

NO. D-1-GV-08-000050

STATE OF TEXAS,
Plaintiff
VS.

WEBB COUNTY TITLE
& ABSTRACT COMPANY, INC.,
Defendant

§
§
§
§
§

IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

201st JUDICIAL DISTRICT

**SPECIAL DEPUTY RECEIVER'S QUARTERLY FINANCIAL REPORT AND
SUMMARY STATEMENT OF EXPENSES
(MAY 2, 2008 THROUGH AUGUST 31, 2008)**

TO THE HONORABLE DISTRICT COURT:

Cantilo & Bennett, L.L.P., Special Deputy Receiver of Webb County Title & Abstract Company, Inc. (the "SDR" and "Webb County" respectively), files this Financial Report and Summary Statement of Expenses of the receivership estate for the period of May 2, 2008 to August 31, 2008. The attached report is filed pursuant to TEX. INS. CODE ANN., § 443.015(2)(g) and § 443.016(a) and the Court's Order Approving the SDR's Application for Approval of Fees and Expenses, entered on July 22, 2008.

The Special Deputy Receiver has served this Quarterly Financial Report to all known parties at interest, as shown in the Certificate of Service.

Respectfully submitted,

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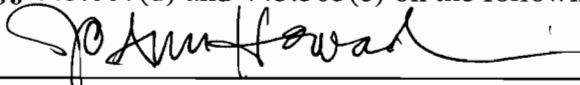
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Attorney for Cantilo & Bennett, L.L.P.,

Special Deputy Receiver of Webb County Title &
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CERTIFICATE OF SERVICE

I certify that on September 16, 2008, a true and correct copy of this Report was served pursuant to the Order of Reference, the Texas Rules of Civil Procedure, the Court's order on electronic service, and TEX. INS. CODE ANN. §§ 443.007(d) and 443.303(e) on the following.



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Webb County Title & Abstract Co., Inc.
Summary Statement of Expenses

For the Quarter Ending
08/31/2008

	Jun	Jul	Aug	Total 4th Quarter
SDR				
Cantilo & Bennett, L.L.P.				
Partner	0.00	0.00	0.00	0.00
Partner	37,365.00	20,655.00	11,535.00	69,555.00
Partner - Travel	1,072.50	75.00	0.00	1,147.50
Associate	22,000.00	1,200.00	287.50	23,487.50
Associate - Travel	618.75	0.00	0.00	618.75
Associate	16,787.50	5,837.50	5,300.00	27,925.00
Associate - Travel	2,062.50	0.00	0.00	2,062.50
Receivership Specialist	90.00	130.50	27.00	247.50
Receivership Specialist	162.00	0.00	0.00	162.00
Receivership Specialist	648.00	0.00	0.00	648.00
Expenses	4,196.85	121.44	193.20	4,511.49
Subcontractors				
Hohmann, Taube & Summers, L.L.P.				
Partner	2,080.50	0.00	0.00	2,080.50
Partner	1,078.00	0.00	0.00	1,078.00
Partner	600.00	0.00	0.00	600.00
Associate	0.00	0.00	0.00	0.00
Paralegal	225.00	0.00	0.00	225.00
Expenses	81.40	0.00	0.00	81.40
JoAnn Howard & Associates, Inc.				
Attorney	6,098.75	1,163.75	682.50	7,945.00
Attorney - Travel	612.50	0.00	0.00	612.50
Attorney	3,810.00	982.50	795.00	5,587.50
Attorney	0.00	6.25	0.00	6.25
Assistant	2,214.00	1,368.00	945.00	4,527.00
Assistant - Travel	315.00	0.00	0.00	315.00
Administrative Assistant	427.50	0.00	0.00	427.50
Attorney	1,995.00	1,837.50	1,925.00	5,757.50
Expenses	869.59	14.21	36.71	920.51
EmKay Associates, Inc.				
Claims Manager	3,553.00	161.50	102.00	3,816.50
Claims Manager - Travel	743.75	0.00	0.00	743.75
Claims Representative	1,430.00	19.50	0.00	1,449.50
Claims Representative	4,218.50	16.50	22.00	4,257.00
Claims Representative	2,799.00	346.50	405.00	3,550.50
Claims Representative	2,747.50	1,600.00	1,175.00	5,522.50
Claims Representative - Travel	738.00	0.00	0.00	738.00
Claims Representative - Travel	481.00	0.00	0.00	481.00
Expenses	5,231.52	0.00	0.00	5,231.52
Fuller Law Group / Chris Fuller, Law Office of				
Attorney	4,602.50	0.00	0.00	4,602.50
Attorney - Travel	612.50	0.00	0.00	612.50
Expenses	248.73	0.00	0.00	248.73
Abaci, Inc.				
Project Manager	2,189.60	28.05	0.00	2,217.65
Project Manager - Travel	680.00	0.00	0.00	680.00
Technical Manager	5,584.00	621.60	112.80	6,318.40
Technical Manager - Travel	960.00	0.00	0.00	960.00
Expenses	3,270.11	19.95	19.95	3,310.01
Dunn & Associates / Beverly A. Dunn				
Accounting	13,515.00	6,243.75	5,681.25	25,440.00
Accounting	242.50	0.00	0.00	242.50
Accounting - Travel	1,200.00	0.00	0.00	1,200.00
Expenses	1,500.50	88.40	85.48	1,674.38
Other Vendors/Expenses				
Adan Calderon	9,200.00	0.00	0.00	9,200.00
Abelardo Ramos	290.00	0.00	0.00	290.00
All Around System Kare	156.96	0.00	0.00	156.96
Antonieta H. Garza	5,900.00	1,300.00	2,600.00	9,800.00
AT&T	1,242.20	1,475.04	555.12	3,272.36
C P L Retail Energy	835.84	1,134.18	470.84	2,440.86

Webb County Title & Abstract Co., Inc.
Summary Statement of Expenses

For the Quarter Ending
08/31/2008

	Jun	Jul	Aug	Total 4th Quarter
City of Laredo Utilities	804.44	93.20	102.79	1,000.43
Edgar Zepeda	3,962.40	1,000.00	1,000.00	5,962.40
EZ Access Key Service	995.00	0.00	165.00	1,160.00
Federal Express	0.00	21.15	0.00	21.15
Graciela Velazquez	23,670.61	5,875.74	4,722.89	34,269.24
Hartford, The	9,778.00	0.00	0.00	9,778.00
Home Depot	37.49	0.00	0.00	37.49
International Sales	6,234.39	0.00	0.00	6,234.39
J.J. Flores Roofing	995.00	0.00	0.00	995.00
Juan Velazquez	0.00	50.00	470.00	520.00
KONE, Inc.	0.00	519.60	0.00	519.60
Laredo Air Conditioning Repair	45.47	0.00	0.00	45.47
NS Air Conditioning Service	63.33	0.00	0.00	63.33
Office Depot	563.32	0.00	0.00	563.32
Olga Martinez	660.00	0.00	0.00	660.00
R&G Plumbing Service	253.04	0.00	0.00	253.04
Reliant Energy	6,483.36	2,435.22	2,724.02	11,642.60
Safesite, Inc.	409.50	1,030.48	1,022.72	2,462.70
Southern Sanitation	485.35	0.00	396.14	881.49
U.S. Postal Service	113.47	0.00	0.00	113.47
WalMart	274.04	0.00	0.00	274.04
Westel Telephone Services	837.65	77.27	170.92	1,085.84
Xerox	4,000.00	0.00	0.00	4,000.00
Chase (APF)	320.68	0.00	0.00	320.68
Chase Bank (Receiver's Operating)	35.00	0.00	0.00	35.00
Chase Bank (Escrow)	10.00	25.00	0.00	35.00
International Bank of Commerce (Escrow)	34.70	25.31	(5.31)	54.70
IBOC (Commissioner's Account)	34.35	33.86	0.00	68.21
Falcon Bank (Escrow)	30.00	15.00	0.00	45.00
First National Bank (Escrow)	30.00	20.00	0.00	50.00
First National Bank (Operating)	0.00	5.00	0.00	5.00
Frost National Bank (SDR Operating)	0.00	65.00	52.00	117.00
Texas Treasury	11.65	10.91	10.61	33.17
Liquidation Oversight Allocation				
Liquidation Oversight Allocation	16,009.59	6,304.73	2,205.15	24,519.47
Special Master's Fees	0.00	0.00	30.91	30.91
Total by Month	256,764.88	64,054.09	46,024.19	
Total Expenses for Quarter Ending August 2008				366,843.16

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Webb County Title & Abstract Co., Inc.
Statement of Net Assets

For the Month Ending
08/31/2008

Line		08/31/08
Cash		
1	Cash - Unrestricted	55,657
Investments		
2	Short-Tem Investments	
3	Bonds, Preferred Stocks & Common Stocks	
4	Investments in Subsidiaries, Controlled or Affiliated Entities	
5	Mortgage Loans	
6	Real Estate	
7	Policy Loans	
8	Other Invested Assets	
Reinsurance		
9.1	Reinsurance Recoverables on Paid Losses & LAE	
9.1A	Allowance for Reinsurance on Paid Losses & LAE	
9.2	Reinsurance Recoverables on Unpaid Losses & LAE	
9.2A	Allowance for Reinsurance on Unpaid Losses & LAE	
9.3	Reinsurance Recoverables on UEP & Contingent Commissions	
Receivables		
10	Salvage & Subrogation Recoveries	
11	Premiums Due & Accrued from Agents & Policyholders	
12	Receivable from Parents, Subsidiaries & Affiliates	
13	Accrued Investment Income	
14	Receivable from Guaranty Associations - Early Access Payments	
Other Assets		
15.1	FF&E	1,993,693
15.2	Prepaid Expenses	
16	Other Assets	10,793
Restricted Assets		
17.1	Restricted - Statutory Deposits	
17.2	Restricted - Funds held by or deposited with Reinsured Companies	
17.3	Restricted - Separate Accounts & Protected Cell Accounts	
17.4	Restricted - Other	89,011
18	Total Unrestricted Assets	2,060,143
19	Total Restricted Assets	89,011
19A	Net Assets not Categorized	
20	Total Assets	2,149,154

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**Webb County Title & Abstract Co., Inc.
Statement of Net Assets**

**For the Month Ending
08/31/2008**

NOTES

Ref No.

- 15.1 FF&E of \$1,993,693 reflects valuation assumed at date of receivership
- 16 Fees Receivable on Policy Files \$10,793
- 16 Prepaid Interest paid to IRS \$14,348 (w/allowance for collectibility)
Receivables from Shareholder for monies borrowed from company
- 16 \$168,630 prior to receivership (w/allowance for collectibility)
Restricted Assets: Escrow Funds transferred from TTIGA totaling
- 17.4 \$57,968
Restricted Assets: Escrow Funds held as Certificate of Deposit at IBC
- 17.4 Bank with receivership as trustee \$18,058.69 (Khaledi)
Restricted Assets: Escrow Funds held as Certificate of Deposit at IBC
- 17.4 Bank with receivership as trustee \$12,984.31 (Jethani)

Webb County Title & Abstract Co., Inc.
Changes in Net Assets

For the Quarter Ending
08/31/2008

Line		Qtr Ending 05/31/08	Qtr Ending 08/31/08	Change
Cash				
1	Cash - Unrestricted	0	55,657	55,657
Investments				
2	Short-Term Investments			0
3	Bonds, Preferred Stocks & Common Stocks			0
4	Investments in Subsidiaries, Controlled or Affiliated Entities			0
5	Mortgage Loans			0
6	Real Estate			0
7	Policy Loans			0
8	Other Invested Assets			0
Reinsurance				
9.1	Reinsurance Recoverables on Paid Losses & LAE			0
9.1A	Allowance for Reinsurance on Paid Losses & LAE			0
9.2	Reinsurance Recoverables on Unpaid Losses & LAE			0
9.2A	Allowance for Reinsurance on Unpaid Losses & LAE			0
9.3	Reinsurance Recoverables on UEP & Contingent Commissions			0
Receivables				
10	Salvage & Subrogation Recoveries			0
11	Premiums Due & Accrued from Agents & Policyholders			0
12	Receivable from Parents, Subsidiaries & Affiliates			0
13	Accrued Investment Income			0
14	Receivable from Guaranty Associations - Early Access Payments			0
Other Assets				
15.1	FF&E	0	1,993,693	1,993,693
15.2	Prepaid Expenses			0
16	Other Assets	0	10,793	10,793
Restricted Assets				
17.1	Restricted - Statutory Deposits			0
17.2	Restricted - Funds held by or deposited with Reinsured Companies			0
17.3	Restricted - Separate Accounts & Protected Cell Accounts			0
17.4	Restricted - Other	0	89,011	89,011
18	Total Unrestricted Assets	0	2,060,143	2,060,143
19	Total Restricted Assets	0	89,011	89,011
19A	Net Assets not Categorized			0
20	Total Assets	0	2,149,154	2,149,154

This is the receivership's initial quarterly filing.

Webb County Title & Abstract Co., Inc.
Statement of Net Liabilities

For the Month Ending
08/31/2008

Line		Class	08/31/08
1	Secured Claims	1	
2	Special Deposit Claims	1	
Administrative			
3	Administrative Claims - State/Receiver		
	Special Deputy Receiver, Subcontractors Fees & Expenses	1	73,561
	Liquidation Oversight & Special Master's Fees	1	8,541
	Unsecured Loans	1	200,000
4	Administrative Claims - Guaranty Assns	1	
	Claims Paid		
	Reserves		
5	LAE - Guaranty Assns	1	
	Claims Paid		
	Reserves		
Loss Claims			
6	Loss Claims - Guaranty Assns	2	
	Loss Claims Paid		
	Reserves		
7	Loss Claims - Other	2	
	Loss Claims Paid		
	Reserves		
8	LAE - Other	2	
9	Unearned & Advance Premium Claims (Non Assessable Policies) - GA	2	
10	Unearned & Advance Premium Claims (Non Assessable Policies) - Other	2	
18	Unearned Premium Claims (Assessable Policies) - GA	2	
Other Creditors			
11	Federal Government Claims	3	276,137
12	Employee Claims	4	
13	General Unsecured Creditor Claims (Other than Reinsurance Related)	5	346,696
14	Ceded Reinsurance Related Unsecured Claims	5	
14.1	Assumed Reinsurance Related Unsecured Claims	5	
15	State & Local Government Claims		
	State & Local Governments/Attorneys	6	80,633
	State & Local Governments - Penalties	7	
16	Late Filed Claims - Unexcused	8	
17	Surplus Notes	9	
19	Unearned Premium Claims (Assessable Policies) - Other	9	
20	Shareholder Claims	11	
21	Other Liabilities		
	Interest	10	
	Other		1,010,869
22	Total Liabilities		1,996,437
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities		152,717
	Total Liabilities & Equity		2,149,154

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**Webb County Title & Abstract Co., Inc.
Statement of Net Liabilities**

**For the Month Ending
08/31/2008**

NOTES

All amounts recorded based on adjudicated claims unless otherwise specified

Ref. No.

- 3 Loan from Commissioner's Abandoned Property Fund
- 11 Payroll Taxes Payable \$276,137
- General Creditors' Claims (Unsecured) per SDR's Preliminary Analyses of
- 13 Outstanding Payables performed during takeover \$346,696
- 15 City Taxes Payable \$18,534
- 15 County Taxes Payable \$17,245
- 15 Laredo ISD Taxes Payable \$44,854
- 21 Real Estate Lien - IBOC - \$1,010,869

Webb County Title & Abstract Co., Inc.
Changes in Net Liabilities

For the Quarter Ending
08/31/2008

Line		Qtr Ending 05/31/08	Qtr Ending 08/31/08	Change
1	Secured Claims			0
2	Special Deposit Claims			0
Administrative				
3	Administrative Claims - State/Receiver			0
	Special Deputy Receiver, Subcontractors Fees & Expenses	0	56,218	56,218
	Liquidation Oversight & Special Master's Fees	0	8,541	8,541
	Unsecured Loans	0	200,000	200,000
4	Administrative Claims - Guaranty Assns			0
	Claims Paid			
	Reserves			
5	LAE - Guaranty Assns			0
	Claims Paid			
	Reserves			
Loss Claims				
6	Loss Claims - Guaranty Assns			
	Loss Claims Paid			0
	Reserves			0
7	Loss Claims - Other			
	Loss Claims Paid			0
	Reserves			0
8	LAE - Other			0
9	Unearned & Advance Premium Claims (Non Assessable Policies) - GA			0
10	Unearned & Advance Premium Claims (Non Assessable Policies) - Other			0
18	Unearned Premium Claims (Assessable Policies) - GA			0
Other Creditors				
11	Federal Government Claims	0	276,137	276,137
12	Employee Claims			0
13	General Unsecured Creditor Claims (Other than Reinsurance Related)	0	346,696	346,696
14	Ceded Reinsurance Related Unsecured Claims			0
14.1	Assumed Reinsurance Related Unsecured Claims			0
15	State & Local Government Claims			0
	State & Local Governments/Attorneys	0	80,633	80,633
	State & Local Governments - Penalties			0
16	Late Filed Claims - Unexcused			0
17	Surplus Notes			0
19	Unearned Premium Claims (Assessable Policies) - Other			0
20	Shareholder Claims			0
21	Other Liabilities			0
	Interest			0
	Other	0	1,010,869	1,010,869
22	Total Liabilities	0	1,979,094	1,979,094
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	0	170,060	170,060
Total Liabilities & Equity		0	2,149,154	2,149,154

This is the receivership's initial quarterly filing.

For the Quarter Ending
08/31/2008

Line	06/30/08	07/31/08	08/31/08	Qtr Ending Aug-08
Income				
1 Premium Receipts				0
2 Settlements	5,638	0	0	5,638
3 Policy Loan Receipts				0
4 Proceeds from Sale of Real Property or Personal Property				0
5 Reinsurance Recoveries				0
6 Salvage & Subrogation Recoveries				0
7 Agents' Balances Received				0
8 Collection of Affiliate Receivables				0
9 Recovery of Taxes Previously Paid				0
10 Other Receipts	28,715	4,775	104,815	138,305
11 Total Operational Receipts	34,353	4,775	104,815	143,943
				0
12 Interest & Dividend Receipts	399	16	15	430
13 Net Cash Provided by Investment Activities				0
14 Total Cash Receipts from Investment Activities	399	16	15	430
15 Total Cash Receipts	34,752	4,791	104,830	144,373
Operational Expenses				
16 Deputy Receiver & Consulting Fees & Expenses	140,274	0	38,189	178,463
17 Employee Salaries, P/R Taxes & Employee Benefits	12,350	5,876	4,723	22,949
18 Rent, Office & Other Facility Expenses	19,474	7,860	9,039	36,373
19 Legal Fees & Expenses	18,706	0	7,755	26,461
20 Accounting & Auditing Fees & Expenses	6,996	0	9,499	16,495
21 SGA - Administration Expenses other than LAE	0	0		0
22 Ancillary Administration Expenses	0	0		0
23 Other Disbursements	4,000	0	(3,367)	633
24 Total Operational Disbursements	201,800	13,736	65,838	281,374
Investment Expenses				
25 Investment Expenses				0
26 Purchase of Invested Assets				0
27 Total Disbursements for Investment Activities	0	0	0	0
Claims Paid				
28.1 Losses/Benefit Payments - SGA				0
28.2 Losses/Benefit Payments - Non SGA				0
28.3 Losses/Benefit & LAE Payments - Special Deposits				0
29.1 LAE Payments - SGA				0
29.2 LAE Payments - non SGA				0
30 Early Access Payments				0
31 Reinsurance Payments				0
32 Total Cash Distributions	0	0	0	0
33 Total Cash Disbursements & Distributions	201,800	13,736	65,838	281,374
34 Net Increase(Decrease) in Cash	(167,048)	(8,945)	38,992	(137,001)
35 Cash at Beginning of Period	281,669	114,621	105,676	281,669
36 Cash at End of Period	114,621	105,676	144,668	144,668