and Sole Heir

Dated

2-13-07

NATIONAL CARD, LLC

By:

Donald G. Erway

Title: Member

Dated

2-13-07

PRO DISTRIBUTORS, INC.

By:

Donald G. Erway

Title: President

Dated

2-13-07

COMPUTER WAY, INC.

By:

Donald G. Erway

Title: President

Dated

2-13-07

NATIONAL BUILDING L.L.C.

By: 

Title: Member

Dated

2-13-07

D&N BUILDING, L.L.C.

By: 

Title: Member

Dated

2-13-07

RANDALL ERWAY

By: 

Title: Individual

Dated

2-13-07