

**Status Report for Special Master
April 26, 2022**

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, 2022

Total Assets:	\$ 808,156
Cash Assets:	\$ 744,861
Escrow Funds:	\$ 63,295
Non-Cash Assets:	\$ 0
Total Liabilities:	\$5,324,937
Negative Equity:	(\$4,516,781)

Asset Recovery through March 31, 2022

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

Status and Activity Since Last Status Conference

Distribution Application Status: The Receivership Court granted the SDR's Distribution Application on February 16, 2022. The order was final and non-appealable on March 18, 2022.

IRS Issues: The IRS persists in not responding to the re-filed 2016 return and follow-up filings and inquiries. There still has been no response to the December 3, 2021, Form 911 filing with the IRS requesting assistance from the Taxpayer Advocate Office. In it, estate accounting and tax subcontractor, Tom Petrosewicz, detailed the IRS' continued failure to acknowledge receipt of the 2016 tax return. The SDR needs written confirmation of the oral notice that the IRS has accepted the 2016 return, which was originally re-filed when the IRS granted the SDR's request for a Private Letter Ruling in 2020. Mr. Petrosewicz periodically attempts to contact the IRS about the matter without success. He believes that the long-running delay is the result of the well-publicized problems with the IRS rather than any particular objection to the relief sought by the SDR (which the IRS has already stated it would allow in its Private Letter Ruling).

On March 2, 2022, Mr. Petrosewicz filed the 2021 tax return. No taxes were due.

The Form 4810 Prompt Determination Request for 2016 will be re-filed with the IRS upon receipt of the 2016 acceptance letter; the IRS has confirmed that no additional action is required for tax years 2017, 2018, 2019, and 2020.

Nancy Carroll: Ms. Carroll remains in prison. The Texas Court of Criminal Appeals denied her motion for writ of habeas corpus on January 26, 2022. Ms. Carroll's latest parole request was denied on November 2, 2021, and the next review date is November 2022. The Texas Department of Criminal Justice web site states that parole was denied because "the offender's accrued good conduct time is not an accurate reflection of the offender's potential for rehabilitation; the record indicates that the offender's release would endanger the public," and for other unstated reasons. If she is not paroled earlier, her projected release date is November 28, 2027.

Closing Document Handling: The SDR instructed its staff, and subcontractors, to conclude the delivery of the retained records to TDI and the destruction of the remaining items once the order approving destruction of records was final and non-appealable. Armstrong Archives has likewise been instructed to destroy the documents which it had been storing for the estate. The SDR expects that to be completed in April. A notice of termination was issued to IT vendor, Willowbend, and data will be removed from its servers effective May 5, 2022.

Estate Termination and Closing: the SDR cannot move forward with closing the estate, terminating the receivership, and discharging the Liquidator and SDR until the IRS accepts the 2016 return.

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

Unclaimed Escrow Funds: Prior to 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:

- Distribution Application approved by Receivership Court.
- Paper records and electronic media destroyed, IT services terminated, and TDI closing records prepared.

Estate Goals to Achieve Prior to next Status Conference:

- Obtain written confirmation from IRS of its acceptance of the 2016 federal tax return.
- Re-file request for prompt assessment of 2016 federal tax return within the three-year statute of limitations.
- Subject to IRS action outlined above, file Closing Application.

Estimated Closing Date of Receivership: 2022, but subject to IRS action.

Factors Affecting Closing Date and Final Distribution:

- IRS written acceptance of the Private Letter Ruling approved (and now twice re-filed) 2016 tax return.
- Timing of submission and approval of Closing Application.