

## Special Master's Status Letter Update

July 19, 2010

Esquire Title, LLC R-541

### Background

- Date of Temporary Injunction: N/A
- Date of Permanent Injunction: 07/22/08
- Name/Date of Appointment of SDR: Cantilo & Bennett, L.L.P. 09/15/08
- SDR Claims Filing Deadline: 11:59 PM 05/11/09
- TTIGA Claims Filing Deadline: 11:59 PM 04/22/09
- State Where Licensed: Texas
- Lines of Business: Title Insurance Agency
- Texas Guaranty Association Name & Trigger Date: Texas Title Insurance Guaranty Association ("TTIGA") triggered 07/25/08 upon issuance of Agreed Order Appointing Liquidator and Permanent Injunction and designation as impaired agent by the Commissioner of Insurance.
- Date and Amount of Last Early Access: 11/06/2008 the SDR transferred escrow funds totaling \$933,913.42 to TTIGA

### Statements of Assets and Liabilities as of May 31, 2010

- \$ 43,780 - Total Assets
- \$ 37,797 - Unrestricted Cash Assets
- \$ 5,983 - Restricted Cash Assets
- \$ 2,981,067 - Total Liabilities
- (\$2,937,287) - Equity

### Status and Activity Since Last Status Conference

- **Asset Recovery**

The SDR continues prosecution of claims under Esquire's errors and omissions coverage for losses arising from the Travis at Knox, L.P. v. Esquire Title, LLC, et al. and Celestine Capital, LLC vs. Esquire Title, LLC, et al. litigation matters discussed further below. The SDR has filed, and is currently prosecuting, approximately twenty-four (24) additional claims under the errors and omissions coverage for losses arising from claims filed with TTIGA and the receivership estate.

The SDR continues prosecution of claims under (2) surety bonds with Platte River Insurance Company.

The SDR continues evaluation of other potential actions for recovery of the estimated \$1.3 million escrow shortage.

The SDR has completed a cost sharing agreement with TTIGA whereby the parties will share in the costs of certain administrative expenses of the estate.

- **Non-Escrow Claims**

Actual Claims Filing Deadline: 11:59 p.m. 05/11/09

Proof of Claim ("POC") Notices mailed to identified potential claimants: Completed 04/09/09

POCs filed within Claims Filing Deadline: 34 totaling \$2,840,621.01

POCs filed after expiration of Claims Filing Deadline: 2 totaling \$1,000.00

POCs processed: N/A

POCs pending: 36

Class 1 IGA pending: 1 - TTIGA

Class 2 POCs pending: 23

Class 5 POCs pending: 10

Class 8 POCs pending: 2

- **Escrow Claims**

Actual Claims Filing Deadline: 11:59 p.m. 04/22/09

POCs filed to date: 131 - \$3,632,909.02

POCs approved and paid: 86 - \$1,115,435.46

POCs rejected in whole or in part: 55 - \$1,228,951.86

POCs pending determination: 7 - \$1,223,216.02

- **General Legal Activities**

The SDR has identified two (2) pending lawsuits against the Company. The following lawsuits have been stayed pursuant to court order:

Travis at Knox, L.P. v. Esquire Title, LLC and H. Eugene Jackson; Cause No. 087045, 289<sup>th</sup> Judicial District Court, Dallas County Texas. This suit appears to arise from an unsuccessful real estate transaction.

Celestine Capital, LLC d/b/a DPA Servicing vs. Esquire Title, LLC, Ashlei Gant, and Patricia Hines; Cause No. DC-08-12616-H, 160<sup>th</sup> Judicial District Court, Dallas County, Texas. This case arises from the alleged conversion of funds by former employees of Esquire Title. Celestine Capital, LLC has a pending Motion for Relief From Stay scheduled to be heard by the Special Master on July 19, 2010.

### **Administration**

Continue Facilitating TTIGA and Underwriter, Southern Title, Access to Esquire Files and Records

Continue Analysis of Escrow Shortages  
Continue Providing Assistance to Esquire Claimants Threatened with Foreclosure Action  
Continue Providing Assistance to State Law Enforcement Officials

## **Conclusion**

- Estate Team Goals to Achieve Prior to next Status Conference
  - Complete Processing of Escrow and Non-escrow Claims
  - Complete Analysis of Escrow Shortage
  - Complete Asset Recovery Efforts
- Estimated Closing Date of Receivership: December 31, 2010
- Identification of Factors Affecting Closing Date and Final Distribution
  - Potential Asset Recovery Litigation
  - POC Processing
  - Coordination/Cooperation with TTIGA and Southern Title
  - Coordination/cooperation with Criminal Investigations
  - IRS Claims and Tax Issues