

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		

**SPECIAL DEPUTY RECEIVER’S REPORT PURSUANT
TO TEX. INS. CODE §443.303(C)**

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 “WCTA” respectively), files this *Report Pursuant to TEX. INS. CODE § 443.303(c)* (the “SDR’s Report”).

I. INTRODUCTION

1. The SDR files this Report pursuant to TEX. INS. CODE § 443.303(c) to inform the Court that there are no assets available to distribute to the Texas Title Insurance Guaranty Association (“TTIGA”). This Report has not been referred to the Special Master appointed in this proceeding in the *Order of Reference to Master* entered on April 10, 2008.

II. BACKGROUND

2. WCTA was placed in receivership in this proceeding on January 11, 2008. The Court entered an *Agreed Order Appointing Liquidator and Permanent Injunction* 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.

3. WCTA was declared an “impaired agent” on January 11, 2008. As of that date, the TTIGA became responsible for the payment of “covered claims” as defined by Chapter 2602 of the

Insurance Code. On April 24, 2008, this Court entered an amended order granting the TTIGA's application for the transfer of escrow funds and request for claims filing deadline. See Exhibit A. The court established October 14, 2008 as the deadline to file claims with TTIGA.

4. WCTA was a title insurance agency with its offices in Laredo, Webb County, Texas. Its insolvency is directly related to the embezzlement of trust and other funds. WCTA is not an insurance company; it acted as an agent for several solvent title insurance companies. The title insurance companies continue to process and pay claims on title insurance policies issued by WCTA. As an agency, WCTA did not have any reserves, any reinsurance or any significant assets. Pursuant to this court's order of April 24, 2008, the SDR has transferred all escrow funds to the TTIGA. The most recent quarterly Statement of Assets filed with the Court reflects \$71,521 in cash/liquid assets. Administration of the estate has largely been financed by loans by the Department of Insurance from the Abandoned Property Fund in accordance with Tex. Ins. Code §443.304(c).

III. REPORT OF NO DISTRIBUTABLE ASSETS

5. TEX. INS. CODE §443.303 (c) provides:

(c) Within 120 days after the entry of an order of liquidation by the receivership court, and at least annually after the entry of the order, the liquidator shall apply to the receivership court for approval to make early access payments out of the general assets of the insurer to any guaranty associations having obligations arising in connection with the liquidation or shall report that there are no distributable assets at that time based on financial reporting as required in Section 443.016.

6. As of January 10, 2011, the anniversary date of the entry of the Permanent Injunction, the SDR reports that there are no distributable assets available to make any early access distribution to TTIGA.

IV. NOTICE

7. Pursuant to § 443.007(d), this Report has been served on the entire service list for this proceeding, including TTIGA, in the manner shown on the Certificate of Service.

V. OFFER OF PROOF

8. CANTILO & BENNETT, L.L.P., as Special Deputy Receiver, through its authorized representative, Susan E. Salch, submits its certificate pursuant to § 443.017(b) verifying the statements in this pleading and authenticating the attached exhibits, if any.

VI. NOTICE OF ELECTRONIC SERVICE REQUIREMENT

9. No response is required to this Report and no judicial relief is requested. However, pursuant to the *Order Granting SDR's Application to Use Electronic Service of Pleadings and Notices* entered on June 28, 2008, any pleading filed in response to this Report or in regards to this estate shall be served by email on the undersigned counsel and all parties shown in the attached Certificate of Service.

WHEREFORE, PREMISES CONSIDERED, CANTILO & BENNETT, L.L.P., the SDR, respectfully requests that this Court, TTIGA and all other parties in interest take notice of this Report and that the SDR be awarded such other and further relief to which it may be justly entitled.

Respectfully submitted,

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Special Deputy Receiver of Webb County Title &
Abstract Company, Inc.

CERTIFICATE OF SERVICE

I certify that on January 10, 2011, a true and correct copy of this report was served pursuant to the Order of Reference, the Texas Rules of Civil Procedure, and TEX. INS. CODE ANN. §§ 443.007 (d) and 443.303(e) on the following.

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**SPECIAL DEPUTY RECEIVER'S CERTIFICATION PURSUANT TO TEXAS
INSURANCE CODE SECTION 443.017(b)
AFFIDAVIT OF SUSAN E. SALCH**

State of Texas
County of Travis

BEFORE ME, the undersigned authority appeared Susan E. Salch, who after being by me duly sworn, stated the following under oath:

1. My name is Susan E. Salch. I am competent to make this affidavit. The statements of fact set forth herein are true and correct, and are within my personal knowledge.

2. I am a partner in CANTILO & BENNETT, L.L.P., Special Deputy Receiver of Webb County Title & Abstract Company, Inc. (the "SDR" and "WCTA"). I am duly authorized to make this Certification and Affidavit on behalf of the SDR.

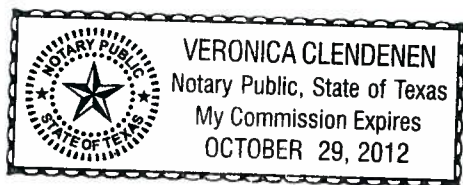
3. I state that I have read the statements contained in the attached Report and that they are true and correct based on my personal knowledge, my review of estate records and my consultation with my staff and sub-contractors.

4. Further affiant sayeth not.

By:


Susan E. Salch

SUBSCRIBED AND SWORN TO BEFORE ME on January 10, 2011, by Susan E. Salch, on behalf of CANTILO & BENNETT, L.L.P., solely in its capacity as the SDR of WCTA.





Notary Public

Exhibit A

Filed in The District Court
of Travis County, Texas

LM APR 24 2008

At 2:08 p.m.
Amalia Rodriguez-Mendoza, Clerk

CAUSE NO. D-1-GV-08-000050

THE STATE OF TEXAS
Plaintiff

VS.

WEBB COUNTY TITLE
& ABSTRACT COMPANY, INC.
Defendant

§
§
§
§
§
§
§

IN THE DISTRICT COURT

OF TRAVIS COUNTY, TEXAS

201ST JUDICIAL DISTRICT

**ORDER GRANTING AMENDED APPLICATION FOR TRANSFER OF ESCROW
FUNDS AND REQUEST FOR CLAIMS FILING DEADLINE**

On this day, the Court considered the *Amended Application for Transfer of Escrow Funds and Request for Claims Filing Deadline* (the "Application") filed by the Texas Title Guaranty Association (the "Guaranty Association"). The Guaranty Association appeared by and through its counsel of record. No objection to the Application was filed by any party in interest. Based on the argument of counsel and the evidence presented, the Court finds that the Application should be granted.

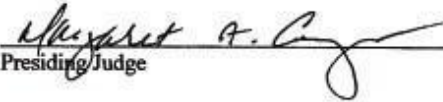
IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED as follows:

1. The Application is GRANTED in all respects;
2. The Guaranty Association is authorized to accept from the Liquidator the escrow accounts of Webb County Title & Abstract Company, Inc. (the "Escrow Accounts" and "Webb Title");
3. The Guaranty Association may transfer any Escrow Account to another bank or banks, and may hold all Escrow Account funds in a consolidated escrow account for the purpose of paying claims;
4. The Guaranty Association is authorized to proceed and to distribute the funds in the Escrow Accounts in accordance with the applicable escrow agreements and the Claim Payment Plan attached hereto as Exhibit B;



5. The Guaranty Association shall return any unclaimed funds in the Trust Account to the Liquidator for handling in accordance with TEX. INS. CODE § 443.304;
6. The Guaranty Association is entitled to any records of Webb Title necessary to fulfill its obligations; and
7. A claims filing deadline of October 14, 2008 is established for "covered claims" against Webb Title.

SIGNED and ENTERED on this 24 day of April, 2008.



Presiding Judge

I, AMALIA RODRIGUEZ-MENDOZA, District Clerk,
Travis County, Texas, do hereby certify that this is
a true and correct copy as same appears of
record in my office. Witness my hand and seal of
office on 4-24-08.



AMALIA RODRIGUEZ-MENDOZA

DISTRICT CLERK

By 