

NO. D-1-GV-08-002014

STATE OF TEXAS,
Plaintiff

v.

AMERITRUST TITLE COMPANY,
Defendant

§
§
§
§
§
§
§

IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

261st JUDICIAL DISTRICT

**SPECIAL DEPUTY RECEIVER'S QUARTERLY FINANCIAL REPORT AND
SUMMARY STATEMENT OF EXPENSES
(DECEMBER 1, 2009 TO FEBRUARY 28, 2010)**

TO THE HONORABLE DISTRICT COURT:

Cantilo & Bennett, L.L.P., solely in its capacity as the Special Deputy Receiver of Ameritrust Title Company, (the “SDR” and “Ameritrust” respectively), files this Financial Report and Summary Statement of Expenses of the receivership estate for the period of December 1, 2009 to February 28, 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, as Supplemented, for Approval of Fees and Expenses, entered on August 5, 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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And

By: /s/ Jo Ann Howard
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capacity as the Special Deputy Receiver of
Ameritrust Title Company

CERTIFICATE OF SERVICE

I certify that on March 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 TEX. INS. CODE ANN., § 443.007 on the following:

/s/ Christopher Fuller
Christopher Fuller
Texas Bar No. 07515500

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**Ameritrust Title
Statement of Expenses**

**For Period Ending
02/28/10**

| | | Total Dec | Total Jan | Total Feb | Total Quarter |
|-----------------------------------|--|-----------------|-----------------|-----------------|------------------|
| SDR | | | | | |
| | | | | | |
| Cantilo & Bennett, LLP | | | | | |
| | Partner/Attorney/ | 3,030.00 | 4,560.00 | 4,140.00 | 11,730.00 |
| | Partner/Attorney Travel/ S Salch | | 37.50 | 450.00 | 487.50 |
| | Partner/Attorney | | 75.00 | 162.50 | 237.50 |
| | Partner/Attorney Travel | | | | 0.00 |
| | Attorney/Associate | 72.00 | | | 72.00 |
| | Attorney/Associate | | | | 0.00 |
| | Attorney/Associate Travel | | | | 0.00 |
| | Receivership Specialist/ | | 27.00 | | 27.00 |
| | Receivership Specialist | | | | 0.00 |
| | Expenses | | 4.47 | 170.00 | 174.47 |
| Total SDR Billing | | 3,102.00 | 4,703.97 | 4,922.50 | 12,728.47 |
| SDR Subcontractors - Legal | | | | | |
| Jo Ann Howard & Associates, P.C. | | | | | |
| | Senior Legal Specialist/ | 3,220.00 | 3,200.00 | 820.00 | 7,240.00 |
| | Senior Legal Specialist-Travel/ C Fuller | | | 0.00 | 0.00 |
| | Junior Legal Specialist | | | 0.00 | 0.00 |
| | Junior Legal Specialist-Travel | | | 0.00 | 0.00 |
| | Junior Legal Specialist | | | 0.00 | 0.00 |
| | Paralegal/ | 108.00 | | 0.00 | 108.00 |
| | Expenses | 14.48 | | 0.00 | 14.48 |
| | Total Billing | 3,342.48 | 3,200.00 | 820.00 | 7,362.48 |
| Total Legal Subcontractors | | 3,342.48 | 3,200.00 | 820.00 | 7,362.48 |
| SDR Subcontractors - Other | | | | | |
| Petrosewicz & Company, Inc | | | | | |
| | Accountant-Principal/ | 270.00 | 240.00 | 300.00 | 810.00 |
| | Accountant-Principal Travel | | | | 0.00 |
| | Senior Accountant | | | | 0.00 |
| | Senior Accountant-Travel | | | | 0.00 |
| | Accountant/Claims Specialist | | | | 0.00 |
| | Accountant/Claims Specialist-Travel | | | | 0.00 |
| | Accountant | 360.00 | 522.00 | 621.00 | 1,503.00 |
| | Accountant | | | | 0.00 |
| | Clerical/ | | | | 0.00 |
| | Clerical Travel | | | | 0.00 |
| | Expenses | 12.05 | 10.14 | 9.30 | 31.49 |

| | | | | | | |
|---|------------------------------------|--|-----------------|------------------|-----------------|------------------|
| | Total Billing | | 642.05 | 772.14 | 930.30 | 2,344.49 |
| | | | | | | |
| EMKAY Associates | | | | | | |
| | Claims Manager/ | | | | 0.00 | 0.00 |
| | Claims Manager | | | | 0.00 | 0.00 |
| | Claims Manager Travel | | | | 0.00 | 0.00 |
| | Claims Representative/ | | | | 0.00 | 0.00 |
| | Claims Representative Travel | | | | 0.00 | 0.00 |
| | Claims Representative | | | | 0.00 | 0.00 |
| | Claims Representative Travel | | | | 0.00 | 0.00 |
| | Claims Representative/ | | 99.00 | | 0.00 | 99.00 |
| | Claims Representative | | | | 0.00 | 0.00 |
| | Claims Representative Travel | | | | 0.00 | 0.00 |
| | Records Management | | | | 0.00 | 0.00 |
| | Expenses | | 0.00 | 0.00 | 0.00 | 0.00 |
| | Total Billing | | 99.00 | 0.00 | 0.00 | 99.00 |
| | | | | | | |
| Total Other SDR Subcontractors | | | 741.05 | 772.14 | 930.30 | 2,443.49 |
| | | | | | | |
| Receivership Service Providers | | | | | | |
| | | | | | | |
| | | | | | | |
| | SafeSite | | 50.00 | 50.00 | 50.00 | 150.00 |
| | | | | | | |
| | Enterprise Bank | | | | | 0.00 |
| | | | | | | |
| | Receivership Service Provider Name | | | | | 0.00 |
| | | | | | | |
| | Operating Account | | | | | 0.00 |
| | | | | | | |
| | Texas Treasury | | 12.24 | 11.95 | | 24.19 |
| | | | | | | |
| | Total Other | | 62.24 | 61.95 | 50.00 | 174.19 |
| | | | | | | |
| Liquidation Oversight Allocation | | | | | | |
| | | | | | | |
| | | | | | | |
| | RLO Allocation | | 259.74 | 532.75 | 815.98 | 1,608.47 |
| | | | | | | |
| | Special Master's Fees | | 0.00 | 1,450.33 | | 1,450.33 |
| | | | | | | |
| | Total RLO & SM Expense | | 259.74 | 1,983.08 | 815.98 | 3,058.80 |
| | | | | | | |
| | Total Expenses | | 7,507.51 | 10,721.14 | 7,538.78 | 25,767.43 |

**Ameritrust Title
Statement of Net Assets**

**For the Period Ending
02/28/10**

| Line | | 02/28/10 |
|--------------------------|--|----------|
| Cash | | |
| 1 | Cash - Unrestricted | 120,452 |
| 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 | |
| 15.2 | Prepaid Expenses | |
| 16 | Other Assets | |
| 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 | |
| 18 | Total Unrestricted Assets | 120,452 |
| 19 | Total Restricted Assets | 0 |
| 19A | Net Assets not Categorized | |
| 20 | Total Assets | 120,452 |

NOTES

Ref No.

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**Ameritrust Title
Changes in Net Assets**

**For Period Ending
02/28/10**

| Line | | Qtr Ending 11/30/09 | Qtr Ending 2/28/010 | Change |
|--------------------------|--|------------------------|------------------------|----------|
| Cash | | | | |
| 1 | Cash - Unrestricted | 143,713 | 120,452 | (23,261) |
| Investments | | | | |
| 2 | Short-Tem 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 | 0 | 0 | 0 |
| 7 | Policy Loans | 0 | 0 | 0 |
| 8 | Other Invested Assets | 0 | 0 | 0 |
| Reinsurance | | | | |
| 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 |
| Receivables | | | | |
| 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 |
| Other Assets | | | | |
| 15.1 | FF&E | 0 | 0 | 0 |
| 15.2 | Prepaid Expenses | 0 | 0 | 0 |
| 16 | Other Assets | 0 | 0 | 0 |
| Restricted Assets | | | | |
| 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 | 0 | 0 | 0 |
| 18 | Total Unrestricted Assets | 143,713 | 120,452 | (23,261) |
| 19 | Total Restricted Assets | 0 | 0 | 0 |
| 19A | Net Assets not Categorized | 0 | 0 | 0 |
| 20 | Total Assets | 143,713 | 120,452 | (23,261) |

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**Ameritrust Title
Statement of Net Liabilities**

**For Period Ending
02/28/10**

| Line | | Class | 02/28/10 |
|------------------------|---|-------|-------------|
| 1 | Secured Claims | 1 | |
| 2 | Special Deposit Claims | 1 | |
| Administrative | | | |
| 3 | Administrative Claims - State/Receiver | | |
| | Special Deputy Receiver, Subcontractors Fees & Expenses | 1 | 6,673 |
| | Liquidation Oversight & Special Master's Fees | 1 | 816 |
| | Unsecured Loans | 1 | 250,000 |
| 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 | | 75,000 |
| | Reserves | | 80,988 |
| 7 | Loss Claims - Other | 2 | |
| | Loss Claims Paid | | |
| | Reserves | | 1,355,862 |
| 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 | |
| 12 | Employee Claims | 4 | |
| 13 | General Unsecured Creditor Claims (Other than Reinsurance Related) | 5 | |
| 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 | |
| | 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 | Total Liabilities | | 1,769,339 |
| 23 | Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities | | (1,648,887) |
| | Total Liabilities & Equity | | 120,452 |

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**Ameritrust Title
Statement of Net Liabilities**

**For Period Ending
02/28/10**

NOTES

All amounts recorded based on adjudicated claims unless otherwise specified

Ref. No.

3 The Unsecured Loan represents amounts received from the Texas Abandoned Property Fund.

6 Represents amounts from the February 28, 2010 TTIGA report

Represents amounts reserved based on information obtained from Texas Department of Insurance records as of the receivership date adjusted by the amounts reported by TTIGA through February 28, 2010

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**Ameritrust Title
Changes in Net Liabilities**

**For Period Ending
02/28/10**

| Line | | Qtr Ending 11/30/09 | Qtr Ending 02/28/10 | Change |
|------------------------|---|------------------------|------------------------|-----------------|
| 1 | Secured Claims | 0 | 0 | 0 |
| 2 | Special Deposit Claims | 0 | 0 | 0 |
| Administrative | | | | |
| 3 | Administrative Claims - State/Receiver | 0 | 0 | 0 |
| | Special Deputy Receiver, Subcontractors Fees & Expenses | 3,831 | 6,673 | 2,842 |
| | Liquidation Oversight & Special Master's Fees | 1,180 | 816 | (364) |
| | Unsecured Loans | 250,000 | 250,000 | 0 |
| 4 | Administrative Claims - Guaranty Assns | 0 | 0 | 0 |
| | Claims Paid | 0 | 0 | 0 |
| | Reserves | 0 | 0 | 0 |
| 5 | LAE - Guaranty Assns | 0 | 0 | 0 |
| | Claims Paid | 0 | 0 | 0 |
| | Reserves | 0 | 0 | 0 |
| Loss Claims | | | | |
| 6 | Loss Claims - Guaranty Assns | 0 | 0 | 0 |
| | Loss Claims Paid | 0 | 75,000 | 75,000 |
| | Reserves | 972,680 | 80,988 | (891,692) |
| 7 | Loss Claims - Other | 0 | 0 | 0 |
| | Loss Claims Paid | 0 | 0 | 0 |
| | Reserves | 539,170 | 1,355,862 | 816,692 |
| 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 |
| Other Creditors | | | | |
| 11 | Federal Government Claims | 0 | 0 | 0 |
| 12 | Employee Claims | 0 | 0 | 0 |
| 13 | General Unsecured Creditor Claims (Other than Reinsurance Related) | 0 | 0 | 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 | 0 | 0 | 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 | Total Liabilities | 1,766,861 | 1,769,339 | 2,478 |
| 23 | Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities | (1,623,148) | (1,648,887) | (25,739) |
| | Total Liabilities & Equity | 143,713 | 120,452 | (23,261) |

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**Ameritrust Title
Sources & Uses of Cash**

**For Period Ending
02/28/10**

| Line | Qtr Ending Feb-10 |
|--|----------------------|
| Income | |
| 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 | 0 |
| 11 Total Operational Receipts | 0 |
| 12 Interest & Dividend Receipts | 28 |
| 13 Net Cash Provided by Investment Activities | 0 |
| 14 Total Cash Receipts from Investment Activities | 28 |
| 15 Total Cash Receipts | 28 |
| Operational Expenses | |
| 16 Deputy Receiver & Consulting Fees & Expenses | 10,580 |
| 17 Employee Salaries, P/R Taxes & Employee Benefits | 0 |
| 18 Rent, Office & Other Facility Expenses | 150 |
| 19 Legal Fees & Expenses | 6,543 |
| 20 Accounting & Auditing Fees & Expenses | 2,569 |
| 21 SGA - Administration Expenses other than LAE | 24 |
| 22 Ancillary Administration Expenses | 3,423 |
| 23 Other Disbursements | 0 |
| 24 Total Operational Disbursements | 23,289 |
| Investment Expenses | |
| 25 Investment Expenses | 0 |
| 26 Purchase of Invested Assets | 0 |
| 27 Total Disbursements for Investment Activities | 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 |
| 33 Total Cash Disbursements & Distributions | 23,289 |
| 34 Net Increase(Decrease) in Cash | (23,261) |
| 35 Cash at Beginning of Period | 143,713 |
| 36 Cash at End of Period | 120,452 |