

# Special Master's Status Letter Update

April 5, 2011

## Esquire Title, LLC R541

### 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: TX
- 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 February 28, 2011

- \$33,074 Total Assets
- \$27,091 Unrestricted Cash Assets
- \$5,983 Restricted Cash Assets
- \$2,313,228 Total Liabilities
- (\$2,280,154) 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.

## 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 PM 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: 59 - \$1,315,394.09
- POCs pending determination: 5 - \$906,378.04
- POCs approved pending release: 3 - \$233,521.57

## 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, L.L.C. 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.

## 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