

# Special Master's Status Letter Update

January 24, 2011

## 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 p.m. 05/11/09
- TTIGA Claims Filing Deadline: 11:59 p.m. 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.
- Date and Amount of Last TTIGA Distribution: 11/06/2008 the SDR transferred escrow funds totaling \$933,913.42 to TTIGA.

### Statements of Assets and Liabilities as of November 30, 2010

- \$44,483 Total Assets
- \$38,500 Unrestricted Cash Assets
- \$5,983 Restricted Cash Assets
- \$2,293,601 Total Liabilities
- (\$2,249,118) 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 asserting, 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 has completed a Costs Sharing Agreement with TTIGA whereby the parties will share in the costs of certain administrative expenses of the estate. On October 14, 2010, Esquire received initial funding from TTIGA under the Costs Sharing Agreement totaling \$114,448.98. Unpaid invoices currently pending with TTIGA total \$10,234.50 for expenses incurred through September 30, 2010.

### **Non-Escrow Claims**

- Actual Claims Filing Deadline: 11:59 p.m. 05/11/09
- 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: 133 - \$3,632,909.02
- POCs approved and paid: 87 - \$1,177,871.32
- POCs rejected in whole or in part: 57 - \$1,315,394.10
- POCs pending determination: 6 - \$1,045,203.23

### **General Legal Activities**

- The SDR has identified two (2) pending lawsuits against the Company. The following lawsuits have been stayed pursuant to the receivership or bankruptcy by one of the parties:

Travis at Knox, L.P. v. Esquire Title, LLC and H. Eugene Jackson; Cause No. 087045, 289th Judicial District Court, Dallas County, Texas. This suit appears to arise from an unsuccessful real estate transaction. It was administratively closed but not dismissed.

Celestine Capital, LLC d/b/a DPA Servicing vs. Esquire Title, LLC, Ashlei Gant and Patricia Hines; Cause No. DC-08-12616-H, 160th Judicial District Court, Dallas County, Texas. This case arises from the alleged conversion of funds by former employees of Esquire. On December 6, 2010, Celestine's Motion for Relief from Stay filed in the receivership proceedings was denied by the District Court.

## **Administration**

Continued facilitating TTIGA access to Esquire files and records  
Continued providing assistance to estate claimants threatened with foreclosure  
Continued 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 asset recovery efforts
- Estimated Closing Date of Receivership: June 30, 2011
- Identification of Factors Affecting Closing Date and Final Distribution
  - Potential Asset Recovery Litigation
  - POC Processing
  - Coordination/Cooperation with TTIGA and Underwriter, Southern Title
  - Coordination/Cooperation with Criminal Investigations
  - IRS Claims and Tax Issues