

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
(MARCH 1, 2010 TO MAY 31, 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 March 1, 2010 to May 31, 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
Christopher Fuller
Texas Bar No. 07515500
4612 Ridge Oak Drive, Austin, Texas 78731
Tel. (512)470-9544
Fax (512)374-0957
cfuller@fullerlaw.org
Attorney for Cantilo & Bennett, L.L.P., solely in its
capacity as the Special Deputy Receiver of
Ameritrust Title Company

And

By: /s/ Jo Ann Howard
Jo Ann Howard
Texas Bar No. 10072310
Jo Ann Howard & Associates, P.C.
P.O. Box 160130, Austin, Texas 78716
Tel. (512)791-0911
Fax (512)329-6612
iamanrd3@aol.com
Attorney for Cantilo & Bennett, L.L.P., solely in its
capacity as the Special Deputy Receiver of
Ameritrust Title Company

CERTIFICATE OF SERVICE

I certify that on June 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

Tom Collins, Special Master
c/o Ms. Jean Sustaita
P.O. Box 149104
Mail Code 305-1D
Austin, TX 78701
Jean.Sustaita@tdi.state.tx.us

Carlos A. Leon
The Leon Law Firm, P.C.
Comerica Bank Building
One Sugar Creek Center Blvd., Suite 980
Sugar Land, Texas 77478
cleon@theleonlawfirm.com

Joshua Godbey
Assistant Attorney General
P.O. Box 12548
Austin, TX 78711-2548
joshua.godbey@oag.state.tx.us

Alison H. Moore
Thompson, Coe, Cousins & Irons, L.L.P.
700 N. Pearl St., 25th floor
Dallas, TX 75201
amoore@thompsoncoe.com

Mitchell, Williams, Selig, Gates & Woodyard,
PLLC
Attorneys for the Texas Title Guaranty
Association
P.O. Box 2212
Austin, TX 78768-2212
bburner@mwlaw.com
bmccandless@mwlaw.com

Claire W. Parsons
Attorney at Law
Wilson Elser Moskowitz Edelman & Dicker
LLP
5847 San Felipe, Suite 2300
Houston, TX 77057-4033
claire.parsons@wilsonelser.com

Norman Riedmueller
Norman Riedmueller PC & Associates
6800 West Loop South, Suite 325
Bellaire, TX 77401-4528
riedmueller@covad.net

Paul J. McConnell, III
DeLange, Hudspeth, McConnell & Tibbets,
L.L.P.
1177 West Loop South, Suite 1700
Houston, Texas 77027
Fax (713) 871-2020
pmcconnell@dhmtlaw.com

Internal Revenue Service
Special Procedures Branch
P.O. Box 250
300 East 8th St., Ste. 352, Mail Stop 5022A
Austin, TX 78701

Felicia Kyle
Sutherland Asbill & Brennan LLP
909 Fannin Street, Suite 2200
Houston, TX 77010
felicia.kyle@sutherland.com

Glenn P. Valentine
Hughes Watters Askanase, LLP
Three Allen Center
333 Clay, 29th Floor
Houston, TX 77002
gvalentine@hwa.com

Paul Colley, Jr.
Hopkins Law, P.L.L.C
3821 Juniper Trace, Ste 107
Austin, TX 78738
kelley@colleylaw.net

Angel Garrett
Texas Department of Insurance
Financial/Rehabilitation & Liquidation
Oversight Division
333 Guadalupe, Mail Code 305-1D
Austin, TX 78701
Angel.Garrett@tdi.state.tx.us

Rachel Giani
Texas Department of Insurance
Financial/Rehabilitation & Liquidation
Oversight Division
333 Guadalupe Mail, Code 305-1D
Austin, TX 78701
Rachel.Giani@tdi.state.tx.us

Leanne Layne
Texas Department of Insurance
Financial/Rehabilitation & Liquidation
Oversight Division
333 Guadalupe, Mail Code 305-1D
Austin, TX 78701
Leanne.Layne@tdi.state.tx.us

Myra Garrett
Texas Department of Insurance
Financial/Rehabilitation & Liquidation
Oversight Division
333 Guadalupe, Mail Code 305-1D
Austin, TX 78701
Myra.Garrett@tdi.state.tx.us

Kathy Gartner
Texas Department of Insurance
Financial/Rehabilitation & Liquidation
Oversight Division
333 Guadalupe, Mail Code 305-1D
Austin, TX 78701
Kathy.Gartner@tdi.state.tx.us

Jo Ann Howard
Jo Ann Howard & Associates, P.C.
P.O. Box 160130
Austin, TX 78716
joann@h2opartnersusa.com

Christopher Fuller
4612 Ridge Oak Drive
Austin, TX 78731
cfuller@fullerlaw.org

Susan E. Salch
Cantilo & Bennett, L.L.P.
Special Deputy Receiver
11401 Century Oaks Terrace, Ste. 300
Austin, TX 78758
sesalch@cb-firm.com

R-546

**Ameritrust Title
Statement of Expenses**

**For Period Ending
05/31/10**

		Total Mar	Total Apr	Total May	Total Quarter
SDR					
Cantilo & Bennett, LLP					
	Partner/Attorney/	4,140.00	5,565.00	7,035.00	16,740.00
	Partner/Attorney Travel/ S Salch				0.00
	Partner/Attorney	25.00			25.00
	Partner/Attorney Travel				0.00
	Attorney/Associate				0.00
	Attorney/Associate				0.00
	Attorney/Associate Travel				0.00
	Receivership Specialist/	90.00	333.00	72.00	495.00
	Receivership Specialist				0.00
	Expenses	8.57	3.52	3.53	15.62
Total SDR Billing		4,263.57	5,901.52	7,110.53	17,275.62
SDR Subcontractors - Legal					
Jo Ann Howard & Associates, P.C.					
	Senior Legal Specialist/		4,620.00	4,620.00	9,240.00
	Senior Legal Specialist-Travel/ C Fuller				0.00
	Junior Legal Specialist			262.50	262.50
	Junior Legal Specialist-Travel				0.00
	Junior Legal Specialist				0.00
	Paralegal/	72.00	54.00	189.00	315.00
	Expenses	5.19	12.62	163.21	181.02
	Total Billing	77.19	4,686.62	5,234.71	9,998.52
Total Legal Subcontractors		77.19	4,686.62	5,234.71	9,998.52
SDR Subcontractors - Other					
Petrosewicz & Company, Inc					
	Accountant-Principal/	405.00	375.00	420.00	1,200.00
	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	648.00	855.00	684.00	2,187.00
	Accountant				0.00
	Clerical/				0.00
	Clerical Travel				0.00
	Expenses	12.82	12.34	12.26	37.42

	Total Billing	1,065.82	1,242.34	1,116.26	3,424.42
EMKAY Associates					
	Claims Manager/			42.50	42.50
	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/	135.00	121.50	121.50	378.00
	Claims Representative		17.50	0.00	17.50
	Claims Representative Travel		81.00	0.00	81.00
	Records Management			0.00	0.00
	Expenses	0.00	0.00	0.00	0.00
	Total Billing	135.00	220.00	164.00	519.00
Total Other SDR Subcontractors		1,200.82	1,462.34	1,280.26	3,943.42
Receivership Service Providers					
	SafeSite	50.00	50.00	50.00	150.00
	Houston Chronicle			939.51	939.51
	Mills Roberts Associates	600.00			600.00
	Operating Account	7.50	7.50		15.00
	Texas Treasury	11.76	11.69	11.32	34.77
	Total Other	669.26	69.19	1,000.83	1,739.28
Liquidation Oversight Allocation					
	RLO Allocation	294.46	415.77	814.78	1,525.01
	Special Master's Fees	1,242.66	40.00		1,282.66
	Total RLO & SM Expense	1,537.12	455.77	814.78	2,807.67
	Total Expenses	7,747.96	12,575.44	15,441.11	35,764.51

R-546

**Ameritrust Title
Statement of Net Assets**

**For the Period Ending
05/31/10**

Line		05/31/10
Cash		
1	Cash - Unrestricted	141,673
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	141,673
19	Total Restricted Assets	0
19A	Net Assets not Categorized	
20	Total Assets	141,673

NOTES

Ref No.

R-546

**Ameritrust Title
Changes in Net Assets**

**For Period Ending
05/31/10**

Line		Qtr Ending 2/28/010	Qtr Ending 05/31/10	Change
Cash				
1	Cash - Unrestricted	120,452	141,673	21,221
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	120,452	141,673	21,221
19	Total Restricted Assets	0	0	0
19A	Net Assets not Categorized	0	0	0
20	Total Assets	120,452	141,673	21,221

R-546

**Ameritrust Title
Statement of Net Liabilities**

**For Period Ending
05/31/10**

Line	Class	05/31/10
1	Secured Claims	1
2	Special Deposit Claims	1
Administrative		
3	Administrative Claims - State/Receiver	
	Special Deputy Receiver, Subcontractors Fees & Expenses	13,625
	Liquidation Oversight & Special Master's Fees	815
	Unsecured Loans	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	756,809
7	Loss Claims - Other	2
	Loss Claims Paid	
	Reserves	680,041
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	1,776,290
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(1,634,617)
	Total Liabilities & Equity	141,673

R-546

**Ameritrust Title
Statement of Net Liabilities**

**For Period Ending
05/31/10**

NOTES

All amounts recorded based on adjudicated claims unless otherwise specified

Ref. No.

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

6 Represents amounts from the May 31, 2010 TTIGA report

Represents amounts reserved based on information obtained from Texas
Department of Insurance records as of the receivership date adjusted by the
7 amounts reported by TTIGA through May 31, 2010

R-546

**Ameritrust Title
Changes in Net Liabilities**

**For Period Ending
05/31/10**

Line		Qtr Ending 02/28/10	Qtr Ending 05/31/10	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	6,673	13,625	6,952
	Liquidation Oversight & Special Master's Fees	816	815	(1)
	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	75,000	75,000	0
	Reserves	80,988	756,809	675,821
7	Loss Claims - Other	0	0	0
	Loss Claims Paid	0	0	0
	Reserves	1,355,862	680,041	(675,821)
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	1,769,339	1,776,290	6,951
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(1,648,887)	(1,634,617)	14,270
	Total Liabilities & Equity	120,452	141,673	21,221

R-546

**Ameritrust Title
Sources & Uses of Cash**

**For Period Ending
05/31/10**

Line		Qtr Ending May-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	50,000
11	Total Operational Receipts	50,000
12	Interest & Dividend Receipts	34
13	Net Cash Provided by Investment Activities	0
14	Total Cash Receipts from Investment Activities	34
15	Total Cash Receipts	50,034
Operational Expenses		
16	Deputy Receiver & Consulting Fees & Expenses	15,443
17	Employee Salaries, P/R Taxes & Employee Benefits	0
18	Rent, Office & Other Facility Expenses	150
19	Legal Fees & Expenses	5,584
20	Accounting & Auditing Fees & Expenses	3,238
21	SGA - Administration Expenses other than LAE	1,589
22	Ancillary Administration Expenses	2,809
23	Other Disbursements	0
24	Total Operational Disbursements	28,813
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

R-546

Ameritrust Title
Sources & Uses of Cash

For Period Ending
05/31/10

Line		Qtr Ending May-10
33	Total Cash Disbursements & Distributions	28,813
34	Net Increase(Decrease) in Cash	21,221
35	<i>Cash at Beginning of Period</i>	120,452
36	<i>Cash at End of Period</i>	141,673