

# Special Master's Status Letter Update

January 19, 2012

## 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: 11/06/08 the SDR transferred escrow funds totaling \$933,913.42 to TTIGA.

### Statements of Assets and Liabilities as of December 31, 2011

- \$12,716 Total Assets
- \$6,733 Unrestricted Cash Assets
- \$5,983 Restricted Cash Assets
- \$2,159,318 Total Liabilities
- (\$2,146,602) Equity

### Status and Activity Since Last Status Conference

#### Asset Recovery

- The SDR is working to complete an assignment to TTIGA of the estate's rights under an errors and omissions policy allowing TTIGA to continue prosecution of these claims following closure of the receivership estate. The Special Master recommended approval of the assignment overruling an objection filed by claimant, Celestine Capital, LLC.

## 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

## TTIGA/Escrow Claims

- Actual Claims Filing Deadline: 11:59 PM 04/22/09
- POCs Filed to Date: 134 - \$3,771,734.93
- POCs Approved and Paid: 90 - \$1,592,506.56
- POCs Rejected in Whole or in Part: 63 - \$1,651,690.89
- POCs Pending Determination: 2 - \$300,000.00
- POCs Approved Pending Release: 2 - \$227,793.48

## General Legal Activities

- The SDR and Southern Title Insurance Corporation, as underwriter for Esquire, reached an agreement on the terms of a transfer agreement regarding final disposition of all Esquire GF files. However, On December 20, 2011, in a case styled Commonwealth of Virginia ex rel. State Corporation Commission v. Southern Title Insurance Corporation and Manju S. Ganeriwala, Treasurer of Virginia, the Circuit Court of the City of Richmond, Virginia found that Southern Title was in a hazardous financial condition and therefore, issued its Final Order Appointing Receiver for Rehabilitation or Liquidation appointing the State Corporation Commission of the Commonwealth of Virginia as Receiver of Southern Title in accordance with Title 38.2, Chapters 10 and 15 of the Virginia Code. It is not known at this time how the receivership of Southern Title will impact its ability to satisfy its obligations under the transfer agreement.
- The SDR was recently served with a complaint in the matter of Nguyen v. Fitzgerald, Cause No. 2011-51369, 190th Judicial District Court of Harris County, Texas, wherein plaintiff asserts causes of action against Esquire Title Homeownership Foundation for breach of contract and violation of the Texas Deceptive Trade Practices Act. We are working to determine the action required in response to this

matter prior to final closure of the estate.

- The following lawsuits against the Company have been stayed pursuant to the estate's pending receivership:

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**

Preparation for closure of receivership estate

### **Conclusion**

- Estate Team Goals to achieve prior to next Status Conference

Complete assignment to TTIGA of certain asset recovery actions  
File Final Report and Application for Closure of the Estate  
Complete final tax returns and final estate accounting

- Estimated Closing Date of Receivership: February 24, 2012
- Identification of Factors Affecting Closing Date and Final Distribution: None