

**Status Report for Special Master
April 25, 2023**

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: John Walker

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
- Order Granting SDR's Application to Make Final Distribution and Destroy Records ("Distribution Order"): February 16, 2022

Statement of Assets and Liabilities as of March 31, 2023

Total Assets:	\$ 745,061
Cash Assets:	\$ 729,257
Segregated Funds:	\$ 15,804
Total Liabilities:	\$5,275,088
Negative Equity:	(\$4,530,027)

Asset Recovery through March 31, 2023

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

Status and Activity Since Last Status Conference

Estate Termination and Closing: There has been no change to the estate's status in the quarter. The estate remains a hostage of the IRS's problems with processing returns. The

receivership estate of Millennium Title is ready to close except for the formal confirmation from the IRS that it has accepted the 2016 tax return. Although the return was filed in November 2020 as authorized by an IRS Private Letter Ruling (“PLR”), the IRS has not acknowledged that it has “accepted” the return. Mr. Petrosewicz continues to follow up with the IRS about the 2016 tax return and PLR. In his most recent communications with the agency, in March 2023, he was advised that the return is still being processed and has been assigned to someone to review. The statute of limitations for the IRS to challenge the 2016 return will run in November 2023, three years after it was re-filed.

On January 26, 2023, the SDR filed the 2022 federal tax return prepared by Mr. Petrosewicz. No taxes were due. The IRS has confirmed that no additional action is required for tax years 2017, 2018, 2019, and 2020. Requests for prompt assessment will be submitted for tax years 2021 and 2022 later this spring.

Nancy Carroll: There was no activity regarding Millennium Title’s former controlling person in the last quarter. If not paroled from state prison, her release date remains November 28, 2027.

Closing Document Handling: With the exception of the records that go to TDI at closing and the materials needed to close the estate, the SDR has caused the destruction of all other documents, materials, and data pursuant to the authorization in the Distribution Order. All hard drives have been recovered from the estate’s IT vendor, Willowbend, and have been destroyed. Once the IRS issue is resolved, a short form return for 2023 will be filed and added to these documents prior to delivery to TDI.

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. As of the date of this report, TTIGA is current with its obligations.

Claims Activities

Unclaimed Escrow Funds: Pursuant to the Distribution Order, all funds remaining in the escrow account have been distributed to TTIGA or transferred to the Commissioner as unclaimed funds. The escrow account was closed at the end of July 2022.

General Legal Activities

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

Conclusion

Estate Goals to Achieve Prior to next Status Conference:

- File requests for prompt assessment of 2021 and 2022 federal tax returns.
- 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 if confirmation of filing is received within the three-year statute of limitations period.
- Subject to IRS action or inaction outlined above, file Closing Application.

Estimated Closing Date of Receivership: Subject to IRS action, 2024.

Factors Affecting Closing Date and Final Distribution:

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