

## Status Report for Special Master

April 27, 2021

### 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: March 5, 2018, \$2,794,967 interim distribution to TTIGA

#### Statement of Assets and Liabilities as of March 31, 2021

Total Assets:	\$ 883,618
Cash Assets:	\$ 820,323
Escrow Funds:	\$ 63,295
Non-Cash Assets:	\$ 0
Total Liabilities:	\$5,326,006
Negative Equity:	(\$4,422,388)

#### Asset Recovery through March 31, 2021

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

#### Status and Activity Since Last Status Conference

**Status Report:** In light of the continued cancellation of in-person status conferences, the SDR submits this Status Report for the Special Master's consideration.

**COVID-19 Response:** The estate has functioned without delays during the pandemic and was not affected by the winter storm in February. The SDR and estate employees continue to work remotely, although a small staff supports the SDR's Minimum Basic Operations in compliance with the State of Texas' and City of Austin's guidance. Mail, faxes, voice mail messages, and e-mails are forwarded to the responsible estate staff or subcontractor, as usual.

**Nancy Carroll Matters:** Ms. Carroll remains incarcerated. The Texas Board of Pardons and Paroles denied her parole in the fall of 2020. She is expected to be released on December 31, 2021.

**Closing Document Handling:** Estate subcontractors have begun work to update all files to be retained at closing and identifying materials to be destroyed. The SDR will seek authority to terminate IT services holding estate records and transfer and/or destroy materials in the Distribution Application.

**IRS Issues:** The IRS granted the SDR's request for a Private Letter Ruling and authorized the SDR to elect to file the 2016 Millennium Title federal tax return as a corporation, rather being filed as part of Nancy Carroll's personal return.

The election form and a new 2016 return (same return, new signature and dates) were submitted to the IRS in early November. In January, the SDR learned that, due to its work backlog, the IRS had not yet processed the return.

In early April, the estate's accounting and tax subcontractor, Mr. Tom Petrosewicz, conferred with the IRS regarding the status of the re-filed 2016 tax return. The IRS representative again told Mr. Petrosewicz that the return had not been processed. As previously reported, the IRS is severely behind on accepting returns for non-current years (*i.e.*, not 2020 returns). In contrast, the 2020 federal tax return was filed on February 23, 2021, and accepted on the same day.

In light of the continued delay, the SDR has decided to re-file the 2016 return (now, the third time) and file it along with Form 4810 (the Prompt Determination form).

**Subpoenas:** Effective January 1, 2020, the SDR no longer accepts subpoenas for records. A notice to that effect is posted on the SDR's web site.

## **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.

## **Claims Activities**

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

**Claims:**

**POCs:** All POCs have been adjudicated.

**Unclaimed Escrow Funds:** At closing, all funds remaining in the escrow account will be distributed to TTIGA or transferred to the Commissioner as unclaimed funds.

**General Legal Activities**

**Litigation Report:** There are no active lawsuits involving the SDR or Millennium Title.

**Conclusion****Summary of Major Achievements:**

- Filed 2020 federal tax return.
- Began review of estate records and documents to be retained or destroyed at closing.

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

- Re-file 2016 federal income tax return and confirm acceptance of same.
- File Application to Make Final Distribution and Destroy Records.
- File requests for prompt assessment of all federal tax returns within the three-year statute of limitations.

**Estimated Closing Date of Receivership:** Second quarter 2021.

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

- IRS acceptance of the re-filed 2016 tax return.
- Timing of submission and approval of Distribution and Closing Applications.