

04-538-CD
UNITED ELECTRIC COOPERATIVE, INC. vs. SEVEN SEAS
FINANCIAL ASSOC.

Unilec vs. Seven Seas Financial Associates
2004-538-CD

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA

United Electric Cooperative, Inc.,

CD#:

04-538-CJ

Plaintiff,

vs.

Seven Seas Financial Associates, Inc.,

Defendant.

Type of Pleading:

Complaint

Filed on behalf of:

United Electric Cooperative, Inc., Plaintiff

Counsel of Record:

Michael W. Sloat, Esquire
Supreme Court I.D. 89076

LYNN, KING & SCHREFFLER, P.C.

606 Main Street / P.O. Box 99

Emlenton, PA 16373

(724) 867-5921

FILED

APR 19 2004

William A. Shaw
Prothonotary/Clerk of Courts

**IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA**

United Electric Cooperative, Inc., : CD#:

Plaintiff, :
vs. :
Seven Seas Financial Associates, Inc., :
Defendant. :

NOTICE TO DEFEND

You have been sued in court. If you wish to defend against the claims set forth in the following pages, you must take action within twenty (20) days after this complaint and notice are served, by entering a written appearance personally or by attorney and filing in writing with the court your defenses or objections to the claims set forth against you. You are warned that if you fail to do so the case may proceed without you and a judgment may be entered against you by the court without further notice for any money claimed in the complaint or for any other claim or relief requested by the plaintiff. You may lose money or property or other rights important to you.

YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE A LAWYER OR CANNOT AFFORD ONE, GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW TO FIND OUT WHERE YOU CAN GET LEGAL HELP.

Court Administrator
Clearfield County Courthouse
Second & Market Streets
Clearfield, PA 16830
(814)765-2641 Ext. 50-51

Michael W. Sloat, Esq
LYNN, KING & SCHREFFLER, P.C.
606 Main Street / P.O. Box 99
Emlenton, PA 16373
724-867-5921

**IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA**

United Electric Cooperative, Inc., : CD#:

:
Plaintiff, :
vs. :

Seven Seas Financial Associates, Inc., :
:

:
Defendant. :

COMPLAINT

Plaintiff, United Electric Cooperative, Inc. (the "Plaintiff"), by and through the undersigned attorney, Michael W. Sloat, Esq. of Lynn, King & Schreffler, PC., brings this action against Defendant.

1. Plaintiff, United Electric Cooperative, Inc., is a duly formed Pennsylvania Electric Cooperative with its principal place of business at P.O. Box 688, DuBois, Clearfield County, Pennsylvania.
2. Defendant, Seven Seas Financial Associates, Inc., is a Pennsylvania Corporation with its principal place of business at Route 255, Dubois, Clearfield County, Pennsylvania.
3. Defendant has been a customer and member of Plaintiff for several years and has received and accepted electric service from Plaintiff.
4. Although, Defendant's account is due to be paid in full each month, Defendant consistently made only partial payments to Plaintiff and did not pay its account in full each month.
5. Plaintiff sent to Defendant disconnect notices in the year 2003.

6. At the request of Defendant its electric service was disconnected on August 8, 2003.
7. Although demand has been made upon Defendant for payment on its account, the Defendant neglects, fails and refuses to make payment thereof.
8. As of March 25, 2004, Defendant's account balance with Plaintiff is \$21,486.10 and remains unpaid.

WHEREFORE, Plaintiff, United Electric Cooperative, Inc., hereby demands judgment in its favor, and against the Defendant, Seven Seas Financial Associates, Inc., in the amount of \$21,486.10; plus cost of suit, attorney's fees, interest, and late charges still accruing.

Respectfully Submitted,



Michael W. Sloat
Attorney for Plaintiff

VERIFICATION

I verify that the factual allegations made in the foregoing Complaint are true and correct to the best of my knowledge, information, and belief. I understand that false statements made herein are subject to 18 P.a.C.S.A. 4904, relating to unsworn falsification to authorities.

Date: 4-12-04


Brenda Swartzlander,
President/CEO, United Electric Cooperative,
Inc.

In The Court of Common Pleas of Clearfield County, Pennsylvania

UNITED ELECTRIC COOPERATIVE INC

Sheriff Docket # 15460

VS.

04-538-CD

SEVEN SEAS FINANCIAL ASSOCIATES INC.

COMPLAINT

SHERIFF RETURNS

NOW MAY 14, 2004 AT 10:55 AM SERVED THE WITHIN COMPLAINT ON SEVEN SEAS FINANCIAL ASSOCIATES, INC., DEFENDANT AT EMPLOYMENT, 629 MAIN ST., DUBOIS, CLEARFIELD COUNTY, PENNSYLVANIA BY HANDING TO SHIRISH SHAH, OWNER A TRUE AND ATTESTED COPY OF THE ORIGINAL COMPLAINT AND MADE KNOWN TO HIM THE CONTENTS THEREOF.

SERVED BY: MCCLEARY/COUDRIET

Return Costs

Cost	Description
46.50	SHERIFF HAWKINS PAID BY: ATTY CK# 18271
10.00	SURCHARGE PAID BY: ATTY Ck# 18272

Sworn to Before Me This

19 Day Of May 19 2004
William A. Shaw

So Answers,

Chester A. Hawkins
by Marilynn Harr
Chester A. Hawkins
Sheriff

FILED
O 2:00 PM
MAY 19 2004
WAS

William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

UNITED ELECTRIC COOPERATIVE,
INC.,

Plaintiff

*

*

vs.

*

No. 04 - 538 - CD

*

SEVEN SEAS FINANCIAL
ASSOCIATES, INC.,

Defendant

*

*

*

*

Type of Pleading:

*

**ANSWER TO COMPLAINT
AND COUNTERCLAIM**

*

Filed on behalf of:

*

Defendant

*

Counsel of Record for
this party:

*

*

James A. Naddeo, Esq.
Pa I.D. 06820

*

207 E. Market Street
P.O. Box 552
Clearfield, PA 16830
(814) 765-1601

FILED

MAY 24 2004

William A. Shaw
Prothonotary/Clerk of Courts

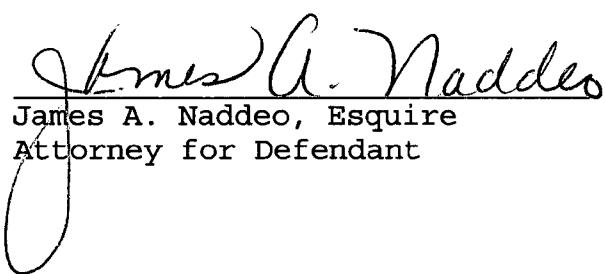
IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

UNITED ELECTRIC COPPERATIVE, *
INC., *
Plaintiff *
*
vs. * No. 04 - 538 - CD
*
*
SEVEN SEAS FINANCIAL *
ASSOCIATES, INC., *
Defendant *

NOTICE TO PLEAD

TO THE PLAINTIFF:

You are hereby notified to file a written response to the enclosed Counterclaim within twenty (20) days from service hereof or a judgment may be entered against you.


James A. Naddeo

James A. Naddeo, Esquire
Attorney for Defendant

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

UNITED ELECTRIC COPPERATIVE, *
INC., *
Plaintiff *
*
vs. * No. 04 - 538 - CD
*
SEVEN SEAS FINANCIAL *
ASSOCIATES, INC., *
Defendant *

ANSWER TO COMPLAINT
AND COUNTERCLAIM

ANSWER TO COMPLAINT

NOW COMES Defendant by and through its attorney, James
A. Naddeo, Esquire, and sets forth the following:

1. Admitted.
2. Admitted.
3. Admitted.
4. Admitted.
5. Admitted.
6. Admitted.
7. Admitted.
8. Denied. After reasonable investigation Defendant

is without knowledge or information sufficient to form a belief as
to the truth of said averment.

WHEREFORE, Defendant respectfully requests that
Plaintiff's Complaint be dismissed.

COUNTERCLAIM

9. That Seven Seas Financial Associates, Inc. (hereinafter Seven Seas), was a member of Plaintiff's Cooperative (hereinafter Unilec), from 1973 until August 2003.

10. That as a member of Unilec, Seven Seas was to receive dividends from Unilec as a benefit of membership in the Cooperative.

11. That Seven Seas terminated its membership with Unilec on or about August 8, 2003.

12. That upon terminating its membership with Unilec, Seven Seas requested an accounting for dividends accrued to it from 1973 to August 2003.

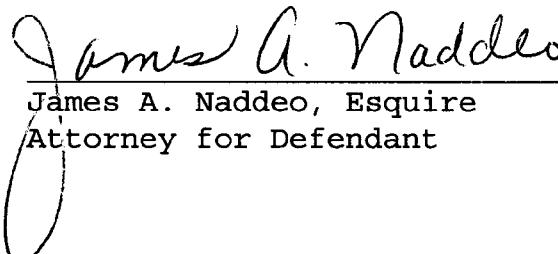
13. That Unilec refused to provide an accounting although Seven Seas was informed that it had accrued dividends in excess of One Hundred Sixty (\$160,000.00) Dollars.

14. That Seven Seas demanded payment from Unilec for its accrued dividends and likewise demanded that any amounts owed by Seven Seas to Unilec be offset against the dividends that accrued to Seven Seas while a member of the Unilec Cooperative.

15. That Unilec has refused to comply with Seven Seas' demand.

WHEREFORE, Seven Seas demands judgment from Unilec in the amount of \$160,000.00 with interest as allowable by law.

Respectfully submitted,


James A. Naddeo
James A. Naddeo, Esquire
Attorney for Defendant

COMMONWEALTH OF PENNSYLVANIA)
ss.
COUNTY OF CLEARFIELD)

Before me, the undersigned officer, personally appeared SHIRISH N. SHAH, who being duly sworn according to law, deposes and states that he is the President of Seven Seas Financial Associates, Inc., and that as such officer he is authorized to execute this Affidavit and further that the facts set forth in the foregoing Answer and Counterclaim are true and correct to the best of his knowledge, information and belief.

Shirish N. Shah
Shirish N. Shah, President

SWORN and SUBSCRIBED before me this 24th day of May, 2004.

Jennifer L. Royer

Notarial Seal
Jennifer L. Royer, Notary Public
Clearfield Boro, Clearfield County
My Commission Expires May 17, 2007

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

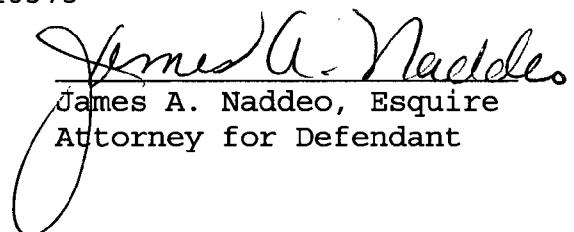
UNITED ELECTRIC COOPERATIVE, *
INC., *
Plaintiff *
*
vs. * No. 04 - 538 - CD
*
SEVEN SEAS FINANCIAL *
ASSOCIATES, INC., *
Defendant *

CERTIFICATE OF SERVICE

I, James A. Naddeo, Esquire, do hereby certify that a true and certified copy of Answer and Counterclaim filed in the above-captioned action was served on the following person and in the following manner on the 24th day of May, 2004:

First-Class Mail, Postage Prepaid

Michael W. Sloat, Esquire
LYNN, KING & SCHREFFLER, P.C.
606 Main Street
P.O. Box 99
Emlenton, PA 16373


James A. Naddeo, Esquire
Attorney for Defendant

CLERARFIELD, PENNSYLVANIA 16830
P.O. BOX 552
ATTORNEY AT LAW
JAMES A. NADDEO

— Lap over margin —

FILED
MAY 24 2004
cc
Atty Naddoo
William A. Shaw
Prothonotary/Clerk of Courts

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

UNITED ELECTRIC COOPERATIVE,
INC.,

Plaintiff

vs.

SEVEN SEAS FINANCIAL
ASSOCIATES, INC.,

Defendant

* NO. 04 - 538 - CD

* Type of Pleading:

* **CERTIFICATE OF SERVICE**

* Filed on behalf of:

* Defendant

* Counsel of Record for
* this party:

* James A. Naddeo, Esq.
* Pa I.D. 06820

* 207 E. Market Street
* P.O. Box 552
* Clearfield, PA 16830
* (814) 765-1601

FILED

JUN 09 2004

William A. Shaw
Prothonotary/Clerk of Courts

CLEARFIELD, PENNSYLVANIA 16830
PO. BOX 552
ATTORNEY AT LAW
JAMES A. NADDEO

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FILED 1cc
JUN 8 2004 Atty Nadeo
William A. Shaw
Prothonotary/Clerk of Courts
Key Nadeo

**IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA**

United Electric Cooperative, Inc. : CD# 04-538-CD

Plaintiff :

vs. :

Seven Seas Financial Associates, Inc. :

Defendant :

Type of Pleading:

Answer to Counterclaim

Filed on behalf of:

Plaintiff

Counsel of Record:

Michael W. Sloat, Esquire
Supreme Court I.D. 89076

LYNN, KING & SCHREFFLER, P.C.

606 Main Street / P.O. Box 99

Emlenton, PA 16373

(724) 867 - 5921

FILED

JUN 09 2004

William A. Shaw
Prothonotary/Clerk of Courts

**IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA**

United Electric Cooperative, Inc. : CD#: 04-538-CD

Plaintiff :

vs. :

Seven Seas Financial Associates, Inc. :

Defendant. :

ANSWER TO COUNTERCLAIM

9. Admitted. Defendant's actual date of membership was October 1972 - August 2003.
10. Denied. Cooperative Members are assigned capital credits allocated based on the Cooperative margins. In accordance with the Bylaws of United Electric its members do not receive the patronage capital dividends until United Electric's Board retires those patronage capital dividends. The Board has not retired capital patronage in any general retirement which would entitle Defendant to receive the patronage capital dividends requested by Defendant.
11. Admitted.
12. Denied. It is admitted that Defendant asked verbally, over the phone with United Electric, the amount allocated to the Defendant concerning Defendant's capital credits, however a request for an accounting in writing was not requested.
13. Denied, United Electric never refused to give an accounting to Defendant and one is available upon request. The Defendant was actually told in the phone conversation, mentioned in paragraph 12, that the amount allocated to Defendant was in excess of

\$160,000. Plaintiff mailed to Defendant a letter dated December 31, 2003 with an enclosed form for Defendant to request information. Plaintiff has never received the form back from the Defendant.

14. Admitted.
15. Admitted, with the clarification that paragraph 15 is referring to the demand stated in paragraph 14.

WHEREFORE, Plaintiff, United Electric Cooperative, Inc. requests judgment in its favor, and against the Defendant, Seven Seas Financial, Inc., and dismiss the Defendant's Counterclaim.

Respectfully Submitted,



Michael W. Sloat, Esquire
Attorney for Plaintiff.

**IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA**

United Electric Cooperative, Inc. : CD# 04-538-CD

Plaintiff, :

vs. :

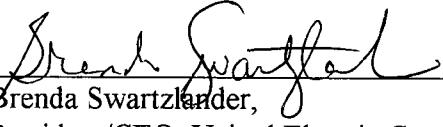
Seven Seas Financial Associates, Inc. :

Defendant. :

VERIFICATION

I verify that the factual allegations made in the foregoing Answer to Counterclaim are true and correct to the best of my knowledge, information, and belief. I understand that false statements made herein are subject to 18 P.a.C.S.A. 4904, relating to unsworn falsification to authorities.

Date 6-2-04



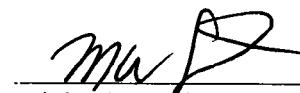
Brenda Swartzlander,
President/CEO, United Electric Cooperative, Inc.

Certificate of Service

I certify that I served a true and correct copy of the foregoing Answer to Counterclaim by first class US Mail, postage prepaid, on the following:

James Naddeo, Esquire
211 ½ E. Locust Street
PO Box 552
Clearfield, PA 16830

Date: 6/7/04



Michael W. Sloat

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

UNITED ELECTRIC COOPERATIVE,
INC.,

Plaintiff

vs.

SEVEN SEAS FINANCIAL
ASSOCIATES, INC.,

Defendant

* No. 04 - 538 - CD

* Type of Pleading:

* CERTIFICATE OF SERVICE

* Filed on behalf of:
* Defendant

* Counsel of Record for
* this party:

* James A. Naddeo, Esq.
* Pa I.D. 06820

* 207 E. Market Street
* P.O. Box 552
* Clearfield, PA 16830
* (814) 765-1601

FILED *E6K*
10/31/04 *1CC*
SEP 07 2004 *Atty Naddeo*

William A. Shaw
Prothonotary/Clerk of Courts

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

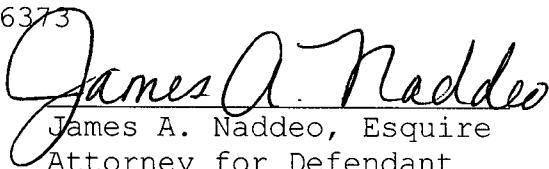
UNITED ELECTRIC COOPERATIVE, *
INC., *
Plaintiff *
*
vs. * No. 04 - 538 - CD
*
SEVEN SEAS FINANCIAL *
ASSOCIATES, INC., *
Defendant *

CERTIFICATE OF SERVICE

I, James A. Naddeo, Esquire, do hereby certify that a true and correct copy of Defendant's Interrogatories in the above-captioned action was served on the following person and in the following manner on the 7th day of September, 2004:

First-Class Mail, Postage Prepaid

Michael W. Sloat, Esquire
LYNN, KING & SCHREFFLER, P.C.
606 Main Street
P.O. Box 99
Emlenton, PA 16373


James A. Naddeo, Esquire
Attorney for Defendant

JAMES A. NADDEO
ATTORNEY AT LAW
P.O. BOX 552
CLEARFIELD, PENNSYLVANIA 16830

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

UNITED ELECTRIC COOPERATIVE,
INC.,

Plaintiff

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No. 04 - 538 - CD

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Type of Pleading:

*

*

*

MOTION TO COMPEL

*

Filed on behalf of:

Defendant

*

Counsel of Record for

this party:

*

*

James A. Naddeo, Esq.

Pa I.D. 06820

*

*

207 E. Market Street

*

P.O. Box 552

*

Clearfield, PA 16830

*

(814) 765-1601

FILED
OCT 3 2004
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OCT 06 2004

William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

UNITED ELECTRIC COOPERATIVE, INC.,	*	
	*	
Plaintiff	*	
	*	
vs.	*	No. 04 - 538 - CD
	*	
SEVEN SEAS FINANCIAL ASSOCIATES, INC.,	*	
	*	
Defendant	*	

MOTION TO COMPEL PROPER RESPONSES
TO DEFENDANT'S INTERROGATORIES

TO THE HONORABLE JUDGE OF THE COURT:

Defendant, by its undersigned counsel, James A. Naddeo, Esquire, respectfully requests that the Court enter the attached Order pursuant to Pa.R.C.P. No. 4019(a)(1)(i) directing Plaintiff to properly respond to Defendant's Interrogatories or suffer sanctions, and in support thereof avers as follows:

1. The above-captioned matter was commenced on or about April 19, 2004. As part of the Defendant's discovery and in order to properly develop his counterclaim against the Plaintiff, Defendant's Interrogatories Directed to Plaintiff were served upon Plaintiff on or about September 7, 2004. A copy of Defendant's Interrogatories Directed to Plaintiff is attached hereto and marked as Exhibit "A".
2. Plaintiff responded on or about September 30, 2004, by attaching Policy Bulletin No. E-1R6, and stated that the bulletin speaks for itself. A copy of Plaintiff's Reply to Interrogatories is attached hereto and marked as Exhibit "B".

3. Defendant's Interrogatories requested affirmative or negative responses and solicited Plaintiff's interpretation of its policy, not the Defendant's interpretation.

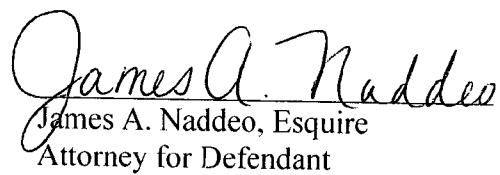
4. Plaintiff's responses are inconclusive and do not adequately answer Defendant's Interrogatories Directed to Plaintiff.

5. Defendant is entitled to specific responses to Defendant's Interrogatories based on Plaintiff's knowledge of its own policies.

6. The information requested by Defendant is necessary to the proper development and presentation of Defendant's counterclaim.

7. For the foregoing reasons, Defendant believes and avers that Plaintiff will not fully and completely answer Defendant's Interrogatories Directed to Plaintiff absent a Court Order pursuant to Pa. R.C.P. No. 4019(a)(1)(i).

WHEREFORE, Defendant respectfully requests that this Court enter an Order directing the Plaintiff to file a full and specific responses to Defendant's Interrogatories Directed to Plaintiff within ten (10) days or suffer appropriate sanctions to be imposed upon further application to the Court.



James A. Naddeo
James A. Naddeo, Esquire
Attorney for Defendant

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

UNITED ELECTRIC COOPERATIVE, *
INC., *

Plaintiff *

*

vs. *

No. 04 - 538 - CD

*

SEVEN SEAS FINANCIAL *
ASSOCIATES, INC., *

Defendant *

ORDER

AND NOW, this 8 day of October, 2004, upon consideration of Defendant's Motion to Compel Proper Responses to Defendant's Interrogatories Directed to Plaintiff served upon Plaintiff on September 7, 2004, which Interrogatories have not been properly answered nor has Plaintiff filed objections thereto, it is the ORDER of this Court that Plaintiff files full and complete responses to Defendant's Interrogatories Directed to Plaintiff within ~~ten~~ ^{twenty (20)} ~~days~~ ^{FJW} days or suffer appropriate sanctions to be imposed upon further application to the Court.

BY THE COURT,

Judge

Frederick J. Ammerman

EGK
FILED ^{1ce}
01/02/04 OCT 11 2004 Atty Naddos

William A. Shaw
Prothonotary/Clerk of Courts

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

UNITED ELECTRIC COOPERATIVE, *
INC., *
Plaintiff *
*
vs. * No. 04 - 538 - CD
*
SEVEN SEAS FINANCIAL *
ASSOCIATES, INC., *
Defendant *

DEFENDANT'S INTERROGATORIES DIRECTED TO PLAINTIFF

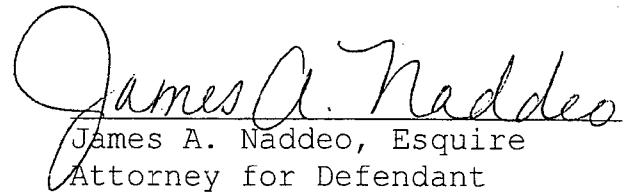
Defendant, Seven Seas Financial Associates, Inc., by its undersigned counsel, requests Plaintiff, United Electric Cooperative ("Unilec" or "Plaintiff"), to answer under oath the following Interrogatories within thirty (30) days from service thereof in accordance with Pa.R.C.P. 4005 and 4006. These Interrogatories are deemed to be continuing to the extent provided in Pa. R.C.P. 4007.4. Such additional answers shall be served from time to time, but no later than fifteen (15) days after such additional information is received by Plaintiff.

1. State whether Plaintiff has any policy provision for the discretionary distribution of capital to corporate members.

EXHIBIT "A"

2. State whether Plaintiff has any policy provision for discretionary distribution of a capital account to corporate members upon dissolution of the corporation.

Respectfully submitted,


James A. Naddeo
James A. Naddeo, Esquire
Attorney for Defendant

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA

United Electric Cooperative, Inc.

CD#: 04-538-CD

Plaintiff,

vs.

Seven Seas Financial Associates, Inc.

Defendant.

Reply to Interrogatories

1. Find attached Policy Bulletin No. E-1R6 which speaks for itself.
2. Find attached Policy Bulletin No. E-1R6 which speaks for itself.

Respectfully Submitted,



Michael W. Sloat, Esquire
Attorney for Plaintiff.

EXHIBIT "B"

UNITED ELECTRIC COOPERATIVE, INC.
POLICY BULLETIN NO. E-1R6

SUBJECT: Capital Credits and Nonprofit Operation

POLICY:

The nonprofit status of United Electric Cooperative, Inc. shall be established and maintained through the administration of a capital credits plan in accordance with the provisions outlined in Article VII of the Cooperative Bylaws.

Specifically, this plan shall provide for the allocation and eventual disbursement of capital credits in the following manner:

- a. Beginning January 1, 1980 the Board of Directors shall determine annually the method, basis, priority and order of retirement, if any, for all amounts furnished as capital with annual disbursements, if any, to be based on a percentage of the total funds allocated; providing, however, that the entire balance shall be refunded when the total funds allocated to an individual member's account reaches a predetermined low amount.
- b. Payment of the total accumulated capital credits in the account of a deceased member shall be made upon receipt of an approved application from the heirs or legal representatives. Such payments shall be discounted on an equitable basis in respect to current value dollars and in conformity with the Bylaws.
- c. Capital credits will be allocated by division (i.e. electric division capital credits will go to electric members who use electric and propane capital credits will go to members who use propane).

PROCEDURE:

A determination of the amount of capital furnished by the members in any year shall be made as soon as practical after the annual audit of the Cooperative's accounts. Any non-operating margins not used to offset prior or current deficits will be considered unassignable and remain cooperative equity. The amount of capital furnished by the individual members, except commercial and/or industrial accounts, shall be determined by dividing the annual patronage capital by the total annual revenue from electric service and applying the result as a multiplier to the amount of annual revenue received from the individual member. This amount shall be recorded and maintained for each member.

A special Capital Credits account shall be established with the depository approved for the deposit of the Cooperative's general funds.

Refund of capital credits shall be executed by the Cooperative within a reasonable time following the date such refunds are authorized by the Board of Directors.

Capital Credits retirements may be applied directly by the Cooperative to any delinquent obligations recorded as being owed to the Cooperative by the member of the Cooperative. An examination of the records of the Cooperative shall be made prior to the mailing of any Capital Credits checks and any delinquent accounts, of whatever kind and nature, shall be satisfied before any refund of capital is made to the member having such a delinquent account or his heirs.

One year from the date of issue, all capital credits checks, either cashed or uncashed, shall be reconciled with the bank records of the special account established for the purpose of disbursing Capital Credits. All checks that are not cashed within the one-year period shall be declared and marked "void" and filed for future reference. The cash balance remaining in the special account shall then be withdrawn and deposited in the Cooperative's General Fund Account and the amount recorded as being transferred to the Donated Capital Account pending final disposition of the funds. Unclaimed Capital Credits after a period of two years will be assigned back to the Cooperative.

In the matter of applications for the payment of capital credits to settle the estates of deceased persons, the President and Chief Executive Officer shall submit the application to the Board of Directors for consideration.

Should the directors approve the application and authorize settlement of the estate, the President and Chief Executive Officer shall cause the disbursement of discounted Capital Credits in full as determined on the date of the authorization. The aggregate amounts retired in any one year shall be approved annually in the Corporate Budget. Any remaining capital credits that may have accumulated during the year in which the estate was created will then be disbursed in accordance with the approved application.

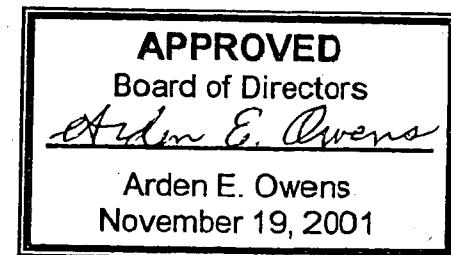
RESPONSIBILITY:

Board of Directors with the assistance of the President and Chief Executive Officer and the Director of Accounting Services.

AUTHORITY:

Adoption of this bulletin by official action of the Board of Directors at a regular meeting held on January 21, 1967.

Board Revision:	February 25, 1980
Board Revision:	April 27, 1987
Board Revision:	May 23, 1988
Board Revision:	February 28, 1994
Board Revision:	March 27, 1995
Board Revision:	July 27, 1998
Board Revision:	August 15, 2000



JAMES A. NADDEO
ATTORNEY AT LAW
P.O. BOX-552
CLEARFIELD, PENNSYLVANIA 16830

CA

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

UNITED ELECTRIC COOPERATIVE,
INC.,

Plaintiff

vs.

SEVEN SEAS FINANCIAL
ASSOCIATES, INC.,

Defendant

* No. 04 - 538 - CD

* Type of Pleading:

* **CERTIFICATE OF SERVICE**

* Filed on behalf of:
* Defendant

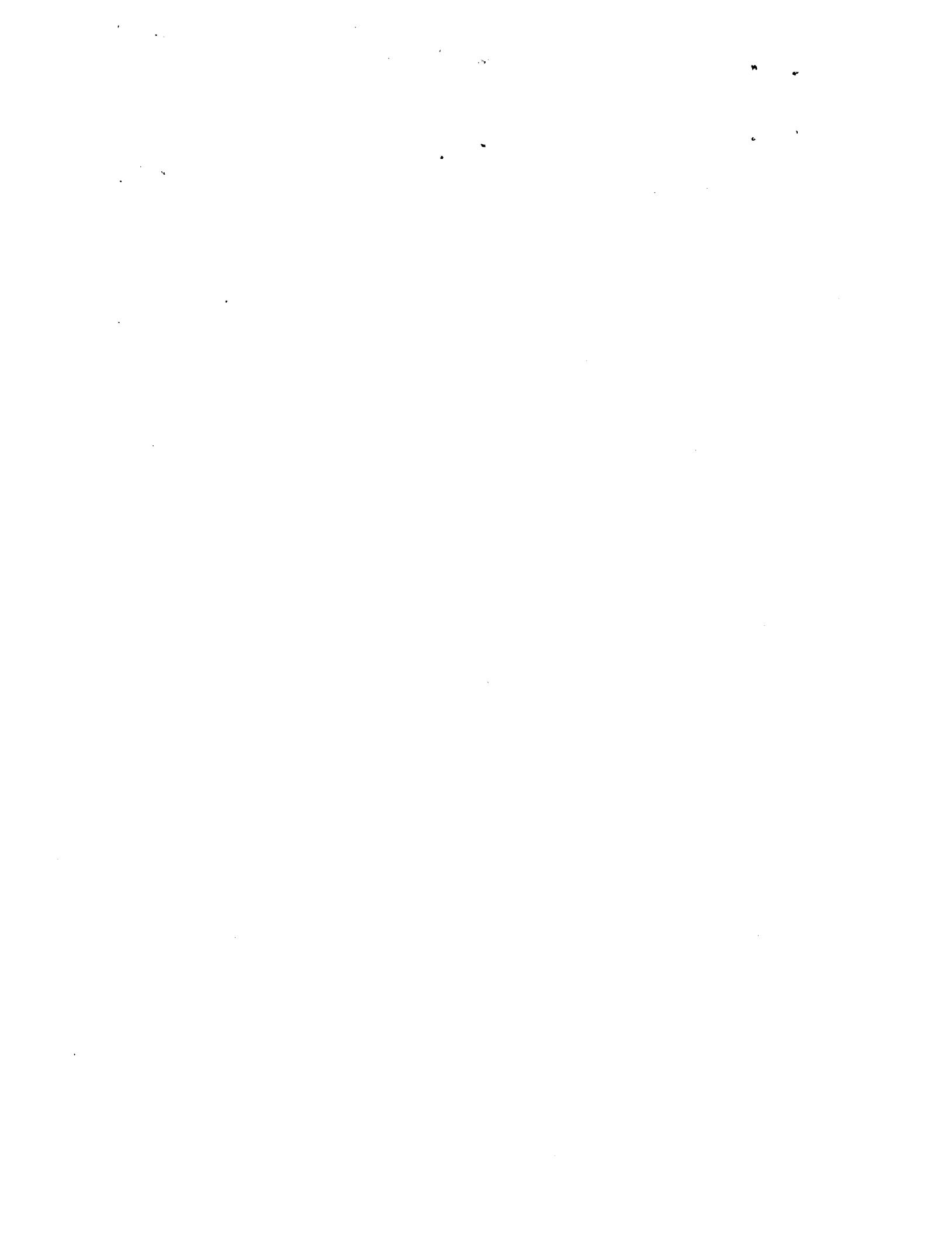
* Counsel of Record for
* this party:

* James A. Naddeo, Esq.
* Pa I.D. 06820

* 207 E. Market Street
* P.O. Box 552
* Clearfield, PA 16830
* (814) 765-1601

FILED *EGK*
01/10/37601 NO CC
OCT 12 2004

Please see back of page



**IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA**

United Electric Cooperative, Inc. : CD# 04-538-CD

Plaintiff :

vs. :

Seven Seas Financial Associates, Inc. :

Defendant :

Type of Pleading:

Plaintiff's Reply to Interrogatories

Filed on behalf of:

Plaintiff

Counsel of Record:

Michael W. Sloat, Esquire
Supreme Court I.D. 89076

LYNN, KING & SCHREFFLER, P.C.

606 Main Street / P.O. Box 99

Emlenton, PA 16373

(724) 867 - 5921

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NO ^{cc}
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OCT 25 2004

William A. Shry
Prothonotary/Clerk of Courts

**IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA**

United Electric Cooperative, Inc. : CD#: 04-538-CD

Plaintiff, :

vs. :

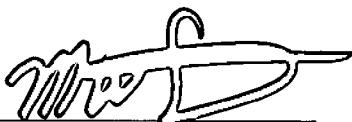
Seven Seas Financial Associates, Inc. :

Defendant. :

Reply to Interrogatories

1. No. United Electric Cooperative, Inc. does not have any policy provision which permits special discretionary distribution to corporate members of the Cooperative.
2. No. United Electric Cooperative, Inc. does not have any policy provision which permits discretionary distribution favoring corporate members of the Cooperative upon that members dissolution. Generally, distributions are generally applied with the exception that, upon request, the personal representative or heirs of a deceased member may receive a distribution. The Cooperative's bylaws allow this discretionary distribution only upon the death of any member who was a natural person. There is no similar policy upon the dissolution of a corporation.

Respectfully Submitted,



Michael W. Sloat, Esquire
Attorney for Plaintiff.

**IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA**

United Electric Cooperative, Inc. : CD#: 04-538-CD

Plaintiff, :

vs. :

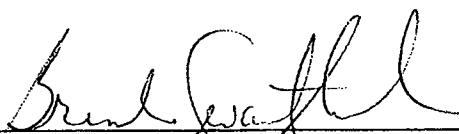
Seven Seas Financial Associates, Inc. :

Defendant. :

VERIFICATION

I verify that the factual statements made in the foregoing Reply to Interrogatories true and correct to the best of my knowledge, information, and belief. I understand that false statements made herein are subject to 18 P.a.C.S.A. 4904, relating to unsworn falsification to authorities.

Date 10-21-04



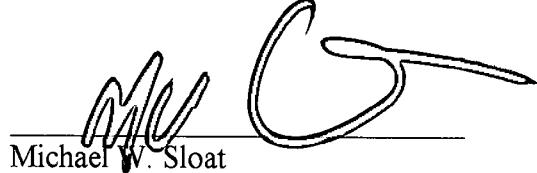
Brenda Swartzlander,
President/CEO, United Electric Cooperative, Inc.

Certificate of Service

I certify that I served a true and correct copy of the foregoing Reply to Interrogatories by first class US Mail, postage prepaid, on the following:

James Naddeo, Esquire
211 ½ E. Locust Street
PO Box 552
Clearfield, PA 16830

Date: 10-22-04



Michael W. Sloat

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

UNITED ELECTRIC COOPERATIVE,
INC.,

Plaintiff

vs.

SEVEN SEAS FINANCIAL
ASSOCIATES, INC.,

Defendant

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No. 04 - 538 - CD

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Type of Pleading:

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*

PRAECIPE TO SETTLE

*

Filed on behalf of:

Defendant

*

Counsel of Record for
this party:

*

*

James A. Naddeo, Esq.

Pa I.D. 06820

*

207 E. Market Street

P.O. Box 552

Clearfield, PA 16830

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Cert. of Disc.
William A. Shaw
Prothonotary/Clerk of Courts
to Atty Naddeo

Copy to CIA
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IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY, PENNSYLVANIA

CIVIL DIVISION

Copy

United Electric Cooperative, Inc.

Vs. **No. 2004-00538-CD**
Seven Seas Financial Associates, Inc.

CERTIFICATE OF DISCONTINUATION

Commonwealth of PA
County of Clearfield

I, William A. Shaw, Prothonotary of the Court of Common Pleas in and for the County and Commonwealth aforesaid do hereby certify that the above case was on May 26, 2005, marked:

Settled, Discontinued and Ended

Record costs in the sum of \$85.00 have been paid in full by Michael W. Sloat, Esq.

IN WITNESS WHEREOF, I have hereunto affixed my hand and seal of this Court at Clearfield, Clearfield County, Pennsylvania this 26th day of May A.D. 2005.

William A. Shaw, Prothonotary