

NO. D-1-GV-08-000050

STATE OF TEXAS,	§	IN THE DISTRICT COURT OF
Plaintiff	§	
VS.	§	TRAVIS COUNTY, TEXAS
	§	
WEBB COUNTY TITLE	§	
& ABSTRACT COMPANY, INC.,	§	201st JUDICIAL DISTRICT
Defendant		

APPLICATION FOR APPROVAL OF FEES AND EXPENSES

TO THE HONORABLE JUDGE OF SAID COURT:

Comes now Cantilo & Bennett, L.L.P., Special Deputy Receiver of Webb County Title & Abstract Company, Inc. (the “SDR” and “Webb County” respectively), and files this *Application for Approval of Fees and Expenses* (the “Application”), and in support thereof would respectfully show the Court as follows:

I. BACKGROUND

1.1 Webb County was placed in receivership in this proceeding on January 11, 2008. The Court entered a Permanent Injunction and Order Appointing Permanent Receiver on January 11, 2008 appointing the Texas Commissioner of Insurance as Permanent Receiver. The Receiver designated Cantilo & Bennett, L.L.P., as SDR of Webb County effective as of May 2, 2008.

1.2 The subject matter of this Application has been referred to the Special Master appointed in this proceeding in accordance with Paragraph III of the Order of Reference to Master entered on April 10, 2008.

II. STATUTORY AUTHORITY

2.1 The SDR is authorized to file this Application pursuant to TEX. INS. CODE § 443.015, which provides for the approval of the SDR’s expenses and compensation by the Court. Under §

443.154 (a), the SDR has all the powers of the Receiver, unless specifically limited by the Receiver.

III. BASIS FOR APPLICATION

3.1 TEX. INS. CODE § 443.015(c)(1) requires the Receiver to submit an application for the approval of the terms of compensation of an SDR or contractor when the Receiver reasonably expects that the total amount of compensation to be paid over the course of the proceeding will exceed Two Hundred and Fifty Thousand Dollars (\$250,000), or such another amount established by the Court. In addition, TEX. INS. CODE § 443.015 (d) permits the Receiver, at his discretion, to submit an application to approve any compensation, anticipated expenses, or incurred expenses not described by Subsection (c)(1).

3.2 Given the uncertainties associated with the future administration of this proceeding, it is difficult to predict whether the total compensation for the SDR or any contractor will exceed \$250,000. It is anticipated that a number of the SDR's subcontractors will be paid less than \$250,000. To insure compliance with the provisions of Chapter 443 of the Code, the SDR requests the Court to approve all terms of compensation pursuant to TEX. INS. CODE § 443.015 (d). The rates for compensation for the SDR and its contractors are shown on Exhibit A, which is attached hereto and incorporated by reference. These rates have been approved by the Receiver in accordance with TEX. INS. CODE § 443.154(a).

3.3 TEX. INS. CODE § 443.015(c)(2) also requires the Receiver to submit an application for the approval of any anticipated expenses not otherwise covered under § 443.015(c)(1) in excess of Twenty-Five Thousand Dollars (\$25,000), or another amount established by the Court. The SDR anticipates that collectively, the cost of maintaining Webb County's office building and abstract plant, storage facility and sole employee will likely exceed \$25,000. The SDR further anticipates

that it may be required to update the estate's abstract plant to prepare it for sale and estimates that the cost of the update may ultimately exceed \$25,000. The SDR considers each of these expenses necessary to the proper administration of the estate, and has provided additional details in the attached Exhibit B. Accordingly, the SDR respectfully requests this Court to approve these anticipated expenses and such other expenses that the SDR in its business judgment deems necessary for the administration and liquidation of the estate.

3.4 TEX. INS. CODE § 443.015(g) provides that on a quarterly basis, or as otherwise provided by this Court, the Receiver shall submit to the Court a summary of expenses incurred during the period. The SDR requests the Court to establish quarterly reporting periods that coincide with the State of Texas fiscal year beginning on September 1, 2007. The SDR further requests that such reports be filed by the 15th day of the month following the end of the quarterly reporting period with the first report to cover the period from March through May 2008 (the third fiscal quarter).

PRAYER

WHEREFORE PREMISES CONSIDERED, the SDR respectfully requests this Court to grant this Application, and grant such further relief to which it may show itself to be justly entitled.

Respectfully submitted,

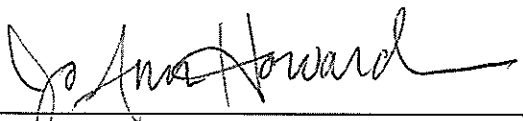
By: 

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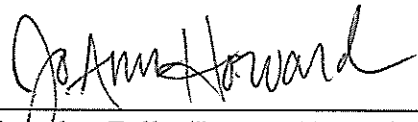
And

By: _____


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Jo Ann Howard & Associates, P.C.
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Fax (512) 329-6612
Attorney for Cantilo & Bennett, L.L.P.,
Special Deputy Receiver of Webb County Title &
Abstract Company, Inc.

CERTIFICATE OF SERVICE

I certify that on June 20, 2008, a true and correct copy of this Application was served pursuant to the Order of Reference, the Texas Rules of Civil Procedure, and TEX. INS. CODE ANN. §§ 443.007 (d) on the following.



Christopher Fuller/Jo Ann Howard

Tom Collins, Special Master
c/o Ms. Jean Sustaita
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Mail Code 305-1D
Austin, Texas 78701

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Javier Montemayor
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Laredo, TX 78040

Texas Title Insurance Guaranty Association
Burnie Burner
Long, Burner, Parks & DeLargy, P.C.
P.O. Box 2212
106 E. Sixth Street, Suite 300
Austin, Texas 78768-2212

CNA Surety/ Western Surety Company
Leann Niebuhr
PO Box 5077
Sioux Falls, SD 57117-5077

Jenny Jackson
Assistant Attorney General
Financial Litigation Division
PO Box 12548
Austin, Texas 78711-2548

Alamo Title Insurance
ATTN: Betsy Thompson
10010 San Pedro, Suite 440
San Antonio, TX 78216
800-292-5320

United General Title Insurance Company
ATTN: Sally Vettors
13750 San Pedro, Suite 715
San Antonio, TX 78232
800 -204-6614

Laredo FBI Field Office
ATTN. Aaron Ackland and Eddie Barbosa
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Laredo, TX 78045

Laredo District Attorney
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Ph (956) 791-7318
Fax (956) 791-7494

Webb County Tax Collector
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PO Box 420128
Laredo, TX 78042

L.I.S.D. Tax Office
820 Main Ave.
Laredo, TX 78040

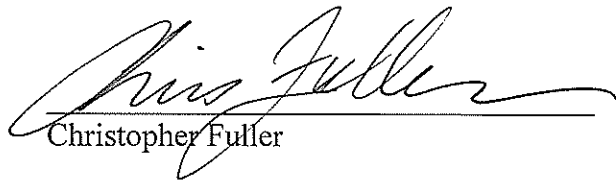
Texas Workforce Commission
Regulatory Enforcement Division
101 E. 15th Street
Austin, TX 78778-0001

APPLICANT'S NOTICE OF SUBMISSION

Pursuant to the terms of the Order of Reference to Master entered by the District Court in this cause, the *Application for Approval of Fees and Expenses* is hereby set for written submission before the Special Master, Tom Collins, on July 7, 2008.

The Special Master has asked that the following rules be provided you:

1. Any objection must be filed with the Travis County District Clerk at least three (3) calendar days before the submission date.
2. A copy of any objection shall be served by such date on:
 - (a) The Special Master's Docket Clerk, Ms. Jean Sustaita, Texas Department of Insurance, **(Hand Delivery)** 333 Guadalupe, Hobby Tower 3, Room 550, Austin, Texas; or **(Mail To)** P. O. Box 149104, Austin, Texas 78714-9104
 - (b) All interested parties, including the undersigned counsel and those listed on the Applicant's Certificate of Service.
3. The written objection must specifically list all reasons for objection with supporting references to and discussion of statutory and case authorities. Reasons not stated in writing will not be considered orally.
4. If a matter is set for submission, an objecting party shall expeditiously coordinate with Applicant's counsel and the master's docket clerk [(512) 463-6450] to obtain an oral hearing, unless the master determines that an oral hearing is not necessary. The objecting party shall serve a Notice of Oral Hearing on applicant's counsel and all interested parties, including those listed on the Applicant's Certificate of Service.
5. Failure to file timely a written objection before the Special Master constitutes a waiver of the right to object to the Special Master's recommendation to the District Court.
6. Any Acknowledgment of Notice and Waiver to be filed by the Guaranty Association or other interested party should be filed at least three (3) calendar days before the submission or hearing date.



Christopher Fuller

**EXHIBIT A
WEBB COUNTY TITLE & ABSTRACT CO., INC.
FEE SCHEDULE**

NAME	POSITION	HOURLY RATE
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Special Deputy Receiver

Cantilo & Bennett, L.L.P.

Primary Responsible Party	\$425.00
Partner	\$150.00
Associates (2)	\$125.00
Receivership Specialist(s)	\$ 90.00
Administrative/Clerical	\$ 25.00

Legal Subcontractors

Jo Ann Howard & Associates, P.C.

Attorney I (2)	\$175.00
Investment Specialist	\$175.00
Administrative Manager/Records Technician	\$ 90.00
Administrative Assistant	\$ 90.00
Attorney II	\$150.00
Assistant(s)	\$ 90.00
Receiver Specialist	\$ 90.00

Hohmann, Taube & Summers, L.L.P.

Attorney I	Senior Partner Bankruptcy & Litigation	\$385.00
Attorney II	Senior Partner Litigation	\$365.00
Attorney III	Partner Litigation	\$250.00
Attorney IV	Associate	\$155.00
Paralegal(s)		\$ 90.00

Accounting/Tax Subcontractor

The Warren Group

Certified Public Accountant	\$150.00
Preparation of income tax return* (*excluding answering IRS correspondence, filing additional tax forms, and examination by the IRS).	\$1950.00
Accountant/Administrative Consultant	\$ 75.00

Claims Services Subcontractor

EMKAY Associates, Inc.

Claims management, consulting & reporting; adjusting and reviewing claims for reserve adequacy, reinsurance and reporting; securing company offices; assisting in takeover activities and site management. \$ 85.00

Records management, takeover activities and site management. \$ 45.00

Administration and POC database data entry. \$ 35.00

Records inventory. \$ 25.00

Software & Hardware technical support. \$ 75.00

POC/Database administration & management; claims \$ 65.00

representative; UDS data creation; capture and report formatting;

reinsurance database administration; reinsurance billing;

takeover activities and site management.

Records management. \$ 55.00

Claims representative; review of claims for reinsurance, \$ 75.00

reporting and reserve adequacy; assist in takeover activities

and site management.

Claims representative; review of claims for reinsurance and reporting \$ 65.00

& reserve adequacy.

Records management; takeover activities and site management. \$ 45.00

Records inventory. \$ 25.00

Information Technology Subcontractor

ABACI, Inc.

Project Manager Business Analyst and \$ 85.00

Application Designer

Technical Managers (2) \$ 80.00

Technical Analyst \$ 80.00

EXHIBIT B
WEBB COUNTY TITLE & ABSTRACT CO., INC.

ADDITIONAL EXPENSES EXPECTED TO EXCEED \$25,000

As noted in the Application for Approval of Fees and Expenses, the SDR has determined that it is in the best interest of the estate to continue a Contract for Services with Webb County's remaining employee at 39 hours a week, to maintain the storage facility until its contents can be removed, and to maintain the current building and abstract plant until sold. Collectively, these expenses may exceed \$25,000. Detailed information on these expenses is set out below.

Employee	\$1,170/week
Storage Facility Rent	\$1,300/month
Building/Plant Maintenance	\$1,200/month (\$200/week janitorial services, and approximately \$400/month for other building, plant and storage facility maintenance)

Additionally, the SDR anticipates that it may be required to update the estate's abstract plant to prepare it for sale, and that the cost of same may exceed \$25,000. Due to Webb County's financial condition, staff was terminated and the imaging of documents ceased on November 21, 2007. The Webb County Court has taken on the responsibility of imaging the documents that are filed with it, and will sell a CD with the information for \$10 for each day of imaged records. Since November 21, 2007, over 180 days have passed, so these would cost well over \$1800. The former supervisor advised the Claims Team that it would take three staff members and a supervisor approximately three months to get the indexing up to date, for approximately \$14,000.

Filing Information:

Cause Number:	D-1-GV-08-000050
Document Type:	PLEADING
Filing Attorney:	Jo Ann Howard
Style/Case Name:	STATE OF TEXAS, Plaintiff, vs. WEBB COUNTY TITLE & ABSTRACT CO., Defendant
Sealed Document:	No

Filing Status:	CONFIRMATION
Date of Status:	Friday, June 20, 2008 3:56 PM (GMT-06:00) Central Time (US & Canada)
Court Assignment:	201st District Court
Filing Trace Number:	ED227J015230192
Comments:	Thanks For E-filing! We welcome your comments: district.efile@co.travis.tx.us .

*In order to have a copy of your filing, click here to download your filing:
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****Filing Status Legend**

Confirmation - Your filing has been reviewed and accepted by the clerk.

Alert - Your filing has been reviewed and rejected by the clerk.

Payment Information:

Payment Method:	XXXX XXXX XXXX
Amount:	\$7.24
Payment Status:	paid