

**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	§	

**FIRST AMENDED 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 *First Amended 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 The SDR files this amended Application to revise the rate previously included in Exhibit A for the Primary Responsible Person and to identify an additional subcontractor. It is anticipated that the additional subcontractor will be paid less than \$250,000. Accordingly, the SDR request the Court to approve the terms of compensation for the Primary Responsible Person and the new subcontractor shown in the revised Exhibit A, which is attached hereto and incorporated by reference. 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). These rates have been approved by the Receiver in accordance with TEX. INS. CODE § 443.154(a).

3.3 The SDR requests that the Court modify the terms of its Order Approving the SDR's Application for Approval of Fees and Expense as to the new rate for the Primary Responsible Person

and the rates identified for the new subcontractor identified in Exhibit A.

**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,

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And

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**CERTIFICATE OF SERVICE**

I certify that on July 16, 2009, 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/

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## APPLICANT'S NOTICE OF SUBMISSION

Pursuant to the terms of the Amended Order of Reference to Master entered by the District Court in this cause, the *Amended Application for Approval of Fees and Expenses* is hereby set for written submission before the Special Master, Tom Collins, on August 3, 2009.

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/  
Christopher Fuller  
Texas Bar No. 07515500

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

**AMENDED FEE SCHEDULE**

<b>NAME</b>	<b>POSITION</b>	<b>HOURLY RATE</b>
<b><u>Special Deputy Receiver</u></b>		
<b>Cantilo &amp; Bennett, L.L.P.</b>		
	Primary Responsible Person	\$150.00
	Partners (2)	\$150.00
	Associate I (2)	\$125.00
	Associate II (2*)	\$120.00
	Senior Receivership Specialist	\$100.00
	Receivership Specialist(s)	\$ 90.00
	Administrative/Clerical	\$ 25.00

\*One associate is taking the July 2009 Texas State Bar Exam. The associate will be billed at the Receivership Specialist rate until licensed, at which time the Associate II rate will apply.

**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	\$190.00
Attorney V	Associate	\$155.00
Paralegal(s)		\$ 90.00

**Accounting/Tax Subcontractors**

**Petrosewicz & Company, Inc.**

Principals (2)	\$150.00
Staff Accountant I	\$125.00
Staff Accountant II	\$120.00
Staff Accountant III	\$ 95.00
Staff Accountant IV	\$ 90.00
Staff Accountant V	\$ 80.00
Support Staff	\$ 70.00
Clerical	\$ 25.00

**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 representative; UDS data creation; capture and report formatting; reinsurance database administration; reinsurance billing; takeover activities and site management.	\$ 65.00
Records management.	\$ 55.00
Claims representative; review of claims for reinsurance, reporting and reserve adequacy; assist in takeover activities	\$ 75.00

and site management.

Claims representative; review of claims for reinsurance and reporting  
& reserve adequacy. \$ 65.00

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

**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	§	

**ORDER APPROVING SPECIAL DEPUTY RECEIVER’S FIRST AMENDED APPLICATION FOR APPROVAL OF FEES AND EXPENSES**

On this day came on to be heard the *First Amended Application for Approval of Fees and Expenses* (“Application”) filed by Cantilo & Bennett, L.L.P., Special Deputy Receiver of Webb County Title & Abstract Company, Inc. (the “SDR” and “Webb County” respectively), The Special Deputy Receiver appeared by and through its counsel. Having considered the Application and the recommendation of the Special Master, the Court finds that the Application should be granted.

It is therefore ORDERED, ADJUDGED and DECREED as follows:

1. The Application is GRANTED in all respects.
2. The Court’s Order Approving the SDR’s Application for Approval of Fees and Expenses is MODIFIED to approve the hourly rates and fees described in the SDR’s First Amended Application for Approval of Fees and Expenses and all other terms and provisions of the Court’s order of July 22, 2008 remain in effect.
3. The SDR is authorized to take any action necessary to carry out this Order.

SIGNED this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

\_\_\_\_\_  
JUDGE PRESIDING