

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 <sup>rd</sup> JUDICIAL DISTRICT

---

**SPECIAL DEPUTY RECEIVER'S QUARTERLY FINANCIAL REPORT AND  
SUMMARY STATEMENT OF EXPENSES  
(MARCH 1, 2017 THROUGH MAY 31, 2017)**

---

**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 March 1, 2017 to May 31, 2017. 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](mailto: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 June 15<sup>th</sup>, 2017, a true and correct copy of this SPECIAL DEPUTY RECEIVER'S QUARTERLY FINANCIAL REPORT AND SUMMARY STATEMENT OF EXPENSES (MARCH 1, 2017 THROUGH MAY 31, 2017) 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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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 8<sup>th</sup> 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](mailto:Kergin@burtonhyde.com)

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

*Via e-Service:* [jason@vandykelawfirm.com](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto:tmcdaniel@imtexaslaw.com)  
Via E-Service: [jbrown@imtexaslaw.com](mailto:jbrown@imtexaslaw.com)  
Via E-Service: [gstory@imtexaslaw.com](mailto: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*

Via e-Service: [rsimon@whitakerchalk.com](mailto:rsimon@whitakerchalk.com)  
Robert A. Simon  
WHITAKER, CHALK, SWINDLE & SCHWARTZ PLLC  
301 Commerce St., Suite 3500  
Fort Worth, TX 76102-4135  
*Counsel for Scott Schambacher and  
1601 AF, Ltd.*

Via e-Mail: [scott@sterlingdfw.com](mailto:scott@sterlingdfw.com)  
Scott Schambacher  
5751 Kroger Dr., Suite 293  
Kelly, Texas 76244

Via CMRRR  
1601 AF, LTD.  
c/o Susan Ross – Registered Agent  
9001 Airport Freeway, Suite 675  
North Richland Hills, TX 76180

Via e-Service: [rprice@canteyhanger.com](mailto:rprice@canteyhanger.com)  
Randall K. Price  
CANTEY HANGER LLP  
1999 Bryan Street, Suite 3300  
Dallas, TX 75201  
*Counsel for WFG National Title Insurance  
Company*

*Via CMRRR*  
WFG NATIONAL TITLE INSURANCE COMPANY  
c/o C T Corporation System – Registered agent  
1999 Bryan Street, Suite 900  
Dallas TX 75201

/s/Christopher Fuller  
Christopher Fuller

R-558

**Millennium Title  
Statement of Expenses**

**For Period Ending  
05/31/17**

	<b>Total March</b>	<b>Total Apr</b>	<b>Total May</b>	<b>Total Quarter</b>
<b>SDR</b>				
Cantilo & Bennett, LLP				
Partner/Attorney/	15,200.00	16,660.00	16,420.00	48,280.00
Partner/Attorney Travel	0.00	660.00	0.00	660.00
Expenses	3.68	21.46	630.97	656.11
<b>Total SDR Billing</b>	<b>15,203.68</b>	<b>17,341.46</b>	<b>17,050.97</b>	<b>49,596.11</b>
<b>SDR Subcontractors - Legal</b>				
Fuller Law Group				
Attorney	15,950.00	11,775.00	12,075.00	39,800.00
Attorney-Travel	0.00	562.50	0.00	562.50
Expenses	264.00	771.19	212.62	1,247.81
<b>Total Billing</b>	<b>16,214.00</b>	<b>13,108.69</b>	<b>12,287.62</b>	<b>41,610.31</b>
Inquest Resources				
Paralegal	135.00	135.00	465.00	735.00
Paralegal Travel	0.00	0.00	18.75	18.75
Receivership Specialist	240.00	120.00	780.00	1,140.00
Litigation Assistant/Records Mgr	117.00	94.50	189.00	400.50
Litigation Assistant/Records Mgr Travel	11.25	11.25	15.75	38.25
Expenses	47.40	38.77	103.20	189.37
<b>Total Billing</b>	<b>550.65</b>	<b>399.52</b>	<b>1,571.70</b>	<b>2,521.87</b>
<b>Total Legal Subcontractors</b>	<b>16,764.65</b>	<b>13,508.21</b>	<b>13,859.32</b>	<b>44,132.18</b>
<b>SDR Subcontractors - Other</b>				
Petrosewicz & Company, Inc				
Accountant-Principal/	450.00	306.00	450.00	1,206.00
Accountant	1,879.50	1,270.50	1,543.50	4,693.50
Expenses	111.10	71.06	47.43	229.59
Credit for Stop Payment fees-Misdirected checks	0.00	0.00	(45.00)	(45.00)
<b>Total Billing</b>	<b>2,440.60</b>	<b>1,647.56</b>	<b>1,995.93</b>	<b>6,084.09</b>
Abaci, Inc.				
Technical Analyst	765.00	216.00	504.00	1,485.00
Technical Analyst - Travel	0.00	0.00	45.00	45.00
Expenses	0.00	0.00	0.00	0.00
<b>Total Billing</b>	<b>765.00</b>	<b>216.00</b>	<b>549.00</b>	<b>1,530.00</b>
EMKAY Associates				
Claims Manager/	294.50	247.00	114.00	655.50
Claims Representative/	3,808.00	4,156.50	4,267.00	12,231.50
Claims Representative	1,088.00	909.50	374.00	2,371.50
Expenses	0.00	0.00	0.00	0.00
<b>Total Billing</b>	<b>5,190.50</b>	<b>5,313.00</b>	<b>4,755.00</b>	<b>15,258.50</b>
<b>Total Other SDR Subcontractors</b>	<b>8,396.10</b>	<b>7,176.56</b>	<b>7,299.93</b>	<b>22,872.59</b>

**Receivership Service Providers**

Claims/Administration Support-Contract Personnel				
R. Norton-Admin/Claims/Consulting	10,000.00	10,000.00	10,000.00	30,000.00
A. Sena-Claims	1,875.00	1,631.25	1,950.00	5,456.25
Microsoft - Exchange Email Services	1,296.26	0.00	648.13	1,944.39
RamQuest-Annual Fee and Form 1099 Processing	0.00	0.00	5,406.02	5,406.02
Inventory Moving and Storage-Armstrong Archives	52.35	62.94	63.74	179.03
Willow Bend Systems (IT Support)	3,429.60	3,429.60	3,429.60	10,288.80
MegaPath-Telephone Forwarding and Voicemail	83.99	41.76	41.76	167.51
Answer National-Telemessaging Service	295.00	295.00	295.00	885.00
Operating Account Bank Charges	24.00	12.00	24.00	60.00
Operating Account Stop Payments fees-Reimbursed by Petrosewicz	0.00	0.00	45.00	45.00
Texas Treasury APF Account 192	22.79	23.90	23.11	69.80
Texas Treasury Account 191	0.00	0.00	10.16	10.16
<b>Total Other</b>	<b>17,078.99</b>	<b>15,496.45</b>	<b>21,936.52</b>	<b>54,511.96</b>

**Sub-Total SDR, Subcontractor & Provider Expenses**

<b>Sub-Total SDR, Subcontractor &amp; Provider Expenses</b>	<b>57,443.42</b>	<b>53,522.68</b>	<b>60,146.74</b>	<b>171,112.84</b>
---	------------------	------------------	------------------	-------------------

**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
<b>Total RLO &amp; SM Expense</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Expenses</b>	<b>57,443.42</b>	<b>53,522.68</b>	<b>60,146.74</b>	<b>171,112.84</b>



R-558

**Millennium Title**  
**Changes in Net Assets for the Quarter Ending**

05/31/17

Line		02/28/17	05/31/17	Change
<b>Cash</b>				
1	Cash			
	Cash - Unrestricted	11,150	10,008	(1,142)
	APF Funds (Loan proceeds)	841,908	780,538	(61,370)
<b>Investments</b>				
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
<b>Restricted Assets</b>				
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	3,103,437	3,093,681	(9,756)
<b>Reinsurance Receivable</b>				
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
<b>Other Receivables</b>				
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
<b>Other Assets</b>				
21	FF&E	150	0	(150)
22	Other Assets	0	0	0
<b>Total Assets</b>		<b>3,956,645</b>	<b>3,884,227</b>	<b>(72,418)</b>

**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  
05/31/17**

Line		05/31/17
1	Secured Claims	
2	APF Loan	1,000,000
3	Special Deposit Claims	
<b>Administrative Claims - Class 1</b>		
4	Administrative Claims - State/Receiver	
	Special Deputy Receiver, Subcontractors Fees & Expenses	38,210
	Liquidation Oversight	
	Special Master's Fees	
5	Administrative Claims - Guaranty Assns	
	Administrative Expense Paid	335,456
	Administrative Expense Reserves	
6	LAE - Guaranty Assns	
	LAE Paid	
	LAE Reserves	
<b>Policy Claims</b>		
7	Loss Claims - Guaranty Assns	
	Loss Claims Paid	3,577,621
	Loss Claims Reserves	0
8	Loss Claims - Other	
	Other Loss Claims Paid	
	Other Loss Claims Reserves	13,762
9	LAE - Other	
10	Unearned & Advance Premium Claims - GA	
11	Unearned & Advance Premium Claims - Other	
<b>Other Liabilities</b>		
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	3,093,681
	<b>Total Liabilities</b>	8,268,348
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(4,384,121)
	<b>Total Liabilities &amp; Equity</b>	3,884,227

R-558

**Millennium Title  
Statement of Net Liabilities**

**For Period Ending  
05/31/17**

---

**NOTES**

All amounts recorded based on adjudicated claims unless otherwise specified  
Ref. No.

2 Represents funds received to date from Abandoned Property Fund

5 Represents amount reflected on Texas Title Insurance Guaranty Association (TTIGA) timely filed proof of claim (POC). The POC has not yet been reviewed or adjudicated.

7 Represents amounts reflected on the Texas Title Insurance Guaranty Association Claims Report (TTIGA) as of May 31, 2017. TTIGA timely filed a Proof of Claim (POC) in October 2016 reflecting \$3,376,349.75 as claims paid. This amount has not yet been reviewed or adjudicated.

8 Represents 11 claims checks issued by TTIGA that have not been "cashed" as of May 31, 2017. As a result, TTIGA rejected the claims for "Failure to Negotiate Payment". Further review of these claims will occur by the SDR in future months.

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.

R-558

Millennium Title  
Changes in Net Liabilities for the Quarter Ending

05/31/17

Line		02/28/17	05/31/17	Change
1	Secured Claims	0	0	0
2	APF Loan	1,000,000	1,000,000	0
3	Special Deposit Claims	0	0	0
<b>Administrative Claims - Class 1</b>				
4	Administrative Claims - State/Receiver	0	0	0
	Special Deputy Receiver, Subcontractors Fees & Expenses	31,973	38,210	6,237
	Liquidation Oversight	0	0	0
	Special Master's Fees	0	0	0
5	Administrative Claims - Guaranty Assns	0	0	0
	Administrative Expense Paid	335,456	335,456	0
	Administrative Expense Reserves	0	0	0
6	LAE - Guaranty Assns	0	0	0
	LAE Paid	0	0	0
	LAE Reserves	0	0	0
<b>Policy Claims - Class 2</b>				
7	Loss Claims - Guaranty Assns	0	0	0
	Loss Claims Paid	3,513,520	3,577,621	64,101
	Loss Claims Reserves	1,207,166	0	(1,207,166)
8	Loss Claims - Other	0	0	0
	Other Loss Claims Paid	0	0	0
	Other Loss Claims Reserves	0	13,762	13,762
9	LAE - Other	0	0	0
10	Unearned & Advance Premium Claims - GA	0	0	0
11	Unearned & Advance Premium Claims - Other	0	0	0
<b>Other Liabilities</b>				
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	3,103,437	3,093,681	(9,756)
		0		
	<b>Total Liabilities</b>	9,401,170	8,268,348	(1,132,822)
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(5,444,525)	(4,384,121)	1,060,404
	<b>Total Liabilities &amp; Equity</b>	<b>3,956,645</b>	<b>3,884,227</b>	<b>(72,418)</b>

**Millennium Title  
Sources & Uses of Cash**

**For Period Ending  
05/31/17**

	<b>Qtr Ending May-17</b>
<b>Income</b>	
Premium Receipts	0
Agents' Balances Received	0
Reinsurance Recoveries	0
Salvage & Subrogation Recoveries	0
Affiliates Recovery	0
Settlement/Litigation Recovery	0
Other Receipts	100,729
Sale of Real & Personal Property	355
Investment Sales/Receipts	0
Other Asset Receipts	0
<b>Total Receipts from Assets/Receivables</b>	<b>101,084</b>
Interest & Dividend Receipts, EA Interest	0
Cash Deposit Interest	1,281
<b>Total Cash Receipts</b>	<b>102,365</b>
<b>Disbursements</b>	
SDR Fees & Expenses	46,257
Subcontractor Legal Fees & Expenses	41,900
Subcontractor Other Fees & Expenses	22,008
Non-Subcontractor Fees & Expenses	35,456
Other Expenses	19,056
RLO Fees & Expenses	200
<b>Total Disbursements for Operations</b>	<b>164,877</b>
Loss Claims & LAE Expense Payments	0
Early Access Payments - GA	0
Refunds & Other Distributions	0
<b>Total Cash Distributions</b>	<b>0</b>
<b>Total Cash Disbursements &amp; Distributions</b>	<b>164,877</b>
<b>Net Increase(Decrease) in Cash</b>	<b>(62,512)</b>
<b>Cash at Beginning of Period</b>	<b>853,058</b>
<b>Cash at End of Period</b>	<b>790,546</b>