

CAUSE NO: D-1-GN-16-000360

THE STATE OF TEXAS	§	IN THE DISTRICT COURT OF
<i>Plaintiff,</i>	§	
	§	
v.	§	TRAVIS COUNTY, TEXAS
	§	
MILLENNIUM CLOSING SERVICES, LLC	§	
D/B/A MILLENNIUM TITLE	§	
<i>Defendant.</i>	§	53 rd JUDICIAL DISTRICT

**SPECIAL DEPUTY RECEIVER'S QUARTERLY FINANCIAL REPORT AND
SUMMARY STATEMENT OF EXPENSES
(JUNE 1, 2016 THROUGH AUGUST 31, 2016)**

TO THE HONORABLE DISTRICT COURT:

CANTILO & BENNETT, L.L.P., solely in its capacity as the Special Deputy Receiver of Millennium Closing Services, LLC d/b/a Millennium Title (the “SDR” and “Millennium” respectively), files this Financial Report and Summary Statement of Expenses of the receivership estate for the period of June 1, 2016 to August 31, 2016. 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 March 24, 2016.

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,

FULLER LAW GROUP

By: /s/Christopher Fuller
Christopher Fuller
State Bar No. 07515500
4612 Ridge Oak Drive
Austin, Texas 78731
Telephone: (512) 470-9544
Email: cfuller@fullerlaw.org

**ATTORNEY FOR
CANTILO & BENNETT, L.L.P.,
SPECIAL DEPUTY RECEIVER OF
MILLENNIUM CLOSING SERVICES, L.L.C.
D/B/A MILLENNIUM TITLE**

CERTIFICATE OF SERVICE

I certify that on September 15th, 2016, a true and correct copy of this SPECIAL DEPUTY RECEIVER'S QUARTERLY FINANCIAL REPORT AND SUMMARY STATEMENT OF EXPENSES (JUNE 1, 2016 THROUGH AUGUST 31, 2016) was served pursuant to the Order of Reference, Texas Rules of Civil Procedure, TEX. INS. CODE ANN. SEC. 443.007(d) and the Court's order on electronic service on the following by email, except as specifically otherwise noted.

Via e-Service: specialmasterclerk@tdi.texas.gov
Special Master's Clerk
TEXAS DEPARTMENT OF INSURANCE
Rehabilitation & Liquidation Oversight
PO Box 149104
Austin, TX 78714-9104

Via e-Service: James.Kennedy@tdi.texas.gov
James Kennedy
TEXAS DEPARTMENT OF INSURANCE
PO Box 149104
Austin, TX 78714-9104

Via e-Service: Kimberly.Hammer@tdi.texas.gov
Kimberly Hammer
TEXAS DEPARTMENT OF INSURANCE
PO Box 149104
Austin, TX 78714-9104

Via e-Service: Vicente.Aguillon@tdi.texas.gov
Vicente Aguillon
TEXAS DEPARTMENT OF INSURANCE
Rehabilitation & Liquidation Oversight
PO Box 149104
Austin, TX 78714-9104

Via e-Service:

Cynthia.Morales@texasattorneygeneral.gov
Cynthia Morales
Assistant Attorney General
Financial, Litigation, Tax, & Charitable Trusts
OFFICE OF THE TEXAS ATTORNEY GENERAL
P.O. Box 12548
Austin, TX 78711-2548

Via Email:

rachel.obaldo@texasattorneygeneral.gov
Rachel Obaldo
Assistant Attorney General
Bankruptcy and Collections Division
OFFICE OF THE TEXAS ATTORNEY GENERAL
P.O. Box 12548
Austin, TX 78711-2548

Via First Class Mail

INTERNAL REVENUE SERVICE
Special Procedures Branch
P.O. Box 250
300 East 8th Street, Suite 352
Mail Stop 5022AUS
Austin, TX 78701

Via First Class Mail

INTERNAL REVENUE SERVICE
Centralized Insolvency Operation
P.O. Box 7346
Philadelphia, PA 19101-7346

Via e-Service: Kergin@burtonhyde.com

Kergin B. Bedell
BURTON & HYDE, PLLC
311 West 5th Street, Suite 100
Austin, TX 78701

Via e-Service: jason@vandykelawfirm.com

Jason Lee Van Dyke
THE VAN DYKE LAW FIRM
200 Chisholm Place #250
Plano, TX 75075
Counsel for Maverick Title of Texas, LLC

Via e-Service: kyelkin@gardere.com

Kimberly A. Yelkin
GARDERE WYNNE SEWELL LLP
3000 One American Center
600 Congress Avenue
Austin, TX 78701

Via e-Service: msaenz@gardere.com

Marisol M. Saenz
GARDERE WYNNE SEWELL LLP
3000 One American Center
600 Congress Avenue
Austin, TX 78701

Via E-Service: bburner@mwlaw.com

Burnie Burner
MITCHELL WILLIAMS
500 W. 5th Street Suite 1150
Austin, TX 78701
Counsel for Texas Title Insurance Guaranty Association

Via E-Service: bmccandless@mwlaw.com

Bruce McCandless, III
MITCHELL WILLIAMS
500 W. 5th Street Suite 1150
Austin, TX 78701
Counsel for Texas Title Insurance Guaranty Association

Via E-Service: brad@hrrpc.com
Brad Repass
HAYNIE, RAKE, REPASS & KLIMKO, P.C.
14643 Dallas Parkway, Suite 550
Dallas, TX 75254
*Counsel for Scott Schambacher, Avondale
Development Group, 1601 AF Ltd. and Affiliates*

Via E-Service: phil@philmeyerlaw.com
Philip A. Meyer
CityCentre One
800 Town and Country Blvd., Suite 300
Houston, TX 77024
Counsel for First Funding Investments, Inc.

Via E-Service: sam@scarterlawfirm.com
Howard F. Carter, Jr.
THE CARTER LAW FIRM
HOWARD F. CARTER, JR. P.C.
8750 N. Central Expressway, Suite 625
Dallas, TX 75231
Counsel for Peniel Holdings, LLC

Via E-Service: mark@strombergstock.com
Mark Stromberg
STROMBERG STOCK, PLLC
8750 N. Central Expressway, Suite 625
Dallas, TX 75231
Counsel for Peniel Holdings, LLC

Via E-Service: ehill@murphy-hill.com
Eric C. Hill
MURPHY-HILL LAW GROUP
302 W. Commerce Street, Ste 200
Dallas, TX 75208
Counsel for Miriam Gray

Via E-Service: tmcdaniel@imtexaslaw.com
Via E-Service: jbrown@imtexaslaw.com
Via E-Service: gstory@imtexaslaw.com
Timothy M. McDaniel
Jeremy T. Brown
IRELAN MCDANIEL, PLLC
14440 N. Central Expressway, Suite 800
Dallas, TX 75231
Counsel for Leirana Investments, LLC

/s/Christopher Fuller
Christopher Fuller

R-558

**Millennium Title
Statement of Expenses**

**For Period Ending
08/31/16**

	Total Jun	Total Jul	Total Aug	Total Quarter
SDR				
Cantilo & Bennett, LLP				
Partner/Attorney/	20,500.00	17,480.00	20,820.00	58,800.00
Partner/Attorney Travel	550.00	380.00	870.00	1,800.00
Partner/Attorney	0.00	0.00	60.00	60.00
Expenses	432.43	994.26	375.32	1,802.01
Total SDR Billing	21,482.43	18,854.26	22,125.32	62,462.01
SDR Subcontractors - Legal				
Fuller Law Group				
Attorney	27,675.00	19,125.00	18,650.00	65,450.00
Attorney-Travel	1,000.00	437.50	750.00	2,187.50
Expenses	768.16	915.82	876.57	2,560.55
Total Billing	29,443.16	20,478.32	20,276.57	70,198.05
Inquest Resources				
Paralegal	322.50	300.00	532.50	1,155.00
Receivership Specialist	945.00	967.50	1,807.50	3,720.00
Receivership Specialist/ Travel	0.00	0.00	22.50	22.50
Litigation Assistant/Records Mgr	76.50	315.00	216.00	607.50
Litigation Assistant/Records Mgr Travel	0.00	36.00	40.50	76.50
Expenses	131.92	139.90	194.75	466.57
Total Billing	1,475.92	1,758.40	2,813.75	6,048.07
Total Legal Subcontractors	30,919.08	22,236.72	23,090.32	76,246.12
SDR Subcontractors - Other				
Petrosewicz & Company, Inc				
Accountant-Principal/	1,026.00	756.00	1,098.00	2,880.00
Accountant	2,824.50	1,816.50	4,095.00	8,736.00
Expenses	81.35	54.54	133.51	269.40
Total Billing	3,931.85	2,627.04	5,326.51	11,885.40
Abaci, Inc.				
Project Manager	66.50	1,653.00	722.00	2,441.50
Technical Analyst	351.00	666.00	819.00	1,836.00
Technical Analyst - Travel	0.00	0.00	58.50	58.50
Expenses	0.00	0.00	0.00	0.00
Total Billing	417.50	2,319.00	1,599.50	4,336.00
EMKAY Associates				
Claims Manager/	104.50	142.50	731.50	978.50
Claims Representative/	4,913.00	3,867.50	5,304.00	14,084.50
Claims Representative	178.50	93.50	4,139.50	4,411.50
Expenses	0.00	0.00	11.16	11.16
Total Billing	5,196.00	4,103.50	10,186.16	19,485.66
Total Other SDR Subcontractors	9,545.35	9,049.54	17,112.17	35,707.06
Receivership Service Providers				
Paragon Printing and Mailing-POC Printing and Mailing	0.00	0.00	2,315.26	2,315.26
Fogel Advertising-Publication of Notice of Liquidation and Claim Filing Deadline	0.00	0.00	3,291.18	3,291.18
Claims/Administration Support-Contract Personnel				

R-558

**Millennium Title
Statement of Expenses**

**For Period Ending
08/31/16**

	Total Jun	Total Jul	Total Aug	Total Quarter
R. Norton-Admin/Claims/Consulting	10,000.00	10,000.00	10,000.00	30,000.00
A. Sena-Claims	2,175.00	2,231.25	3,393.75	7,800.00
L. Norton	1,116.00	1,251.00	1,476.00	3,843.00
RamQuest	0.00	631.78	0.00	631.78
Simplifile LLC - Escrow Claims	102.66	250.32	98.66	451.64
Microsoft - Exchange Email Services	127.92	815.94	648.13	1,591.99
Inventory Moving and Storage-Armstrong Archives/Extra Space	52.35	1,327.07	245.35	1,624.77
Willow Bend Systems (IT Support)	3,429.60	3,429.60	3,429.60	10,288.80
Mailing/Printing Expenses	228.54	31.40	47.00	306.94
Telephone	577.20	336.10	336.10	1,249.40
U S Treasury Form 941 Filing Penalty	22,940.29	0.00	2,651.93	25,592.22
Operating Account Bank Charges	22.00	24.00	22.00	68.00
Texas Treasury	19.34	19.46	25.80	64.60
Total Other	40,790.90	20,347.92	27,980.76	89,119.58
Sub-Total SDR, Subcontractor & Provider Expenses				
Sub-Total SDR, Subcontractor & Provider Expenses	102,737.76	70,488.44	90,308.57	263,534.77
Liquidation Oversight Allocation				
RLO Allocation	0.00	0.00	0.00	0.00
Special Master's Fees	0.00	0.00	0.00	0.00
Total RLO & SM Expense	0.00	0.00	0.00	0.00
Total Expenses	102,737.76	70,488.44	90,308.57	263,534.77

R-558

**Millennium Title
Statement of Net Assets**

**For the Period Ending
08/31/16**

Line		08/31/16
Cash		
1	Cash	
	Cash - Unrestricted	67,610
	APF Funds (Loan proceeds)	930,608
Investments		
2	Short-Term Investments	
3	Bonds	
4	Stocks - Preferred & Common	
5	Investments in Subsidiaries, Controlled or Affiliated Entities	
6	Mortgage Loans	
7	Real Estate	
8	Policy Loans	
9	Other Invested Assets	
Restricted Assets		
10	Statutory Deposits	
11	Funds held by or deposited with Reinsured Companies	
12	Restricted - Other	
	Funds Held for Others-Escrow Account	3,102,574
Reinsurance Receivable		
13	Reinsurance Recoverables on Paid Losses & LAE (net of allowance)	
14	Reinsurance Recoverables on Unpaid Losses & LAE (net of allowance)	
15	Reinsurance Recoverables on UEP & Contingent Commissions	
Other Receivables		
16	Salvage & Subrogation Recoveries	
17	Premiums Due from Agents & Policyholders	
18	Receivable from Parents, Subsidiaries & Affiliates	
19	Receivable from Guaranty Associations - Early Access Payments	
20	Other Receivables	
Other Assets		
21	FF&E	150
22	Other Assets	
	Total Assets	4,100,942

R-558

**Millennium Title
Statement of Net Assets**

**For the Period Ending
08/31/16**

NOTES

Ref No.

Represents funds obtained from pre receiversrship escrow accounts that were transferred and are located in a restricted Frost Bank account maintained by the 12 Special Deputy Receiver.

Represents amount identified on pre receivership books and records as an "Advance to Schroeder". This amount will be reviewed and analyzed in future months. The 20 amount has been fully reserved as uncollectible until further work can be completed.

20 Original Amount

5,000

20 Allowance for Uncollectible

(5,000)

0

R-558

Millennium Title
Changes in Net Assets for the Quarter Ending

08/31/16

Line		05/31/16	08/31/16	Change
Cash				
1	Cash			
	Cash - Unrestricted	177,462	67,610	(109,852)
	APF Funds (Loan proceeds)	550,121	930,608	380,487
Investments				
2	Short-Term Investments	0	0	0
3	Bonds	0	0	0
4	Stocks - Preferred & Common	0	0	0
5	Investments in Subsidiaries, Controlled or Affiliated Entities	0	0	0
6	Mortgage Loans	0	0	0
7	Real Estate	0	0	0
8	Policy Loans	0	0	0
9	Other Invested Assets	0	0	0
Restricted Assets				
10	Statutory Deposits	0	0	0
11	Funds held by or deposited with Reinsured Companies	0	0	0
12	Restricted - Other	0	0	0
	Funds Held for Others-Escrow Account	3,102,214	3,102,574	360
Reinsurance Receivable				
13	Reinsurance Recoverables on Paid Losses & LAE (net of allowance)	0	0	0
14	Reinsurance Recoverables on Unpaid Losses & LAE (net of allowance)	0	0	0
15	Reinsurance Recoverables on UEP & Contingent Commissions	0	0	0
Other Receivables				
16	Salvage & Subrogation Recoveries	0	0	0
17	Premiums Due from Agents & Policyholders	0	0	0
18	Receivable from Parents, Subsidiaries & Affiliates	0	0	0
19	Receivable from Guaranty Associations - Early Access Payments	0	0	0
20	Other Receivables	0	0	0
Other Assets				
21	FF&E	1,111	150	(961)
22	Other Assets	0	0	0
Total Assets		3,830,908	4,100,942	270,034

EXPLANATION OF CHANGES

Please provide an explanation of all significant changes excluding cash
Ref. No.

R-558

**Millennium Title
Statement of Net Liabilities**

**For Period Ending
08/31/16**

Line		08/31/16
1	Secured Claims	
2	APF Loan	1,000,000
3	Special Deposit Claims	
Administrative Claims - Class 1		
4	Administrative Claims - State/Receiver	
	Special Deputy Receiver, Subcontractors Fees & Expenses	62,328
	Liquidation Oversight	
	Special Master's Fees	
5	Administrative Claims - Guaranty Assns	
	Administrative Expense Paid	
	Administrative Expense Reserves	
6	LAE - Guaranty Assns	
	LAE Paid	
	LAE Reserves	
Policy Claims		
7	Loss Claims - Guaranty Assns	
	Loss Claims Paid	3,331,465
	Loss Claims Reserves	889,669
8	Loss Claims - Other	
	Other Loss Claims Paid	
	Other Loss Claims Reserves	
9	LAE - Other	
10	Unearned & Advance Premium Claims - GA	
11	Unearned & Advance Premium Claims - Other	
Other Liabilities		
12	Class 3 Claims	
13	Class 4 Claims	
14	Class 5 General Unsecured Creditor Claims	209,618
15	Class 5 Reinsurance Related Unsecured Claims	
16	Class 6 Claims	
17	Class 7 Claims	
18	Class 8 Claims	
19	Class 9 Claims	
20	Class 10 Interest	
21	Class 11 Claims	
22	Other Liabilities	
	Funds Held for Others	3,102,574
	Total Liabilities	8,595,654
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(4,494,712)
	Total Liabilities & Equity	4,100,942

R-558

**Millennium Title
Statement of Net Liabilities**

**For Period Ending
08/31/16**

NOTES

All amounts recorded based on adjudicated claims unless otherwise specified

Ref. No.

2 Represents funds received to date from Abandoned Property Fund

7 Represents amounts reflected on the Texas Title Insurance Guaranty Association Claims Report (TTIGA) as of August 31, 2016.

14 Represents amounts due pre receivership vendors obtained from pre receivership accounting records.

22 Represents amounts identified as Escrow funds that are maintained in a restricted receivership account at Frost Bank. These amounts will be reviewed and analyzed in future months in conjunction with TTIGA.

Millennium Title
Changes in Net Liabilities for the Quarter Ending

08/31/16

Line		05/31/16	08/31/16	Change
1	Secured Claims	0	0	0
2	APF Loan	1,000,000	1,000,000	0
3	Special Deposit Claims	0	0	0
Administrative Claims - Class 1				
4	Administrative Claims - State/Receiver	0	0	0
	Special Deputy Receiver, Subcontractors Fees & Expenses	66,047	62,328	(3,719)
	Liquidation Oversight	0	0	0
	Special Master's Fees	0	0	0
5	Administrative Claims - Guaranty Assns	0	0	0
	Administrative Expense Paid	0	0	0
	Administrative Expense Reserves	0	0	0
6	LAE - Guaranty Assns	0	0	0
	LAE Paid	0	0	0
	LAE Reserves	0	0	0
Policy Claims - Class 2				
7	Loss Claims - Guaranty Assns	0	0	0
	Loss Claims Paid	3,108,823	3,331,465	222,642
	Loss Claims Reserves	2,140,573	889,669	(1,250,904)
8	Loss Claims - Other	0	0	0
	Other Loss Claims Paid	0	0	0
	Other Loss Claims Reserves	0	0	0
9	LAE - Other	0	0	0
10	Unearned & Advance Premium Claims - GA	0	0	0
11	Unearned & Advance Premium Claims - Other	0	0	0
Other Liabilities				
12	Class 3 Claims	0	0	0
13	Class 4 Claims	0	0	0
14	Class 5 General Unsecured Creditor Claims	209,618	209,618	0
15	Class 5 Reinsurance Related Unsecured Claims	0	0	0
16	Class 6 Claims	0	0	0
17	Class 7 Claims	0	0	0
18	Class 8 Claims	0	0	0
19	Class 9 Claims	0	0	0
20	Class 10 Interest	0	0	0
21	Class 11 Claims	0	0	0
22	Other Liabilities	0	0	0
	Funds Held for Others	3,102,214	3,102,574	360
	Total Liabilities	9,627,275	8,595,654	(1,031,621)
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(5,796,367)	(4,494,712)	1,301,655
	Total Liabilities & Equity	3,830,908	4,100,942	270,034

2 Represents funds received from the Abandoned Property Fund during the Quarter

R-558

**Millennium Title
Sources & Uses of Cash**

**For Period Ending
08/31/16**

	Qtr Ending Aug-16
Income	
Agents' Balances Received	0
Reinsurance Recoveries	0
Salvage & Subrogation Recoveries	0
Affiliates Recovery	0
Settlement/Litigation Recovery	0
Other Receipts	537,018
Sale of Real & Personal Property	320
Investment Sales/Receipts	0
Other Asset Receipts	0
Total Receipts from Assets/Receivables	537,338
Interest & Dividend Receipts, EA Interest	0
Cash Deposit Interest	550
Total Cash Receipts	537,888
Disbursements	
SDR Fees & Expenses	63,117
Subcontractor Legal Fees & Expenses	84,542
Subcontractor Other Fees & Expenses	30,474
Non-Subcontractor Fees & Expenses	41,951
Other Expenses	47,169
RLO Fees & Expenses	0
Total Disbursements for Operations	267,253
Loss Claims & LAE Expense Payments	0
Early Access Payments - GA	0
Refunds & Other Distributions	0
Total Cash Distributions	0
Total Cash Disbursements & Distributions	267,253
Net Increase(Decrease) in Cash	270,635
Cash at Beginning of Period	727,583
Cash at End of Period	998,218