

**Report for Special Master’s Status Conference**

**January 28, 2019**

**R-558 Millennium Closing Services, L.L.C.  
d/b/a Millennium Title**

SDR: CANTILO & BENNETT, L.L.P.  
Primary Responsible Person: Susan E. Salch  
Estate Counsel: Christopher Fuller  
Receiver’s Counsel: Kimberly M. Hammer  
RLO Analyst: Vicente Aguillon

**Background on Receivership**

- Date of Permanent Injunction (Liquidation): January 25, 2016
- Date of Appointment of SDR: January 26, 2016
- Claims Filing Deadline: November 15, 2016
- States where Licensed: Texas
- Lines of Business: Title Agency
- Texas Guaranty Association Triggered: Texas Title Insurance Guaranty Association (“TTIGA”)
- Date of Impairment: January 25, 2016
- Early Access Distributions: March 5, 2018 \$2,794,967 interim distribution to TTIGA

**Statement of Assets and Liabilities as of December 31, 2018**

Total Assets:	\$1,101,105
Cash Assets:	\$ 880,916
Escrow Funds:	\$ 220,189
Non-Cash Assets:	\$ 0
Total Liabilities:	\$5,484,876
Negative Equity:	(\$4,383,771)

**Asset Recovery through December 31, 2018**

Premium Collected:	\$ N/A
Subrogation/Salvage:	\$ N/A
Reinsurance Collected:	\$ N/A
FF&E Sold:	\$ 11,664

## Status and Activity Since Last Status Conference

**Nancy Carroll Matters:** Ms. Carroll continues to serve her ten-year sentence. She is projected to be released by no later than December 31, 2021. Ms. Carroll's first request for parole was denied on December 20, 2018. No specific reason was provided. Her next parole review date is in December 2019. According to the Texas Department of Criminal Justice web site, she is currently housed in the Christina Melton Crain unit in Gatesville, Texas, and is eligible for visitation.

**Unclaimed Escrow Funds:** The SDR still holds \$113,071 in escrow funds for which no claim was filed with either the estate or TTIGA. Prior to the POC deadline (and since), the SDR contacted (or attempted to contact) all parties who may have an interest in the unclaimed funds to urge them to file a claim. There were no communications from any party claiming any part of the funds in the last quarter.

**401(k) Plan:** Beginning last fall, Petrosewicz & Co., Inc. ("PCI") worked with the plan administrator to contact the two people with funds remaining in the plan. A representative of the plan administrator advised that one person's funds had been moved, and another's were scheduled to move before year end 2018. However, when PCI followed up in January, it learned that one person's funds were distributed, but the other's funds were not. A second 30-day notice has been issued, so in approximately forty (40) more days, the funds should be moved. Once all funds are distributed, the last step will be to file a Form 5500 with the IRS for the years 2016 through 2018.

## Asset Recovery Activity

**Cost Sharing with TTIGA:** The SDR and TTIGA continue to work under a cost sharing agreement similar to the agreements reached in prior title agency estates.

**Nancy Carroll and Affiliates:** The Receivership Court entered a final judgment in the amount of \$2,490,826.45 with interest and an additional \$30,000 of attorney fees against Ms. Carroll, her husband, and affiliates at a bench trial on November 7, 2018. TTIGA, as co-plaintiff, was awarded approximately \$472,000 representing its unpaid Class 1 claim against Ms. Carroll, her husband, and affiliates. The judgment against Ms. Carroll is not dischargeable by bankruptcy. On November 27, 2017, a Motion for Judgment Nunc Pro Tunc was filed to correct typographical errors in the original judgment. An Amended Final Judgment was entered on November 27, 2018. In January 2019, the SDR recorded the Amended Final Judgment in Tarrant and Dallas counties.

**Insurance/Bonds:** All bond and insurance policy recovery matters are concluded. Great American Insurance Company ("GAIC") did not appeal the adjudication of its POC as a Class 5 claim. GAIC had sought Class 1 status for its \$150,000 payment on the Minimum Capitalization Bond and the \$50,000 on the Direct Operations Bond.

## Claims Activities

**Filing Deadline:** The deadline for creditors to file claims with both the SDR and TTIGA was November 15, 2016. No new claims were filed in the last quarter.

### SDR Claims:

**POCs:** As of the date of this report, there are ten unadjudicated POCs. Pending POCs include the TTIGA POC, underwriter POCs, and five involving claims to funds held by the SDR in escrow.

**Zennith Realty:** On November 7, 2018, the Receivership Court granted the SDR's interpleader application. The SDR was awarded attorney fees in the amount of \$2,900 from the escrow funds at issue. The remaining \$10,600 was deposited into the registry of the court and the matter severed from the receivership proceeding.

**Pending Appeals:** All appeals are resolved. Claimants Khan and Peniel agreed to withdraw their appeals and the SDR filed notices withdrawing its disputed claims applications.

**TTIGA POC:** On August 24, 2017, TTIGA submitted a supplement to its POC. Therein, TTIGA asserts that its claim, to date, is \$4,046,511. The bulk of this figure consists of \$3,573,727 in covered claim payments for which it has been reimbursed \$2,794,967. The balance of the claim is for administrative expenses of the association which, as of that date, amounted to \$472,786.

## General Legal Activities

**Litigation:** There are no active third-party lawsuits involving the SDR or Millennium Title.

## Conclusion

### Summary of Major Achievements:

- Completed Zennith Realty Interpleader action.
- Obtained judgment against Ms. Carroll, her family, and affiliates
- Resolved Peniel and Khan appeals and withdrew disputed claim applications.

### Estate Goals to achieve prior to next Status Conference:

- Complete adjudication of remaining POCs.
- Resolve handling of unclaimed escrow funds.
- File Report of Claims.
- Prepare and file tax returns.

**Estate Closing Date of Receivership:** Spring 2019

**Identification of Factors Affecting Closing Date and Final Distribution:**

- Processing Estate POCs and Appeals.
- Tax returns.
- Federal Waiver of Claims.