

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  
(SEPTEMBER 1, 2010 THROUGH NOVEMBER 30, 2010)**

**TO THE HONORABLE DISTRICT COURT:**

CANTILO & BENNETT, L.L.P., solely in its capacity as the 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 September 1, 2010 to November 30, 2010. 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 and the Court’s Order Approving the SDR’s Second Amended Application for Approval of Fees and Expenses, entered on July 29, 2009.

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,

By: /s/ Christopher Fuller  
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solely in its capacity as the Special Deputy Receiver of Webb County Title & Abstract Company, Inc.

And

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Abstract Company, Inc.

### **CERTIFICATE OF SERVICE**

I certify that on December 15, 2010, a true and correct copy of this Report was served pursuant to the Order of Reference, the Texas Rules of Civil Procedure, and the Court's order on electronic service on the following:

/s/ Christopher Fuller  
Christopher Fuller

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**WEBB COUNTY TITLE & ABSTRACT CO.,INC**  
**Statement of Expenses**

**For Period Ending**  
**11/30/10**

		<b>Total Sep</b>	<b>Total Oct</b>	<b>Total Nov</b>	<b>Total Quarter</b>
<b>SDR</b>					
	Cantilo & Bennett, L.L.P.				
	Partner-	7,635.00	10,005.00	7,680.00	25,320.00
	Partner - Travel	0.00	0.00	0.00	0.00
	Partner-	0.00	0.00	0.00	0.00
	Associate-	0.00	12.50	0.00	12.50
	Associate - Travel	0.00	0.00	0.00	0.00
	Associate	0.00	0.00	0.00	0.00
	Associate	0.00	0.00	0.00	0.00
	Receivership Specialist-	207.00	45.00	0.00	252.00
	Receivership Specialist-	972.00	0.00	0.00	972.00
	Receivership Specialist- Travel	360.00	0.00	0.00	360.00
	Clerical	0.00	0.00	0.00	0.00
	Expenses	830.25	20.88	3.96	855.09
	<b>Total SDR Billing</b>	<b>10,004.25</b>	<b>10,083.38</b>	<b>7,683.96</b>	<b>27,771.59</b>
	<b>SDR Subcontractors - Legal</b>				
Legal	JoAnn Howard & Associates, Inc.				
	Attorney-	4,742.50	1,540.00	5,757.50	12,040.00
	Attorney - Travel	0.00	0.00	0.00	0.00
	Attorney-	0.00	0.00	0.00	0.00
	Attorney - Travel	0.00	0.00	0.00	0.00
	Attorney-	0.00	0.00	0.00	0.00
	Legal Assistant	108.00	0.00	0.00	108.00
	Legal Assistant - Travel	0.00	0.00	0.00	0.00
	Administrative Assistant	0.00	0.00	0.00	0.00
	Expenses	6.31	0.00	30.31	36.62
	<b>Total Billing</b>	<b>4,856.81</b>	<b>1,540.00</b>	<b>5,787.81</b>	<b>12,184.62</b>
	<b>Total Legal Subcontractors</b>	<b>4,856.81</b>	<b>1,540.00</b>	<b>5,787.81</b>	<b>12,184.62</b>
	<b>SDR Subcontractors - Other</b>				
	EmKay Associates, Inc.				
	Claims Manager-	705.50	0.00	680.00	1,385.50
	Claims Manager - Travel	0.00	0.00	0.00	0.00
	Claims Representative	0.00	0.00	0.00	0.00
	Claims Representative	0.00	0.00	0.00	0.00
	Claims Representative-	130.00	0.00	11.00	141.00
	Claims Representative - Travel	0.00	0.00	0.00	0.00

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**WEBB COUNTY TITLE & ABSTRACT CO.,INC**  
**Statement of Expenses**

**For Period Ending**  
**11/30/10**

	<b>Total Sep</b>	<b>Total Oct</b>	<b>Total Nov</b>	<b>Total Quarter</b>
Claims Representative	817.50	0.00	0.00	817.50
Claims Representative - Travel	165.00	0.00	0.00	165.00
Claims Representative-	634.50	616.50	436.50	1,687.50
Claims Representative - Travel	58.50	146.25	29.25	234.00
Claims Representative	10.00	12.50	15.00	37.50
Expenses	691.12	0.00	0.00	691.12
<b>Total Billing</b>	<b>3,212.12</b>	<b>775.25</b>	<b>1,171.75</b>	<b>5,159.12</b>
Abaci, Inc.				
Project Manager	0.00	0.00	0.00	0.00
Project Manager - Travel	0.00	0.00	0.00	0.00
Technical Analyst	0.00	0.00	0.00	0.00
Technical Analyst - Travel	0.00	0.00	0.00	0.00
Expenses	0.00	0.00	0.00	0.00
<b>Total Billing</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Petrosewicz & Company, Inc				
Accountant-Principal -	420.00	540.00	345.00	1,305.00
Accountant-Principal Travel	0.00	0.00	0.00	0.00
Senior Accountant	0.00	0.00	0.00	0.00
Accountant-	900.00	1,233.00	981.00	3,114.00
Clericala	0.00	0.00	7.50	7.50
Expenses	17.35	19.74	18.17	55.26
	<b>1,337.35</b>	<b>1,792.74</b>	<b>1,351.67</b>	<b>4,481.76</b>
<b>Total Other SDR Subcontractors</b>	<b>4,549.47</b>	<b>2,567.99</b>	<b>2,523.42</b>	<b>9,640.88</b>
<b>Receivership Service Providers</b>				
SafeSite	90.00	89.50	90.00	269.50
Edgar Cepeda	100.00	0.00	0.00	100.00
Galton, Cunningham & Bourgeois (Mediation Expense)		1,300.00	0.00	1,300.00
The Hartford	459.40	0.00	0.00	459.40
G Velazquez	1,200.00	0.00	0.00	1,200.00
Reliant	1,311.73	0.00	0.00	1,311.73
AT&T		49.95	0.00	49.95

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**WEBB COUNTY TITLE & ABSTRACT CO.,INC**  
**Statement of Expenses**

**For Period Ending**  
**11/30/10**

	<b>Total Sep</b>	<b>Total Oct</b>	<b>Total Nov</b>	<b>Total Quarter</b>
WESTEL	8.37	0.00	0.00	8.37
Operating Account	56.00	28.50	18.00	102.50
Texas Treasury	0.00	0.00	0.00	0.00
<b>Total Other</b>	<b>3,225.50</b>	<b>1,467.95</b>	<b>108.00</b>	<b>4,801.45</b>
<b>Liquidation Oversight Allocation</b>				
RLO Allocation	2,269.73	1,806.75	1,556.39	5,632.87
Special Master's Fees	0.00	0.00	211.61	211.61
<b>Total RLO &amp; SM Expense</b>	<b>2,269.73</b>	<b>1,806.75</b>	<b>1,768.00</b>	<b>5,844.48</b>
<b>Total Expenses</b>	<b>24,905.76</b>	<b>17,466.07</b>	<b>17,871.19</b>	<b>60,243.02</b>

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**WEBB COUNTY TITLE & ABSTRACT CO.,INC**  
**Statement of Net Assets**

**For the Period Ending**  
**11/30/10**

Line		11/30/10
<b>Cash</b>		
1	Cash	
	Cash - Unrestricted	22,776
	APF Funds	10,491
<b>Investments</b>		
2	Short-Term 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	
<b>Reinsurance</b>		
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	
<b>Receivables</b>		
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	
<b>Other Assets</b>		
15.1	FF&E	
15.2	Prepaid Expenses	
16	Other Assets	
<b>Restricted Assets</b>		
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	1,215,950
18	<b>Total Unrestricted Assets</b>	33,267
19	<b>Total Restricted Assets</b>	1,215,950
19A	Net Assets not Categorized	
20	<b>Total Assets</b>	1,249,217

**NOTES**

Ref No.

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**WEBB COUNTY TITLE & ABSTRACT CO.,INC**  
**Statement of Net Assets**

**For the Period Ending**  
**11/30/10**

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17.4 Represents initial proceeds from the sale of title plant (\$65,000) and proceeds from sale of building and land (\$1,150,527.31) deposited into a restricted Texas Treasury account pursuant to the sale agreement. Amount includes adjustment for interest earned and management fees charged to the account since inception. See corresponding amount on the Statement of Liabilities as a Secured Claim.

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**WEBB COUNTY TITLE & ABSTRACT CO.,INC**  
**Changes in Net Assets**

For Period Ending  
11/30/10

Line		Qtr Ending 08/31/10	Qtr Ending 11/30/10	Change
<b>Cash</b>				
1	Cash			
	Cash - Unrestricted	13,994	22,776	8,782
	APF Funds	92	10,491	10,399
<b>Investments</b>				
2	Short-Term Investments	0	0	0
3	Bonds, Preferred Stocks & Common Stocks	0	0	0
4	Investments in Subsidiaries, Controlled or Affiliated Entities	0	0	0
5	Mortgage Loans	0	0	0
6	Real Estate	1,010,870	0	(1,010,870)
7	Policy Loans	0	0	0
8	Other Invested Assets	0	0	0
<b>Reinsurance</b>				
9.1	Reinsurance Recoverables on Paid Losses & LAE	0	0	0
9.1A	Allowance for Reinsurance on Paid Losses & LAE	0	0	0
9.2	Reinsurance Recoverables on Unpaid Losses & LAE	0	0	0
9.2A	Allowance for Reinsurance on Unpaid Losses & LAE	0	0	0
9.3	Reinsurance Recoverables on UEP & Contingent Commissions	0	0	0
<b>Receivables</b>				
10	Salvage & Subrogation Recoveries	0	0	0
11	Premiums Due & Accrued from Agents & Policyholders	0	0	0
12	Receivable from Parents, Subsidiaries & Affiliates	0	0	0
13	Accrued Investment Income	0	0	0
14	Receivable from Guaranty Associations - Early Access Payments	0	0	0
<b>Other Assets</b>				
15.1	FF&E	0	0	0
15.2	Prepaid Expenses	0	0	0
16	Other Assets	0	0	0
<b>Restricted Assets</b>				
17.1	Restricted - Statutory Deposits	0	0	0
17.2	Restricted - Funds held by or deposited with Reinsured Companies	0	0	0
17.3	Restricted - Separate Accounts & Protected Cell Accounts	0	0	0
17.4	Restricted - Other	65,022	1,215,950	1,150,928
18	<b>Total Unrestricted Assets</b>	1,024,956	33,267	(991,689)
19	<b>Total Restricted Assets</b>	65,022	1,215,950	1,150,928
19A	Net Assets not Categorized	0	0	0
20	<b>Total Assets</b>	1,089,978	1,249,217	159,239

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**WEBB COUNTY TITLE & ABSTRACT CO.,INC**  
**Statement of Net Liabilities**

**For Period Ending**  
**11/30/10**

Line		Class	11/30/10
1	Secured Claims	1	1,215,950
	APF Loan	1	621,590
2	Special Deposit Claims	1	
<b>Administrative</b>			
3	Administrative Claims - State/Receiver		
	Special Deputy Receiver, Subcontractors Fees & Expenses	1	15,995
	Liquidation Oversight & Special Master's Fees	1	8,491
	Other Unsecured Loans	1	
4	Administrative Claims - Guaranty Assns	1	
	Claims Paid		374,744
	Reserves		
5	LAE - Guaranty Assns	1	
	Claims Paid		
	Reserves		
<b>Loss Claims</b>			
6	Loss Claims - Guaranty Assns	2	
	Loss Claims Paid		466,922
	Reserves		15,000
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	
<b>Other Creditors</b>			
11	Federal Government Claims	3	276,137
12	Employee Claims	4	
13	General Unsecured Creditor Claims (Other than Reinsurance Related)	5	297,743
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	128,156
	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		
22	<b>Total Liabilities</b>		<b>3,420,728</b>
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities		<b>(2,171,511)</b>
	<b>Total Liabilities &amp; Equity</b>		<b>1,249,217</b>

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**WEBB COUNTY TITLE & ABSTRACT CO.,INC**  
**Statement of Net Liabilities**

**For Period Ending**  
**11/30/10**

**NOTES**

All amounts recorded based on adjudicated claims unless otherwise specified

Ref. No.

1 Represents proceeds from sale of building and land in the amount of \$1,150,527 deposited into Restricted Texas Treasury Account in September 2010. Also includes proceeds from the sale of title plant received in April 2010 that were deposited into a restricted Texas Treasury account pursuant to the agreement. Monthly adjustments are made to this balance to reflect interest earned and treasury management fees.

1 Unsecured Loan amount from the Commissioner's Abandoned Property Fund

4 Reflects TTIGA administrative fees since inception of receivership

6 Reflects amounts provided by TTIGA for claims adjudicated through November 30, 2010.

11 Payroll Taxes Payable

13 General Creditors' Claims (Unsecured) per SDR's Preliminary Analyses of Outstanding Payables performed during takeover.

15 City Taxes Payable of \$28,474, County taxes payable of \$33,022, and Laredo ISD taxes payable of \$66,660.

**WEBB COUNTY TITLE & ABSTRACT CO.,INC**  
**Changes in Net Liabilities**

For Period Ending  
11/30/10

Line		Qtr Ending 08/31/10	Qtr Ending 11/30/10	Change
1	Secured Claims	1,075,891	1,215,950	140,059
	APF Loan	551,200	621,590	70,390
2	Special Deposit Claims	0	0	0
<b>Administrative</b>				
3	Administrative Claims - State/Receiver	0	0	0
	Special Deputy Receiver, Subcontractors Fees & Expenses	30,022	15,995	(14,027)
	Liquidation Oversight & Special Master's Fees	2,647	8,491	5,844
	Other Unsecured Loans	0	0	0
4	Administrative Claims - Guaranty Assns	0	0	0
	Claims Paid	83,776	374,744	290,968
	Reserves	0	0	0
5	LAE - Guaranty Assns	0	0	0
	Claims Paid	0	0	0
	Reserves	0	0	0
<b>Loss Claims</b>				
6	Loss Claims - Guaranty Assns	0	0	0
	Loss Claims Paid	466,922	466,922	0
	Reserves	0	15,000	15,000
7	Loss Claims - Other	0	0	0
	Loss Claims Paid	0	0	0
	Reserves	0	0	0
8	LAE - Other	0	0	0
9	Unearned & Advance Premium Claims (Non Assessable Policies) - GA	0	0	0
10	Unearned & Advance Premium Claims (Non Assessable Policies) - Other	0	0	0
18	Unearned Premium Claims (Assessable Policies) - GA	0	0	0
<b>Other Creditors</b>				
11	Federal Government Claims	276,137	276,137	0
12	Employee Claims	0	0	0
13	General Unsecured Creditor Claims (Other than Reinsurance Related)	297,743	297,743	0
14	Ceded Reinsurance Related Unsecured Claims	0	0	0
14.1	Assumed Reinsurance Related Unsecured Claims	0	0	0
15	State & Local Government Claims	0	0	0
	State & Local Governments/Attorneys	128,156	128,156	0
	State & Local Governments - Penalties	0	0	0
16	Late Filed Claims - Unexcused	0	0	0
17	Surplus Notes	0	0	0
19	Unearned Premium Claims (Assessable Policies) - Other	0	0	0
20	Shareholder Claims	0	0	0
21	Other Liabilities	0	0	0
	Interest	0	0	0
	Other	0	0	0
22	<b>Total Liabilities</b>	<b>2,912,494</b>	<b>3,420,728</b>	<b>508,234</b>
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	<b>(1,822,516)</b>	<b>(2,171,511)</b>	<b>(348,995)</b>
	<b>Total Liabilities &amp; Equity</b>	<b>1,089,978</b>	<b>1,249,217</b>	<b>159,239</b>

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**WEBB COUNTY TITLE & ABSTRACT CO.,INC**  
Sources & Uses of Cash

For Period Ending  
11/30/10

Line		Qtr Ending Nov-10
<b>Income</b>		
1	Premium Receipts	0
2	Settlements	0
3	Policy Loan Receipts	0
4	Proceeds from Sale of Real 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	87,598
11	<b>Total Operational Receipts</b>	<b>87,598</b>
12	Interest & Dividend Receipts	9
13	Net Cash Provided by Investment Activities	0
14	<b>Total Cash Receipts from Investment Activities</b>	<b>9</b>
15	<b>Total Cash Receipts</b>	<b>87,607</b>
<b>Operational Expenses</b>		
16	Deputy Receiver & Consulting Fees & Expenses	47,485
17	Employee Salaries, P/R Taxes & Employee Benefits	1,300
18	Rent, Office & Other Facility Expenses	1,640
19	Legal Fees & Expenses	10,864
20	Accounting & Auditing Fees & Expenses	6,574
21	SGA - Administration Expenses other than LAE	563
22	Ancillary Administration Expenses	0
23	Other Disbursements	0
24	<b>Total Operational Disbursements</b>	<b>68,426</b>
<b>Investment Expenses</b>		
25	Investment Expenses	0
26	Purchase of Invested Assets	0
27	<b>Total Disbursements for Investment Activities</b>	<b>0</b>
<b>Claims Paid</b>		
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	<b>Total Cash Distributions</b>	<b>0</b>

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WEBB COUNTY TITLE & ABSTRACT CO.,INC  
Sources & Uses of Cash

For Period Ending  
11/30/10

Line		Qtr Ending Nov-10
33	Total Cash Disbursements & Distributions	68,426
34	Net Increase(Decrease) in Cash	19,181
35	<i>Cash at Beginning of Period</i>	14,086
36	<i>Cash at End of Period</i>	33,267

10 Includes \$70,390 of additional Abandoned Property Fund (APF) loan proceeds in October.