

FIRST AFFIRMATIVE DEFENSE

This Action is barred, in whole or in part, because the duties of Western World Insurance Company (“Western World”) under the insurance policy are based upon the allegations and claims premised on theories of negligence which are unresolved issues clearly covered under the plain terms of the insurance policy issued by Western World. These issues are ripe for final resolution in the pending wrongful death action of Desmond v. Narconon of Georgia, Inc.; State Court of DeKalb County, Georgia; Civil Action No. 10A28641 (“the Underlying Action”). The underlying action was filed by Patrick C. Desmond and Mary C. Desmond, individually, and Mary C. Desmond, as Administratrix of the Estate of Patrick W. Desmond (“the Desmonds”), on May 19, 2010. The allegations and claims presented in the underlying action has been the subject of extensive discovery for the last twenty-seven months, to include dozens of depositions being taken and tens of thousands of documents exchanged by the parties; and is scheduled for trial beginning on February 11, 2013, that is, only five months from now.

SECOND AFFIRMATIVE DEFENSE

This Action should be dismissed in whole or in part on the grounds that it fails to state a claim upon which relief can be granted.

THIRD AFFIRMATIVE DEFENSE

This Action should be dismissed, in whole or in part, because of the plain terms of the insurance policy issued by Western World.

FOURTH AFFIRMATIVE DEFENSE

This Action should be dismissed, in whole or in part, because at least many of the claims asserted in the underlying action are clearly covered under the plain terms of the insurance policy issued by Western World. Such claims are premised on familiar theories of negligence and negligence per se, and are based in large part on and intertwined with the same operative facts as are other claims asserted in the underlying action that may not necessarily be covered under the terms of the policy.

FIFTH AFFIRMATIVE DEFENSE

Under the terms of the insurance policy issued by Western World, both professional liability insurance coverage and commercial general liability insurance coverage are provided to its insureds. These coverages are applicable to Narconon of Georgia's drug and alcohol abuse counseling "program" and are not by the policy terms limited to "occurrence[s]" at the primary treatment facility in Norcross, but rather are applicable to the overall "operations necessary or incidental to those premises" which are

designated in the policy as the primary locations of the “program” regardless of where in the “coverage territory” those “operations” may take place, as well as to employees’ “acts within the scope of their employment ... or while performing duties related to the conduct of [the insureds’] business”. (Ex. “B” to Complaint: (CG 21 44 07 98), page 52 of 58; (WW 220 (05/07)), section I, sub-parts 1b.(1), page 31 of 58; and (CL 137 (7-98)), section I, sub-parts 1b.(1), section II, sub-part 2 a., and section V, sub-parts 3 and 4, pages 40, 45 and 48 of 58. Therefore, the coverages extend to all attendant elements of and services encompassed within of the program. Further, given that the Desmonds in the underlying action have alleged and have shown by the extensive discovery taken to date that the death of their son, Patrick W. Desmond, was caused by alleged negligence and negligence per se in failing to reasonably and lawfully administer the program, the coverages provided under the policy are available.

SIXTH AFFIRMATIVE DEFENSE

Under the terms of the Western World insurance policy, the coverages extend to bodily injury caused by an incident involving the furnishing of alcoholic beverages in connection with the furnishing of healthcare services of any person. Ex. “B” to Complaint: (WW 220 (05/07)), section V, sub-

part a., page 32 of 58. See also, Id.: ((CL 137 (7-98)), section I, sub-part 2.c., page 40 of 58 (“Liquor Liability” exclusion limited to insureds “in the business of manufacturing, distributing, selling, serving or furnishing of alcoholic beverages.”). As such, and because the Desmonds in the underlying action have alleged and have shown by the extensive discovery taken to date that Narconon of Georgia and Narconon International were negligent and negligent per se in contributing to the intoxication and ensuing death of Mr. Desmond, the coverages are available.

SEVENTH AFFIRMATIVE DEFENSE

In the underlying action, the Desmonds have alleged and have shown by the extensive discovery taken to date that a series of related occurrences and events contributed to and proximately caused the death of their son, Patrick W. Desmond. All such occurrences and events are alleged and have been shown to involve negligence and negligence per se and to be connected with or elements of services included and encompassed within of the program. As such, and under the terms of the Western World insurance policy, the coverages are available.

EIGHTH AFFIRMATIVE DEFENSE

The present declaratory judgment action is untimely, is interposed for

purposes of delay, and is barred, in whole or in part, by the doctrines of waiver, estoppel, and acquiescence.

NINETH AFFIRMATIVE DEFENSE

The present declaratory judgment action is interposed in an attempt by Western World to evade its continuing duty to defend the underlying action and to protect itself from the adverse consequences of its own acts and omissions in overseeing and directing the defense of the underlying action over the course of the last twenty-seven months of litigation.

FURTHER, Defendants Patrick C. Desmond and Mary C. Desmond, individually, and Mary C. Desmond, as Administratrix of the Estate of Patrick W. Desmond, answer the Complaint For Declaratory Judgment and respond to each individually numbered paragraph thereof, as follows:

I. Parties

1.

In response to paragraph 1, the allegations are admitted.

2.

In response to paragraph 2, the allegations are admitted.

3.

In response to paragraph 3, the allegations are admitted.

4.

In response to paragraph 4, the allegations are admitted. The Desmonds further respond that Delgado Development, Inc., has been dismissed with prejudice as a party Defendant to the Underlying Action by Order of the Court filed August 17, 2012; and, as such, has no interest in this action and should be dismissed as a party to this action.

5.

In response to paragraph 5, the allegations are admitted.

II. Jurisdiction and Venue

6.

In response to paragraph 6, the allegations are admitted. The Desmonds further respond that the dispute also involves the full \$1 Million in coverages available under the Western World insurance policy having been offered in final settlement of all claims against Narconon of Georgia and Narconon International.

7.

In response to paragraph 7, the allegations are admitted.

8.

In response to paragraph 8, the allegations are admitted.

III. Statement of Controversy

9.

In response to paragraph 9, it is admitted that this action involves an alleged insurance coverage dispute. The remainder of the allegations are denied.

10.

In response to paragraph 10, it is admitted that Patrick W. Desmond died on June 11, 2008. The remainder of the allegations are denied.

11.

In response to paragraph 11, the allegations are denied.

12.

In response to paragraph 12, it is admitted that the death of Patrick W. Desmond did not occur on premises owned or operated by Narconon of Georgia, Inc., Narconon International, or Delgado Development, Inc. The remainder of the allegations are denied.

13.

In response to paragraph 13 the allegations are admitted.

14.

In response to paragraph 14, the allegations are admitted.

15.

In response to paragraph 15, the allegations, as stated, are admitted.

16.

In response to paragraph 16, the allegations are admitted. The Desmonds further respond that the temporary residence of their son at the One Sovereign Place Apartments was connected with and an element of services included and encompassed within the Narconon drug and alcohol abuse counseling “program.”

17.

In response to paragraph 17, the allegations are admitted. Further responding, the Desmonds attach hereto as Exhibit “A” a true and correct copy of the original Complaint filed May 19, 2010, which initiated the underlying action; and show that their First Amended Complaint filed March 27, 2012 in the underlying action expressly incorporated each allegation, count and claim set out in the original Complaint.

18.

In response to paragraph 18, the allegations are admitted. The

Desmonds further respond that the weight of evidence obtained during the extensive discovery in the underlying action strongly supports the claim that the unlicensed inpatient housing program at One Sovereign Place Apartments was at all relevant times directly under the operation and control of Narconon of Georgia, Inc., and Narconon International.

19.

In response to paragraph 19, the allegations, as stated, are denied. The Desmonds further respond that it is undisputed that Narconon of Georgia was at all relevant times licensed by the State of Georgia as an outpatient drug and alcohol rehabilitation center, specifically, as an Ambulatory Detoxification Treatment and Education Program, which is defined as “a program for the medical management and other support for processes associated with the physical process of withdrawal from drugs in a non-residential setting . . .” O.C.R.R.G. § 290-4-2-.03 (a). Therefore, Narconon of Georgia, Inc., and Narconon International had no legal authorization whatsoever to operate or control any inpatient, residential or other housing program for its patients. See also, O.C.G.A. § 26-5-3 (2); O.C.R.R.G. §§ 290-4-2-.03 (s), (t), (u), 290-4-2-.11 (8), 290-4-2-.18, 290-4-2-.19, 290-4-2-.20, 290-4-2-.21.

20.

In response to paragraph 20, the allegations are admitted.

21.

In response to paragraph 21, the allegations are admitted. The Desmonds further respond that, therefore, the operation and control of Narconon of Georgia, Inc., and Narconon International of the unlicensed inpatient housing program at One Sovereign Place Apartments was, at minimum, negligence per se.

22.

In response to paragraph 22, the allegations are denied. The Desmonds further respond that the allegations stated in paragraphs 21 and 22 of the Complaint are ambiguous, at best, as it appears Western World contends that Narconon is somehow incapable of making representations that it was operating unlicensed in-patient housing program at One Sovereign Place Apartments in violation of Georgia law.

23.

In response to paragraph 23, the allegations are denied.

24.

In response to paragraph 24, the allegations are denied.

25.

In response to paragraph 25, the allegations are admitted.

26.

In response to paragraph 26, the allegations, as stated, are denied.

27.

In response to paragraph 27, the allegations are denied.

28.

In response to paragraph 28, the allegations are admitted.

29.

In response to paragraph 29, the allegations are admitted.

30.

In response to paragraph 30, the allegations are admitted.

31.

In response to paragraph 31, the allegations are admitted. The Desmonds further respond that the allegations are moot.

32.

In response to paragraph 32, the allegations are admitted. The Desmonds further respond that a Consent Judgment against Dr. Robbins and

The Robbins Group, Inc., was entered into the record of the underlying action on July 19, 2012.

33.

In response to paragraph 33, the allegations are admitted.

34.

In response to paragraph 34, the allegations, as stated, are denied as an unsupported legal conclusion. The Desmonds further respond that all of their well-pleaded factual allegations, legal claims, counts, and causes of action set forth in their operative pleadings in the underlying action were stated in the alternative and are thus cumulative in nature; the said factual allegations specifically included that Narconon of Georgia was functioning as the alter ego of Narconon International, both Narconon of Georgia and Narconon International were negligent and negligent per se in numerous specific acts and omissions to act; and the same acts and omissions to act were facilitated by and/or intertwined with related acts and omissions, and gave rise to claims, counts, and causes of action for intentional misconduct, misrepresentations and violations of the law, to include civil conspiracy,

fraud, mail fraud, theft by deception, false statements to government agencies, and racketeering.

35.

In response to paragraph 35, the allegations are denied as an unsupported legal conclusion.

36.

In response to paragraph 36, the allegations are denied.

37.

In response to paragraph 37, the allegations are denied. The Desmonds further respond that the drug and alcohol rehabilitation services of Narconon of Georgia, as the alter ego of Narconon International, and Narconon International included the assumed duties of providing a safe environment, reasonable and adequate security for and reasonable supervision of the patients housed at One Sovereign Place.

38.

In response to paragraph 38, the allegations, as stated, are denied. The Desmonds further respond that by its terms, the Western World insurance policy extends coverages to all premises occupied by the insured and does

not condition the availability of coverages on compliance with licensing requirements.

39.

In response to paragraph 39, the allegations, as stated, are denied as an unsupported legal conclusion.

40.

In response to paragraph 40, the allegations, as stated, are denied.

41.

In response to paragraph 41, the allegations, as stated, are denied.

42.

In response to paragraph 42, the allegations are denied.

43.

In response to paragraph 43, the allegations are denied.

44.

In response to paragraph 44, the allegations, as stated, are denied.

45.

In response to paragraph 45, the allegations are denied.

46.

In response to paragraph 46, the Desmonds lack adequate information

or belief to admit or deny any allegations regarding any alleged reservation of rights or any alleged terms thereof.

47.

In response to paragraph 47, the allegation that Western World Insurance Company is subject to the risk of additional expense if additional are admitted. The additional allegations of the paragraph are denied.

48.

In response to paragraph 48, the allegation that insurance coverage is not in issue in the Underlying Action is admitted. The additional allegations of the paragraph are denied.

IV. The Death Of Patrick Desmond

49.

In response to paragraph 49, the allegations are denied.

50.

In response to paragraph 50, the allegations are admitted.

51.

In response to paragraph 51, the allegations are admitted.

52.

In response to paragraph 52, the allegations are denied.

53.

In response to paragraph 53, the Desmonds admit that Patrick W. Desmond was pronounced dead after the discontinuation of life support measures. The additional allegations of the paragraph are denied

54.

In response to paragraph 54, the allegations are admitted.

55.

In response to paragraph 55, the allegations are admitted.

56.

In response to paragraph 56, the allegations are admitted.

57.

In response to paragraph 57, the allegations are admitted.

58.

In response to paragraph 58, the allegations are admitted.

59.

In response to paragraph 59, the allegations are admitted.

60.

In response to paragraph 60, the allegations, as stated, are denied. The Desmonds further respond that as previously alleged in detail and as

established by discovery undertaken to date in the underlying action, their son was admitted into Narconon of Georgia's drug and alcohol abuse counseling program pursuant to the requirements of the Brevard County (Florida) Drug Court, which specifically approved the Narconon program based on false and inaccurate representations that he would be in an inpatient, residential drug and alcohol rehabilitation facility for a period of six months and he would be closely supervised at all times.

61.

In response to paragraph 61, the allegations, as stated, are denied.

62.

In response to paragraph 62, the allegations are admitted.

63.

In response to paragraph 63, the allegations are denied.

64.

In response to paragraph 64, the allegations are denied.

65.

In response to paragraph 65, the allegations are denied.

66.

In response to paragraph 66, the allegations are denied.

67.

In response to paragraph 67, the allegations are denied.

68.

In response to paragraph 68, the allegations are denied.

69.

In response to paragraph 69, the allegations are denied.

70.

In response to paragraph 70, the allegations are denied.

71.

In response to paragraph 71, the allegations are admitted.

72.

In response to paragraph 72, the allegations are admitted.

73.

In response to paragraph 73, the allegations are admitted.

74.

In response to paragraph 74, the allegations, as stated, are denied.

75.

In response to paragraph 75, the allegations are denied.

76.

In response to paragraph 76, the allegations are denied.

77.

In response to paragraph 77, the allegations are admitted.

78.

In response to paragraph 78, the allegations are admitted.

79.

In response to paragraph 79, the allegations as stated, are denied.

80.

In response to paragraph 80, the allegations are admitted.

81.

In response to paragraph 81, the allegations, as stated, are admitted.

However, further responding, the Desmonds show that at all relevant times Patrick W. Desmond was required to reside in the One Sovereign Place Apartments and was under the direct supervision and control of Narconon of Georgia, as the alter ego of Narconon International, and Narconon International. The Narconon entities were at all relevant times aware of ongoing drug and alcohol abuse by the patients occurring at the inpatient housing facility, but nevertheless took no meaningful steps whatsoever to

provide a safe environment, provide reasonable and adequate security for the patients, or provide reasonable supervision of the patients; and on the night in question consumed alcohol or both alcohol and prescription drugs at the inpatient facility, which were provided by an employee or agent of Narconon and which directly contributed to his death.

82.

In response to paragraph 82, the allegations are denied.

83.

In response to paragraph 83, the allegations are denied insofar as the sauna program was part and parcel of the drug and alcohol rehabilitation program of Narconon of Georgia, as the alter ego of Narconon International, and Narconon International.

84.

In response to paragraph 84, the allegations are denied.

85.

In response to paragraph 85, the allegations are denied insofar as the sauna program was part and parcel of the drug and alcohol rehabilitation program of Narconon of Georgia, as the alter ego of Narconon International, and Narconon International.

86.

In response to paragraph 86, the allegations are denied.

87.

In response to paragraph 87, the allegations are denied.

88.

In response to paragraph 88, the allegations are admitted.

89.

In response to paragraph 89, the allegations are admitted.

90.

In response to paragraph 90, the allegations are denied.

91.

In response to paragraph 91, the allegations are denied.

92.

In response to paragraph 92, the allegations are admitted.

93.

In response to paragraph 93, the allegations are admitted.

94.

In response to paragraph 94, the allegations are admitted.

95.

In response to paragraph 95, the allegations, as stated, are denied.

V. The Western World Policy

96.

In response to paragraph 96, the Desmonds respond that the specific provision quoted from the Western World policy is correctly quoted, although all of the provisions within the policy speak for themselves and should be construed as a coherent whole, rather than in isolation. The Desmonds further respond that the following provision of the Western World policy appears to supersede or amend the provision quoted in paragraph 96:

**COMMERCIAL GENERAL LIABILITY
EXTENSION OF DECLARATIONS**

LOCATION OF PREMISES

Location of All Premises You Own, Rent or Occupy:

(Ex. "B" to Complaint, CL 170 [1/86]; page 10 of 58).

97.

In response to paragraph 97, the Desmonds respond that the specific provision quoted from the Western World policy appears to be correctly quoted, although all of the provisions within the policy speak for themselves

and should be construed as a whole, rather than in isolation, to constitute a valid and enforceable contractual agreement.

98.

In response to paragraph 98, the Desmonds respond that the specific provision quoted from the Western World policy is correctly quoted, although all of the provisions within the policy speak for themselves and should be construed as a whole, rather than in isolation.

99.

In response to paragraph 99, the Desmonds respond that the specific provision quoted from the Western World policy is correctly quoted, although all of the provisions within the policy speak for themselves and should be construed as a whole, rather than in isolation.

100.

In response to paragraph 100, the Desmonds respond that the specific provision quoted from the Western World policy is correctly quoted, although all of the provisions within the policy speak for themselves and should be construed as a coherent whole, rather than in isolation.

VI. The Underlying Claims

101.

In response to paragraph 101, the allegations are admitted.

Claims of Negligence Against Narconon of Georgia (Count I)

102.

In response to paragraph 102, the Desmonds respond that the allegations are denied insofar as the allegations of negligence in the underlying action speak for themselves and should be construed as a whole, together with all other relevant and material factual allegations, rather than incompletely summarized in isolation.

103.

In response to paragraph 103, the allegations are denied.

104.

In response to paragraph 104, the allegations are denied

105.

In response to paragraph 105, the allegations are denied.

106.

In response to paragraph 106, the allegations are denied.

Claims for Negligence Per Se Against Narconon of Georgia (Count II)

107.

In response to paragraph 107, the Desmonds respond that the allegations are denied insofar as their allegations of negligence per se speak for themselves and should be construed as a whole, together with all relevant and material factual allegations relating thereto, rather than incompletely summarized in isolation.

108.

In response to paragraph 108, the allegations are denied.

109.

In response to paragraph 109, the allegations are denied.

110.

In response to paragraph 110, the allegations are denied.

111.

In response to paragraph 111, the allegations are denied.

Claims of Fraud Against Narconon of Georgia (Count III)

112.

In response to paragraph 112, the Desmonds respond that the allegations are denied insofar as their allegations of fraud speak for themselves and should be construed as a whole, together with all relevant

and material factual allegations relating thereto, rather than incompletely summarized in isolation.

113.

In response to paragraph 113, the allegations are admitted only as a generally accurate statement of law. The Desmonds further respond that the allegations are a bare legal conclusion and not necessarily either applicable to the underlying action or a full and complete statement of law.

114.

In response to paragraph 114, the Desmonds respond that the allegations are denied insofar as Western World is contractually obligated to provide a defense to the insureds against allegations of negligent acts and omissions such as those alleged and indemnifying the insureds' liability to the extent of the coverage limits.

115.

In response to paragraph 115, the allegations are denied. The Desmonds further respond that Western World has a duty to defend and indemnify because of the factual issues for a jury relating issues of negligence and negligence per se, as well as proximate cause, which are pending for adjudication in the underlying action.

116.

In response to paragraph 116, the allegations are denied.

117.

In response to paragraph 117, the allegations are denied.

118.

In response to paragraph 118, the allegations are denied.

119.

In response to paragraph 119, the allegations are denied.

Claims for Negligence Against Delgado (Count IV)

120.

In response to paragraph 120, the Desmonds respond that the allegations are denied insofar as their allegations of negligence against Delgado Development, Inc., speak for themselves and should be construed as a whole, together with all relevant and material factual allegations relating thereto, rather than incompletely summarized in isolation.

121.

In response to paragraph 121, the allegations are denied.

122.

In response to paragraph 122, the allegations are denied.

123.

In response to paragraph 123, the allegations are denied.

124.

In response to paragraph 124, the allegations are denied.

**Claims of Civil Conspiract Against Narconon of Georgia And
Narconon International (Count V.)**

125.

In response to paragraph 125, the Desmonds respond that the allegations are denied insofar as their allegations of civil conspiracy against Narconon of Georgia and Narconon International speak for themselves and should be construed as a whole, together with all relevant and material factual allegations relating thereto, rather than incompletely summarized in isolation.

126.

In response to paragraph 126, the allegations are admitted only as a generally accurate statement of law. The Desmonds further respond that the allegations are a bare legal conclusion and not necessarily either applicable to the underlying action or a full and complete statement of law insofar as applicable to the underlying action.

127.

In response to paragraph 127, the allegations are admitted. The Desmonds respond further that Western World has a duty to defend and indemnify because of the factual issues for a jury relating issues of negligence and negligence per se, as well as proximate cause.

128.

In response to paragraph 128, the allegations are denied. The Desmonds further respond that Western World has a duty to defend and indemnify because of the factual issues for a jury relating issues of negligence and negligence per se, as well as proximate cause, which are pending for adjudication in the underlying action.

129.

In response to paragraph 129, the allegations are denied.

130.

In response to paragraph 130, the allegations are denied.

131.

In response to paragraph 131, the allegations are denied.

132.

In response to paragraph 132, the allegations are denied.

**Claims For Professional Negligence Against Dr. Lisa Robbins
And The Robbins Group, Inc.**

133.

In response to paragraph 133, the allegations are denied. The Desmonds further respond that Dr. Robbins was the ostensible Medical Director of the licensed Ambulatory Detoxification Treatment and Education Program operated by Narconon of Georgia, as the alter ego of Narconon International, and Narconon International; but never actually undertook to perform any of the required duties of this required position; and, thus, at all relevant times, the Narconon entities were operating its Norcross facility and associated programs, and providing drug and alcohol rehabilitation services without any of the oversight, the medical services, or the safeguards that a functioning Medical Director, as required by law, should have been providing.

134.

In response to paragraph 134, the allegations are denied.

Claims For Fraud Against Narconon International (Count VII)

135.

In response to paragraph 135, the Desmonds respond that the allegations are denied insofar as their allegations of fraud against Narconon

International speak for themselves and should be construed as a whole, together with all relevant and material factual allegations, rather than incompletely summarized in isolation.

136.

In response to paragraph 136, the allegations are admitted only as a generally accurate statement of law. The Desmonds further respond that the allegations are a bare legal conclusion and not necessarily either applicable to the underlying action or a full and complete statement of law.

137.

In response to paragraph 137, the allegations are admitted. The Desmonds respond further that Western World has a duty to defend and indemnify because of the factual issues for a jury relating issues of negligence and negligence per se, as well as proximate cause.

138.

In response to paragraph 138, the allegations are denied insofar as Western World is subject to enforceable contractual obligations under the provisions of the policy to provide a defense to the insureds against allegations of negligent acts and omissions such as those alleged and indemnifying the insureds from liability to the extent of the coverage limits.

139.

In response to paragraph 139, the allegations are denied. The Desmonds further respond that Western World has a duty to defend and indemnify because of the factual issues for a jury relating issues of negligence and negligence per se, as well as proximate cause.

140.

In response to paragraph 140, the allegations are denied.

141.

In response to paragraph 141, the allegations are denied.

142.

In response to paragraph 143, the allegations are denied.

**Claims For Civil RICO For False Statements To A
Government Agency Against Narconon Of Georgia
And Narconon International (Count VIII)**

143.

In response to paragraph 143, the Desmonds respond that the allegations are denied insofar as their allegations of civil RICO for false statements to a government agency against Narconon of Georgia and Narconon International set forth in their Amended Complaint in the underlying action speak for themselves and should be construed as a whole,

together with all relevant and material factual allegations, rather than incompletely summarized in isolation.

144.

In response to paragraph 144, the allegations are denied.

145.

In response to paragraph 145, the allegations are denied.

146.

In response to paragraph 146, the allegations are denied.

147.

In response to paragraph 147, the allegations are denied.

**Claims For Civil RICO For Mail Fraud Against Narconon Of Georgia
And Narconon International (Count IX)**

148.

In response to paragraph 148, the Desmonds respond that the allegations are denied insofar as their allegations of civil RICO for mail fraud against Narconon of Georgia and Narconon International speak for themselves and should be construed as a whole, together with all relevant and material factual allegations, rather than incompletely summarized in isolation.

149.

In response to paragraph 149, the allegations are denied.

150.

In response to paragraph 150, the allegations are denied.

151.

In response to paragraph 151, the allegations are denied.

152.

In response to paragraph 152, the allegation is admitted. The Desmonds further respond that it is nevertheless the obligation of Western World to defend such claims since the operative facts are intertwined with other claims for negligence and negligence per se covered by the policy.

Claims For Civil RICO For Theft By Taking Against Narconon Of Georgia And Narconon International (Count X)

153.

In response to paragraph 153, the Desmonds respond that the allegations are denied insofar as their allegations of civil RICO for false statements to a government agency against Narconon of Georgia and Narconon International speak for themselves and should be construed as a whole, together with all relevant and material factual allegations, rather than incompletely summarized in isolation.

154.

In response to paragraph 154, the allegations are denied.

155.

In response to paragraph 155, the allegations are denied.

156.

In response to paragraph 156, the allegations are denied.

157.

In response to paragraph 157, the allegations are denied

PUNITIVE DAMAGES

158.

In response to paragraph 158, the allegations are admitted.

WHEREFORE Patrick C. Desmond and Mary C. Desmond, individually, and Mary C. Desmond, as Administratrix of the Estate of Patrick W. Desmond, pray that Western World not recover the relief sought in its Complaint, and that the Court instead dismiss this action, in whole or part, or rule that Western World is legally obligated to provide legal defense to its insureds and indemnify its insureds from liability resulting from negligent acts and omissions to the extent of the coverage limits.

Trial By Jury Is Demanded.

This 6th day of September, 2012.

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CERTIFICATE OF SERVICE

This is to certify that I have electronically filed the within and foregoing with the Clerk of Court using the CM/ECF system which will automatically send email notification of such filing to the following attorneys of record:

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This 6th day of September, 2012.

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